

G.E.T. MARKETING, LLC,	§	IN THE DISTRICT COURT
	§	
<i>Plaintiff</i>	§	
	§	
v.	§	459 th JUDICIAL DISTRICT
	§	
PSW REAL ESTATE, LLC,	§	
	§	
<i>Defendant</i>	§	TRAVIS COUNTY, TEXAS

RECEIVER’S SECOND STATUS REPORT

The Stapleton Group, Inc., in its capacity as receiver (“*Receiver*”) for Defendant PSW Real Estate, LLC DBA Storybuilt (“*PSW*” or “*Storybuilt*”) pursuant to the *Order Appointing Receiver* dated July 31, 2023 (the “*Receivership Order*”)¹, files this *Second Status Report*, and respectfully states as follows:

Filing of Storybuilt Org Chart

1. The Court convened a status conference on September 13, 2023 (the “*Status Conference*”). At the Status Conference, the Court directed the Receiver to file with the Court a copy of an entity organizational chart discussed at the Status Conference (the “Storybuilt Org Chart”). The Receiver filed a copy of the Storybuilt Org Chart with the Court on September 14, 2023.

Financing Efforts; Form of Receivership Certificate

2. The Receiver is actively seeking financing for the benefit of the Receivership Estate in the form of loans to the Receivership Estate and evidenced by Receiver Certificates as authorized under the Receivership Order. The Receiver intends to provide this Second Status

¹ Capitalized terms not defined herein have the meanings given to them in the Receivership Order.

Report to all parties interested in financing the Receivership Estate. To the extent that financing is obtained, a Receiver Certificate will be issued in connection therewith, which shall (i) reference the Receivership Order, (ii) expressly state that such financing is, to the extent applicable, governed by the Receivership Order, and (iii) state as follows:

This Receiver Certificate shall be evidence of protective advances made under, and secured by, the loan documents, and shall constitute a priority lien on the Receivership Property, and shall be paid first from proceeds (to the extent available) existing after payment of expenses authorized by this Order, and if necessary, from proceeds of the sale or refinancing of the Receivership Property. In the Receiver's discretion, any outstanding Receiver Certificates shall be paid (in whole or in part) as soon as there are sufficient Proceeds to pay them without materially and adversely affecting the Receivership Property or Operations. Such payments may be made on a monthly or other periodic basis. Receiver has authority to issue Receiver Certificates up to a maximum amount of \$8,000,000 without any additional Court approval. Any liability for such borrowings shall solely be the responsibility of PSW, and not the Receiver.

Report Regarding Status Conference

3. At the Status Conference, the Receiver provided the Court with a general update regarding the operations of the receivership, including: (i) background; (ii) financial advisor's findings; (iii) options and rationale for the Receivership; (iv) strategy for moving forward; (v) investment banking strategy²; and (vi) employment matters, including employee focus on financial accounting, stabilizing existing projects, and completing partially built homes.

4. In response to a question received at the Status Conference, the origins of the Receiver's relationship with Storybuilt is as follows:

² On September 19, 2023, the Receiver filed its *Motion to Employ Consultants and Borrow Funds* (the "Employment Motion") pursuant to which the Receiver sought the Court's authority to (i) employ Onyx Asset Advisors, LLC, and A&G Realty Partners as consultants and (ii) borrow \$500,000 from the proposed consultants pursuant to a term sheet attached to the Employment Motion.

- a. Steven Prevost and Mike Bergthold worked as adversaries on a large residential real estate restructuring in 2009 and 2010. Mr. Prevost worked for Bank of the West. He was the special assets group (distressed loans) officer assigned to the case. Mike Bergthold represented the company (borrower) as Financial Advisor. Mr. Prevost and Mr. Bergthold succeeded in returning a full recovery to the borrower's bank and the subject company survived.
- b. In previous years and as recently as early 2023, Mr. Prevost attempted to introduce Mr. Bergthold to PSW as a Financial Advisor. Mr. Prevost referred Storybuilt's executive team to Mr. Bergthold and Stapleton Group.
- c. Mr. Bergthold and David Kieffer, both partners with Stapleton Group, had an introductory call with Ryan Diepenbrock and Anthony Siela early in the second quarter of 2023.
- d. In June 2023, Chad Shepler asked Mr. Bergthold to speak with Storybuilt's executive team on Saturday July 1, 2023. During that call, Mr. Bergthold recommended that Storybuilt retain a financial advisor immediately, whether Stapleton Group or another firm familiar with distressed situations.
- e. Stapleton Group was retained Sunday July 2, 2023 as Financial Advisor, and shortly thereafter reported to a committee formed to represent all investor classes.
- f. In late July 2023, Stapleton Group transitioned from Financial Advisor to Receiver, after Storybuilt's board agreed that a stipulated receivership was the best option available to Storybuilt at the time.

Scheduled Omnibus Hearings

5. The Court scheduled omnibus hearings as follows:
 - a. **October 16, 2023 at 2:00 p.m. (Central);**
 - b. **November 15, 2023 at 2:00 p.m. (Central); and**
 - c. **December 18, 2023 at 2:00 p.m. (Central).**

Respectfully submitted,

REED SMITH, LLP

/s/ Bradley J. Purcell

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CERTIFICATE OF SERVICE

I hereby certify that, on September 21, 2023, a true and correct copy of the foregoing document was served on all counsel of record pursuant to the Texas Rules of Civil Procedure via the Court's electronic filing system.

/s/ Bradley J. Purcell

Bradley J. Purcell