

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,**

Plaintiff,

V.

NORTHRIDGE HOLDINGS, LTD., ET AL.,

Defendants.

Civil Action No. 19-cv-05957

Hon. John Z. Lee

Magistrate Judge Susan E. Cox

RECEIVER'S REPORT FOR THE PERIOD OF
APRIL 1, 2020 THROUGH JUNE 30, 2020

N. Neville Reid, not individually, but solely as the Court-appointed receiver (the “Receiver”) for the Estate of Defendant Northridge Holdings, Ltd. (“Northridge”) and its related entities and affiliates as more particularly set forth in the Receivership Order (as defined herein) (collectively, the “Receivership Defendants” or “Receivership Entities,” and their assets as more particularly identified therein, the “Receivership Assets,” and such estate, the “Receivership Estate” or the “Estate”, and such administration, the “Receivership”), and pursuant to the requirements of the *Order Appointing Receiver* entered by the Court on September 12, 2019 [Dkt. 22] and as amended by the Court on February 13, 2020 [Dkt. 18; see also Dkt. 102] (the “Receivership Order”),¹ respectfully submits this *Receiver’s Third Report* (the “Report”) *for the Period of April 1, 2020 through June 30, 2020* (the “Third Reporting Period”). The purpose of this Report is to provide the Court and all interested parties with a description of the nature of the Receiver’s activities during the Third Reporting Period.

1 Capitalized terms not defined herein shall be given the same meaning ascribed to such terms in the Receivership Order.

I. SECOND AMENDED LIQUIDATION PLAN.

1. Pursuant to the Receivership Order, the Receiver attaches his Second Amended Liquidation Plan as **Exhibit A** hereto (the “Second Amended Liquidation Plan”). (Receivership Order at ¶ 59.) An updated status of marketing and sales efforts for the Real Property Assets (defined below) is set forth in the Second Amended Liquidation Plan. The Second Amended Liquidation Plan also contains a description of all work related to the marketing and sale of the Real Property Assets performed by the Receiver and his brokers and professionals during the Third Reporting Period. Accordingly, such information is not repeated in the body of this Report. Additionally, the Second Amended Liquidation Plan summarizes the impact of COVID-19 (to the extent known) on the Receiver’s efforts to liquidate the Receivership Estate. Finally, the Second Amended Liquidation Plan provides an update on the Receiver’s efforts to identify potential litigation claims, including third-party receivable claims, “finder” claims and “net winner” claims.

II. REAL PROPERTY ASSETS

a. Management of Real Property Assets Generally.

2. With the assistance of 33 Realty LLC (“33 Realty”), during the Third Reporting Period, the Receiver has satisfied his duty to manage the Receivership’s real property assets (the “Real Property Assets”), including but not limited to the following: (a) collecting rents; (b) paying operational expenses; (c) timely paying lenders principal and interest (for the properties that have loans associated with them); (d) maintaining the properties; (e) completing necessary capital improvements; (f) renewing leases; (g) procuring new leases for vacant units and/or units where leases were not renewed; (h) resolving any tenant disputes if/when they arise; (i) keeping the tenants of the Real Property Assets informed as to best practices during the

COVID-19 crisis (i.e., posting signs regarding stay at home orders, washing hands, mask protections, etc.); and (j) communicating with tenants regarding their employment status and potential rent payment difficulties related to COVID-19 with the intention of minimizing any reduction in rent collection, while acting in a professional and humane manner. 33 Realty is also assisting the Receiver in remaining compliant with all relevant safety and regulatory issues relating to the Real Property Assets.

3. During the Third Reporting Period, the Receiver has been operating the Real Property Assets with the assistance of both the Receivership Defendants' employees and 33 Realty.

4. Lastly, during the Third Reporting Period, the Receiver (with the assistance of 33 Realty) has prepared certain of the Real Property Assets for marketing and sale by, among other things: (a) organizing the books and records associated with each property; (b) compiling due diligence information; and (c) seeking professional guidance in order to maximize the value of the Real Property Assets. Matters specific to each of the Real Property Assets are as follows:

b. Chablis Property.

5. As set forth in the Second Amended Liquidation Plan, the Chablis Property was sold on September 20, 2019, and the Estate received \$3,882,611 in gross proceeds from that sale.

c. Timber Lake Property.

6. The Timber Lake Property is a 576-unit apartment building located at 1200 Kings Circle, West Chicago, Illinois 60185 (the "Timber Lake Property"). During the Third Reporting Period, in addition to the actions stated above and as more fully set forth in the Second Amended Liquidation Plan, the Receiver sought to improve the value of the Timber Lake Property by renting previously vacant one bedroom apartments (the two bedroom apartments are presently

fully occupied). As described in detail in the Second Amended Liquidation Plan, the Timber Lake Property was marketed for sale during the Third Reporting Period. The marketing process resulted in the receipt of numerous offers and the Receiver's selection of a buyer in mid-July 2020.

7. An accounting for the Timberlake Property for the Third Reporting Period is attached hereto as **Exhibit B**. While COVID-19 impacted the Timber Lake Property during the Third Reporting Period, the property still generated sufficient income to remain current on its mortgage and other obligations. The Receiver continues to analyze future projected cash flow and what, if any, actions should be taken to mitigate the financial effects of the current public health crisis (e.g., requesting forbearance under the CARES Act, etc.).

d. Bartlett Lake Property.

8. The Bartlett Lake Property is a 192-unit apartment complex located at 561-564 Deere Park Circle, Bartlett, Illinois 60103 (the "Bartlett Lake Property"). During the Third Reporting Period, in addition to the actions stated above and as more fully set forth in the Second Amended Liquidation Plan, the Receiver sought and obtained Court approval for the sale of the Bartlett Lake Property and worked diligently with the proposed buyer to move the sale to closing.

9. An accounting for the Bartlett Lake Property for the Third Reporting Period is attached hereto as **Exhibit C**. While COVID-19 impacted the Bartlett Lake Property during the Third Reporting Period, the property still generated sufficient income to remain current on its mortgage and other obligations.

10. On June 24, 2020, the sale of the Bartlett Lake Property closed. At closing, after payment of all encumbrances and closing costs (secured lender, commissions, etc.), the

Receivership Estate realized \$7,810,079.26 in net proceeds from the sale of the Bartlett Lake Property. Shortly after closing, the lender for the Bartlett Lake Property refunded to the Receivership Estate \$230,029.20 in tax, insurance and reserve escrows.

e. Surrey Property.

11. The Surrey Property consists of 48 condominium units (and a garage unit) located at 106 Surrey, Glen Ellyn, Illinois 60137 (the “Surrey Property”). During the Third Reporting Period, in addition to the actions stated above and as more fully set forth in the Second Amended Liquidation Plan, the Surrey Property was marketed for sale pursuant to the Court approved sales procedures, and a buyer was selected and approved.

12. An accounting for the Surrey Property for the Third Reporting Period is attached hereto as Exhibit D. While COVID-19 impacted the Surrey Property during the Third Reporting Period, the property still generated sufficient income to remain current on its mortgage and other obligations.

13. As a result of work performed during the Third Reporting Period, on July 24, 2020, the sale of the Surrey Property closed. At closing, after payment of all encumbrances and closing costs (secured lender, commissions, etc.), the Receivership Estate realized \$2,039,766.16 in net proceeds from the sale of the Surrey Property.

f. Elston Property.

14. The Elston Property is an office building located at 5097 N. Elston, Chicago, Illinois 60630 (the “Elston Property”). During the Third Reporting Period, in addition to the actions stated above and as more fully set forth in the Second Amended Liquidation Plan, the Receiver retained a broker for the sale of the Elston Property. The broker scheduled an auction for such sale to be held on March 19, 2020. This auction had to be postponed indefinitely due to

the COVID-19 crisis.

15. An accounting for the Elston Property is attached hereto as **Exhibit E**. While COVID-19 impacted the Elston Property during the Third Reporting Period, the property still generated sufficient income to remain current on its mortgage and other obligations. The Receiver has accepted an offer for the purchase of the Elston property, subject to the buyer's completion of due diligence, which will be presented to the court for approval after the buyer's earnest money is non-refundable pursuant to the terms of the purchase agreement.

g. Miami Property.

16. The Miami Property is a condominium located at 3470 E. Coast Avenue, Unit #1003, Miami, Florida 33137 (the "Miami Property"). During the Third Reporting Period, in addition to the actions stated above and as more fully set forth in the Second Amended Liquidation Plan, the property was actively marketed.

17. An accounting for the Miami Property is attached hereto as **Exhibit F**. COVID-19 had no impact on rent collections for the Miami Property during the Third Reporting Period.

h. Palatine Property.

18. The Palatine Property is a condominium unit located at 486 Lake Shore Drive, Palatine, Illinois 60067, Unit 486 (the "Palatine Property"). As more fully set forth in the Second Amended Liquidation Plan, the sale of the Palatine Property has closed, and the Receivership Estate received \$129,420.28 at closing in sale proceeds.

i. Vacant Lots Property.

19. The Vacant Lots Property is comprised of 36 separate vacant lots located near Palm Springs, California (the "Vacant Lots Property"). There have been no renters or operations with respect to the Vacant Lots Property during the Receivership. Taxes, however, have been

kept current. An accounting for the Vacant Lots Property is attached hereto as **Exhibit G**.

j. North Dakota Property.

20. Upon information and belief, Receivership Defendant Willow Creek Ventures Limited Partnership and/or Defendant Glenn Mueller (“Mueller”) and/or Mueller’s brother own interests in an entity which in turn owns a farm property in North Dakota (the “North Dakota Property”). The Receiver is investigating the extent of the Receivership Estate’s rights or interests in the North Dakota Property or its proceeds of sale. The Receiver’s investigation into this property is ongoing.

21. The Receiver is continuing to investigate the existence and nature of other real estate that may constitute Receivership Assets.

III. OTHER ASSETS.

22. As more fully set forth in the Second Amended Liquidation Plan, the Receivership Estate has identified assets that are not real property assets. Such assets are comprised primarily of: (a) shares of a penny stock; (b) a term life insurance policy on Mueller; (c) rights to sale proceeds of a home located at 22W371 Emerson Avenue, Glen Ellyn, Illinois 60137 (the “Glen Ellyn Property”); and (d) various potential litigation claims. The Receiver is continuing his investigation to identify additional assets of the Receivership Estate.

IV. BUSINESS OPERATION AND PRESERVATION OF BOOKS AND RECORDS.

23. Business operations during the Third Reporting Period are described above. There is no material update since the submission of the Receiver’s Report for the Period of January 1, 2020 through March 31, 2020 [Dkt. 141] (the “Second Report”) with respect to preservation of books and records. The only outstanding item is that Mueller must designate certain materials as privileged or not-privileged pursuant to Court order. This item is expected to

be completed within the next 30-45 days. [See Dkt. No. 123.]

V. BANK AND INVESTMENT ACCOUNTS.

24. There is no material update since the submission of the Second Report with respect to bank and investment accounts. The Receiver continues to use a combination of pre- Receivership and post-Receivership accounts as operating accounts for the Real Property Assets. The Receiver continues to maintain separate Receivership accounts, which mirror the operating accounts, for the excess cash flow and property sale proceeds not needed for operations (as determined in consultation with the Receiver's property manager). The Receiver continues to use these accounts to collect liquid assets of the Receivership Estate and to pay the administrative and other ordinary course expenses of the Real Property Assets (including payment of secured mortgages encumbering such assets).

VI. CASH, ADMINISTRATIVE EXPENSES, UNENCUMBERED FUNDS, AND RECEIPTS AND DISBURSEMENTS

24. The Receiver's Standardized Fund Accounting Report ("SFAR") for the Third Reporting Period is attached hereto as Exhibit H. The SFAR sets forth certain funds received by and disbursed from the Receivership Estate during the Third Reporting Period. As reported in the SFAR, the amount of cash on hand in the Receivership Accounts (in the Receivership Estate) as of June 30, 2020 was \$11,646,880.39. The information set forth in the SFAR is based upon information and records available to the Receiver as of the date of this Report.

25. The Operating Accounts had a collective balance of \$348,872.82 as of June 30, 2020.

26. Collectively, the Receivership Estate had approximately \$11,995,753.21 of cash on hand as of June 30, 2020.

27. The amount of administrative expenses incurred during the Third Reporting Period is summarized as follows:²

Professional	Month/Year	Fees & Costs Incurred	Fees & Costs Paid	Fees & Costs Outstanding
Fox Swibel	April – June 2020	\$182,582.78	\$0.00	\$182,582.78
AlixPartners	April – June 2020	\$559,121.18 ³	\$0.00	\$559,121.18
PM	April – June 2020	\$0.00	\$0.00	\$0.00
KRD	April 2020 –June 2020	\$2,175.00	\$0.00	\$2,175.00
<u>Total</u>		\$743,878.96	\$0.00	\$743,878.96

28. Additionally, pursuant to the Q1 2020 Fee Application, the Receiver has requested a total of \$752,647.39, including \$146,712.17 in fees and expenses of counsel for the Receiver and \$605,935.22 in fees and expenses of the other professionals engaged by the Receiver as set forth *supra*. This application remains outstanding and the objection period currently runs on August 14, 2020.

VII. WORK PERFORMED BY PROFESSIONALS

a. Tax Appeal Counsel.

29. During the Third Reporting Period, Sarnoff & Baccash continued to pursue

² All finalized fees and expenses to be requested are set forth in the Receiver's Combined (A) Third Interim Fee Application and Motion for Approval of Payment of Fees and Expenses of Counsel for Receiver; and (B) Second Interim Fee Application and Motion for Court Approval of Payment of Fees and Expenses of Receiver's Non-Fox Swibel Professionals filed on July 23, 2020 (covering the period of January through March 2020) (the "Q1 2020 Fee Application"). [Dkt. 161.]

³ This total reflects AlixPartners' agreement to a \$100,000.00 discount on its services for the Third Reporting Period. Furthermore, AlixPartners has agreed to a 25% holdback of its requested fees and costs. For the Second Reporting Period, that amounts to \$139,780.30. As a result, AlixPartners will request payment of \$447,296.94 pursuant to the next fee application. And the "holdback" would be subject to payment pursuant to the final fee application to be filed prior to the close of the case. This 25% holdback will be applied to all future invoices for AlixPartners.

appeals of real estate tax assessments for certain Real Property Assets on a contingency-fee basis. All appeals have been timely filed. The appeal with respect to the Bartlett Lake Property was successful (the fee associated with this successful appeal will be paid on a pro-rated basis between the Receivership and the buyer of the Bartlett Lake Property as set forth in the relevant purchase agreement). The remaining tax appeals remain pending as of the end of the Third Reporting Period.

b. Forensic Accountant.

30. During the Third Reporting Period, AlixPartners LLP (“AlixPartners”), the Receiver’s forensic accountant performed the following work: (a) determined the amount and validity of potential claims of the investors/creditors of the Receivership Defendants; (b) assisted the Receiver in designing the claims process; and (c) identified potential claims of the Receivership Estate against third parties, including receivable claims, “finder” claims, “net winner” claims and insider claims.

31. With respect to investor/creditor claims, AlixPartners focused its efforts on continuing to trace money in/money out at the investor level. This substantial undertaking involved compiling the Receivership Entities’ books and records on a digital platform such that cash-in/cash-out transactions could be verified. Specifically, AlixPartners compiled investor data from the Receivership Entities’ “FileMaker” system, the repository of investor transactions, QuickBooks and digitized bank records. AlixPartners developed a particularized process and is currently verifying that all transactions were accurately recorded. This work was a continuation of the work performed during the Second Reporting Period.

32. Additionally, AlixPartners finalized their analysis of each investor’s claim so that during the claims process, the Receiver can propose a claim amount for each investor (on a cash-in/cash-out basis). For some investors, this process was relatively simple (i.e., if an investor had

limited transactions with the Receivership Estate). However, many of the investors had a lot of transactions with the Receivership Estate including transferred positions (one investor transferred investment to another of their accounts and/or another investor) and/or inherited positions. In these cases, the transferred/inherited amounts potentially included non-cash balances and, as a result, AlixPartners had to analyze and restate many of these transactions.

33. With respect to a claims process, the Receiver anticipates filing a motion seeking approval of a claims process shortly after the filing of this Report (the “Claims Procedure Motion”). Much of the work performed in connection with the Claims Procedure Motion was performed during the Third Reporting Period. As more fully set forth in the Claims Procedure Motion, in order to save time and expense, the Receiver intends to send each investor the Receiver’s calculation of that investor’s claim. This way, investors will not have to start from scratch when figuring out his/her/its claim; instead, the investor can simply confirm the claim’s accuracy, work with the Receiver and his professionals to resolve any questions or present an objection thereto with specific backup support. Additionally, the Claims Procedure Motion seeks Court authority to consider investor claims on a cash-in/cash-out basis (or “Net Investment” basis) and to pool assets for distribution on account of allowed claims (including investor claims). AlixPartners performed work and made recommendations relating to these issues during this reporting period.

34. With respect to identifying potential litigation targets, after compiling all of the financial records of the Receivership Entities, AlixPartners provided the Receiver and his legal team a list of potential targets which may owe the Receivership Entities significant funds. Demand letters relating to valid claims will be sent in the next reporting period.

35. Additionally, AlixPartners identified potential claims against “finders.” Such

amounts are recoverable under fraudulent transfer and other legal theories. Likewise, while reconciling the cash-in/cash-out for all investors, AlixPartners was able to identify “net-winner” claims. The Receiver intends to pursue any valid claims in the next reporting period by sending demand letters, subpoenas and/or pursuing litigation.

36. Lastly, AlixPartners has identified and quantified potential claims against insiders. The Receiver intends to pursue any valid claims against insiders in the next reporting period by sending demand letters, subpoenas and/or pursuing litigation.

37. Additional efforts to identify potential claims continue.

c. Tax Accountant and Forensic Tax Accountant.

38. During the Third Reporting Period, Kutchins, Robbins & Diamond Ltd. (“KRD”) continued to provide accounting, tax, payroll, and related services for the Receivership and the Receivership Defendants. Additionally, KRD is continuing to defend an audit and prepare/file tax returns for certain of the Receivership Defendants and related entities for tax year 2018. The Receiver utilized KRD’s services to carry out accounting obligations in connection with the Receivership Defendants’ business operations and management of the Receivership Estate’s property.

39. During the Third Reporting Period, no services were provided by Plante Moran, PLLC.

VIII. COMMUNICATIONS WITH INVESTORS.

40. During the Third Reporting Period, the Receiver has primarily communicated with investors through (a) the northridgereceiver.alixpartners.com website; (b) the investor hotline maintained by AlixPartners⁴; and (c) the Receiver and his legal team’s direct communication with investors when AlixPartners deems it necessary to escalate certain hotline

⁴ The website and hotline are collectively referred to herein as the “Northridge Receivership Portal.”

questions. With respect to the website, a feature was added whereby investors (and all parties in interest) can sign up to be automatically noticed by email when new documents are posted. Notice of this feature was emailed to all known investor email addresses. Additionally, the website has been continually updated throughout the Third Reporting Period. The website and hotline have resulted in fewer calls seeking information directly from the Receiver and his counsel. As of the end of this Reporting Period, the Receiver, with the assistance of AlixPartners, has responded to all inquiries submitted via the Northridge Receivership Portal.

IX. LIABILITIES/INVESTOR CLAIMS.

38. As set forth above, in conjunction with the claims process, the Receiver is continuing to investigate the existence and nature of potential liability and investor claims. Based on the analysis performed to date, such investor claims are generally as described in the SEC's *Emergency Motion for a Temporary Restraining Order to Prevent Violations of the Federal Securities Laws, to Appoint a Receiver, and Provide for Other Ancillary Relief* [Dkt. 3].

39. To date, based on work performed during the Third Reporting Period, AlixPartners estimates non-insider investor claims to total approximately \$40.8 million (on a cash-in/cash-out basis).

X. LIQUIDATED AND UNLIQUIDATED CLAIMS

40. The Receiver's investigation of liquidated and unliquidated claims is ongoing.

XI. OPEN LITIGATION

41. In accordance with the Receivership Order, the Receiver settled a New Jersey regulatory action during the Third Reporting Period. No other open litigation exists.

XII. RECEIVERSHIP ASSET DESCRIPTION

42. The assets of the Receivership Estate are described in the attached Second Amended Liquidation Plan which in turn includes descriptions of anticipated and/or proposed dispositions of such assets. At this time, the Receiver anticipates liquidating all of the Receivership Assets and, therefore, no such assets are expected to be retained.

XIII. KNOWN CREDITORS

43. The names and addresses of approximately 476 investors are known to the Receiver. Additionally, the Receiver has knowledge of the secured lenders (who are all notice parties to this case) and some small trade creditors. Additionally, the Receivership Entities' employees and other potential creditors will get notice of the claims process once initiated.

XIV. STATUS OF CREDITOR CLAIMS PROCEEDINGS

44. The claims administration process has yet to commence.

XV. RECOMMENDATION FOR CONTINUATION OF RECEIVERSHIP

45. In order to ensure the orderly liquidation of the Receivership Estate and equitable distribution of the funds obtained from such liquidation, the Receiver recommends that the Receivership continue.

Dated: July 31, 2020

Respectfully submitted,

N. Neville Reid, Receiver

By: /s/ Ryan T. Schultz

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RECEIVER'S SECOND AMENDED LIQUIDATION PLAN

N. Neville Reid, not individually, but solely as the Court-appointed receiver (the “Receiver”) for the Estate of Defendant Northridge Holdings, Ltd. (“Northridge”) and its related entities and affiliates as more particularly set forth in the Receivership Order (as defined herein) (collectively, the “Receivership Defendants,” and their assets as more particularly identified therein, the “Receivership Assets,” and such estate, the “Receivership Estate,” and such administration, the “Receivership”), and pursuant to the powers vested in him by the *Order Appointing Receiver* entered by the Court on September 12, 2019 [Dkt. 22], as amended by the Court on February 13, 2020 [Dkt. 108; see also Dkt. 102] (the “Receivership Order”),¹ respectfully submits this *Second Amended Liquidation Plan* (the “Liquidation Plan”).

I. COVID-19 IMPACT

1. As set forth more fully below, the unprecedented COVID-19 crisis has impacted the Receiver's operation and liquidation of the Receivership Assets. The Receiver continues to use his best efforts to maximize the value of the Receivership Assets. The ultimate value

1 Capitalized terms not defined herein shall be given the same meaning ascribed to such terms in the
Receivership Order.

EXHIBIT A

received for the Receivership Assets, however, may be negatively impacted by this crisis. With respect to the Real Estate Assets (defined below), the Receiver has: (a) posted notices and information in an effort to ensure that residents stay as safe as possible; (b) continued to collect rents, including troubleshooting with tenants suffering a negative financial impact resulting from the COVID-19 crisis in order to maximize rent collection from such individuals; (c) to the extent an asset is under contract, used best efforts to close on such contract; and (d) continued the marketing of certain Real Estate Assets and postponed marketing efforts for others based upon the Receiver's brokers' and professionals' advice as to which strategy will maximize value. Importantly, the safety of the residents/tenants of the Real Estate Assets and the Receivership's employees and professionals is the Receiver's highest priority.

II. REAL ESTATE ASSETS

2. The Receivership Assets include the following real estate (collectively, the "Real Estate Assets"): (a) a 96-unit apartment building located in Addison, Illinois (the "Chablis Property"); (b) a 576-unit apartment building located in West Chicago, Illinois (the "Timber Lake Property"); (c) a 192-apartment complex located in Bartlett, Illinois (the "Bartlett Lake Property"); (d) 48 condominiums located at 106 Surrey, Glen Ellyn, Illinois (the "Surrey Property"); (e) an office building located at 5097 N. Elston, Chicago, Illinois (the "Elston Property"); (f) a condominium unit located in Palatine, Illinois (the "Palatine Property"); (g) a condominium located at 3470 E. Coast Avenue, Unit #1003, Miami, Florida 33137; and (h) 36 vacant residential lots located near Palms Springs, California (the "Vacant Lots Property").

3. As part of the marketing and sales process for the Real Estate Assets (subject to sale orders at the appropriate time), the Receiver has sought professional guidance in order to maximize the value of the Real Estate Assets. Generally, the Receiver intends to market and sell

each of the Real Estate Assets. Specifically, with respect to each Real Estate Asset, the Receiver's plan is as follows (or the Receiver has already achieved the indicated results):

a. Chablis Property.

4. The Receivership Order authorized Defendant Glenn C. Mueller ("Mueller") to consummate a pending sale of the Chablis Property. [Dkt. 22, ¶ 40.] The Chablis Property closing occurred on September 20, 2019. In connection therewith, the Receiver (a) reviewed closing documents to ensure compliance with the Receivership Order; (b) ensured proper payment of the outstanding mortgage loan balance encumbering the Chablis Property; and (c) secured receipt of the remaining proceeds into the Receivership Estate. [*Id.* at ¶¶ 40(h)-(j).] The Receivership Estate was paid **\$3,882,611.02** at closing.²

5. Soon after the closing, the Receiver determined that the mortgage lender had failed to timely turn over a mortgage loan overpayment and tax escrow balance to the Receiver. Accordingly, the Receiver made a demand for turnover of the same and subsequently filed a *Motion to Enforce Receivership Order and For Entry of an Order Compelling J.P. Morgan Chase Bank, N.A. to Account for and Turn Over Receivership Assets to the Receiver* (the "Turnover Motion"). [Dkt. 53.] The Receiver and mortgage lender subsequently resolved the Turnover Motion consensually, resulting in the Receiver's recovery of an additional (approximately) **\$82,000.00** into the Receivership Estate.

b. Bartlett Lake Property.

6. The Receiver engaged Essex Realty Group, Inc. ("Essex") as real estate broker for the Bartlett Lake Property. [See Dkt. 62.] Additionally, the Receiver sought and obtained Court approval for sale procedures for the Bartlett Lake Property. [See Dkts. 72, 92.] On February 27,

² With respect to all of the Real Estate Assets, the Receiver is still investigating the tax treatment of sales of the same and is working with his accountants to minimize any tax burden. As a result, all amounts realized or estimated at closings are in pre-tax dollars.

2020, the Receiver filed his *Motion to Authorize Sale of Real Estate and Related Relief (Bartlett Property)* (the “Bartlett Sale Motion”). [Dkt. 110.] The Bartlett Sale Motion sought approval of the sale of the Bartlett Lake Property to Monument Capital Management IV, LLC, an affiliate of Monument Capital Management (the “Bartlett Buyer”), for a purchase price of \$19.3 million. Approval of the Bartlett Sale Motion was delayed due to Mueller’s assertion of a potential objection and the COVID-19 crisis. The objection was resolved consensually. On March 31, 2020, the Court entered an order approving the sale (the “Bartlett Sale Order”). [Dkt. 131.] Under the relevant agreement, the sale was required to close on or before May 7, 2020.³

7. In the weeks immediately following entry of the Bartlett Sale Order, the COVID-19 crisis worsened, thereby negatively impacting, among other things, residential real estate values. As a result, the Bartlett Buyer requested certain concessions from the Receiver, including a purchase price reduction. The Receiver determined in his business judgment that preserving the transaction through a reasonable price reduction outweighed – and protected against – the risk and uncertainty of navigating a renewed marketing and sale process amidst the pandemic. Accordingly, the Receiver filed a motion seeking (i) approval of the sale to the Bartlett Buyer at a reduced purchase price (\$17.8 million) and (ii) related relief. [Dkt. 143.] On May 19, 2020, the Court entered an order approving the sale of the Bartlett Lake Property at the reduced purchase price. [Dkt. 147.]

8. On June 24, 2020, the sale of the Bartlett Lake Property closed. At closing, after payment of all encumbrances and closing costs (secured lender, commissions, etc.), the Receivership Estate realized **\$7,810,079.26** in net proceeds from the sale of the Bartlett Lake Property. Shortly after closing, the lender for the Bartlett Lake Property refunded to the

³ Under the executed contract, the buyer retained the option to extend the closing date by posting additional non-refundable earnest money.

Receivership Estate \$230,029.20 in tax, insurance and reserve escrows.

c. Surrey Property.

9. The Receiver engaged 33 Realty as real estate broker for the Surrey Property. On December 10, 2019, the Receiver filed his *Motion for Court Approval of: (A) Rates to be Charged by Receiver's Real Estate Broker (Surrey Property) and (B) Sales Procedures (Surrey Property)*. [See Dkt. 82.] On January 6, 2020, the Court granted this motion. [Dkt. 93.]

10. After completion of the marketing process, the Receiver selected an offer with which to proceed. On April 28, 2020, the Receiver filed his *Motion (1) to Authorize Sale of Real Estate and Related Relief (Surrey Property) and (2) For Partial Relief from the Court's COVID-19 Order* (the "Surrey Sale Motion"). [Dkt. 138.] The Surrey Sale Motion sought approval of the sale of the Surrey Property to Wildwood Property Ventures, LLC (the "Surrey Buyer") for a purchase price of \$5.7 million.⁴ In the interest of efficiently closing the transaction during the COVID-19 crisis and related market uncertainty, the Receiver filed the Surrey Sale Motion while due diligence remained pending and the Surrey Buyer's financing contingency remained outstanding (i.e., the Receiver filed the Surrey Sale Motion so that any objection period and the due diligence/contingency period would run concurrently).

11. During due diligence, the Surrey Buyer identified certain issues with the Surrey Property, and the COVID-19 crisis continued to harm the real estate market. As a result, the Surrey Buyer requested a modest purchase price reduction. After good faith negotiations between the parties, the Receiver agreed to reduce the purchase from \$5.7 million to \$5.425 million in exchange for the Surrey Buyer's agreement to solidify the certainty of the transaction by (a) increasing its earnest money deposit from \$100,000 to \$400,000, and (b) waiving any

⁴ In the Receiver's prior Liquidation Plan, the Receiver stated that the Receiver had obtained a broker opinion of value in excess of \$8 million. That valuation, however, was for all sixty (60) units - of which the Receivership Estate owned just forty-eight (48) - and was completed prior to the COVID-19 crisis.

outstanding due diligence and financing contingencies.

12. On May 29, 2020, the Receiver simultaneously filed a motion to withdraw the Surrey Sale Motion [Dkt. 153] and an amended motion for approval of the sale of the Surrey Property (the “Amended Surrey Sale Motion”). [Dkts. 153.] The Amended Surrey Sale Motion sought approval of the sale of the Surrey Property to the Surrey buyer at the reduced purchase price. On June 2, 2020, the Court granted the Receiver’s request to withdraw the Surrey Sale Motion. [Dkt. 155.] After the expiration of the relevant objection period, on June 17, 2020, the Court granted the Amended Surrey Sale Motion. [Dkt. 158.]

13. On July 24, 2020, the sale of the Surrey Property closed. At closing, after payment of all encumbrances and closing costs (secured lender, commissions, etc.), the Receivership Estate received \$2,039,766.16 in net proceeds from the sale of the Surrey Property.⁵

d. Timber Lake Property.

14. In order to maximize the value of the Timber Lake Property, the Receiver’s professionals recommended completing the then-pending parking lot expansion (to increase occupancy) and securing additional tenants to rent vacant units (to demonstrate demand to potential buyers) in advance of marketing the Timber Lake Property for sale. Both of these recommended steps were completed.

15. In order to select a broker for the Timber Lake Property, the Receiver solicited broker proposals from five reputable local and national brokers, conducted interviews of such brokers and checked their references. After completion of this competitive process, the Receiver selected CBRE, Inc. (“CBRE”) as broker. The Receiver then sought and received the Court’s approval of the commission rate to be paid to the CBRE and the sales procedures for the Timber

⁵ Here, the secured lender applied all escrow balances to reduce the loan balance to be paid at closing.

Lake Property. [See Dkts. 112 and 156.]

16. Prior to the COVID-19 crisis, the Receiver had planned to begin marketing the Timber Lake Property during the first week of April 2020. However, upon evaluation of the pandemic's likely impact on the sale process, CBRE advised the Receiver that it would be prudent to delay the marketing process. Despite CBRE's expectation of nationwide interest in this asset, COVID-19 precluded physical tours of the Timber Lake Property. In fact, bringing people to the Timber Lake Property likely constituted a violation of Illinois' Stay at Home Order instituted by Governor Pritzker during the initial phase of the health crisis. Moreover, the Receiver weighed the residents' concerns regarding people entering their units amidst the quarantine and the potential health risks associated therewith.

17. In an effort to maintain the possibility of an immediate sale, the Receiver authorized CBRE to create a "virtual tour" enabling potential buyers to view the Timber Lake Property remotely. Additionally, to "test" the market, the Receiver authorized CBRE to go to market with the most likely buyers for this property (approximately 100 potential buyers). In doing so, the Receiver sought to determine whether an acceptable offer for the Timber Lake Property existed despite the pandemic, thereby protecting against downside risk.

18. The Receiver received many offers for the Timber Lake Property, instructed CBRE to conduct multiple rounds of bidding (to ferret out the highest and best offers) and interviewed the top potential buyers. The Receiver has selected a buyer, but is currently negotiating a Purchase and Sale Agreement with such buyer. After that agreement is fully executed and due diligence has been substantially or entirely completed, the Receiver will file a motion to approve this sale. That motion will fully disclose the marketing process used to identify the proposed buyer, the bidding process and the buyer selection process.

19. In the meantime, the Receiver continues to maintain the Timber Lake Property and collect rents at the Timber Lake Property (although the Receiver does anticipate some rent collection difficulties due to COVID-19).

20. Provided that the sale moves forward as expected, the Receiver anticipates closing on the sale of the Timber Lake Property in or about October 2020. At present, the Receiver is unable to disclose the precise proposed sale price due to the importance of confidentiality throughout the Receiver's ongoing negotiations related to the Purchase and Sale Agreement. However, the Receiver is able to disclose that the proposed sale price is in excess of \$50 million. Additionally, outstanding mortgage debt on the Timber Lake Property as of June 14, 2020 was approximately \$21 million (not including any applicable pre-payment premium, which the Receiver estimates at approximately \$200,000). Thus, the Receiver ultimately anticipates realizing significant equity from the sale of this property.

e. Elston Property.

21. The Receiver engaged Millennium Properties R/E, Inc. ("MPI") as real estate broker for the Elston Property. On January 17, 2020, the Receiver filed his *Motion for Court Approval of (A) Rates to be Charged by Receiver's Real Estate Broker (Elston Property); (B) Sales Procedures (Elston Property); (C) Rates to be Charged by Receiver's Real Estate Broker (Vacant Lots Property); and (D) Sales Procedures (Vacant Lots Property)*. [See Dkt. 96.] On February 7, 2020, the Court granted this motion. [See Dkt. 106.] Pursuant to the sale procedures, MPI marketed the Elston Property for auction, which auction was to be held on March 19, 2020. However, the auction date coincided with the COVID-19 crisis hitting Chicago (and the nation) in earnest, culminating with Governor Pritzker issuing a Stay at Home order on March 20, 2020. Ultimately, due to the health crisis and general desirability of the Elston

Property, there was not significant interest in the Elston Property. As a result, the Receiver (upon the advice of MPI), used his authority under the Court-approved sale procedures to change the format of the auction to a sealed bid auction with bids to be submitted by March 20, 2020. Unfortunately, due to the COVID-19 crisis, no bids were received.

22. Subsequently, MPI continued to search for potential buyers for the Elston Property. After such efforts, it became clear that it was unlikely that the Elston Property would net the Receivership Estate substantial, if any, proceeds. However, it was still in the best interest of the Receivership Estate to maximize the value of the Elston Property in order to minimize the size of any deficiency claim by the secured lender. MPI did identify a buyer, and the Elston Property is currently under contract. And as of the date of this submission, the due diligence period has expired and earnest money (\$50,000.00) is “hard.” In addition, the mortgagee on the Elston property has agreed to release the mortgage as part of the closing, but will retain a minimal deficiency claim.

23. In light of the foregoing, the Receiver anticipates filing a motion to approve the sale at the contract price of \$650,000 shortly after this filing.

f. Miami Property.

24. The Receiver engaged LG Realty Group, Inc. (“LG”) to broker the Miami Property. LG is continuing to market and solicit offers for the Miami Property for the Receiver’s review and consideration. LG has received offers in the \$220,000-\$235,000 range, and the Receiver was finalizing an offer to purchase when the COVID-19 crisis started. As such, the Receiver continues to market this property, but the COVID-19 crisis has impacted marketing as access to this condominium building has been restricted. The Receiver will continue to market the Miami Property and will seek approval of a sale as soon as a market rate buyer emerges.

25. Based on the offers received for the Miami Property, the Receiver estimates the value at between \$200,000 and \$250,000. There is no mortgage on this property.

g. Palatine Property.

26. The Receivership owns a condominium unit located at 486 Lake Shore Drive, Palatine, Illinois 60067, Unit 486 (the “Palatine Property”). There have been no renters or operations with respect to the Palatine Property during the Receivership.

27. The Receiver sought and obtained authority to sell the Palatine Property for \$145,000. [See Dkts. 88, 92.] Closing occurred on February 10, 2020. There was no mortgage on this property, and, after payment of closing costs, the Receiver received **\$129,420.28** for the Estate.

h. Vacant Lots Property.

28. The Receiver engaged First Team Real Estate (“First Team”) as real estate broker for the Vacant Lots Property. On January 17, 2020, the Receiver filed his *Motion for Court Approval of (A) Rates to be Charged by Receiver’s Real Estate Broker (Elston Property); (B) Sales Procedures (Elston Property); (C) Rates to be Charged by Receiver’s Real Estate Broker (Vacant Lots Property); (D) Sales Procedures (Vacant Lots Property)*, which was granted by the Court. [See Dkt Nos. 96, 106.] Pursuant to the proposed sales procedures, First Team has begun marketing the Vacant Lots Property. To date, there has been no serious interest in any of the Vacant Lots Property.

29. The Receiver has obtained a broker opinion of value of between \$5,000 and \$10,000 per lot.

III. OTHER ASSETS

a. Securities Assets.

30. The Receivership Estate includes shares of stock in The Wellness Center USA, Inc. (“WCUI”). The stock is currently worth less than a penny per share. However, the Receivership Estate may own millions of shares. The Receiver continues to investigate the exact number of shares owned by the Receivership Estate (versus shares that may be owned by individual investors and allegedly owned by Glenn Mueller) and whether or not there is a market for such shares. Upon information and belief, the value of the shares may be affected by certain technology that WCUI has indicated it is currently pursuing. The Receiver will provide a potential value of these shares once he receives more definitive information on the likely impact of such technological developments.

b. Glen Ellyn Property.

31. The Receiver asserts an interest in a house located at 22W371 Emerson Avenue, Glen Ellyn, Illinois 60137 (the “Glen Ellyn Property”). The Glen Ellyn Property is owned by Bruce and Cheryl Swift (together, the “Swifts”), acquaintances of Mueller (the Swifts are also investors in the Receivership Entities). Regarding the pre-Receivership arrangement, in or about June 2008, Northridge paid the Swifts \$70,000 for the right to rent out the Glen Ellyn Property and keep the rental proceeds of the same. Under this agreement, Northridge paid all expenses associated with the Glen Ellyn Property and kept all of the rents. Upon sale, the proceeds were to be split between the parties. While the deal seems to have been amended at times (both orally and possibly in writing), the essential terms of the deal have remained the same. The Receiver negotiated with the attorney for the Swifts to (a) place the Glen Ellyn Property on the market for sale; (b) share in some of the carrying costs; and (c) come to a settlement with respect to the

division of the proceeds of a sale of the property. Currently, the Swifts are paying the carrying costs on the property (Northridge was doing so pre-Receivership). The Receiver sought and received Court approval of this settlement. [See Dkts. 134, 149.]

32. The Glen Ellyn Property is currently under contract for \$269,900. Due to a substantial mortgage and line of credit on the property (approximately \$195,000 total) and an anticipated split of net proceeds with the Swifts, the Receiver estimates the value of this interest at between \$25,000 and \$40,000. The Receiver anticipates receiving these funds in or about August 2020.

c. Rocky Ridge L.P.

33. Mueller owns a 50% interest in Rocky Ridge L.P. which, in turn, is the fee owner of a large vacant land property in North Dakota (the “North Dakota Property”). The Receiver continues to investigate the value of the North Dakota Property and seeks to work with Mueller and his legal team to sell the property with proceeds escrowed subject to further order of the Court. (Mueller’s brother Dale also owns a percentage of this property either directly or indirectly through entity ownership.)

d. Life Insurance.

34. Receivership Defendant Amberwood Holdings Limited Partnership purchased a key man life insurance policy on Mueller in the amount of \$5,000,000. The policy is a term policy so it has no current cash value. The monthly premium is approximately \$3,000, which the Receiver has confirmed is an excellent rate for someone of Mueller’s age (72). The Receiver has identified a market for the policy. If the policy is liquidated, the Receiver estimates receiving approximately \$200,000 to \$250,000. In the Receiver’s business judgment, the Receiver is continuing to pay the monthly premium at least for the near term of the Receivership

and, if the benefit is not paid prior to the end of the Receivership, the policy could be liquidated or assigned to a trust for the benefit of the applicable creditors of the Receivership.

e. Litigation Claims.

35. The Receiver has begun to identify potential litigation targets. Preliminarily, the Receiver has identified certain limited third-party receivables that may be collected for the benefit of the Receivership. The Receiver is in the process of drafting demand letters and anticipates being in a position to send such demand letters out in the next 30 days. The Receiver cannot currently estimate recovery on account of receivable claims.

36. Additionally, the Receiver has identified potential claims against “finders.” These “finders” placed investors into various Receivership Entities and received commissions from the Receivership Entities for their efforts. The Receiver is in the process of drafting demand letters and anticipates being in a position to send such demand letters out in the next 30 days. The Receiver cannot currently estimate recovery on account of “finder” claims.

37. Finally, the Receiver has identified “net winner” claims. The Receiver is in the process of drafting demand letters and anticipates being in a position to send such demand letters out in the next 30 days. The Receiver cannot currently estimate recovery on account of “net winner” claims. But, many “net winner” claims are related to claims that may be asserted against the Receivership Estate. As a result, at minimum, the Receiver intends to offset “net winner” claims against otherwise legitimate investor claims, subject to court approval. This would result in greater recovery for remaining investor claims and other creditors.

38. The Receiver is still in the process of identifying additional potential litigation targets (fraudulent transfer, professional negligence, etc.)

f. Tax Refunds.

39. The Receiver's tax professionals are currently analyzing whether or not the Receivership Entities are entitled to any tax refunds. No such refund claims have been identified to date.

g. Investigation Ongoing.

40. The Receiver is continuing to investigate the existence and nature of other assets and claims that may constitute Receivership Assets.

Dated: July 31, 2020

Respectfully submitted,

N. Neville Reid, Receiver

By: /s/ Ryan T. Schultz

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General Counsel to the Receiver

10:08 PM
07/26/20
Accrual Basis

Timber Lake Apartments, LLC

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Income	
Laundry	9,193.34
Rental	1,478,243.25
Total Income	1,487,436.59
Expense	
Alarm	22,138.41
Automobile Expense	151.00
Bank Service Charges	458.98
Insurance Expense	
Automobile	511.80
Liability	15,714.99
Property	45,717.99
Total Insurance Expense	61,944.78
Interest Expense	
Mortgage	304,808.62
Security Deposit	0.17
Total Interest Expense	304,808.79
Maintenance	
Extermination	7,500.00
Snow Removal	13,370.00
Maintenance - Other	144,704.56
Total Maintenance	165,574.56
Management Fee	95,706.34
Manager's Salary	12,516.00
Office Supplies	345.42
Professional Fees	
Legal Fees	868.25
Total Professional Fees	868.25
Scavenger	29,218.48
Software	2,160.00
Taxes	
Property	201,817.17
Total Taxes	201,817.17
Telephone Expense	4,142.82
Utilities	
Gas and Electric	43,558.20
Water	266,396.99
Total Utilities	309,955.19
Wages	116,157.72
Total Expense	1,327,963.91
Net Ordinary Income	159,472.68
Net Income	159,472.68

**EXHIBIT
B**

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Income	
Fee Income	
Laundry	8,569.26
Total Fee Income	8,569.26
Rental	551,469.25
Total Income	560,038.51
Expense	
Alarm Service	4,654.47
Bank Service Charges	289.28
Credit Check	440.00
Insurance	
Property	12,333.00
Total Insurance	12,333.00
Interest Expense	
Mortgage	106,972.11
Security Deposit	0.66
Total Interest Expense	106,972.77
Maintenance	
Elevator	7,904.71
Extermination	650.00
Snow Removal	6,740.00
Maintenance - Other	38,429.50
Total Maintenance	53,724.21
Management Fees	48,708.14
Manager's Salary	6,575.63
Scavenger	4,800.00
Software	720.00
Taxes	
Property	80,209.11
Total Taxes	80,209.11
Telephone	4,996.60
Utilities	
Gas and Electric	23,618.06
Water	17,220.80
Total Utilities	40,838.86
Wages	43,258.48
Total Expense	408,520.55
Net Ordinary Income	151,517.96
Net Income	151,517.96

EXHIBIT
C

Trust 106 Surrey Limited Partnership

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Income	
Rental	176,028.62
Total Income	176,028.62
Cost of Goods Sold	
Survey	2,400.00
Total COGS	2,400.00
Gross Profit	173,628.62
Expense	
Software	225.00
Association Dues	8,000.00
Insurance	
Liability Insurance	10,293.27
Total Insurance	10,293.27
Interest Expense	
Mortgage	34,700.99
Mortgage - 11	854.38
Mortgage - 12	1,406.41
Total Interest Expense	36,961.78
Late Fee	32.89
Maintenance	17,226.31
Management Fees	11,669.06
Taxes	
Property	38,645.25
Total Taxes	38,645.25
Utilities	
Gas and Electric	398.12
Water	102.21
Total Utilities	500.33
Wages	3,888.27
Total Expense	127,442.16
Net Ordinary Income	46,186.46
Net Income	46,186.46

**EXHIBIT
D**

5097 Elston Limited Partnership

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Income	
Rental	27,163.66
Total Income	27,163.66
Expense	
Insurance Expense	
Property	2,313.09
Total Insurance Expense	2,313.09
Interest Expense	
Mortgage	7,797.97
Total Interest Expense	7,797.97
Maintenance	
Elevator	540.00
Maintenance - Other	3,758.50
Total Maintenance	4,298.50
Management Fees	5,927.61
Scavenger	923.11
Software	69.00
Taxes	
Property	8,484.00
Taxes - Other	4,242.00
Total Taxes	12,726.00
Telephone Expense	134.82
Utilities	
Gas and Electric	3,129.57
Water	135.96
Total Utilities	3,265.53
Total Expense	37,455.63
Net Ordinary Income	-10,291.97
Net Income	-10,291.97

**EXHIBIT
E**

Cornerstone Limited Partnership

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Income	
Rental - H1003	6,000.00
Total Income	<u>6,000.00</u>
Gross Profit	6,000.00
Expense	
Software	3.00
Management Fees	240.00
Midtown Two #H1003	
Association Fee - Special Asses	104.22
Association Fee	1,909.26
Total Midtown Two #H1003	<u>2,013.48</u>
Total Expense	<u>2,256.48</u>
Net Ordinary Income	<u>3,743.52</u>
Net Income	<u><u>3,743.52</u></u>

EXHIBIT

F

7:05 PM

07/26/20

Accrual Basis

Azlan Group, LLC

Profit & Loss

April through June 2020

Apr - Jun 20

Ordinary Income/Expense	
Expense	
Bank Service Charges	19.94
Total Expense	19.94
Net Ordinary Income	-19.94
Net Income	-19.94

EXHIBIT**G**

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis

Receivership; Civil Court Case No. 1:2019cv05957

REPORTING PERIOD 04/01/2020 TO 06/30/2020

FUND ACCOUNTING (See Instructions):		Current Reporting Period 04/01/20 to 06/30/20			09/12/19 to 06/30/20
		Detail	Subtotal	Grand Total	Case to Date
Line 1	Beginning Balance (as of 4/1/2020)			\$3,825,051.21	
	<i>Increases in Fund Balance:</i>				
Line 2	Business Income	\$2,151.54	-		\$116,524.67
Line 3	Cash and Securities	-	-		
Line 4	Interest/Dividend Income	-	-		
Line 5	Business Asset Liquidation	\$8,040,108.46	-		\$12,150,629.97
Line 6	Personal Asset Liquidation	-	-		
Line 7	Third-Party Litigation	-	-		
Line 8	Miscellaneous – Other	-	-		
	Total Funds Available (Lines 1-8):		-	\$8,042,260.00	\$12,267,154.64
	<i>Decreases in Fund Balance:</i>				
Line 9	Disbursements to Senior Secured Lenders/Investors	-	-	-	
Line 10	Disbursements for Receivership Operations	-	-		
Line 10a	Disbursements to Receiver or Other Professionals	\$220,430.82			\$220,430.82
Line 10b	Business Asset Expenses	-			\$399,843.43
Line 10c	Personal Asset Expenses	-			
Line 10d	Hospital Settlements & Investment Expenses	-			
Line 10e	Third-Party Litigation Expenses	-			
	1. Attorney Fees	-			
	2. Litigation Expenses	-			
	<i>Total Third-party Litigation Expenses</i>	-	-		
Line 10f	Tax Administrator Fees and Bonds	-			
Line 10g	Federal and State Tax Payments	-			
	Total Disbursements for Receivership Operations		-	\$220,430.82	\$620,274.25
Line 11	Disbursements for Distribution Expenses Paid by the Fund:	-	-		
Line 11a	<i>Distribution Plan Development Expenses:</i>				
	1. Fees:				
	Fund Administrator	-			
	Independent Distribution Consultant (IDC)	-			
	Distribution Agent	-			
	Consultants	-			
	Legal Advisers	-			
	Tax Advisers	-			
	2. Administrative Expenses	-			
	3. Miscellaneous	-			
	<i>Total Plan Development Expenses</i>	-	-		
Line 11b	<i>Distribution Plan Implementation Expenses:</i>				
	1. Fees:				
	Fund Administrator	-			
	IDC	-			
	Distribution Agent	-			
	Consultants	-			
	Legal Advisers	-			
	Tax Advisers	-			
	2. Administrative Expenses	-			
	3. Investor Identification:				
	Notice/Publishing Approved Plan	-			
	Claimant Identification	-			
	Claims Processing	-			
	Web Site Maintenance/Call Center	-			
	4. Fund Administrator Bond	-			
	5. Miscellaneous	-			
	6. Federal Account for Investor Restitution (FAIR)	-			

EXHIBIT
H

	Reporting Expenses				
	Total Plan Implementation Expenses			-	
	Total Disbursements for Distribution Expenses Paid by the Fund			-	-
Line 12	Disbursements to Court/Other:			-	-
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees		-		
Line 12b	Federal Tax Payments		-		
	Total Disbursements to Court/Other:			-	-
	Total Funds Disbursed (Lines 9-12):			\$220,430.82	\$620,274.25
Line 13	Ending Balance (As of 06/30/20):			\$11,646,880.39	\$11,646,880.39
Line 14	Ending Balance of Fund - Net Assets:				
Line 14a	Cash & Cash Equivalents			\$348,872.82	\$348,872.82
Line 14b	Investments			Undetermined-	Undetermined-
Line 14c	Other Assets or Uncleared Funds			Investigating-	Investigating-
	Total Ending Balance of Fund - Net Assets			\$11,995,753.21	\$11,995,753.21

OTHER SUPPLEMENTAL INFORMATION:		04/01/20 to 06/30/20		09/12/19 to 06/30/20	
		Detail	Subtotal	Grand Total	Case to Date
Line 15	Report of Items NOT To Be Paid by the Fund:				
	Disbursements for Plan Administration Expenses Not Paid by the Fund:		-		-
Line 15	Disbursements for Plan Administration Expenses		-		
Line 15a	Plan Development Expenses Not Paid by the Fund:		-		
	1. Fees:		-		
	Fund Administrator		-		
	IDC		-		
	Distribution Agent		-		
	Consultants		-		
	Legal Advisers		-		
	Tax Advisers		-		
	2. Administrative Expenses		-		
	3. Miscellaneous		-		
	Total Plan Development Expenses Not Paid by the Fund		-		
Line 15b	Plan Implementation Expenses Not Paid by the Fund:		-		
	1. Fees:		-		
	Fund Administrator		-		
	IDC		-		
	Distribution Agent		-		
	Consultants		-		
	Legal Advisers		-		
	Tax Advisers		-		
	2. Administrative Expenses		-		
	3. Investor Identification:		-		
	Notice/Publishing Approved Plan		-		
	Claimant Identification		-		
	Claims Processing		-		
	Web Site Maintenance/Call Center		-		
	4. Fund Administrator Bond		-		
	5. Miscellaneous		-		
	6. FAIR Reporting Expenses		-		
	Total Plan Implementation Expenses Not Paid by the Fund		-		
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund		-		
	Total Disbursements for Plan Administrative Expenses Not Paid by the fund		-		
Line 16	Disbursements to Court/Other Not Paid by the Fund:		-		-
Line 16a	Investment Expenses/CRIS Fees		-		
Line 16b	Federal Tax Payments		-		
	Total Disbursements to Court/Other Not Paid by the Fund:		-		-
Line 17	DC & State Tax Payments		-		-

Line 18		No. of Claims:	
Line 18a		# of Claims Received This Reporting Period	0-
Line 18b		# of Claims Received Since Inception of Fund	0-
Line 19		No. of Claimants / Investors:	
Line 19a		# of Claimants / Investors Paid This Reporting Period	0-
Line 19b		# of Claimants / Investors Paid Since Inception of Fund	0-

Receiver:

By:

(signature)

N. Neville Reid

(printed name)

Receiver

(title)

Date:

July 31, 2020

Schedule 1.1 - DETAIL OF LINE 1, BEGINNING BALANCE

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
 Receivership; Civil Court Case No. 1:2019cv05957
 REPORTING PERIOD 04/01/2020 TO 06/30/2020

Entity	Bank Name	Account Number	As of Date	Balance
Amberwood	Axos Bank	***0153	4/1/2020	\$ -
Azlan Group, LLC	Axos Bank	***0161	4/1/2020	\$ -
Brookstone Investment Group, Ltd	Axos Bank	***0179	4/1/2020	\$ -
Cornerstone Limited Partnership	Axos Bank	***0187	4/1/2020	\$ -
Eastridge Holdings, Ltd.	Axos Bank	***0195	4/1/2020	\$ -
Guardian Investment Group, Ltd.	Axos Bank	***0203	4/1/2020	\$ -
Northridge Holdings, Ltd.	Axos Bank	***0211	4/1/2020	\$ -
Paragon Group Limited	Axos Bank	***0229	4/1/2020	\$ -
Ridgeview Group I	Axos Bank	***0237	4/1/2020	\$ -
Southridge Holdings, Ltd.	Axos Bank	***0245	4/1/2020	\$ -
Unity Investment Group, Ltd.	Axos Bank	***0252	4/1/2020	\$ -
106 Surrey	Axos Bank	***0260	4/1/2020	\$ -
561 Deere Park	Axos Bank	***0278	4/1/2020	\$ -
610 Lincoln	Axos Bank	***0286	4/1/2020	\$ 3,694,718.13
Timber Lake Apartments, LLC	Axos Bank	***0294	4/1/2020	\$ -
5097 Elston Limited Partnership	Axos Bank	***0302	4/1/2020	\$ -
5528 Hyde Park Limited Partnership	Axos Bank	***0310	4/1/2020	\$ 129,420.28
106 Surrey Limited Partnership	Axos Bank	***0328	4/1/2020	\$ -
610 Lincoln Limited Partnership	Axos Bank	***0336	4/1/2020	\$ -
G&C Mueller Family Limited Partnership	Axos Bank	***0344	4/1/2020	\$ -
149 Mason Limited Partnership	Axos Bank	***0351	4/1/2020	\$ -
Beacon Foundation	Axos Bank	***0369	4/1/2020	\$ -
Willow Creek Landscaping LP	Axos Bank	***0377	4/1/2020	\$ -
139 Austin LP	Axos Bank	***0385	4/1/2020	\$ -
149 Mason/Trust #12655	Axos Bank	***0393	4/1/2020	\$ -
Mueller Painting & Decorating	Axos Bank	***0401	4/1/2020	\$ -
Ameritrade	Axos Bank	***0419	4/1/2020	\$ 912.80
				<u>\$ 3,825,051.21</u>

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
Receivership; Civil Court Case No. 1:2019cv05957
REPORTING PERIOD 04/01/2020 TO 06/30/2020

[illegible]

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
Receivership; Civil Court Case No. 1:2019cv05957
REPORTING PERIOD 04/01/2020 TO 06/30/2020

Date	Bank Name	Account Name	Account Number	Ref	Payor	Description	Amount
6/24/2020	Axos Bank	561 Deere Park	**0278	Incoming Wire	CT Chicago Commercial FA83		\$ 7,810,079.26
6/26/2020	Axos Bank	561 Deere Park	**0278	Incoming Wire	Acre Capital Disbursement		\$ 230,029.20
							\$ 8,040,108.46

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
Receivership; Civil Court Case No. 1:2019cv05957
REPORTING PERIOD 04/01/2020 TO 06/30/2020

Date	Bank Name	Account Name	Account No.	Payee	Description	Amount
5/22/2020	Axos	610 Lincoln	***0286	Kutchins Robbins & Diamond Ltd	Accountant's Fees/Exp	\$ 3,767.50
5/22/2020	Axos	610 Lincoln	***0286	Plante Moran PLLC	Consultants' Fees/Exp	\$ 5,487.50
5/22/2020	Axos	610 Lincoln	***0286	Fox Swibel Levin & Carroll LLP	Attorneys' Fees/Exp	\$ 68,045.66
5/22/2020	Axos	610 Lincoln	***0286	AlixPartners	Consultants' Fees/Exp	\$ 143,130.16
						\$ 220,430.82

Schedule 13.1 - DETAIL OF LINE 13, ENDING BALANCE

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis

Receivership; Civil Court Case No. 1:2019cv05957

REPORTING PERIOD 04/01/2020 TO 06/30/2020

Entity	Bank Name	Account Number	As of Date	Balance
Amberwood	Axos Bank	***0153	6/30/2020	\$ -
Azlan Group, LLC	Axos Bank	***0161	6/30/2020	\$ -
Brookstone Investment Group, Ltd	Axos Bank	***0179	6/30/2020	\$ -
Cornerstone Limited Partnership	Axos Bank	***0187	6/30/2020	\$ -
Eastridge Holdings, Ltd.	Axos Bank	***0195	6/30/2020	\$ -
Guardian Investment Group, Ltd.	Axos Bank	***0203	6/30/2020	\$ -
Northridge Holdings, Ltd.	Axos Bank	***0211	6/30/2020	\$ 2,151.54
Paragon Group Limited	Axos Bank	***0229	6/30/2020	\$ -
Ridgeview Group I	Axos Bank	***0237	6/30/2020	\$ -
Southridge Holdings, Ltd.	Axos Bank	***0245	6/30/2020	\$ -
Unity Investment Group, Ltd.	Axos Bank	***0252	6/30/2020	\$ -
106 Surrey	Axos Bank	***0260	6/30/2020	\$ -
561 Deere Park	Axos Bank	***0278	6/30/2020	\$ 8,040,108.46
610 Lincoln	Axos Bank	***0286	6/30/2020	\$ 3,474,287.31
Timber Lake Apartments, LLC	Axos Bank	***0294	6/30/2020	\$ -
5097 Elston Limited Partnership	Axos Bank	***0302	6/30/2020	\$ -
5528 Hyde Park Limited Partnership	Axos Bank	***0310	6/30/2020	\$ 129,420.28
106 Surrey Limited Partnership	Axos Bank	***0328	6/30/2020	\$ -
610 Lincoln Limited Partnership	Axos Bank	***0336	6/30/2020	\$ -
G&C Mueller Family Limited Partnership	Axos Bank	***0344	6/30/2020	\$ -
149 Mason Limited Partnership	Axos Bank	***0351	6/30/2020	\$ -
Beacon Foundation	Axos Bank	***0369	6/30/2020	\$ -
Willow Creek Landscaping LP	Axos Bank	***0377	6/30/2020	\$ -
139 Austin LP	Axos Bank	***0385	6/30/2020	\$ -
149 Mason/Trust #12655	Axos Bank	***0393	6/30/2020	\$ -
Mueller Painting & Decorating	Axos Bank	***0401	6/30/2020	\$ -
Ameritrade	Axos Bank	***0419	6/30/2020	\$ 912.80
				<u>\$ 11,646,880.39</u>

Schedule 14.1-DETAIL LINE 13, 14a,b,c END BALANCE OF FUND-NET ASSETS

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd et al - Cash Basis
 Receivership; Civil Court Case No 1:2019cv05957
 Reporting Period 04/01/2020 to 06/30/2020

Line 13, 14a - Cash & Cash Equivalents

	Bank	Balance all accounts as of 06/30/2020
Line 13	Axos Bank	\$ 11,646,880.39
	Parkway Bank; First American Bank	
Line 14a	(operating accounts)	\$ 348,872.82
	Total (including Parkway/FAB operating)	<u>\$ 11,995,753.21</u>

Line 14b - Investments

Real Property Assets of Receivership - value still being determined

Line 14c - Other Assets or Uncleared Funds

Other Assets of Receivership - Receiver is investigating

Account Name	Parkway Account/ (First American Bank)	Parkway Account/ (First American Bank)	Axos Account	Axos Balance
Amberwood Holdings	*1756	\$ 4,019.63	*0153	\$ -
Timberwood Recreational Center Inc	*1845	\$ 100.00	N/A	\$ -
5528 Hyde Park LP	*2221	\$ 9,023.96	*0310	\$ 129,420.28
106 Surrey LP N	*2329	\$ 1,520.12	*0328	\$ -
149 Mason LP N	*2337	\$ 714.86	*0351	\$ -
610 Lincoln LP N	*2345	\$ 184.95	*0336	\$ -
9620 Ivanhoe LP N	*2353	\$ 9,627.33	N/A	\$ -
Azlan Group N	*2396	\$ 754.87	*0161	\$ -
Beechwood Group I LP N	*2418		N/A	\$ -
Brookstone Inv. Group N	*2426	\$ 870.14	*0179	\$ -
Cornerstone LP N	*2434	\$ 10,266.64	*0187	\$ -
Eastridge Holdings Ltd N	*2442	\$ 15,210.47	*0195	\$ -
Guardian Inv. Group N	*2450	\$ 475.82	*0203	\$ -
Paragon Group N	*2469	\$ 1,615.19	*0229	\$ -
Ridgeview Group I N	*2477	\$ 1,949.32	*0237	\$ -
Town Square Mgmt. N	*2485	\$ 18,703.08	N/A	\$ -
Unity Inv. Group Ltd. N	*2493	\$ 1,247.20	*0252	\$ -
Glen Ellyn Court Condo Assoc N	*2507	\$ 3,433.00	N/A	\$ -
106 Surrey/Trust #14029 N	*2515	\$ 5,433.81	*0260	\$ -
441-447 N LSD Dr Townhome Assoc N	*2523	\$ 3,217.29	N/A	\$ -
480-486 N LSD Dr Townhome Assoc N	*2331	\$ 2,240.44	N/A	\$ -
5097 Elston LP	*2558	\$ 4,432.49	*0302	\$ -
Timberlake Apartments N	*2604	\$ 154,828.97	*0294	\$ -
610 Lincoln/Trust #13741 N	*2612	\$ 2,994.68	*0286	\$ 3,474,287.31
561 Deere Park/Trust #14106 N	*2620	\$ 13,958.68	*0278	\$ 8,040,108.46
Southridge Holdings LTD I	*2639	\$ 2,882.57	*0245	\$ -
Northridge Holdings LTD N	*2647	\$ 75,429.92	*0211	\$ 2,151.54
G&C Mueller Family LP	N/A		*0344	\$ -
Beacon Foundation	*9622	\$ 555.71	*0369	\$ -
Willow Creek Landscaping LP	N/A		*0377	\$ -
139 Austin LP	*2701(FAB)	\$ 920.65	*0385	\$ -
149 Mason/Trust #12655	*7801(FAB)	\$ 979.09	*0393	\$ -
Mueller Painting & Decorating	*7302(FAB)	\$ 1,281.94	*0401	\$ -
Ameritrade	N/A	\$ -	*0419	\$ 912.80
Total Parkway Bank/ (First American Bank)		\$ 348,872.82	Total Axos Bank	\$ 11,646,880.39