



*Robert Sonnenschein, et. al. v. PVPE, L.L.C., et. al.*

*CV 2013-012420*

*Receivership Report*

*Of*

*Peter S. Davis*

*Court Appointed Receiver*

*October 20, 2017*

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## **1.0 Background**

On September 27, 2013, Lynne H. Anthony Revocable Trust dated 11/30/2001, Lynne H. Anthony as Trustee; Robert Sonnenschein, as an individual; Gerald R. Hale, as an individual; C. Scott Anthony, as an individual; Janie B. Hale, individually and as Trustee of Janie B. Hale Revocable Trust dated 11/4/1994; Carolyn Sue McMillon, as an individual; Larry McMillon, as an individual; James Stanley Powers, as an individual; and Patricia Ann Powers Trust, Patricia Ann Powers as Trustee (collectively the “Plaintiffs”) filed a Plaintiff’s Verified Complaint for Receivership (“Complaint”) against Palo Verde Capital, L.L.C., an Arizona limited liability company; PVPE, L.L.C., an Arizona limited liability company, Palo Verde Fund, L.P. (“PVF”), a Delaware limited partnership; Palo Verde Private Equity Fund, L.P. (“PVPEF”), a Delaware limited partnership; and Anthony R. Stacy, a married man (“Defendants”).

Plaintiffs alleged in both the Complaint and in the Amended Complaint (“Complaints”) for Receivership that they relied on and trusted Defendant Stacy as their investment advisor to properly manage monies entrusted to him, and that Defendant Stacy failed to do so.

## **2.0 Appointment of Receiver**

On October 9, 2013, Peter S. Davis (“Receiver”) of Simon Consulting, L.L.C. (“Simon”) was appointed Receiver over PVPE, L.L.C. (f.k.a. Palo Verde Capital, L.L.C., f.k.a. Paragon Capital Advisors, L.L.C.); Palo Verde Fund, L.P.; and Palo Verde Private Equity Fund, L.P., (collectively referred to throughout as “the Fund”) with full power of an equity receiver. The appointment of the Receiver was by stipulation of the Plaintiffs and Defendants. The Receivership Order requires the Receiver to, among other things, identify, locate, recover, take control of and liquidate the receivership assets.

## **3.0 Previous Reports**

The Receiver hereby incorporates the information contained in prior receivership reports in this report. The Receiver’s analyses are ongoing; therefore, information contained herein is preliminary and tentative, and subject to change.

## **4.0 Investor Committee**

Section 8(a) of the Order requires the formation of an Investor Committee consisting of representatives of the following five limited partners of the Funds: Craig Jackson Trust, C. Scott Anthony, Gerald R. Hale, Larry McMillon and James Westerman was added to the committee in December 2016.

The Receiver is required to obtain Committee approval prior to employing any attorneys, accountants, contractors or other specialists in the administration of the receivership. The Receiver is also required to consult with and gain approval of the Committee prior to becoming involved with other actions or proceedings in state, federal or foreign courts. Further, the Receiver must obtain Committee approval prior to undertaking any forensic accounting activities relating to the Receivership Defendants, their accountants, auditors or other advisors/agents.

To date, the Receiver has conducted eight investor committee meetings, and updates individual investors as necessary.

## 5.0 Update on Asset Liquidation

The Receiver has liquidated eight assets to date: Empire Financial Services, L.L.C.; Acumen Energy Solutions, Inc.; Palo Properties, L.L.C.; Beesfree, Inc.; TCP-GBS I, L.L.C.; AF-1, L.L.C.; Ice Now, L.L.C.; and SDX Acquisition, L.L.C. In addition, funds have been received from other investments for a variety of reasons. Recoveries to date are detailed in Exhibit 1. The liquidation of SDX Acquisition, L.L.C. and Empire Financial Services, L.L.C. have not been finalized and is discussed in detail below. The other liquidations are final; therefore, a detailed summary is not included herein.

No material changes have occurred on the following remaining investments since the January 31, 2017 Receiver's report:

- **Aeromedical Collection Services (“ACS”)** – In August 2013, a judgment was issued against ACS, Medical Management Associates (“MMC”), wholly owned Subsidiary of ACS, and Dan Newman, owner of ACS and personal guarantor on a Promissory note to the Fund in the amount of \$211,684.55 plus per diem interest. Dan Newman filed Chapter 11 bankruptcy in September 2013 and the Fund became a claimant in the bankruptcy case as an unsecured creditor. In January 2015 there was an Order Confirming a reorganization plan that provided for a monthly distribution of \$11,790 to the unsecured creditors until the creditors are paid in full. The Fund never received any payments. On July 29, 2015, a party of interest filed a motion to convert the Chapter 11 bankruptcy to Chapter 7. The Chapter 7 bankruptcy discharge is still pending. The Receiver does not expect to recover any funds from the Debtor.
- **TCP Peds Rehab, LLC (“TCP Peds”)** – TCP Peds was established to acquire 75% of Sante Pediatric Group, a Texas pediatric rehabilitation company, managed by Texas Capital Partners. As of January 2012, the Fund held a 2.14% Preferred Equity stake in the LLC. In December 2012, the LLC sold 100% of its stock in Sante Pediatric Group to Webster Capital. A portion of the sale proceeds were put into escrow pending the resolution of an outstanding Office of Inspector General investigation. The Fund's portion of the escrow funds is \$10,170 pending the results of the investigation. At this time the Receiver has no timeline as to the conclusion of this issue and the receipt of the escrow funds.
- **FF Arabian, LLC (“FF-A”)** – FF-A was formed to develop, partially finance, and arrange domestic distribution for various Hollywood movies through Freedom Films (“FF”). Freedom Films filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on April 16, 2014. The fund was listed as an unsecured creditor of the estate. Freedom Films filed a proposed Chapter 11 reorganization plan (the “Plan”) with the presiding court in California on December 12, 2014. On November 12, 2015, the Bankruptcy Court confirmed the Plan. Pursuant to the Plan, FF assigned and/or transferred all of its asset and right, including Freedom's interest in a California State Court action between FF and Nu Image, Inc. (“Nu Image”), to the Trust, which was established for the benefit of FF's creditors. In April 2016, FF, the Trust and Nu Image entered into a Settlement agreement and Mutual Limited Release. The Settlement agreement required Nu Image to make an initial payment to the Trust in the amount of \$350,000 no later than 5 days following the Effective Date plus additional payments if the film “Mechanic: Resurrection” reached certain milestone Domestic gross sales. The Film opened on August 26, 2016 and ran for nine weeks. According to “Box Office Mojo” the

Film's Domestic gross sales were \$21,218,403 or less than the first milestone of \$25 million to receive additional payments.

- **Palo Verde Energy Fund, LLC (“PVEF”)** – Is wholly owned by the Fund. PVEF owns a 60% interest in Par III, Inc. Par III, Inc. owns working interest in oil and gas lease located in Sebastian and Logan County, AR. The working interest was partially capitalized through a loan from the Bank of Oklahoma. Par III, Inc. defaulted on the loan and the Bank of Oklahoma and the Bank of Oklahoma is currently receiving the monthly proceeds from natural resources extracted from the operating wells. The recent years decreased retail value of the natural resources has resulted in the monthly proceeds being insufficient to reduce the principal amount owed to Bank of Oklahoma and the value of the undivided working interest in the leases is insufficient to cover the Bank of Oklahoma debt. The Receiver will continue to monitor the investment but does not anticipate any recovery from this investment.
- **Asian Investments** – The Fund holds interest in three Chinese based investments: BOAI (Asia Leechdom); Aviary II, LLC and Aviary III, LLC. The BOAI investment is with a Chinese pharmaceutical company while the Aviary investments are with a Chinese travel firm. There has been no change in the status of the investments and the Receiver remains very cautious regarding these investments.
- **TCP Apollo (a.k.a. Mach Speed)<sup>1</sup>** – The Fund held an approximate 4.58% Preferred Equity interest Mach Speed. In late 2015, due to Mack Speed's inability to service its debt in late 2015 Mach Speed was forced to foreclose by one of its major debt holders. As a result, the Receiver does not expect to obtain any return on the Funds equity interest.
- **TCP SuccessEd, LLC** - The Fund is a preferred equity investor in SuccessEd with approximately 10% of the Preferred equity. Due to a failed software roll-out in 2012 and 2013, the company was without sufficient working capital to continue operations. In 2014, new capital of approximately \$1.3 million was solicited to avoid the closure of the company. The Fund's equity is subordinate to the new capital and subordinate to approximately \$4 million in other debt. Moreover, the new capital infusion will receive its original investment plus 300% before the Fund's equity is entitled to any return. The Company has not been able to pay its current debt service. Given the above the likelihood of recovery of any portion of the Funds investment is remote.

Updates on the remaining investments are detailed below.

## 5.1 SDX Acquisition L.L.C. (SDX)

The Receiver entered into a purchase agreement with SDX whereas, SDX agreed to purchase Palo Verde Fund, LP's 1,571,522 membership units of SDX over a two and half year period in five equal installments of \$80,000 every 6 months for a grand total of \$400,000 subject to the court's approval. The court approved the purchase agreement on March 21, 2017 and SDX made the first payment on March 24, 2017. In 2016, Sports Authority, one of SDX's clients filed bankruptcy. This year, Toy's R Us another of SDX's Clients filed bankruptcy. The loss of these two clients and the pending contract renewal of another client in March 2018 (which accounts for approximately 26% of the company's revenues) has resulted in the investors not wanting to invest additional funds at

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<sup>1</sup> In the fourth quarter of 2012 Mach Speed rebranded itself as Apollo Brands.

this time. As a result Bill Giles, Chief Financial Officer, could not raise the \$80,000 from the investors to make the next scheduled purchase on October 1, 2017. Mr. Giles, has stated that the company has made adjustments on its expense side to account for the reduction in revenues and he hopes to be able to raise the funds by the next scheduled purchase date of April 1, 2018.

## **5.2 Empire Financial Services of Tulsa, L.L.C.**

The Receiver successfully liquidated the Fund's interest in Empire Financial Services of Tulsa, L.L.C. ("Empire") in July 2014 for a total of \$655,000. The purchaser paid \$400,000 in cash and a promissory note for the \$255,000 balance was executed ("the Note"). The terms of the note require monthly payments of principal and interest in the amount of \$3,135 beginning on December 15, 2014 and ending on October 15, 2017, when a balloon payment encompassing the remaining principal and interest is due. In addition, two balloon payments of \$50,000 each were due on March 15 and October 15, 2015, respectively. The purchaser paid \$50,000 on March 16, 2016 toward the payment of these past due balloon payments. As of the writing of this report the purchaser is 5 months in arrears.

The purchaser has indicated that the Empire has not generated enough free cash from the business operations to make the payments. The purchaser insists that he remains committed to making the company successful and has stated that he has deals that will close in the last quarter of 2017 that will enable him to catch up on the back payments. The Receiver and the purchaser have discussed the possibility of revising the note. The Receiver has requested historical financials of Empire to evaluate the financial condition of the entity.

## **5.3 Acumen Energy Solutions, Inc.**

The Receiver was successful in liquidating two Acumen assets, including Acumen's energy management service, to Brightergy, LLC.<sup>2</sup> In consideration for this sale Acumen received a cash payment of \$350,000, a portion of which was paid directly to secured creditor Cross First bank to pay off Acumen's existing debt. In addition, the terms of the Asset Purchase Agreement ("APA") entitle Acumen to fifty percent of all retail commissions received by the purchaser until all contracts are complete. This percentage becomes effective after the purchaser has received \$600,000 in commissions.

In February 2016, Brightergy representatives provided the Receiver with an analysis of the commissions received totaling \$744,442 through January 2016. Based on the January 2016 commissions report and the APA, the Receiver should have received approximately \$72,000 of the commission earned by Brightergy through January 2016.

After unsuccessful attempts to get Brightergy to make the \$72,000 payments, the Receiver filed a *Receiver's Motion for Order to Compel Supply Side 1, LLC and Brightergy, LLC to Turnover to the Receiver Assets of Palo Verde Fund L.P. and Request for Attorney Fees* with the Superior Court on June 9, 2016. The motion was granted by the Court on July 28, 2016. On July 29, 2016, Brightergy filed a motion to set aside the Court's Order granting the Receiver's motion on the grounds that more investigation was required. On October 13, 2016 the Court granted Brightergy until November 10, 2016 to file a response to the Receiver's Turnover Motion. On November 10, 2016, Brightergy filed its response admitting that it owes money to the Fund but alleges it has rights to offsets to the amounts owed. On November 22, 2016 the Receiver filed a response to Brightergy's allegations and requested that the court order Brightergy provide an accounting of the

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<sup>2</sup> Sale of the second asset, Acumen's data management contracts, has been finalized. See the Receivers October 7, 2015 report for detail.

retail commissions collected under the Asset Purchase Agreement and pay the Receiver the funds due along with attorney fees. On February 9, 2017, the court filed a minute entry ordering that Supply Side 1, LLC and Brightergy to:

1. Turnover to the Receiver the sum of \$74,000 within thirty days;
2. That, beginning on March 10, 2017 and continuing on or before the tenth day of each month thereafter, Brightergy shall deliver to the Receiver a complete accounting of all sums received as retail commissions collected under the APA through the end of the prior month, and shall pay the Receiver all funds representing fifty percent (50%) of the retail commissions in excess of \$600,000; and
3. Granted the Receiver's request for an award of the attorney fees and costs reasonably incurred in the Receiver's efforts to enforce the rights of Palo Verde Fund as the secured creditor of Acumen.

On March 13, 2017, Brightergy LLC wired the \$74,000 ordered by the court to the Receiver. However, Brightergy failed to provide the accountings required by the Court.

After demands by the Receiver's attorney, the Receiver received the monthly commissions report for February 2017 through May 2017 from Brightergy totaling \$131,954 of which 50% or \$65,977 are owed to the Receiver in accordance with the APA. Brightergy's CFO has informed the Receiver's attorney that:

- Brightergy is winding up its business and is down from 75 employees to 6.
- Brightergy lost millions in 2016.
- The CFO of Brightergy is leaving in the 3<sup>rd</sup> quarter of this year and he is the only accounting person left in the company.
- Brightergy sold its energy services division (which holds all the contracts) in December.
- Brightergy's accountings show receipts through May that exceed the total receipts estimated originally at the time of the sale.
- Brightergy has poor records regarding the contracts and they are unable to accurately identify all receipts under the contracts and suspect that the accounting that was sent to the Receiver overstates the actual receipts.

Currently, counsel for the Receiver and Brightergy are negotiating a settlement under which Brightergy would pay a sum certain in order to terminate all further obligations under the sale agreement. The Receiver has requested financial information from Brightergy for evaluation prior to finalizing any settlement.

#### **5.4 PV Capital, LLC**

On January 13, 2011, Chris Jensen and Jeff Hahn ("Jensen/Hahn"), sole members of PV Capital, LLC, entered into an agreement, memorialized by a Promissory Note, that \$125,000 would be paid to PV Capital, LLC ("the Note") by Anthony Stacy. The Note was to memorialize an advance to Jensen/Hahn of money that Jensen/Hahn expected to earn as a result of the liquidation of Trunkbow International Holdings, Ltd. ("Trunkbow") stock and the payment of 50% of Anthony Stacy's management fee to Jensen/Hahn. The Receiver's investigation determined that the Fund advanced Jensen/Hahn a total of \$150,000 which is memorialized by the Note, not Anthony Stacy. The Receiver's investigation further determined that the Trunkbow stock was eventually liquidated by Palo Verde, but at a loss to Palo Verde in the amount of \$34,701. After uncovering the facts, the



Receiver determined that the Note remained unpaid by PV Capital LLC and the Note was an asset of Palo Verde and not Anthony Stacy.

On June 6, 2016, the Receiver of the Fund entered into a Settlement Agreement with Jensen/Hahn and PV Capital, LLC whereas Jensen/Hahn and PV Capital, LLC assigned any and all interests that Jensen, Hahn and PV Capital, LLC have in a Settlement Agreement between PV Capital, LLC and HPCG Hospital Investment, LLC to the Receiver and 17,000 shares of stock in KBS Fashion Group, a publicly traded company. The total consideration owed under the HHI Settlement Agreement had a remaining value of approximately \$168,098.82. The Court approved the Settlement Agreement on November 25, 2016.

To date the Receiver has received \$2,000 against the PV Capital, LLC and HPCG Hospital Investment LLC assigned Settlement Agreement. The KPS stock has value has been generally between \$2 and \$3 a share. Prior to the settlement agreement the stock had been in the \$30 to \$50 per share range. The calculated value of the KPS stock as of September 21, 2017 is \$44,880. The Receiver has held the stock in attempts to maximize it value.

### **5.5 HPCG Hospital Investment, LLC (“HHI”)**

HHI’s sole investment was in HMC/CAH Consolidated, Inc., et al. that filed for Chapter 11 Bankruptcy in 2011. In December 2012 the United States Bankruptcy Court for the Western District of Missouri in the bankruptcy case, entered an order confirming the Second Amended Chapter 11 Plan of Reorganization under Chapter 11 (the “Plan”) of HMC/CAH Consolidated, Inc. (“HMC”) and its debtor subsidiaries. Under the Plan:

1. HHI is to receive a Secured Claim of \$5,000,000 payable in monthly installments of principal and interest amortized over an eight year term with interest accruing at a fixed rate of 6%, without prepayment penalties and is secured by liens and security interests in the real and personal property of HMC, CAH 1, CAH 2, CAH 3, CAH 5, CAH 9, CAH 10 and CAH 11, where HHI’s (“Debtors”) liens only attach to personal property and not to real property. The Secured Claim is allocated among the Debtors and the Secured Claim against any particular Debtor is limited by a “cap” set forth in the Plan.
2. HHI is to receive \$7 million in Series B Preferred Stock of HMC, which is to have comparable economic right to Series A Preferred Stock of HMC. Both Series A and Series B Preferred stock is subject to transfer restrictions for a period of three years after the Effective Date of the Plan.
3. HHI is to receive \$3.2 million in Series C Preferred Stock of HMC, which has no voting right and is not entitled to any accrued dividends or other percentage return. Series C Preferred Stock will receive no distributions until all obligations to the holders of Class 1 Earnout Rights, Class 2 Earnout Rights, Series A Preferred Stock and Series B Preferred Stock have been paid in full as provided under the Plan.

In a February 14, 2014 memorandum from HPCG Hospital Investment Group, LLC (“HPCG”), the general manager of HHI, the Fund is to receive 17.6% of HMC Secured Payments to HHI after HPCG’s legal fees and expenses. The Receiver obtained a copy of HPCG Hospital Investments, L.L.C.’s QuickBooks for evaluation in early 2016. Based on the Receiver’s evaluation of the entity’s records, the Receiver identified that the Fund did not receive the appropriate pro-rata distributions in 2014 and 2015 pursuant to the February 14, 2014 HPCG memorandum. The Receiver requested that HPCG review the Receiver’s findings and report back to the Receiver. HPCG found that the distributions to the Fund in 2014 and 2015 were short \$38,944.97. The Receiver has requested that HPCG distribute to the Fund the \$38,944.97. The Receiver has been in regular contact with the managing member of HPCG. The managing member has informed the Receiver that the hospitals are under new management and management is in the process of getting

approval to refinance a few of the hospital loans. Upon completion of the refinancing the hospital loans HPCG is to be paid in accordance with the Chapter 11 Plan of Reorganization. According to HPCG's managing member, PVF will first be paid for the back payments owed and receive additional payment for its portion of the funds received. Currently the Hospital expects to complete the refinancing before year end.

## 6.0 Litigation Actions

### 6.1 Litigation Settlements

1. **Arvest Bank Loan Guaranty's and Acumen Breach of Confidentiality** – In February 2011, the Fund purchased from Arvest Bank a \$2.5M loan to American Energy Solutions, Inc. ("American"), becoming a secured creditor of American. This loan was included in the sale of American's assets to Acumen Energy Solutions, Inc. ("Acumen"). The loan was at one time or another personally guaranteed by five different individuals: Shawn Rash; Martin Carew; Gregory Elam; David Feingold; and Michael Moore. Further investigation by the Receiver revealed that in fact only two guarantors remain: Shawn Rash and Michael Moore. The loan was in default at the time the Fund purchased in, and a principal balance of \$1,956,979.57 was owed.

On February 24, 2016 the Receiver filed a petition in the District Court of Johnson County Kansas against Shawn Rash and Michael Moore for breach of contract with regard to the loan guarantees ("Breach of Contract Petition").

In addition to the breach of contract claims against Shawn Rash and Michael Moore, the Receiver also included claims against Shawn Rash, Troy Moran, Mike Grandstaff and Brian Walterbach in the Breach of Contract Petition filed in February 2016. Specifically, the complaint includes counts of Breach of Contract; Negligence; Interference with Contract/Business Expectancy; Conversion; and Defamation against these individuals. Interrogatories were submitted to these individuals in May 2016, and responses were received on June 15, 2016.

The Receiver through special counsel reached a Settlement Agreement with the Defendants in the above captioned subject matters. Whereas the Defendants agreed to pay the Fund \$50,000 as settlement of the claims. A motion to approve the settlement agreement was filed on October 11, 2016 and the Court approved the motion on November 1, 2016.

2. **Tony Stacy Settlement** – Between 2009 and 2013, the day to day operations of Fund were under the control of Tony Stacy. The Receiver investigated the Receivership Entities and as a result of the investigation the Receiver identified claims against Mr. Stacy. Although Mr. Stacy denies he did anything wrong, as a result of the Receiver's investigation, Mr. Stacy and his wife have entered into a comprehensive settlement agreement with the Receiver to resolve any and all claims that the Receiver may have against Mr. Stacy and his wife or that they may have against the Receiver or the Receivership Entities. Under the settlement agreement, Mr. Stacy has agreed to repay the Receiver, on behalf of the Receivership Estate a total of \$2,000,000 of which \$167,500 has been paid. The remaining balance of \$1,832,500 is to be paid in minimum quarterly payments of \$30,000 that must result in an annual repayment of at least \$360,000 with the entire \$2,000,000 to be paid by March 30, 2021. Mr. Stacy is currently delinquent on the quarterly payments in the amount of \$42,000. The Receiver has been in contact with Mr. Stacy, who has indicated he will

be receiving a lump sum income event in September 2017 and will cure the delinquent payments at that time. If the payment issue cannot be resolved, the Receiver will act appropriately and in the Fund's best interest, and will keep the Court informed regarding the status of this issue.

## 6.2 Litigation Claims

On May 23, 2017, the Receiver through counsel filed the following complaints:

1. Complaint against Paul A. Ross ("Ross") in the Superior Court of the state of Arizona in and for the County of Maricopa. Whereas Ross was a member of each of the following entities or otherwise acted as agent of said entities: PV, PVPEF, PVPE, LLC, fka Palo Verde Capital, LLC fka Paragon Capital Advisors, LLC (collectively the "PV Entities") and Ross was also involved in certain businesses that were purchased by the PV Entities. The Complaint set forth a number of allegations and makes the following claims for relief:
  - i. Ross made negligent misrepresentations and was obligated to make certain disclosures to investors that were damaging to PVF and its investors.
  - ii. Ross breached his fiduciary obligations and mislead the investors damaging the investors and PVF.

Had Ross made the proper disclosures, the losses of PV Entities would have halted earlier and millions of dollars would have been saved.

Counsel for the Receiver has made numerous attempts to serve Ross unsuccessfully. Ross appears to have disappeared. Counsel for the Receiver served Ross by publication and Ross has defaulted and not responded. Counsel is in the process of getting a court date for judgment against Ross.

2. Complaint against RSM LLP; McGladrey LLP; McGladrey & Pullen, LLP (collectively referred to hereinafter as "M&P") Investment Law Group of Gillett Mottern & Walker, LLC ("ILG"); Brent S. Gillett ("Gillett"); and Bob Mottern ("Mottern") in the Superior Court of the state of Arizona in and for the County of Maricopa. Whereas M&P at all times relevant were the external auditors of the PV Entities and ILG caused certain documents to be issued in Arizona upon which Arizona investors relied, and which were used by Anthony Stacy and the PV Entities in raising funds from investors. The Complaint set forth a number of allegations and makes the following claims for relief:
  - i. M&P, ILG and Mottern were negligent in providing the applicable reasonable standard of care for their profession and in the services provided to the PV entities as auditors and legal counsel for PV Entities.
  - ii. M&P, ILG and Mottern fraudulently concealed certain disclosures on documents drafted by the parties on behalf of the PV Entities of which PV Investors relied on.
  - iii. M&P, ILG and Mottern made certain negligent misrepresentations through their failure to make certain disclosures in documents drafted by them and provided to PV Entities investors.
  - iv. M&P, ILG, Mottern and Gillett breached their fiduciary obligations by failing to make certain disclosures in documents drafted on behalf of PV Entities, for which investors relied on.

Had such events not occurred the PV Entities would not have raised millions of dollars from investors and millions of dollars would have been saved.

Counsel for the Receiver has served the Parties with the complaint along with a Summons and a Certificate of Compulsory Arbitration. The Parties have requested an extension for response and Counsel for the Receiver has granted the extension. Upon further review by the Receiver and his counsel of the allegations against M&P and Investment Law Group of Gillett Mottern & Walker, LLC, the Receiver has determined the costs to pursue will likely exceed the risk of success and potential recoveries. Therefore, the Receiver has instructed counsel to withdraw the claims.

#### **7.0 Receivership Accounting**

Details of the cash processed through the receivership bank account are attached hereto as Exhibit 2. The balance of the receivership account as of July 31, 2017 is \$702,263.99.

#### **8.0 Receivership Fees and Expenses**

The receivership has incurred a total of \$97,783.02 in Receiver fees and legal expenses for the seven month period of January 1, 2017 through July 31 2017. See Exhibit 3 for a detailed professional fee summary.

#### **9.0 Claims Process**

The Receiver has collected sufficient assets to explore a claims process. However, Limited Partners N.B.M. Corporation, SC Partners, LLC Defined Benefit Plan and Robert Eckholt through their attorney, Alfred W. Ricciardi, Aiken Schenk Hawkins & Ricciardi P.C. have raised the following issues as to how the priority of funds should be distributed:

- Whether Limited Partner Craig Jackson and the Jackson Trust (collectively “Jackson”) received a disproportionate share of their investment back to the detriment of the other investors and thus should be clawed back. Mr. Ricciardi indicated that one factor that should be considered is that there were specific representations known to Jackson that no distributions would be made out of the PVPEF until its investments were liquidated.<sup>3</sup>
- That PVF and PVPEF should be treated as two separate receiverships and that none of the Limited Partners’ investments that were purportedly transferred from PVF to PVPEF were and/or are entitled to any distributions until various notes between PVF and PVPEF are paid in full.

As a result of the issues raised by Mr. Ricciardi on behalf of his clients, the Receiver conducted an investigation of representations to Limited Partners by the General Partner, distributions to the Limited Partners, General Partner’s authority and authorization to amend limited Partnership agreements, alleged notes between PVF and PVPEF, and the financial transactions between PVF and PVPEF.

During the Receiver’s investigation, the Receiver has determined that:

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<sup>3</sup> Mr. Ricciardi references a letter that was allegedly sent to all Limited Partners on May 31, 2011 requesting approval to form a new Limited Partnership (Palo Verde Private Equity Fund, L.P. and transfer all illiquid assets of Palo Verde Equity Fund, L.P. and Limited Partners interests to the new Limited Partnership. The Receiver has found no evidence that Craig Jackson, if received, ever approved the formation of the new Limited Partnership.

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- Beginning in 2008 and continuing through the appointment of the Receiver the General Partner misled the Limited Partners of PVF, which includes Limited Partners whose interest in PVF were purportedly later transferred to PVPEF. The General Partner made representations to the Limited Partners through the Limited Partnership Agreement (“LPA”) and Private Placement Memorandum (PPM) that investors relied on as to the purpose of the Limited Partnership and the use of the proceeds received from the Limited Partners. Specifically, the General Partner represented that it would invest Limited Partner’s funds in Securities while maintaining a strong emphasis on capital appreciation.<sup>4</sup> Contrary to the LPA and PPM, the General Partner proceeded to invest the Limited Partners’ funds in illiquid investments until the appointment of the Receiver in October 2013, at which time nearly all of the assets of the Fund were invested in illiquid investments.
- In regards to the issues raised by Mr. Ricciardi regarding Limited Partner Jackson, the Receiver has determined that:
  - Jackson was the victim of the same misrepresentations as all the other Limited Partners which resulted in the Limited Partners interests being invested by the General Partner in illiquid investments.
  - There is no record that Jackson ever approved of his interest in PVF being transferred to PVPEF and the General Partner did not have the authority to transfer Jackson’s interest in PVF or change the PVF Limited Partnership Agreement. This is also true of many other Limited Partners whose interests were purportedly transferred from PVF to PVPEF.
  - Regarding Mr. Ricciardi’s issue that there were specific representation known by Jackson that no distributions would be made out of the PVPEF until its investments were liquidated, there is no record of Jackson ever approving a transfer of his interest. However, the Receiver’s investigation of PVPEF’s general ledgers indicated that:
    - In 2011 approximately \$2,606,000 of the illiquid investments transferred from PVF to PVPEF were liquidated. The General Partner transferred the illiquid investments along with Jackson’s interest in PVF. Jackson’s interest accounted for approximately 41% of the total Limited Partner’s interest that was transferred with the illiquid investments. 41% of the approximately \$2,606,000 in liquidated investments is \$1,068,460.
    - In 2012 approximately \$2,592,000 PVPEF’s investments were liquidated of which \$1,647,088 were allocated to Jackson’s interests.
    - Between 2011 and 2012, Jackson received distributions of \$1,850,576 which is less than the liquidated investments of approximately \$2,715,548 (approximately \$1,068,460 in 2011 and \$1,647,088 in 2012) the General Partner attributed to Jackson’s interest.
- In regards to the issue raised by Mr. Ricciardi that none of the Limited Partners’ investments that were transferred from PVF to PVPEF were and/or are entitled to any distributions until various notes between PVF and PVPEF are paid in full, the Receiver identified the following:

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<sup>4</sup> PVF’s Limited Partnership Agreement dated September 27, 2007, section 2.05 and Private Placement Memorandum dated September 27, 2007, “Investment Objective.”

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- Both PVF's LPA dated January 27, 2007 and the amended LPA dated May 5, 2009 required the written consent of all the Limited Partners to change the purpose of PVF and to transfer PVF's Limited Partners interest to PVPEF.
  - PVF's Amended and Restated LPA dated May 5, 2009: After investing Limited Partners funds in illiquid investments while operating under the September 27, 2007 LPA, the General Partner retained The Investment Law Group to amend and restate the LPA (PVF's amended and Restated LPA dated May 5, 2009) and prepare a waiver and consent agreement for the Limited Partners to sign that would allow the General Partner to invest limited funds of the Limited Partners in illiquid investments.
  - PVF's Amended and Restated LPA dated May 12, 2011 and Transfer of PVF's Limited Partners interests to PVPEF: Many of the Limited Partners in PVF, including Jackson, did not consent to the changes to PVF and to the transfer of their interest to PVPEF (see Exhibit 6). Even though these Limited Partners did not consent, the General Partner proceeded to treat them as having transferred their interests from PVF to PVPEF.
- The notes that Mr. Ricciardi are referring to were created by the General Partner after the General Partner had (i) invested the PVF Limited Partners' proceeds in illiquid investments, contrary to representations made to the investors, and (ii) transferred PVF Limited Partners' proceeds to the General Partner for personal benefit. As did the Limited Partners whose interest were transferred to PVPEF, the Limited Partners that invested in PVF subsequent to January 2011 relied on the PPM that indicated their investments would be invested in Securities. Again, the General Partner used the Limited Partners interest to invest in illiquid investments. Additionally, the General Partner caused approximately \$1,000,000 of the post December 2011 PVF investors funds to be transferred the General Partner's account for personal gain. Subsequent to the illiquid investments and personal gain of the General Partner, the General Partner created notes between PVF and PVPEF for the funds that the General Partner misappropriated and the funds used to invest in illiquid investments. The creation of the notes has the effect of passing the liabilities of the General Partner and the misrepresentations and mishandling of the remaining PVF investors proceeds by the General Partner to a liability of the investors whose equity was transferred to PVPEF (many of which did not agree to such a transfer of their interests).

The documents and Receiver's investigation and findings indicate the General Partner committed a continual fraud against all of the fund's investors. Therefore, the Receiver's opinion is that all of the investors should be treated as victims with none receiving priority over the other.

## **9.1 Limited Partnership Agreements and PPM representations to Limited Partners and General Partners Actions**

September 27, 2007 – May 5, 2009 – PVF LPA Dated September 27, 2007:

Between September 27, 2007 and May 5, 2009, PVF operated under the guidelines of the September 27, 2007 LPA and PPM. The General Partner represented to the investors though the September 27, 2007 LPA and PPM that the sale of proceeds from the sale of interest in PVP's

Partnership would be invested in public U.S. and non-U.S. corporate securities with the objective of the Partnership to seek above market returns over the long term and not illiquid investments.<sup>5</sup>

By July 2008, the General Partner had caused PVF to invest in Real Estate which accounted for approximately 8% of PVF's total assets. In September 2008, the General Partner caused PVF to invest in a movie project in the amount of \$1,000,000 bringing the total illiquid investments to approximately 20% of PVF's total assets. This investment caused concern with PVF's outside CPA and on October 13, 2008, Donald Pizziferro, Michael J. Liccar & Co., CPAs, sent an email to Tony Stacy inquiring whether the General Partner was allowed to make the movie project investment, whether the investment was going to be side pocketed and stating that with this investment PVF will have close to 25% of the Fund's assets in illiquid investments and recommended consulting the Fund's attorney to discuss. Tony Stacy replied on October 14, 2008. He stated he believed he was allowed to make the illiquid investment, but the investments could not be side pocketed unless the PPM was changed. He stated that on September 1, 2008, the PPM was changed to allow for 20% illiquid investments and sent out a letter and a new PPM to all investors (Receiver has not located such a letter or PPM as of the writing of this report).

The General Partner continued to cause PVF to invest in illiquid investments, contrary to the September 27, 2007 LPA, and by April 2009 the illiquid investments accounted for approximately 53% of PVF's total assets.

May 5, 2009 – May 11, 2011 – Amended and Restated PVF LPA dated May 5, 2009:

Sometime prior to May 2009, the General Partner retained the Investment Law Group of Gillett Mottern & Walker, LLP ("ILG") to amend and restate PVF's LPA and prepare a waiver and consent agreement for all the Limited Partners to sign. In an April 17, 2009 email from Richard G. Boswinkle, ILG, to Tony Stacy, Mr. Boswinkle sent a draft of the waiver and consent agreement and stated:

"It has been drafted to provide you with the maximum amount of protection possible. However, that protection comes at the expense of being very direct and obvious in describing what has occurred. If you are interested in doing so, we may be able to tone down the language in the agreement but it may not provide you with as much protection."

The email indicates that General Partner was operating contrary to the representations provided to the investors.

Between May 5, 2009 and January 2010, the General Partner, through the amended and restated LPA dated May 5, 2009, represented to the PVF investors that the Partnership was organized for the purpose of investing in Securities and would not invest more than 10% of its assets, as valued at the time of investment, in securities that are not registered under the Securities Act.<sup>6</sup> The Amended and Restated LPA and PPM dated May 5, 2009 added language and sections that allowed the General Partner to invest in illiquid investments that would be held in side pockets. The Amended and Restated LPA represented that no more than 35% of the PVF's net asset value would be

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<sup>5</sup> PVF's Limited Partnership Agreement dated September 27, 2007, section 2.05 and Private Placement Memorandum dated September 27, 2007, "Investment Objective."

<sup>6</sup> PVF's Amended and Restated Limited Partnership Agreement dated May 5, 2009, section 1.05.

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invested in illiquid investments and held in side pockets.<sup>7</sup> The Amended and Restated LPA called for each Partner's Capital Account to be reduced by a pro-rata share of the original value of the side pocket investments and all Partner's with capital balances during the defined period would be allocated a portion of the side pocket investment.

As of May 2009, the illiquid investments accounted for approximately 58% of PVF's total assets or 23% more than what was represented to the Limited Partners in the amended and restated LPA and PPM dated May 5, 2009.

Between October 2009 and January 2010, PVF only received \$100,000 in proceeds from the sale of interests in PVF. By January 2010, the illiquid investments accounted for approximately 84% of PVF's total assets, far in excess of the 35% represented to the Limited Partners.

In January 2010, the General Partner issued a new PPM. The January 2010 made the same representations as the May 5, 2009 PPM to the investors, except that it now allowed for investors in the Partnership, at the time of their initial subscription and in connection with each additional capital contribution to elect to opt-out of participation in the Partnership's illiquid investments. The General Partner did not amend the LPA to account for the change in the PPM, which again would require all the Limited Partners written approval. The May 5, 2009 LPA represented to the investors that all Limited Partners' capital accounts would be allocated a pro-rata share of the illiquid investments and states:

“On the date a Side Pocket Investment Account is established, each Partner's Capital Account shall be reduced by an amount determined by multiplying such Partner's Allocation Percentage as of such date by the Original Value of such investment; provided, however, that such Allocation Percentages shall be recalculated to reflect the inclusion of any additional Limited Partner that is admitted during the period beginning on the date such Side Pocket Investment Account is created and ending on the next to occur of June 30<sup>th</sup> or December 31<sup>st</sup> of that calendar year.”<sup>8</sup>

Therefore, the January 2010 PPM was in conflict with the May 5, 2009 amended and restated LPA.

As of November 2010, the illiquid investments accounted for approximately 89% of PVF's total assets. PVF reported total assets of \$28,768,108 of which \$25,649,006 was invested in illiquid assets and remaining \$3,119,102 was in cash, securities and interest and dividends receivable. Between February 2010 and November 2010 PVF received proceeds from investors that elected to opt-out of participation in illiquid investments in the amount of \$5,975,363, however, the General Partner invested approximately \$3,000,000 of the \$5,975,363 proceeds in illiquid investments by November 2010 and 100% of the Limited Partners capital that were not given the opportunity to opt-out of illiquid investments. As of December 2010, the illiquid investments accounted for approximately 75.47% of the total assets of PVF. The decrease from November to December was the result of a portion of an illiquid investment in a movie project being returned to PVF reducing its investment interest in the movie project. This reduction of interest was short lived and in 2011 the General Partner invested additional PVF funds in the same movie project increasing its interest.

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<sup>7</sup> PVF's Amended and Restated Limited Partnership Agreement dated May 5, 2009, section 3.04 and PVF's PPM dated May 5, 2009, "Uses of Proceeds – Investment Objective."

<sup>8</sup> PVF's amended and restated LPA, dated May 5, 2009.



Between January and May 2011, the General Partner received \$2,942,955 in proceeds from investors that opted-out of the illiquid investments. However, the General Partner invested \$2,792,026 or approximately 95% of the proceeds received into illiquid investments thereby continuing to mislead the new investors. As of May 2011, not only had the General Partner caused 100% of the Limited Partners capital contributions to be invested in illiquid investments but had also caused the Limited Partners that had opt-out of the illiquid investments to invest in illiquid investments.

May 12, 2011 through March 2013 – Amended and Restated PVF LPA and PVPEF LPA dated May 12, 2011;

On May 31, 2011 the General Partner sent an approval letter to the Limited Partners of PVF requesting approval to (“Approval Letter”):

- Segregate PVF’s illiquid investments by creating a new limited Partnership (PVPEF) and transferring all illiquid investments and all investors with interest in the illiquid investments to PVPEF effective January 1, 2011 and approve PVPEF’s LPA and PPM; and
- Amend and Restate PVF’s LPA and approve new PPM.

Although all the Limited Partners did not provide the written approval to the General Partner (See Exhibit 6) , as required in the LPA, the General Partner caused the formation of PVPEF and transferred PVF Limited Partner’s capital interests as of January 1, 2011. However, the General Partner did not transfer any of the Limited Partners interest that opted-out of illiquid investments even-though the General Partner caused such Limited Partners to invest in illiquid investments. Instead the General Partner caused PVPEF to have a payable to PVF for the illiquid investments made with proceeds received from Limited Partners that opted-out of the illiquid investments.

Between June 2011 and January 2013, the General Partner continued to invest in illiquid investments with proceeds received from Limited Partners that remained in PVF and cause PVPEF to have a payable to PVF. By January 2013, the General Partner had invested virtually all of the Limited Partners investments that remained in PVF in illiquid investments. In January 2013, the General Partner created a loan agreement between PVF and PVPEF dated January 1, 2013. The loan agreement transfers the General Partner’s liability and misuse of Investors funds to a liability of the PVPEF Limited Partners.

**9.2 Loan Agreements between PVF and PVPEF – General Partner’s attempt to transfer General Partner’s liability and misuse of PVF funds to all Limited Partners to some of the Limited Partners**

Loan Agreement dated January 1, 2013:

On January 1, 2013, Tony Stacy as the managing member of Palo Verde Capital, LLC, the general partner for PVF and PVPEF, signed a loan agreement between PVF and PVPEF whereas PVPEF, as borrower, requested that PVF, as lender, make available to PVF loans in such amounts that Borrower may request from time to time, up to an aggregate of \$5,000,000. Mr. Ricciardi, on behalf of his clients, has identified this loan agreement as a basis that the Limited Partners that were

transferred to PVPEF should not receive any distributions until PVPEF's payable to PVF is paid in full. The Receiver has the following issues with the January 1, 2013 note:

- Not all the Limited Partners of PVF as of May 2011 approved the transfer of their interest in PVF to PVPEF. Nor did all the Limited partners approve the amended and restated PVF LPA of May 2011. Therefore, the General Partner, did not have the authority to transfer, at the minimum, the Limited Partners' interest that did not approve of the transfer to PVPEF. The Limited Partners' interest that was transferred to PVPEF that did not approve of the transfer accounted for approximately 46% of the total Limited Partners interest that was transferred.
- If it were assumed that the May 2011 PVF amended and restated LPA were approved, then PVF was not allowed to invest more than 10% of its assets in securities that are not registered under the Securities Act. As of January 2013 over 92% of PVF's assets were not registered under the Securities Act (the majority accounted for the illiquid investments that were recorded on PVF's books as a receivable from PVPEF).
- Based on the books of PVF, PVF paid \$1,427,699 to the General Partner and recorded the payments as a receivable from PVPEF between January 2011 and March 2013. According to the books of PVPEF at least \$951,350 of the \$1,427,699 were loans to the General Partner by PVF and the balance was for purported expenses paid by the General Partner on behalf of PVPEF and management fees. Therefore, not only did the General Partner attempt to transfer its mishandling of PVF investors funds but also the General Partner's personal liability of funds received for its own benefit to the Limited Partners transferred to PVPEF though the January 1, 2013 note.
- The General Partner made representations to Limited Partners of the Funds that the proceeds from investments would be invested in Securities, with either only a small portion of the proceeds or none at all (to some investors) being invested in illiquid investments. The General Partner, contrary to the representations, invested virtually all of the Funds proceeds in illiquid investments. To allow the General Partner to transfer the burden of its own misrepresentations, through a note, from some of the Limited Partners to other Limited Partners would unjustly benefit some Limited Partners at the expense of others.

In Addition to the January 1, 2013 note, the Receiver identified the following additional notes between PVF and PVPEF:

- A Loan agreement dated June 2011 between PVF and PVPEF that was not signed and executed whereas PVPEF, as borrower, requested that PVF, as lender, make available to PVF loans in such amounts that Borrower may request from time to time, up to an aggregate of \$1,000,000. As discussed above the General Partner had caused proceeds from Limited Partners that remained in PVF to be invested in illiquid investments in excess of \$1,000,000 as of May 2011. If this note were executed the Receiver would have expected to have seen interest charges on such a note in PVF's books for the outstanding balance. The Receiver did not identify such ongoing interest charges in PVF's books and thus presumes the note was never executed. Even if such a note were executed, for the reasons identified above, the note would allow the General Partner to transfer the burden of its own misrepresentations to all the investors from some of the Limited Partners to other Limited Partners and would unjustly benefits some of the Limited Partners at the expenses of others.
- Three promissory notes whereas PVPEF promised to pay PVF the amounts of \$275,000, \$175,000 and \$393,000. The notes were dated May 3, 2011, May 4, 2011 and May 11, 2011 respectively. The notes were all signed by Tony Stacy as managing member of Palo Verde Capital, LLC as

General Partner of PVPEF. Based on PVF's books, the loans were actually made to American Energy Inc. and paid back by American Energy Inc. on June 28, 2011.

The Receiver's investigation of the records and documents of the fund indicate the General Partner committed a continual fraud of misrepresenting to all investors how the Investors' proceeds would be used. Therefore, it is the Receiver's opinion that it would be unreasonable and unequitable to give priority to investors that remained in PVF over investors that the General Partner transferred to PVPEF.

**10.0 Conclusion**

The Receiver's investigation and findings are based on records and documents provided by the General Partner and obtained from the funds accountants. Should additional documentation or records come to the Receiver, future updates to the Court will reflect any changes or additions to the information contained herein. The Receiver is working diligently to bring this matter to a close.



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Peter S. Davis, Receiver

October 20, 2017

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Date

## APPENDIX A

### Analysis of PVF's Books and Records through December 31, 2010

The Receiver analyzed the PVF's Private Placement Memorandums (PPM) dated September 27, 2007, May 5, 2009 and January 2010, Limited Partnership Agreement (LPA) dated September 27, 2007, Amended and Restated LPA dated May 5, 2009, along with Michael J. Liccar & Co.'s PVF files for the period of August 2008 through December 2010. Michael J. Liccar & Co. was the outside CPA's firm that prepared the monthly financial statements, including the partner's monthly capital account balances through December 2010. The Receiver identified that the General Partner did not adhere to the PPMs and LPAs, breaching his duty and making misrepresentations to and misleading the limited partners.

1. The General Partner caused the Partnership to invest in "illiquid investments"<sup>9</sup> (or "non-marketable securities") that exceeded the amount allowed per the Partnership's PPMs and LPAs as early as October 2008 (See Exhibits 4 and 5).

In September 2008, the General Partner allegedly changed the PPM to allow the Partnership to invest in illiquid investments up to 20% of the Partnership's total assets.<sup>10</sup> By October 2008 the Partnership's illiquid investments accounted for approximately 26% of the total assets. By April 2009, the General Partner had caused the Partnership's illiquid investments to increase to approximately 52% of the total investments.

In May of 2009, the General Partner sent a new PPM and an Amended and Restated LPA to the Limited Partners that allowed the Partnership to invest 35% in illiquid investments of the total assets<sup>11</sup> (at this point in time illiquid investments accounted for approximately 52% of the total assets). The Amended and restated LPA of PVF dated May 5, 2009 stated that:

- a. The purpose of the Partnership was to invest in Securities and engage in all activities and transactions as the General Partner may deem necessary or advisable in connection therewith and doing such other lawful acts as the General Partner may deem necessary or advisable in connection with the maintenance and administration of the Partnership; provided, however, the Partnership **may not invest more than 10% of its assets, as valued at the time of investment, in securities that are not registered under the Securities.**
- b. The Partnership may engage in other activities and businesses incidental to the purpose of the Partnership as may be necessary or desirable, in the opinion of the General

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<sup>9</sup> For the purpose of this report "illiquid investments" is synonymous with "alternative investments" and "Side Pocket investments" and is defined as other investment types, including, but not limited to, mezzanine loans to private companies (often with equity conversion features), real estate and joint ventures. Private Placement Memorandum dated May 5, 2009, "Investment Objective" Section or more simply stated non-marketable security investments.

<sup>10</sup> The September 27, 2007 PPM and LPA represented that PVF would only invest in Securities. In an email dated October 14, 2008 from Tony Stacy to Donald Pizziferro, Michael J. Liccar & Co., CPA's in response to Mr. Pizziferro's inquiry as to whether the Partnership was allowed to make the illiquid investment that the Partnership made because it resulted in the Partnership's illiquid investments accounting for close to 25% of the total investments, Mr. Stacy stated that he had sent a new PPM to the investors in September 2009 increasing the illiquid investments to 20% of the total investments and could not side pocket the investment unless a new PPM was sent out. The Receiver did not identify a September 2009 PPM.

<sup>11</sup> Private Placement Memorandums dated May 5, 2009, "Investment Objective" Section.

Partner, to promote and carry out the principal purposes of the Partnership, as set forth above; provided, however, that, **without the written consent of all of the Partners; (i) the purposes of the Partnership shall not be changed, and (ii) the Partnership shall not engage in any substantial business endeavor other than those consistent with the purpose of the Partnership, or incidental thereto.**<sup>12</sup>

The above indicates that the Partnership was not to invest more than 10% in illiquid investments without the written consent of all the Partners. The Receiver has not identified any written consent from the Partners. Section 3.04, "Allocations of Side Pocket Investments<sup>13</sup>," states that the General Partner anticipates that no more than 35% of the Partnership's asset value will be allocated to Side Pocket Investments (or illiquid investments). The amended and restated LPA of May 5, 2009 contradicts itself regarding the amount the Partnership was allowed to invest in illiquid investments (Note: the Partnership's investment exceeded both allowed amounts).

In January 2010, the General Partner issued another PPM. The January 2010 PPM still indicated that no more than 35% of the total Partnership assets would be in illiquid investments, even though by the end of January 2010, illiquid investments had grown to approximately 84% of total assets). The January 2010 PPM, however, did make a change that allowed for all new investors and any additional capital contributions going forward to opt-out of participation in the Partnership's illiquid investments at the time of the new subscription or additional contribution.<sup>14</sup> The PVF LPA was not amended to allow investors to opt-out of illiquid investments in January 2010 which would have required written approval from all Limited Partners. Therefore, the January 2010 PPM representation to the investors was in conflict with the existing LPA.

By April 30, 2010, the Partnership's illiquid investments peaked at approximately 91% of total assets and as of December 31, 2010 the Partnership's illiquid investments were 75% of total assets. The December decrease was the result of the Partnership recovering approximately \$4,000,000 of a \$6,500,000 investment in a movie project.<sup>15</sup>

2. The General Partner changed the purpose of the Partnership without obtaining written consent from all of the Partners as required by the LPA.

The purpose of the Partnership was to invest in Securities and engage in all activities and transactions as the General Partner may deem necessary or advisable in connection therewith and doing such other lawful acts as the General Partner may deem necessary or

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<sup>12</sup> Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P., dated May 5, 2009, Section 1.05.

<sup>13</sup> "Side Pocket Investment" is defined under the Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P., dated May 5, 2009 as "an investment that the General Partner believes either lacks a readily assessable market value or should be held until the resolution of a special event or circumstances." Side Pocket Investment and alternative investment are synonymous. The LPA uses "Side Pocket Investment" and the PPM uses "alternative investment."

<sup>14</sup> Palo Verde Fund, L.P. Private Placement Memorandum dated January 2010, "Investment Objective" and "Alternative Investment" sections.

<sup>15</sup> By September 2010 the Partnership had invested \$6,500,000 in a movie project (FF Arabian). The alternative investment resulted in the Partnership investing more capital than was available from the limited partners that were participating" in alternative investments until the Partnership recovered the \$4,000,000. As a result, the General Partner charged the "participating" limited partners 10% monthly interest on \$3,000,000 and allocated the funds to the investors that opted-out of participating in alternative investments.

advisable in connection with the maintenance and administration of the Partnership; provided, however, the Partnership may not invest more than 10% of its assets, as valued at the time of investment, in securities that are not registered under the Securities Act.<sup>16</sup>

The LPA required the General Partner to obtain written consent of all of the Partners before changing the purpose of the Partnership and engaging in any substantial business endeavor other than those consistent with the purpose of the Partnership, or incidental thereto.<sup>17</sup> Not only did the General Partner purportedly increase the allowed illiquid investments on at least two occasions (to 20% of total assets in September 2008 and 35% of total assets in May 2009), but did not adhere to changed percentages and invested up to 90% of the Partnerships total assets in illiquid investments without receiving written consent from all of the Partners as required by the LPA.

Furthermore, in January 2010, the General Partner changed the PPM to allow new investors (Limited Partners) and additional contributions to opt-out of the illiquid investments. However, no such change was made to the LPA. According to the LPA the illiquid investments are to be put into Side Pocket Investment Accounts and on the date the Side Pocket Investment Account is established, each Partner's Capital Account was to be reduced by an amount determined by multiplying such Partner's Allocation Percentage as of such date by the Original Value of such investment; provided however, that such Allocation Percentages shall be recalculated to reflect the inclusion of any additional Limited Partner that is admitted during the period beginning on the date of such Side Pocket Investment Account is created and ending on the next to occur of June 30<sup>th</sup> or December 31<sup>st</sup> of that calendar year.<sup>18</sup> The LPA makes no reference to Limited Partners having an option to not participate in illiquid investments but only limits the percentage to total assets that the General Partner could invest in illiquid investments.

3. The General Partner permitted Limited Partners to withdraw capital contributions even though their interest was in unrealized Side Pocket Investments, contrary to the Amended and Restated LPA.

The LPA states that a Limited Partner may not withdraw any of its interest in a Side Pocket Investment Account until such time as a Realization Event<sup>19</sup> has occurred with respect to the relevant Side Pocket Investment; provided however, the General Partner may, in its sole discretion, make pro rata allocations of current income received by the Partnership in respect of a Side Pocket Investment to the Capital Accounts of each of the Partners participating therein.<sup>20</sup>

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<sup>16</sup> LPA dated September 27, 2007, Section 2.05 and Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P., May 5, 2009, Section 1.05.

<sup>17</sup> Ibid.

<sup>18</sup> Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P., dated May 5, 2009, Section 3.04.

<sup>19</sup> Realization Event is defined in the LPA as (i) a liquidation or disposition of a Side Pocket Investment for cash, (ii) an exchange of a Side Pocket Investment for marketable Securities that are not Side Pocket Investments, (iii) an in-kind distribution of the Side Pocket Investment to Partners, or (iv) at the discretion of the General Partner, a determination that such Side Pocket Investment should no longer be designated as such if market quotations have become readily available for Securities of the same class and series as the Securities that constitute the Side Pocket Investment or the occurrence of all events necessary to permit the Partnership to make unrestricted public resales of such Securities in the principal market for which such quotations are available.

<sup>20</sup> Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P., dated May 5, 2009, Section 4.01(f).

On two occasions the General Partner allowed Limited Partners to withdraw 100% of their capital account balances even though the General Partner had invested the majority of the Limited Partners contributions in illiquid investments that had not had Realization Events.

- In October 2009, the General Partner allowed Brenda Maples to withdraw \$535,943 (100% of her capital accounts balances). Of the \$535,943 the General Partner had allocated \$336,110 (62.7% of the total capital balance) to a Side Pocket Investment Account that per the LPA could not be withdrawn until Realization Events occurred.
- In April 2010, the General Partner allowed Philip Logsdon to withdraw \$587,793 (100% of his capital accounts balances). Of the \$587,793 the General Partner had allocated \$511,814 (87.1% of the total capital balance) to Side Pocket Investment Accounts that per the LPA could not be withdrawn until Realization Events occurred.

By making such distributions, the General Partner caused Brenda Maples and Philip Logsdon's interest in the Side Pocket investments to be transferred to other Limited Partners without their knowledge or consent. Section 8 of the LPA outlines a number of items that both the transferor Partner and transferee of interest in the Partnership were to execute in order for a transfer of interest to be granted. Since the transferee Partners had no knowledge of the transfer the requirements could not have been met and the General Partner made such transfer without the knowledge of the limited partners and in violation of the LPA.

Between March 2010 and December 2010, the General partner allowed other Limited Partners to withdraw partial interests in Side Pocket Investment Accounts contrary to the LPA. When such withdraws were made, the General Partner caused the interests in the Side Pocket Investment Accounts to be transferred to the General Partner. The majority of such transfers were financed by the Partnership and a receivable from the General Partner was created (interest free).

In Summary, the Receiver found that that General Partner misled the Limited Partners by not adhering to the LPA and PPMs between September 2008 and December 2010 by

- Causing the Partnership to invest in illiquid investments in excess of representations made to investors without all of the Partners approval.
- Representing to investors, through a January 2010 PPM, that such investors could subscribe to the Partnership and elect not to participate in illiquid investments contrary to the LPA.
- Allowed Limited Partners to withdraw capital investments in Side Pocket Investment Accounts before Realization Events and transferring such Limited Partners interests in the Side Pocket Investment Accounts to remaining Limited Partners contrary to the LPA.

**APPENDIX B**  
**Analysis of PVF's and PVPEF's books and Records January 1, 2011 through March 31, 2013**

Michael J. Liccar & Co. did not prepare any financials for PVF after December 31, 2010. Sometime prior to August 29, 2011<sup>21</sup>, the General Partner retained Partners Admin LLC to prepare the books and records of PVF and a newly formed Limited Partnership, PVPEF. The Receiver was provided with general ledgers of PVF and PVPEF for the period of January 2011 through March 2013 prepared by Partners Admin LLC.

On May 31, 2011, the General Partner sent a letter to all Limited Partners of PVF that had an interest in the Side Pocket Investment Accounts stating that the General Partner was forming a new Limited Partnership to segregate PVF's liquid and illiquid assets ("Approval Letter"). The new Limited Partnership would be called PVPEF. The Approval Letter stated that all investors with an interest in PVF's illiquid "side pocket" investments would be deemed to have made capital contributions to the Illiquid Fund in an amount equal to the total of their respective interest in such investments as of January 1, 2011 and moved from PVF to PVPEF. The Approval Letter requested that the Limited Partners approve the changes by signing and returning the letter. The General Partner also issued new PPMs and LPAs for PVF and PVPEF dated May 12, 2011.

The Receiver analyzed the Approval Letters, PVF and PVPEF general ledgers for the period of January 2011 through March 2013 and the May 12, 2011 PVF and PVPEF PPMs and LPAs and found the General Partner made misrepresentations to and misled the Limited Partners as follows:

1. As outlined above, PVF's LPA dated May 5, 2009 specifically states that without the written consent of all the Partners the purpose of the Partnership shall not be changed, and the Partnership shall not engage in any substantial business endeavor other than those consistent with the purpose of the Partnership, or incidental thereto. The Receiver has evaluated the signed Approval Letters. In total, the Receiver found that the General Partner received approval letters from Limited Partners that had a total interest in PVF of approximately 44% as of December 31, 2010 and the remaining Limited Partners holding a total interest of 56% did not sign the Approval Letter (Exhibit 6). Furthermore, the General Partner did not receive executed Approval Letters from Limited Partners that accounted for 46% of the total Limited Partners interest that were moved to the newly formed limited Partnership, PVPEF (Exhibit 6). Therefore, the General Partner did not have the approval from all the Limited Partners to change PVF's LPA and move Limited Partners interests in PVF to PVPEF.
2. The General Partner continued to invest Limited Partners' capital contributions in illiquid investments between January 1, 2011 and March 31, 2013 further increasing PVF's investment of illiquid investments as a percentage of total assets. As of March 31, 2013 illiquid investments accounted for approximately 99% of total assets of PVF and PVPEF's combined assets.<sup>22</sup>

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<sup>21</sup> On August 29, 2011 Scott Tominaga of Partners Admin LLC sent an email to Tony Stacy and issued completed financial reports for Palo Verde Private Equity Fund, L.P for January 2011 through July 2011.

<sup>22</sup> Given that the General Partner did not receive approval from all of the Partners in PVF to change the PVF LPA and move Partners interest to a new entity the Receiver combined the assets of the two entities to calculate the total alternative investments to total asset ratio.

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3. As previously stated above, in January 2010 the General Partner issued a new PPM that allowed investors investing new capital to opt-out of illiquid investments at the time the new capital was invested without changing the LPA which would have required approval from all investors. The General Partner misled such investors and invested their capital contributions in illiquid investments. Between January 1 and May 31, 2011, the General Partner received capital contributions from investors that elected to opt-out of illiquid investments totaling \$2,942,955<sup>23</sup> and invested \$2,792,026.43<sup>24</sup> of the capital contributions in illiquid investments. The illiquid investments were required to be put in a Side Pocket Investment Account and the Partners' capital accounts were to be reduced by an amount determined by multiplying such Partner's Allocation Percentage as of June 30th.<sup>25</sup> Instead, the General Partner issued the Approval Letter on May 31, 2010, formed a new entity (PVPEF), issued new PPMs and LPAs for both the PVF and PVPEF and moved the Limited Partners capital interest in the Side Pockets Investment Accounts and the Side Pocket Investment Accounts as of January 1, 2011 from PVF to PVPE without approval from all Partners. The General Partner then directed Partners Admin LLC to create a receivable on PVF's books and a payable on PVPEF's books to avoid reducing the Partners' capital accounts as required by PVF's LPA of May 2009.
4. The Receiver found that between January 2011 and March 2013, capital contributions totaling \$6,505,383<sup>26</sup> were received into the PVF's bank account and PVF invested \$6,708,694<sup>27</sup> in illiquid investments that the General Partner directed Partners Admin LLC to record as a receivable from PVPEF.
5. In addition to the General Partner directing the PVF illiquid investments to be recorded as a receivable from PVPEF, PVF made numerous other payments out of PVF's bank account that were recorded as a receivable from PVPEF or for the benefit of the illiquid investments and/or Limited Partners interest allocated to the illiquid investments between January 2011 and March 2013, including:
  - i. Paid \$1,427,699 to the General Partner. Of the \$1,427,699 paid to the General Partner \$951,350 was recorded as loans to the General Partner and balance was recorded as expenses of PVPEF (or the illiquid investments).<sup>28</sup>
  - ii. Paid \$253,018 to various entities for expenses allegedly associated with the illiquid investments and/or Limited Partners interests allocated to the illiquid investments.
  - iii. Paid \$2,399,067 to Limited Partners as withdraws of their capital interests recorded on the PVPEF books.
6. To offset the PVF's receivable from PVPEF the General Partner caused illiquid investments returns to be directly deposited into PVF's bank accounts in the amount of \$6,517,564 and transferred \$1,365,000 from PVPEF's bank accounts to PVF's bank accounts. The General partner also deposited a capital contribution of \$250,000 into PVF's bank account and recorded it as a PVPEF capital contribution and caused PVPEF to pay some PVF expenses and Limited Partner withdraws totaling \$17,390.

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<sup>23</sup> Capital Contributions recorded in PVF's general ledger from January 2011 through May 2011.

<sup>24</sup> Funds drawn on PVF's bank accounts and sent directly to illiquid investments between January 1, 2011 and May 31, 2011. PVF's general ledger recorded the disbursements as due from PVPEF. PVPEF's general ledger recorded the due to PVF as investments in illiquid investment.

<sup>25</sup> Amended and Restated Limited Partnership Agreement of Palo Verde Fund, L.P padded May 5, 2009, section 3.04.

<sup>26</sup> Capital Contributions recorded in PVF's general ledger from January 2011 through March 2013.

<sup>27</sup> Funds drawn on PVF's bank accounts and sent directly to illiquid investments between January 1, 2011 and March 31, 2013. PVF's general ledger recorded the disbursements as due from PVPEF. PVPEF's general ledger recorded the due to PVF as investments in illiquid investment.

<sup>28</sup> PVPEF's general ledger January 1, 2011 through March 31, 2013.

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7. In January 2013, with virtually all of the PVF and PVPEF's assets invested in illiquid investments (many that were being carried on the books in what appears to have been above fair market value<sup>29</sup>), the General Partner executed a loan agreement between PVF (Lender) and PVPEF (Borrower) to allow PVPEF to borrow funds from PVF up to \$5,000,000.<sup>30</sup>

In Summary, the Receiver found that that General Partner continued to make misrepresentations and mislead the Limited Partners between January 1, 2011 and March 31, 2013 by:

- Enticing new investors and additional capital contributions by promising not to invest the funds in illiquid investments (contrary to the LPA) and then investing the funds in illiquid investments anyway.
- The General Partner formed a new Limited Partnership and changed the PVF LPA without all the Partners approval. Furthermore, the Receiver found that the General Partner never transferred a number of the illiquid investments from PVF to PVPEF as evidenced by K-1's received from the illiquid investments naming PVF as the interest holder. Additionally, the Receiver found evidence that the illiquid investments were not transferred to PVPEF at their fair market value but instead were transferred at the book value on PVF's books.
- When virtually all the Limited Partnerships assets were invested in illiquid investments, the General Partner executed a loan agreement between PVF and PVPEF in an attempt to protect certain Limit Partners investments to the detriment of other Limited Partners.

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<sup>29</sup> Based on knowledge gained by the Receiver of values since the Funds were placed in receivership.

<sup>30</sup> Loan Agreement dated January 1, 2013, signed by Tony Stacy as Managing Member of PVF and PVPEF.

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**Summary of Investment Income & Other Recoveries**

Exhibit 1

As of July 31, 2017

**Investment Sale Proceeds**

<b>Investment</b>	<b>Amount Received</b>	<b>Description</b>
AF-1 Investments	\$ 50,000	Proceeds from sale of equity interest
Acumen	160,299	Proceeds from sale of energy management contracts
Bees Free	8,311	Proceeds from sale of stock
Empire Finance, LLC	548,424	Proceeds from asset sale
Ice Now, LLC	20,000	Proceeds from asset sale
Palo Properties, LLC	176,476	Proceeds from asset sale
SDX Acquisition, LLC	80,000	Proceeds from asset sale
TCP-GBS I, LLC	310,743	Proceeds from asset sale
<b>Total Sale Proceeds</b>	<b>\$ 1,354,254</b>	

**Other Investment Receipts**

<b>Investment</b>	<b>Amount Received</b>	<b>Description</b>
Acumen Energy Solutions	\$ 158,352	Funds from Acumen bank account
HHI Investment	70,349	Debt repayment allocation
Palo Properties, LLC	27,922	Rent; proceeds from sale of furniture
SDX Acquisition, LLC	175,553	Distribution
TCP-GBS, LLC	22,455	Distribution
TCP-Mach Speed, LLC	15,064	Distribution
USDA Loan J-46	91,124	Monthly interest payments
<b>Total Other Receipts</b>	<b>\$ 560,820</b>	

<b>Total Income</b>	<b>\$ 1,915,074</b>
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**Litigation / Settlement Proceeds**

<b>Party</b>	<b>Amount Received</b>	<b>Description</b>
Tony Stacy	\$ 215,500	Court approved settlement of \$2,000,000
Chris Jensen	2,000	Court approved settlement.
Acumen Litigation Settlement	50,000	Court approved settlement.
<b>Total Other Receipts</b>	<b>\$ 267,500</b>	

**Funds Recovered Pre-Receivership**

<b>Recovered From</b>	<b>Amount Received</b>	<b>Description</b>
Palo Verde Equity Fund	\$ 6	Bank Account
Verde Capital Group	12,629	Bank Account
Acumen	6,827	Bank Account
Tony Stacy	75,000	Wire from Tony Stacy
<b>Total Other Receipts</b>	<b>\$ 94,462</b>	

<b>Total Income &amp; Other Recoveries</b>	<b>\$ 2,277,036</b>
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Source: Receivership accounting records

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Deposit	10/23/2013		Tony Stacy Initial Deposit	Deposit	75,000.00
Check	10/24/2013	4953	United States Treasury	45-1540577 Form 4506 Request	(100.00)
Check	10/24/2013	4954	United States Treasury	26-0832045 Form 4506 Request	(100.00)
Deposit	10/30/2013		Michael Nemeth	Rent	3,500.00
Check	10/30/2013	4955	Downtown Associates, LLC	Oct 2013 - Interest & Property Tax	(5,755.00)
Check	10/30/2013	4956	CamTechnologies, LLC	Invoice No. 3305 for server imaging	(567.79)
Deposit	11/08/2013		Colson Services Corp.	Interest Payment	6,587.64
Check	11/13/2013	1001	CamTechnologies, LLC	Invoice No. 3370 for website creation	(350.00)
Check	11/13/2013	1002	CamTechnologies, LLC	Invoice No. 3371 for email exports	(1,010.00)
Check	11/13/2013	1003	Downtown Associates, LLC	Nov 2013 - Interest & Property Tax	(5,755.00)
Check	11/15/2013	EFT	State Farm Insurance	20368 N 98th St - Property Insurance	(1,089.00)
Deposit	12/02/2013		Michael Nemeth	Rent	4,700.00
Check	12/02/2013	1005	CamTechnologies, LLC	Invoice No. 3387 for email exports	(3,675.00)
Check	12/02/2013	1006	CamTechnologies, LLC	Invoice Nos. 3450 & 3451 for website & domain	(140.00)
Deposit	12/03/2013		Colson Services Corp.	Interest payment	7,439.77
Deposit	12/03/2013		Michael Nemeth	Rent	3,900.00
Check	12/13/2013	1004	Downtown Associates, LLC	Dec 2013 - Interest & Property Tax	(5,755.00)
Check	12/17/2013	1007	CamTechnologies, LLC	VOID: Invoice Nos. 3410 GJE, RGJE created on 12/18/2013	-
Check	12/17/2013	1008	CamTechnologies, LLC	Invoice No. 3410	(3,675.00)
Check	12/17/2013	1009	CamTechnologies, LLC	Invoice No. 3436	(29.95)
Deposit	12/18/2013		Pre-Receiverhsip Accts	Deposit	6.17
Deposit	12/19/2013		United States Treasury	Deposit	200.00
Deposit	01/02/2014		Colson Services Corp.	Interest payment	3,283.59
Check	01/03/2014	1010	CamTechnologies, LLC	Invoice No. 3464	(2,700.00)
Check	01/06/2014	1011	CamTechnologies, LLC	Invoice No. 3522	(29.95)
Deposit	01/08/2014		Michael Nemeth	Rent	3,900.00
Check	01/10/2014	1012	BizFilings	Inv 2023258	(16.95)
Check	01/16/2014	1013	Simon Consulting, LLC	Receiver fees-inception to Oct 31 2013	(27,291.43)
Check	01/16/2014	1014	Guttilla Murphy Anderson, PC	Receiver attorney fees-inception to Oct 31, 2013	(19,144.42)
Check	01/16/2014	1015	CamTechnologies, LLC	Invoice No. 3544	(125.00)
Check	01/21/2014	1016	BizFilings	Renewal of Stat Agent PV Fund LP	(133.60)
Check	01/21/2014	1017	VOID	VOID	-
Check	01/24/2014	1018	Downtown Associates, LLC	Jan 2014 - Interest & Property Tax	(5,755.00)
Deposit	01/29/2014		Colson Services Corp.	Interest payment	5,357.44
Check	01/30/2014	1020	Downtown Associates, LLC	Feb 2014 - Interest & Property Tax	(5,755.00)
Deposit	02/05/2014		Michael Nemeth	Rent	3,900.00
Check	02/05/2014	EFT	Chase Bank	Service Charge	(95.00)
Check	02/28/2014	1021	McKinnon	Appraisal Report-DC Ranch House	(500.00)
Check	02/28/2014	1022	Litgistix, LLC	Copies - PV Energy rpts from Forest Oil	(765.65)
Check	02/28/2014	1023	Xact Data	Scanning of Liccar accounting data	(3,320.55)
Check	02/28/2014	1024	CamTechnologies, LLC	Invoices 3576,3633 &3614	(2,307.45)
Deposit	03/04/2014		Wells Fargo Bank	Deposit	282.43
Deposit	03/05/2014		Michael Nemeth	Rent	3,900.00
Check	03/05/2014	EFT	Chase Bank	Service Charge	(95.00)
Deposit	03/14/2014		Chase Bank	Deposit	95.00
Deposit	03/14/2014		Chase Bank	Deposit	95.00
Check	03/24/2014	1025	Downtown Associates, LLC	March 2014 - Interest & Property Tax	(5,755.00)

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Deposit	04/01/2014		Colson Services Corp.	Interest Payment	9,503.98
Deposit	04/03/2014		Michael Nemeth	Rent	2,600.00
Check	04/11/2014	1026	CamTechnologies, LLC	Invoice 3786	(29.95)
Check	04/21/2014	1027	CamTechnologies, LLC	3803	(62.50)
Check	04/21/2014	EFT	APS	Deposit for electric service at property	(705.00)
Deposit	04/21/2014		TCP Group	Distribution	4,863.43
Check	04/22/2014	1028	Michael Nemeth	Return of Security Deposit - tenant vacated	(3,500.00)
Check	04/24/2014	1029	Downtown Associates, LLC	April 2014 - Interest & Property Tax	(5,755.00)
Deposit	04/24/2014		Colson Services Corp.	Interest payment	6,003.39
Deposit	04/24/2014		HPCG, LLC	Proceeds from investment	11,153.59
Check	05/05/2014	EFT	APS	Electric Service	(35.53)
Check	05/05/2014	1030	Southwest Gas	Utility deposit and monthly fee	(187.48)
Check	05/05/2014	1031	Buddy Barbera	Landscape & Pool maintenance-realtor reimbursement	(326.00)
Deposit	05/09/2014		SDX Acquisition, LLC	Distribution	92,519.00
Check	05/13/2014	1033	CamTechnologies, LLC	Invoice 3692	(29.95)
Check	05/14/2014	1032	CamTechnologies, LLC	Invoice 3872-remove Acumen doc from site	(31.25)
Check	05/15/2014	1034	CamTechnologies, LLC	Invoice 3855 - May web hosting/email	(29.95)
Check	05/16/2014	1035	Conner & Winters, LLP	November fees	(2,340.00)
Check	05/16/2014	1036	Guttilla Murphy Anderson, PC	November fees	(13,693.53)
Check	05/16/2014	1037	Simon Consulting, LLC	November fees	(43,822.02)
Check	05/23/2014	1038	Adobe Carpet Cleaning	Carpet Cleaning	(182.95)
Check	05/23/2014	1039	Downtown Associates, LLC	May 2014 - Interest & Property Tax	(5,755.00)
Check	05/27/2014	1040	Squeeky Kleen Windows	Window Cleaning Service	(320.00)
Check	05/27/2014	1041	Caddo Parish Clerk of Court	Aeromedical Collections Court Costs	(38.73)
Check	05/27/2014	1042	City of Scottsdale	Water/Sewer @ DC Ranch Property	(43.49)
Deposit	05/27/2014		Colson Services Corp.	Interest Payment	1,266.02
Check	06/06/2014	EFT	APS	Electric Service	(118.46)
Check	06/13/2014	1043	Litgistix, LLC	Copies - PV Energy rpts from Forest Oil	(267.95)
Check	06/13/2014	1044	CamTechnologies, LLC	Invoice 3924-June web hosting/email	(29.95)
Check	06/13/2014	1045	Southwest Gas	May Gas Fee	(28.11)
Check	06/24/2014	1046	Downtown Associates, LLC	June 2014 - Interest & Property Tax	(5,755.00)
Check	06/24/2014	1047	City of Scottsdale	Water/Sewer @ DC Ranch Property	(63.15)
Check	06/25/2014	EFT	APS	Electric Service	(246.14)
Deposit	06/25/2014		Colson Services Corp.	Interest Payment	6,459.64
Deposit	07/03/2014		HPCG, LLC	Deposit	22,307.18
Check	07/18/2014	1048	Southwest Gas	June Gas Fee	(25.74)
Check	07/18/2014	1049	CamTechnologies, LLC	Invoice 4013-July web hosting/email	(29.95)
Deposit	07/22/2014		Conterra Asset Management	Interest Payment	8,033.43
Check	07/25/2014	1050	Azure Blue Complete Pool Service	Pool Service at DC Ranch House	(138.00)
Check	07/25/2014	1051	City of Scottsdale	Water/Sewer @ DC Ranch Property	(61.28)
Check	07/25/2014	1052	Downtown Associates, LLC	July 2014 - Interest & Property Tax	(5,755.00)
Check	08/04/2014	1053	BizFilings	Renewal of Stat Agent PV Fund LP	(151.20)
Check	08/04/2014	1054	Southwest Gas	July Gas Fee	(24.39)
Check	08/07/2014	EFT	APS	Electric Service	(293.28)
Check	08/13/2014	1055	Whitsitt & Whitsitt	Retainer for Kansas Attorney - Ross lawsuit	(4,000.00)
Check	08/13/2014	1056	Marco's Crystal Clear Cleaning Service	Cleaning & Repair of DC Ranch Property	(1,325.00)
Check	08/13/2014	1057	VOID	VOID	-

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Check	08/13/2014	1058	Arizona Stairs	Downpayment - stair repair	(250.00)
Check	08/19/2014	1059	CamTechnologies, LLC	Invoice 4100	(29.95)
Check	08/19/2014	1060	Arizona Stairs	2nd Pmt - Stair Repair DC Ranch	(250.00)
Deposit	08/21/2014		Conterra Asset Management	Interest Payment	5,103.46
Check	08/25/2014	1062	Downtown Associates, LLC	Aug 2014 - Palo Properties	(5,755.00)
Check	08/25/2014	1063	Southwest Gas	July Water - Palo Properties	(63.07)
Check	08/25/2014	1064	CamTechnologies, LLC	Invoice 4127 - Website Update	(62.50)
Deposit	08/27/2014		Arena Football League	Deposit	50,000.00
Check	09/03/2014	1065	Southwest Bond Services	Bond Renewal AZ412047	(100.00)
Check	09/03/2014	1066	Azure Blue Complete Pool Service	August Pool Svc - DC Ranch	(140.00)
Check	09/04/2014	EFT	APS	Electric Service	(346.41)
Deposit	09/10/2014		CrossFirst Bank	Deposit	224,357.71
Check	09/18/2014	1067	Azure Blue Complete Pool Service	July Pool Svc - DC Ranch	(296.00)
Deposit	09/22/2014		TCP Group	Distribution	15,064.49
Deposit	09/23/2014		Conterra Asset Management	Interest Payment	5,262.72
Check	09/25/2014	1068	VOID	VOID	-
Check	09/25/2014	1069	CamTechnologies, LLC	Invoice 4127 - Website Update	(29.95)
Check	09/25/2014	1070	City of Scottsdale	Water/Sewer @ DC Ranch Property	(61.00)
Check	09/25/2014	1072	VOID	VOID	-
Check	09/28/2014	1073	Downtown Associates, LLC	Sept 2014 - Palo Properties	(5,755.00)
Check	10/03/2014	1074	AC by J	AC repair per sales agreement	(563.95)
Check	10/03/2014	EFT	APS	Electric Service	(492.50)
Check	10/03/2014	1075	Southwest Gas	Gas bill	(38.70)
Check	10/08/2014	1076	Arvest Bank	Balance Due on Note Purchase	(10,000.00)
Check	10/14/2014	EFT	Chase Bank	Service Charge	(17.50)
Check	10/15/2014	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	10/15/2014		Empire Finance, LLC	Proceeds from investment	200,000.00
Check	10/21/2014	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	10/21/2014		Empire Finance, LLC	Proceeds from investment	150,000.00
Check	10/22/2014	1077	CamTechnologies, LLC	Invoice 4288 - Website Update	(29.95)
Check	10/22/2014	1078	City of Scottsdale	Water/Sewer @ DC Ranch Property	(60.77)
Check	10/22/2014	1079	Azure Blue Complete Pool Service	Sept Pool Svc - DC Ranch	(126.00)
Check	10/22/2014	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	10/22/2014		Empire Finance, LLC	Proceeds from investment	50,000.00
Check	10/28/2014	1081	Flowing Wells Landscape & Pools	Pool/landscape repair per sales contract	(837.41)
Check	10/28/2014	1080	Downtown Associates, LLC	Oct 2014 - Palo Properties	(5,755.00)
Check	10/28/2014	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	10/28/2014		Empire Finance, LLC	Proceeds from investment	4,374.44
Check	10/30/2014	EFT	APS	Electric Service	(156.77)
Deposit	11/10/2014		Old World Title Agency	Proceeds from investment	176,157.45
Check	11/14/2014	1082	Azure Blue Complete Pool Service	Oct Pool Svc - DC Ranch	(102.00)
Check	11/14/2014	1084	City of Scottsdale	Water/Sewer @ DC Ranch Property	(51.88)
Check	11/14/2014	1085	CamTechnologies, LLC	Invoice 4393 - Website Update	(29.95)
Deposit	11/14/2014		APS	APS refund	672.97
Deposit	11/14/2014		Southwest Gas	SW Gas refund	115.17
Deposit	11/14/2014		State Farm Insurance	State Farm refund	20.05
Deposit	12/11/2014		Arizona Auctioneers	Proceeds from investment	1,499.90

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Deposit	12/15/2014		Empire Finance, LLC	Proceeds from investment	3,135.00
Check	12/15/2014	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Check	12/25/2014	1087	Simon Consulting, LLC	Dec 2013 - Aug 2014	(318,495.36)
Check	12/25/2014	1086	Guttilla Murphy Anderson, PC	Dec 2013 - Oct 2014	(130,097.42)
Check	12/25/2014	1089	DeFusco & Udelman, PLC	Acumen - Retainer	(2,000.00)
Check	12/25/2014	1090	Whitsitt & Whitsitt	Kansas Attorney - Ross lawsuit	(75.74)
Check	12/25/2014	1088	Sprouse Schrader Smith, PLLC	PV Energy, LLC Attorney	(765.00)
Deposit	12/30/2014		Trulite Glas	AR Proceeds	4,136.98
Deposit	12/30/2014		Electric Coating Technologies	AR Proceeds	760.00
Check	12/31/2014	1091	Simon Consulting, LLC	Sep-Oct 2014	(70,611.38)
Check	01/07/2015	0991	US Postal Service	PO Box Fees - 6 month renewal	(37.00)
Check	01/07/2015	1092	JP Morgan Chase NA	Fees for statement research/production	(63.42)
Check	01/07/2015	1093	Conner & Winters, LLP	Fees - Jan-April 2014	(9,730.30)
Deposit	01/15/2015		Wisembaker Builder Svcs	AR Proceeds	1,440.00
Check	01/15/2015	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	01/15/2015		Empire Finance, LLC	Proceeds from investment	3,135.00
Deposit	01/23/2015		Suez Energy	AR Proceeds	500.00
Deposit	01/27/2015		Wisembaker Builder Svcs	AR Proceeds	240.00
Check	01/28/2015	1094	VOID	VOID	-
Check	01/28/2015	0992	Platte City Self Storage	Storage fees 1/22/15 - 3/22/15	(148.00)
Check	01/28/2015	1095	JP Morgan Chase NA	Fees for statement research/production	(260.37)
Deposit	02/10/2015		Polsinelli Shugart	Refund of pre-receivership retainer	1,873.50
Deposit	02/13/2015		Empire Finance, LLC	Proceeds from investment	3,135.00
Check	02/13/2015	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	02/20/2015		Old World Title Agency	Refund of overpayment	319.00
Deposit	02/23/2015		Conterra Asset Management	Interest Payment	26,822.78
Deposit	03/02/2015		Lindsey Auction Service	Proceeds from investment	814.54
Check	03/06/2015	1096	Simon Consulting, LLC	December 2014	(33,414.45)
Check	03/06/2015	1097	Guttilla Murphy Anderson, PC	Dec 2014	(23,028.59)
Check	03/06/2015	1098	Conner & Winters, LLP	May 2014	(853.45)
Check	03/06/2015	1099	Whitsitt & Whitsitt	Kansas Attorney - Ross lawsuit	(3,348.28)
Check	03/06/2015	1100	Simon Consulting, LLC	Nov 2014	(40,625.20)
Check	03/06/2015	1101	Guttilla Murphy Anderson, PC	Nov 2014	(31,281.65)
Check	03/06/2015	1102	CamTechnologies, LLC	Invoice 4605 - Website Update/domain renewal	(140.00)
Check	03/06/2015	1103	JP Morgan Chase NA	Fees for statement research/production	(62.34)
Check	03/13/2015	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Deposit	03/13/2015		Empire Finance, LLC	Deposit	3,135.00
Deposit	03/17/2015		Bees Free	Deposit	8,028.46
Check	03/17/2015	1104	Lang & Klain, PC	Retainer	(10,000.00)
Check	03/17/2015	0993	Platte City Self Storage	Acumen Storage - Unite D33	(74.00)
Check	04/03/2015	1105	VOID	VOID	-
Check	04/03/2015	1106	CamTechnologies, LLC	Invoice 4820-Verde Cap Data Recovery	(7,095.04)
Check	04/03/2015	1107	Simon Consulting, LLC	Jan 2015	(31,808.55)
Check	04/03/2015	1108	Guttilla Murphy Anderson, PC	Jan 2015	(11,449.35)
Check	04/03/2015	1109	VOID	VOID	-
Check	04/03/2015	1110	Whitsitt & Whitsitt	Kansas Attorney - Ross lawsuit -Jan Fees	(2,681.00)
Check	04/03/2015	1111	Conner & Winters, LLP	June 2014	(164.15)

**Palo Verde Receivership**

Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Check	04/14/2015	1112	VOID	VOID	-
Check	04/14/2015	1113	Platte City Self Storage	Storage - 4/22/15 to 5/22/15	(74.00)
Deposit	04/20/2015		Empire Finance, LLC	Proceeds from investment	3,135.00
Check	04/20/2015	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Check	04/23/2015	EFT	State of Delaware	Delaware LP Annual Report/Tax	(350.00)
Check	04/23/2015	EFT	State of Delaware	Delaware LP Annual Report/Tax	(1,429.50)
Deposit	04/24/2015		SDX Acquisition, LLC	Distribution	27,005.00
Deposit	04/27/2015		TCP Group	Distribution	17,592.00
Deposit	04/30/2015		Wrigley Company	AR Proceeds	2,410.00
Check	05/04/2015	100	Aldridge Borden	W-2 & 1099 Prep-Acumen	(1,085.00)
Check	05/04/2015	101	Simon Consulting, LLC	Feb 2015 Fees	(47,973.40)
Check	05/04/2015	102	Guttilla Murphy Anderson, PC	Feb 2015 Fees	(20,414.21)
Check	05/04/2015	103	Whitsitt & Whitsitt	Feb 2015 Fees	(442.03)
Deposit	05/20/2015		Empire Finance, LLC	Proceeds from investment	3,135.00
Check	05/20/2015	EFT	Chase Bank	Incoming Domestic Wire Fee	(15.00)
Check	05/27/2015	104	Simon Consulting, LLC	March 2015 Fees	(38,360.85)
Check	05/27/2015	105	Guttilla Murphy Anderson, PC	March 2015 Fees	(10,626.43)
Check	05/27/2015	106	Whitsitt & Whitsitt	March 2015 Fees	(302.41)
Check	05/29/2015	EFT	Chase Bank	Service Fee	(12.00)
Check	05/29/2015	107	Platte City Self Storage	Storage - 5/22/15 to 6/22/15	(74.00)
Check	06/17/2015	108	Platte City Self Storage	Storage - 6/22/15 to 7/22/15	(74.00)
Deposit	06/19/2015		Empire Finance, LLC	Proceeds from investment	3,135.00
Check	06/19/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Deposit	06/23/2015		Tony Stacy	Deposit	75,000.00
Deposit	06/24/2015		McLane Company	AR Proceeds	2,318.20
Check	07/06/2015	1001	Simon Consulting, LLC	April 2015 Fees	(25,269.05)
Check	07/06/2015	1002	Guttilla Murphy Anderson, PC	April 2015 Fees	(5,139.74)
Check	07/06/2015	1003	Whitsitt & Whitsitt	April 2015 Fees	(322.41)
Check	07/14/2015	109	Platte City Self Storage	Storage - 7/22/15 to 8/22/15	(74.00)
Deposit	07/20/2015		Empire Finance, LLC	Deposit	3,135.00
Check	07/20/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	07/23/2015	1004	US Postal Service	PO Box for Acumen	(38.00)
Check	07/23/2015	1005	Simon Consulting, LLC	May 2015 Fees	(20,166.00)
Check	07/23/2015	1006	Guttilla Murphy Anderson, PC	May 2015 Fees	(6,073.92)
Deposit	08/05/2015		Verde Capital, LLC	Deposit	12,629.02
Check	08/17/2015	110	Platte City Self Storage	Storage - 8/22/15 to 9/22/15	(74.00)
Deposit	08/20/2015		Empire Finance, LLC	Deposit	3,135.00
Check	08/20/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	08/24/2015	1007	Simon Consulting, LLC	June 2015 Fees	(30,613.95)
Check	08/24/2015	1008	Guttilla Murphy Anderson, PC	June 2015 Fees	(7,278.49)
Check	08/24/2015	1009	Whitsitt & Whitsitt	May & June 2015 Fees	(3,858.98)
Check	08/24/2015	1010	BizFilings	Registered Agent RENEWAL	(141.75)
Deposit	09/01/2015		Brightergy	Deposit	3,300.00
Deposit	09/04/2015		TCP-GBS Investment I, LLC	Deposit	55,069.42
Check	09/04/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	09/18/2015	1011	Platte City Self Storage	Storage Facility 9/22 to 10/22	(74.00)
Check	09/18/2015	1012	Southwest Bond Services	Bond renewal	(100.00)



**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Deposit	09/18/2015		Empire Finance, LLC	Monthly Installment	3,135.00
Check	09/18/2015		Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	09/24/2015	1014	Guttilla Murphy Anderson, PC	VOID: June 2015 Fees	-
Check	09/24/2015	1013	Simon Consulting, LLC	July 2015 Fees	(26,786.55)
Check	09/24/2015	1015	Guttilla Murphy Anderson, PC	July 2015 Fees	(4,368.89)
Deposit	10/02/2015		TCP Group	Bal due-asset purchase	255,673.58
Check	10/02/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	10/14/2015		Nat'l Bank of AZ	Papter Statement Fee	(5.00)
Deposit	10/14/2015	EFT	Nat'l Bank of AZ	Deposit - fee reversal	5.00
Check	10/20/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Deposit	10/20/2015		Empire Finance, LLC	Deposit	3,135.00
Deposit	10/22/2015		Tony Stacy	Deposit	55,000.00
Check	11/13/2015	1016	Platte City Self Storage	Storage Facility 10/22-11/22	(74.00)
Check	11/13/2015	1017	Simon Consulting, LLC	August 2015 Fees	(16,608.00)
Check	11/13/2015	1018	Guttilla Murphy Anderson, PC	Aug 2015 Fees	(3,621.76)
Check	11/13/2015	1019	Lang & Klain, PC	VOID: August Fees	-
Check	11/13/2015	1020	Platte City Self Storage	Storage Facility 11/22-12/22	(74.00)
Deposit	11/18/2015		Tony Stacy	Deposit	5,000.00
Check	11/20/2015	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Deposit	11/20/2015		Empire Finance, LLC	Deposit	3,135.00
Check	11/23/2015	1021	Simon Consulting, LLC	Sept 2015 Fees	(20,055.85)
Check	11/23/2015	1022	Guttilla Murphy Anderson, PC	Sept 2015 Fees	(2,733.90)
Check	11/23/2015	1023	Lang & Klain, PC	Inv 12206	(739.93)
Check	11/23/2015	1024	Whitsitt & Whitsitt	Sept 2015 Fees	(1,651.00)
Deposit	12/03/2015		Denise Martin	Proceeds from sale of Acumen computers	2,500.00
Deposit	12/15/2015		Tony Stacy	Deposit	5,000.00
Deposit	12/18/2015		Empire Finance, LLC	December payment	3,135.00
Check	12/18/2015		Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Check	12/21/2015	1025	Platte City Self Storage	Storage Facility 12/22/15-1/22/16	(74.00)
Check	01/12/2016	1026	Simon Consulting, LLC	Oct 2015 Fees	(20,028.10)
Check	01/12/2016	1027	Guttilla Murphy Anderson, PC	Oct 2015 Fees	(2,626.92)
Check	01/12/2016	1028	Lang & Klain, PC	Oct 2015 Fees	(6,506.92)
Check	01/12/2016	1029	Whitsitt & Whitsitt	Oct 2015 Fees	(2,020.45)
Check	01/19/2016	1030	Platte City Self Storage	Storage Facility 1/22/15-2/22/16	(74.00)
Check	01/21/2016	EFT	Wells Fargo Bank	Wire Trans Svc Charge	(15.00)
Deposit	01/21/2016		Empire Finance, LLC	Deposit	3,135.00
Check	01/26/2016	1031	Simon Consulting, LLC	Nov 2015 Fees	(18,544.15)
Check	01/26/2016	1032	Guttilla Murphy Anderson, PC	Nov 2015 Fees	(1,155.00)
Check	01/26/2016	1033	Lang & Klain, PC	Nov 2015 Fees	(2,183.19)
Check	01/26/2016	1034	Whitsitt & Whitsitt	Nov 2015 Fees	(1,630.50)
Check	02/19/2016	1035	Platte City Self Storage	Storage Facility 2/22/15-3/22/16	(74.00)
Deposit	02/19/2016		Empire Finance, LLC	Deposit	3,135.00
Check	03/11/2016	1036	Simon Consulting, LLC	Dec 2015 Fees	(24,573.25)
Check	03/11/2016	1037	Guttilla Murphy Anderson, PC	Dec 2015 Fees	(2,837.54)
Check	03/11/2016	1038	Whitsitt & Whitsitt	Dec 2015 Fees	(558.00)
Check	03/11/2016	1039	Platte City Self Storage	Storage Facility 3/22/15-4/22/16	(74.00)
Check	03/22/2016	1040	Arizona Corporation Commission	Corp Commission renewal	(199.00)

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Deposit	03/23/2016		Empire Finance, LLC	Deposit	50,000.00
Deposit	03/23/2016		Empire Finance, LLC	Deposit	3,135.00
Check	03/24/2016 EFT		Wells Fargo Bank	Bank fee	(12.00)
Check	03/24/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	03/24/2016		Tony Stacy	Deposit	5,015.00
Check	03/24/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	04/01/2016		SDX Acquisition, LLC	Deposit	51,061.82
Check	04/11/2016 1041		Guttilla Murphy Anderson, PC	January 2016 fees	(4,697.66)
Check	04/11/2016 1042		Whitsitt & Whitsitt	January 2016 fees	(962.50)
Check	04/11/2016 1043		Simon Consulting, LLC	January 2016 fees	(8,575.25)
Check	04/12/2016 1044		Platte City Self Storage	Storage Facility 4/22/15-5/22/16	(74.00)
Deposit	04/20/2016		Acumen Energy Solutions	Proceeds from Acumen operating account	6,826.94
Deposit	04/20/2016		Empire Finance, LLC	Deposit	3,135.00
Check	04/20/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	05/06/2016 1045		Simon Consulting, LLC	February 2016 fees	(7,299.65)
Check	05/06/2016 1046		Guttilla Murphy Anderson, PC	February 2016 fees	(6,965.00)
Check	05/06/2016 1047		Whitsitt & Whitsitt	February 2016 fees	(3,602.49)
Check	05/09/2016 EFT		Wells Fargo Bank	Bank fee	(3.00)
Check	05/09/2016 EFT		Deleware Division of Corporations	DE Franchise Tax	(300.00)
Check	05/09/2016 EFT		Deleware Division of Corporations	DE Franchise Tax	(300.00)
Check	05/12/2016 1048		Platte City Self Storage	Storage Facility 6/22/16-7/22/16	(74.00)
Deposit	05/20/2016		Empire Finance, LLC	Deposit	3,135.00
Check	05/20/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	06/03/2016 1049		Simon Consulting, LLC	March 2016 fees	(5,173.40)
Check	06/03/2016 1050		Guttilla Murphy Anderson, PC	March 2016 fees	(4,136.32)
Check	06/03/2016 1051		Whitsitt & Whitsitt	March 2016 fees	(1,180.14)
Check	06/03/2016 1052		Lang & Klain, PC	Jan 2016 Fees - partial	(569.96)
Deposit	06/06/2016		Tony Stacy	Deposit	4,000.00
Check	06/07/2016 1054		Platte City Self Storage	Storage Facility 5/22/16-6/22/16	(74.00)
Check	06/09/2016 1053		Arizona Corporation Commission	Corp Commission 2016 renewal	(54.00)
Deposit	06/13/2016		HPCG Hospital, LLC	Deposit	36,888.50
Check	06/17/2016 1055		Simon Consulting, LLC	April 2016 fees	(5,683.65)
Check	06/17/2016 1056		Guttilla Murphy Anderson, PC	Apr 2016 fees	(2,117.79)
Check	06/17/2016 1057		Whitsitt & Whitsitt	Apr 2016 fees	(579.75)
Deposit	06/27/2016		Chris Jensen	Deposit	2,000.00
Check	07/01/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	07/01/2016		Empire Finance, LLC	Deposit	3,135.00
Check	07/11/2016 EFT		Wells Fargo Bank	Online Deposit Detail & Images Fee	(3.00)
Check	07/12/2016 1058		Platte City Self Storage	Storage Facility 7/22/16 - 8/22/16	(74.00)
Deposit	07/12/2016		Tony Stacy	Deposit	18,500.00
Check	07/18/2016 1059		Simon Consulting, LLC	May 2016 fees - inv 18638	(10,842.40)
Check	07/18/2016 1060		Guttilla Murphy Anderson, PC	May 2016 fees - inv 21342	(5,197.82)
Check	07/18/2016 1061		Whitsitt & Whitsitt	May 2016 fees	(713.75)
Check	07/20/2016 EFT		Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	07/20/2016		Empire Finance, LLC	Deposit	3,135.00
Check	08/08/2016 EFT		Wells Fargo Bank	Online Deposit Detail & Images	(3.00)
Check	08/10/2016 1062		BizFilings	Invoice No. 2476633 - Registered Agent Renewal	(141.75)

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Check	08/19/2016	1064	Southwest Bond Services	Bond No. AZ412047	(100.00)
Check	08/19/2016	1063	Platte City Self Storage	Unit D33, 08/22/16-09/22/16	(74.00)
Check	08/22/2016	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	08/22/2016		Empire Finance, LLC	Deposit	3,135.00
Check	08/26/2016	1065	Simon Consulting, LLC	June 2016 Fees - Invoice No. 18701	(7,386.55)
Check	08/26/2016	1066	Guttilla Murphy Anderson, PC	June 2016 Fees - Invoice No. 21415	(5,467.02)
Check	08/26/2016	1067	Whitsitt & Whitsitt	June 2016 Fees	(1,458.63)
Check	09/12/2016	1068	Platte City Self Storage	Unit D33, 09/22/16-10/22/16	(74.00)
Check	09/14/2016	1069	Simon Consulting, LLC	July 2016 Fees - Invoice No. 18750	(18,067.35)
Check	09/14/2016	1070	Guttilla Murphy Anderson, PC	July 2016 Fees - Invoice No. 21485	(5,896.76)
Deposit	10/07/2016		American Energy Settlement	Deposit	7,500.00
Check	10/20/2016	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	10/20/2016		Empire Finance, LLC	Deposit	6,270.00
Check	10/28/2016	1071	Platte City Self Storage	Unit D33, 10/22/16-12/22/16	(74.00)
Check	10/28/2016	1072	Simon Consulting, LLC	August 2016 Fees - Invoice No. 18810	(11,653.95)
Check	10/28/2016	1073	Guttilla Murphy Anderson, PC	August 2016 Fees - Invoice No. 21546	(2,359.96)
Check	10/28/2016	1074	Whitsitt & Whitsitt	Jul-Aug 2016 Fees	(687.50)
Deposit	10/31/2016		American Energy Settlement	Deposit	25,000.00
Check	11/10/2016	1075	Udelman Law Firm, PLC	Settlement Re: American Energy Solutions	(11,330.00)
Check	11/21/2016	1076	Platte City Self Storage	Unit D33, 11/22/16-12/22/16	(84.00)
Deposit	11/22/2016		American Energy Settlement	Deposit	17,500.00
Check	11/29/2016	1077	Simon Consulting, LLC	September 2016 Fees - Invoice No. 18850	(7,708.50)
Check	11/29/2016	1078	Guttilla Murphy Anderson, PC	September 2016 Fees - Invoice No. 21627	(1,312.48)
Check	11/29/2016	1079	Whitsitt & Whitsitt	Sep 2016 Fees & Contingency Fee	(1,937.50)
Deposit	12/01/2016			Deposit	3,135.00
Check	12/01/2016	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	12/08/2016	EFT	Wells Fargo Bank	Online Deposit Detail & Images	(3.00)
Check	12/16/2016	1080	Platte City Self Storage	Unit D33, 12/22/16-01/22/17	(74.00)
Deposit	12/20/2016			Deposit	3,135.00
Check	12/20/2016	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	12/29/2016	1081	CamTechnologies, LLC	Invoice No. 8596 - Website Update	(187.50)
Check	01/05/2017	1082	Simon Consulting, LLC	October 2016 Fees - Invoice No. 18914	(8,906.85)
Check	01/05/2017	1083	Guttilla Murphy Anderson, PC	October 2016 Fees - Invoice No. 21689	(2,605.17)
Check	01/05/2017	1084	Whitsitt & Whitsitt	October 2016 Fees	(123.75)
Deposit	01/20/2017			Deposit	3,135.00
Check	01/20/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	01/22/2017	1085	Platte City Self Storage	Unit D33, 01/22/17-02/22/17	(74.00)
Deposit	01/24/2017			Deposit	8,000.00
Check	01/25/2017	1086	Simon Consulting, LLC	November 2016 Fees - Invoice No. 18968	(9,256.95)
Check	01/25/2017	1087	Guttilla Murphy Anderson, PC	November 2016 Fees - Invoice No. 21753	(5,569.10)
Check	01/25/2017	1088	Whitsitt & Whitsitt	November 2016 Fees	(247.50)
Deposit	02/01/2017			Deposit	8,500.00
Check	02/01/2017	1090	Platte City Self Storage	Unit D33, 02/22/17-03/22/17	(74.00)
Deposit	02/17/2017			Deposit	3,135.00
Check	02/17/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Deposit	03/13/2017			Deposit	13,500.00
Deposit	03/13/2017			Deposit	74,000.00

**Palo Verde Receivership**  
 Receivership Banking Summary as of July 31, 2017

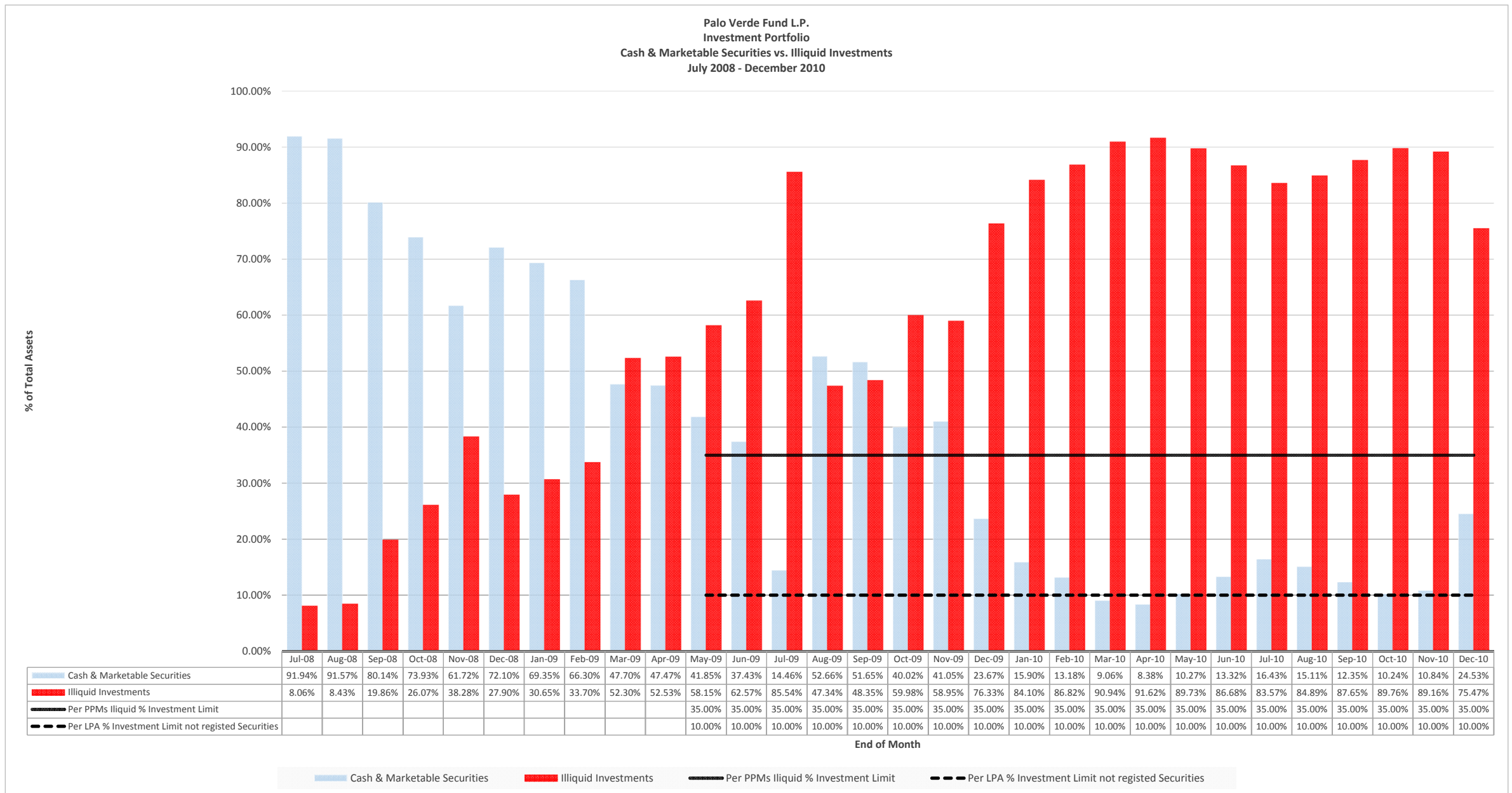
**Exhibit 2**

<b>Type</b>	<b>Date</b>	<b>Num</b>	<b>Name</b>	<b>Description</b>	<b>Amount</b>
Check	03/16/2017	1089	Platte City Self Storage	Unit D33, 03/22/17-04/22/17	(74.00)
Check	03/16/2017	1091	Simon Consulting, LLC	December 2016 Fees - Invoice No. 19009	(8,716.95)
Check	03/16/2017	1092	Guttilla Murphy Anderson, PC	December 2016 Fees - Invoice No. 21817	(6,629.96)
Deposit	03/24/2017			Deposit	20,000.00
Deposit	03/24/2017			Deposit	80,000.00
Check	03/24/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	03/24/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	04/04/2017	1093	Simon Consulting, LLC	January 2017 Fees - Invoice No. 19054	(2,736.30)
Check	04/04/2017	1094	Guttilla Murphy Anderson, PC	January 2017 Fees - Invoice No. 21932	(2,170.00)
Check	04/10/2017	EFT	Wells Fargo Bank	Online Deposit Detail & Images	(3.00)
Deposit	04/12/2017			Deposit	4,967.00
Deposit	04/13/2017			Deposit	5,500.00
Deposit	04/18/2017			Deposit	6,270.00
Check	04/18/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	04/24/2017	1095	Simon Consulting, LLC	February 2017 Fees - Invoice No. 19110	(4,600.63)
Check	04/24/2017	1096	Guttilla Murphy Anderson, PC	February 2017 Fees - Invoice No. 21958	(4,588.30)
Check	04/24/2017	1097	Platte City Self Storage	Unit D33, 04/22/17-05/22/17	(74.00)
Check	04/24/2017	1098	Delaware Secretary of State	File No. 4383269	(300.00)
Deposit	05/01/2017			Deposit	12,500.00
Check	05/12/2017	1099	Platte City Self Storage	Unit D33, 05/22/17-06/22/17	(84.00)
Deposit	05/19/2017			Deposit	3,135.00
Check	05/19/2017	EFT	Wells Fargo Bank	Wire Transfer Service Charge	(15.00)
Check	06/15/2017	1100	Simon Consulting, LLC	March 2017 Fees - Invoice No. 191150	(1,793.65)
Check	06/15/2017	1101	Guttilla Murphy Anderson, PC	March 2017 Fees - Invoice No. 22048	(2,568.37)
Check	06/15/2017	1102	Platte City Self Storage	Unit D33, 06/22/17-07/22/17	(74.00)
Check	07/05/2017	1103	Simon Consulting, LLC	April 2017 Fees - Invoice No. 19212	(19,676.15)
Check	07/05/2017	1104	Guttilla Murphy Anderson, PC	April 2017 Fees - Invoice No. 22117	(1,125.46)
Check	07/11/2017	EFT	Wells Fargo Bank	Online Deposit Detail & Images	(3.00)
Check	07/13/2017	1105	Platte City Self Storage	Unit D33, 07/22/17-08/22/17	(74.00)
Check	08/04/2017	1106	Simon Consulting, LLC	May 2017 Fees - Invoice No. 19243	(10,129.15)
Check	08/04/2017	1107	Guttilla Murphy Anderson, PC	May 2017 Fees - Invoice No. 22194	(704.60)
Check	08/17/2017	1109	Platte City Self Storage	Unit D33, 08/22/17-09/22/17	(74.00)
<b>Balance at July 31, 2017</b>					<b><u>702,263.99</u></b>

**Palo Verde Receivership****Exhibit 3**

Summary of Professional Fees from January 1, 2017 to July 31, 2017

Entity	Description	Amount	Paid Amount	Balance Due	Date Paid	Notes
Simon Consulting, LLC	January 2017 Invoice	\$ 2,736.30	\$ 2,736.30	\$ -	4-Apr-17	
Simon Consulting, LLC	February 2017 Invoice	\$ 4,600.63	\$ 4,600.63	\$ -	24-Apr-17	
Simon Consulting, LLC	March 2017 Invoice	\$ 1,793.65	\$ 1,793.65	\$ -	15-Jun-17	
Simon Consulting, LLC	April 2017 Invoice	\$ 19,676.15	\$ 19,676.15	\$ -	5-Jul-17	
Simon Consulting, LLC	May 2017 Invoice	\$ 10,129.15		\$ 10,129.15		
Simon Consulting, LLC	June 2017 Invoice	\$ 32,178.35		\$ 32,178.35		
Simon Consulting, LLC	June 2017 Invoice	\$ 9,745.50		\$ 9,745.50		
<b>SUBTOTAL</b>		<b>\$ 80,859.73</b>	<b>\$ 28,806.73</b>	<b>\$ 52,053.00</b>		
Gutilla Murphy Anderson	January 2017 Invoice	\$ 2,170.00	\$ 2,170.00	\$ -	4-Apr-17	
Gutilla Murphy Anderson	February 2017 Invoice	\$ 4,588.30	\$ 4,588.30	\$ -	24-Apr-17	
Gutilla Murphy Anderson	March 2017 Invoice	\$ 2,568.37	\$ 2,568.37	\$ -	15-Jun-17	
Gutilla Murphy Anderson	April 2017 Invoice	\$ 1,125.46	\$ 1,125.46	\$ -	5-Jul-17	
Gutilla Murphy Anderson	May 2017 Invoice	\$ 704.60		\$ 704.60		
Gutilla Murphy Anderson	June 2017 Invoice	\$ 3,499.40		\$ 3,499.40		
Gutilla Murphy Anderson	June 2017 Invoice	\$ 1,267.16		\$ 1,267.16		
<b>SUBTOTAL</b>		<b>\$ 15,923.29</b>	<b>\$ 10,452.13</b>	<b>\$ 5,471.16</b>		
<b>TOTAL - January 1, 2017 to July 31, 2017</b>		<b>\$ 96,783.02</b>	<b>\$ 39,258.86</b>	<b>\$ 57,524.16</b>		



Source: Exhibit 5

Palo Verde Fund, L.P.  
Statements of Financial Condition  
July 2008 through December 2010

Exhibit 5

ASSETS		July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009
Cash at Bank (Real Estate Investment)	[A]	\$2,064.50	\$2,064.79	\$2,065.11	\$645.22	\$645.22	\$645.22	\$645.22	\$60,478.69	\$8,511.36	\$39,992.49	\$24,790.30	\$42,347.37	\$23,529.68	\$23,697.80	\$43,466.36	\$28,382.63
Cash - Contribution A/C	[A]	\$750,162.81	\$219.82	\$219.82	\$0.00	\$59,000.00	\$817,500.00	\$0.00	\$450,000.00	\$536,150.00	\$460,408.10	\$0.00	\$0.00	\$0.00	\$9,000,000.00	\$0.00	\$100,000.00
Cash at Broker	[A]	\$5,756,484.67	\$4,172,671.84	\$2,800,563.64	\$746,695.09	\$1,513,229.40	\$4,290,643.73	\$5,178,914.09	\$6,208,190.86	\$4,383,311.51	\$3,439,210.25	\$3,051,445.50	\$1,850,027.41	\$836,761.40	\$242,974.80	\$9,096,218.53	\$6,390,315.89
Net Receivables From Brokers	[A]	\$0.00	\$1,095,465.71	\$0.00	\$752,676.13	\$472,553.76	\$75,040.84	\$623,089.23	\$2,349.21	\$46,328.18	\$0.00	\$157,699.41	\$471,267.23	\$0.00	\$0.00	\$0.00	\$0.00
Securities Owned at Market Value	[A]	\$1,125,358.50	\$1,991,925.35	\$3,930,250.55	\$3,232,827.95	\$2,378,245.00	\$1,895,040.00	\$1,002,964.80	\$48,647.00	\$239,879.00	\$1,542,294.00	\$1,158,738.19	\$1,522,335.00	\$627,929.00	\$1,116,383.85	\$1,019,751.41	\$1,340,381.85
Interest and Dividends Receivable	[A]	\$1,080.14	\$3,094.09	\$756.29	\$3,376.18	\$690.00	\$12,416.00	\$0.00	\$3,807.94	\$10,384.12	\$18,003.79	\$32,660.46	\$37,772.70	\$34,529.96	\$80,440.64	\$35,379.64	\$75,778.70
Interest in Real Estate	[B]	\$669,137.25	\$669,137.25	\$669,137.25	\$670,557.25	\$1,744,212.25	\$1,744,212.25	\$1,759,212.25	\$1,769,379.34	\$1,821,347.43							
Investment in Movie Project	[B]			\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00							
Investment in USDA Loans (Premiums)	[B]								\$174,270.83	\$398,904.80							
Investment in Loans (Maestro Services LLC)	[B]								\$250,000.00	\$257,608.00							
Investment in Loan (Highpointe Hospital Investment LLC)	[B]								\$0.00	\$1,000,000.00							
Investment in Highpointe Hospital Investment LLC	[B]								\$0.00	\$1,000,000.00							
Investment in Other Fund (Aviary China II LLC)	[B]								\$248,915.06	\$250,855.49							
Investment in Other Funds	[B]							\$248,915.06	\$0.00	\$0.00							
Redemption Receivable in Other Funds	[B]							\$0.00	\$0.00	\$0.00							
Prepaid Investment in Other Funds	[B]							\$0.00	\$0.00	\$0.00							
Other Investments	[B]										\$6,086,390.53	\$6,148,345.87	\$6,559,997.62	\$9,009,889.01	\$9,404,929.29	\$9,543,041.81	\$11,890,222.41
Organization costs, net of accumulated amortization		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Management Fee		\$10,232.51	\$5,741.44	\$0.00	\$10,112.80	\$5,814.69	\$0.00	\$13,693.76	\$6,828.55	\$0.00	\$15,203.02	\$7,960.18	\$0.00	\$16,134.26	\$8,398.86	\$341.73	\$30,232.54
<b>Total Assets</b>		<b>\$8,314,520.38</b>	<b>\$7,940,320.29</b>	<b>\$8,402,992.66</b>	<b>\$6,416,890.62</b>	<b>\$7,174,390.32</b>	<b>\$9,835,498.04</b>	<b>\$9,827,434.41</b>	<b>\$10,222,867.48</b>	<b>\$10,953,279.89</b>	<b>\$11,601,502.18</b>	<b>\$10,581,639.91</b>	<b>\$10,483,747.33</b>	<b>\$10,548,773.31</b>	<b>\$19,876,825.24</b>	<b>\$19,738,199.48</b>	<b>\$19,855,314.02</b>

LIABILITIES AND PARTNERS' CAPITAL		July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	January 2009	February 2009	March 2009	April 2009	May 2009	June 2009	July 2009	August 2009	September 2009	October 2009
<b>LIABILITIES</b>																	
Securities Sold, Not Yet Purchased, at Market Value		\$0.00	\$348,320.00	\$0.00	\$43,710.00	\$1,657.00	\$0.00	\$0.00	\$0.00	\$250,080.00	\$177,418.00	\$108,675.00	\$0.00	\$0.00	\$322,274.48	\$50,247.26	\$184,797.01
Cash Debit Balance at Broker		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Payables to Brokers		\$850,585.42	\$0.00	\$1,263,513.97	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$170,006.80	\$0.00	\$0.00	\$0.00	\$74,722.43	\$148,229.45	\$63,604.50
Accrued Operating Expenses		\$6,928.27	\$9,372.16	\$11,937.63	\$14,432.99	\$20,436.87	\$25,981.04	\$27,967.43	\$30,085.71	\$22,105.02	\$23,873.35	\$20,233.97	\$21,526.38	\$29,758.50	\$34,318.37	\$41,568.35	\$48,818.35
Payable to General Partner - Bank Accounts		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest and Dividends Payable		\$0.00	\$0.00	\$0.00	\$10.52	\$0.00	\$0.00	\$0.00	\$0.00	\$3.18	\$4.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Withholding Payable		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management Fee Payable to Investment Manager		\$2.44	\$9.61	\$9.61	(\$340.38)	(\$332.14)	(\$349.44)	\$267.72	(\$84.84)	(\$367.77)	\$22,446.76	\$1,027.62	\$354.58	\$24,575.97	\$335.09	\$335.09	\$45,732.23
Organization and Offering Costs Payable to General Partner - Current		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Organization and Offering Costs Payable to General Partner - Deferred		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Redemptions Payable		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.05)	\$535,943.94
Prepaid Subscriptions		\$750,226.99	\$0.00	\$0.00	\$909,963.67	\$59,000.00	\$817,500.00	\$0.00	\$450,000.00	\$536,150.00	\$460,408.10	\$0.00	\$0.00	\$0.00	\$9,000,000.00	\$0.00	\$100,000.00
Misc Payables (Real Estate Investment)		\$1,200.00	\$1,200.00	\$1,200.00	\$849,855.00	\$1,024,855.00	\$849,855.00	\$849,855.00	\$849,855.00	\$849,855.00	\$933,794.90	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
<b>Total Liabilities</b>		<b>\$1,608,943.12</b>	<b>\$358,901.77</b>	<b>\$1,276,661.21</b>	<b>\$968,976.80</b>	<b>\$1,105,616.73</b>	<b>\$1,692,986.60</b>	<b>\$878,090.15</b>	<b>\$1,329,855.87</b>	<b>\$1,657,825.43</b>	<b>\$1,787,952.68</b>	<b>\$131,136.59</b>	<b>\$23,080.96</b>	<b>\$55,534.47</b>	<b>\$9,432,850.37</b>	<b>\$241,580.10</b>	<b>\$980,096.03</b>
<b>PARTNERS' CAPITAL (NET ASSET VALUE)</b>																	
General Partner		\$12.54	\$12.80	\$12.04	\$9.38	\$8.96	\$10,278.60	\$10,274.22	\$10,242.66	\$10,222.54	\$10,180.76	\$10,418.26	\$10,529.90	\$10,706.06	\$10,675.69	\$10,949.21	\$11,511.27
General Partner - Deferred Performance Allocation		\$0.00	\$2,920.94	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$8,472.26	\$12,207.36	\$17,104.52	\$14,469.12	\$25,919.49	\$21,067.15
Limited Partners		\$6,705,564.72	\$7,578,484.78	\$7,126,319.41	\$5,447,904.44	\$6,068,764.63	\$8,132,232.84	\$8,939,070.05	\$8,882,768.95	\$9,285,231.92	\$9,803,368.74	\$10,431,612.80	\$10,437,929.11	\$10,465,428.25	\$10,418,803.06	\$19,459,750.68	\$18,842,639.56
<b>Total Partners' Capital</b>		<b>\$6,705,577.26</b>	<b>\$7,581,418.52</b>	<b>\$7,126,331.45</b>	<b>\$5,447,913.82</b>	<b>\$6,068,773.59</b>	<b>\$8,142,511.44</b>	<b>\$8,949,344.27</b>	<b>\$8,893,011.61</b>	<b>\$9,295,454.46</b>	<b>\$9,813,549.50</b>	<b>\$10,450,503.32</b>	<b>\$10,460,666.37</b>	<b>\$10,493,238.83</b>	<b>\$10,443,947.87</b>	<b>\$19,496,619.38</b>	<b>\$18,875,217.98</b>
<b>Total Liabilities and Partners' Capital</b>		<b>\$8,314,520.38</b>	<b>\$7,940,320.29</b>	<b>\$8,402,992.66</b>	<b>\$6,416,890.62</b>	<b>\$7,174,390.32</b>	<b>\$9,835,498.04</b>	<b>\$9,827,434.42</b>	<b>\$10,222,867.48</b>	<b>\$10,953,279.89</b>	<b>\$11,601,502.18</b>	<b>\$10,581,639.91</b>	<b>\$10,483,747.33</b>	<b>\$10,548,773.30</b>	<b>\$19,876,798.24</b>	<b>\$19,738,199.48</b>	<b>\$19,855,314.01</b>

		7/31/08	8/31/08	9/30/08	10/31/08	11/30/08	12/31/08	1/31/09	2/28/09	3/31/09	4/30/09	5/31/09	6/30/09	7/31/09	8/31/09	9/30/09	10/31/09
Cash & Marketable Securities	[1]	\$7,635,150.62	\$7,265,441.60	\$6,733,855.41	\$4,736,220.57	\$4,424,363.38	\$7,091,285.79	\$6,805,613.34	\$6,773,473.70	\$5,224,564.17	\$5,499,908.63	\$4,425,333.86	\$3,923,749.71	\$1,522,750.04	\$10,463,497.09	\$10,194,815.94	\$7,934,859.07
Illiquid Investments	[2]	\$669,137.25	\$669,137.25	\$1,669,137.25	\$1,670,557.25	\$2,744,212.25	\$2,744,212.25	\$3,008,127.31	\$3,442,565.23	\$5,728,715.72	\$6,086,390.53	\$6,148,345.87	\$6,559,997.62	\$9,009,889.01	\$9,404,929.29	\$9,543,041.81	\$11,890,222.41
<b>Total Assets</b>		<b>\$8,304,287.87</b>	<b>\$7,934,578.85</b>	<b>\$8,402,992.66</b>	<b>\$6,406,777.82</b>	<b>\$7,168,575.63</b>	<b>\$9,835,498.04</b>	<b>\$9,813,740.65</b>	<b>\$10,216,038.93</b>	<b>\$10,953,279.89</b>	<b>\$11,586,299.16</b>	<b>\$10,573,679.73</b>	<b>\$10,483,747.33</b>	<b>\$10,532,639.05</b>	<b>\$19,868,426.38</b>	<b>\$19,737,857.75</b>	<b>\$19,825,081.48</b>

		Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
Cash & Marketable Securities		91.94%	91.57%	80.14%	73.93%	61.72%	72.10%	69.35%	66.30%	47.70%	47.47%	41.85%	37.43%	14.46%	52.66%	51.65%	40.02%
Illiquid Investments		8.06%	8.43%	19.86%	26.07%	38.28%	27.90%	30.65%	33.70%	52.30%	52.53%	58.15%	62.57%	85.54%	47.34%	48.35%	59.98%
<b>Total Assets</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Per PPMs Illiquid % Investment Limit	[3]											35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Per LPA % Investment Limit not registered Securitie	[4]											10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Notes:

[1] Cash & Marketable Securities = Sum of [A].

[2] Alternative Investment = Sumb of [B]

[3] Sources: Increase to 20% in September 2008; 10/14/2008 email from Tony Stacy to Don Pizzifero, Michael J. Liccar & Co., CPA's.

**Palo Verde Fund, L.P.**  
**Statements of Financial Condition**  
**July 2008 through December 2010**

Exhibit 5

ASSETS	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
Cash at Bank (Real Estate Investment)	\$18,755.81	\$4,916.19	\$55,081.29	\$42,516.08	\$22,582.52	\$12,590.27	\$10,017.06	\$1,740.03	\$12,641.10	\$2,172.51	\$15,652.18	\$6,309.65	\$5,330.09	\$30,174.61
Cash - Contribution A/C	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00	\$0.00	\$261,000.00	\$140,000.00	\$0.00	\$0.00	\$0.00
Cash at Broker	\$6,615,268.73	\$3,356,558.13	\$2,224,191.48	\$2,005,569.94	\$1,252,677.43	\$1,345,821.40	\$1,463,015.10	\$1,460,465.00	\$2,747,743.44	\$1,361,206.96	\$2,377,217.30	\$1,907,327.51	\$2,040,385.56	\$5,538,663.61
Net Receivables From Brokers	\$262,053.10	\$0.00	\$0.00	\$55,713.79	\$0.00	\$0.00	\$238,381.37	\$0.00	\$50,125.94	\$1,293,952.09	\$63,472.59	\$0.00	\$0.00	\$177,058.77
Securities Owned at Market Value	\$1,259,070.91	\$1,184,632.46	\$785,900.00	\$408,766.25	\$355,575.00	\$163,694.53	\$291,727.05	\$1,274,914.58	\$1,341,967.11	\$723,401.63	\$440,935.43	\$585,152.22	\$613,074.88	\$891,139.41
Interest and Dividends Receivable	\$130,379.15	\$192,824.12	\$203,232.95	\$312,358.93	\$354,360.93	\$313,211.11	\$324,271.77	\$430,510.87	\$286,412.23	\$362,697.49	\$431,526.40	\$418,379.97	\$460,311.70	\$472,854.99
Interest in Real Estate														
Investment in Movie Project														
Investment in USDA Loans (Premiums)														
Investment in Loans (Maestro Services LLC)														
Investment in Loan (Highpointe Hospital Investment LLC)														
Investment in Highpointe Hospital Investment LLC														
Investment in Other Fund (Aviary China II LLC)														
Investment in Other Funds														
Redemption Receivable in Other Funds														
Prepaid Investment in Other Funds														
Other Investments	\$11,900,520.39	\$15,285,768.43	\$17,288,290.87	\$18,609,744.05	\$19,920,700.17	\$20,075,479.80	\$20,333,396.00	\$20,750,879.02	\$22,573,594.25	\$22,502,203.05	\$24,612,290.32	\$25,581,285.93	\$25,649,006.12	\$21,877,529.98
Organization costs, net of accumulated amortization	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Prepaid Management Fee	\$15,170.44	\$0.00	\$30,954.20	\$16,928.43	\$1,447.00	\$41,356.51	\$40,386.76	\$229,030.02	\$292,008.08	\$280,487.05	\$259,530.02	\$314,740.19	\$316,433.35	\$293,530.02
<b>Total Assets</b>	<b>\$20,201,218.53</b>	<b>\$20,024,699.33</b>	<b>\$20,587,650.79</b>	<b>\$21,451,597.47</b>	<b>\$21,907,343.05</b>	<b>\$21,952,153.62</b>	<b>\$22,701,195.11</b>	<b>\$24,167,539.52</b>	<b>\$27,304,492.15</b>	<b>\$26,787,120.78</b>	<b>\$28,340,624.24</b>	<b>\$28,813,195.47</b>	<b>\$29,084,541.70</b>	<b>\$29,280,951.39</b>

LIABILITIES AND PARTNERS' CAPITAL	November 2009	December 2009	January 2010	February 2010	March 2010	April 2010	May 2010	June 2010	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
<b>LIABILITIES</b>														
Securities Sold, Not Yet Purchased, at Market Value	\$256,229.01	\$408,588.01	\$459,870.00	\$357,525.00	\$0.00	\$0.00	\$0.00	\$766,355.00	\$845,490.00	\$0.00	\$0.00	\$0.00	\$157,860.00	\$0.00
Cash Debit Balance at Broker	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Payables to Brokers	\$0.00	\$60,498.71	\$22,911.66	\$0.00	\$29,364.33	\$0.00	\$0.00	\$370,565.99	\$0.00	\$0.00	\$0.00	\$337,152.28	\$23,038.96	\$0.00
Accrued Operating Expenses	\$49,005.14	\$63,281.54	\$64,794.97	\$72,128.33	\$75,365.05	\$79,428.24	\$89,261.59	\$88,566.58	\$97,440.71	\$105,292.61	\$115,125.93	\$124,959.27	\$119,626.74	\$112,849.98
Payable to General Partner - Bank Accounts	\$0.00	\$9,166.88	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest and Dividends Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Dividend Withholding Payable	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management Fee Payable to Investment Manager	\$1,087.60	(\$2,341.40)	\$24,104.92	(\$2,328.83)	(\$1,702.82)	\$29,176.45	\$8,584.95	(\$1,747.22)	\$28,010.94	\$7,978.94	(\$1,757.06)	\$66,107.70	\$15,925.94	(\$1,216.69)
Organization and Offering Costs Payable to General Partner - Current	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Organization and Offering Costs Payable to General Partner - Deferred	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Redemptions Payable	\$548,683.86	\$2,547.93	\$2,547.93	(\$0.05)	(\$0.05)	\$587,796.20	\$587,796.20	\$55,379.23	\$4,197.56	\$4,197.56	\$12,000.00	\$0.00	\$0.00	\$803,343.70
Prepaid Subscriptions	\$0.00	\$0.00	\$950,587.71	\$0.00	\$0.00	\$0.00	\$800,000.00	\$20,000.00	\$0.00	\$325,500.00	\$199,000.00	\$0.00	\$0.00	\$250,000.00
Misc Payables (Real Estate Investment)	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
<b>Total Liabilities</b>	<b>\$856,205.61</b>	<b>\$542,941.67</b>	<b>\$1,526,017.19</b>	<b>\$428,524.45</b>	<b>\$104,226.51</b>	<b>\$697,600.89</b>	<b>\$1,486,842.74</b>	<b>\$1,300,319.58</b>	<b>\$976,339.21</b>	<b>\$444,169.11</b>	<b>\$325,568.87</b>	<b>\$529,419.25</b>	<b>\$317,651.64</b>	<b>\$1,166,176.99</b>
<b>PARTNERS' CAPITAL (NET ASSET VALUE)</b>														
General Partner	\$12,331.65	\$103,323.24	\$100,309.36	\$101,401.98	\$102,371.93	\$108,930.07	\$125,903.71	\$143,752.88	\$182,800.49	\$195,477.77	\$194,792.28	\$208,387.24	\$233,479.46	\$384,847.68
General Partner - Deferred Performance Allocation	\$69,730.80	\$0.00	\$17.02	\$9,165.63	\$12,424.86	\$11,299.57	\$13,617.66	\$19,487.06	\$28,669.90	\$28,334.42	\$101,451.78	\$117,253.59	\$132,609.42	\$0.00
Limited Partners	\$19,262,950.47	\$19,378,434.42	\$18,961,307.22	\$20,912,505.43	\$21,688,319.75	\$21,134,323.05	\$21,074,831.01	\$22,703,980.00	\$26,116,682.55	\$26,119,139.50	\$27,718,811.30	\$27,958,135.39	\$28,400,801.17	\$27,729,926.70
<b>Total Partners' Capital</b>	<b>\$19,345,012.92</b>	<b>\$19,481,757.66</b>	<b>\$19,061,633.60</b>	<b>\$21,023,073.04</b>	<b>\$21,803,116.54</b>	<b>\$21,254,552.69</b>	<b>\$21,214,352.38</b>	<b>\$22,867,219.94</b>	<b>\$26,328,152.94</b>	<b>\$26,342,951.69</b>	<b>\$28,015,055.36</b>	<b>\$28,283,776.22</b>	<b>\$28,766,890.05</b>	<b>\$28,114,774.38</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$20,201,218.53</b>	<b>\$20,024,699.33</b>	<b>\$20,587,650.79</b>	<b>\$21,451,597.49</b>	<b>\$21,907,343.05</b>	<b>\$21,952,153.58</b>	<b>\$22,701,195.12</b>	<b>\$24,167,539.52</b>	<b>\$27,304,492.15</b>	<b>\$26,787,120.80</b>	<b>\$28,340,624.23</b>	<b>\$28,813,195.47</b>	<b>\$29,084,541.69</b>	<b>\$29,280,951.37</b>

	11/30/09	12/31/09	1/31/10	2/28/10	3/31/10	4/30/10	5/31/10	6/30/10	7/31/10	8/31/10	9/30/10	10/31/10	11/30/10	12/31/10
Cash & Marketable Securities	\$8,285,527.70	\$4,738,930.90	\$3,268,405.72	\$2,824,924.99	\$1,985,195.88	\$1,835,317.31	\$2,327,412.35	\$3,187,630.48	\$4,438,889.82	\$4,004,430.68	\$3,468,803.90	\$2,917,169.35	\$3,119,102.23	\$7,109,891.39
Illiquid Investments	\$11,900,520.39	\$15,285,768.43	\$17,288,290.87	\$18,609,744.05	\$19,920,700.17	\$20,075,479.80	\$20,333,396.00	\$20,750,879.02	\$22,573,594.25	\$22,502,203.05	\$24,612,290.32	\$25,581,285.93	\$25,649,006.12	\$21,877,529.98
<b>Total Assets</b>	<b>\$20,186,048.09</b>	<b>\$20,024,699.33</b>	<b>\$20,556,696.59</b>	<b>\$21,434,669.04</b>	<b>\$21,905,896.05</b>	<b>\$21,910,797.11</b>	<b>\$22,660,808.35</b>	<b>\$23,938,509.50</b>	<b>\$27,012,484.07</b>	<b>\$26,506,633.73</b>	<b>\$28,081,094.22</b>	<b>\$28,498,455.28</b>	<b>\$28,768,108.35</b>	<b>\$28,987,421.37</b>

	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Cash & Marketable Securities	41.05%	23.67%	15.90%	13.18%	9.06%	8.38%	10.27%	13.32%	16.43%	15.11%	12.35%	10.24%	10.84%	24.53%
Illiquid Investments	58.95%	76.33%	84.10%	86.82%	90.94%	91.62%	89.73%	86.68%	83.57%	84.89%	87.65%	89.76%	89.16%	75.47%
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Per PPMs Illiquid % Investment Limit	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%	35.00%
Per LPA % Investment Limit not registered Securities	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Notes:  
 [1] Cash & Marketable Securities = Sum of [A].  
 [2] Alternative Investment = Sumb of [B]  
 [3] Sources: Increase to 20% in September 2008; Increase to 35% in May 2009; May  
 [4] Source: April 2009 and May 2009 Ammended

Source: Michael J. Liccar & Co.'s monthly  
Compilation Reports.



Analysis of PVF's LPs Executed Approval Letter to create PVPEF and Transfer Assets and Capital Investments

Exhibit 6

Investor per General Ledger	Executed Approval Letter to Split Funds			Investor Reported Balances			
	Date Signed	Designated Name of LP	Signature	Per Tax Return	Per General Ledger		
				PV Balance 12/31/2010	Unaccounted for Change 1/1/2011	PV Balance 1/1/2011	PVPE Balance 1/1/2011
Palo Verde Capital, LLC (General Partner)				384,851	1	1,780.33	383,069.21
Lynne H. Anthony Revocable Trust dated 11/30/2001	7/24/2011	Lynne H. Anthony Trust	Lynne Anthony	1,023,340	0	1,720.35	1,021,619.33
Charles Schwab FBO William Austin IRA	6/21/2011	William Michael Austin	William Austin	513,332	0	801.36	512,530.44
Charles Schwab FBO Keevin Barnes, ROTH IRA	[A]			6,005	0	78.78	5,925.81
Keevin Barnes	[A]	7/13/2011	Keevin D Barnes	186,796	(0)	2,450.80	184,345.39
Charles Schwab FBO Michael Beck IRA		6/12/2011	Michael L. Beck	443,124	0	219.96	442,903.75
Edward H. Bellatti		7/13/2011	Edd Bellatti	218,693	26,000	2.32	192,690.35
D'Lesia Lynn Chambers		Not Dated	D'Lesia Lynn Chambers	788,927	(0)	4,479.72	784,447.44
Charles Schwab FBO Michael Farley IRA	[B]			109,981	(0)	629.30	109,352.18
Michael Farley	[B]	7/21/2011	Michael A. Farley	706,293	0	4,041.30	702,251.58
Charles Schwab FBO Martin D. Garber, Jr. IRA		6/27/2011	Martin Garber Jr.	726,559	(0)	1,218.46	725,340.65
Charles Schwab FBO Barbara J. Gilmore IRA	[C]	8/25/2011	Barbara J. Gilmore IRA	230,441	(1)	292.92	230,148.74
Charles Schwab FBO Barbara J. Gilmore Inherited IRA	[C]	8/25/2011	Barbara J. Gilmore Inherited IRA	411,096	0	393.53	410,702.12
Charles Schwab FBO Neely Keith Hall IRA	[D]	6/8/2011	Neely Keith Hall	37,365	16,000	28.84	21,335.70
Neely & Susan Hall	[D]	6/8/2011	Neely & Susan Hall	446,996	-	137.03	446,858.97
Ronnie W. Herron Revocable Trust Dated 1/28/03		6/17/2011	Ronnie W. Herron	580,666	0	974.53	579,691.26
Charles Schwab FBO Carolyn Sue McMillon IRA		8/30/2011	Carolyn Sue McMillon	338,052	(0)	527.56	337,524.54
Charles Schwab FBO Larry McMillon IRA		8/30/2011	Larry B. McMillon	225,368	(0)	351.71	225,016.35
Charles Schwab FBO Joan O'Toole IRA	[E]			20,202	0	31.25	20,170.35
Charles Schwab FBO Tim O'Toole IRA	[E]	6/7/2011	Tim Allan O'Toole	33,593	(0)	52.07	33,541.07
Charles Schwab FBO Tim O'Toole IRA (Inherited)	[E]			190,180	0	231.65	189,948.09
Tim & Joan O'Toole	[E]	6/7/2011	Timothy & Joan O'Toole	458,181	(0)	901.44	457,279.61
Charles Schwab FBO Deidre M. Peters IRA		6/17/2011	Deirdre M. Peters	423,316	6,000	10.12	417,306.30
Charles Schwab FBO James Stanley Powers IRA	[F]	6/7/2011	James S. Powers	246,426	4,500	46.39	241,879.71
Patricia Ann Powers Trust	[F]			61,953	0	63.80	61,888.77
Calvin O. & Pamela S. Purdin JT TEN	[G]			418,848	1	1,138.55	417,708.11
Charles Schwab FBO Calvin O. Purdin IRA	[G]	8/25/2011	Calvin Purdin	118,454	0	198.65	118,255.24
Charles Schwab FBO Randy Riall IRA		6/8/2011	Randal William Riall	604,154	(0)	1,159.22	602,995.09
Charles Schwab FBO Jean Schildt IRA	[H]	8/24/2011	Jean Schildt IRA	154,841	0	2,031.54	152,809.43
Charles Schwab FBO Todd Schildt IRA	[H]	8/24/2011	Todd Schildt IRA	183,086	0	2,402.11	180,683.46
Todd & Jean Schildt	[H]	8/24/2011	Schildt Brokerage	146,717	0	1,924.95	144,791.59
Charles Schwab FBO Jolyn Smith IRA	[I]			265,080	0	1,505.19	263,574.34
Charles Schwab FBO Lloyd Smith IRA	[I]	6/11/2011	Lloyd M. Smith, Jr.	161,995	2	919.84	161,073.21
Charles Schwab FBO Robert Sonnenschein IRA		8/24/2011	Robert Sonnenschein, IRA	987,348	1	1,542.79	985,803.89
Charles Schwab FBO James Westerman IRA	[J]	6/13/2011	James Richard Westerman	228,107	(0)	554.23	227,553.23
Charles Schwab FBO Karla Westerman IRA	[J]			75,563	(0)	117.92	75,445.53
The Westerman Family Trust, dated 7/22/11	[J]	6/13/2011	James & Karla Westerman	136,068	0	191.24	135,876.45
				12,291,997		52,508	12,204,337

Analysis of PVF's LPs Executed Approval Letter to create PVPEF and Transfer Assets and Capital Investments

Exhibit 6

Investor per General Ledger	Executed Approval Letter to Split Funds			Investor Reported Balances			
	Date Signed	Designated Name of LP	Signature	Per Tax Return	Per General Ledger		
				PV Balance 12/31/2010	Unaccounted for Change 1/1/2011	PV Balance 1/1/2011	PVPE Balance 1/1/2011
				43.7%			53.8%
Bentley Bobrow		-- None --		467,738	(0)	467,738.46	-
Charles Schwab FBO Bentley Bobrow IRA		-- None --		364,559	0	364,558.61	-
Bryan Dalton		-- None --		79,888	16,000	63,887.76	-
Charles Schwab FBO Ashley Dalton IRA		-- None --		49,549	0	49,548.99	-
Charles Schwab FBO Bryan Dalton SEP IRA		-- None --		120,965	(0)	120,965.48	-
The Robert A. & Pamela L. East Revocable Trust		-- None --		224,547	(0)	224,547.07	-
Charles Schwab FBO Gerald R. Hale IRA		-- None --		569,696	(0)	142,266.08	427,429.93
Charles Schwab FBO Janie B. Hale IRA		-- None --		16,177	0	16,176.90	-
Janie B. Hale Revocable Trust dated 11/4/1994		-- None --		296,947	(0)	498.37	296,448.75
Craig H. Jackson Trustee, Craig H. Jackson Trust Dated 6/6/1997		-- None --		9,334,814	(1)	32,791.68	9,302,022.93
Charles Schwab FBO Shane Martin Roth IRA		-- None --		21,413	(0)	121.78	21,291.29
Charles Schwab FBO Shane Martin SEP IRA		-- None --		12,961	0	73.71	12,886.83
Charles Schwab FBO Shane Martin Simple IRA		-- None --		96,591	0	549.08	96,041.46
Shane Martin		-- None --		304,956	0	1,733.69	303,222.14
N.B.M. Corporation Employee Stock Ownership Plan Trust A & B		-- None --		759,198	0	759,197.55	-
Andrew Parkinson REV Trust IMA		-- None --		508,450	0	508,449.94	-
Kay Parkinson REV Trust IMA		-- None --		508,450	0	508,449.94	-
Charles Schwab FBO Lendell E. Rice IRA		-- None --		137,162	137,162	-	-
Lendell E. Rice		-- None --		65,291	65,291	-	-
James P. Strickland		-- None --		20,008	0	20,007.68	-
Charles Schwab FBO Robert Sugar IRA		-- None --		803,322	0	803,321.90	-
United Heating & Cooling Inc.		-- None --		1,016,900	0	1,016,899.88	-
Charles Schwab FBO Robert Krier IRA		-- None --		64,025	0	64,024.58	-
				15,843,607	218,455	5,165,809	10,459,343
				56.3%			46.2%
<b>Total General &amp; Limited Partner Reported Capital Balances</b>				<b>28,135,604</b>	<b>270,963</b>	<b>5,200,960.88</b>	<b>22,663,680.61</b>
				100%			100%

[A] Keevin D. Barnes listed as LP on executed approval letter. Executed approval letter does not identify Keevin Barnes, Roth IRA as an LP.

[B] Michael A. Farley listed as LP on executed approval letter. Executed approval letter does not identify Michael Farley IRA as an LP.

[C] Barbara J. Gilmore IRA and Barbara J. Gilmore Inherited IRA listed as LPs on approval letter executed by Barbara J. Gilmore.

[D] Neely Keith Hall and Neely & Susan Hall listed as LPs on approval letter executed by Neely K. Hall.

[E] Timothy Allan O'Toole and Timothy & Joan O'Toole listed as LPs on approval letter executed by Tim O'Toole. Executed approval letter does not identify Tim O'Toole, Inherited IRA or Joan O'Toole IRA as LPs. Additionally, the document does not indicate that Tim O'Toole has authority to act for Joan O'Toole IRA.

[F] James S. Powers listed as LP on approval letter executed by James S. Powers. Executed approval letter does not identify Patricia Ann Powers Trust as LP. Additionally, the document does not indicate that James S. Powers has authority to act for Patricia Ann Powers Trust.

[G] Calvin Purdin listed as LP on executed approval letter. Executed approval letter does not identify Calvin O. and Pamela S. Purdin as an LP.

[H] Jean Shildt, Jean Shildt IRA, Todd Shildt IRA and Shildt Brokerage listed as LPs on approval letter executed by Jean Shildt. The document does not indicate that Jean Shildt has authority to act for Todd Shildt IRA

[I] Lloyd M. Smith Jr. and Lloyd & Jolyn Smith listed as LPs on approval letter executed by Lloyd M. Smith. Executed approval letter does not identify Jolyn Smith IRA as an LP. Additionally, the document does not indicate that Lloyd Smith has authority to act for Jolyn Smith IRA.

[J] James Richard Westerman and James & Karla Westerman listed as LPs on approval letter executed by James Westerman. Executed approval letter does not identify the Westerman Family Trust or Karla Westerman IRA as LPs. Additionally, the document does not indicate that James Westerman has the authority to act for Karla Westerman IRA. Note: Executed document includes a stipulation stating:

"Per my conversation with Tony Stacy, as Manager of the General Partner, this agreement does not alter the liquidity agreement as set forth in Tony Stacy's' e-mail to me dated December 5, 2008."