No. 01-23-00618-CV

In the First Court of Appeals
Houston, Texas

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

v.

PRINCETON CAPITAL CORPORATION,
Appellee.

Appeal from Cause No. 2019-18855
165th District Court of Harris County, Texas
Hon. Ursula Hall, Presiding

RESPONSE BRIEF OF THE RECEIVER TO BRIEF OF THE INTERVENORS

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IDENTITY OF PARTIES AND COUNSEL

The parties and their counsel are correctly identified in Appellants' brief. For reasons discussed below, the Court should note that SQUIRE PATTON BOGGS also represents the entity known as "Phoenix Lending, LLC," created by Nate Paul for Appellants' Settlement Agreement. SQUIRE PATTON BOGGS and Mr. Brent Perry also represented Mr. Paul's entities in U.S. Bankruptcy Courts for the Northern and Western Districts of Texas. Further, Mr. Manfred Sternberg and Mr. Perry also represented Mr. Paul individually. Mr. Perry and Mr. Sternberg have represented Mr. Paul's entities in their two lawsuits against Receiver personally. Finally, Mr. Sternberg and Mr. Brian Elliott have represented Appellants throughout the last five years of the Princeton litigation, including before the lower court in the opposition to appointment of Receiver.

Receiver is represented by the following additional counsel:

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CONTENTS

AUTHORITIES

CASES

STATUTES

OTHER AUTHORITIES

INTRODUCTION

For methodological convenience, Receiver is submitting two briefs because Natin Paul would have this Court believe that there are multiple sets of appellants in this case. But the reality is stark, straightforward, and unidimensional. Only after Princeton cashed the check from its global settlement agreement signed by Nate Paul on behalf a passel of shell companies, did another set of shell companies owned by Paul file 'interventions' in the 2019-18855 matter in the 165th Judicial District of Harris County. The first problem is that these 'interventions' were made into a moot case; we know this case was moot as of the time Princeton's judgment was extinguished because the Texas Supreme Court's March 8, 2024 judgment vacated this Court's April 2023 Panel Opinion for that very reason. The second problem is that a receiver is not 'a party' to the case where he is appointed. If there were any doubt on this score, the Texas Supreme Court just rejected the parties' 'joint motion' to declare the receiver a proxy party in place of Princeton. Lastly, these intervenors are bound by the settlement agreement signed by their sole owner, Nate Paul, "on behalf of all companies he owns or controls."

STATEMENT OF THE CASE AND FACTS

Pursuant to Rule of Appellate Procedure 38.2(a)(1)(B), Receiver presents the following[1]:

Receiver adopts by reference his Statement of the Case and Facts from his Response Brief to Judgment Debtor Appellants' Brief. The remaining eight entities[2] are corporate shells owned by Paul (hereinafter also "Paul Shell Company Appellants") which he is using to assert "pleas in intervention" for monetary claims against Receiver, following Receiver's recovery of some of the $93 million fraudulently diverted by Paul from Appellants' bank accounts.[3]

Following thorough review of bank statements, transaction documents, transcripts, and pleadings, Receiver determined that Paul and his organization misappropriated tens of millions of dollars of cash and real estate. He stripped *World Class Capital Group, LLC* and *Great Value Storage, LLC* of cash and real estate. He transferred money and property to personal accounts, purchased luxury items, and traveled lavishly. He transferred money and property to other shell companies he owns. Although it is perfectly acceptable and common to place a single real estate property in

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[1] Unless otherwise noted, references to the Clerk's Record refers to the present appeal, No. 01-23-00618-CV. References to the Related Appeal, No. 01-21-00284-CV are marked, "CR ____, No. 01-21-00284-CV."

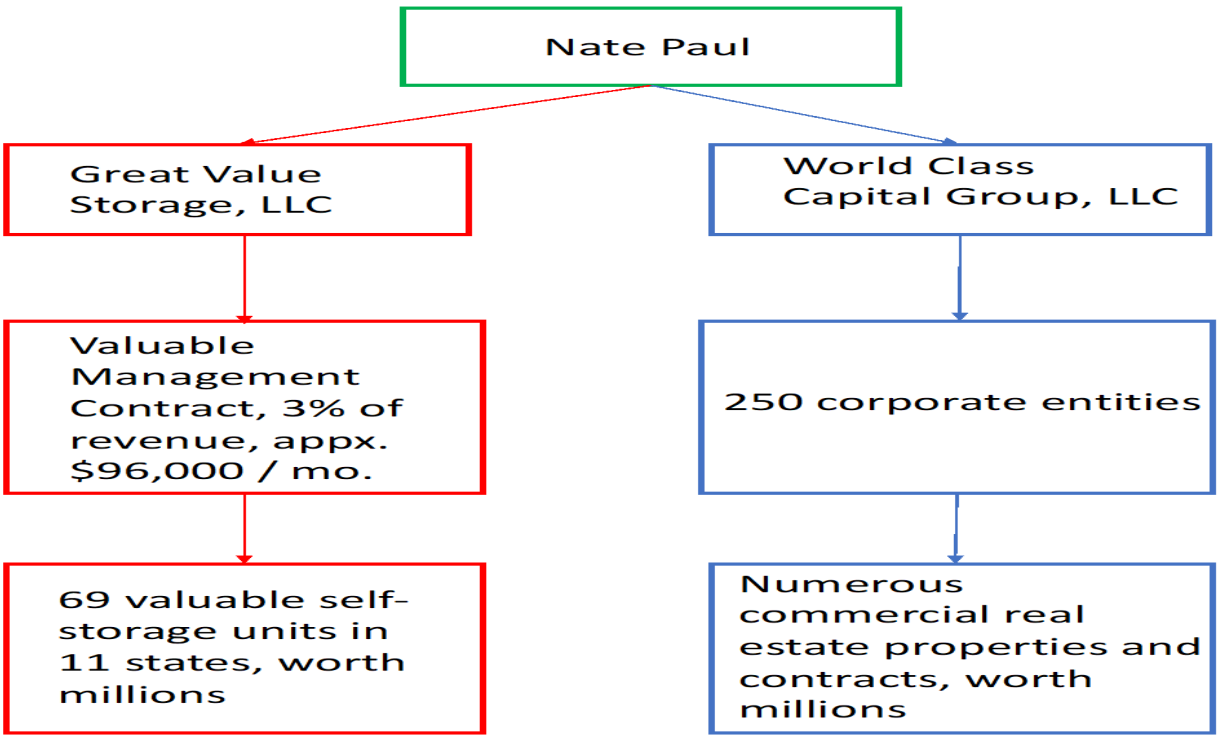
[2] World Class Holdings, LLC, World Class Holding Company, LLC, WC 707 Cesar Chavez, LLC, WC Galleria Oaks, LLC (should be "WC Galleria Oaks GP, LLC"), WC Parmer 93, LP, WC Paradise Cove Marina, LP, WC MRP Independence Center, LLC, WC Subsidiary Services, LLC.

[3] *See Receiver's Report Documenting Nate Paul Organization's Non-Compliance with this Court's Receivership Order*, at **Exhibit 7**, CR 13,396 ("Receiver's Report").

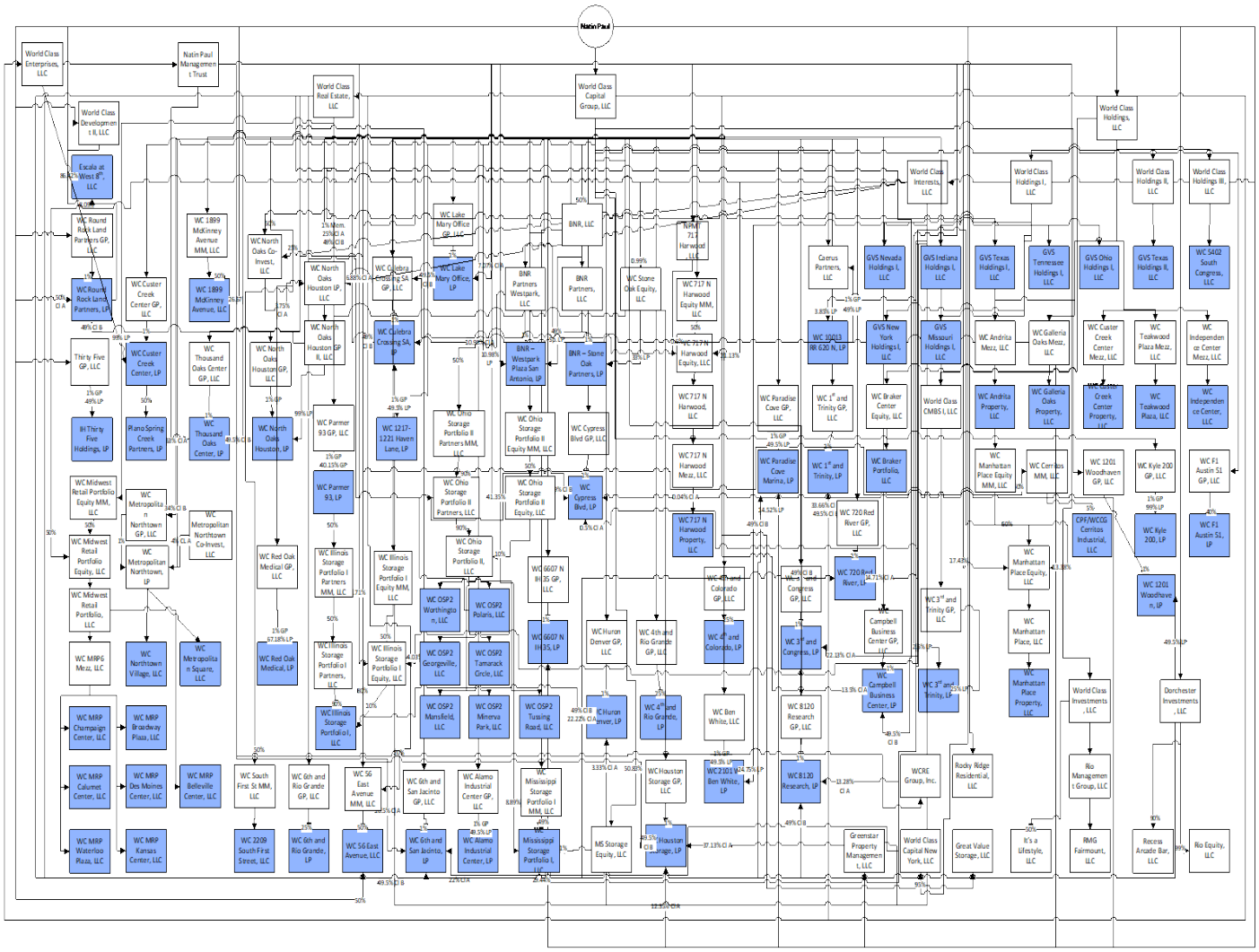
a single LLC, many of Paul's LLCs, such as the ones here, are mere shells that conduct no legitimate commercial business. They are merely shells to conceal and transfer assets. Receiver has found no evidence Paul has filed any federal tax return since 2017.

A. *Paul created a dense web of corporate shells to disguise and conceal misappropriation of cash and real estate from courts, receivers, trustees, creditors and investors.*

Underneath parent company *World Class Capital Group, LLC* are hundreds of interrelated and interlocking shell companies, some holding real estate, some holding contractual rights of one sort or another, some simply a mystery. Here is an overview diagram of the corporate structures:



Here is an internal Paul organizational chart obtained by Receiver and filed in the receivership court[4]:



This chart is nearly incomprehensible in both intent and design. Paul creates corporate shells as a means of disguising, camouflaging, and concealing fraudulent transfers or assets and cash. Paul possesses no corporate documents justifying this

[4] Receiver's Report, CR 13,396.

structure. There is no legitimate business or tax purpose for such a complicated and undocumented corporate structure.

This Court will observe that beneath one Appellant, *World Class Capital Group, LLC*, are subsidiary companies and assets. The second Appellant, *Great Value Storage, LLC* (see bottom right of organization chart), has assets in the form of management contracts with Great Value Storage facilities, the management fees of which, as discussed, the Paul Entities admitted fraudulently transferring. Princeton's summary judgment motion contained signed agreements by Paul attesting that *World Class Capital Group, LLC* wholly owned *Great Value Storage, LLC*, which wholly owned 23 valuable real estate storage units.[5]

The record contains a list of at least 278 corporate shells created by Nate Paul, each holding real estate or contractual rights of one sort or another, or used as vehicles for fraudulent transfers and concealment.[6] Receiver discovered a Texas franchise tax filing Paul was under order to turn over but did not. Paul did not want any Court to see this document. It is the June 15, 2021 Texas Franchise Tax Extension Request he signed and filed for *World Class Capital Group, LLC* after he closed the Wells Fargo Bank accounts.[7]

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[5] Orig. CR 78, 225 and 91, 238, No. 01-21-00284-CV. CR 27-28.

[6] *See Receiver's Response to Appellants' Rule 29.3 Motion for Temporary Orders*, Oct. 13, 2021, Exhibit 19 (list), No. 01-21-00284-CV. See CR 6,705.

[7] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022. CR 705.

B. *Filings With Texas Comptroller Showing Control of Assets By Apex Company*

In his report to the Texas Comptroller, Paul listed dozens of corporate entities he controls which are affiliated under *World Class Capital Group, LLC*. This report completely contradicted Paul's sworn declaration that *World Class Capital Group, LLC* did not have any assets. Here is an excerpt:

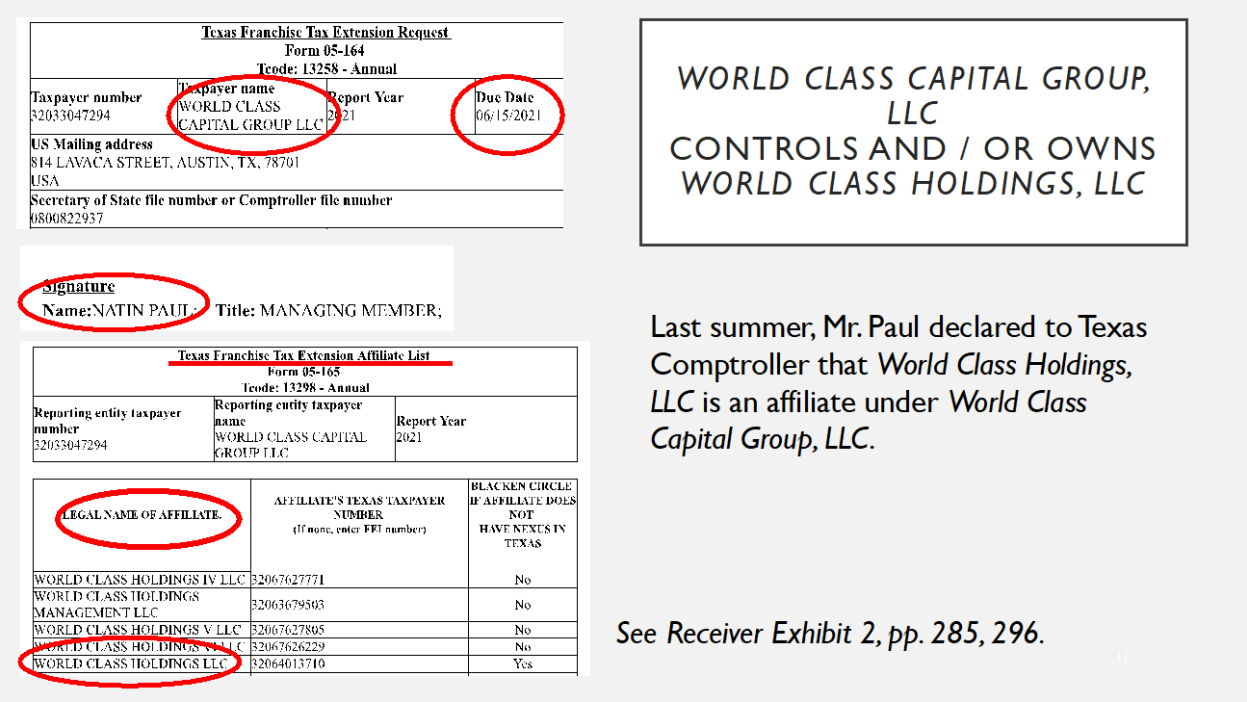
Signature
Name:NATIN PAUL; **Title:** MANAGING MEMBER;

Texas Franchise Tax Extension Affiliate List
Form 05-165
Tcode: 13298 - Annual

Reporting entity taxpayer number	**Reporting entity taxpayer name**	**Report Year**
32033047294	WORLD CLASS CAPITAL GROUP LLC	2021

LEGAL NAME OF AFFILIATE.	**AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)**	**BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS**
WC 1ST AND TRINITY GP LLC	32048408051	No
WC 1ST AND TRINITY LP	32048408044	No
WC 3RD AND CONGRESS GP LLC	32049843991	No
WC 3RD AND CONGRESS LP	32049822607	No
WC 3RD AND TRINITY GP LLC	32045959999	No
WC 3RD AND TRINITY LP	32045959841	No
WC 4TH AND COLORADO GP LLC	32044399437	No
WC 4TH AND RIO GRANDE GP LLC	32045059139	No
WC 5TH AND WALLER LLC	32064486643	No

In the same report, Paul designated *World Class Holdings, LLC*, a recipient for much of the WCCG misappropriated funds, as one of his paymaster accounts :



Texas Franchise Tax Extension Request
Form 05-164
Tcode: 13258 - Annual

Taxpayer number	Taxpayer name	Report Year	Due Date
32033047294	WORLD CLASS CAPITAL GROUP LLC	2021	06/15/2021

US Mailing address
814 LAVACA STREET, AUSTIN, TX, 78701
USA

Secretary of State file number or Comptroller file number
0800822937

Signature
Name: NATIN PAUL **Title:** MANAGING MEMBER;

Texas Franchise Tax Extension Affiliate List
Form 05-165
Tcode: 13298 - Annual

Reporting entity taxpayer number	Reporting entity taxpayer name	Report Year
32033047294	WORLD CLASS CAPITAL GROUP LLC	2021

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
WORLD CLASS HOLDINGS IV LLC	32067627771	No
WORLD CLASS HOLDINGS MANAGEMENT LLC	32063679503	No
WORLD CLASS HOLDINGS V LLC	32067627895	No
WORLD CLASS HOLDINGS VI LLC	32067626229	No
WORLD CLASS HOLDINGS LLC	32064013710	Yes

WORLD CLASS CAPITAL GROUP, LLC
CONTROLS AND / OR OWNS
WORLD CLASS HOLDINGS, LLC

Last summer, Mr. Paul declared to Texas Comptroller that *World Class Holdings, LLC* is an affiliate under *World Class Capital Group, LLC*.

See Receiver Exhibit 2, pp. 285, 296.

Paul filed the report for *World Class Capital Group, LLC* as a "combined group." Under the Texas Tax Code, a "combined group" is defined as "Taxable entities that are part of an ***affiliated group*** engaged in a ***unitary business*** and that are required to file a group report under [Tax Code] Section 171.1014."[8]

"Affiliated group" means, "Entities in which a controlling interest is owned by a common owner, either corporate or noncorporate, or by one or more of the member entities."[9]

[8] Tex. Admin. Code § 3.590(b)(2) (emphases added).
[9] Tex. Admin. Code § 3.590(b)(1); Tex. Tax Code § 171.0001(1).

Such commonly owned entities are affiliated regardless of whether they are engaged in a unitary business. "Controlling interest" means, for a corporation, either more than 50 percent, owned directly or indirectly, of the total combined voting power of all classes of stock of the corporation, or more than 50 percent, owned directly or indirectly, of the beneficial ownership interest in the voting stock of the corporation.[10]

All affiliated entities are presumed to be engaged in a unitary business:

> A "unitary business" means a single economic enterprise that is made up of separate parts of a single entity or of a commonly controlled group of entities that are sufficiently interdependent, integrated, and interrelated through their activities so as to provide a synergy and mutual benefit that produces a sharing or exchange of value among them and a significant flow of value to the separate parts. In determining whether a unitary business exists, the comptroller shall consider any relevant factor, including (A) whether:
>
> > (i) the activities of the group members are in the same general line, such as manufacturing, wholesaling, retailing of tangible personal property, insurance, transportation, or finance;
> >
> > (ii) the activities of the group members are steps in a vertically structured enterprise or process, such as the steps involved in the production of natural resources, including exploration, mining, refining, and marketing; or
> >
> > (ii) the members are functionally integrated through the exercise of strong centralized management, such as authority over purchasing, financing, product line, personnel, and marketing.[11]

[10] Tex. Admin. Code § 3.590(b)(4).
[11] Tex. Admin. Code § 3.590(b)(6).

This is tedious tax code language, but the point is that all of the corporate entities listed[12] by Nate Paul form a single unitary operation, all controlled by Nate Paul, all falling under the control or ownership of *World Class Capital Group, LLC*.

C. *Wells Fargo Bank Records Reveal $87 million of Unaccounted Transfers by Nate Paul in One Account Alone.*

Throughout the pervasive litigation, including in the district court, Paul refused to provide any bank records from the hundreds of accounts at Wells Fargo Bank. Receiver obtained, and filed in the district court, 16 months of bank statements from a single Wells Fargo account, for *World Class Capital Group, LLC*, the parent company for Paul's pyramid of real estate entities, and for *Great Value Storage, LLC*, an entity related to the collection of some 69 self-storage units in 11 states.[13]

These bank records for just this one account, *World Class Capital Group, LLC*, for a brief 16-month window, reveal that Paul transferred ***$87 million*** in cash back and forth to his various entities, and to unknown individuals and companies. Millions were transferred just before and just after the August 14, 2019 U.S. Magistrate Court authorized the FBI search of Paul's home and office for evidence of criminal activity.[14] Paul drained the accounts completely in January and February 2020. To this day, Paul refuses to provide any documentation for any of these transactions. To be fair, he may not have

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[12] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022. CR 705.
[13] *See Receiver's Notice of Records Filing 2, Texas Comptroller Records*, Feb. 23, 2022. CR 705.
[14] CR 1957.

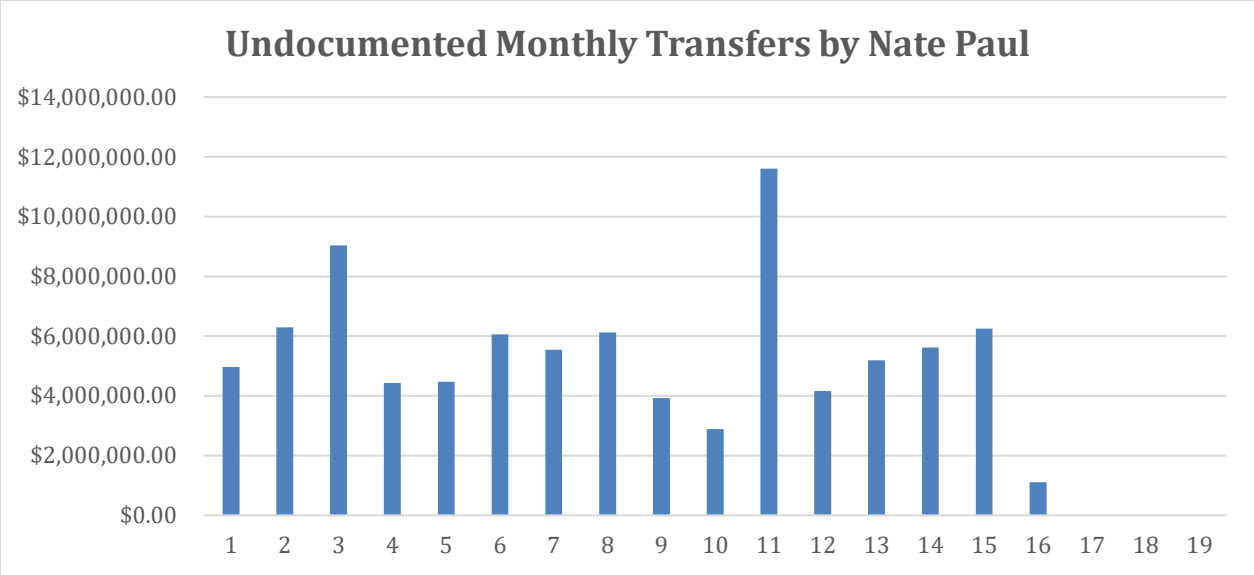
documentation. He treated the millions as personal money, moving money between insider individuals and corporations without regard for any corporate fiduciary formalities or segregation responsibilities.

Based on the bank statements, here is a list of transfers in and out of the *World Class Capital Group, LLC*'s Wells Fargo account for the 16-month period, from October 2018 until Paul drained the account in January 2020. The Court will observe that Paul transferred the largest amount of money, more than $11 million, in the days before and after the August 2019 FBI search of his home and office.[15]

Bank Statement Date	Beginning Balance	Total Credits (Deposits)	Disbursements (Transfers)	Checks Paid (Disbursements)	Total Transfers (Withdrawals)	Ending Balance
10/31/2018	$3,358.92	$4,967,225.19	($4,866,784.53)	($100,734.51)	($4,967,519.04)	$3,065.07
11/30/2018	$3,065.07	$6,291,499.01	($6,265,514.27)	($23,712.90)	($6,289,227.17)	$5,336.91
12/31/2018	$5,336.91	$9,035,095.33	($8,911,208.12)	($125,537.14)	($9,036,745.26)	$3,686.98
01/31/2019	$3,686.98	$4,471,139.57	($4,410,564.68)	($21,900.55)	($4,432,465.23)	$42,361.32
02/28/2019	$42,361.32	$4,454,241.28	($4,472,387.85)	($3,496.31)	($4,475,884.16)	$20,718.44
03/31/2019	$20,718.44	$6,037,038.72	($6,045,588.00)	($11,754.66)	($6,057,342.66)	$414.50
04/30/2019	$414.50	$5,545,898.55	($5,536,201.67)	($5,994.34)	($5,542,196.01)	$4,117.04
05/31/2019	$4,117.04	$6,115,272.86	($6,082,028.42)	($36,584.62)	($6,118,613.04)	$776.86
06/30/2019	$776.86	$3,932,056.24	($3,899,167.11)	($26,541.66)	($3,925,708.77)	$7,124.33
07/31/2019	$7,124.33	$2,906,752.75	($2,857,123.47)	($26,427.77)	($2,883,551.24)	$30,325.84
08/31/2019	**$30,325.84**	**$11,574,097.77**	**($11,590,809.18)**	**($11,010.72)**	**($11,601,819.90)**	**$2,603.71**
09/30/2019	$2,603.71	$4,296,517.64	($4,144,159.99)	($19,010.91)	($4,163,170.90)	$135,950.45
10/31/2019	$135,950.45	$5,093,583.13	($5,164,223.10)	($25,352.59)	($5,189,575.69)	$39,957.89
11/30/2019	$39,957.89	$5,592,614.59	($5,610,627.46)	($3,464.72)	($5,614,092.18)	$18,480.30
12/31/2019	$18,480.30	$6,392,314.54	($6,246,473.75)	($711.60)	($6,247,185.35)	$163,609.49
01/31/2020	$163,609.49	$943,821.05	($1,107,430.54)	$0.00	($1,107,430.54)	$0.00
02/29/2020	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
03/31/2020	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
04/30/2020	$0.00	$0.00	$0.00	$0.00	($12,121.58)	($12,121.58)
Totals		**$87,649,168.22**	**($87,210,292.14)**	**($442,235.00)**	**($87,652,527.14)**	**($12,121.58)**

Below is a graph showing the same monthly transfers:

[15] *See* CR 1958.



In November, December, and finally in January, Paul drained the account completely, transferring the money as fast as it arrived to a collection of individuals and entities. Paul has never turned over documents revealing to whom he transferred this cash, or why.

D. *Wells Fargo Bank Records Reveal $7.4 million of Unaccounted Transfers by Nate Paul in Another Account.*

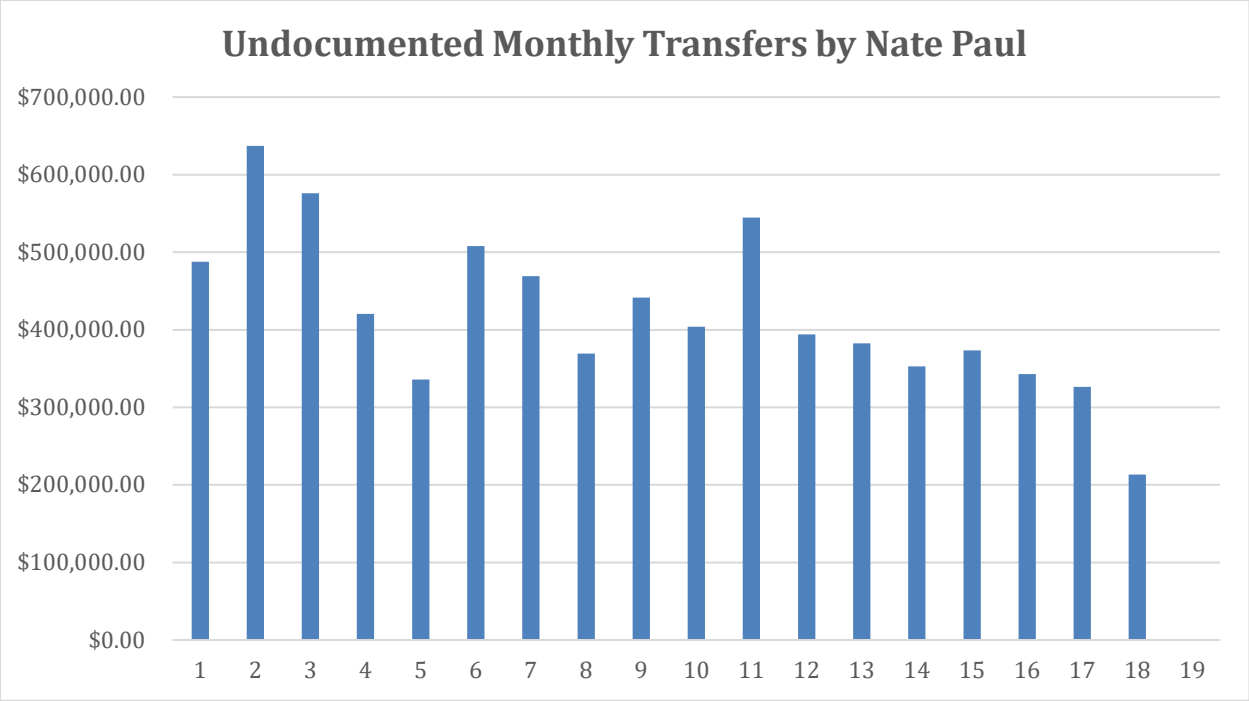
Similarly, the Wells Fargo statements for *Great Value Storage, LLC* reveal Paul transferred $7.4 million from the company. He will not reveal documentation. Again, he transferred sharply more money just before and just after the August 2019 FBI search.[16] Again, he drained the account to points unknown in February and March 2020. To be more precise, he redirected regular monthly storage unit payments away from *Great Value*

[16] *See* CR 1957.

Storage, LLC, to another unknown corporate entity he will not reveal, thereby stripping *Great Value Storage, LLC* of cash and accounts receivable. Here is a summary:

Bank Statement Date	Beginning Balance	Total Credits (Deposits)	Disbursements (Transfers)	Checks Paid (Disbursements)	Total Transfers (Withdrawals)	Ending Balance
10/31/2018	$239.63	$488,265.76	($394,361.59)	($93,534.26)	($487,895.85)	$609.54
11/30/2018	$609.54	$644,522.00	($602,635.57)	($34,403.49)	($637,039.06)	$8,092.48
12/31/2018	$8,092.48	$569,852.07	($521,955.32)	($53,922.93)	($575,878.25)	$2,066.30
01/31/2019	$2,066.30	$423,624.00	($388,750.48)	($31,898.34)	($420,648.82)	$5,041.48
02/28/2019	$5,041.48	$467,392.00	($307,414.67)	($28,545.30)	($335,959.97)	$136,473.51
03/31/2019	$136,473.51	$372,744.71	($497,759.87)	($10,021.19)	($507,781.06)	$1,437.16
04/30/2019	$1,437.16	$468,704.43	($418,873.17)	($50,348.33)	($469,221.50)	$920.09
05/31/2019	$920.09	$368,374.23	($330,581.41)	($38,550.57)	($369,131.98)	$162.34
06/30/2019	$162.34	$442,314.34	($429,848.01)	($11,728.01)	($441,576.02)	$900.66
07/31/2019	$900.66	$405,853.12	($400,502.93)	($3,478.47)	($403,981.40)	$2,772.38
08/31/2019	$2,772.38	**$551,861.22**	**($544,214.48)**	**($324.63)**	**($544,539.11)**	$10,094.49
09/30/2019	$10,094.49	$384,897.82	($390,608.61)	($3,372.93)	($393,981.54)	$1,010.77
10/31/2019	$1,010.77	$381,624.22	($380,336.61)	($2,023.08)	($382,359.69)	$275.30
11/30/2019	$275.30	$352,817.61	($343,221.92)	($9,588.23)	($352,810.15)	$282.76
12/31/2019	$282.76	$372,946.35	($373,225.59)	$0.00	($373,225.59)	$3.52
01/31/2020	$3.52	$343,474.63	($341,361.67)	($1,555.29)	($342,916.96)	$561.19
02/29/2020	$561.19	$326,187.74	($324,940.51)	($1,617.67)	($326,558.18)	$190.75
03/31/2020	$190.75	$212,291.59	($207,982.44)	($5,452.75)	($213,435.19)	($952.85)
04/30/2020	($952.85)	$2,000.00	($1,047.15)	$0.00	($1,047.15)	$0.00
Totals		**$7,365,456.25**	**($6,990,592.41)**	**($374,912.72)**	**($7,365,505.13)**	**$0.00**

Below is a chart showing monthly undocumented transfers from the *Great Value Storage, LLC* account:



E. *Bank Records Show Staggering Misappropriation*

With variations, Paul tells courts there are no corporate records at all.[17] For an enterprise with nearly one billion dollars in assets, hundreds of millions in revenue, hundreds of corporate shells, Paul would have us believe he did not have any records. No bank statements. No payable vouchers, no invoices, no receipts, no payroll, no account reconciliations, no balance sheets, no profit and loss statements, no tax returns,

[17] *See Receiver's Notice of Intent to File Response and Notice of Prior Court Orders Involving Nate Paul*, Mar. 31, 2022, 01-21-00284-CV (attaching 42 orders by state and federal judges seeking to control and compel Paul to provide documents and otherwise comply); See CR 5492. (Appellants provided not a single corporate record to refute Princeton's summary judgment motion); *See also Princeton's Notice of Judgment Debtors' Non-Compliance with this Court's January 24, 2022 Order*, Jan. 27, 2022), Image No.: 100077941. *See also*, CR 701-704.

no contracts, no agreements, no deeds, no company board of director minutes, and no records documenting transfers of assets or money.[18]

The Wells Fargo bank records separately filed are only for 16 months, from 2018 to 2020, until Paul drained the accounts, during the months following the FBI search of his home and office. Paul could easily have provided these in response to any of the compel orders by logging in to Wells Fargo and pressing download. Moreover, these records are only for two accounts. Paul had *more than four hundred accounts* at Wells Fargo.

Here is the story these snapshot documents tell and why and how Receiver's indefatigable collection efforts impelled Paul to directly pay Princeton so much money:

- For more than 200 pages, the Court will see line after line of wire transfers for hundreds, thousands, tens of thousands, hundreds of thousands, and millions of dollars;

- Paul does not have, or will not reveal, a single page, not a single email, documenting the propriety of any of these cash transfers;

- There are thousands of transfers back and forth between the hundreds of Great Value Storage and World Class entities. Paul moved money between entities at whim or need or interest, disregarding all Texas and IRS imposed fiduciary duties as corporate officer to segregate each entity's cash, assets, books, accounts, activity, and to maintain records, with each entity standing on its own;

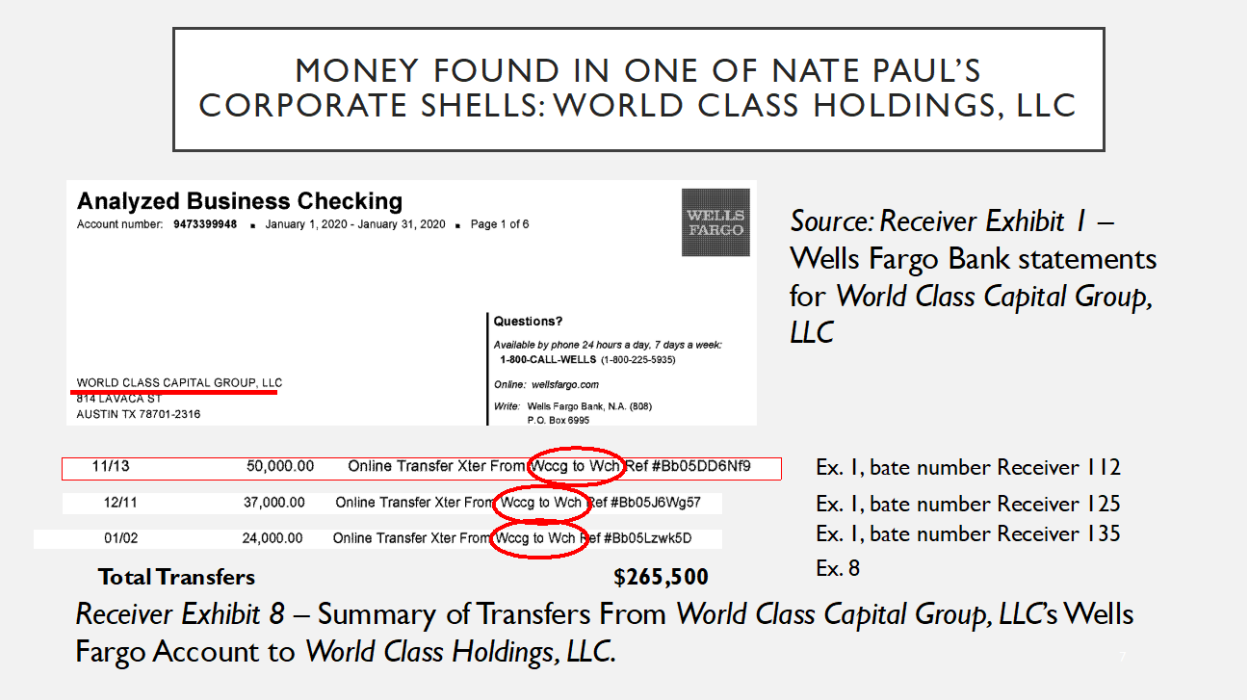
- $87 million is missing or unaccounted from the World Class Capital Wells Fargo account, just in this 16-month period;

[18] *See Receiver's Amended Motion for Turnover of Bentley Mulsanne, Lamborghini, Porsche, Land Rover, and Other Luxury Automobiles*, Jan. 19, 2022 (supplemental record requested and pending) (Paul depreciated the Bentley on *World Class Capital Group, LLC*'s 2017 tax return, the last tax return he later testified he ever filed). CR 1961.

- $7.4 million is missing or unaccounted from the Great Value Storage Wells Fargo account.

- Other account bank statements for other Paul controlled corporate shells reviewed by Receiver reveal similar unexplained and undocumented transfers between shells and to insiders and to Paul personal accounts.

- The hundreds of other Wells Fargo accounts likely tell a similar tale of fraudulent transfers.[19]



To give perspective, here is an excerpt from two seemingly ordinary days in November 2018, from the WCCG account.[20] Not a single one of these transactions are documented or explained. Almost all are to Paul Organization insiders and shells:

[19] *See* Receiver's Notice of Business Records No. 1, Image No.: 100497493, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855. See CR 399.
[20] *See* Receiver's Notice of Business Records No. 1, Image No.: 100497493, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855. See CR 399.

11/28	32,000.00	Online Transfer Wccg to Braker Ref #Bb05Gchjrg
11/28	21,000.00	Online Transfer Wccg to North Oaks Ref #Bb05Gc73Tj
11/28	9,000.00	Online Transfer Xter From Wccg to Wcre Ref #Bb05Gbwxw5
11/28	2,000.00	Online Transfer Xter From Wccg to North Oaks Ref #Bb05Gbvzjl
11/28	2,000.00	Online Transfer Xter From Wccg to Gvs Ref #Bb05Gbwygq
11/28	4,419.29	Bambora Bf10000009 181127 43201983 World Class Capital Gr
11/28	549.36	Bambora Bf10000008 181127 43199651 World Class Capital Gr
11/28	95.00	Citi Payment Payment 181127 202814680331671 Paul,Nathan
11/28	54.98	City of Austin/A Utilities 181127 7088327768 7088327768
11/29	50,000.00	Online Transfer Xter From Wccg to Harwood Atx Ref #Bb05Gh97Hj
11/29	15,000.00	Online Transfer Wccg to Harwood Ref #Bb05Ghpxtf
11/29	10,000.00	Online Transfer Xter From Wccg to 6607 N Ih 35 Ref #Bb05Gg7Nhn
11/29	8,000.00	Online Transfer Xter From Wccg to Rio Operating Ref #Bb05Gh93Qc
11/29	5,000.00	Online Transfer Xter From Wccg to Wcre Mgmt Ref #Bb05Gh9H5M
11/29	2,000.00	Online Transfer Xter From Wccg to Wchii Ref #Bb05Gg7P7V
11/29	23,000.00	WT Fed#08157 Independent Bank /Ftr/Bnf=Wc Paradise Cove Marina, Lp Srf# Gw00000020778976 Trn#181129072862 Rfb# 4320
11/29	8,123.70	NW Trust Contrib 857-80061 World Class Capital Gr
11/29	6,107.54	Bambora Bf10000010 181128 43248124 World Class Capital Gr
11/30	26,500.00	Online Transfer Xter From Wccg to 1899 McKinney Corp Ref #Bb05Gnl5RC
11/30	20,000.00	Online Transfer Wccg to Wchiii Ref #Bb05Gps353
11/30	15,000.00	Online Transfer Xter From Wccg to Gvs Ref #Bb05Gr6Vq4
11/30	3,000.00	Online Transfer Wccg to Champaign Ref #Bb05Gn8Dsm
11/30	3,000.00	Online Transfer Xter From Wccg to Wchi Ref #Bb05Gnkfd7
11/30	1,500.00	Online Transfer Xter From Wccg to Mrp Belleville Ref #Bb05Gnk8Zl
11/30	1,000.00	Online Transfer Xter From Wccg to Wchii Ref #Bb05Gnkhls
11/30	1,000,000.00	WT Fed#00463 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Holding Company, LLC Srf# Gw00000020857847 Trn#181130253016 Rfb# 4331
11/30	450,000.00	WT Fed#09623 Banc of California /Ftr/Bnf=Harvey A Bookstein Trust Account Srf# Gw00000020857435 Trn#181130250797 Rfb# 4330
11/30	232,050.00	WT Fed#00105 Banc of California /Ftr/Bnf=Har-3M, LLC Srf# Gw00000020856889 Trn#181130249932 Rfb# 4328
11/30	205,416.87	WT Fed#01052 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Income Fund, Lp Srf# Gw00000020858219 Trn#181130255145 Rfb# 4335
11/30	197,741.38	WT Fed#01161 Jpmorgan Chase Ban /Ftr/Bnf=Rategar Income Fund II, Lp Srf# Gw00000020858285 Trn#181130256061 Rfb# 4336
11/30	196,015.56	WT Fed#00719 Jpmorgan Chase Ban /Ftr/Bnf=Rastegar Value Fund, Lp Srf# Gw00000020859001 Trn#181130257119 Rfb# 4338

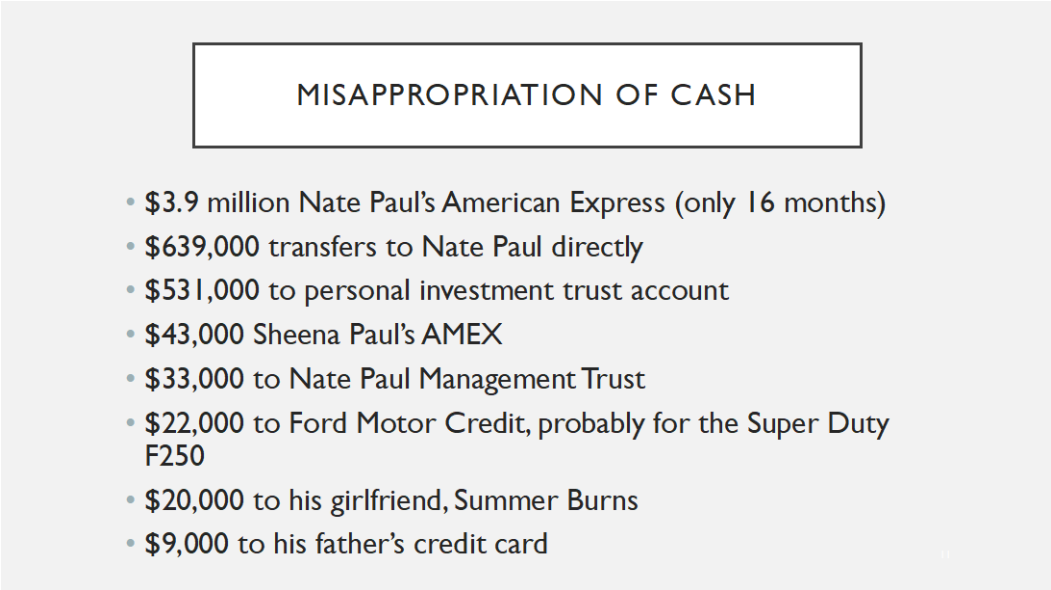
Here are just a couple of the transfers to Nate Paul and his domestic partner, Summer Burns:[21]

11/05	45,000.00	Online Transfer Wccg to Wch Xi Ref #Bb05Clpk67
11/05	44,000.00	Online Transfer Xter From Wccg to 4th and Rio Ref #Bb05Ck8V8R
11/05	22,000.00	Online Transfer Xter From Wccg to Thousand Oaks Ref #Bb05Ck8W2J
11/05	6,000.00	Online Transfer Xter From Wccg to Wchi Ref #Bb05Ck8Z6Z
		Card
11/08	390,000.00	Online Transfer Wccg to 3Rd and Trinity Ref #Bb05Cwv7Dl
11/08	27,500.00	Online Transfer Xter From Wccg to 2209 S First Ref #Bb05Cwsgzd
11/08	10,000.00	Online Transfer Wccg to Wchii Ref #Bb05Cwj525
11/08	3,000.00	Online Transfer Wccg to Belleville Ref #Bb05Cx5Scy

[21] *See* Receiver's Notice of Business Records No. 1, Wells Fargo Statements, 2018 – 2020, filed Feb. 21, 2022, 165th District Court, docket number 2019-18855. See CR 399.

Date	Balance	Date	Balance	Date	Balance
10/31	3,065.07	11/09	74,412.92	11/21	13,447.98
11/01	12,933.44	11/13	9,544.76	11/23	16,775.48
11/02	111,727.69	11/14	2,691.63	11/26	11,690.71

Here is a total of transfers to Paul and family members from the WCCG account for just a 16-month period:



F. *This Court's April 2023 Opinion, vacated March 8, 2024*

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

- Sufficient evidence supported the summary judgment;
- Sufficient evidence and justification supported the District Court's receivership order;
- Appellants' other challenges to the receivership order were procedurally defaulted;[22] and

[22] *Great Value Storage, LLC v. Princeton Capital Corp.*, No. 01-21-00284-CV, 2023 Tex. App. LEXIS 2537, *44 (Tex. App.—Houston [1st Dist.] Apr. 20, 2023), dism'd as moot, 2024 Tex. LEXIS 216 (Tex. 2024) ("The second, third, and fourth issues in the appeal from the order appointing a receiver were not presented in the trial court, and thus these arguments do not comport with the complaints

- Appellants and their lawyers engaged in litigation misconduct.[23]

This Court denied rehearing July 27, 2023.

On February 2, 2024, the Texas Supreme Court ordered Princeton to respond to the Petition for Review filed by WCCG and GVS. Princeton did not do so. Instead, three days later, WCCG, GVS, and Princeton filed a 'joint motion', asking the Texas Supreme Court to designate the Receiver in place of Princeton as Respondent. All three explained this was necessary because Princeton "***no longer has rights to this appeal***."[24] The parties did not cite any authority for substitution of a receiver in place of a respondent/appellee. On March 8, 2024, the Texas Supreme Court granted the petition, vacated this Court's April 20, 2023 Memorandum Opinion, and summarily dismissed the case as moot in light of the global settlement agreement.[25]

G. *Multitude of "Pleas in Intervention"*

In November 2022, following this Court's September 22, 2022 remand order to effectuate the global Settlement Agreement, [26] Paul ordered his lawyers to file Rule 60

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made in the trial court. conclude that these issues are waived, and we overrule them.") (citation omitted).

[23] *Great Value Storage, LLC v. Princeton Capital Corp.*, No. 01-21-00284-CV, 2023 Tex. App. LEXIS 2537, *7 n. 3 (Tex. App.—Houston [1st Dist.] Apr. 20, 2023), dism'd as moot, 2024 Tex. LEXIS 216 (Tex. 2024) (decrying "the litigation tactics employed in the trial court") and at *52 ("Paul refused to appear for deposition. At oral argument, counsel for Great Value and WCCG erroneously argued that they had no obligation to respond…").

[24] Joint Statement of Respondent and Petitioners Regarding Court's February 2, 2024 Request for Response to Petition for Review, *Great Value Storage LLC, et al. v. Princeton Capital Corp.*, No. 23-0722 (Feb. 7, 2024) (Exhibit 2 to Receiver's Mar. 10, 2024 Motion to Dismiss, No. 01-23-00618-CV).

[25] March 8, 2024 Judgment. *Great Value Storage, LLC v. Princeton Capital Corp.*, No. 23-0722, 2024 Tex. LEXIS

[26] *Order to Abate and Remand*, No. 01-21-00284-CV (dated Sept. 22, 2022).

pleas in intervention[27] into the underlying cause 2019-18855 district court case on behalf of eight shell companies.[28] These shell companies are bound by the Settlement Agreement.[29]

These entities argue they were completely independent companies when Receiver seized their bank accounts to claw back money embezzled by Paul. These shell companies intervened, they assert, to get their money back from improper Receiver duties, *ultra vires* from the receivership order.

These shell companies did not request citations- much less serve Receiver with any citations. In other words, these shell companies wanted to argue that Receiver had perpetrated some vague tort against them, but deliberately avoided filing suit against the receiver in an official way. The "Appellants Joint Response To Receiver's Second Motion to Dismiss For Want of Jurisdiction" [filed March 25, 2024] makes this precise point on page 11: "the Receiver is a party capable of being sued and defending his conduct and interests on appeal." Receiver contends that it is fairly obvious that he was never sued in 2019-18855. Due Process simply does not allow a plaintiff to 'bring

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[27] Tex. R. Civ. P. 60.

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

[29] See, Receiver's September 10, 2023 *Motion to Dismiss for Want of Jurisdiction*, PDF p. 44.

suit' and make someone 'a defendant' without apprising them of a lawsuit [in this case, one that was never actually filed]. "It is well-established that '[t]he failure to give adequate notice violates the most rudimentary demands of due process of law.'"[30] "A party who becomes aware of the proceedings without proper service of process has no duty to participate in them."[31]

On page 7 of their Joint Response filed March 25, 2024, the appellants go even further in explaining the nature of logic of the intervenor appellants' argument: "involves ten additional parties and centers on disputes with the Receiver *himself*." (italics in original). But even the appellants would have to agree that they never sued Mr. Kretzer individually. In other words, their logic disintegrates syllogistically: 1) a receiver is not a party to a suit where the appointment is made; 2) an intervenor cannot dragoon a receiver into becoming a party by force of will; 3) a third-party cannot intervene into a moot case; 4) the third-party intervenor cannot bring suit without filing a petition and serving a citation; and 5) the individual who is serving as receiver has as much Constitutional entitlement to these procedural mechanisms as anyone else.

The district court held a live hearing on March 2, 2023.[32] The district court waited until August 2023 after this Court denied the petition for re-hearing in July 2023 [again, this occurred before the Texas Supreme Court issued its judgment on March 8, 2024]

[30] *Mosley v. Tex. HHS Comm'n*, 593 S.W.3d 250, 265 (Tex. 2019).
[31] *Caldwell v. Barnes*, 154 S.W.3d 93, 97 n.1 (Tex. 2004).
[32] RR Vol 1 of 1.

to dismiss the interventions and discovery attempts as untimely and improper.[33] The district court's August 2023 order also approved Receiver's report, granted Receiver's motion for fees, and authorized payment of the Receiver from the Bankruptcy Court Reserve Funds.[34]

The district court did not order any of the Appellants to pay any money. The court did not order Appellants to perform any action. The court did not prohibit Appellants from performing any action. The court's Fee Approval Order had no effect at all on Appellants, other than to dismiss their interventions and discovery [from which Receiver has derived judicial immunity regardless].

STATEMENT OF JURISDICTION

The Court does not possess jurisdiction for the reasons explained in Receiver's September 10, 2023 and March 11, 2024 motions to dismiss for want of jurisdiction.

STATEMENT REGARDING ORAL ARGUMENT

Receiver does not request oral argument. This case should be dismissed for want of jurisdiction without oral argument.

ISSUES

1. Whether this Court lacks jurisdiction and must dismiss this appeal.
2. Whether the district court correctly struck Intervenor Appellants' interventions.

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[33] March 8, 2024 Judgment. *Great Value Storage, LLC v. Princeton Capital Corp.*, No. 23-0722, 2024 Tex. LEXIS

[34] Special Supplemental Clerk's Record 3-7.

3. Whether WC 4th and Rio Grande, LP and WC 4th and Colorado, LP procedurally defaulted and/or waived by inadequate briefing any issues in their appeal.

SUMMARY OF THE ARGUMENT

1. The Intervenors filed notices of appeal in a moot case; the case was already moot when they filed the interventions as a result of the global settlement agreement with Princeton funded weeks earlier. "First, we must address Unifund's argument that the trial court did not have jurisdiction over Villa's claim for sanctions, because if it did not, then we do not.") *Unifund CCR Partners v. Villa*, 299 S.W.3d 92, 95 (Tex. 2009) (citing *Tex. Ass'n of Bus. v. Tex. Air Control Bd.*, 852 S.W.2d 440, 443-44 (Tex. 1993)). This is not a tendentious argument by Receiver; it is fairly tautological that the Texas Supreme Court's March 8 judgment found this case to have become moot at the time Princeton got its settlement money.

2. The district court correctly struck the interventions. Simply stated, Princeton was 'out' before the interventions were filed. "Most intervenors inherently resemble a plaintiff." *Ubican Glob., Inc. v. Justified Hemp Invs., LLC (In re Ubican Glob., Inc.),* Nos. 01-21-00356-CV, 01-21-00293-CV, 2021 Tex. App. LEXIS 8097, *22 (Tex. App.—Houston [1st Dist.] Oct. 5, 2021, no pet.). If these Intervenors really wanted to resemble Plaintiff/Princeton, they had to get 'in' before the plaintiff of record got 'out.'

Moreover, the Intervenors never had a justiciable interest in the receiver's fee, which is all that remained for the district court to determine at the time this Court issued

its remand order in September 2022. This conclusion is only concretized by the Texas Supreme Court's March 8, 2024 judgment. "For a plaintiff to have standing, a controversy must exist between the parties at every stage of the legal proceedings, including the appeal." *Williams v. Huff*, 52 S.W.3d 171, 184 (Tex. 2001). In other words, these intervenors have even less of a justiciable interest in retrospect.

3. WC 4th and Rio Grande, LP and WC 4th and Colorado, LP waived or forfeited their appeals, because they have not particularized any argument for this court to review. These appellants cite to no page in the record; they cite no cases the holding of which applies to them even arguably compelling this Court to reverse the denial of their interventions:

> [W]e hold that Amboree has waived her first and second issues on appeal because they are inadequately briefed. *See Bolling v. Farmers Branch Indep. Sch. Dist.*, 315 S.W.3d 893, 895 (Tex. App.—Dallas 2010, no pet.) ("Only when we are provided with proper briefing may we discharge our responsibility to review the appeal and make a decision that disposes of the appeal one way or the other.").

Amboree v. Bonton, No. 01-21-00026-CV, 2022 Tex. App. LEXIS 1568, *12 (Tex. App.—Houston [1st Dist.] Mar. 8, 2022, no pet.) (Countiss, J).

ARGUMENT

I. INTERVENORS ARE UNABLE TO ESTABLISH STANDING OR JUSTICIABILITY UNDER THE TERMS OF THE GLOBAL SETTLEMENT AGREEMENT WITH PRINCETON

For the reasons explained in Receiver's September 10, 2023 and March 10, 2024 motions to dismiss this appeal, and Receiver's March 25, 2024 Brief in Response to

Appellants' Brief, this Court lacks jurisdiction. The Court should dismiss this appeal. Rather than repeat those arguments, Receiver respectfully incorporates the motions by reference and asks the Court to determine jurisdiction before undertaking Intervenor Appellants' challenges.

The Amended Settlement Agreement includes a global release of all claims Princeton may have against Nate Paul, individually, and his collection of corporate entities.[35] The release encompasses all Intervenor Appellants in this appeal.

The Settlement Agreement with Princeton was signed, by "Nate Paul, ***on behalf of himself individually*** and ***on behalf all entities that he either owns or control*** (in whole or in part) [excluding the two present parent company judgment debtors—World Class and Great Value—controlled by Paul]," [36] and paid Princeton $11.37 million, for which Appellants declare, "Princeton has been satisfied . . . ." [37] Princeton's "Joint Statement" filed on February 7, 2024 in the Texas Supreme Court correctly informs, "Princeton no longer has rights relating to this appeal." [38]

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

[36] *See* Amended Settlement Agreement, at p. 23 *(Exhibit 1* to Receiver's Sept. 10, 2023 Motion to Dismiss for Want of Jurisdiction, No. 01-23-00618-CV).

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

[38] *See* Joint Statement at 2-3; *see also Princeton's Response to Court's June 1, 2023 Order*, No. 01-21-00284-CV at 2 (June 16, 2023) ("The motion for rehearing . . . will not have any effect on Princeton or its final settlement.").

The Amended Settlement Agreement granted Nate Paul, individually and all his entities he "controls," the broadest possible release from all of Princeton's state and federal claims, and all state and federal claims Nate Paul, individually and his entities, might have against Princeton.[39]

As a result of the Settlement Agreement there is no justiciable case in controversy pending in the district court.[40] Consequently, Appellants' assertions that Princeton still has viable and meritorious claims against WCCG or GVS, or that Intervenor Appellants still have derivative claims against Receiver, are untenable. Princeton released every conceivable claim against Paul and his entities, in return for full payment of the final judgment, which Princeton promptly reported to the SEC and distributed to shareholders.

A. *The words of the Parties provide the most dispositive evidence that this Court lacks subject matter jurisdiction*

The most determinative evidence on the issue of whether the Court lacks subject matter jurisdiction as a result of the Settlement Agreement comes from the words of the Parties in the settlement documents discussed below, and their statements in pleadings, open court, and SEC filings, as set forth below. Attached to Receiver's September 10, 2023 Motion to Dismiss as **Exhibit 1** is the complete Settlement Agreement, including

[39] *See* Amended Settlement Agreement, at p. 1, 8, 10, 11 *(Exhibit 1* to Receiver's Sept. 10, 2023 Motion to Dismiss for Want of Jurisdiction, No. 01-23-00618-CV).

[40] "The parties may not create a justiciable interest by agreement." Adele Hedges, 1 TEX. PRAC. GUIDE CIVIL PRETRIAL § 2:16 (*citing Holland v. Taylor*, 153 Tex. 433, 435, 270 S.W.2d 219, 220 (1954)).

the mutually signed August 22, 2022 "Settlement Term Sheet,"[41] which the parties explicitly integrated into the final settlement agreement, and the September 20, 2022 Amended Settlement Agreement.[42]

The plain words of the Settlement Agreement, and the integrated Settlement Term Sheet, make clear that the intention of the Parties was to provide for the payment in full to Princeton of amounts owed to it by WCCG and GVS, from funds set aside in the Dallas Bankruptcy Case: "[T]he settlement provides that Princeton will be paid $11,372,698.89 . . . in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. . . . and provide finality to contentious and prolonged litigation," with the result that "[t]he Settlement Agreement is a clear success for the Defendants and WCH . . . while also permitting Princeton to obtain a recovery without the need for further litigation."[43]

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

[42] Three settlement documents were ultimately executed by the Parties: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"); (2) the September 2, 2022 Settlement, Assignment and Acceptance Agreement ("Settlement Agreement"); and (3) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement"). Therefore, the Parties' "Settlement Agreement," as referred to herein, consists of two executed documents: (1) the August 22, 2022 Settlement Term Sheet ("Settlement Term Sheet"), and (2) the September 20, 2022 Amended and Restated Settlement, Assignment and Acceptance Agreement ("Amended Settlement Agreement"), *Exhibits 1, 2* (Receiver's Sept. 10, 2023 Motion to Dismiss, No. 01-23-00618-CV).

[43] *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and*

On August 27, 2022, Princeton told the Dallas Bankruptcy Court, "The Settlement Term Sheet serves as the basis for the forthcoming Settlement Agreement."[44] Princeton proclaimed, "The Settlement Agreement is a clear success for the Defendants and WCH . . . while also permitting Princeton to obtain a recovery without the need for further litigation."[45] "[T]he settlement provides that Princeton will be paid $11,372,698.89 . . . in exchange for a full mutual release of the settling Defendants, including the Reorganized Debtors and WCH. . . . and provide finality to contentious and prolonged litigation."[46] "As a result, Princeton asserts that the consideration for the settlement is fair, reasonable, ... [and for] the benefit of all parties and the interest of all stakeholders involved, ..."[47] "WCH and Princeton have engaged in good faith, and ultimately, successful settlement discussions, which culminated in the execution of that certain *Settlement Term Sheet* on August 22, 2022. . . .

Compromise Between Princeton Capital Corporation and Reorganized Debtors, at 3, *In re: GVS Texas Holdings I, LLC*, No. 21-31121-mvl11, Doc. No. 1358 (Aug. 27, 2022), Exhibit 1 (highlights added by Receiver). On September 2, 2022, Paul-Controlled Reorganized Debtors filed in the Dallas Bankruptcy Case its *Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors*, Doc. No. 1383, Exhibit 2 (highlights added by Receiver) ("Debtors Motion to Approve Settlement"). This motion was approved by the Dallas Bankruptcy Court in the *Order Granting Emergency Motion Pursuant to Bankruptcy Rule 9019 for Entry of an Order Approving a Settlement and Compromise Between Princeton Capital Corporation and the Reorganized Debtors* on September 20, 2022, at Doc. 1422 ("Order Approving Settlement with Princeton").

[44] Princeton Motion to Approve Settlement, at n.2, Exhibits 1, 2 of Receiver's Sept. 10, 2023 *Motion to Dismiss for Want of Jurisdiction*, No. 01-23-00618-CV (highlights added by Receiver).

[45] *Id.* at 3.

[46] *Id.*

[47] *Id.* at 4.

The Settlement Term Sheet is binding . . . ."[48] "$11,372,698.89 . . . will be used to fund the settlement of the Judgment."[49] "The Settlement Agreement evidences a business deal among the parties, ending multiple contentious and expensive litigation proceedings, . . . which all carry substantial business risk . . . . thereby ending years long disputes . . . ."[50]

B. *Princeton's Statements to the S.EC. Concerning The Signed Settlement Agreement Demonstrate That There Is No 'Plaintiff' Left In This Case*

The Parties explicitly integrated their mutually signed Settlement Term Sheet into the Settlement Agreement. The Settlement Agreement contains the following provisions incorporating the Settlement Term Sheet, "which shall remain in force and effect."[51]

Mr. Paul and Princeton signed and executed the Settlement Term Sheet:[52]

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[48] *Id.* at 7.
[49] *Id.* at 8.
[50] *Id.* at 11.
[51] *See* Amended Settlement Agreement, at 3, 12, Exhibit 1 to the Order Approving Princeton Settlement (highlights added by Receiver); *see also* Debtors Sept. 20, 2022 Motion to Approve Settlement, Doc. No. 1383, at 3, 18 Exhibit 2 (highlights added by Receiver); *see also* Settlement Term Sheet, at 4, Exhibit 1 to Princeton Motion to Approve Settlement (highlights added by Receiver). *See Exhibits 1, 2* of Receiver's Sept. 10, 2023 *Motion to Dismiss for Want of Jurisdiction*, No. 01-23-00618-CV (highlights added by Receiver).
[52] *See* Settlement Term Sheet, *Exhibit 1* to Princeton Motion to Approve Settlement. *See Exhibits 1, 2* of Receiver's Sept. 10, 2023 *Motion to Dismiss for Want of Jurisdiction*, No. 01-23-00618-CV (highlights added by Receiver).

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

Princeton Capital Corporation	GVS Texas Holdings I, LLC and its related entities
_____	_____

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

Princeton Capital Corporation	GVS Texas Holdings I, LLC and its related entities
_____	_____

World Class Holdings I, LLC

_____

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

Receiver to return properties and money taken or transferred by Receiver . . .":[53]

(emphasis added)

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

This ongoing obligation of cooperation and support by Princeton is why this Court never received a motion to dismiss the appeal in 01-21-00284-CV by Princeton. And it is why Princeton filed its 'joint motion' with its opposing parties in the Texas Supreme Court. [54]

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

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[53] *See* Settlement Term Sheet, pp. 2-3, Exhibit 1 to Princeton Motion to Approve Settlement, and p. 10 of that motion. *See Exhibits 1, 2* of Receiver's Sept. 10, 2023 *Motion to Dismiss for Want of Jurisdiction*, No. 01-23-00618-CV (highlights added by Receiver).

[54] *See* Joint Statement, No. 23-0722 (Feb. 7, 2024) at 2-3.

assignment and acceptance agreement . . . pursuant to which, . . . the Assignee will pay to the Company the amount of $11,372,698.89."[55]

And on March 30, 2023, Princeton filed its Annual Report (Form 10-K) with the SEC.[56] Princeton informed the SEC, "On October 7, 2022, the Company ***closed the settlement and received $11,372,699***."[57] "The Company ***received payment in full*** on October 7, 2022."[58]

These SEC reports and full payment is why Princeton correctly informed the Supreme Court, "Princeton no longer has rights affecting this appeal."[59] In other words, Princeton is not a party in this appeal with any justiciable interest for this Court to adjudicate.

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

[56] Princeton Capital Corp, Annual Report, Form 10-K, Filed 03/30/23 for the Period Ending 12/31/22, Securities and Exchange Commission (Wash. D.C.) at 1 (signed by Mr. Mark S. DiSalvo, Interim Chief Executive Officer) (emphasis added). Available at: https://ir.princetoncapitalcorp.com/all-sec-filings#document-689-0001213900-23-024619.

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

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

[59] "Joint Statement of Respondent and Petitioners Regarding Court's February 2, 2024 Request for Response to Petition for Review," No. 23-0722 (Feb. 7, 2024) at 2-3; accord Princeton's Response to Court's June 1, 2023 Order, No. 01-21-00284-CV (June 16, 2023), at 1-2 ("Princeton is no longer a party to the Note Purchase Agreement that is the subject of the trial court's judgment and appeal, . . . issues related to Appellants, . . . and the Receiver, ... will not have any effect on Princeton or its final settlement.").

II. INTERVENTION APPELLANTS HAVE NO JUSTICIABLE INTEREST AT STAKE

By all accounts, the Intervenors feel very strongly that the receiver fees should be set at zero. But the Intervenors' brief largely ignores the question as to what has ever been these entities' justiciable interest in the receiver's fees? Their opening brief is adamant:

> Such a justiciable interest is exactly what Intervenors have here with respect to the order that is the subject of this appeal – the district court's denial of their pleas in intervention and associated requests for relief – and so there can be no serious question as to this Court's appellate jurisdiction.

Intervenor Appellants' Br. at 42.

Receiver would urge this Court to note that there is not a single appellate opinion cited in support of this proposition; certainly, the existence of a justiciable interest cannot be created by the *ipse dixit* of the intervenor.[60]

> The Texas Supreme Court has spoken clearly:
>
> > Typically, an intervention involves a claim against persons who have already appeared. Under these circumstances, the plea in intervention is properly served by any of the methods provided in Rule 21a. *See* 5 WILLIAM V. DORSANEO III, TEXAS LITIGATION GUIDE § 82.09 at 82-17 (2002). However, absent a subsequent appearance, service of citation is necessary against an original defendant when the intervenor seeks affirmative relief against a defendant who has not appeared at the time the intervention was filed. *Id.*[61]

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[60] *Hollingsworth v. Perry*, 570 U.S. 693, 706 (2013) ("We have repeatedly held that such a 'generalized grievance,' no matter how sincere, is insufficient to confer standing.)"; *Allen v. Wright*, 468 U.S. 737, 754, 104 S.Ct. 3315, 82 L.Ed.2d 556 (1984) ("an asserted right to have the Government act in accordance with law is not sufficient, standing alone, to confer jurisdiction… ")

[61] *Baker v. Monsanto Co.*, 111 S.W.3d 158, 160 (Tex. 2003).

By contrast, Receiver Kretzer- by definition- never "appeared" in this case because he was appointed by the very state district judge presiding in the case where the interventions got filed. Nor does Receiver Kretzer seem to qualify as a 'person a claim is brought against' under the logic of *Baker* because he was always an agent of his appointing state district judge. It is a little hard to see how the *res judicata* effects of final judgments- and jurisdictional dismissal in Texas' appeals courts- could allowed to be front-run by someone who basically starts all over through the expedient of suing a court-appointee.

Nor were the so-called 'pleas in intervention' ever "served by any of the methods provided in Rule 21a" because there was never an actual lawsuit filed. Receiver contends that if the intervenors thought they actually had a justiciable interest, they would have served a suit they actually filed. But they did neither.

Further, none of the Intervenors (nor the other two Appellants, WC 4th and Colorado and WC 4th and Rio Grande) have a justiciable interest because Rule 60 authorizes only those with a "justiciable interest" in a pending suit to intervene in the suit as a matter of right.[62] The Supreme Court spoke clearly in the hallmark *Union Carbide* case:

> Because intervention is allowed as a matter of right, the "justiciable interest" requirement is of ***paramount importance***: it defines the category of non-parties who may, without consultation with or permission from the original parties or the court, interject their interests into a pending suit to which the

[62] Tex. R. Civ. P. 60; *Guar. Fed. Sav. Bank v. Horseshoe Operating Co.*, 793 S.W.2d 652, 657 (Tex. 1990).

> intervenors have not been invited. Thus, the "justiciable interest" requirement ***protects pending cases from having interlopers disrupt the proceedings***.[63]

The Court explained:

> To constitute a justiciable interest, "[t]he intervenor's interest must be such that if the original action had never been commenced, and he had first brought it as the sole plaintiff, he would have been entitled to recover in his own name to the extent at least of a part of the relief sought" in the original suit.[64]

"Most intervenors inherently resemble a plaintiff."[65] But the so-called 'intervention petition' never tell us which side of the coin the receiver would fall. Was receiver newly aligned with the defendants? That seems untenable, since the actual defendants [judgment debtors] are the parent companies of the intervenors. Moreover, did the intervenors actually consider themselves as 'resembling a plaintiff'? That also seems untenable, because appellants had just bought off the plaintiff- Princeton- who filed the suit in the first place.

Given Appellants' full payment of the March 4, 2021 Final Judgment, and the First Court of Appeals' September 21, 2022 settlement remand order,[66] these Defendant-controlled Intervenors lacked any justiciable interest. Saliently, "receiver's fees are

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[63] *In re Union Carbide Corp.*, 273 S.W.3d 152, 154-155(Tex. 2008) (emphases added).
[64] *Id.* at 155 (*quoting King v. Olds*, 71 Tex. 729, 12 S.W. 65, 65 (1888)); *see also Triple P.G. Sand Dev., LLC v. Del Pino*, 649 S.W.3d 682 (Tex. App.—Houston [1st Dist.] 2022, no pet. hist.) (Julie Countiss, J.) (quoting same language from *Union Carbide*).
[65] *Ubican Glob., Inc. v. Justified Hemp Invs., LLC (In re Ubican Glob., Inc.),*Nos. 01-21-00356-CV, 01-21-00293-CV, 2021 Tex. App. LEXIS 8097, *22 (Tex. App.—Houston [1st Dist.] Oct. 5, 2021, no pet.).
[66] *See* Order, First Court of Appeals, No. 01-21-00284-CV (Sep. 21, 2022).

considered court costs."[67] None of the Intervenors have a justiciable interest in a court cost to be paid to a Receiver for work completed months before any attempt to intervene. A justiciable interest asserted by an intervenor must be "greater than a mere contingent or remote interest."[68] Even if the Intervenors could persuade this Court to cut the receiver fees to zero, it is not clear how they would get a penny of it because such fees are held in the Dallas Bankruptcy Reserve and none are one of the Reorganized Debtors in the Dallas Bankruptcy Court case.[69]

III. RECEIVER COULD HARDLY 'TAKE' ANY MONEY FROM BANKS

It must be noted that the 'Bank Account Intervenors' core complaint is predicted by a factual impossibility. The Intervenors' logic is found on the first page of their brief: "In particular, the Receiver seized funds from the bank accounts of eight other entities…". Query: how could such a thing even be possible? Receiver could not 'force' a bank to remit funds; Receiver sent letters to banks which independently determined [surely with sign-off by their respective general counsels] that these accounts were controlled by judgment debtors.

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[67] *Rusk v. Runge*, No. 14-02-00481-CV, 2003 Tex. App. LEXIS 9615, *9 (Tex. App.—Houston [14th Dist.] Nov. 13, 2003, pet. denied) *(quoting Jones v. Strayhorn*, 159 Tex. 421, 425, 321 S.W.2d 290, 293, 2 Tex. Sup. Ct. J. 193 (1959)).

[68] *Rogers v. Searle*, 533 S.W.2d 440, 442 (Tex. Civ. App.-Corpus Christi 1976, no writ).

[69] See Addendum to Receiver's Response Brief filed March 25, 2024 containing Order Granting World Class Holding I, LLC's Motion to Confirm Reinstatement, *In re GVS Texas Holdings I, LLC* (Jointly Administered), No. 21-31121-MVL (signed Aug. 10, 2022) at para. 13, p. 7 (Dallas Bankruptcy Case).

Intervenors did not sue any banks, which otherwise would be a Rule 39 necessary party. And they cannot. Texas law protects banks from liability resulting from releasing depositor money to receivers pursuant to court orders:

> (c) The customer bears the burden of preventing or limiting a financial institution's compliance with or response to a claim subject to this section by seeking an appropriate remedy, including a restraining order, injunction, protective order, or other remedy, to prevent or suspend the financial institution's response to a claim against the customer.

TEX. FIN. CODE § 59.008(c) (2019).

IV. THE INTERVENORS ARE ASKING THIS COURT TO FRONT-RUN THE REMAND ORDERED BY THE EL PASO COURT OF APPEALS, WHEN THE PRIOR CHALLENGES TO SETTLEMENTS WITH SECURED LENDERS FAILED IN THE TRAVIS COUNTY TRIAL COURTS

Intervenors' logic suffers a counter-factual also found on page 1 of their opening brief; "[Receiver] asserted and exercised control over real property, funds, and legal rights belonging to two other entities – including purporting to appear as 'their' counsel in high-stakes litigation…".

Receiver urges this Court to note that every district court judge in Travis County to consider the matter rejected the appellants' arguments viz the receiver's settlements with secured lenders:

> "The trial court held a hearing on Rio Grande, LP's motion to show authority and signed an order striking the verification and denying the motion the same day."

WC v. La Zona Rio, LLC, No. 08-22-00225-CV, 2024 Tex. App. LEXIS 1903, *8 (Tex. App.—El Paso Mar. 15, 2024, no pet. h.).

"By separate order the same day, the trial court granted Kretzer's motion for entry of order of dismissal and ordered the case dismissed with prejudice."

Id. at *8-9.

Receiver contends that is a little hard to see how he acted 'unlawfully' or totally outside the scope of the turnover order under which he was appointed when a myriad of various trial judges ruled that his actions were correct and did not disturb them. It should be noted that the Intervenors made this same argument to the district judge at the March 2023 hearing:

> THE COURT: There were no objections raised to that clause before your appearance.
>
> MR. STERNBERG: It's because it's void, not voidable, it doesn't matter. And we made that argument to others that it's void. They were like, well, we're going to let Judge Hall interpret her own order and receiver so they all defer to you. Lucky you.
>
> THE COURT: Indeed. Okay.

RR.32-33.

Furthermore, Intervenor's characterization of the reach of the Texas Eighth Court of Appeals' March 15 opinion exceeds its grasp. All that the Eighth Court ordered was a limited remand to the Travis County trial court for further consideration. *Id.* at *13. And Receiver is not a party in that appeal, either.

At the impending/forthcoming hearing in the Travis County district court, these Paul entities might be able to get that trial judge to reach a different conclusion- or they might not be successful in this effort. But it is not at all clear how the pendency of those proceedings alters, or even affects, the appeal pending in this Court concerning the receiver fees.

The Appellants' Joint Response To Receiver's Second Motion to Dismiss [filed March 25, 2024] shows its sophistry through its contention on page 3:

> [A]s the Eighth Court just held, such affected third parties are entitled to judicially challenge such improper actions taken by a receiver, also as a matter of due process.

Perhaps. But the third-parties at issue in the Eighth Court of Appeals' opinion were already parties to pending lawsuits with their secured lenders. By contrast, the Intervenor Appellants are asking this Court to reduce receiver fees based on collateral attacks on the receivership in a different jurisdiction based on the uncertain outcome of a re-hearing in Travis County state court that has not yet even been scheduled.

In other words, the Intervenors do not really contend that the presiding state district judge in Harris County abused her discretion in the setting of the receiver fees; they effectively argue that the August 2023 Fee Order should be re-written at some point in the future based on the outcome of a separate lawsuit- in a separate jurisdiction- in which the receiver is not, and has never been, a party.

V. THE INTERVENORS DO NOT QUALIFY FOR THE NARROW EXCEPTION REGARDING THIRD-PARTY INTERVENTION

The interventions were invalid because such intervention is not permitted post-judgment when the judgment has been satisfied. "[A] plea in intervention comes too late if filed after judgment and may not be considered unless and until the judgment has been set aside."[70] Some appellate courts have recognized a limited exception to this general rule "where the intervenor does not attack the substance of the judgment itself, but merely seeks to protect its interest in property that is subject to a turnover motion."[71] But these pleas in intervention expressly attacked the substance of the Receivership Order, contending it constituted an "abuse of discretion" and seeking to "void" the actions Receiver had taken pursuant to it. That is improper.[72] Moreover, the Supreme Court has stressed that any purported exception cannot "go so far as holding that intervention enables a court to adjudicate third-party rights" in post-judgment proceedings.[73] But that is exactly what Intervenors seek here. That too is improper.[74]

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[70] *First Alief Bank v. White*, 682 S.W.2d 251, 252 (Tex. 1984).
[71] *See In re Abira Med. Lab'y*, 2018 WL 1004672, at *2 (Tex. App.—Houston [14th Dist.] Feb. 22, 2018, no pet.).
[72] *See id.*; *see also Breazeale v. Casteel*, 4 S.W.3d 434, 436 (Tex. App.—Austin 1999, no pet.) (distinguishing permissible post-judgment interventions from interventions like Defendants' that seek to "attack the substance, validity, or enforceability of the underlying judgment itself").
[73] *See Alexander Dubose Jefferson & Townsend v. Chevron Phillips Chem. Co.*, 540 S.W.3d 577, 585 (Tex. 2018).
[74] *See id.* ("The turnover statute has no provisions conferring authority on trial courts to decide the substantive rights of the parties before it in a turnover proceeding, let alone the rights of strangers to the underlying judgment.")

In other words, these interventions were not by third-parties seeking to protect independent property outside the receivership estate. These interventions were filed by corporations entirely controlled by Nate Paul. And these corporations are subsidiaries of the judgment debtor, World Class Capital Group, LLC, or controlled by it, and therefore components of the receivership estate, and thus solely controlled by Receiver, through the district court's Receivership Order, which Appellants appealed, then settled and paid the underlying Judgment.

VI. WHY THE LONG DELAY FILING THE INTERVENTIONS UNTIL AFTER PRINCETON WAS BOUGHT OFF?

Nowhere in the opening brief do the Intervenors explain why they waited until late 2022 to file their interventions. It is a little hard to believe these companies just 'didn't know what was going on'; after all, these companies have always been represented by attorney Manfred Sternberg, who also represented GVS and WCCG in their opposition to the turnover order in June 2021. And if that were not enough to establish actual notice, this hearing was covered in the legal press.[75]

Further, the Intervenors' attorney candidly told the state district judge on the record in March 2023 that "I'm just going to intervene in the case when it's all over." RR.33:

[75] Casady, Michelle: "*Texas Judge Won't Halt Receiver's Work In $9.9M Judgment*" (April 28, 2022) (available at: https://www.law360.com/articles/1488337/texas-judge-won-t-halt-receiver-s-work-in-9-9m-judgment).

> MR. STERNBERG: I reminded you earlier, I was here on Zoom, April 28th. We had a hearing. So what I did was, when all this happened, I had one client and I said, he can't do that. So I ran down to the courthouse, filed a lawsuit, ended up in Judge Carter's court, Judge Carter then sent because he says, that's not my matter, it's this matter and I came to you and you said you've got the right court but you've got the wrong action, wrong procedure and arguably the wrong cause of action because I was suing for conversion, breach of contract, and negligence because my clients had nothing to do with this. So you told me that, I read that. So what we did was dismiss that case after you, all due respect, you refused to enter a temporary injunction. I also asked, would you please take the money, my clients money, and order it to be in the registry of the court and you declined to do that which is fine, and then they had a Rule 91 motion and I said, well, I know what she's going to do so I'm going to drop this because I don't want to get thrown out and then they'll be arguing *res judicata*. ***I'm just going to intervene in the case when it's all over and I'm going to get my money back***.

RR.33-34 (emphasis added).

Receiver contends that if this is not intervention gamesmanship, it is hard to know what is.

"'[U]ntimely' with respect to a petition in intervention can refer to a petition filed so late that it would delay the proceeding or unjustifiably complicate it."[76] Because of "the last-minute nature of APC's attempted intervention, we cannot say that the trial court abused its discretion in striking APC's petition in intervention."[77] "Had the trial court allowed such intervention [filed two years after inception of suit], this suit…would

[76] *R. Hassell & Co. v. Springwoods Realty Co.*, No. 01-17-00154-CV, 2018 Tex. App. LEXIS 2756, *14 (Tex. App.—Houston [1st Dist.] Apr. 19, 2018, pet. denied) (quoting *Muller v. Stewart Title Guar. Co.*, 525 S.W.3d 859, 874 (Tex. App.—Houston [14th Dist.] 2017, no pet.) (holding trial court acts within its broad discretion in striking late-filed petition in intervention).

[77] *Allen Parker Co. v. Trustmark Nat'l Bank*, No. 14-12-00766-CV, 2013 Tex. App. LEXIS 6887, *21 (Tex. App.—Houston [14th Dist.] June 6, 2013, pet. denied).

have been confused and clouded by a new and complicated set of issues. We believe that interminable trouble, confusion and delay would have resulted by the intervention."[78]

A set of "WC" companies filed suit against Receiver Kretzer in Cause No. 2022-16833 in the 125th District Court, Harris County. This case was transferred to Judge Ursula Hall, the same judge who appointed Receiver Kretzer As Mr. Sternberg stated on the record, after Judge Hall denied injunctive relief following a hearing in April 2022, these companies immediately filed a non-suit before receiver's pending 91a motion was ripe. Months later [only after Princeton had been paid off] these companies re-emerged to file putative "interventions." "I'm just going to intervene in the case when it's all over and I'm going to get my money back." RR.33.

VII. THE INTERVENORS DO NOT QUALIFY FOR THE NARROW *BREAZEALE* EXCEPTION

This same logic applies to the arguments about third-party interventions under *Breazeale v. Casteel*, 4 S.W.3d 434, 436-37 (Tex. App.—Austin 1999, pet. denied) (see pages 33 and 44 of Intervenors brief). No case has ever held that a third-party can wait to intervene until long after the subject of the receivership has been resolved. Nor do intervenors attempt to explain how a third-party could intervene after the

[78] *Roberson v. Roberson*, 420 S.W.2d 495, 499 (Tex. Civ. App.—Houston [14th Dist.] 1967, writ ref'd n.r.e.).

plaintiff/judgment creditor "no longer has rights"[79] and the underlying case has become moot. If this could be, litigation would never end and a receiver would become a proxy for the judgment creditor. While this is likely what Nate Paul truly believes as a desideratum of law, the Texas Supreme Court rejected on March 8, 2024 the flawed legal premise that standing transfers onto a receiver even though a case has become jurisdictionally moot.

VIII. INTERVENORS ARE NOT ENTITLED TO DISCOVERY

These Intervenor Appellants lie behind the log and say they are independent companies and that Receiver inappropriately recovered money from their bank accounts. They are incorrect.

Further, the district court properly dismissed the interventions because they sought claims and discovery which are neither relevant nor authorized because of Receiver's derived judicial immunity to liability and discovery.

Receiver Kretzer enjoys derived judicial immunity, coextensive with a district judge, from all claims and discovery. It is well established that judges are absolutely immune from liability for judicial acts.[80] "In Texas, judicial immunity applies to officers of the court who

[79] *See* Joint Statement at 2-3; *see also* Princeton's Response to Court's June 1, 2023 Order, No. 01-21-00284-CV at 2 (June 16, 2023) ("The motion for rehearing . . . will not have any effect on Princeton or its final settlement.").grasp

[80] *Turner v. Pruitt*, 161 Tex. 532, 342 S.W.2d 422, 423 (1961).

are integral parts of the judicial process, such as court clerks, law clerks, bailiffs, constables issuing writs, **court-appointed receivers** and trustees."[81] This type of absolute immunity is referred to as "derived judicial immunity."[82]

Judgment Debtors are not allowed to seek discovery from a court-appointed receiver as this would be tantamount to seeking discovery from their presiding judge. A receiver's immunity extends to discovery as well as claims. A receiver is not a party but instead acts as an arm of the court.[83] As such, a receiver enjoys not only immunity from suit for actions taken as a receiver but also immunity from discovery.[84]

> The U.S. Bankruptcy Court: "[O]bviously Princeton requested a Receiver be put in place. The Receiver was put in place, started doing his job."
>
> —Hon. U.S. Bankruptcy Judge Michelle Larson, no. 21-31121-mv111, Tr. Sept. 1, 2022, at 18.

Having displayed disrespect for the district court, and obstructed every order by

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[81] *Id.* (emphasis added); *see also Clements v. Barnes*, 834 S.W.2d 45, 46 (Tex.1992) (bankruptcy trustee); *Davis v. West*, 317 S.W.3d 301 (Tex. App.—Houston [1st Dist.] 2009) (court-appointed receiver); *Delcourt v. Silverman,* 919 S.W.2d 777, 781 (Tex. App.—Houston [14th Dist.] 1996, writ denied) (court-appointed psychologist and guardian ad litem); *Conner v. Guemez*, Case No. 02-10-00211-CV, 2010 WL 4812991 (Tex. App.—Fort Worth, Nov. 24, 2010) (court-appointed receiver); *Manning v. Jones*, Case No. 05-18-01140-CV, 2019 WL 6522183 (Tex. App.—Dallas Dec. 4, 2019) (court-appointed receiver); *Jones v. Sherry*, 2019 WL 2707968 (court-appointed child custody evaluator).

[82] *See Clements,* 834 S.W.2d at 46.

[83] *See, e.g. Davis v. West*, 317 S.W.3d 301, 307 (Tex. App.—Houston [1st Dist.] 2009, no pet.) ("a court-appointed receiver acts as an arm of the court and is immune from liability for actions grounded in his conduct as receiver"); *Swate v. Johnson*, 981 S.W.2d 923, 926 (Tex. App.—Houston [1st Dist.] 1998, no pet.) ("we stress that the receiver is not a 'party' to the action for appointment of a receiver").

[84] *See Federal Trade Commission Ex Rel v. Educare Centre Services, Inc.*, 2020 WL 4334765 (W.D. Tex. El Paso, May 26, 2020).

the district court to turn over corporate records, none of the Paul-Appellants are permitted at this late date, having settled and paid the final Judgment in full, to file new intervention claims against Receiver, through controlled corporations, or to demand months of new discovery, subpoenas and depositions. The Appellants never complied with a single discovery order by the district court since the inception of this litigation five years ago. The Appellants refused to comply with the district court's order to provide corporate asset documents and records to Princeton Capital in preparation for the supersedeas bond hearing ordered by the First Court of Appeals.[85] The Appellants refused to comply with the district court's September 8, 2021 Receivership Order to turn over corporate records to Receiver.

The Appellants are therefore barred by the doctrine of unclean hands from intervening, through controlled corporations, or demanding discovery, having refused to comply with any document production order by this Court and continuing with the level of disrespect they have displayed to this Court.[86]

IX. THE INTERVENORS ARE BASICALLY TRYING A 'DO-OVER" IN THIS COURT FOR THE ISSUE THEY PROCEDURALLY DEFAULTED ORIGINALLY AS TO MEMBERSHIP INTERESTS AS A CUSTODIA LEGIS ASSET

Appellants are not correct that Texas law has clearly confined judgment

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[85] *See Princeton Capital Corp.'s Motion to Show Cause and Motion for Sanctions*, 165th District Court, no. 2019-18855, Image No. 100524048, filed 2/22/22 (supplemental record).

[86] The doctrine applies against equitable claims, such as opposition against a necessary receivership, not common law or statutory claims. *Steuber Realty 19, Ltd. v. Cravens Rd. 88, Ltd.*, 817 S.W.2d 160, 165 (Tex. App.—Houston [1st Dist.], no pet.); *Ligon v. E.F. Hutton & Co.,* 428 S.W. 2d 434 (Tex. Civ. App.—Dallas 1968, writ ref'd n.r.e.).

creditors or receivers to charging orders when assets have been housed in wholly owned or controlled sham subsidiaries.

In *Jiao v. Xu*, the Fifth Circuit was clear: "The Texas Supreme Court has not spoken to the interplay between turnover orders and § 101.112(d)").[87] Furthermore, in *Jiao*, the Fifth Circuit, making an *Erie* guess, affirmed a trial court order requiring the turnover of an LLC membership interest as partial satisfaction of the LLC's monetary judgment against him. Simply stated, if the Fifth Circuit concluded that Texas law permitted the post-judgment collection seizure of a membership interest in the year 2022, it is a little hard to see how Receiver Kretzer can be faulted for doing so in the year 2021 [which would be tantamount to saying his appointed state district judge acted outside any of her judicial authority].

The contention on page 38 of the Intervenor Appellants' brief, "the Fourteenth Court of Appeals held that a district court abused its discretion by issuing a receivership order *with an operative provision identical to the Receivership Order here*" is fundamentally misplaced because the judgment debtor in *Bran v Spectrum* specifically objected to the proposed turnover order as follows:

> The Bran Parties also argued that, to the extent the Spectrum Parties sought access to bank accounts in which entities or persons other than the Bran Parties have an interest, turnover proceedings cannot

[87] *Xiongen Jiao v. Ningbo Xu*, 28 F.4th 591, 600 (5th Cir. 2022).

> be used to determine the parties' substantive rights or be applied to parties who are not judgment debtors.[88]

By contrast, this Court's April 2023 Panel Opinion specifically found that the Paul Parties had procedurally defaulted this objection. Further, the turnover order in this case stands undisturbed by force of the Texas Supreme Court's March 8, 2024 jurisdictional dismissal. The so-called 'Intervenors' are thinly disguised judgment debtors trying to lodge the objection that they missed at the appropriate opportunity in June 2021. The only difference is now they are trying to make this objection after the plaintiff/judgment creditor was bought out of this case.

X. WC 4TH & RIO GRANDE AND WC 4TH & COLORADO HAVE PROCEDURALLY DEFAULTED AND/OR WAIVED ANY ARGUMENT ON APPEAL

"An appellate brief is meant to acquaint the court with the issues in a case and to present argument that will enable the court to decide the case."[89] Texas Rule of Appellate Procedure 38.1(i) requires that an appellant's brief "contain a clear and concise argument for the contentions made, with appropriate citations to authorities and to the record." Tex. R. App. P. 38.1(i). "This is not done by merely uttering brief conclusory statements, unsupported by legal citations."[90] The failure to provide

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[88] No. 14-22-00479-CV, 2023 Tex. App. LEXIS 6547, *6 (Tex. App.—Houston [14th Dist.] Aug. 24, 2023, pet. filed).

[89] *Schied v. Merritt*, No. 01-15-00466-CV, 2016 Tex. App. LEXIS 7356, 2016 WL 3751619, at *2 (Tex. App.—Houston [1st Dist.] July 12, 2016, no pet.) (mem. op.) (internal quotations omitted).

[90] *Tesoro Petroleum Corp. v. Nabors Drilling USA, Inc.*, 106 S.W.3d 118, 128 (Tex. App.—Houston [1st Dist.] 2002, pet. denied); *see also Barham v. Turner Constr. Co. of Tex.*, 803 S.W.2d 731, 740 (Tex.

substantive analysis of an issue or cite appropriate authority waives a complaint on appeal.[91]

> Accordingly, we hold that Amboree has waived her first and second issues on appeal because they are inadequately briefed. *See Bolling v. Farmers Branch Indep. Sch. Dist.*, 315 S.W.3d 893, 895 (Tex. App.—Dallas 2010, no pet.) ("Only when we are provided with proper briefing may we discharge our responsibility to review the appeal and make a decision that disposes of the appeal one way or the other.").

Amboree v. Bonton, No. 01-21-00026-CV, 2022 Tex. App. LEXIS 1568, *12 (Tex. App.—Houston [1st Dist.] Mar. 8, 2022, no pet.) (Countiss, J).

On March 8, 2024, this Court entered an order directing:

> The time for filing the APPELLANT'S (WC 4th and Rio Grande, LP, WC 4th and Colorado, LP) brief has expired. As of this date, neither the brief nor a motion for extension of time has been filed by the appellant. If you intend to file a brief in this case, within 10 days of the date of this notice you must file a motion requesting an extension of time along with your brief or a motion to extend time to file a brief.

Neither appellant complied with this Order. Instead, they filed a letter on March 11, 2024, in which its counsel declared flatly:

> I recently received a March 8, 2024, notice from your office that the opening brief was late for two of the Intervenor Appellants listed above: WC 4th and Rio Grande, LP and WC 4th and Colorado, LP. This letter is to confirm that the brief I filed on February 7, 2024 ("Brief of Intervenors"), was filed on behalf of all ten Intervenor Appellants, including WC 4th and Rio Grande, LP and WC 4th and Colorado, LP.

App.—Dallas 1990, writ denied) (appellant bears burden of discussing his assertions of error).

[91] *Marin Real Estate Ptrs., L.P. v. Vogt*, 373 S.W.3d 57, 75 (Tex. App.—San Antonio 2011, no pet.); *Huey v. Huey*, 200 S.W.3d 851, 854 (Tex. App.—Dallas 2006, no pet.); *Cervantes-Peterson v. Tex. Dep't of Family & Protective Servs.*, 221 S.W.3d 244, 255 (Tex. App.—Houston [1st Dist.] 2006, no pet.).

Receiver contends that the failure to adequately brief any issue for appellate review is not cured by the *ipse dixit* of their appellate attorney.

CONCLUSION

The Court should dismiss this appeal for want of jurisdiction in accordance with the Judgment of the Supreme Court of Texas.

Respectfully submitted this 25 day of March 2024.

/s/ *Seth Kretzer*

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CERTIFICATE OF COMPLIANCE

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/s/ James W. Volberding

JAMES W. VOLBERDING

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this pleading has been delivered this 25 day of March 2024 to:

All Counsel of Record

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