

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

Case No: 6:21-cv-694-CEM-DCI

**HARBOR CITY CAPITAL CORP.,
HARBOR CITY VENTURES, LLC,
HCCF-1 LLC, HCCF-2 LLC, HCCF-3
LLC, HCCF-4 LLC, HCCF-5 LLC,
HARBOR CITY DIGITAL VENTURES,
INC., HCC MEDIA FUNDING, LLC,
JONATHAN P. MARONEY, CELTIC
ENTERPRISES, LLC and TONYA L.
MARONEY,**

Defendants.

REPORT AND RECOMMENDATION

This cause comes before the Court for consideration without oral argument on the following motion:

**MOTION: Receiver’s Motion for Approval of Proposed Settlement
between Receiver and Nations Best (Doc. 183)**

FILED: October 30, 2024

THEREON it is RECOMMENDED that the motion be GRANTED.

I. Background

On April 20, 2021, the Securities and Exchange Commission (SEC) brought this action to “stop an ongoing, fraudulent Ponzi-scheme.” Doc. 1 (the Complaint). In the Complaint, the SEC alleged that the Defendants had raised over \$17 million through a group of unregistered securities

offerings formed and controlled by Harbor City Capital Corp. and its chief executive officer, Jonathan P. Maroney. Doc. 1 at 2. The entities involved in the scheme included Harbor City Capital Corp., Harbor City Ventures, LLC, HCCF-1 LLC, HCCF-2 LLC, HCCF-3 LLC, HCCF-4 LLC, HCCF-5 LLC, Harbor City Digital Ventures, Inc., and HCC Media Funding, LCC. The SEC also brought claims against Celtic Enterprises and Tonya L. Maroney for receiving ill-gotten gains from the entities involved in the scheme. *Id.* (collectively, the Defendants).

Contemporaneous with the filing of the Complaint, the SEC also moved – pursuant to Federal Rule of Civil Procedure 65(b) – for a temporary restraining order, asset freeze, other equitable relief, and an order to show cause why a preliminary injunction should not issue against Defendants. Doc. 4 at 3-4. The next day, the Court granted the temporary restraining order. Doc. 6 (the TRO). The TRO enjoined the Defendants from violating the following provisions of the Securities Act: 15 U.S.C. § 77q(a)(1)-(3), 15 U.S.C. § 78j(b), and 15 U.S.C. § 77e. The TRO also implemented an asset freeze and required records preservation, expedited discovery, and a sworn accounting from Defendants. Doc. 6-1 at 3-12.

The SEC subsequently moved for appointment of Katherine Donlon as the Receiver over the Defendants. Doc. 72. In its order appointing Katherine Donlon as receiver, this Court adopted and fully incorporated the Magistrate Judge’s report and recommendation (Doc. 74) and the SEC’s proposed order granting the SEC’s unopposed motion to appoint a receiver (Doc. 72-1). Doc. 75 at 2. In its order, the Court directed the Receiver:

B. To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

C. To manage, control, operate and maintain the Receivership Estates and hold in Receiver’s possession, custody and control all Receivership Property, pending further Order of the Court;

...

I. To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging Receiver's duties;

Doc. 72-1 at 4-5.

On October 30, 2024, the Receiver filed a motion for approval of settlement with Nations Best Services, Inc. (Nations Best). Docs. 183 (the Motion). In the Motion, the Receiver represents that the proposed settlement "reflects the good-faith and arms-length negotiations of the Receiver and Nations Best and are based on an extensive review of financial and other documentation provided by Nations Best and obtained from the Receivership Entities, as well as the deposition of the Nations Best corporate representative." Doc. 183 at 3. Both Nations Best and the Receiver were represented by counsel during these negotiations. *Id.* The Receiver further represents that Nations Best "does not have the ability to pay the outstanding sum it recognizes as a liability owed to the Receivership Entit(ies) of \$1,040,857.37." Doc. 183 at 4. Accordingly, the Receiver recommends accepting Nations Best's offer to pay \$75,000 to the Receivership estate within 30 days. Doc. 183 at 5.

On December 10, 2024, the Receiver filed an Amended Notice of Filing attaching the Signed Settlement and Release Agreement between Nations Best and the Receiver. Doc. 187 (Settlement Agreement). The Settlement Agreement indicates that Nations Best will pay \$75,000 to Receiver within thirty days of the Court's approval of settlement.¹ Doc. 187-1 at 2. Nations Best and the Receiver signed the Settlement Agreement on November 26, 2024 and November 28, 2024, respectively. This Court's approval of the Settlement Agreement remains pending.

¹ Although the undersigned has attempted to summarize the Settlement Agreement in this report and recommendation, the terms of the Settlement Agreement control.

II. Legal Standard

When determining relief in an equity receivership, district courts maintain broad powers and wide discretion. *S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992) (citations omitted). District courts assess proposed settlements for fairness, reasonableness, and adequacy. *See Sterling v. Stewart*, 158 F.3d 1199, 1202 (11th Cir. 1998) (holding that the determination of fairness of the settlement [in an equity receivership] is left to the sound discretion of the trial court and that the court's decision will not be overturned absent a clear showing of abuse of discretion).

III. Discussion

The undersigned recommends that this Court approve the Settlement Agreement. While the proposed \$75,000 payment seems inadequate to cover Nations Best's \$1.04 million obligation, the circumstances relayed by the Receiver in the Motion lead the undersigned to conclude that the Settlement Agreement is fair, reasonable, and adequate.

With respect to fairness, the undersigned finds that the Settlement Agreement is fair. The record indicates that Nations Best and the Receiver engaged in an arms-length negotiation. Doc. 183 at 3. Experienced counsel conducted these negotiations on behalf of Nations Best and the Receiver. *Id.* Further, the Receiver gleaned conclusions regarding the financial condition of Nations Best from the deposition testimony of Nations Best's corporate representative and there is no evidence in the record that these representations are false. *Id.* Lastly, no party has objected to this proposed settlement.

With respect to reasonableness and adequacy, the undersigned finds that the Settlement Agreement is both reasonable and adequate. First, Nations Best is in poor financial condition and unable to pay the \$1.04 million owed. Doc. 183 at 4. The Receiver represents that Nations Best and the Receivership Entities' business arrangement involved the Receivership Entities' purchase

of storage containers on behalf of Nations Best. *Id.* Nations Best would then provide these containers to customers using a rent-to-own model. *Id.* at 4. With the SEC's filing of this action, Nations Best can no longer rent or sell containers, leaving it without an income. *Id.* at 3. The Receiver further represents that Nations Best has no physical assets or inventory. *Id.* Given these circumstances, Nations Best could only offer two solutions for payment: 1) small payments over the course of several years, or 2) one lump-sum payment of \$75,000. *Id.* at 5. The Receiver has determined that the latter best serves the interests of the Receivership Estate. The undersigned agrees with the Receiver and adds that such an arrangement ensures some recovery for the Receivership Estate in a timely manner. Should the Receiver have accepted the alternative offer, the Receivership Estate would have to incur the cost of recovering payments from Nations Best for several years and/or risk recovering less than the \$75,000 if Nations Best needed to restructure or file for bankruptcy in the future. Given Nations Best's financial condition, the Settlement Agreement is both reasonable and adequate.

IV. Conclusion

After carefully considering the terms of the proposed settlement and the arguments and representations of the Receiver the undersigned agrees with the Receiver in full and recommends that the Court grant the Motion. In doing so, the undersigned finds that the settlement agreement is fair, reasonable, and in the best interest of the receivership estate.

Accordingly, it is respectfully **RECOMMENDED** that the Motion (Doc. 183) be **GRANTED**.

NOTICE TO PARTIES

A party has fourteen days from this date to file written objections to the Report and Recommendation's factual findings and legal conclusions. A party's failure to file written

objections waives that party's right to challenge on appeal any unobjected-to factual finding or legal conclusion the district judge adopts from the Report and Recommendation. *See* 11th Cir. R. 3-1.

Recommended in Orlando, Florida on January 23, 2025.



DANIEL C. IRICK
UNITED STATES MAGISTRATE JUDGE