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., et al.,

Defendants,

and

CELTIC ENTERPRISES, LLC and TONYA L. MARONEY

Relief Defendants.
_______________________________________/

RECEIVER'S UNOPPOSED MOTION TO (1) APPROVE DETERMINATION OF CLAIMS, (2) APPROVE PLAN OF DISTRIBUTION, AND (3) ESTABLISH OBJECTION PROCEDURE

Katherine C. Donlon, the Court-appointed receiver over the corporate defendants and relief defendant (the "**Receiver**" and the "**Receivership**" or "**Receivership Estate**"), respectfully moves this Court for an order: (1) approving her determination, as set forth in this motion and **Exhibits 1** through **5**; (2) approving a plan of distribution; and (3) establishing a procedure to compromise or litigate objections to the foregoing. Courts in this district have granted the Receiver similar relief in related circumstances. *See,* *e.g.*, *S.E.C. v. Davison, et al.*, Case No. 8:20-cv-000325-T-35NHA , Doc. 781, 966 (M.D. Fla. 2023)(Scriven, J., "EquiAlt Receivership"); *S.E.C. v. A. Nadel et al.*, Case No. 8:09-cv-00087-RAL-TBM, Docs. 675, 776 (M.D. Fla. 2012) (Lazzara, J.; "Nadel Receivership"); *S.E.C. v. A. Nadel et al.*, Case No. 8:09-cv-00087-RAL-TBM, Docs. 1383, 1384 (M.D. Fla. 2019) (Covington, J.; "Quest Receivership"); *C.F.T.C. v. Oasis International Group, Ltd et al.*, Case No. 8:19-cv-886-T-33SPF, Docs. 439, 482 (M.D. Fla. 2019) (Covington, J.; "Oasis Receivership"); *S.E.C. v. HKW Trading LLC,* Case No. 8:05-cv-1076-T-24TBM, Docs. 299, 319 (M.D. Fla. 2005) (Bucklew, J.; "Waxenberg Receivership").

The last prong of the relief sought through this motion is particularly important: the Receiver seeks to establish a procedure that will allow the Receiver and the Court to efficiently address any objections to claim determinations, claim priority, and the plan of distribution through an orderly and fair process. This process will allow the Receiver to attempt to resolve objections before they are submitted to the Court for consideration, which will avoid inefficient, piecemeal adjudication of objections and conserve both the Court's and the Receivership's time and resources. Accordingly, any objection to claim determinations or the plan of distribution directly filed with the Court in response to this motion should be denied without prejudice to its submission to the Receiver in accordance with the parameters set forth in Section V of this motion (the "**Objection Procedure**"). In the Receiver's experience, most objections can be resolved without judicial intervention.

BACKGROUND

The Court entered a temporary restraining order (Doc. 6) imposing a temporary injunction against the Defendants and Relief Defendants, freezing their assets and granting other relief. The TRO was extended on three occasions. (Docs. 20, 31, and 38) On May 19, 2021, the Court issued an order (Doc. 56) granting the SEC's request for a preliminary injunction.

On June 16, 2021, the SEC filed a motion to appoint a Receiver in this case. (Doc. 60) On November 8, 2021, the Court entered an order (Doc. 75 approving Doc. 72) appointing Katherine C. Donlon as Receiver. The Court directed her, in relevant part, to "[t]ake immediate possession of all assets, bank accounts or other financial accounts, books and records and all other documents or instruments relating to the Receivership Entities." Doc. 72-1 ("Receivership Order") at ¶11. Pursuant to the Receivership Order, the Receiver was appointed and directed in part to:

> A. To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly ("Receivership Property" or, collectively, the "Receivership Estates");

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in Receiver's possession, custody and control all Receivership Property, pending further Order of the Court;

* * *

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging Receiver's duties.

Doc. 72-1 at 4-5. In accordance with the terms and conditions of the Order, the Receiver, among other things, has gathered any discoverable Receivership assets and liquidated them.

The SEC's complaint charges the Defendants with violations of various federal securities laws and regulations in connection with a Ponzi scheme that raised more than $17 million from approximately 100+ victim investors (the "**Scheme**"). The Complaint (Doc. 1) contains a more detailed description of the Scheme.

In essence, investors were lured into the Scheme through the sale of unregistered securities in the form of notes that promised high returns purportedly earned by investing in digital media. In reality, the purported investment opportunity was a fraudulent scheme in which money raised from new investors and additional money raised from existing investors was used to (1) pay fictitious returns and purported principal redemptions to existing investors; (2) pay unauthorized personal and business expenses; and (3) invest in unrelated business ventures. While some investors received funds from the Receivership Entities, most did not.

PROCEDURAL BACKGROUND OF THE CLAIMS PROCESS

On July 18, 2025, the Receiver filed an Unopposed Motion to (1) Approve Procedure to Administer Claims and Proof of Claim Form, (2) Establish Deadline for Filing Proof of Claim Forms, (3) Permit Notice by Mail and Publication, and (4) Approve the Retention of Simpluris and Incorporated Memorandum of Law (Doc. 206) (the "**Claim Form Motion**"). On September 5, 2025, the Magistrate issued a Report and Recommendation to approve the Claim Form Motion. Doc. 209. October 2, 2025, the Court adopted the Magistrate's Report and granted the Receiver's motion in its entirety. Doc. 212.

Given the dearth of records and resources in this case, the Receiver did not have a complete distribution history for the Harbor City investors. Rather, in the approved Claim Form, the Receiver requested that the claimant provide information regarding their investments and any monies received from Harbor City. When the Receiver reviewed the submitted Claim Form, that information was compared to the records available to the Receiver. To the extent there were any discrepancies, the Receiver has communicated with the claimant to confirm the distribution numbers.

The Court also established a Claims Bar Date[1] of 75 days from the mailing of Notice to known investors. *Id.* at 2. Any creditor that failed to submit a Proof of Claim Form to the Receiver on or before the Claims Bar Date is precluded from asserting claims against any Receivership Entity.

The Court's order further authorized the Receiver to provide sufficient and reasonable notice to potential claimants by mailing to each known investor a postcard with information regarding an online claim form. The Order also approved the publication of the claims process information on the Receivership website (www.harborcityreceivership.com). In compliance with the Court's order, on November 19, 2025, the Receiver, through her Court-approved agent Simpluris, mailed 121 Court-approved postcards to the last known addresses of known investors, thereby establishing February 2, 2026, as the Claims Bar Date. The postcard provided information regarding the claims process, including the internet address to access an online claim form as well as the investor's personal identification information to be used in accessing the online claim form. Further, contact information for Simpluris was provided so that Claimants could ask questions or request a hard copy claim form.

[1] Capitalized terms not defined herein shall have the meanings ascribed to them in the Claim Form Motion.

In total, purported creditors submitted 43 claims. After the Claims Bar Date, the Receiver began evaluating those claims for accuracy and compliance with governing procedures.

THE RECEIVER'S DETERMINATIONS AND FURTHER PLANS FOR ADMINISTERING THE CLAIMS PROCESS

All determinations set forth in the exhibits to this motion have an "**Allowed Amount**," which reflects the proposed total value of each claim. Importantly, a claimant will only recover a small *pro rata* portion of the Allowed Amount. All but one of the claims received should be allowed at least in part. Information on 16 of the claims comported with the Receiver's information and should be allowed in full. However, there were several issues with the other 27 submissions: (1) not all claimants provided distribution information on their claim form, or (2) they failed to assert a claim amount under the formula provided (monies invested less monies received). Each of these will be addressed below. The Receiver's determinations can be grouped into two general categories – allowed in full and allowed in part.

I. CLAIMS THAT SHOULD BE ALLOWED

The Receiver has determined that 16 of the claims received should be allowed in full. These claims are identified in **Exhibit 1** and are generally consistent with the books and records of Receivership Entities, including bank statements and email records (the "**Receivership Records**"). The claimants do not seek "**False Profits**" or other funds greater than their respective "**Net Investment Amount**" (as those terms are defined and explained in the footnote below and in the following sections).[2] The Court should thus allow each of these 16 claims in full, and unless otherwise noted in **Exhibit 1**, the associated claimants generally need not take any further action to perfect their claims.

A. The Court Should Approve The Net Investment Method

"The [N]et [I]nvestment [M]ethod is a well-accepted method of distributing receivership assets, and fulfills the important goal of equitably compensating all similarly situated investors." *S.E.C. v. Stinson*, 2015 WL 115495, at *4 (E.D. Pa. Jan. 8, 2015). Courts in this District have approved the use of the Net Investment Method in the receiverships identified on the first page of this motion – *i.e.*, Waxenberg, Nadel, Quest, Oasis, and EquiAlt. "The judgment of the SEC and/or a federal receiver may be given weight in crafting a remedy." *S.E.C. v. v. Illarramendi*, 2013 WL 6385036, at *2 (D. Conn. Dec. 6, 2013) (adopting Net Investment Method); *S.E.C. v. AmeriFirst Funding, Inc.*,

[2] The Net Investment Amount for an account was calculated by adding all amounts contributed by the pertinent investor(s) to the account and subtracting all distributions made to the accountholder(s), regardless of whether those distributions were characterized as interest, earnings, returns of principal, commissions, referral fees, or by any other terminology. In other words, the Net Investment Amount reflects dollars a claimant deposited in the scheme minus dollars the claimant received from the scheme. If a claimant received more money from the scheme than he or she contributed, the excess funds are commonly referred to as "False Profits" because the money was not generated from legal transactions but rather misappropriated from other investors.

2008 WL 919546, at *6 (N.D. Tex. Mar. 13, 2008) (noting "the court defers to the recommendation of the [r]eceiver in choosing between … distribution plans" and adopting Net Investment Method); *C.F.T.C v. Capitalstreet Fin., LLC,* 2010 WL 2572349, at *3 (W.D.N.C. June 18, 2010) (adopting Net Investment Method).

The Net Investment Method begins with the calculation of a Net Investment Amount for each investor, which adds all amounts contributed by the pertinent investor(s) to an account and subtracts all distributions made to the accountholder(s), regardless of whether those distributions were characterized as interest, earnings, returns of principal, commissions, referral fees, or by any other terminology. For example, if an investor transferred $10,000 to the scheme and received $6,000 from the scheme, the pertinent Net Investment Amount is $4,000. If that investor submitted a claim for $7,000, however, the Receiver recommends that the claim be allowed but only in part – *i.e.*, the investor's recovery should be limited to the $4,000 Net Investment Amount. The Net Investment Method avoids "the absurd effect of treating fictitious and arbitrarily assigned paper profits as real" and avoids legitimizing the scheme. *See, e.g., In re Bernard L. Madoff Inv. Sec. LLC*, 654 F.3d 229, 235 (2d Cir. 2011).

B. Claims That Seek More Than The Claimants' Net Investment Amounts Should Only Be Allowed In Part

Certain claimants submitted claims seeking more than the claimants' Net Investment Amounts. Contrary to the Court-approved instructions governing this process, several investors also failed to provide documents fully substantiating their respective claims. Others expressly claimed the excess amounts as earnings from the scheme, interest, administrative fees, or similar concepts. As discussed in the following subsections, however, none of those excess amounts are recoverable, and the claims should thus be limited to the pertinent Net Investment Amount.

1. Claimants are not entitled to recover False Profits.

The Net Investment Amount does not include any interest or False Profits, which represent claimed appreciation from the scheme's purported investment activities. Such False Profits were generated in part from investments made by subsequent investors rather than revenues or profits from Harbor City. A Ponzi scheme is an illegal endeavor and thus creates no entitlement to profits or interest for its investors. *Warfield v. Carnie*, 2007 WL 1112591, at *12-13 (N.D. Tex. 2007) (referencing *In re United Energy Corp.*, 944 F.2d 589, 595 (9th Cir. 1991)). "[R]ecognizing profits or other earnings in claims for distribution would be to the detriment of later investors and would therefore be inequitable." *C.F.T.C. v. Equity Fin'l Group, LLC,* 2005 WL

2143975, at *23 (D.N.J. 2005). Early investors would have the benefit of many more months of False Profits to inflate their claim while more recent investors who lost the same amount of actual dollars would have far less of a claim because they had less time to accumulate those purported profits. Further, if such "paper profits" were recognized, early investors could potentially experience no actual losses as a result of receiving distributions over the years and yet still have a claim for False Profits to the detriment of later investors who did not have the time to recoup their investment or accrue "profits."[3] Early investors should not benefit at the expense of later ones. *See Cunningham v. Brown*, 265 U.S. 1, 13 (1924); *Abrams v. Eby*, 294 F. 1, 4 (4th Cir. 1923); *In re Bernard L. Madoff Inv. Secs. LLC*, 2011 WL 3568936, at *5 (2d Cir. 2011) (if Net Investment Method is not adopted "those claimants who have withdrawn funds from their … accounts that exceed their initial investments 'would receive more favorable treatment by profiting from the principal investments

[3] For example, if a claimant transferred $10,000 to the scheme in its early years and received a total of $10,000 in transfers from the scheme during the subsequent years, the pertinent Net Investment Amount is $0 because the claimant did not experience an out-of-pocket loss. The investor might believe that his or her "account" with the Receivership Entities is worth $15,000 due to the Ponzi perpetrators' misrepresentations, but the additional purported earnings were fabricated. In contrast, an investor who transferred $10,000 to the scheme in final year likely did not have sufficient time to recover his or her principal investment, much less any False Profits. In fact, the Ponzi perpetrators likely used the $10,000 contributed by the latter investor (who suffered a $10,000 out-of-pocket loss) to fund the transfers to the earlier investor (who did not suffer an out-of-pocket loss). This is the essence of a Ponzi scheme, and it exemplifies why certain investors should not be allowed to recover "profits" that never actually existed when other investors have not even recovered their principal investment amounts.

of those claimants who have withdrawn less money than they deposited, yielding an inequitable result"") (citations omitted). The purported earnings reflected on statements provided to investors were fictitious and arbitrarily determined by the Ponzi perpetrators.

2. Claimants are not entitled to recover taxes or fees paid, compensation for the time value of money, or similar concepts.

Certain claimants apparently or expressly seek to recover more than their Net Investment Amounts for other miscellaneous reasons, including the payment of fees to brokers or other nonparty custodians, dividends, interest, purported earnings (*i.e.*, the claimed market value of their investment, as reflected on account statements), and compensation for opportunity costs or the time value of money. Like False Profits, however, the Net Investment Method does not recognize or include any of those ancillary costs, and they are thus not recoverable under principles of law and equity.[4] *See, e.g., S.I.P.C. v. Bernard L. Madoff Investment Secs.*, 2020 WL 3264056, at *2 (Bankr. S.D.N.Y. 2020) (trustee properly excluded inflation, interest, and taxes); *cf. Moran v. Goldfarb*, 2012 WL 2930210, at *9-10 (S.D.N.Y. 2012) (rejecting offset for prejudgment interest or "a baseline of the rate of inflation").

[4] While the Receiver cannot provide tax advice, the IRS has published guidance relating to Ponzi schemes. *See* www.irs.gov/newsroom/help-for-victims-of-ponzi-investment-schemes.

C. Claims That Are Inconsistent With Receivership Records Should Only Be Allowed In Part

Certain claimants seek amounts that are inconsistent with Receivership Records. The Court should only allow those claims in part – *i.e.*, to the extent consistent with Receivership Records. For example, the Receiver might possess documentary evidence (*e.g.*, a wire transfer receipt, bank statement, cancelled check, *etc.*) of a transfer from a Receivership Entity to a claimant, but the pertinent claimant might have omitted that transfer from his or her claim. This would inaccurately and artificially increase the claimant's Net Investment Amount to the detriment of other creditors.

Similarly, certain claimants seek amounts that differ from Receivership Records, but the pertinent claimants made no attempt to explain much less substantiate the differences. In some cases, it is difficult if not impossible to determine how the claimant arrived at the claim amount, and without more information, such claims should only be allowed to the extent consistent with the Net Investment Method and Receivership Records. Importantly, the Objection Procedure described below in Section V affords claimants a second opportunity to resolve discrepancies, and in the Receiver's experience, many such disputes can be resolved without judicial intervention.

D. Claims That Should Be Allowed in Part

Of the 26 claims in this category, there are three categories into which these claims fall. All of these claims had either inaccurate or no distribution information provided on the claim form. Thus, the "claim" amount submitted is larger (or smaller in two instances) than the Net Investment Amount. The largest subset of these claims (23 claims) are those claimants to whom the Receiver reached out to discuss the distribution history and the claimants affirmatively agreed to the Receiver's distribution amounts. These claims and amounts are listed on **Exhibit 2** along with the Receiver's recommended Allowed Amount .[5] There is one claimant (Claim #95) who did not have access to his distribution information and therefore would not affirm the Receiver's information. For this claim, there was only a $1,500 differential in the distribution information and the Receiver respectfully requests that the Court approve the Receiver's recommendation on this claim based on the information available to the Receiver. This claim information is noted on **Exhibit 3**.

Claimants 73 and 177 submitted distribution information that was less than the amount borne out by the Receiver's records. After consultation with

[5] Although the claimants agreed with the Receiver's distribution information, there was no discussion about the mechanics of "Net Investment Amount" nor did the Receiver seek the Claimant's agreement to the claimant's resulting Net Investment Amount.

these two claimants, they have agreed with the Receiver's determination related to the amount of their distributions. The Receiver's recommendation on these two claims is attached as **Exhibit 4**.

II. CLAIM THAT SHOULD NOT BE ALLOWED

The Receiver received one claim that should not be allowed, Claim 191.[6] This claimant made his investment in and through the Anthony Capital Bond Fund ("Anthony Capital") not directly through Harbor City. Anthony Capital invested in Harbor City on behalf of its investors and the bond fund itself is a claimant in this matter. Anthony Capital is currently in receivership in the District Court, Denver County, Colorado, Case No. 2022CV30574.[7] Any monies that may be due to Anthony Capital shareholders who were invested in Harbor City will be paid out in the Anthony Capital receivership, not this one. Therefore, the Receiver's recommendation on this claim is attached as **Exhibit 5**.

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[6] This claimant was not part of Harbor City's records nor a recipient of the postcard sent out by Simpluris. He requested and submitted a paper claim form.

[7] More information about the Anthony Capital receivership can be found at anthonycapitalreceivership.com.

III. THERE ARE NO PRIORITY ISSUES IN THIS CASE

The Receiver maintains that the investor claims referenced above should receive priority over claims of any general creditors.[8] In this case, no general creditors submitted claims, so no priority issues should arise in this matter.

IV. THE RECEIVER'S PROPOSED PLAN OF DISTRIBUTION

A. The Receiver's Plan

As of June 30, 2026, the Receivership account contained total cash of approximately $262,673.05. The Receiver intends to make one distribution on a *pro rata* basis, and she expects to make this distribution as soon as approved by the Court to holders of allowed claims. If approved by the Court, all distributions will be made in accordance with the parameters set forth in this motion.

[8] *See, e.g., S.E.C. v. HKW Trading LLC,* 2009 WL 2499146, at *3 (M.D. Fla. 2009); *Quilling v. Trade Partners, Inc.*, 2006 WL 3694629, at *1 (W.D. Mich. 2006) ("As an equitable matter in receivership proceedings arising out of a securities fraud, the class of fraud victims takes priority over the class of general creditors with respect to proceeds traceable to the fraud."); *see also* III Clark on Receivers § 667 at 1154 (Anderson 3d ed. 1959). This priority is appropriate because "[t]he equitable doctrine of constructive trusts gives 'the party injured by the unlawful diversion a priority of right over the other creditors of the possessor.'" *Id.* (quoting Clark on Receivers § 662.1 at 1174); *see also S.E.C. v. Megafund Corp.*, 2007 WL 1099640, at *2 (N.D. Tex. 2007) (holding that general creditors "will not be paid until all defrauded investors are fully compensated"); *C.F.T.C. v. PrivateFX Global One*, 778 F. Supp. 2d 775, 786-87 (S.D. Tex. 2011) (overruling objection of bank that extended line of credit and adopting receiver's argument that "courts regularly grant defrauded investors a higher priority than defrauded creditors").

The Receiver has proposed a procedure in Section V below for claimants to object to the Receiver's determinations. The procedure provides, in relevant part, that each claimant will have 20 days from the date the Receiver mails notice to each claimant of the Court's order on this motion to serve the Receiver with an objection to the claim determination. After this 20-day objection period expires and the Receiver completes an initial review of any objections, the Receiver intends to file a motion for approval of the distribution likely in an amount of $230,000, less any reserves necessitated by timely-served objections. The Receiver will make these reserves, if necessary, so that objections do not delay the distribution. Any reserves will equal the *pro rata* share of the distribution allocated to the objected claim based on the full claim amount. The reserves will be held until the claim objection is resolved. If the objection is resolved for less than the full claim amount, the unpaid reserves will be dealt with in the Receiver's wind down motion.

The proposed amount of the distribution will leave enough funds in the Receivership to cover the expenses of (1) addressing any disputes, (2) winding down the Receivership, and (3) paying the Receiver's professionals for services already and yet to be provided.[9]

[9] Simpluris' initial estimate for services in this case was $10,127. However, given increased time to construct the online claim form, the current estimate is $12,881.88. *See* Exhibit 6.

In this motion, however, the Receiver seeks approval of a distribution plan which provides that, subject to applicable exceptions, priorities, and other parameters, claimants receive a *pro rata* percentage of their Net Investment Amount from the aggregate amount distributed to claimants in any distribution based upon the following formula: each claim's Allowed Amount divided by the total Allowed Amount of all allowed claims multiplied by the aggregate distribution amount.

B. The Receiver's Plan Is Consistent With Applicable Legal And Equitable Principles

The Receiver recommends the Court approve the distribution of funds on a *pro rata* basis according to the formula set forth in the previous section. The Court has wide latitude in exercising inherent equitable power in approving a plan of distribution of Receivership funds. *S.E.C. v. Forex Asset Mgmt. LLC*, 242 F.3d 325, 331 (5th Cir. 2001) (affirming district court's approval of plan of distribution because court used its discretion in "a logical way to divide the money"); *Quilling v. Trade Partners, Inc.*, 2007 WL 107669, at *1 (W.D. Mich. 2007) ("In ruling on a plan of distribution, the standard is simply that the district court must use its discretion in a logical way to divide the money" (internal quotations omitted)). "[T]he district court, acting as a court of equity, is afforded the discretion to determine the most equitable remedy." *Forex*, 242 F.3d at 332. The Court may adopt any plan of distribution that is logical, fair, and reasonable. *S.E.C. v. Wang*, 944 F.2d 80, 83-84 (2d Cir. 1991); *Basic Energy*, 273 F.3d at 671; *Trade Partners*, 2007 WL 107669 at *1. "Therefore, '[a]ny action by a trial court in supervising an equity receivership is committed to his sound discretion and will not be disturbed unless there is a clear showing of abuse.'" *S.E.C. v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 373 (5th Cir. 1982) (quoting *S.E.C. v. Ark. Loan & Thrift Corp.,* 427 F.2d 1171, 1172 (8th Cir. 1970)).

Consistent with the features of the scheme, "courts have favored *pro rata* distribution of assets where, as here, the funds of the defrauded victims were commingled and where victims were similarly situated with respect to their relationship to the defrauders." *S.E.C. v. Credit Bancorp, Ltd.*, 290 F.3d 80, 88 (2d Cir. 2002); *see Trade Partners*, 2007 WL 107669 at *2 ("The use of a *pro rata* distribution plan is especially appropriate for fraud victims of a Ponzi scheme, in which earlier investors' returns are generated by the influx of fresh capital from unwitting newcomers rather than through legitimate investment activity."). A logical, fair, and reasonable distribution plan may provide for reimbursement to certain claimants while excluding others. *See Wang*, 944 F.2d at 84; *Basic Energy*, 273 F.3d at 660-61. The proposed plan of distribution set forth in this section is logical, fair, and reasonable.

V. THE PROPOSED PROCEDURE FOR OBJECTIONS IS LOGICAL, FAIR, AND REASONABLE

A. The Proposed Objection Procedure

For efficiency, the Court should adopt a formal procedure to handle instances where a claimant does not agree with the Receiver's recommended determination of a claim or the plan of distribution. The procedure recommended below allows the Receiver to (1) address any disputed matters in a fair and efficient manner and (2) present any unresolved objections to the Court in an organized and, if appropriate, consolidated manner that will be efficient and, to the extent possible, avoid the Court's receipt of objections on a piecemeal basis. The procedure also provides each claimant with notice and an opportunity to be heard in accordance with applicable due process obligations.

As such, the Receiver respectfully requests the Court adopt the following Objection Procedure:

a) Within three (3) business days of the date of the order on this motion, the Receiver will post the order on his website, www.harborcityreceivership.com. A copy of this motion will be posted soon after it is filed.

b) As soon as possible after the date of the order on this motion, the Receiver will mail each claimant by United States First Class Mail at the address provided on the Proof of Claim Form a letter setting forth the procedure for objecting to the Receiver's determination of a claim (the "**Receiver's Claim Determination**") or plan of distribution. The letter will provide notice that the Court's order on this motion is available on the Receiver's website. The letter will further provide that a claimant may contact the Receiver's office for a copy of the motion and/or order in the event a claimant does not have access to the internet or cannot otherwise access the motion and/or order.

c) Any claimant that is dissatisfied with the Receiver's Claim Determination or plan of distribution must serve the Receiver in accordance with the service requirements of Rule 5 of the Federal Rules of Civil Procedure with a written objection no later than twenty (20) days after the date of mailing of the Receiver's letter advising the claimant of the order on this motion. All objections must be served on the Receiver by mail at Katherine C. Donlon, Johnson, Newlon & DeCort, 3242 Henderson Blvd., Ste 210, Tampa, Florida 33609 and should not be filed with the Court. The Receiver will also accept objections by email at hcinfo@jnd-law.com. Objections shall clearly state the nature and basis of the objection and provide all supporting statements and documentation the claimant wishes the Receiver and the Court to consider.

d) Failure to properly and timely serve an objection to the Receiver's Claim Determination or plan of distribution shall permanently waive the claimant's right to object to or contest the Receiver's Claim Determination and plan of distribution, and the final claim amount shall be set as the Allowed Amount determined by the Receiver as set forth in the exhibits attached to this motion and as approved by the Court.

e) Although each objecting claimant previously submitted to this Court's jurisdiction by filing a claim with the Receiver, by serving an objection, the objecting claimant shall be deemed to have confirmed submission to the jurisdiction of this Court. A person serving an objection to the Receiver's Claim Determination, claim priority, or plan of distribution shall be entitled to notice but only as it relates to adjudication of the particular objection and the claim to which the objection is directed.

f) The Receiver may attempt to settle and compromise any claim or objection, subject to the Court's final approval.

g) At such times as the Receiver deems appropriate, she will file with the Court: (1) the Receiver's further determination of a claim with any supporting documents or statements she considers are appropriate, if any; (2) any unresolved objections, with supporting statements and documentation, as served on the Receiver by the claimant; and (3) any settlements or compromises that the Receiver wishes the Court to rule upon.

h) The Court may make a final determination based on the submissions identified in the previous paragraph or may set the matter for hearing and, following the hearing, make a final determination. The claimant shall have the burden of proof. The Receiver will provide relevant claimants with notice of any such hearing.

This Objection Procedure promotes judicial efficiency, reduces litigation costs for the Receivership, is logical, fair, and reasonable, and is in the Receivership's best interest.

B. The Proposed Objection Procedure Is Consistent With Applicable Legal And Equitable Principles

The Objection Procedure satisfies due process, which essentially requires that the proceeding be fair and that affected parties be given notice and an opportunity to be heard. *See Cleveland Bd. of Educ. v. Loudermill*, 470 U.S. 532, 542 (1985); *S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The use of summary proceedings to implement claims procedures is customary in receiverships and satisfies due process requirements when claimants receive an opportunity to be heard, to object to their claim determination, and to have their claims considered by a court. *See Elliott*, 953 F.2d at 1566; *Basic Energy*, 273 F.3d at 668-671. The Objection Procedure satisfies each of these requirements.

> One common thread keeps emerging out of the cases involving equity receiverships – that is, a district court has extremely broad discretion in supervising an equity receivership and in determining the appropriate procedures to be used in its administration.
>
> In keeping with this broad discretion, "the use of summary proceedings in equity receiverships as opposed to plenary proceedings under the Federal Rules of [Civil Procedure] is within the jurisdictional authority of a district court." Such procedures "avoid formalities that would slow down the resolution of disputes. This promotes judicial efficiency and reduces litigation costs to the receivership," thereby preserving receivership assets for the benefit of creditors.

F.D.I.C. v. Bernstein, 786 F. Supp. 170, 177-78 (E.D.N.Y. 1992) (citations omitted). For similar reasons, claimants are generally not permitted to object to other investors' claims determinations. *See, e.g., S.E.C. v. Onix Cap., LLC,* 2018 WL 1124435, at *2 (S.D. Fla. 2018) (rejecting claimants' objection that they "cannot see and object to claims filed by other potential claimants"). Under applicable law, this Court should approve the Objection Procedure because it satisfies due process and is logical, fair, and reasonable. *See Elliott*, 953 F.2d at 1567 (summary proceedings are appropriate where party has full and fair opportunity to present claims and defenses). Specifically, the Objection Procedure provides for (1) notice to claimants of the Receiver's determination of their claims, claim priority, and plan of distribution; (2) the opportunity for claimants to object to these matters; and (3) the review of unresolved objections by the Court.

Importantly, the Objection Procedure eliminates the need for any objections to be filed with the Court in direct response to this motion, which will preclude inefficient piecemeal presentation and adjudication of objections. Piecemeal proceedings would result in an inefficient claims process for both the Court and the Receivership. As such, the Objection Procedure promotes judicial efficiency; reduces litigation costs for the Receivership; is logical, fair, and reasonable; and meets due process requirements.

CONCLUSION

For these reasons, the Receiver respectfully requests the Court enter an order:

1. Approving the Receiver's determination of claims, as set forth in this motion and in **Exhibits 1-5**;

2. Approving the Net Investment Method as set forth above and in the attached exhibits as the proper method for calculating Allowed Amounts for investor claimants;

3. Approving the plan of distribution set forth above in Section IV;

4. Approving the Objection Procedure set forth above in Section V for objections to the plan of distribution and claim determinations, as set forth in this motion and in **Exhibits 1-5**; and

5. Precluding further claims existing on or before the Claims Bar Date against Receivership Entities, Receivership property, the Receivership Estate, or the Receiver by any claimant, taxing authority, or any other public or private person or entity and precluding any proceedings or other efforts to enforce or otherwise collect on any lien, debt, or other asserted interest in or against Receivership Entities, Receivership property, or the Receivership Estate.

LOCAL RULE 3.01(G) CERTIFICATION

The undersigned counsel for the Receiver has conferred with counsel for the SEC and is authorized to represent to the Court that the SEC has no objection to the relief sought herein.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on July 30, 2026, I electronically filed a true and correct copy of the foregoing with the Clerk of the Court through the CM/ECF system, which served counsel of record.

s/ Nicole D. Newlon
Nicole D. Newlon, FBN 0066941
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Tampa, FL 33609
Tel: (813) 291-3300
Fax: (813) 324-4629

Attorneys for Receiver Katherine C. Donlon

EXHIBIT 1

Claim Number	Amount invested	Total Payments	Net Investment Amount	Claimed Amount	Recommended Claim Determination	Allowed Amount
11	$30,000.00	$0.00	$30,000.00	$30,000.00	The Receiver recommends that this claim be allowed.	$30,000.00
20	$100,000.00	$30,000.00	$70,000.00	$70,000.00	The Receiver recommends that this claim be allowed.	$70,000.00
32	$625,000.00	$8,333.33	$616,666.67	$616,666.67	The Receiver recommends that this claim be allowed.	$616,666.67
44	$800,000.00	$304,500.00	$495,500.00	$495,500.00	The Receiver recommends that this claim be allowed.	$495,500.00
46	$50,000.00	$4,000.00	$46,000.00	$46,000.00	The Receiver recommends that this claim be allowed.	$46,000.00
48	$50,000.00	$1,000.00	$49,000.00	$49,000.00	The Receiver recommends that this claim be allowed.	$49,000.00
50	$4,643,500.00	$459,092.50	$4,184,407.50	$4,184,407.50	The Receiver recommends that this claim be allowed.	$4,184,407.50
56	$100,000.00	$8,030.00	$91,970.00	$91,970.00	The Receiver recommends that this claim be allowed.	$91,970.00
65	$100,000.00	$15,000.00	$85,000.00	$85,000.00	The Receiver recommends that this claim be allowed.	$85,000.00
79	$50,000.00	$9,750.00	$40,250.00	$50,000.00	The Receiver recommends that this claim be allowed.	$40,250.00
87	$57,000.00	$4,590.00	$52,410.00	$52,410.00	The Receiver recommends that this claim be allowed.	$52,410.00
111	$250,000.00	$65,000.00	$185,000.00	$185,000.00	The Receiver recommends that this claim be allowed.	$185,000.00
142	$105,000.00	$24,675.00	$80,325.00	$80,325.00	The Receiver recommends that this claim be allowed.	$80,325.00
148	$150,000.00	$14,300.00	$135,700.00	$135,700.00	The Receiver recommends that this claim be allowed.	$135,700.00
160	$50,000.00	$16,500.00	$33,500.00	$33,500.00	The Receiver recommends that this claim be allowed.	$33,500.00
180	$35,000.00	$3,970.00	$31,030.00	$31,030.00	The Receiver recommends that this claim be allowed.	$31,030.00

EXHIBIT 2

Claim Number	Amount invested	Total Payments	Net Investment Amount	Claimed Amount	Recommended Claim Determination	Allowed Amount
10	$150,000.00	$32,500.00	$117,500.00	$150,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$117,500.00
14	$100,000.00	$10,500.00	$89,500.00	$92,500.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$89,500.00
35	$200,000.00	$110,000.00	$90,000.00	$100,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$90,000.00

40	$150,000.00	$28,000.00	$122,000.00	$150,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$122,000.00
51	$350,000.00	$25,500.00	$324,500.00	$332,250.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$324,500.00
57	$400,000.00	$126,000.00	$274,000.00	$394,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$274,000.00
68	$50,000.00	$6,000.00	$44,000.00	$50,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$44,000.00

70	$125,000.00	$12,530.00	$112,470.00	$118,200.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$112,470.00
83	$200,000.00	$21,000.67	$178,999.33	$200,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$178,999.33
84	$100,000.00	$54,000.00	$46,000.00	$200,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$46,000.00
85	$25,000.00	$1,000.00	$24,000.00	$25,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$24,000.00

89	$100,000.00	$34,335.00	$65,665.00	$100,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$65,665.00
94	$50,000.00	$9,280.00	$40,720.00	$50,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$40,720.00
102	$100,000.00	$92,900.00	$7,100.00	$100,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$7,100.00
107	$190,000.00	$82,000.00	$108,000.00	$140,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$108,000.00

110	$50,000.00	$3,000.00	$47,000.00	$50,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$47,000.00
117	$75,000.00	$26,625.00	$48,375.00	$75,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$48,375.00
134	$125,000.00	$62,125.00	$62,875.00	$71,500.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$62,875.00
140	$50,000.00	$16,500.00	$33,500.00	$50,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$33,500.00

151	$100,000.00	$4,250.00	$95,750.00	$97,500.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$95,750.00
168	$100,000.00	$36,000.00	$64,000.00	$100,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$64,000.00
192	$50,000.00	$4,083.31	$45,916.69	$48,250.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$45,916.69
193	$100,000.00	$6,000.00	$94,000.00	$98,000.00	The claimant asserted a claim in excess of the Net Investment Amount. The Receiver communicated with the Claimant regarding the distributions received and the Claimant confirmed that information. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records and confirmed by the Claimant.	$94,000.00

EXHIBIT 3

Claim Number	Amount invested	Total Payments	Net Investment Amount	Claimed Amount	Recommended Claim Determination	Allowed Amount
95	$15,000.00	$1,650.00	$13,350.00	$15,000.00	The claimant asserted a claim in excess of the Net Investment Amount. That amount is likely attributable to unaccounted for distributions. Accordingly, the Receiver recommends that this claim be allowed in part but only in the amount consistent with Receivership Records.	$15,000.00

EXHIBIT 4

Claim Number	Amount invested	Total Payments	Net Investment Amount	Claimed Amount	Recommended Claim Determination	Allowed Amount
73	$50,000.00	$15,750.00	$34,250.00	$33,500.00	The claimant asserted a claim lower than their Net Investment Amount. The Receiver has confirmed the correct information with the Claimant. Accordingly, the Receiver recommends that this claim be allowed consistent with Receivership Records.	$34,250.00
177	$1,000,000.00	$330,000.00	$670,000.00	$640,000.00	The claimant asserted a claim lower than their Net Investment Amount. The Receiver has confirmed the correct information with the Claimant. Accordingly, the Receiver recommends that this claim be allowed consistent with Receivership Records.	$670,000.00

EXHIBIT 5

Claim Number	Amount invested	Total Payments	Net Investment Amount	Claimed Amount	Recommended Claim Determination	Allowed Amount
191	$106,000.00	$0.00	$106,000.00	Unclear	This claimant did not invest directly through Harbor City but through Anthony Capital Bond Fund. Any claim this person has will be through Anthony Capital and the Receivership in that matter. Therefore, the Receiver recommends that the Court deny this claim.	$0.00

EXHIBIT 6

simpluris

3194-C Airport Loop Drive
Costa Mesa, CA 92626
800-779-2104
www.simpluris.com

Estimate Number:	05102026-1	Prepared By:	Paul Saroj
Estimate Date:	5/10/2026	Telephone Number (mobile):	617.901.1286
Estimate Expiration Date:	8/8/2026	Email:	psaroj@simpluris.com

Primary Contact

Name: **Kacy Donlon**
Firm: Johnson, Newlon, & Decort, P.A>
Email: kdonlon@jnd-law.com

Case Name: ***Harbor City Receivership***

Assumptions

In addition to the assumptions enumerated below, this estimate assumes that

(1) Simpluris will receive data in a single, complete file; (2) there will be no substantial change to class size or in response rate;

(3) administration costs will be paid from the QSF, and (4) Simpluris will submit revisions to this estimate to account for any material changes to scope.

Anticipated Class Size:	133	Undeliverable Rate:	5%
Language(s) for Communication	EN	Mail Skip Trace Success Rate:	85%
Unclaimed Funds:	SEC/Treasury	Call Rate:	5%
State(s):	Multi	Average Call Length:	N/A
Length of Administration:	TBD	Number of Distributions:	1
		Tax Year(s):	1

Case Setup

• Data compilation: develop case-specific response tracking

Category	Unit Value	# of Units	Total
Program Manager	$175.00	20	$3,500.00
Database Manager -Analysis/Claims Reporting	$140.00	6	$840.00

Claims Processing

•Claim Data Collection

Category	Unit Value	# of Units	Total
Software Developer	$175.00	29	$5,075.00
Data Capture Website	$2,250.00	1	$2,250.00
Claim Form-Informational Postcard to Complete/Request	$0.20	133	$26.60
Postcard Postage	$0.48	133	$63.84
Physical Claim Forms- To Be Mailed (20% @ 3 pages)	$0.90	12	$10.80
Physical Claim Form Postage	$0.73	12	$8.76
Web Claims (80%)	$3.00	43	$129.00
Physical Claims (20%)	$5.85	0	$0.00
Physical Claim Electronic Conversion (per page @ 5 pgs)	$0.20	215	$43.00
Claims Analyst (Supporting Paralegal)	$60.00	0	TBD
		Total:	**$7,607.00**

Award Disbursement

Category	Unit Value	# of Units	Total
Disbursement Data Preparation	$140.00	4	$560.00
Setup Banking Account/QSF	$675.00	1	$675.00
QSF Monthly Reconciliation and Maintenance	$75.00	6	$750.00
Print & Mail Check and Notification Language	$0.75	43	$32.25
Postage	$0.73	43	$31.39
Process Returned Checks (assuming 5%)	$0.25	3	$0.75
Skip Trace Search Undeliverable Checks	$0.35	3	$1.05
Remail Checks (includes postage)	$1.48	3	$4.44
Beneficiary Processing and Reissue	$10.00	TBD	TBD
Distribution Manager	$125.00	2	$250.00
		Total:	**$2,304.88**

Case Completion

- Final audit and review
- Send final declaration and reporting to counsel

Category	Unit Value	# of Units	Total
Program Manager-Final Reporting/Evidentiary Package	$175.00	8	WAIVED
Clerical-Clean Up Any Misc.	$50.00	1	$50.00
US Treasury Transfer/Escheatment	$750.00	1	$750.00
		Total:	**$800.00**

Total Estimated Cost of Administration: $12,881.88