

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

_____)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	Civil Action No. 19-cv-05957
)	
Plaintiff,)	
v.)	Hon. John Z. Lee
)	
NORTHRIDGE HOLDINGS, LTD., ET AL.,)	
)	Magistrate Judge Susan E. Cox
Defendants.)	
_____)	

RECEIVER’S REPORT FOR THE PERIOD OF
APRIL 1, 2021 THROUGH JUNE 30, 2021

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 Seventh Report* (the “Report”) for the *Period of April 1, 2021 through June 30, 2021* (the “Seventh 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 Seventh Reporting Period.

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

I. SIXTH AMENDED LIQUIDATION PLAN.

1. Pursuant to the Receivership Order, the Receiver attaches his Sixth Amended Liquidation Plan as **Exhibit A** hereto (the “Sixth Amended Liquidation Plan”). [Receivership Order at ¶ 59.] The Sixth Amended Liquidation Plan provides a summary of real property sales and an update on the Receiver’s efforts to identify, pursue and settle potential litigation claims, including third-party receivable claims, “finder” claims, “net winner” claims and insider claims. Accordingly, such information is not repeated in the body of this Report.

II. REAL PROPERTY ASSETS

a. Management of Real Property Assets Generally.

2. In prior reporting periods, as set forth in prior Receiver Reports, all of the Receivership Estate’s substantial Real Property Assets were sold. With the assistance of 33 Realty LLC (“33 Realty”), during the Sixth Reporting Period, the Receiver has satisfied his duty to manage the Receivership’s remaining real property assets (the “Real Property Assets”) and perform required post-sale “clean up” work, including but not limited to the following: (a) collecting/paying pro-rated rents and real property taxes; (b) paying operational expenses; (c) transferring accounts and closing accounts (e.g., electric and gas); and (d) finalizing all of the accounting associated with the sold properties and assisting with tax returns related to the same.

3. Matters specific to each of the Real Property Assets are as follows:

b. Sales Closed

4. As set forth in the Sixth Amended Liquidation Plan, the following real properties were sold and closed in prior reporting periods:

- The **Chablis Property** sale closed on September 20, 2019, and the Estate received (a) \$3,882,611 in net proceeds from that sale; and (b) \$82,000.00 in escrow return post-closing;
- The **Palatine Property** sale closed on February 10, 2020, and the Estate received \$129,420.28 in net proceeds from that sale;
- The **Bartlett Lake Property** sale closed on June 24, 2020, and the Estate received (a) \$7,810,079.26 in net proceeds from that sale; (b) \$230,029.20 in escrow return post-closing; and (c) approximately \$34,000.00 for post-closing rental collections and prorations;
- The **Surrey Property** sale closed on July 24, 2020, and the Estate received \$2,039,766.16 in net proceeds from that sale.
- The **Elston Property** sale closed on October 19, 2020, but this was a “short” sale, and the Estate did not receive proceeds at closing. However, the secured lender’s deficiency claim was minimized due to the Receiver’s sale efforts. The lender’s asserted deficiency claim is \$13,821.97;
- The **Miami Property** sale closed on November 17, 2020, and the Estate received \$178,847.12 in net proceeds from that sale; and
- The **Timber Lake Property** sale closed on December 9, 2020, and the Estate received (a) \$27,299,163.97 in net proceeds from that sale; and (b) \$928,064.51 in escrow return post-closing.

c. Real Property Asset Operations During the Seventh Reporting Period.

5. For certain of the Real Property Assets that closed in prior reporting periods, some post-closing activity was required. Additionally, some expenses and operations are run through the main Northridge Holdings, Ltd. entity. An accounting of that activity is attached hereto as group Exhibit B.

6. The Receiver is continuing to investigate the existence and nature of other real

estate that may constitute Receivership Assets.

III. OTHER ASSETS.

7. As more fully set forth in the Sixth Amended Liquidation Plan, the Receivership Estate has identified potential 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.

8. In summary, during the Seventh Reporting Period, the Receiver: (a) has negotiated settlements for receivable, “finder” and “net-winner” claims which will likely result in the following collectively: (1) approximately \$80,000.00 in cash and (2) approximately \$350,000.00 in claim reductions — amounting to a total benefit to the Estate of approximately \$420,000; and (b) continued to pursue certain parties against whom the Receiver alleges liability for money owed to the Receivership arising from the receipt of “finder fees” and/or for being a “net winner” (i.e., receiving more cash than was invested). From the inception of the receivership to the date of this report, the Receiver has negotiated settlements totaling approximately \$530,000.00 in cash and approximately \$515,000.00 in claim reductions — amounting to a total benefit to the Estate of approximately \$1,045,000.00.

9. During the Seventh Reporting Period, the Receiver also worked with the SEC in connection with the assertion of insider claims and potential settlement of the same. The Receiver and counsel for Mr. Mueller and certain related persons and parties have been negotiating in good faith. Negotiations have included a potential sale of certain farm property in North Dakota (the “North Dakota Property”).

IV. BUSINESS OPERATION AND PRESERVATION OF BOOKS AND RECORDS.

10. Business operations during the Seventh Reporting Period are described above. With respect to preservation of books and records, there is no update since the last report. The Receiver's review of these books and records and materials produced by Mueller is ongoing.

V. BANK AND INVESTMENT ACCOUNTS.

11. There is no material change 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). Now that most of the operating assets have been sold, the Receiver intends to begin closing and consolidating accounts.

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

18. The Receiver's Standardized Fund Accounting Report ("SFAR") for the Seventh Reporting Period is attached hereto as Exhibit C. The SFAR sets forth certain funds received by and disbursed from the Receivership Estate during the Seventh 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, 2021 was \$39,252,255.27. The information set forth in the SFAR is based upon information and records available to the Receiver as of the date of this Report.

19. The Operating Accounts had a collective balance of \$106,219.78 as of June 30, 2021.

20. Collectively, the Receivership Estate had approximately \$39,252,255.27 of cash on hand as of June 30, 2021.

21. The approximate amount of administrative expenses incurred during the Seventh Reporting Period is summarized as follows²:

Professional	Month/Year	Fees & Costs Incurred
Fox Swibel	April – June 2021	\$138,856.52
AlixPartners	April – June 2021	\$26,171.40 ³
Dickler Kahn	April – June 2021	\$0.00
KRD	April – June 2021	\$14,630.00
ALAP	April – June 2021	\$4,470.00
Plante Moran	April – June 2021	\$0.00
Miller Kaplan	April – June 2021	\$11,784.00
<u>Total</u>		<u>\$195,911.92</u>

22. Additionally, the approximate \$244,595.73 in fees and costs incurred by the Receiver and his professionals during Q1 2021, as set forth in the Sixth Receiver Report, remains outstanding.

² The Receiver is in the process of reviewing all professionals' invoices, and thus the fees and costs stated herein are subject to modification. All finalized fees and costs of professionals approved by the Receiver will be set forth in the forthcoming fee application covering the period of April 2021 through June 2021.

³ This is the gross amount invoiced and includes the agreed upon 25% holdback.

VII. WORK PERFORMED BY PROFESSIONALS

a. Fox Swibel.

23. Fox Swibel's work during the Seventh Reporting period related primarily to the following:

24. On November 4, 2020, the Court entered its ORDER (1) FIXING CLAIMS BAR DATE, (2) APPROVING CLAIMS PROCEDURES AND CLAIMS FORMS, (3) APPROVING NOTICES, AND (4) APPROVING THE POOLING OF RECEIVERSHIP ENTITIES' ASSETS FOR DISTRIBUTION PURPOSES (the "Claims Procedure Order"), which granted Receiver's motion (the "Claims Procedure Motion"). [Dkt. Nos. 169, 212, 217.]

25. Fox Swibel has assisted the Receiver in complying with the Claims Procedure Order and administering the claims process generally. The work includes: (a) the administration and tracking of approximately 418 Investor claims and approximately 26 other tax, employee and general unsecured claims; (b) administering agreements as to claim amounts (through the Notice of Initial Distribution Process set forth in the Claims Procedure Order); and (c) resolving claims questions, issues and disputes. As of the date of this filing, due to efforts in the Seventh Reporting Period (and prior reporting periods), there are only approximately 11 claims that are subject to dispute and many of those are either settled in principle or close to settlement. These efforts included filing objections to certain claims. *See* Dkt. Nos. 251, 253, 263, 264.

26. During the Seventh Reporting Period, Fox Swibel has also assisted the Receiver in formulating a distribution plan and drafted and revised a motion seeking approval of a distribution plan (the "Distribution Plan Motion"). The Distribution Plan Motion was recently filed. *See* Dkt. No. 272. Fox Swibel has assisted the Receiver with all work related to the proposed distribution plan and related relief.

27. Fox Swibel continued to work to resolve potential litigation claims and monetize the Receivership Estate's remaining assets as set forth in the Fifth Amended Liquidation Plan.

28. Fox Swibel's continued work relating to finalizing tax returns and seeking to obtain certainty as to the federal and state taxes owed/paid by the Receivership Entities.

29. Lastly, Fox Swibel has monitored the Investor hotline to more cost efficiently respond to Investor questions and issues. Fox Swibel, pursuant to SEC billing guidelines, does not bill for routine Investor inquiries.

b. Forensic Accountant.

29. During the Seventh Reporting Period, AxiPartners LLP ("AlixPartners"), the Receiver's forensic accountant performed the following work: (a) continued to refine analysis relating to the amount and validity of potential claims of the Investors/creditors of the Receivership Defendants; (b) assisted the Receiver in carrying out the court-approved claims process including, but not limited to, assistance with responding to Investors' questions and challenges to the Receiver's claims calculations and resolution of claim disputes; (c) supported the Receiver's efforts to collect claims of the Receivership Estate against third parties, including receivable claims, "finder" claims, "net winner" claims and insider claims; (d) supported the Receiver's efforts related to the Distribution Plan Motion; and (e) assisted with case administration.

30. With respect to Investor/creditor claims, AxiPartners continued its efforts to refine its analysis of claims at the Investor level. This work was a continuation of the work performed during prior reporting periods. This work continues to eliminate any remaining non-cash transactions from the Receiver's Investor claims calculations, and thus results in a lower total claim amount (i.e., a higher percentage recovery).

31. With respect to the Receiver's pre-litigation efforts, AxiPartners provided the

Receiver and his legal team support regarding third-party responses to the Receiver's settlement demand letters. This support has assisted the Receiver and his legal team in settling significant claims (as set forth above and in the Sixth Amended Liquidation Plan).

32. With respect to the Distribution Plan Motion, AlixPartners supported all the Receiver's efforts including, but not limited to, preparing relevant exhibits, running the rising tide and pro-rata recovery models (including removing non-cash inter-Investor transfers so that the rising tide analysis was more equitably performed) and allocating distributions between and/or among IRA and non-IRA investments.

33. Finally, AlixPartners provided assistance to the Receiver with respect to general case administration. AlixPartners continued to keep the Receivership Website (www.northridgereceiver.alixpartners.com) up to date. These efforts facilitated efficient, cost-effective responses to Investors' questions.

c. Tax Accountant, Forensic Tax Accountant and Tax Consultant.

34. During the Seventh Reporting Period, Kutchins, Robbins & Diamond Ltd. ("KRD") continued to provide accounting, tax, payroll, and related services for the Receivership and the Receivership Defendants, including work related to the Receivership Defendants' 2020 tax filings, all yet-to-be filed tax returns and tax issues related to the Distribution Plan Motion.

35. During the Seventh Reporting Period, ALAP Limited ("ALAP") assisted KRD in providing accounting, tax, and related services for the Receivership and the Receivership Defendants, including work related to the Defendants' 2020 tax filings, all yet-to-be filed tax returns and tax issues related to the Distribution Plan Motion.

36. During the Sixth Reporting Period, no services were provided by Plante Moran, PLLC.

37. During the Seventh Reporting Period, the Receiver engaged Miller Kaplan Arase LLP (“Miller Kaplan”) as Tax Consultant. Dkt. No. 259. Miller Kaplan advised the Receiver on issues relating to the Distribution Plan, to obtaining finality on outstanding and potential tax issues and all yet-to-be filed tax returns.

D. Condominium Association Counsel.

38. During the Seventh Reporting Period, Dickler, Kahn, Slowikowski, & Zavell, Ltd. (“Dickler Kahn”) did not provide any services.

VIII. COMMUNICATIONS WITH INVESTORS.

39. During the Seventh Reporting Period, the Receiver has primarily communicated with Investors through: (a) the northridgereceiver.alixpartners.com website; (b) the Investor hotline now monitored by Fox Swibel; and (c) the Receiver and his legal team’s direct communication with Investors. Also, the Receiver and his legal team received and returned calls and emails regarding the Claims Procedure Order and the status of the case generally. All calls were responded to (and the Receiver and his legal team are not charging for this time in accordance with the SEC’s Billing Instructions, unless the call is with respect to substantive claims resolution issues). With respect to the website, it has been continually updated throughout the Seventh Reporting Period. Finally, to keep Investors and creditors updated with respect to the Receiver’s efforts to resolve all tax issues and file a Distribution Plan, the Receiver sent a letter outlining the Receiver’s efforts and status. A copy of this letter is attached hereto as **Exhibit D.**

IX. LIABILITIES/INVESTOR CLAIMS.

40. 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].

41. To date, based on work performed during the Seventh Reporting Period and the passing of the relevant Bar Date, the amount of claims against the receivership which the Receiver presently does not have objection to is approximately \$41,316,474.55. Additionally, claims in the amount of approximately \$936,822.22 are presently in dispute, some percentage of which are likely to be allowed. As a result, the Receiver presently estimates the non-administrative claims against the Receivership Estate to be between \$41,316,474.55 and \$42,250,000.00 (including Investor claims between \$41,144,000.00 and \$41,880,000.00). *See also* Distribution Plan Motion.

X. LIQUIDATED AND UNLIQUIDATED CLAIMS

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

XI. OPEN LITIGATION

43. As of the end of the Seventh Reporting Period, no open litigation exists.

XII. RECEIVERSHIP ASSET DESCRIPTION

44. The assets of the Receivership Estate are described in the attached Sixth 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

45. Now that the Bar Date (as defined below) has passed, the creditor body is fully known and is described above and in the Distribution Plan Motion.

XIV. STATUS OF CREDITOR CLAIMS PROCEEDINGS

46. On August 13, 2020, the Receiver filed the Claims Procedure Motion, which was granted by order of this Court during the Fifth Reporting Period. The claims bar date was February 5, 2021 (the “Bar Date”). Since the entry of the Claims Procedure Order and during the Seventh Reporting Period (and part of the next reporting period):

- As of March 31, 2021, the Receiver has resolved hundreds of active Investor claims through such Investors’ acceptances of Notices of Initial Determination and/or Investors’ non-objections to their Notices of Initial Determination by the Bar Date which are deemed as acceptances;
- The Receiver has resolved all but the outstanding disputed claims set forth herein;
- The Receiver has filed two claim objections; and
- As of this filing, there are approximate 11 unresolved claim disputes.

XV. RECOMMENDATION FOR CONTINUATION OF RECEIVERSHIP

47. 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 30, 2021

Respectfully submitted,

N. Neville Reid, Receiver

By: /s/ Ryan T. Schultz

N. Neville Reid
Ryan T. Schultz
L. Brandon Liss
Kenneth M. Thomas
Fox Swibel Levin & Carroll LLP
200 West Madison Street, Suite 3000
Chicago, IL 60606
Tel: 312.224.1200
Fax: 312.224.1201
nreid@foxswibel.com
rschultz@foxswibel.com
bliss@foxswibel.com
kthomas@foxswibel.com

EXHIBIT A
(Sixth Amended Liquidation Plan)

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

_____)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	Civil Action No. 19-cv-05957
)	
Plaintiff,)	
v.)	Hon. John Z. Lee
)	
NORTHRIDGE HOLDINGS, LTD., ET AL.,)	
)	Magistrate Judge Susan E. Cox
Defendants.)	
_____)	

RECEIVER’S SIXTH 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 *Sixth 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, but has not prevented the closing of the sale of nearly all of the real estate holdings of the estate, yielding substantial

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

proceeds totaling nearly \$40 million. The Receiver continues to use his best efforts to maximize the value of the remaining Receivership Assets. The Receiver has taken various measures to limit the potential negative impact of the pandemic on the value of the Receivership Assets. With respect to the Real Estate Assets (defined below), the Receiver has, until a property has been sold: (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 from the pandemic 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 (the "Miami Property"); 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 (Sale Closed).

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.

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.

b. Bartlett Lake Property (Sale Closed).

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, 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.]

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

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 Receivership Estate \$230,029.20 in tax, insurance and reserve escrows. Post-closing, the Receiver received approximately \$34,000.00 relating to post-closing rental collections and prorations.

c. Surrey Property (Sale Closed).

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).

⁴ In a prior version of the Receiver's Liquidation Plan, the Receiver stated that he 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.

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 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. 152, 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 (Sale Closed).

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

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

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

16. On September 22, 2020, the Receiver filed a motion seeking authority to sell the Timber Lake Property and related relief (the "Timber Lake Sale Motion"). [See Dkt. No. 183.] In summary, the Timber Lake Sale Motion: (a) sought authority to sell the Timber Lake Property to TMIF II Timber Lake LLC, an affiliate of Turner Impact Capital for **\$50.25 million**; (b) described the marketing process for the Timber Lake Property and the Receiver's selection of the buyer; (c) sought authority to pay the relevant secured lender; and (d) sought to add as a receivership entity Timberwood Recreational Center, Inc., a fee owner of certain parcels of the Timber Lake Property. Mueller filed an objection to the Timber Lake Sale Motion asserting that more time should be given to another potential buyer that expressed interest in purchasing the Timber Lake Property for a higher price. After a hearing on the matter, the Court denied Mueller's objection, approved the sale of the Timber Lake Property and entered orders relating to the same. [See Dkt. Nos. 209, 214, 215.]

17. This sale closed on December 9, 2020, and the Estate received (a) **\$27,299,163.97** in net proceeds from that sale; and (b) **\$928,064.51**⁶ in escrow return post-closing. The Receiver has also collective funds for post-closing rent proration and real estate tax proration as set

⁶ Total escrow funds on hand as of closing were \$929,064.51. However, the lender identified a \$1,000.00 charge that was mistakenly omitted from the lender's payoff letter and the Receiver agreed to allow the lender to offset this amount from the escrow funds.

forth in the relevant purchase agreement.

e. Elston Property (Sale Closed).

18. 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. Due to the onset of the COVID-19 crisis the week of the auction, the auction was postponed.

19. During the continued marketing of the Elston Property, it became clear that a significant recovery was not likely with respect to this property. As a result, the Receiver sought to sell the Elston Property at the highest price in order to limit the claim the bank would have against the Receivership Estate and minimize potential dilution of recovery for the investors.

20. A buyer was located, and the Receiver sought and obtained court approval of the sale of the Elston Property for \$650,000.00. [See Dkt. Nos. 166, 178.] This sale closed on October 19, 2020. This sale did not result in proceeds for the Receivership Estate, but limited the bank’s deficiency claim to \$13,821.97.

f. Miami Property (Sale Closed).

21. The Receiver engaged LG Realty Group, Inc. (“LG”) to broker the Miami Property. LG marketed and solicited offers for the Miami Property for the Receiver’s review and consideration. LG received offers in the \$220,000-\$235,000 range. The Receiver was finalizing

an offer to purchase when the COVID-19 crisis started, and the pandemic ultimately prevented consummation of the transaction. As such, the Receiver was forced to continue to market this property, but the COVID-19 crisis impacted the marketing of the property because access to this condominium building was materially restricted.

22. On or about August 28, 2020, the Receiver received a \$198,000.00 all-cash offer with no financial contingencies. After negotiation and execution of a real estate contract, the Receiver sought and obtained court approval of the sale. [See Dkt. Nos. 180, 201.] This sale closed on November 17, 2020, and the Estate received \$178,847.12 in net proceeds from that sale.

g. Palatine Property (Sale Closed).

23. The Receivership owned 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.

24. 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.

25. 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 was marketing the Vacant Lots Property and has procured an offer for \$36,000.00. The Receiver anticipates seeking approval of this sale shortly and estimates that at closing the Receivership Estate will receive \$23,000.00.

III. OTHER ASSETS

a. Securities Assets.

26. The Receivership Estate includes approximately 400,000 shares of stock in The Wellness Center USA, Inc. (“WCUI” and such shares the “Shares”), through the Charles Schwab brokerage firm. The current per share price is approximately \$0.365. While various creditors and insiders of the Northridge Entities claim ownership of the Shares, based on the advice of counsel and his financial consultants the Receiver has concluded that the WCUI shares should be treated and liquidated like any other asset of the receivership estate, with the proceeds distributed to investors in accordance with a court-approved distribution plan. The Receiver has filed a motion seeking authority to sell the Shares, which was granted by the Court. [See Dkt Nos. 267, 270.] The Receiver will be seeking to monetize the Shares pursuant to this authority.

b. Glen Ellyn Property.

27. The Receiver asserted an interest in a house located at 22W371 Emerson Avenue, Glen Ellyn, Illinois 60137 (the “Glen Ellyn Property”). The Glen Ellyn Property was 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 all related rental proceeds. 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 Swifts' attorney 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. The Swifts were then paying the carrying costs on the property (Northridge was doing so pre- Receivership). The Receiver sought and received Court approval of this settlement. [See Dkt. Nos. 134, 149.]

28. The sale of the Glen Ellyn Property closed on August 17, 2020 for \$269,900.00. The Receivership has received **\$18,188.76** pursuant to the settlement with the Swifts.

c. Rocky Ridge L.P.

29. Mueller owns a 50% interest in Rocky Ridge L.P. which, in turn, is the fee owner of a large piece of vacant real estate in North Dakota (the "North Dakota Property"). The Receiver continues to investigate the value of the North Dakota Property and is working 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.) The Receiver is currently in negotiations regarding the disposition of Mueller's and his respective relatives' interests (and/or the related ownership entities' interests) in the North Dakota Property. Such negotiations relate to a potential settlement of claims that the Receivership Estate has asserted against them.

d. Life Insurance.

30. Receivership Defendant Amberwood Holdings Limited Partnership purchased a key man term life insurance policy on Mueller in the amount of \$5,000,000.00 (as the death benefit). 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). Based on the Receiver's further consultation with insurance market experts and brokers, it does not appear at this time that the policy has any material market value in part because of how the policy is structured. While the Receiver is continuing to evaluate all options related to the policy, including whether it can or should be assigned to a trust for the benefit of the applicable creditors of the Receivership, the Receiver currently anticipates abandoning the policy to Mueller who would then be responsible for making further premium payments.

e. Litigation Claims.

31. The Receiver has identified potential litigation targets that can primarily be summarized as follows: (a) claims to recover receivables of the Receivership Defendants; (b) claims against "finders" to recover fees/commissions paid for sourcing investments in the Receivership Defendants; (c) claims against "net-winners" for amounts paid to investors over and above the cash that such investors put into the Receivership Defendants; and (d) numerous claims against the insiders of the Receivership Defendants. The Receiver also sought and received authority for settlement procedures with respect to settling claims valued at less than \$1 million. [See Dkt. Nos. 175, 191.]

32. With respect to the receivable claims, demand letters have been sent, and the Receiver has settled some claims and continues to pursue settlement of the remaining claims.

33. With respect to the "finder" claims, demand letters have been sent, and the Receiver has settled some claims and continues to pursue settlement of the remaining claims.

34. With respect to the "net winner" claims, most of the demand letters have been sent, and the Receiver has settled some claims and continues to pursue settlement of the remaining claims.

35. As of the date hereof, the Receiver has negotiated settlements for receivable, “finder” and “net-winner” claims collectively totaling (1) approximately \$530,000.00 in cash and (2) approximately \$515,000.00 in claim reductions — amounting to a total benefit to the Estate of approximately \$1,045,000.00.

36. The Receiver cannot currently estimate recovery on account of all of the Receivership Estate’s remaining receivable, “finder” and “net-winner” claims.

37. With respect to claims against insiders, the Receiver has sent demand letters and worked with the SEC to identify and quantify these claims. Settlement discussions are ongoing.

38. The Receiver has sought and received Court authority to pursue litigation against the insiders and certain, receivable claimants, “finders” and ‘net winners.’ [See Dkt. Nos. 229, 234.]

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 30, 2021

Respectfully submitted,

N. Neville Reid, Receiver

By: /s/ Ryan T. Schultz

N. Neville Reid
Ryan T. Schultz
L. Brandon Liss
Kenneth M. Thomas
Fox Swibel Levin & Carroll LLP
200 West Madison Street, Suite 3000
Chicago, IL 60606
Tel: 312.224.1200
Fax: 312.224.1201
nreid@foxswibel.com
rschultz @foxswibel.com
bliss@foxswibel.com
kthomas@foxswibel.com

General Counsel to the Receiver

EXHIBIT B

(Group Exhibit – Operating Entity Financials)

Timber Lake Apartments, LLC

Profit & Loss

April through June 2021

	<u>Apr - Jun 21</u>
Ordinary Income/Expense	
Expense	
Automobile Expense	232.00
Bank Service Charges	56.71
Insurance Expense	
Automobile	35.36
Property	812.03
Total Insurance Expense	<u>847.39</u>
Maintenance	12,021.56
Postage and Delivery	29.55
Utilities	
Gas and Electric	619.71
Total Utilities	<u>619.71</u>
Total Expense	<u>13,806.92</u>
Net Ordinary Income	<u>-13,806.92</u>
Net Income	<u><u>-13,806.92</u></u>

Northridge Holdings, LTD.

Profit & Loss

April through June 2021

Apr - Jun 21

Ordinary Income/Expense	
Income	
Management Fee	12,000.00
Total Income	<u>12,000.00</u>
Gross Profit	12,000.00
Expense	
Alarm System	162.81
Bank Service Charges	406.13
Computer Software	1,025.95
Insurance	
Health Insurance - Northridge	
Northridge	22,666.26
Total Health Insurance - Northridge	<u>22,666.26</u>
Workmen's Comp	3,303.00
Total Insurance	<u>25,969.26</u>
Internet	1,475.52
Payroll Expenses	50,268.75
Payroll Taxes	
FICA	3,541.90
FUTA	126.00
Medicare	728.89
SUTA	22.21
Payroll Taxes - Other	337.66
Total Payroll Taxes	<u>4,756.66</u>
Postage and Delivery	8.50
Rent	6,468.00
Repairs	
Computer Repairs	1,244.00
Total Repairs	<u>1,244.00</u>
Supplies	
Office	138.72
Total Supplies	<u>138.72</u>
Taxes	
Federal	-206.23
Property	-67.81
Total Taxes	<u>-274.04</u>
Telephone	560.00
Utilities	
Gas and Electric	643.81
Total Utilities	<u>643.81</u>
Total Expense	<u>92,854.07</u>
Net Ordinary Income	-80,854.07
Net Income	<u><u>-80,854.07</u></u>

Amberwood Holdings

Profit & Loss

April through June 2021

Apr - Jun 21

Ordinary Income/Expense	
Expense	
Bank Service Charges	80.19
Insurance	
Life - Glenn	9,054.45
Total Insurance	<u>9,054.45</u>
Total Expense	<u>9,134.64</u>
Net Ordinary Income	<u>-9,134.64</u>
Net Income	<u><u>-9,134.64</u></u>

EXHIBIT C

(SFAR and Schedules)

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

Receivership; Civil Court Case No. 1:2019cv05957

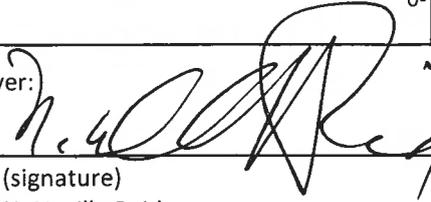
REPORTING PERIOD 04/01/2021 TO 06/30/2021

FUND ACCOUNTING (See Instructions):		Current Reporting Period 04/01/21 to 06/30/21		09/12/19 to 06/30/21	
		Detail	Subtotal	Grand Total	Case to Date
Line 1	Beginning Balance (as of 1/1/2021)			\$39,830,653.69	
	<i>Increases in Fund Balance:</i>				
Line 2	Business Income				\$117,317.98
Line 3	Cash and Securities				
Line 4	Interest/Dividend Income	\$29,391.48			\$90,841.58
Line 5	Business Asset Liquidation	\$64,144.28			\$42,661,616.01
Line 6	Personal Asset Liquidation				
Line 7	Third-Party Litigation	\$25,000.00			\$465,169.80
Line 8	Miscellaneous – Other	\$438.25			\$438.25
	Total Funds Available (Lines 1-8):			\$118,974.01	\$43,335,383.62
	<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	\$240,143.82			\$2,331,167.14
Line 10b	Business Asset Expenses	\$119,799.39			\$1,269,678.02
Line 10c	Personal Asset Expenses				
Line 10d	Hospital Settlements & Investment Expenses				
Line 10e	Third-Party Litigation Expenses				
	1. Attorney Fees				\$35,657.67
	2. Litigation Expenses				
	Total Third-party Litigation Expenses				
Line 10f	Tax Administrator Fees and Bonds	-			
Line 10g	Federal and State Tax Payments	\$443,649.00			\$552,845.30
	Total Disbursements for Receivership Operations			\$803,592.21	\$4,189,348.13
Line 11	Disbursements for Distribution Expenses Paid by the Fund:				
Line 11a	Distribution Plan Development Expenses:				
	1. Fees:				
	Fund Administrator				
	Independent Distribution Consultant (IDC)				
	Distribution Agent				
	Consultants				
	Legal Advisers				
	Tax Advisers				
	2. Administrative Expenses				
	3. Miscellaneous				
	Total Plan Development Expenses				
Line 11b	Distribution Plan Implementation Expenses:				
	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) Reporting Expenses	-			
	<i>Total Plan Implementation Expenses</i>	-			
Line 12	Total Disbursements for Distribution Expenses Paid by the Fund	-			
	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):			\$803,592.21	\$4,189,348.13
Line 13	Ending Balance (As of 6/30/21):			\$39,146,035.49	\$39,146,035.49
Line 14	Ending Balance of Fund - Net Assets:				
Line 14a	Cash & Cash Equivalents			\$106,219.78	\$106,219.78
Line 14b	Investments			Undetermined-	Undetermined-
Line 14c	Other Assets or Uncleared Funds			Investigating-	Investigating-
	Total Ending Balance of Fund - Net Assets			\$39,252,255.27	\$39,252,255.27

OTHER SUPPLEMENTAL INFORMATION:		04/01/21 to 06/30/21			09/12/19 to 06/30/21
		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 28, 2021

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

Receivership; Civil Court Case No. 1:2019cv05957

REPORTING PERIOD 04/01/2021 TO 06/30/2021

Entity	Bank Name	Account Number	As of Date	Balance
Amberwood	Axos Bank	***0153	4/1/2021	\$ -
Azlan Group, LLC	Axos Bank	***0161	4/1/2021	\$ -
Brookstone Investment Group, Ltd	Axos Bank	***0179	4/1/2021	\$ -
Cornerstone Limited Partnership	Axos Bank	***0187	4/1/2021	\$ -
Eastridge Holdings, Ltd.	Axos Bank	***0195	4/1/2021	\$ -
Guardian Investment Group, Ltd.	Axos Bank	***0203	4/1/2021	\$ -
Northridge Holdings, Ltd.	Axos Bank	***0211	4/1/2021	\$ 533,890.19
Paragon Group Limited	Axos Bank	***0229	4/1/2021	\$ -
Ridgeview Group I	Axos Bank	***0237	4/1/2021	\$ -
Southridge Holdings, Ltd.	Axos Bank	***0245	4/1/2021	\$ -
Unity Investment Group, Ltd.	Axos Bank	***0252	4/1/2021	\$ 85,739.35
106 Surrey	Axos Bank	***0260	4/1/2021	\$ -
561 Deere Park	Axos Bank	***0278	4/1/2021	\$ 7,960,628.19
610 Lincoln	Axos Bank	***0286	4/1/2021	\$ 806,187.71
Timber Lake Apartments, LLC	Axos Bank	***0294	4/1/2021	\$ 28,254,158.46
5097 Elston Limited Partnership	Axos Bank	***0302	4/1/2021	\$ 14,021.31
5528 Hyde Park Limited Partnership	Axos Bank	***0310	4/1/2021	\$ 129,812.21
106 Surrey Limited Partnership	Axos Bank	***0328	4/1/2021	\$ 2,045,300.71
610 Lincoln Limited Partnership	Axos Bank	***0336	4/1/2021	\$ -
G&C Mueller Family Limited Partnership	Axos Bank	***0344	4/1/2021	\$ -
149 Mason Limited Partnership	Axos Bank	***0351	4/1/2021	\$ -
Beacon Foundation	Axos Bank	***0369	4/1/2021	\$ -
Willow Creek Landscaping LP	Axos Bank	***0377	4/1/2021	\$ -
139 Austin LP	Axos Bank	***0385	4/1/2021	\$ -
149 Mason/Trust #12655	Axos Bank	***0393	4/1/2021	\$ -
Mueller Painting & Decorating	Axos Bank	***0401	4/1/2021	\$ -
Ameritrade	Axos Bank	***0419	4/1/2021	\$ 915.56
				\$ 39,830,653.69

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
 Receivership; Civil Court Case No. 1:2019cv05957
 REPORTING PERIOD 04/01/2021 TO 06/30/2021

Line 4 - INTEREST/DIVIDEND INCOME

Date	Bank Name	Account Name	Account No.	Payor	Description	Amount
Q2 2021	Axos	Unity Investment Group	*0252	Axos	Interest	\$64.15
Q2 2021	Axos	Northridge Holdings, Ltd.	*0211	Axos	Interest	\$120.76
Q2 2021	Axos	561 Deer Park	*0278	Axos	Interest	\$5,956.32
Q2 2021	Axos	610 Lincoln	*0286	Axos	Interest	\$463.32
Q2 2021	Axos	Timber Lake	*0294	Axos	Interest	\$21,148.29
Q2 2021	Axos	5097 Elston LP	*0302	Axos	Interest	\$10.49
Q2 2021	Axos	5528 Hyde Park LP	*0310	Axos	Interest	\$97.13
Q2 2021	Axos	106 Surrey LP	*0328	Axos	Interest	\$1,530.34
Q2 2021	Axos	Ameritrade	*0211	Axos	Interest	\$0.68
						\$29,391.48

Line 5-BUSINESS ASSET LIQUIDATION

Date	Bank Name	Account Name	Account No.	Payor	Description	Amount
6/4/2021	Axos	Timber Lake Apartments, LLC	*0294	TMIF II REIT LLC	TIMBER LAKE POST-CLOSING PRORATIONS	\$64,144.28
						\$64,144.28

Line 7 - THIRD PARTY LITIGATION

Date	Bank Name	Account Name	Account No.	Payor	Description	Amount
4/23/2021	Axos	Northridge Holdings, LTD	*0211	RYUJIRO ISEDA OR KEIKO ISEDA	SETTLEMENT	\$20,000.00
6/22/2021	Axos	Northridge Holdings, LTD	*0211	DEBRA J DUMAN	SETTLEMENT AGREEMENT MUTUAL RELEASE JUNE 2021	\$5,000.00
						\$25,000.00

Line 8 - MISCELLANEOUS -- OTHER

Date	Bank Name	Account Name	Account No.	Payor	Description	Amount
4/30/2021	Axos	Northridge Holdings, LTD	*0211	Connor & Gallagher Insurance Services, Inc.	Insurance cancellation credit	\$438.25
						\$438.25

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
Receivership; Civil Court Case No. 1:2019cv05957
REPORTING PERIOD 04/01/2021 TO 06/30/2021

Line 10a - Disbursements to Receiver or Other Professionals

Date	Bank Name	Account Name	Account No.	Payee	Description	Amount
4/21/2021	Axos	610 Lincoln	*0286	AlixPartners LLP	October 2020 – December 2020 (Northridge Holdings, Ltd.)	\$84,780.98
4/21/2021	Axos	610 Lincoln	*0286	Dickler Kahn Slowikowski & Zavell	October 2020 – December 2020 (Northridge Holdings, Ltd.)	\$3,840.00
4/21/2021	Axos	610 Lincoln	*0286	Kutchins, Robbins & Diamond, Ltd.	October 2020 – December 2020 (Northridge Holdings, Ltd.)	\$5,610.00
4/21/2021	Axos	610 Lincoln	*0286	Fox Swibel Levin & Carroll LLP	October 2020 – December 2020 (Northridge Holdings, Ltd.)	\$143,222.84
4/21/2021	Axos	610 Lincoln	*0286	ALAP Limited	Payment Pursuant to Fee Application - October 2020 to December 2020	\$2,690.00
						<u>\$240,143.82</u>

Line 10b - Disbursements for Receivership Operations

Date	Bank Name	Account Name	Account No.	Payee	Description	Amount
5/18/2021	Axos	Northridge Holdings, LTD	*0211	Northridge Holdings, LTD	1215 King Ct - West Chicago Expenses	\$12,100.00
5/18/2021	Axos	Northridge Holdings, LTD	*0211	Northridge Holdings, LTD	To enable payment of property- related expenses	\$74,272.00
6/8/2021	Axos	Timberlake	*0294	Northridge Holdings, LTD	TL Com Ed True UP	\$33,427.39
						<u>\$119,799.39</u>

Line 10g - Disbursements for Federal and State Tax Payments

Date	Bank Name	Account Name	Account No.	Payee	Description	Amount
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	KINGS CIRCLE LIMITED PARTNERSHIP; FEIN 11-3818093	\$196,952.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	561 DEERE PARK CIRCLE L.P.; FEIN 83-0446256	\$122,265.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	ARBOR LIMITED PARTNERSHIP; FEIN 11-3818095	\$51,003.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	TIMBER LAKE SHARED APPRECIATION L.P.; FEIN 80- 0799393	\$38,201.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	TIMBER LAKE SHARED APPRECIATION IL; FEIN 90- 0811353	\$24,225.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	HAWTHORNE LIMITED PARTNERSHIP; FEIN 90 - 0915079	\$9,508.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	G & C MUELLER FAMILY LP; FEIN 36-4069671	\$1,475.00
4/13/2021	Axos	Northridge Holdings, LTD	*0211	Illinois Department of Revenue	610 LINCOLN LIMITED PARTNERSHIP; FEIN 76 - 0756173	\$20.00
						<u>\$443,649.00</u>

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd. et al - Cash Basis
 Receivership; Civil Court Case No. 1:2019cv05957
 REPORTING PERIOD 04/01/2021 TO 06/30/2021

Entity	Bank Name	Account Number	As of Date	Balance
Amberwood	Axos Bank	***0153	6/30/2021	\$ -
Azlan Group, LLC	Axos Bank	***0161	6/30/2021	\$ -
Brookstone Investment Group, Ltd	Axos Bank	***0179	6/30/2021	\$ -
Cornerstone Limited Partnership	Axos Bank	***0187	6/30/2021	\$ -
Eastridge Holdings, Ltd.	Axos Bank	***0195	6/30/2021	\$ -
Guardian Investment Group, Ltd.	Axos Bank	***0203	6/30/2021	\$ -
Northridge Holdings, Ltd.	Axos Bank	***0211	6/30/2021	\$ 29,428.20
Paragon Group Limited	Axos Bank	***0229	6/30/2021	\$ -
Ridgeview Group I	Axos Bank	***0237	6/30/2021	\$ -
Southridge Holdings, Ltd.	Axos Bank	***0245	6/30/2021	\$ -
Unity Investment Group, Ltd.	Axos Bank	***0252	6/30/2021	\$ 85,803.50
106 Surrey	Axos Bank	***0260	6/30/2021	\$ -
561 Deere Park	Axos Bank	***0278	6/30/2021	\$ 7,966,584.51
610 Lincoln	Axos Bank	***0286	6/30/2021	\$ 566,507.21
Timber Lake Apartments, LLC	Axos Bank	***0294	6/30/2021	\$ 28,306,023.64
5097 Elston Limited Partnership	Axos Bank	***0302	6/30/2021	\$ 14,031.80
5528 Hyde Park Limited Partnership	Axos Bank	***0310	6/30/2021	\$ 129,909.34
106 Surrey Limited Partnership	Axos Bank	***0328	6/30/2021	\$ 2,046,831.05
610 Lincoln Limited Partnership	Axos Bank	***0336	6/30/2021	\$ -
G&C Mueller Family Limited Partnership	Axos Bank	***0344	6/30/2021	\$ -
149 Mason Limited Partnership	Axos Bank	***0351	6/30/2021	\$ -
Beacon Foundation	Axos Bank	***0369	6/30/2021	\$ -
Willow Creek Landscaping LP	Axos Bank	***0377	6/30/2021	\$ -
139 Austin LP	Axos Bank	***0385	6/30/2021	\$ -
149 Mason/Trust #12655	Axos Bank	***0393	6/30/2021	\$ -
Mueller Painting & Decorating	Axos Bank	***0401	6/30/2021	\$ -
Ameritrade	Axos Bank	***0419	6/30/2021	\$ 916.24
				\$ 39,146,035.49

STANDARDIZED FUND ACCOUNTING REPORT for SEC v. Northridge Holdings, Ltd et al - Cash Basis
Receivership; Civil Court Case No 1:2019cv05957
Reporting Period 04/01/2021 to 06/30/2021

Line 13, 14a - Cash & Cash Equivalents

Bank	Balance all accounts as of 06/30/2021
Line 13 Axos Bank	\$ 39,146,035.49
Parkway Bank; First American Bank	
Line 14a (operating accounts)	\$ 106,219.78
Total (including Parkway/FAB operating)	<u><u>\$ 39,252,255.27</u></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	\$ 424.76	*0153	\$ -
Timberwood Recreational Center Inc	*1845	\$ 100.00	N/A	\$ -
5528 Hyde Park LP	*2221	\$ 548.20	*0310	\$ 129,909.34
106 Surrey LP N	*2329	\$ 1,402.53	*0328	\$ 2,046,831.05
149 Mason LP N	*2337	\$ 714.86	*0351	\$ -
610 Lincoln LP N	*2345	\$ 184.95	*0336	\$ -
9620 Ivanhoe LP N	*2353		N/A	\$ -
Azlan Group N	*2396	\$ 429.08	*0161	\$ -
Beechwood Group I LP N	*2418		N/A	\$ -
Brookstone Inv. Group N	*2426	\$ 751.48	*0179	\$ -
Cornerstone LP N	*2434	\$ 634.89	*0187	\$ -
Eastridge Holdings Ltd N	*2442	\$ 210.47	*0195	\$ -
Guardian Inv. Group N	*2450	\$ 475.82	*0203	\$ -
Paragon Group N	*2469	\$ 197.39	*0229	\$ -
Ridgeview Group I N	*2477	\$ 332.03	*0237	\$ -
Town Square Mgmt. N	*2485	\$ 841.40	N/A	\$ -
Unity Inv. Group Ltd. N	*2493	\$ 247.20	*0252	\$ 85,803.50
Glen Ellyn Court Condo Assoc N	*2507		N/A	\$ -
106 Surrey/Trust #14029 N	*2515	\$ 271.73	*0260	\$ -
441-447 N LSD Dr Townhome Assoc N	*2523	\$ 8,797.16	N/A	\$ -
480-486 N LSD Dr Townhome Assoc N	*2531	\$ 8,878.32	N/A	\$ -
5097 Elston LP	*2558	\$ 262.81	*0302	\$ 14,031.80
Timberlake Apartments N	*2604	\$ 42,488.12	*0294	\$ 28,306,023.64
610 Lincoln/Trust #13741 N	*2612	\$ 1,103.01	*0286	\$ 566,507.21
561 Deere Park/Trust #14106 N	*2620	\$ 1,077.59	*0278	\$ 7,966,584.51
Southridge Holdings LTD I	*2639	\$ 766.52	*0245	\$ -
Northridge Holdings LTD N	*2647	\$ 17,979.70	*0211	\$ 29,428.20
G&C Mueller Family LP	*2353	\$ 9,627.33	*0344	\$ -
Beacon Foundation	*9622	\$ 555.71	*0369	\$ -
Willow Creek Landscaping LP	N/A		*0377	\$ -
139 Austin LP	*2701(FAB)	\$ 873.25	*0385	\$ -
149 Mason/Trust #12655	*7801(FAB)	\$ 931.69	*0393	\$ -
Mueller Painting & Decorating	*7302(FAB)	\$ 5,111.78	*0401	\$ -
Ameritrade	N/A	\$ -	*0419	\$ 916.24
	Total Parkway Bank/ (First American Bank)	\$ 106,219.78	Total Axos Bank	\$ 39,146,035.49

EXHIBIT D

(Investor Status Letter)

June 16, 2021

Re: Case Status Update: *In re Northridge Holdings, et. al*, Case No. 19-5957

Dear Northridge Investor/Creditor:

As you may know from our previous reports, in late 2019 and throughout 2020 we liquidated nearly all the receivership's real property and have successfully pursued certain claims resulting in a current cash balance of between \$39 and \$40 million. We currently anticipate investor and creditor claims to be between \$41 and \$43 million. As a result, we are anticipating a significant recovery to investors and creditors.

Many of you have asked when the receivership will make an initial distribution to investors and creditors in the Northridge receivership case. In this communication, we answer the following most common questions we have received to date and issues we believe are most important to investors and creditors:

- When will a distribution plan be filed with the Court and what needs to occur before investors and creditors can be paid?
- What is the status of K-1's?
- What is an Investor's tax liability with respect to any distributions from the Receivership?

Status of Distribution Plan & Distribution to Investors and Creditors

We have prepared a motion for filing with the court on a distribution plan ("the Distribution Plan"). The Distribution Plan, as currently drafted, proposes an initial distribution and then a subsequent distribution at the end of the case. Our goal is to distribute as much money as possible in the initial distribution after appropriate reserves for taxes and other liabilities have been established.

Outstanding tax issues must be resolved by the Receiver before the Distribution Plan can be filed with the Court and distributions made, because taxing authorities such as the IRS have priority as to the funds in the receivership (to the extent such taxing authorities have claims). As a result, obtaining certainty with taxing authorities is critical. To that end, the Receiver is taking a two-pronged approach:

First, the Receiver and his professionals are reviewing all relevant filed returns and returns that must be filed. The goal here is to confirm all relevant filed returns were accurately prepared, prepare accurate tax returns, determine the tax liability relating to those returns, and reserve funds on a conservative basis to satisfy any potential tax liabilities.

Second, the Receiver and his team have begun the process of conferring with the Internal Revenue Service (IRS) and the State of Illinois Department of Revenue (IDOR) – the primary two taxing authorities with jurisdiction over the receivership entities – in an effort to determine the final amount of income tax liabilities that may be owed to those two taxing authorities. The Receiver will seek to enter into an

agreement with the taxing authorities that would fix the amount of income tax liability on an expedited basis and would be presented to the court for approval (the "Tax Stipulation"). We do not at this time know whether or when the IRS and IDOR will agree to enter into a Tax Stipulation, but we are moving as quickly as possible to provide the taxing authorities with all the information they need. So far, we have received strong cooperation from the IRS and they appear to appreciate the receivership's need for a final determination of tax liability as soon as practicable in order to facilitate distributions to investors and creditors of the receivership.

If the proposed Distribution Plan is approved, and if the Receiver succeeds in obtaining a Tax Stipulation, the Receiver would establish whatever reserves are needed and would proceed to make an interim distribution (and eventually final distributions of the net cash ultimately remaining) to the investors and creditors.

To be clear, the Receiver and his professionals are working to preserve as much money as possible for payment to investors and creditors (including working to minimize any tax liabilities), anticipate that substantial amounts will be distributed to investors and creditors, and are seeking to minimize the risk that an investor or creditor could be subject to an action for claw back from any taxing authority. In short, when investors and creditors are paid, we want them to have peace of mind that we have taken all reasonable actions to minimize future issues with respect to the payment.

With respect to timing, our goal is to file a Distribution Plan with the Court as soon as possible, after obtaining further clarity and certainty from the IRS and IDOR as to whether, when and to what extent a Tax Stipulation is feasible. We cannot provide any additional information on timing of distributions at this time, but we will continue to keep investors and creditors updated.

What is the Status of K1's?

The Receiver is currently in discussions with the IRS and reviewing alternative approaches to the required tax filings for 2020, making distributions to investors, and closing the receivership. The outcome of these discussions can potentially impact the 2020 investor K-1 forms. We apologize for the inconvenience and we will use best efforts to have the K-1 forms available before the September 15, 2021 deadline.

You should refer to the IRS website "Help for Victims of Ponzi Investment Schemes", and otherwise consult with a tax professional, for additional information on treatment of any potential loss on your investment.

We strongly suggest that you consult with your personal tax advisor regarding the treatment of any income /loss reported on the 2019 and/or 2020 K-1's and any potential loss on your investment. The Receiver is not offering any tax advice to any investor and nothing herein shall be construed as such. Furthermore, no information on any K-1 shall be deemed any determination by the Receiver as to the amount of any claim of any investor for distribution purposes in this receivership, which amounts will be determined solely by receivership law and court order.

We appreciate your ongoing patience in this process. Rest assured that we are doing everything within our power to obtain approval of a Distribution Plan from the court with consent from the taxing authorities, as soon as practicable.

What is an Investor's tax liability with respect to any distributions from the Receivership?

The Receiver's draft Distribution Plan currently contemplates the following distributions:

- If the investor invested outside of an IRA account: Via check sent to the investor's address on file.
- If the investor invested through an IRA account: Via deposit with the investor's IRA services for the benefit of the account of the investor.
- If the investor invested outside of an IRA account and through an IRA account: We are proposing an allocation between the two above distribution methods.
- If an investor seeks a different method of distribution and/or allocation of distribution, the draft Distribution Plan provides for a way for an investor to direct the Receiver to distribute in a manner that comports with the investor's wishes.

The Receiver cannot provide any tax advice or opinion as to any investor's tax liability (if any). We highly recommend speaking with a tax professional regarding your investment with Northridge and any distributions you receive from the Receivership.

Very best regards,

/s/ N. Neville Reid

N. Neville Reid, as Receiver for the Estate of Northridge Holdings, Ltd. et al.