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

RECEIVER'S REPLY TO APPELLANTS' JUNE 13, 2025 LETTER RESPONSE

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Appellants' June 13, 2025 letter attempts impermissible new arguments for the first time in violation of TEX. R. APP. P. 38.3.[1]

I. "ONLY ONE FINAL JUDGMENT SHALL BE RENDERED IN ANY CAUSE."

Intervenors "new" position—expressed on page 3 of their June 13 letter—is that even though they have not plead for a judgment against Receiver, they "might" change their mind someday and then due process "might" kick-in: "***if*** a formal damages judgment were sought against the Receiver personally, service of process rules might apply." (Emphasis in original).

But these Appellants self-defeat their position on page 4 of the letter, concerning the Supreme Court of Texas's *Princeton* disposition: "In turn, the dismissal of that interlocutory appeal as moot [and associated vacatur of the Court of Appeals' judgment and opinion] only meant the original trial court judgment was final."

The inherent problem with characterizing the Supreme Court's mandate as having "only meant the original trial court judgment was final" is that Texas law specifies: "Only one final judgment shall be rendered in any cause except where it is

[1] *Law Offices of Lin & Assocs. v. Deng*, No. 14-07-00729-CV, 2009 Tex. App. LEXIS 62, *5 (Tex. App.—Houston [14th Dist.] Jan. 8, 2009, no pet.) ("Ordinarily, pursuant to Rule 38.3 of the Texas Rules of Appellate Procedure, a party cannot raise a new issue for the first time in a reply brief. TEX. R. APP. P. 38.3."); *McAlester Fuel Co. v. Smith Int'l, Inc.*, 257 S.W.3d 732, 737 (Tex. App.—Houston [1st Dist.] 2007, pet. denied). ("An issue raised for the first time in a reply brief is ordinarily waived and need not be considered by this Court."); *Mayweather v. State*, No. 01-23-00614-CR, 2025 Tex. App. LEXIS 3471 (Tex. App.—Houston [1st Dist.] May 22, 2025, no pet. h.) ("We need not address this argument because it was raised for the first time in a reply brief.").

otherwise specially provided by law."[2] This is why "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."[3]

Until last week, Intervenor Appellants told this Court emphatically they only seek free-standing orders of opprobrium rather than a "judgment," in part because they never requested or served citation. Specifically, page 6 of the Intervenors' September 11, 2024 reply brief strenuously argued their desired free-standing orders could issue regardless of party status. That was then. But, now that *Grassroots Leadership* requires "an enforceable judgment" to predicate justifiability, Intervenors scramble to recast their requested free-standing orders as "a formal damages judgment." It is either one or the other. And it cannot be the latter, a "judgment" even under their own theory of the case, and certainly not under Texas law, because only one judgment in a case under Rule 301 is allowable.

Intervenors are walking backwards because Texas law always prohibited a trial court from entering a second judgment in the same case long before *Grassroots Leadership*. For whatever reason, Intervenors have chosen to ask for whatever they are actually asking from the appointing district court without jurisdiction to give it to them.

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[2] TEX. R. CIV. P. 301.

[3] *State v. Naylor*, 466 S.W.3d 783 792 (Tex. 2015); *Bennetsen v. Mostyn Law Firm*, No. 01-14-00184-CV, 2015 Tex. App. LEXIS 3829, *7 (Tex. App.—Houston [1st Dist.] Apr. 16, 2015, no pet.) ("if there is nothing to show that the first judgment was vacated, then the second judgment is a nullity.").

Houston's Courts of Appeals have always rejected interventions unless the trial court has subject matter jurisdiction.[4]

Grassroots Leadership was clarion that the ultimate endpoint of a justiciable case must be encapsulated in an "enforceable judgment." Perhaps inadvertently, Appellants have confirmed to this Court they cannot get such a "judgment" in cause 2019-18855 pending in the 165th District Court. This Court does not possess jurisdiction.[5]

II. *GRASSROOTS LEADERSHIP* EXPLICITLY IDENTIFIES "CONTINGENT" DISPUTES AS BEING NON-JUSTICIABLE. TEX. R. APP. P. 43.2(B) PERMITS THIS COURT TO DIRECT RECEIVER'S RECOVERY FROM THE DALLAS BANKRUPTCY COURT'S RESERVE FUND.

At oral argument, Justice Johnson asked Receiver Kretzer what remedy would be available if this Court were to find jurisdiction, and also some error on the part of the district judge in awarding fees. Receiver Kretzer responded that Rule 43.2(b) would permit the Court to direct the fee approval order to be paid directly by the Dallas Bankruptcy Court reserve fund. This rule provides, "The court of appeals may…(b) modify the trial court's judgment and affirm it as modified."

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[4] *In re Abira Med. Labs.*, LLC, No. 14-17-00841-CV, 2018 Tex. App. LEXIS 1383 (Tex. App.—Houston [14th Dist.] Feb. 22, 2018, no pet ("Because the trial court did not have subject matter jurisdiction over the pleas in intervention, the orders granting the pleas and the order granting Kingsbridge's motion to direct the receiver to make payments towards Kingsbridge's judgment are void."); *Maldonado v. Rosario*, No. 01-12-01071-CV, 2013 Tex. App. LEXIS 4153, *5 (Tex. App.—Houston [1st Dist.] Apr. 2, 2013, no pet.) ("[A] plea in intervention filed after final judgment has been rendered is not timely and may not be considered unless the judgment is set aside.").

[5] *Unifund CCR Partners v. Villa*, 299 S.W.3d 92, 95 (Tex. 2009) ("First, we must address Unifund's argument that the trial court did not have jurisdiction over Villa's claim . . . because if it did not, then we do not.").

Appellants try a new argument to work around that answer on page 5. In the new story, the fact that neither Judgment Debtor (WCCG and GVS) is a party to the Northern District Bankruptcy (because no Appellant has ever been listed as a Reorganized Debtor) does not really negate standing / mootness because "that source is ***contingent*** on approval by the bankruptcy court which is not guaranteed."[6]

If this is really Appellants' newest attempt to manufacture justiciability in a "case" and "appeal" which have already been "dismissed as moot," this Court can affirm with the qualification that Receiver is required to present the August 28, 2023 fee approval order to the same Bankruptcy Court in Dallas which sent Receiver's allowed claim back to the 165th District Court for liquidation in the first place.[7] The district court's fee order can be clarified with the addition of the word "directly" between the clause "submit this Order" and "to the court in the GVS case to obtain payment of the Fee Award."[8]

This clarification would alleviate any concern Judgment Debtors are now suddenly declaiming about the "guarantee" of "contingent" approval by the bankruptcy court. Indeed, page 37 of the *Grassroots Leadership* opinion addresses a "contingent" injury (by

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[6] *See* Appellants' Letter Response (Jun. 13, 2025) at 5 (emphasis added).

[7] "The judgment may be modified on appeal so as to correct the award. Accordingly, we modify the trial court's judgment to condition the award of attorney's fees on appeal to Jacobs' success on appeal." *Daugherty v. Jacobs*, 187 S.W.3d 607, 620 (Tex. App.—Houston [14th Dist.] 2006, no pet.) (citations omitted); *see also Harrison v. Reiner*, 607 S.W.3d 450, 460–61 (Tex. App.—Houston [14th Dist.] 2020, pet. denied) (appeals court modified recital that judgment was not dischargeable in bankruptcy).

[8] Order, No. 2019-18855 (165th Dist. Crt., Harris Co., Tex., Apr. 28, 2023) at 2.

that very name) as being non-justiciable: "Rather, a 'real and substantial controversy' is one where the dispute is genuine, concrete, and tangible rather than speculative."

III. *ROBERTS* HELD THAT PAYMENT DIRECTLY "TO ABRAHAM WATKINS" COMPLETELY JUSTIFIED THE 25% RECEIVER'S FEE.

Appellants are incorrect that this Court has never held that a judgment debtor can skirt paying a receiver's fee as long as debtor routes payment around the receiver directly to the judgment creditor who moved for the receiver's appointment in the first place. To the contrary, *Roberts* was clear the act of a debtor having paid money directly to the judgment creditor after the receiver's appointment was independent—and completely sufficient—justification for the 25% fee:

> Although Roberts never complied with the trial court's March 18, 2019 order appointing the receiver and requiring him to turn over relevant financial information, **he nevertheless paid approximately $107,000 *to Abraham Watkins*** as a result of the receivership process. In light of these facts and Roberts's failure to provide a full record of the proceedings before the trial court, we cannot say that Roberts has shown that the trial court has abused its discretion in the amount of fees awarded to Kretzer.[9]

In other words, the fact that the judgment creditor got the money as a result of the receiver's efforts lifted the weight of all *Bergeron* factors. If a judgment debtor is philosophically opposed to paying receiver fees, he was at liberty to pay his legal obligation before a receiver was appointed.

[9] *Roberts v. Abraham*, No. 01-19-00622-CV, 2020 Tex. App. LEXIS 10137, *15 (Tex. App.—Houston [1st Dist.] Dec. 22, 2020, no pet.) (emphasis added).

IV. CONCLUSION: PRINCETON INFORMED THE SEC THAT IT REQUESTED A RECEIVER "TO COLLECT THE JUDGMENT ON OUR BEHALF."

The district court admitted substantial evidence supporting its receivership fee award. The district court considered—yet rejected—Appellants' zero payment arguments. Appellants do not even try to contend the district court abused its discretion by finding: "Receiver's diligent efforts and litigation resulted in full payment to Princeton Capital of $11,372,698.89 . . . . Defendants would not have paid this amount to Princeton Capital but for the efforts and litigation of the Receiver"[10]

Instead, Appellants' new argument appears on page 2 of their letter: "The Receiver's theory would essentially give him a fee entitlement based on any transaction that occurred anywhere in the world while his receivership was pending . . . ." But the 165th District Court did not need to look "anywhere in the world" because it received "real world" evidence, such as Princeton's settlement agreement signed by Nate Paul which authored emergency abatement of Receiver's effective litigation in two separate Bankruptcy Courts.

Further, the district court considered Princeton's copious SEC filings informing the SEC of the necessity and effectiveness of the receivership. In its first 10-Q report after Receiver was appointed, Princeton was frank: "On June 30, 2021, the Company filed a Motion for Post-Judgment Receivership to appoint a receiver to the court to collect the

[10] Order, No. 2019-18855 (165th Dist. Crt., Harris Co., Tex. Apr. 28, 2023) at 1.

judgment ***on our behalf***. On September 8, 2021, the court granted the appointment of a receiver."

Moreover, the district court considered Princeton's June 1, 2022 oral argument to this Court vociferously defending the Receivership.

And finally, but not least, the district court considered the unequivocal judicial admission by SQUIRE PATTON BOGGS'S lead attorney in the Bankruptcy Court: "The receiver's fee is 25% of what's recovered. What will be recovered is $11.3 million."

There is ample evidence to support the fee award. This Court should dismiss this appeal for want of jurisdiction.

Respectfully submitted this 16th of June 2025,

/s/ *Seth Kretzer*

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this document has been delivered this June 16, 2025 (by court electronic filing only) to all counsel of record in cause 01-23-00618-CV.

/s/ *James W. Volberding*

JAMES W. VOLBERDING

CERTIFICATE OF COMPLIANCE

As required by Texas Rule of Appellate Procedure 9.4, I certify that the number of words in this pleading is 1,809, measured from page one through the conclusion, according to Word. This pleading was prepared with Microsoft Word for Apple, version 16.51.

/s/ *James W. Volberding*

JAMES W. VOLBERDING

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