

**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
APRIL 1, 2022 THROUGH JUNE 30, 2022

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 June 30, 2022. 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 – The only active, ongoing matters for the Receivership are the previously reported litigation brought by a group of investors regarding the Court’s earlier ruling on direct ownership of certain policies and a second lawsuit against two former salesmen who sold promissory notes for Credit Nation. The Court has not yet issued rulings on pending motions in those cases. Other than this pending litigation, there has been little activity in the Receivership, so the Receiver’s objective remains to minimize the costs of continuing the Receivership and to get distributions to the investors as quickly as possible. As soon as the current litigation is concluded, the Receiver will file a motion to terminate the entire Receivership. The details with respect to each Receivership entity are set forth below.

II. Credit Nation Capital – This section of this Quarterly Status Report covers the status of CNC only.¹ The status and operations of NVI are covered in Part III of this report.

A. Overview

During the second calendar quarter of 2022, the Receivership continued to monitor the ongoing litigation while maintaining its remaining policies. Specific activities are described below.

Policies - The only policies remaining in the portfolio as of June 30, 2022, are listed in subpart B below. Policy # 4104 (see item B below) matured in 2019, but the Receiver is still awaiting receipt of \$55,000 in proceeds. We will retain Policy #63031, though we have been advised that the anticipated Accelerated Death Benefit provision of Policy # 63031 is not available to the Receivership. This policy is fully paid, so there is no cost to retain it.

Litigation – CNC’s ongoing litigation consists of the following two matters, which are largely unchanged since the previous quarterly report:

- **Richard Sutherland, et al.** This case has been returned to the District Court for reconsideration of the distribution plan originally approved by Judge

¹ The other CNC-related entities, Credit Nation Auto Sales, LLC, AMC and Spaghetti Junction, LLC, are not in operation. All known assets of these entities have been consolidated into CNC.

Duffey. The Court heard oral arguments on the matter on June 18, 2021, but has not issued a ruling as of the date of this report. The Receiver remains optimistic that the Court's initial ruling will be upheld and the Court will, therefore, follow the Receiver's proposed distribution plan.

- **Al Hill, as Receiver for CNC vs. Michael Sweet, et al.** This clawback action is pending in this District Court, case number 1:16-cv-4770-ELR-CCB. The Receiver's motion for summary judgment has been pending since January 2, 2018.

B. Financial Status

CNC's second quarter financial results and status are summarized on the balance sheet attached as Exhibit CNC-1 (as of June 30, 2022), the Statement of Cash Flows for the second quarter attached as Exhibit CNC-2 and the income statements attached as Exhibits CNC-3 (as of June 30, 2022) and CNC-4 (from the commencement of the Receivership through June 30, 2022).

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	\$250,000.00	14	\$250,000.00	100%	Retain to Maturity

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

In addition to the policies, CNC had cash on hand on June 30, 2022, of \$1,336,714.07. The Receiver's fees and expenses for the quarter, including legal fees, were as follows: April 2022: \$7,729.00; May 2022: \$2,735.00; and June 2022: \$2,090.50.

C. Future Activities

The Receiver's cash projections for CNC's next six months of operations are set forth on Exhibit CNC-5. Actual expenditures will be largely dependent upon the results of the ongoing litigation mentioned above. Receipts are nearly complete, but the final count will be dependent upon the disposition of Policy #63031 and any recoveries from or costs of the litigation. The Receiver's plan remains the same: to complete the current litigation, then propose a final distribution in accordance with the distribution plan finally approved by the Court.

D. Recommendation

It is the recommendation of the Receiver that the CNC Receivership continue until the current litigation is completed.

III. National Viatical, Inc. – This section of this Quarterly Status Report addresses the status of National Viatical, Inc. (“NVI”) and NVT Trust (“NVT”). NVI is an entity affiliated with CNC through common ownership and operation. NVT is a trust created to be the owner or assignor of life settlement policies purchased by NVI on behalf of the NVI investors, including promissory note holders. NVI and NVT were added to the Receivership by order of the Court on October 25, 2016.

A. Overview

There have not been any new activities with respect to NVI. The Receiver has filed a motion with the Court to declare NVI a total loss, to transfer its remaining assets to CNC and to terminate the Receivership with respect to NVI. As of the date of this Quarterly Status Report, the Court has not ruled on that motion.

B. Financial Status

NVI’s financial situation as of June 30, 2022 is summarized on the Statement of Assets and Liabilities attached as Exhibit NVI-1, including a cash balance of \$342,661.79 which, with Court approval, will be transferred to CNC upon

termination of the Receivership with respect to NVI. The Receiver does not anticipate any future activity with respect to NVI, so the projected cash flow report has been discontinued. The Receiver did not charge any fees to NVI during the second quarter.

C. Future Activities

When approved by the Court, the Receiver will distribute NVI's assets to CNC and will notify the investors via the Receivership website and direct correspondence.

D. Recommendation

It is the recommendation of the Receiver that the NVI Receivership continue in effect until the Court's ruling on the pending motion for termination.

Respectfully submitted, this 29th day of July, 2022.

/s/ William G. Leonard
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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 April 1, 2022 through June 30, 2022, 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 29th day of July, 2022.

/s/ William G. Leonard

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