

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT  
IN AND FOR PALM BEACH COUNTY, FLORIDA

Case No. 50-2018-CA-012574-XXXX-MB  
Division: AB: Circuit Civil Central – AB (Civil)

CENTENNIAL BANK FKA  
STONEGATE BANK,

Plaintiff,

v.

ROYAL PALM DEVELOPMENT I, LLC,

Defendant.

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**RECEIVER'S MOTION TO QUASH SERVICE OF PROCESS  
AND VACATE CLERK'S DEFAULT**

Daniel Newman, Esq., not individually but solely in his capacity as Court-appointed Receiver ("Receiver") of Defendant Royal Palm Development I, LLC ("Defendant"), moves to quash defective service of process on Defendant and vacate the Clerk's Default entered on November 2, 2018, and as good cause states as follows:

**INTRODUCTION**

The Clerk's Default should be vacated because the Verified Return of Service filed by Plaintiff Centennial Bank f/k/a Stonegate Bank ("Centennial Bank" or the "Bank") is fatally defective as it fails to show service on Defendant's designated registered agent, Registered Agents, Inc., and instead identifies R.A. Company as the entity served. Because service of process on Defendant was defective, the Clerk's Default is void and the Receiver need not show any other

basis for vacating the default.<sup>1</sup> Even without the defective service, the Receiver meets the three elements for vacating a clerk's default: excusable neglect; meritorious defense; and due diligence upon discovery the default.

### **PROCEDURAL HISTORY**

1. Centennial Bank filed the instant foreclosure action against Defendant on October 4, 2018, seeking to foreclose on the property located at 9100-9250 Belvedere Road, Royal Palm Beach, Florida 33411 (the "Property"), which allegedly secured an \$8.5 million loan to Defendant.

2. The Bank claims that it holds a first-priority secured interest in the Property.

3. On October 5, 2018, the Bank purportedly served Defendant by serving its registered agent. The registered agent for Defendant is Registered Agents, Inc. However, the Verified Return of Service identifies R.A. Company as the entity served.

4. On October 30, 2018, the Bank moved for entry of a Clerk's Default against Defendant. A Clerk's Default was entered against Defendant on November 2, 2018.

5. The Bank subsequently filed a motion for summary judgment of foreclosure and set it for hearing on March 5, 2019.

6. On March 1, 2019, 19 EB-5 investors who had invested in an EB-5 project (the "Investors"), the cornerstone of which is the Property at issue here, and who have pending litigation in U.S. District Court (commenced September 26, 2018) against Defendant, its principal Joseph Walsh, Sr. and others, filed a Notice of Interested Parties, to which they attached filings from the District Court proceeding, including their First Amended Complaint, Verified

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<sup>1</sup> If the Court denies the Motion based on the insufficiency of service issue, but otherwise grants the Motion and vacates the Clerk's Default, the Receiver will file his answer and affirmative defenses within ten days of the Court's order.

Emergency Motion for appointment of Receiver and injunctive relief, Reply in support thereof, and proposed Order appointing Receiver.

7. On March 13, 2019, the District Court appointed Daniel S. Newman, Esq., as Receiver of Defendant and Royal Palm Town Center IV, LLLP (the “Partnership”). That same day, the Receiver filed a Notice of Appearance as Receiver of Defendant in this action.

8. On March 14, 2019, the Court held a status conference at which Centennial Bank argued that the Court should enter summary judgment because Defendant was in default under the loan documents and the Clerk had entered a default against it.

9. The Receiver explained that granting summary judgment at this juncture would frustrate the purpose of his appointment because he was directed by the District Court to investigate the assets and liabilities of Defendant and the Partnership, which investigation includes the Property, any liability of Defendant to the Bank (as alleged in this action) and the Partnership’s claims against Defendant and the Bank, including any equitable lien it may have as to the Property, and report back to the District Court within 30 days. A copy of the Receivership Order is attached as **Exhibit A**. In particular, the Receiver explained to this Court that he was authorized to appear in this action on behalf of Defendant and to defend against the Bank’s claims.

10. Also on March 14, 2019, the Investors, derivatively, as limited partners and with the consent of the Receiver, filed their Motion to Intervene in this action and attached a proposed Complaint in Intervention, stating a claim for equitable estoppel and seeking the imposition of an equitable lien in favor of the Partnership.

## LEGAL ARGUMENT

### **I. The Clerk's Default Must Be Vacated Because the Verified Return of Service Is Fatally Defective on Its Face.**

Strict compliance with statutes governing service of process is required, and “without proper service, a court may not proceed in the matter.” *Bennett v. Christiana Bank & Tr. Co.*, 50 So. 3d 43, 45 (Fla. 3d DCA 2010) (citing *Shurman v. Atl. Mortgage & Inv. Corp.*, 795 So.2d 952, 954 (Fla.2001); *Re-Employment Servs., Ltd. v. Nat'l Loan Acquisitions Co.*, 969 So.2d 467, 471 (Fla. 5th DCA 2007)). “In analyzing whether service is proper, the return of service is the point of departure.” *Bennett*, at 45.

Here, Centennial Bank purports to have served Defendant by serving its designated registered agent, Registered Agents, Inc., on October 5, 2018. However, the Verified Return of Service proves otherwise. See Verified Return of Service attached as **Exhibit B** and 2018 Reinstatement for Royal Palm Development I, LLC attached as **Exhibit C**. According to the process server's notes on the Verified Return of Service, the entity served was R.A. Company. Based on the process server's own sworn admission, the entity served was not the registered agent of Defendant. Thus, the Verified Return of Service on its face is defective and proves the insufficiency of service. See *Bennett*, at 45 (holding that “[t]he process server's own notes, an admission against the interest of his principal, see § 90.803(18)(d), Fla. Stat. (2009), prove[d] the insufficiency of service.”).

When, as here, “there is an error or omission in the return of service, personal jurisdiction is suspended and it lies dormant until proper proof of valid service is submitted.” *Chigurupati v. Progressive Am. Ins. Co.*, 132 So. 3d 263, 266 (Fla. 4th DCA 2013)(internal quotations and citation omitted). And, “[d]uring the period of dormancy, the trial court and the clerk are without authority to enter default.” *Id.* In *Chigurupati*, the Fourth District Court of Appeal found that the trial court

abused its discretion by denying defendants' motion to vacate a clerk's default based on a return of service that was not sworn to or notarized, as required by statute. *Id.* at 265. The Fourth District Court of Appeal held that the default should have been vacated even though the plaintiff later filed an amended return of service correcting the error because the Clerk lacked authority to enter the default at the time it was entered. *Id.* at 266.

Here, as in *Chigurupati*, the Clerk did not have authority to enter a default based on a return of service that showed service on an entity other than Defendant's designated registered agent. Moreover, as the *Chigurupati* court held, even if Centennial Bank were to file an amended return of service attempting to correct a purported error, the Default should still be vacated because the Clerk lacked authority to enter the Default at the time it was entered. *See id.* at 266.

Furthermore, because the Clerk's Default is void due to improper service of process, the Receiver is not required to show excusable neglect or a meritorious defense to vacate the default. *See Willoughby v. Seese Realty Inc.*, 421 So.2d 691 (Fla. 4th DCA 1982) ("held that where judgment was void due to improper service, petitioner seeking to vacate default is not also compelled to show there was excusable neglect."); *see also Dor Cha, Inc. v. Hollingsworth*, 876 So. 2d 678, 679 (Fla. 4th DCA 2004) (held "that a motion to vacate a void judgment for inadequate service of process may be made at any time and that the motion need not allege a meritorious defense."); (citing *Kennedy v. Richmond*, 512 So.2d 1129, 1130 (Fla. 4th DCA 1987) (attack on void judgment for lack of service of process does not require allegation of meritorious defense); *Bennett v. Christiana Bank & Tr. Co.*, 50 So. 3d 43, 45-46 (Fla. 3DCA 2010) (where service of process is defective, "the defendant is not required to demonstrate a meritorious defense to set aside the default."); *Castro v. Charter Club, Inc.*, 114 So. 3d 1055, 1059 (Fla. 3d DCA 2013) ("where a judgment is void due to defective service, the party seeking to vacate such a judgment need not

show any other basis for vacating the judgment.” Accordingly, the Court should quash the defective service of process and vacate the Clerk’s Default.

**II. While Not Required, the Receiver Meets the Standard to Vacate Clerk’s Default.**

Notwithstanding the fact that the Receiver is not required to show any other basis for vacating the Default due to the defective service of process detailed above, he still demonstrates excusable neglect, the existence of a meritorious defense, and prompt due diligence.

Typically, to vacate a clerk’s default, a party must show: (a) the failure to file a responsive pleading was the result of excusable neglect; (b) the moving party has a meritorious defense; and (c) the moving party acted with due diligence in seeking relief from the default. *Fla. Eurocars, Inc. v. Pecorak*, 110 So. 3d 513, 515 (Fla. 4th DCA 2013). However, “[i]t is axiomatic that Florida jurisprudence favors liberality in the area of setting aside defaults in order that parties may have their controversies decided on the merits.” *Somero v. Hendry Gen. Hosp.*, 467 So. 2d 1103, 1104 (Fla. 4th DCA 1985) (citing *North Shore Hosp., Inc. v. Barber*, 143 So. 2d 849 (Fla.1962)), *rev. denied sub nom. Hayslip v. Somero*, 476 So. 2d 674 (Fla. 1985).

**A. Failure to Respond Was the Result of Excusable Neglect**

The Receiver can show excusable neglect, as at the time the Bank filed its complaint, Defendant was controlled by Joseph Walsh, Sr., an individual alleged to have defrauded the Investors by, *inter alia*, stealing their funds, taking out the subject mortgage secured by the Property, and otherwise abandoning the post as General Partner of the Partnership and principal of the Defendant.<sup>2</sup> Because Defendant’s principal and General Partner abandoned his post,

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<sup>2</sup> These were the bases upon which the District Court appointed the Receiver.

Defendant's failure to respond to the Bank's foreclosure complaint constitutes excusable neglect vis-à-vis the Receiver.

Here, the circumstances go well beyond those types of clerical or "human error" mistakes that Florida courts have found sufficient to support a finding of excusable neglect. *See, e.g., Elliott v. Aurora Loan Services, LLC*, 31 So. 3d 304, 307 (Fla. 4th DCA 2010) ("Excusable neglect is found where inaction results from clerical or secretarial error, reasonable misunderstanding, a system gone awry or any other of the foibles to which human nature is heir.") (citation omitted); *Gables Club Marina, LLC v. Gables Condo. & Club Ass'n, Inc.*, 948 So. 2d 21, 23 (Fla. 3d DCA 2006) (finding "Condo Association demonstrated excusable neglect based on a reasonable misunderstanding regarding settlement negotiations, the Condo Association has presented a meritorious defense, and the Condo Association has exercised due diligence in seeking to vacate the default judgment."). Further, had the Receiver been appointed prior to the time the response was due,<sup>3</sup> the Receiver would have investigated the Bank's claims, asserted any and all meritorious defenses thereto, and, to the extent he required additional time to complete his investigation, gain sufficient knowledge to respond to the Bank's allegations, and identify and assert defenses, he would have sought an extension of the deadline to respond to the complaint. Such a scenario is typical when a receiver unfamiliar with the facts and circumstances of a case is requested by a court to parachute in. Thus, the Receiver has shown sufficient excusable neglect.

**B. Meritorious Defenses to the Bank's Claims and Competing Interest in the Property**

As set forth in the Investors' Motion to Intervene and proposed Complaint in Intervention, the Receiver conceivably has meritorious defenses to the foreclosure action. Since his appointment

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<sup>3</sup> The Investor Plaintiffs filed their Motion for appointment of Receiver before Defendant's response was due in hopes of avoiding this exact situation.

on March 13, 2019, the Receiver has been investigating the allegations and claims asserted by the Investors of the underlying EB-5 project in the Motion to Intervene filed on behalf of the Partnership, which, along with Defendant, is in receivership. If the Partnership has equitable lien rights with respect to the Property that predate Centennial Bank's loan to Defendant and the granting and perfection of the Bank's purported mortgage lien on the Property, then Defendant has defenses or counterclaims to the Bank's claims. Moreover, the Receiver is investigating the circumstances related to the Bank's mortgage loan to determine whether the Bank was at all complicit in the fraudulent scheme that allowed its perpetrators to abscond with the equity in the Property. Therefore, additional defenses would exist if the Receiver's investigation reveals that the Bank was aware of or otherwise negligently reckless in allowing Defendant's principal to pull the equity out of the Property, thereby fleecing the Investors. But having been appointed a little over a week ago, the Receiver has not had sufficient time to investigate the facts underlying the Bank's claims and the Partnership's equitable estoppel claim, and to identify and assert any and all meritorious defenses of Defendant to such claims.

Among the matters to be investigated by the Receiver is the circumstances related to the Bank's \$8.5 million loan to Defendant. Indeed, as the Investors' point out in their Motion, given the reasonable due diligence Centennial Bank would have performed prior to loaning \$8.5 million to Defendant, the Bank may have difficulty showing it did not know, or should have known, that Defendant was the job creating entity (JCE) for an EB-5 project, that the Property was purchased with funds loaned by the Partnership derived from the Investors, that the Partnership was the new commercial enterprise (NCE) in the EB-5 project, that the Partnership's limited partners (the Investors) were foreign nationals who invested at least \$500,000 each in that EB-5 project through the Partnership, and that Defendant was required to grant the Partnership a lien in the Property as



is customary in EB-5 projects. Under these circumstances, the Investor's equitable lien would take priority over the Bank's lien. In any event, this determination must be made before the Court can adjudicate whether the Bank is entitled to foreclose on its purported first priority mortgage lien on the Property.

**C. Receiver's Due Diligence Upon Discovering Default**

Finally, the Receiver satisfies the third prong for vacating the Clerk's Default because he acted with reasonable due diligence upon discovering the Clerk's Default against Defendant. Indeed, having only been appointed on March 13, 2019, the Receiver has acted quickly to investigate the effectiveness of the purported service of process, the merits of Centennial Bank's claims, and address Defendant's failure to respond to the Complaint in this action.

**CONCLUSION**

WHEREFORE, for the foregoing reasons, the Receiver respectfully requests this Court quash the defective service of process on Defendant Royal Palm Development I, LLC and vacate the Clerk's Default entered on November 2, 2018, and grant such further relief as this Court deems to be appropriate and just.

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By: s/ Gary Freedman

Daniel S. Newman  
Florida Bar No. 0962767  
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Florida Bar No. 44021

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via e-mail pursuant to the Florida Rules of Judicial Administration 2.516, on this 22<sup>nd</sup> day of March, 2019, upon Andrew Piniero, Piniero Byrd PLLC, Attorneys for Plaintiff Centennial Bank, at [apiniero@pblawfla.com](mailto:apiniero@pblawfla.com); Kenneth Dante Murena, Esq., and Allison J. Leonard, Esq., Damian & Valori, LLP, Attorneys for the Investors, at [kmurena@dvllp.com](mailto:kmurena@dvllp.com) and [aleonard@dvllp.com](mailto:aleonard@dvllp.com); and all other counsel of record in the instant action.

s/ Gary Freedman \_\_\_\_\_  
Gary Freedman

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# **EXHIBIT A**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 18-CV-23894-MIDDLEBROOKS

XIAOYUN CHEN, PEIXUAN WANG,  
HEZHANG CHEN, YANG ZHAO,  
DONGLIN GU, JIALIN HAN,  
WEN SHEN, YI GAO, LIJUAN FAN,  
DEXIONG HU, WEN ZHANG, XIUQING  
WANG, TIANJUN LI, themselves, and  
derivatively, as limited partners of, and  
on behalf of, Royal Palm Town Center IV, LLLP,

Plaintiffs,

v.

JOSEPH J. WALSH, SR. an individual; SOUTH  
ATLANTIC REGIONAL CENTER, LLC, a Florida  
limited liability company; ROYAL PALM  
DEVELOPMENT I, LLC, a Florida limited liability Company;  
UNITED STATES REGIONAL ECONOMIC  
AUTHORITY, LLC, a Florida limited liability Company;  
USREDA HOLDINGS, LLC, a Florida limited liability  
Company; JJW CONSULTANCY, LTD., a foreign  
Company; and CONNECT INSURANCE GROUP, INC.,  
a Florida Company,

Defendants,

v.

ROYAL PALM TOWN CENTER IV, LLLP,

Nominal Defendant.

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**ORDER APPOINTING RECEIVER**

THIS CAUSE comes before the Court on Plaintiffs' Verified Emergency Motion for Appointment of a Receiver and Preliminary Injunction, filed on October 26, 2018. (DE 9). Defendants failed to respond, but nonparty Centennial Bank filed a Response in Opposition on January 30, 2019 (DE 50), to which Plaintiffs replied on February 27, 2019 (DE 61). Plaintiffs'

Emergency Motion is granted in part, and a Receiver shall be appointed for the limited purpose of permitting Plaintiffs to determine the existing state of affairs of Nominal Defendant Royal Palm Town Center IV, LLLP (a partnership to which Plaintiffs belong) and Royal Palm Development I, LLC.

### BACKGROUND

This is an action arising from the allegedly fraudulent operation of several entities existing for the ostensible purpose of enabling foreign investors to secure EB-5 Visas. These visas are available based on the investment of substantial funds in job-creating enterprises in the United States. *See* 8 C.F.R. § 204.6. Plaintiffs allege that Defendant Walsh induced Plaintiffs to invest \$500,000 in Nominal Defendant Royal Palm Town Center IV, LLLP (the “Partnership”) in exchange for a limited partner position in the Partnership. (DE 1 at ¶ 2). Walsh is alleged to have represented that the Partnership would loan the funds to Defendant Royal Palm Development I, LLC, a job-creating entity that would renovate and lease sixty commercial condominium units within the Royal Palm Professional Center. (*Id.*). The job-creating entity purchased the properties, but Plaintiffs allege that Walsh failed to secure the loan with a mortgage in favor of the partnership as promised, and subsequently transferred \$9,000,000 to Connect Insurance Group, Inc., the business that was to complete capital buildout and lease the property. (DE 1 at ¶ 4). The buildout was never completed, however, and the vacant units were never filled. (DE 1 ¶ 6). Additionally, Walsh is alleged to have obtained two mortgages secured by the sixty commercial units. (DE 1 ¶ 7). One of the mortgagees, Centennial Bank, claims a perfected first-priority mortgage on the Partnership’s real property and filed a response in opposition to the Emergency Motion. (DE 59). Centennial Bank states that the Partnership owes over \$7,700,000 on the mortgage, which has been in default since March of 2018 and is the

subject of a foreclosure action Centennial Bank initiated in the Fifteenth Judicial Circuit in and for Palm Beach County on October 4, 2018. (DE 59; *Centennial Bank v. Royal Palm Development I LLC, et al.*, Case No. 50-2018-CA-012574).

Plaintiffs, a group of investors in the Partnership, initiated this action on September 20, 2018, alleging a host of fraud, securities, and derivative claims. (DE 1). Plaintiffs' Emergency Motion requests entry of an order appointing a receiver to complete the commercial real estate project that formed the basis of the alleged fraud, directing Defendants to immediately turn over all of Plaintiffs' funds remaining under their control, enjoining Defendants from participating in similar schemes, and enjoining all third parties from prosecuting any action that would result in possession or control do the contested real property or any other asset of the Partnership. (DE 9).<sup>1</sup>

#### LEGAL STANDARD

Imposition of a receiver on a company "is a drastic measure, the detrimental business effects of which should be carefully considered." *SEC v. Spence & Green Chem. Co.*, 612 F.2d 896, 904 (5th Cir. 1980). While there is no precise formula for determining when a receiver may be considered, courts consider a variety of factors, including whether there has been fraudulent conduct on the part of the defendant; whether there is imminent danger that property will be lost or squandered; the inadequacy of available legal remedies; whether the probability that harm to

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<sup>1</sup> The Securities and Exchange Commission is currently pursuing a civil enforcement action against several of the Defendants in this action for their involvement in a closely related scheme. (See *SEC v. Palm House Hotel, LLLP, et al.*, Case No. 18-cv-81038-DMM). After Plaintiffs filed their Emergency Motion in this action, I issued an Order Soliciting Comment in the enforcement action, directing the SEC to state its position, if any, on the relief requested. Counsel for the SEC represented that it took no position on the Emergency Motion in light of Plaintiffs' agreement to 1) limit their relief sought to appointment of a receiver over Royal Palm Town Center IV and Royal Palm Development I; 2) confer with the SEC prior to distributing any of Plaintiffs funds recovered from Defendants; and 3) exclude from their requested injunction any stay on the actions of the SEC. (Case No. 18-cv-81038-DMM, DE 43).

the plaintiff by denial of the appointment would be greater than the injury to the parties opposing appointment; the plaintiff's probable success in the action and the possibility of irreparable injury to his interests in the property; and whether the interests of the plaintiff and others sought to be protected will in fact be well served by the receivership. *See, e.g., Consol. Rail Corp. v. Fore River Ry. Co.*, 861 F.2d 322, 327 (1st Cir. 1988) (cited with approval in *Nat'l P'ship Inv. Corp. v. Nat'l Hous. Dev. Corp.*, 153 F.3d 1289, 1291 (11th Cir. 1998)).

#### ANALYSIS

First, I note that Defendants have not responded to Plaintiffs' Emergency Motion. Counsel entered an appearance on behalf of Defendants Walsh, South Atlantic Regional Center, LLC, Royal Palm Development I, LLC, United States Regional Development Authority, LLC, USREDA Holdings, LLC, and JJW Consultancy, LTD, on December 14, 2018. (DE 27). Counsel sought and received extensions of time to respond to the Emergency Motion but withdrew before filing a response on the basis that Defendant Walsh, who lives in the People's Republic of China and is principal for the remainder of these defendants, stopped responding to communications. (DE 44). I also note that, without ruling on the propriety of nonparty Centennial Bank's appearance in this matter to file an Amended Response in Opposition to the Emergency Motion, I have considered the factual representations and argument therein. (*See* DE 59).

Plaintiffs allege extensive fraudulent conduct on the part of Defendants and make a strong showing that their investment funds are in imminent danger of being lost or squandered, if they have not been already. Considering Defendants' apparent disinclination to defend themselves, Plaintiffs' ultimate odds of success in this action are strong.

Insofar as Plaintiffs argue the Receiver should be authorized to operate, renovate, and lease the sixty commercial units on behalf of the Partnership, however, it is not clear whether sufficient

resources exist for this undertaking, much less for the administrative expense of receivership. Monthly rental income currently totals approximately \$40,000, while an appraisal report estimates the cost of buildout completion at approximately \$1,800,000. (DE 59-7; DE 59-6). Additionally, the Partnership owes almost \$8 million to Centennial Bank in principal on the Note and the Palm Beach County Constitutional Tax Collector issued and sold 2016 and 2017 tax lien certificates for all sixty units. (DE 59-8). This calls into question whether the interests of the Plaintiffs will in fact be well served by appointment of a receiver and casts doubt on Plaintiffs' argument that legal remedies are insufficient because the commercial buildout and leasing is necessary for Plaintiffs to avoid adverse immigration consequences.

Accordingly, in the exercise of equitable discretion, I will appoint a Receiver for a limited purposes and a limited duration. The Receiver shall be directed to conduct an expeditious inquiry into the current state of the Partnership and the job-creating entity. Based on the findings of this inquiry, I will consider expanding the Receiver's role. The Receiver shall also be authorized to represent the Partnership at the hearing scheduled for March 14, 2019 in the state court foreclosure action. (See *Order Setting Status Conference*, March 5, 2019, *Centennial Bank v. Royal Palm Development I LLC, et al.*, Case No. 50-2018-CA-012574). In order to curtail the burden on the limited resources of Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP, the Receiver is requested to minimize expenses wherever possible.

In light of the forgoing, it is **ORDERED AND ADJUDGED** that

- (1) Plaintiffs' Emergency Motion for Appointment of a Receiver and Preliminary Injunction (DE 9) is **GRANTED IN PART** and **DENIED IN PART**.
- (2) Plaintiffs' Motion is **DENIED** with respect to Plaintiffs' request for a preliminary injunction.



(3) Plaintiffs' Motion is **GRANTED IN PART** with respect Plaintiffs' request for appointment of a receiver. Daniel Newman, Esq., of the law firm Nelson Mullins Riley & Scarborough LLP, is hereby appointed the Receiver over Defendants Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP, and is hereby authorized, empowered, and directed to:

- a) Take immediate possession of all personal property, assets and estates of every kind of Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP, whatsoever and wheresoever located belonging to or in the possession of these entities, including but not limited to all offices maintained, rights of action, books, papers, data processing records, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, and other securities, mortgages, furniture, fixtures, office supplies and equipment, and to administer such assets as is required in order to comply with the directions contained in this Order, and to hold all other assets pending further order of this Court;
- b) Present to the Court, **no later than thirty (30) days after the date of this Order**, a report reflecting the existence and value of the assets of Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP, and of the extent of liabilities, both those claimed to exist by others and those the Receiver believes to be legal obligations of these entities;

**IT IS FURTHER ORDERED AND ADJUDGED** that, in connection with the appointment of the Receiver provided for above:

- c) Defendants Joseph J. Walsh, Sr., South Atlantic Regional Center, LLC, Royal Palm Development I, LLC, United States Regional Economic Authority, LLC, USREDA

Holdings, LLC; JJW Consultancy, Ltd, and Connect Insurance Group, Inc. (collectively "Defendants") are **ORDERED** to provide a sworn accounting disclosing all bank accounts held in their names, as well as all expenditures of Plaintiffs' funds;

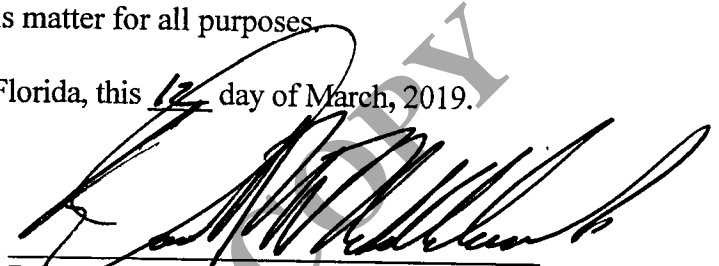
- d) Any of Plaintiffs' funds, or assets purchased with such funds, remaining under the control of any Defendant shall be turned over to the Receivership Estate;
- e) Unless authorized by the Receiver, the Defendants and their principals shall take no action, nor purport to take any action, in the name of or on behalf of Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP;
- f) The Defendants, and their principals, including Defendant Joseph J. Walsh Sr., and their respective officers, agents, employees, attorneys, and attorneys-in-fact, shall cooperate with and assist the Receiver, including, if deemed necessary by the Receiver, appearing for deposition testimony upon two (2) business days' notice (by facsimile), and producing documents upon two (2) business days' notice. The Defendants and their principals, and respective officers, agents, employees, attorneys, and attorneys-in-fact shall take no action, directly or indirectly, to hinder, obstruct, or otherwise interfere with the Receiver in the conduct of the Receiver's duties or to interfere in any manner, directly or indirectly, with the custody, possession, management, or control by the Receiver of the funds, assets, premises, and choses in action described above;
- g) The Receiver, and any counsel whom the Receiver may select, are entitled to reasonable compensation from the assets now held by or in the possession or control of or which may be received by the Defendants; said amount or amounts of compensation shall be commensurate with their duties and obligations under the circumstances, subject to approval of the Court;

- h) Title to all personal property, all contracts, rights of action and all books and records of Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP, wherever located within or without this state, is vested by operation of law in the Receiver;
- i) The United States Postal Service is directed to provide any information requested by the Receiver regarding the Defendant Royal Palm Development I, LLC and Nominal Defendant Royal Palm Town Center IV, LLLP;
- j) No bond shall be required in connection with the appointment of the Receiver. Except for an act of gross negligence or greater, the Receiver shall not be liable for any loss or damage incurred by Defendant Royal Palm Development I, LLC or Nominal Defendant Royal Palm Town Center IV, LLLP or by the Receiver's officers, agents or employees, or any other person, by reason of any act performed or omitted to be performed by the Receiver in connection with the discharge of the Receiver's duties and responsibilities;
- k) In the event that the Receiver discovers that funds of persons who have invested in Defendant Royal Palm Development I, LLC or Nominal Defendant Royal Palm Town Center IV, LLLP have been transferred to other persons or entities, the Receiver shall apply to this Court for an Order giving the Receiver possession of such funds and, if the Receiver deems it advisable, extending this receivership over any person or entity holding such investor funds;
- l) Immediately upon entry of this Order, the Receiver may take depositions upon oral examination of parties and non-parties subject to two (2) business days' notice. In addition, immediately upon entry of this Order, the Receiver shall be entitled to serve interrogatories, requests for the production of documents and requests for admissions.

The parties shall respond to such discovery requests within two (2) business days of service. Service of discovery requests shall be sufficient if made upon the parties by facsimile or overnight courier. Depositions may be taken by telephone or other remote electronic means; and

m) This Court shall retain jurisdiction of this matter for all purposes.

**SIGNED** in chambers in West Palm Beach, Florida, this 12 day of March, 2019.



DONALD M. MIDDLEBROOKS  
UNITED STATES DISTRICT JUDGE

Copies to: Counsel of Record;  
Daniel Newman, Esq.  
Nelson Mullins Riley & Scarborough LLP  
2 South Biscayne Blvd, 21<sup>st</sup> Floor  
dan.newman@nelsonmullins.com;  
Alejandro Oscar Soto  
U.S. Securities & Exchange Commission  
801 Brickell Avenue, Suite 1800  
Miami, FL 33132  
sotoal@sec.gov

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# **EXHIBIT B**

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**VERIFIED RETURN OF SERVICE**

**Client Info:**

Pineiro Byrd PLLC  
Andrew A. Pineiro, Esquire  
4600 Military Trail Suite 212  
Jupiter, FL 33458  
Phone: (561) 799-9280 Fax: (561) 799-9287

**Case Info:**

**Plaintiff:**  
CENTENNIAL BANK f/k/a Stonegate Bank,  
-versus-

15th Circuit  
Court Division: 15th Circuit  
County of Palm Beach, Florida  
Court Case # 50-2018-CA-012574-XXXX-MB DIV AB

**Defendant:**

ROYAL PALM DEVELOPMENT I LLC; ROYAL PALM BUSINESS PLAZA  
CONDOMINIUM ASSOCIATION, INC.; JOSEPH J. WALSH, SR.; ALEZE  
CONSTRUCTION, LLC; BECK CONCRETE CONSTRUCTION, LLC;  
BEVERLY BOY PRODUCTIONS GROUP, INC.; CELEBRATIONS BY  
KATHY INC; COASTAL SHEET METAL OF SOUTH FLORIDA LLC;  
CORNERSTONE SOLUTIONS FLORIDA, LLC; DORTA & ASSOCIATES  
INC; EK LABORATORIES, INC.; ELDRED AIR CONDITIONING INC.;  
HODESS CONSTRUCTION CORPORATION; HOLLAND PUMP  
COMPANY; MARZIPAN ID, INC.; MATT WILLHITE; MCGOVERN  
GERARDI LAW, PA; ET AL.

**Service Info:**

**Date Received: 10/5/2018 at 02:41 PM**

**Service:** I Served Royal Palm Development 1, LLC, A Florida Limited Liability Company  
With: Civil Action Summons, Complaint, Exhibits, Notice of Lis Pendens, Certification, and Notice of Designation of  
Email Addresses

by leaving with LINDA HART, RECEPTIONIST , AUTHORIZED TO ACCEPT FOR R.A. COMPANY

**At Business 3030 N. ROCKY POINT DRIVE SUITE 150A TAMPA, FL 33607**

**On 10/8/2018 at 03:25 PM**

**Manner of Service: CORPORATE LLC**

F.S. 48.062 (1) Process against a limited liability company, domestic or foreign, may be served on the registered agent designated by the limited liability company under chapter 605. A person attempting to serve process pursuant to this subsection may serve the process on any employee of the registered agent during the first attempt at service even if the registered agent is a natural person and is temporarily absent from his or her office. F.S. 605.0117 (1) A limited liability company or registered foreign limited liability company may be served with process, notice, or a demand required or authorized by law by serving on its registered agent.


**Served Description: (Approx)**

Age: 50, Sex: Female, Race: White-Caucasian, Height: 5' 4", Weight: 180, Hair: Blond Glasses: Yes

I STEPHEN CABRERA acknowledge that I am authorized to serve process, in good standing in the jurisdiction wherein the process was served and I have no interest in the above action. Under penalties of perjury, I declare that I have read the foregoing document and that the facts stated in it are true. FS 97.525(2).

Signature of Server:   
STEPHEN CABRERA  
CPS#92-589231

**ROCK LEGAL SERVICES & INVESTIGATIONS**  
2048 PONCE DE LEON AVENUE  
WEST PALM BEACH, FL 33407

Client #   
Job # 273332



Filing # 78862046 E-Filed 10/04/2018 11:43:31 AM

IN THE CIRCUIT COURT OF THE 15TH  
JUDICIAL CIRCUIT IN AND FOR PALM  
BEACH COUNTY, FLORIDA

CASE NO.

CENTENNIAL BANK f/k/a Stonegate Bank,

Plaintiff,

v.

CIVIL ACTION SUMMONS

ROYAL PALM DEVELOPMENT I LLC;  
ROYAL PALM BUSINESS PLAZA CONDOMINIUM  
ASSOCIATION, INC.; JOSEPH J. WALSH, SR.;  
ALEZE CONSTRUCTION, LLC; BECK CONCRETE  
CONSTRUCTION, LLC; BEVERLY BOY PRODUCTIONS  
GROUP, INC.; CELEBRATIONS BY KATHY INC;  
COASTAL SHEET METAL OF SOUTH FLORIDA LLC;  
CORNERSTONE SOLUTIONS FLORIDA, LLC;  
DORTA & ASSOCIATES INC; EK LABORATORIES, INC.;  
ELDRED AIR CONDITIONING INC.; HODESS  
CONSTRUCTION CORPORATION; HOLLAND PUMP  
COMPANY; MARZIPAN ID, INC.; MATT WILLHITE;  
MCGOVERN GERARDI LAW, PA; MESSIER LAND  
DEVELOPING, INC.; NATIONAL TRAFFIC CONTROL  
SYSTEMS INC.; NICHOLS CONTRACTING, INCORPORATED;  
ROCKLEDGE CAPITAL INVESTMENTS, LLC;  
SOLARUS USA, INC.; SOUTH PARTY RENTS LLC;  
THE OFFICE STATION, LLC; WILEX ENGINEERING  
SERVICES CORP,

Defendants.

**THE STATE OF FLORIDA:**

**To All and Singular the Sheriffs of Said State:**

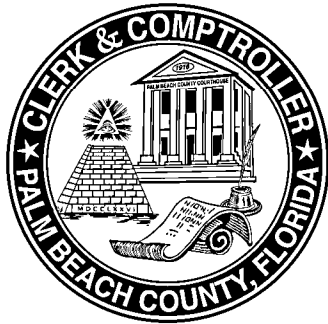
**YOU ARE HEREBY COMMANDED** to serve this Summons, and a copy of the Complaint or Petition in this action on Defendant: **ROYAL PALM DEVELOPMENT I LLC, a Florida Limited Liability Company, by serving:**

Registered Agents Inc., Registered Agent  
3030 N. Rocky Point Drive, Suite 150A  
Tampa, FL 33607

or in their absence, any other agent in accordance with F.S. § 48.081.

Each Defendant is required to serve written defenses to the Complaint or Petition on **Andrew A. Pineiro, Esq.**, whose address is: **Pineiro Byrd PLLC, 4600 Military Trail, Suite 212, Jupiter, FL 33458, [apineiro@pblawfla.com](mailto:apineiro@pblawfla.com)** within 20 days after service of this Summons on that Defendant, exclusive of the day of service, and to file the original of the defenses with the Clerk of this Court either before service on Plaintiff's attorney or immediately thereafter. If a Defendant fails to do so, a default will be entered against that Defendant for the relief demanded in the Complaint or Petition.

DATED on Oct 04 2018, 2018.



**SHARON R. BOCK**  
As Clerk & Comptroller of said Court

By:   
Deputy Clerk

Ashley Meriweather

NOT A CERTIFIED COPY



# **EXHIBIT C**

*NOT A CERTIFIED COPY*

**2018 FLORIDA LIMITED LIABILITY COMPANY REINSTATEMENT**

DOCUMENT# L10000117642

**Entity Name:** ROYAL PALM DEVELOPMENT I LLC

**Current Principal Place of Business:**

9250 BELVEDERE ROAD.  
UNIT 101  
ROYAL PALM BEACH, FL 33411

**Current Mailing Address:**

9250 BELVEDERE ROAD.  
UNIT 101  
ROYAL PALM BEACH, FL 33411 US

**FEI Number:** 27-5540132

**Certificate of Status Desired:** No

**Name and Address of Current Registered Agent:**

REGISTERED AGENTS INC.  
3030 N. ROCKY POINT DRIVE  
SUITE 150A  
TAMPA, FL 33607 US

*The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.*

**SIGNATURE:** REGISTERED AGENTS INC

10/04/2018

Electronic Signature of Registered Agent

Date

**Authorized Person(s) Detail :**

Title           MANAGER  
Name           USREDA HOLDINGS LLC  
Address        9250 BELVEDERE ROAD  
                  UNIT 101  
City-State-Zip: ROYAL PALM BEACH FL 33411

Title           AMBR  
Name           WALSH, JOSEPH J  
Address        9250 BELVEDERE ROAD.  
                  UNIT 101  
City-State-Zip: ROYAL PALM BEACH FL 33411

NOT A CERTIFIED COPY

*I hereby certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am a managing member or manager of the limited liability company or the receiver or trustee empowered to execute this report as required by Chapter 605, Florida Statutes; and that my name appears above, or on an attachment with all other like empowered.*

**SIGNATURE:** JOSEPH J WALSH

MANAGING MEMBER

10/04/2018

Electronic Signature of Signing Authorized Person(s) Detail

Date