

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JAMES A. TORCHIA, CREDIT
NATION CAPITAL, LLC, CREDIT
NATION ACCEPTANCE, LLC,
CREDIT NATION AUTO SALES,
LLC, AMERICAN MOTOR CREDIT
LLC, AND SPAGHETTI JUNCTION,
LLC,

Defendants.

Civil Action File No.
1:15-cv-3904-ELR-CCB

**QUARTERLY STATUS REPORT OF RECEIVER FOR
JANUARY 1, 2024 THROUGH MARCH 31, 2024**

Pursuant to the Opinion and Order (the “Order”) entered on April 25, 2016, this Court appointed Al Hill as Receiver for James A. Torchia, Credit Nation Capital, LLC (“CNC”), Credit Nation Acceptance, LLC, Credit Nation Auto Sales, LLC, American Motor Credit, LLC (“AMC”), and Spaghetti Junction, LLC (collectively, the “Defendants” and, excluding Mr. Torchia, the “Companies”). A subsequent Opinion and Order issued by the Court on October 25, 2016, added River Green

Capital, LLC, National Viatical, Inc. (“NVI”) and National Viatical Trust (“NVT”) to the Receivership. The Order requires the Receiver to file and serve a full report and accounting of the Defendants’ assets entitled “Quarterly Status Report” within thirty (30) days after the end of each calendar quarter. This is the Receiver’s Quarterly Status Report for the calendar quarter ending March 31, 2024. For an overview of the history of the Receivership, including details of its past operations and investments, investors should visit the Receivership’s website at www.cncreceiver.com.

I. Overview – On January 26, 2024, the Court approved the Receiver’s plan to distribute \$1,400,000 to the investors, leaving the Receivership with sufficient funds to file final tax returns and wind down operations. The Receiver has begun sending checks to investors and will continue doing so until distributions are complete. Once this distribution is complete, the Receiver will wind up operations and request Court approval to distribute any remaining funds to the investors. **THE RECEIVER REQUESTS THAT ANY INVESTORS WHO HAVE NOT RECEIVED A DISTRIBUTION CONTACT HIM IMMEDIATELY TO ARRANGE FOR THEIR DISTRIBUTION. YOU CAN REACH THE RECEIVER AT AHILL@TAYLORENGLISH.COM.**

II. Credit Nation Capital – This Quarterly Status Report addresses the status of CNC only. The receiverships for both River Green Capital, LLC and National Viatical, Inc. have been terminated.

A. Overview

During the first calendar quarter of 2024, the Receiver continued to collect distribution information from investors and began making distributions. Other activities are described below.

Policies - The only policy remaining in the portfolio as of March 31, 2024, is policy # 4104, which has matured. We are still attempting to recover \$55,000 in proceeds for that policy. Policy #63031 (which was listed on prior reports) has matured and the Receivership has collected proceeds of \$291,658.73.

Litigation – The only remaining litigation involves the disposition of insurance policy proceeds claimed by Stephanie Segarra. Ms. Segarra, the wife of James Torchia, claimed one-half of the proceeds of a policy on the life of a Mr. Baker. The Receiver did not dispute her right to collect those proceeds but sought to deduct CNC’s premium payments and management costs (“fictitious profits”). The Court ruled that the Receiver may collect fictitious profits from the Baker policy. Then a third party claimed rights in the Baker policy, and it was subject to a freeze order until Ms. Segarra and the third party agreed to a settlement. The

Receiver has distributed the remaining proceeds of that policy to Ms. Segarra in the amount of \$43,326.61.

The Receiver contested Ms. Segarra's claim to the proceeds of the second policy, on the life of G. Robinson, and asked the Court in August 2018 to order the insurer, Prudential, to pay the proceeds of \$46,216 plus interest to the Receivership. Ms. Segarra asked in August 2018 and in February 2024 that the Court dissolve a freeze order as to the Robinson policy and order the proceeds paid to her. Those motions remain pending and will have to be resolved before the final termination of the Receivership.

B. Financial Status

CNC's first quarter financial results and status are summarized on the balance sheet attached as Exhibit CNC-1 (as of March 31, 2024), the Statement of Cash Flows for the first quarter attached as Exhibit CNC-2 and the income statements attached as Exhibits CNC-3 (as of March 31, 2024) and CNC-4 (from the commencement of the Receivership through March 31, 2024).

In addition, CNC had cash on hand on March 31, 2024, of \$881,084.90. The Receiver's fees and expenses for the quarter, including legal fees, were as follows: January 2024: \$6,197.84; February 2024: \$7,396.05; and March 2024: \$6,159.02.

C. Future Projections

The Receiver's cash projections for CNC's next six months of operations, including anticipated interest income, are set forth on Exhibit CNC-5.

D. Recommendation

It is the recommendation of the Receiver that the CNC Receivership continue until the final distribution to investors is approved and completed, at which time the Receiver will ask the Court to terminate the receivership.

Respectfully submitted, this 30th day of April, 2024. This document was prepared using Times New Roman 14-point font.

/s/ William G. Leonard
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Attorney for Receiver Al B. Hill

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CERTIFICATE OF SERVICE

I hereby certify that I have this day electronically filed the foregoing Quarterly Status Report of Receiver for January 1, 2024, through March 31, 2024, with the Clerk of the Court using the CM/ECF system which will automatically send e-mail notification of such filing to all attorneys of record.

This 30th day of April, 2024.

/s/ William G. Leonard

WILLIAM G. LEONARD
Georgia Bar No. 446912
bleonard@continuumlg.com

EXHIBIT
CNC-1

Balance Sheet

Credit Nation Capital

As of March 31, 2024

Assets

Current Assets

Cash	\$	881,084.90
Accounts receivable	\$	-
Policies Pooled by Receivership	\$	55,000.00

Total Assets	\$	936,084.90
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Liabilities

Current Liabilities

Accounts Payable - Trade Creditors	\$	472,392.82
Escrow of Sixes Tavern Proceeds	\$	55,129.54
Investor Notes Payable (under 1 year)	\$	5,747,644.48
Liability Subject to Compromise	\$	12,193,461.72
Total	\$	18,468,628.56

Long-term Liabilities

Notes Payable (over 1)	\$	32,644,772.02
Total	\$	32,644,772.02

Total Liabilities	\$	51,113,400.58
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Equity

Total	(\$50,177,315.68)
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Total Liabilities & Stockholder Equity	▶ \$	936,084.90
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EXHIBIT
CNC-2

Statement of Cash Flows

Credit Nation Capital
January through March 2024

Operating Activities

Net Income - CNC	\$ (567.26)
Receivable - Life Claims	\$ 274,491.66
A/P Trade Creditors	\$ (20,324.85)
Liability Subject to Compromise	\$ (345,955.00)
Notes Payable (Under 1)	\$ (19,277.89)
Net cash provided by Operating Activities:	\$ (111,633.34)

FINANCING ACTIVITIES

Investor Notes Payable (Over1)	\$ (578,336.62)
Net cash provided by Financing Activities:	\$ (578,336.62)

Net cash increase for period - CNC	\$ (689,969.96)
Cash at beginning of period - CNC	\$ 1,571,054.86
Cash At End of Period	\$ 881,084.90

EXHIBIT
CNC-3

Income Statement

Credit Nation Capital

January through March 2024

Ordinary Income/Expense

Income		
	Life Settlement Maturity	\$ 17,167.07
	Total Income	\$ 17,167.07
Gross Profit		\$ 17,167.07
Expense		
	Bank Service Charges	\$ 163.00
	Computer & Internet Expenses	\$ 297.60
	Office Supplies	\$ 317.53
	Professional Fees	\$ 23,892.39
	Total Expense	\$ 24,670.52
Net Ordinary Income		\$ (7,503.45)
Other Income/Expense		
Income		
	Interest Income - Bank	\$ 6,936.19
Expense		
	Taxes	\$ -
	Net Other Income/Expense	\$ 6,936.19
Net Income		\$ (567.26)

EXHIBIT
CNC-4

Income Statement

Credit Nation Capital

April 26, 2016 through March 2024

Ordinary Income/Expense

Income		
Life Settlement Maturity	\$	1,975,943.85
Life Settlement Sale - Whole*	\$	(779,189.53)
Pooled Asset Income - Debt Forgiveness	\$	77,141.63
Sales Not Recognized - Post 2015	\$	1,236,488.54
Sales Recognized - Prior to 2015	\$	(323,799.11)
Total Income	\$	2,186,585.38
Gross Profit	\$	2,186,585.38
Expense		
Advertising & Marketing**	\$	26,500.00
Bad Debt Expense	\$	4,753,195.05
Bank Service Charges	\$	11,367.57
Computer & Internet Expenses	\$	39,981.57
Copier Expense	\$	5,580.90
Distribution to Policy Investor	\$	1,206,985.52
Insurance Expense	\$	82,407.66
Investor Fees	\$	1,265.00
Legal Expenses	\$	30,587.36
Loss on Policy	\$	2,247,668.52
Marketing Reps	\$	3,616.67
Office Cleaning	\$	275.00
Office Security**	\$	1,363.10
Office Supplies**	\$	(7,844.08)
Payroll Expenses	\$	385,624.59
Postage & Mailing	\$	3,399.26
Premium Expense	\$	170,773.53
Professional Fees**	\$	2,957,253.08
Rent Expense**	\$	159,606.78
Taxes	\$	10,693.23
Telephone Expenses	\$	3,177.47
Tracking Expenses	\$	38,013.98
Travel Expense	\$	3,414.61
Utilities	\$	10,262.83
Total Expense	\$	12,145,169.20
Other Income/Expense		
Income		
Clawback Recovery	\$	938,858.12
Interest Income - Bank	\$	33,388.02
Net Income	\$	(8,986,337.68)

*Loss calculated upon recording creditor liability against previously recorded sales income.

**Includes distribution payments to trade creditors.

EXHIBIT
CNC-5

Cash Flow Projection

Receivership of Credit Nation Capital, LLC

March through September 2024

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24
1. Cash On Hand - Beginning of Month	\$ 881,085	\$ 440,343	\$ 435,247	\$ 430,146	\$ 480,040	\$ 474,986
2. Cash Receipts						
Policy Claim Payments	\$ -	\$ -	\$ -	\$ 55,000	\$ -	\$ -
Interest Income	\$ 918	\$ 459	\$ 453	\$ 448	\$ 500	\$ 495
3. Total Cash Receipts	\$ 918	\$ 459	\$ 453	\$ 55,448	\$ 500	\$ 495
4. Total Cash Available	\$ 882,003	\$ 440,801	\$ 435,700	\$ 485,594	\$ 480,540	\$ 475,480
5. Cash Paid Out						
Computer and Internet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution to Direct Investors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Distribution to Pooled Creditors	\$ 436,106	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Bank Service Fees	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54	\$ 54
Storage Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6. Total Cash Paid Out	\$ 441,660	\$ 5,554	\$ 5,554	\$ 5,554	\$ 5,554	\$ 5,554
7. Cash Position - End of Month	\$ 440,343	\$ 435,247	\$ 430,146	\$ 480,040	\$ 474,986	\$ 469,926