

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

Case No: 6:21-cv-694-CEM-DCI

HARBOR CITY CAPITAL CORP.,
HARBOR CITY VENTURES, LLC,
HCCF-1, LLC,
HCCF-2, LLC,
HCCF-3, LLC,
HCCF-4, LLC,
HCCF-5, LLC,
HARBOR CITY DIGITAL VENTURES, INC.,
HCC MEDIA FUNDING, LLC,
JONATHAN P. MARONEY,

Defendants,

and

CELTIC ENTERPRISES, LLC and
TONYA L. MARONEY

Relief Defendants.

_____ /

**RECEIVER'S MOTION FOR APPROVAL OF PROPOSED
SETTLEMENT BETWEEN RECEIVER AND NATIONS BEST**

Katherine Donlon, the court appointed Receiver (the "Receiver"),
through undersigned counsel, hereby files this Motion for Approval of the

Proposed Settlement between Receiver and Nations Best Services, Inc. (“Nations Best”). In support of this Motion, the Receiver states as follows:

1. On April 20, 2021, the Securities and Exchange Commission (“SEC”) filed a complaint [Dkt. 1] in the United States District Court for the Middle District of Florida against the Receivership Defendants, including Harbor City Capital Corp., Harbor City Ventures, LLC, HCCF-1, LLC, HCCF-2, LLC, HCCF-3, LLC, HCCF-4, LLC, HCCF-5, LLC, Harbor City Digital Ventures, Inc., HCC Media Funding, LLC, Jonathan P. Maroney, (the “Receivership Entities”) and the Relief Defendants, Celtic Enterprises, LLC, and Tonya L. Maroney (the “Relief Defendants”) (together “the Defendants”) alleging violations of federal securities laws.

2. On November 8, 2021, upon the SEC’s Motion for Appointment of Receiver, the Court entered an Order [Dkt. 75, adopting Dkt. 72 and 74] appointing Katherine Donlon as the Receiver over the Defendants (the “Receivership Order”).

3. The Receivership Order gives the Receiver the authority to determine the nature, location, and value of all property interests, including claims and other assets, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly, and to sue for and collect, recover, receive and take into possession from third parties all

Receivership Property and records. Receivership Order, ¶7. The Receivership Order further provides that the Receiver shall manage, control, operate and maintain the Receivership Estate and hold in the Receiver's possession, custody, and control all Receivership Property, pending further Order of the Court. *Id.* at ¶7.

4. The proposed settlement between the Receiver and Nations Best (the "Proposed Settlement") reflects the good-faith and arms-length negotiations of the Receiver and Nations Best, and are based on an extensive review of financial and other documentation provided by Nations Best and obtained from the Receivership Entities, as well as the deposition of the Nations Best corporate representative.

5. Throughout the investigation of Nations Best, the Receiver and Nations Best were represented by experienced and diligent counsel, underscoring the risk of litigation in terms of time, expense, and uncertainty of outcome, as well as the likelihood of recovering any judgment from the Nations Best entity given its financial condition and lack of physical assets, including real property, personal property, and/or inventory.

6. The Receiver understands that at various points in time, at least one or more of the Receivership Entities purchased storage containers

on behalf of Nations Best, which Nations Best then utilized in a rent-to-own program with its customers. These storage containers were purchased on an as-needed basis, such that as a rent-to-own customer entered into a contract with Nations Best to rent a storage container under the rent-to-own program, the Receivership Entit(ies) purchased the storage container that was then shipped to the customer.

7. After the customer entered into the contract and obtained the storage container, the customer paid a monthly rental fee and after a certain number of contractually agreed-to payments, then became the owner of the storage container.

8. Nations Best, after the SEC filed the instant action, terminated the rent-to-own program and there are presently no payments being made by any customers under this program, nor is there any physical inventory remaining of the assets purchased by the Receivership Entit(ies).

9. Nations Best testified that it has been significantly and detrimentally impacted by this action, including its ability to raise capital, to expand, and/or improve its financial performance. It does not have the ability to pay the outstanding sum it recognizes as a liability owed to the Receivership Entit(ies) of \$1,040,857.37.

10. While Nations Best indicated an ability to make small payments over the course of the next several years, the Receiver believes it to be a more viable alternative to accept Nations Best's offer to pay the Receivership Estate \$75,000.00 to resolve the liability within the next thirty (30) days.

MEMORANDUM

“A district court has broad powers and wide discretion to determine relief in an equity receivership.” *SEC. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). In such an action, a district court has the power to approve a settlement that is fair, adequate and reasonable, and is the product of good faith after an adequate investigation by the receiver. *Sterling v. Steward*, 158 F.3d 1199 (11th Cir. 1998). “Determining the fairness of the settlement is left to the sound discretion of the trial court and we will not overturn the court's decision absent a clear showing of abuse of that discretion.” *Id.* at 1202 (quoting *Bennett v. Behring Corp.*, 737 F.2d 982, 986 (11th Cir. 1984) (emphasis supplied)).

To approve a settlement in an equity receivership, a district court must find the settlement is fair, adequate and reasonable, and is not the product of collusion between the parties. *Sterling*, 158 F.2d at 1203. To determine whether the settlement is fair, the court should examine the

following factors: “(1) the likelihood of success; (2) the range of possible [recovery]; (3) the point on or below the range of [recovery] at which settlement is fair, adequate and reasonable; (4) the complexity, expense and duration of litigation; (5) the substance and amount of opposition to the settlement; and (6) the stage of proceedings at which the settlement was achieved.” *Id* at 1203 n.6 (citing *Bennett*, 737 F.2d at 986 (11th Cir. 1984)).

Upon due consideration of these governing factors, the Proposed Settlement should be approved. Before entering into the Proposed Settlement, the Receiver and her counsel carefully considered and dutifully investigated all potential claims of the Receivership Entities against Nations Best; the defenses to be asserted to those claims in the event of litigation; the delay and expense of litigating such claims; the uncertainty of outcome in any such litigation; and the possibility of appeal by Nations Best of any adverse outcome. The Proposed Settlement is the result of arm’s length negotiations conducted between the parties and their experienced counsel in good faith. It was not the product of collusion.

This is the only unresolved claim as it relates to the Receivership Entities and will enable the Receiver to wind down the affairs of the receivership after its approval.

WHEREFORE, and based on the foregoing, the Receiver seeks approval from this Court of the Proposed Settlement.

Dated this 30th day of October, 2024.

Respectfully submitted,

s/ Katherine C. Donlon
Katherine C. Donlon, Receiver

LOCAL RULE 3.01(G) CERTIFICATION

On October 29, 2024, the Receiver contacted counsel for the Securities and Exchange Commission to confer regarding this Motion, who stated they do not object to the requested relief. Further, the Receiver reached out to Mr. Maroney to confer but Mr. Maroney has not responded to requests for his position.

[signature appears on following page]

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on October 30, 2024, I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

/s/ Nicole Deese Newlon

NICOLE DEESE NEWLON

Florida Bar No. 832391

nnewlon@jnd-law.com

JOHNSON, NEWLON & DECORT, P.A.

3242 Henderson Blvd., Ste 210

Tampa, Florida 33609

Telephone: (813) 699-4859

Facsimile: (813) 235-0462

Secondary: kdonlon@jnd-law.com;

bwalker@jnd-law.com

Counsel for Receiver Katherine C. Donlon