

STATE OF NORTH CAROLINA
MECKLENBURG COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
23 CVS 1931

BLUEPRINT 2020 OPPORTUNITY
ZONE FUND, LLLP, a Delaware
limited liability partnership; and
WOODFOREST CEI-BOULOS
OPPORTUNITY FUND, LLC, a
Delaware limited liability company,

Plaintiffs,

v.

10 ACADEMY STREET QOZB I,
LLC, a North Carolina limited
liability company,

Defendant.

**ORDER ON PLAINTIFFS' MOTION
FOR APPOINTMENT OF RECEIVER
[PUBLIC]¹**

1. **THIS MATTER** is before the Court on Plaintiffs Blueprint 2020 Opportunity Zone Fund, LLLP (“Blueprint”) and Woodforest CEI-Boulos Opportunity Fund, LLC’s (“CEI”; together, the “Plaintiffs”) Motion for Appointment of Receiver (the “Motion”), (ECF No. 4), filed on 1 February 2023 in the above-captioned case.

2. The Motion seeks the appointment of a receiver pursuant to the North Carolina Commercial Receivership Act² (the “NCCRA”), the dissolution procedures of the North Carolina Limited Liability Company Act³ (the “NCLLCA”), and through the Court’s inherent authority and equitable powers. After considering the Motion

¹ Recognizing that this Order cites and discusses information that one or more parties maintains should remain filed under seal in this action, and out of an abundance of caution, the Court elected to file this Order under seal on 9 March 2023. The Court then permitted the parties an opportunity to propose redactions to the public version of this document. No redactions were proposed from Plaintiffs, Defendant, or the Receiver.

² N.C.G.S. §§ 1-507.20–.54.

³ N.C.G.S. §§ 57D-1-01–11-03.

and the evidence presented by the parties, the briefs in support of and in opposition to the Motion, the arguments of counsel at the hearing on the Motion, and other appropriate matters of record, the Court, in the exercise of its discretion, hereby **GRANTS** the Motion as set forth below.

Womble Bond Dickinson, LLP, by Scott D. Anderson, for Plaintiff Blueprint 2020 Opportunity Zone Fund, LLLP.

Parker Poe Adams & Bernstein, LLP, by William L. Esser IV, for Plaintiff Woodforest CEI-Boulos Opportunity Fund, LLC.

Bell, Davis & Pitt, P.A., by Edward B. Davis and Kevin Roak, for Defendant 10 Academy Street QOZB I, LLC.

Smith, Currie & Hancock, LLP, by Matthew E. Cox,⁴ for non-party 10 Academy Opportunity Fund I, LLC.

Bledsoe, Chief Judge.

I.

FACTUAL AND PROCEDURAL BACKGROUND

3. Defendant 10 Academy Street QOZB I, LLC (“the QOZB”) is a North Carolina limited liability company formed in 2019 to purchase and develop two adjoining properties in Greenville, South Carolina: Tax Parcel 0050000200100 containing an existing office building (the “Office Land”) and Tax Parcel 0050000200106 containing an existing surface parking lot (the “Multi-Family Land”).⁵ The QOZB is managed by CitiSculpt Fund Services, LLC (“CitiSculpt”),

⁴ The Court incorrectly identified non-party 10 Academy Opportunity Fund I, LLC’s counsel as “Michael E. Cox” in the 9 March 2023 version of this Order filed under seal.

⁵ (Verified Compl. Judicial Dissolution ¶ 20 [hereinafter “Compl.”], ECF No. 3.) The Court notes that Plaintiffs’ Complaint is verified in part, (*see* ECF No. 3.1), and, for purposes of the Motion, may be considered an affidavit as to the matters that are verified. *See, e.g., Page v.*

which is managed through another entity, CitiSculpt, LLC, which itself is managed by Charles Lindsey McAlpine (“McAlpine”).

4. The QOZB was formed with the intent to build a multi-family apartment building on the Multi-Family Land and to renovate the office building on the Office Land.⁶ Two additional adjoining parcels were owned by CitiSculpt affiliates and were potentially available for development in the same project with the QOZB property.⁷

5. From March 2017 to October 2020, both the Office Land and the Multi-Family Land were owned by 10 Academy Street, LLC, an affiliate of CitiSculpt, which was also indirectly managed and controlled by McAlpine.⁸ In October 2020, 10 Academy Street, LLC sold the Office Land to a different CitiSculpt affiliate, CitiSculpt SC, LLC.⁹

6. The QOZB currently has three members: Blueprint, CEI, and a CitiSculpt affiliate, 10 Academy Opportunity Zone Fund, LLC (“Academy QOF”). Academy QOF is the QOZB’s sole Series A member, and Blueprint and CEI are the QOZB’s two Series B members. Plaintiffs each invested \$2,500,000 in the QZOB in December

Sloan, 281 N.C. 697, 705 (1972) (permitting a verified complaint to be considered an affidavit where “it (1) is made on personal knowledge, (2) sets forth such facts as would be admissible in evidence, and (3) shows affirmatively that the affiant is competent to testify to the matters stated therein.”).

⁶ (Compl. ¶¶ 19–21, 29.)

⁷ (Compl. ¶ 5.)

⁸ (Compl. ¶¶ 18, 24.)

⁹ (Compl. ¶¶ 38–40.)

2020, giving each Plaintiff a 31.97% membership interest in the LLC.¹⁰ Academy QOF, whose membership in the QOZB predated Plaintiffs', owns the remaining 36.06% interest. The QOZB purchased the Multi-Family Land from 10 Academy Street, LLC for \$3,000,000 in December 2020 after Plaintiffs made their investments.¹¹

7. In conjunction with Plaintiffs' investments in the QOZB, Blueprint, CEI, Academy QOF, and CitiSculpt entered into an amended operating agreement for the QOZB. That agreement—titled Amended and Restated Limited Liability Company Agreement (the “Operating Agreement”)—is dated 14 December 2020 and governs the parties' rights and responsibilities concerning the management and operation of the QOZB.¹² CitiSculpt was not a member of the QOZB but executed the Operating Agreement as the QOZB's manager.

8. The relationship between Plaintiffs and CitiSculpt began to deteriorate when Plaintiffs received a letter from McAlpine on 7 July 2021 (the “July 2021 Letter”) claiming that the QOZB had paid a \$2,000,000 deposit to Citisculpt's affiliate, 10 Academy Street, LLC, in connection with a proposed purchase of the Office Land.¹³ CitiSculpt claimed that the QOZB's deposit was forfeited because the

¹⁰ (Compl. ¶¶ 6–7.)

¹¹ (Compl. ¶ 27.)

¹² (Compl. Ex. A, Amended and Restated Limited Liability Company Agreement of 10 Academy Street QOZB I, LLC [hereinafter “Operating Agreement”], ECF No. 3.2.)

¹³ (Compl. Ex. C, ECF No. 3.4.)

QOZB did not purchase the Office Land by 30 June 2021¹⁴ as provided under the QOZB's alleged purchase contract with 10 Academy Street, LLC.

9. This development came as a shock to Plaintiffs because Section 3.3(d) of the Operating Agreement provided that CitiSculpt would not cause the QOZB to purchase the Office Land until sufficient funds had been raised to do so¹⁵ and no funds were ever raised for the QOZB after Plaintiffs' investments in December 2020. Moreover, the Operating Agreement provided that development of the project was not to begin until both the Multi-Family Land and the Office Land had been acquired, which still has not occurred.¹⁶

10. It is undisputed that CitiSculpt never advised Plaintiffs of the alleged purchase contract with 10 Academy Street, LLC prior to the alleged deposit forfeiture on 30 June 2021, never asked for nor obtained Plaintiffs' consent to purchase the Office Land on any proposed terms, and never advised Plaintiffs at any time prior to the alleged deposit forfeiture on 30 June 2021 that the QOZB faced a risk that its alleged \$2,000,000 deposit was at risk of forfeiture if it did not purchase the Office Land by that date, much less that the QOZB's deposited funds would be forfeited to a CitiSculpt affiliate.¹⁷

¹⁴ Although the July 2021 Letter references "30 June 2020," the parties appear to agree that the letter was intended to refer to "30 June 2021."

¹⁵ (Compl. ¶ 28; Operating Agreement Art. 3.3(d).)

¹⁶ (Operating Agreement Art. 3.3(d).)

¹⁷ (Compl. ¶ 34; Aff. Edward R. Baird, dated Feb. 17, 2023, at ¶ 3 [hereinafter "Baird Aff."], ECF Nos. 22 (provisionally sealed), 26.1 (redacted).)

11. Alarmed by this newly disclosed information, Plaintiffs demanded a return of the \$2,000,000 deposit and an accounting of all purported agreements between the QOZB and 10 Academy Street, LLC relating to the alleged purchase of the Office Land.¹⁸ CitiSculpt responded by producing on 26 July 2021 a previously undisclosed agreement dated 21 July 2020 purporting to reflect 10 Academy Street, LLC’s sale of the Office Land to 10 South Academy Street Opportunity Zone Business I, LLC (“10 South Academy”)—not the QOZB.¹⁹ This evidence is curious to say the least, particularly considering that CitiSculpt produced documents to Plaintiffs showing that several months later, in October 2020, 10 Academy Street, LLC purported to sell the Office Land to another CitiSculpt affiliate, CitiSculpt SC, LLC, after 10 Academy Street, LLC had transferred ownership of the property to 10 South Academy.²⁰

12. Plaintiffs therefore renewed their demand that the deposited funds be returned on grounds that the QOZB had not entered into a contract for the purchase of the Office Land and thus that its funds should never have been deposited with 10 Academy Street, LLC and also because 10 Academy Street, LLC did not own the property it purported to sell to the QOZB. CitiSculpt refused, arguing that the various documents on which Plaintiffs based their demands reflected “scrivener’s errors” in naming parties and dating contracts. Plaintiffs, justifiably, were not reassured, and they now seek the appointment of a receiver to investigate the

¹⁸ (Compl. ¶ 36.)

¹⁹ (Compl. Ex. F., ECF No. 3.7; Baird Aff. ¶ 5.)

²⁰ (Compl. ¶ 50.)

circumstances surrounding the purportedly forfeited deposit, including CitiSculpt's various conflicts of interest in transferring and forfeiting funds to its affiliate, and to pursue recovery of the QOZB's allegedly forfeited \$2,000,000.

13. Since 7 July 2021, Plaintiffs have made repeated demands for information about the QOZB's business and affairs, which CitiSculpt has either ignored or only half-heartedly or belatedly sought to address.²¹ Section 6.3 of the Operating Agreement, however, provides Plaintiffs the right to inspect the QOZB's financial records²² and Section 6.4(m) gives Plaintiffs broad information rights about the QOZB upon reasonable request.²³ Plaintiffs argue a receiver should be appointed to protect the information rights they bargained for under the Operating Agreement.

14. Plaintiffs have also offered evidence showing that the QOZB's cash assets have been dramatically reduced by over \$1,600,000 since the parties' relationship began to sour in July 2021 without satisfactory explanation and without evidence of

²¹ For example, Blueprint sent McAlpine a letter on 25 March 2022 requesting information and records related to the QOZB's business. CitiSculpt initially failed to produce the requested documents, claiming that they had been provided, (Compl. ¶¶ 42–43; Aff. Scott Anderson, dated Feb. 22, 2023, at ¶ 4 [hereinafter “Anderson Aff.”], ECF Nos. 23 (provisionally sealed), 26.6 (public); Anderson Aff. Ex. 1, ECF Nos. 23.1 (provisionally sealed), 26.7 (public)), only to later produce the requested documents in October 2022, (Compl. ¶ 45). Plaintiffs have also alleged and offered evidence that CitiSculpt has ignored other document requests despite having the requested information. (Compl. ¶¶ 46–48; Anderson Aff. ¶¶ 6–9; Anderson Aff. Ex. 3, ECF Nos. 23.3 (provisionally sealed), 26.9 (redacted).)

²² (See Operating Agreement Art. 6.3 (“Upon reasonable request, each Member shall have the right, during ordinary business hours, for any purpose reasonably related to its interest as a Member, to inspect and copy [all accounts, books, Official Records, and other relevant company documents] at the requesting Member's expense.”).)

²³ (See Operating Agreement Art. 6.4(m) (“Upon the reasonable request of Blueprint QOF or Woodforest QOF, the Manager will transmit to such Member such other information regarding the Company and its business as reasonably requested by such Member[.]”).)

CitiSculpt's use of those cash assets.²⁴ Plaintiffs therefore seek the appointment of a receiver to investigate and account for the use of the QZOB's cash assets and to seek recovery of those assets if the receiver deems it appropriate.

15. In addition to the evidence supporting the appointment of a receiver discussed above, Plaintiffs also note that they entered into a mediated settlement agreement in August 2022 in related litigation between CitiSculpt and Blueprint captioned *CitiSculpt Fund Services LLC v. Blueprint 2020 Opportunity Zone Fund, LLLP* (22-CVS-1036) (the "*CitiSculpt Case*"), which is currently pending before this Court. That case involves the same property at issue in this litigation, and while the parties dispute the settlement agreement's enforceability, it is clear that they agreed to the appointment of a receiver over the QOZB's assets if the Multi-Family Land had not been sold by the end of 2022.²⁵ The Multi-Family Land has not yet been sold, and Defendant has not shown that the evidence it relies upon to oppose Plaintiffs' Motion—the difficulty of a third-party receiver to familiarize itself with the QOZB's affairs, the advantage CitiSculpt's knowledge of the properties and its relationships with all interested stakeholders brings to the sales process, and the independent receiver's added costs—has changed from six months ago when CitiSculpt agreed, aware of that same evidence, that a receiver should be appointed were the property not sold by 1 January 2023.

²⁴ The QOZB's quarterly financial statements show a diminution of cash reserves from \$1,989,922.05 on 31 December 2020 to \$349,676.00 on 31 December 2022. (*See* Baird Aff. Ex. 4, ECF Nos. 22.4 (provisionally sealed), 26.5 (redacted).)

²⁵ (22-CVS-1036, Aff. Edward Baird Ex. 3, ECF No. 31.1.)

16. Finally, all parties agree that the project that the QOZB was formed to pursue is no longer viable and will not proceed due to ever-increasing construction costs and, further, that the QOZB should be dissolved and its assets sold and liquidated. The parties agree that the only question separating them at this time is whether the liquidation of the QOZB's assets should be conducted by CitiSculpt, the QOZB's current manager, or by an independent, court-appointed receiver.²⁶

17. Plaintiffs have moved that The Finley Group, Inc. ("Finley Group"), a North Carolina corporation with its headquarters in Charlotte, North Carolina, be appointed the receiver for the QOZB. Finley Group is a corporate management consulting firm that offers complete management services and has substantial experience in the management of various types of companies. It has been in business since its incorporation in November 1985 and has previously served as a court-appointed receiver as well as a court-appointed Chapter 11 trustee in numerous federal bankruptcy cases.²⁷ No party has challenged the qualifications of Finley Group as a receiver for the QOZB, and no party has suggested an alternate receiver to the Court.

18. Plaintiffs initiated this action on 1 February 2023 and filed the Motion that same day. After all interested parties were served and subsequently appeared, the Court convened a hearing on the Motion (the "Hearing") on 23 February 2023 at

²⁶ (Br. Supp. Pls.' Mot. Appointment Receiver 9–10, ECF No. 5; Mot. Intervene and Obj. Mot. Appoint Receiver 4, ECF No. 14.)

²⁷ (Aff. Matthew W. Smith, dated 1 Feb. 2023, at ¶ 3 [hereinafter "Smith Aff."], ECF No. 6.)

which all interested parties were represented by counsel. The Motion is now ripe for resolution.

II.

LEGAL STANDARD

19. The NCCRA provides that a general receiver may be appointed over a company when that company is the subject of an action to dissolve the entity or “in other cases as provided by law and equity.”²⁸

20. The NCLLCA provides that a receiver may be appointed to “manage the business of the LLC pending the court’s decision on dissolution and if dissolution is decreed by the court to wind up the LLC.”²⁹

21. In addition, the Court has inherent equitable authority to appoint a receiver. *See, e.g., Lowder v. All Star Mills, Inc.*, 301 N.C. 561, 577 (1981) (“[I]t is elementary that a Court of Equity has the inherent power to appoint a receiver, notwithstanding specific statutory authorization.”). Although “[a]ppointment of a receiver for a going, solvent corporation is an especially rare and drastic remedy,” it is nonetheless

a proper remedy in cases where there is fraud or gross misconduct in the management of the corporation, where there is incapacity or neglect on the part of the those operating it, where there is evidence of diversion of corporate funds, and even where there is a refusal to permit inspection of corporate books, at least when such a refusal occurs in combination with the existence of other grounds.

Id. (citations omitted).

²⁸ N.C.G.S. §§ 1-507.24(e), (g).

²⁹ N.C.G.S. § 57D-6-04(a).

III.

ANALYSIS

22. Plaintiffs have offered substantial evidence that CitiSculpt has engaged in improper self-dealing and breached the Operating Agreement by failing to timely notify Plaintiffs that the QOZB would allegedly forfeit a \$2,000,000 deposit to one of CitiSculpt's affiliates if the QOZB did not purchase the Office Land by 30 June 2021. Not only did CitiSculpt have a strong financial incentive to benefit its affiliate by causing the QOZB's deposit forfeiture without notice to Plaintiffs, but CitiSculpt's failure to disclose any information to Plaintiffs about the alleged forfeiture until after it had occurred and to then support the forfeiture with documents that did not confirm the transaction's legitimacy strongly suggests that CitiSculpt acted knowingly and with the intent to deprive Plaintiffs of their rights under the Operating Agreement and the QOZB of its property. The Court therefore finds that CitiSculpt's conduct requires independent investigation and review and supports the appointment of a receiver to investigate, review, account for, and pursue recovery of the QOZB's \$2,000,000 deposit, in the receiver's discretion.

23. Plaintiffs have also offered substantial evidence that the QOZB's cash assets have been dramatically reduced by over \$1,600,000 since the parties' relationship began to sour in July 2021 without satisfactory explanation and without evidence of CitiSculpt's use of the QOZB's cash assets. The Court therefore finds that CitiSculpt's conduct requires independent investigation and review and supports the

appointment of a receiver to investigate, review, account for, and pursue recovery of any improper use of the QOZB's cash assets.

24. Finally, Plaintiffs have offered substantial evidence that they have made numerous requests for information since July 2021 that they are entitled to receive under Articles 6.3 and 6.4(m) of the Operating Agreement. The record shows that CitiSculpt has either ignored those requests, failed to keep promises to produce documents and information in response to those requests, or made incomplete or partial responses to Plaintiffs' requests. Combined with the evidence discussed above, the Court concludes that CitiSculpt's failure to produce documents and information to Plaintiffs as required under the Operating Agreement requires independent investigation and review and supports the appointment of a receiver to investigate, review, account for, and produce to Plaintiffs all information that they are permitted to receive under the Operating Agreement.

25. Based on the above, the Court concludes that the appointment of a receiver for the QOZB is appropriate under the NCCRA, the NCLLCA, and as a proper exercise of the Court's inherent authority and equitable powers.

26. The Court further concludes that Finley Group is knowledgeable and experienced in handling receivership matters, is independent and without an interest in the matters in dispute in this litigation, and is qualified to serve as receiver and as an officer of the Court in accordance with N.C.G.S. § 1-507.25(a)(1). Finley Group shall therefore be appointed as the receiver for the QOZB in this action.

IV.

CONCLUSION

27. **WHEREFORE**, this Court, in the exercise of its discretion, hereby **ORDERS** as follows:

- a. Plaintiffs' Motion is hereby **GRANTED**.
- b. The Finley Group, Inc. (hereafter, the "Receiver") is hereby **APPOINTED** as general receiver over the QOZB, pursuant to the North Carolina Commercial Receivership Act,³⁰ the dissolution procedures of the North Carolina Limited Liability Company Act,³¹ and the inherent authority and equitable power of the Court.
- c. The management of the QOZB shall be vested solely in the Receiver and no other party shall have authority to act on behalf of the QOZB, absent further order of the Court.
- d. The Receiver has all the powers and duties of a receiver specified in N.C.G.S. § 1-507.28. While the Receiver remains in control of the QOZB, the Receiver shall be the sole person with the powers set forth in N.C.G.S. § 1-507.28 with respect to the QOZB.
- e. The QOZB shall have all of the duties provided for under N.C.G.S. § 1-507.30, including the obligation to:

³⁰ N.C.G.S. §§ 1-507.20–.54.

³¹ N.C.G.S. §§ 57D-1-01–11-03.

- (i) Assist and cooperate fully with the Receiver in the administration of the receivership property and the discharge of the Receiver's duties and to comply with all rules and orders of the Court;
 - (ii) To deliver to the Receiver, immediately upon the Receiver's appointment, all of the receivership property in the QOZB's possession (as more fully outlined below);
 - (iii) To supply to the Receiver information as requested relating to the administration of the receivership and the receivership property, including information necessary to complete any reports or other documents that the Receiver may be required to file; and
 - (iv) To remain responsible for the filing of all tax returns, including those tax returns applicable to periods which include those in which the receivership is in effect, except as otherwise ordered by the Court.
- f. Since the QOZB is not an individual, the duties of the QOZB listed above are duties of each officer, director, manager, member, partner, trustee, or other person exercising or having the power to exercise control over the affairs of the QOZB immediately before the appointment of the Receiver (collectively, the "Responsible Parties"), pursuant to N.C.G.S. § 1-507.30(b). For avoidance of doubt, the Court specifically holds that each of the following, without limitation, are Responsible Parties: CitiSculpt (as manager of the QOZB), CitiSculpt, LLC (as manager of

CitiSculpt), and Charles Lindsey McAlpine (as manager of CitiSculpt, LLC).

- g. The Responsible Parties are hereby **ORDERED** to immediately turn over to the Receiver all property of the QOZB within the Responsible Parties' possession, custody or control, including, without limitation, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles or other evidence of ownership, financial statements, financial and lien information, bank account statements, bank accounts, deposits, keys, books, tax returns, checkbooks, ledgers, accounts payable and accounts receivable records, contracts, agreements, insurance policies and certificates, plans, plats, surveys, appraisals, specifications and drawings, and all other papers and documents related to the receivership property (collectively, the "Property"). For avoidance of doubt, the term Property includes all communications of the QOZB (whether in physical or electronic form), including communications of CitiSculpt through its officers, directors, managers, and agents, including communications from Charles Lindsey McAlpine or Michael Miller in their roles acting on behalf of the QOZB. The Receiver shall retain sole and exclusive possession of the Property until further order of the Court. This obligation of the Responsible Parties to turn over Property to the Receiver shall be ongoing and shall

apply equally to any property of the QOZB which the Responsible Parties receive or obtain after the entry of this Order.

- h. In accordance with their obligations under N.C.G.S. § 1-507.30, the Responsible Parties are hereby **ORDERED** to provide to the Receiver no later than five (5) days after the entry of this order an accounting regarding all funds received and disbursed by the QOZB from December 2020 to the present. Such accounting shall, at a minimum, identify the following: (a) date; (b) amount; (c) person(s) to whom funds were transferred (or from whom they were received); (d) the basis for the transfer; and (e) whether the identified person is an affiliate of any of the Responsible Parties (and if so, which one(s)). The Responsible Parties shall promptly respond to any follow-up inquiries from the Receiver regarding the accounting.
- i. The Responsible Parties are hereby **ORDERED** to instruct all contractors and vendors with obligations to the QOZB that those contractors and vendors shall comply with the instructions of the Receiver. This includes, but is not limited to, Foundry, the real estate broker responsible for selling the real property held by the QOZB.
- j. Subject to final approval in connection with the Receiver's final report, the Receiver shall be paid reasonable compensation for its services rendered to the receivership property. The Receiver's compensation shall be expenses of the receivership and billed on a monthly basis. The

Receiver shall file monthly detailed billing statements on the Court's electronic docket, and the parties shall thereafter have five (5) business days to file objections. Court approval must be obtained prior to payment of compensation to the Receiver. If the QOZB's funds are insufficient to pay the Receiver's compensation, the Receiver is authorized to mandate that a capital contribution be made by all members of the QOZB. The Receiver's proposed hourly rates as listed in the Affidavit of Matthew Smith³² are deemed reasonable:

- (i) Matthew W. Smith - \$475/hour;
 - (ii) Managing Directors - \$425 to \$475/hour;
 - (iii) Senior Directors - \$350 to \$400/hour;
 - (iv) Directors - \$275 to \$325/hour; and
 - (v) Financial Analysts - \$200 to \$250/hour.
- k. The Receiver may employ attorneys, accountants, and other professionals as reasonably necessary to assist in carrying out its duties, pursuant to N.C.G.S. § 1-507.31.
- l. Within sixty (60) days from the entry of this Order, the Receiver shall file with the Court the schedule required by N.C.G.S. § 1-507.32.
- m. The Receiver shall review any obligations owed by the QOZB to third parties and may, in its discretion, pay any such claims in the ordinary course of business. Provided, however, that the Receiver shall not pay

³² (Smith Aff. ¶ 14.)

any amounts allegedly owed to affiliates of CitiSculpt without providing ten (10) days' advance notice thereof to Plaintiffs. If Plaintiffs object to such payment within the 10-day notice period, the Receiver shall not pay such amounts without the Court's approval.

- n. The Receiver is not required to provide notice of the receivership to creditors pursuant to N.C.G.S. § 1-507.33 at this time. The Court may require such notice after the Receiver files its schedule of assets and liabilities of the QOZB as required above.
- o. Unless the Court orders otherwise, pleadings in this case will only be required to be served on Plaintiffs, the QOZB, Academy QOF, and CitiSculpt.
- p. The Receiver may engage in steps to market the Multi-Family Land owned by the QOZB, but any sale shall require the Court's approval.
- q. Upon at least two (2) business days' advance written notice to the Receiver, Plaintiffs, Academy QOF, and CitiSculpt shall, during normal business hours, be entitled to inspect and copy all records with respect to the Property in the possession of the Receiver, provided such copying and inspection shall be at the expense of the party seeking such records.
- r. This Order shall be effective immediately upon entry.
- s. The Receiver shall post a bond in the amount of \$5,000.00 with the Mecklenburg County Clerk of Superior Court to secure its performance in this matter.

t. The Court shall retain jurisdiction and supervision of all matters concerning the Receiver and the receivership.

SO ORDERED, this the 9th day of March, 2023.³³

/s/ Louis A. Bledsoe, III
Louis A. Bledsoe, III
Chief Business Court Judge

³³ This Order was originally filed under seal on 9 March 2023. This public version of the Order was filed on 21 March 2023. To avoid confusion in the event of an appeal, the Court has elected to state the filing date of the public version of the Order as 9 March 2023.