

**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
OCTOBER 1, 2023 THROUGH DECEMBER 31, 2023**

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 December 31, 2023. 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 – While awaiting the Court’s approval of final distributions, the Receiver focused on obtaining current mailing addresses for all investors. Court approval was received on January 26, 2024. The Receiver anticipates making two separate distributions. The first, and larger, distribution will be made within the next two weeks. The second and final distribution will be made once all dissolution activities are completed, including filing final tax returns for all Receivership entities. Until the distributions are approved and made, the Receivership’s assets will continue to be invested in an interest-bearing money market account with immediate liquidity.

II. Credit Nation Capital – This section of this Quarterly Status Report covers the status of CNC only.¹

A. Overview

During the fourth calendar quarter of 2023, the Receiver focused on developing the distribution list, completing the distribution schedule and collecting additional assets. Specific activities are described below.

Policies - The only policies remaining in the portfolio as of December 31, 2023, are listed in subpart B below. Policy #63031 has now matured and we are awaiting collection. Proceeds will be approximately \$275,000. We are still attempting to recover \$55,000 in proceeds for Policy # 4104 (see item B below).

Litigation – The only remaining litigation involves the disposition of insurance policy proceeds claimed by Stephanie Segarra and others. Ms. Segarra, the wife of James Torchia, claimed proceeds of two life policies that Torchia transferred to her. The Receiver maintains that the proceeds of one policy belong to the receivership. The Receiver does not challenge Ms. Segarra’s claim to the proceeds of the second policy, but a third party objected to the transfer of the proceeds to her. Those competing claims remain before the Court and will have to

¹ The receiverships for River Green Capital, LLC and National Viatical, Inc. have been terminated.

be resolved before the final termination of the receivership, but they will not interfere with the upcoming distribution to investors.

B. Financial Status

CNC's fourth quarter financial results and status are summarized on the balance sheet attached as Exhibit CNC-1 (as of December 31, 2023), the Statement of Cash Flows for the fourth quarter attached as Exhibit CNC-2 and the income statements attached as Exhibits CNC-3 (as of December 31, 2023) and CNC-4 (from the commencement of the Receivership through December 31, 2023).

CNC's current portfolio of policies and the anticipated disposition of each policy are shown below:

Policy	Type of Policy	Policy Death Benefit	Most Recent Life Expectancy*	Estimated Net Proceeds to Receivership	% of Death Benefit and/or Pooled by CNC	Anticipated Disposition
4104	Group	\$55,000.00	-	\$55,000.00	100%	Matured
63031	Term	\$275,000.00	14	\$275,000.00	100%	Matured – awaiting proceeds

*As of 01/24/2019 (in months)

In addition to the policies, CNC had cash on hand on December 31, 2023, of \$1,571,054.86. The Receiver's fees and expenses for the quarter, including legal fees, were as follows: October 2023: \$9,777.50; November 2023: \$9,231.00; and December 2023: \$7,746.50.

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 terminate the receivership.

Respectfully submitted, this 31st day of January, 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

EXHIBIT

CNC-1

Balance Sheet

Credit Nation Capital

As of December 31, 2023

Assets

Current Assets

Cash	\$	1,571,054.86
Accounts receivable	\$	274,491.66
Policies Pooled by Receivership	\$	55,000.00

Total Assets	\$	1,900,546.52
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Liabilities

Current Liabilities

Accounts Payable - Trade Creditors	\$	492,717.67
Escrow of Sixes Tavern Proceeds	\$	55,129.54
Investor Notes Payable (under 1 year)	\$	5,766,922.37
Liability Subject to Compromise	\$	12,539,416.72
Total	\$	18,854,186.30

Long-term Liabilities

Notes Payable (over 1)	\$	33,223,108.64
Total	\$	33,223,108.64

Total Liabilities	\$	52,077,294.94
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Equity

Total	(\$50,176,748.42)
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Total Liabilities & Stockholder Equity	\$	1,900,546.52
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EXHIBIT
CNC-2

Statement of Cash Flows

Credit Nation Capital

July through September 2023

Operating Activities

Net Income - CNC	\$ 106,009.10
Receivable - NVI	\$ 342,937.22
Receivable - Life Claims	\$ (274,491.66)
Net cash provided by Operating Activities:	\$ 174,454.66

Investing Activities

Sale or Maturity of Policies	\$ 127,893.02
Net cash provided by Investing Activities:	\$ 127,893.02

FINANCING ACTIVITIES

Net cash provided by Financing Activities:	\$ -
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Net cash increase for period - CNC	\$ 302,347.68
Cash at beginning of period - CNC	\$ 1,268,707.18
Cash At End of Period	\$ 1,571,054.86

EXHIBIT
CNC-3

Income Statement

Credit Nation Capital

October through December 2023

Ordinary Income/Expense

	Income	
	Life Settlement Maturity	\$ 146,598.64
	Total Income	\$ 146,598.64
Gross Profit		\$ 146,598.64
	Expense	
	Bank Service Charges	\$ 48.00
	Computer & Internet Expenses	\$ 566.58
	Professional Fees	\$ 34,455.00
	Total Expense	\$ 35,069.58
Net Ordinary Income		\$ 111,529.06
Other Income/Expense		
	Income	
	Interest Income - Bank	\$ 8,984.14
	Expense	
	Taxes	\$ 14,504.10
	Net Other Income/Expense	\$ (5,519.96)
Net Income		\$ 106,009.10

EXHIBIT
CNC-4

Income Statement

Credit Nation Capital

April 26, 2016 through December 2023

Ordinary Income/Expense

Income			
	Life Settlement Maturity	\$	1,958,776.78
	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	\$	2,169,418.31
Gross Profit		\$	2,169,418.31
Expense			
	Advertising & Marketing**	\$	26,500.00
	Bad Debt Expense	\$	4,753,195.05
	Bank Service Charges	\$	11,204.57
	Computer & Internet Expenses	\$	39,683.97
	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**	\$	(8,161.61)
	Payroll Expenses	\$	385,624.59
	Postage & Mailing	\$	3,399.26
	Premium Expense	\$	170,773.53
	Professional Fees**	\$	2,933,360.69
	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	\$	12,120,498.68

Other Income/Expense

Income			
	Clawback Recovery	\$	938,858.12
	Interest Income - Bank	\$	26,451.83
Net Income		\$	(8,985,770.42)

*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

January through June 2024

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
1. Cash On Hand - Beginning of Month	\$ 1,571,055	\$ 1,565,168	\$ 433,760	\$ 399,551	\$ 394,868	\$ 390,174
2. Cash Receipts						
Policy Claim Payments	\$ -	\$ 274,492	\$ 55,000	\$ -	\$ -	\$ -
Interest Income	\$ 3,273	\$ 3,261	\$ 904	\$ 832	\$ 823	\$ 813
3. Total Cash Receipts	\$ 3,273	\$ 277,752	\$ 55,904	\$ 832	\$ 823	\$ 813
4. Total Cash Available	\$ 1,574,328	\$ 1,842,920	\$ 489,664	\$ 400,384	\$ 395,690	\$ 390,987
5. Cash Paid Out						
Computer and Internet	\$ 144	\$ 144	\$ 144	\$ -	\$ -	\$ -
Distribution to Direct Investors	\$ -	\$ -	\$ 43,327	\$ -	\$ -	\$ -
Distribution to Pooled Creditors	\$ -	\$ 1,400,000	\$ -	\$ -	\$ -	\$ -
Professional Fees	\$ 8,500	\$ 8,500	\$ 8,500	\$ 5,500	\$ 5,500	\$ 5,500
Bank Service Fees	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
Storage Fees	\$ 500	\$ 500		\$ -	\$ -	\$ -
Tax Expenses	\$ -	\$ -	\$ 38,126	\$ -	\$ -	\$ -
6. Total Cash Paid Out	\$ 9,160	\$ 1,409,160	\$ 90,113	\$ 5,516	\$ 5,516	\$ 5,516
7. Cash Position - End of Month	\$ 1,565,168	\$ 433,760	\$ 399,551	\$ 394,868	\$ 390,174	\$ 385,471

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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 October 1, 2023, through December 31, 2023, 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 31st day of January, 2024.

/s/ William G. Leonard

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