

**IN THE CIRCUIT COURT OF THE  
ELEVENTH JUDICIAL CIRCUIT IN  
AND FOR MIAMI-DADE COUNTY,  
FLORIDA**

**CASE NO. 07-43672 (CA 09)**

STATE OF FLORIDA, OFFICE OF FINANCIAL  
REGULATION,

Plaintiff,

v.

BERMAN MORTGAGE CORPORATION,  
a Florida corporation, M.A.M.C. INCORPORATED,  
a Florida corporation, DANA J. BERMAN,  
as Owner and Managing Member,

Defendant.

and

DB ATLANTA, LLC, a Florida limited liability  
company, *et al.*,

Relief Defendants.

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**RECEIVER'S FINAL REPORT**

Michael I. Goldberg, the receiver (the "Receiver") for Defendants Berman Mortgage Corporation ("BMC"), M.A.M.C. Incorporated ("MAMC"), and Relief Defendants DB Atlanta, LLC, *et al.*, hereby files this Final Report and states as follows:

**Introduction**

The Receiver has administered the assets of the receivership estate, resolved all of the legal disputes, disposed of the real properties and made multiple distributions from the monies recovered from the proceeds of litigation and sale of properties. The Receiver is now ready to close the receivership. By separate filing, the Receiver will file his Motion to Close Case and for other relief.

### **Background**

BMC was a licensed mortgage lender whose primary role was to broker hard money, high interest, high risk loans to various real estate ventures. MAMC was also a licensed mortgage lender whose primary role was to act as loan servicing agent for the loans. MAMC would raise capital to make the loans brokered by BMC. BMC and MAMC obtained at least \$192 million from more than 700 individual investors (the “Lenders”). The Lenders’ monies were used to fund the acquisition and construction of commercial real estate projects, many of which were incomplete or in default.

The loans mostly fell into two categories, referred to as “Third-Party Loans” and “Insider Loans.” Third Party Loans were made to unaffiliated borrowers. Insider loans were made to single purpose real estate limited liability companies owned by Defendant, Dana Berman (“Mr. Berman”), as the principal of BMC and MAMC. These companies would borrow money from the Lenders for acquisition of real estate and construction financing. After Mr. Berman and his various entities started to experience financial difficulties, in or about March of 2007 the Lenders and Mr. Berman agreed to the appointment of a Chief Restructuring Officer (the “CRO”) to operate the business.

On December 11, 2007, the Florida Office of Financial Regulation filed a complaint (the “Complaint”) in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida, Case No. 07-43672 CA 09, styled *State of Florida, Office of Financial Regulation v. Berman Mortgage Corporation, et al.* seeking an injunction against BMC, MAMC, Mr. Berman and other related entities (the “Relief Defendants”) and requesting the appointment of a receiver. The Complaint alleged that BMC and MAMC sold unregistered securities in the form of fractionalized interests in mortgages, operated as an unregistered securities dealer, made

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misrepresentations to investors, and misapplied investors' monies in connection with the funding of approximately forty commercial mortgage loans.

### **Appointment of the Receiver**

On December 11, 2007, the Court entered a *Temporary Injunction and Agreed Order Appointing Receiver* ("Receivership Order") appointing Michael Goldberg as the receiver for BMC and MAMC and the Relief Defendants (collectively, the "Receivership Defendants") to prevent the waste and dissipation of the Receivership Defendants' assets to the detriment of the Lenders. Pursuant to the Receivership Order, the Court took exclusive jurisdiction and possession of the assets (the "Receivership Assets") of the Receivership Defendants. The Receivership Order directs and authorizes the Receiver to, among other things, take such action as he deems advisable or proper for the marshalling, maintenance or preservation of the receivership assets; conduct the business operations of the Receivership Defendants and any entity it controls; receive and collect all sums of money due and owing to the Receivership Defendants; to institute, defend, or compromise pending and hereafter instituted proceedings in state or federal courts and file actions against any persons or entities to recover property of the Receivership Defendants. The Receivership Order further authorizes the Receiver to apply to the Court for issuance of such other orders as may be necessary and appropriate to carry out the mandate of the Receivership Order.

### **Significant Litigation**

Pursuant to his authority and responsibility under the Receivership Order, the Receiver instituted and resolved various proceedings to recover money or property for the benefit of the Lenders. Below is a summary of significant settlements which resulted in large recoveries for the benefit of the Lenders.

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1. First Settlement with Dana Berman: The Receiver believed that the Receivership Defendants had claims against Mr. Berman. After numerous conferences with Mr. Berman and his counsel, the parties reached a settlement whereby Mr. Berman agreed to turnover certain assets including his interest in all real estate investments in any real estate project related to the Receivership Defendants in exchange for the entry of an Order barring the Lenders claims against Mr. Berman arising from transactions connected with the Receivership Defendants. On April 27, 2009, the Court entered an Order Granting Receiver's Motion for Approval of Settlement Agreement and Entry of Bar Order Conditionally Enjoining Lenders from Prosecuting Claims Against Dana J. Berman. However, the bar order excluded certain claims including claims for contribution and/or indemnification and claims covered by the Receivership Defendants' insurance policies.

2. Settlement of Professional Liability Insurance: On May 27, 2009, the Court entered an Order approving a settlement between the Receiver and BMC and MAMC's professional liability errors and omissions insurance underwriter. Under the terms of the settlement, the insurer agreed to tender the policy limits of \$1 million to the receivership estate in exchange for resolution of all claims against the policy. The Court approved payment of a portion of the settlement funds to pay attorneys' fees and costs, while the remainder of the settlement funds were held in escrow.

3. Settlement with Former Auditor: On March 12, 2010, the Court entered an Order granting the Receiver's motion for approval of a settlement agreement and entry of bar order enjoining the Lenders and receivership creditors from prosecuting claims against MAMC's former auditor and its insurer in exchange for a settlement payment of \$13 million. Soon thereafter, the Court entered an Order approving the distribution and procedures for distribution

of these funds, including repayment of loans made by the Lenders to cover MAMC's pre-receivership operating expenses and payment of 50% of the money that was invested by the Lenders to be used for a specific projects, but was misdirected to other projects.

4. Settlement of Specialty Professional Liability Insurance Policies and Bar Order for Claims Against Dana Berman: Prior to the appointment of the Receiver, BMC purchased a Specialty Errors and Omissions Liability Insurance Policy and a Miscellaneous Professional Liability Insurance Policy (the "Errors and Omissions Policies"). Various parties made claims against the Errors and Omissions Policies, including the Receiver and the Chapter 7 trustee in Mr. Berman's bankruptcy estate. Following the filing of multiple lawsuits, two mediations and protracted settlement discussions, the parties reached a settlement that included the entry of a bar order against Mr. Berman, Mitchell Morgan and the insurer. Pursuant to the settlement, the insurer agreed to pay \$9 million in full and complete settlement of all claims to the Errors and Omissions Policies in exchange for the entry of a bar order against the insurer. The Court entered an Order approving the settlement on January 26, 2015. After payment of various costs and fees, the Receiver had \$5,600,000 to distribute to Lenders. The Receiver consulted with the Executive Committee of the Lenders and determined that the most equitable way to distribute the funds was on a pro-rata basis among the various projects that sustained losses, and thereafter, on a pro-rata basis among the Lenders in each project (the "Errors and Omissions insurance settlement").

#### **Sale of Real Properties**

1. Gulf Island Resort Properties: The Gulf Island Resort & Tennis Club ("Gulf Island Resort") is a residential condominium community located on the Gulf of Mexico in Hudson, Florida. Three mid-rise buildings were constructed in 1985. Land set aside for a fourth

building is undeveloped (the “Vacant Land”). As more fully described below, certain of the Lenders funded loans secured by the Vacant Land and/or condominium units located at the Gulf Island Resort, many of the same Lenders participated in each of these loans and expenses relating to the loans were co-mingled. As a result, upon the Receiver’s motion, the Court entered an order, dated May 13, 2018, granting the Receiver’s request to treat all Lenders in DBKN Gulf Incorporated, LLC, Gulf Island Resort, L.P., and Oceanside Acquisitions, LLC *pari passu* in any proceeds from the sale, liquidation or the like of these properties and their assets.

a. DBKN Gulf Incorporated, LLC: DBKN Gulf Incorporated, LLC (“DBKN Gulf”) is one of the original Relief Defendants. Mr. Berman and Keith Novak formed DBKN Gulf for the purpose of acquiring the Vacant Land located at the Gulf Island Resort. On February 21, 2003, DBKN Gulf borrowed \$990,000 from the Lenders. The loan was secured by a first mortgage on the Vacant Land. On February 12, 2018 the Court entered an order granting the Receiver’s Motion to Approve the Sale of the Vacant Land for \$900,000. The March 2, 2018 sale resulted in a net Lender recovery of 50%.

b. Oceanside Acquisitions, LLC: Oceanside Acquisitions, LLC (“Oceanside”) is another of the original Relief Defendants. Mr. Berman formed Oceanside to purchase certain of the condominium units (the “Oceanside Units”) located at the Gulf Island Resort. On February 21, 2003, Oceanside borrowed \$990,000 (the “First Oceanside Loan”), funded by thirty-eight of the Lenders and payment was secured by the Building One Units. On the same date, Oceanside also borrowed \$650,000 (the “Second Oceanside Loan”), which was funded by ten of the Lenders and payment was secured by the same Building One Units. The properties were sold gradually over the

years (last sale took place in 2017). The net Lender recovery for the First Oceanside Loan was 66% and the Lenders holding the Second Oceanside Loan recovered 50%.

c. Gulf Island Resort, LP: On January 15, 2003, Gulf Island Resort LP, and its principal, Eisi Markovitz, borrowed the sum of \$877,500 from BMC. The loan was funded by sixteen of the Lenders and payment was secured by a mortgage on fourteen units (the “Gulf Island Units”) located in two buildings (the “Gulf Island Loan”) at the Gulf Island Resort. Five of the units were immediately sold and the loan principal was reduced to \$582,479.88. Sale of the remaining units was hindered by a quiet title lawsuit filed by a prior owner and former partner of Mr. Markovitz. Fidelity National Title Company (the “Title Company”) provided title insurance for the mortgage and defended the Receiver in the litigation. Despite multiple rulings in favor of the Receiver, the litigation encumbering the Gulf Island Units endured for years, the result of which negatively impacted the value of the Gulf Island Units. The Receiver reached a settlement with the Title Company, which was approved by the Court on April 6, 2016, whereby in exchange for payment in the sum of \$300,000, the Receiver assigned the Lender's interest in the mortgage to the Title Company. A portion of the settlement payment was distributed to the Lenders and a portion was used to cover carrying costs resulting in a net Lender recovery of 67%.

2. Florida's Sport Dance Federation of America, Inc. (Royalty Theater): Certain of the Lenders extended a \$867,750 first mortgage acquisition loan for a theater located at 415 Cleveland Street, Clearwater, Florida. The borrower defaulted and MAMC took possession of the property through foreclosure on behalf of the Lenders. The property was sold on December 9, 2008. On July 18, 2009, the Court entered an Order Granting the Receiver's Motion to

Authorize the Distribution of the Proceeds from the sale of the property in the amount of \$975,000, resulting in a net Lender Recovery of 94.44%

3. Desert Inn Hotel Management: MAMC held a second mortgage on the Bayview condominium conversion project located at 7915 East Drive, North Bay Village, Miami, Florida. On or about June 2008, the first mortgage holder eliminated MAMC's second mortgage through foreclosure of the property. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

4. DB Tampa, L.L.C.: DB Tampa LLC was an original relief defendant formed by Mr. Berman to acquire 48 units located on 5411 Bayshore Blvd, Tampa, Florida as part of a condominium conversion project. To finance the acquisition, Mr. Berman borrowed money from Great Florida Bank secured by a first mortgage on the property and subsequently borrowed funds from a group of Lenders (the "Second Mortgage") comprised of five future advances. Prior to the appointment of the Receiver, Alan Goldberg served as CRO for BMC. He negotiated a deal with George Macropulos (one of the lenders in DB Tampa) to borrow money to continue to fund the project and to service the first mortgage. In exchange, Mr. Macropulos received a collateral assignment of the Second Mortgage and the notes held by the Lenders. After the institution of the receivership, certain Lenders agreed to finance the additional needs of the first mortgage, but these efforts fell short of the funding requirements. Mr. Macropulos initiated a non-judicial foreclosure of the Second Mortgage, extinguishing the Lenders' interest. Because the Lenders no longer held the Second Mortgage and DB Tampa no longer owned the property, on August 11, 2009, the Receiver filed a Motion to Abandon Relief Defendant DB Tampa, which was approved by Order of the Court dated September 23, 2009. As a result, the

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only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

5. DB Simpsonville, LLC: Originally a third party loan totaling \$4,807,002 to PTC Development, Inc. which was used to acquire 60 townhome condominiums located at 302 Jonesville Road, Simpsonville, South Carolina. After the borrower defaulted on the loan, the units were partially sold pre and post receivership. The Court entered an Order Granting the Receiver's Motion to Distribute Final Sales Proceeds, dated July 23, 2008 resulting in a net Lender recovery of 63.74%.

6. DB Biloxi II, LLC (Le Chateau): This was a condominium project located at 1194 Beach Boulevard in Biloxi, Mississippi on which certain of the Lenders held an \$8,900,000 mortgage. Partial releases reduced the principal balance prior to Hurricane Katrina. However, the project suffered substantial damage during Katrina and was deemed a total loss. DB Biloxi II and the property insurer reached a settlement agreement in 2008 in the amount of \$1,270,000. A combination of the partial releases from the units sold and the insurance settlement resulted in a 100% recovery to the Lenders.

7. MAMC South Chase, LLC: Certain of the Lenders extended a \$2,370,000 first mortgage acquisition/ development loan secured by 14.45 acres located at 12981 South Orange Blossom Trail, Orange County, Florida. After the borrower defaulted, MAMC took possession of the property through foreclosure. The property sold in early 2013 for \$2,100,000 resulting in a net Lender recovery of 75.18%.

8. MAMC Biloxi, LLC: DB Biloxi was formed by Mr. Berman to purchase an 11 acre parcel located at 2660 Beach Boulevard in Biloxi, Mississippi. The purchase was funded by certain of the Lenders through a second mortgage in the amount of \$10,400,000 on a 140 unit

apartment complex. DB Biloxi commenced a condominium conversion. However, the apartment complex suffered substantial damage from Hurricane Katrina and was subsequently demolished. As part of a settlement with Transcapital, the first mortgage holder, the Lenders' interest in the 2.8 acre parcel fronting Beach Boulevard (the "Front Parcel") was surrendered to the first mortgage holder, who foreclosed the interests in the Front Parcel. The remaining property was subdivided into two additional parcels (the "Middle Parcel" comprised of 2.5 acres and the "Back Parcel" comprised of 5.5 acres). Upon motion, notice, and hearing, on October 8, 2009, the Receivership Court entered an Order approving a contract for sale of the Back Parcel to Wal-Mart Stores, Inc. DB Biloxi defaulted on its remaining obligations to the Lenders. MAMC filed a foreclosure case and obtained title to the Middle Parcel. The Middle Parcel was sold by auction on July 16, 2018, providing \$254,538 to the receivership estate. After payment of obligations relating to the Middle Parcel, the net Lender Recovery was 13.5%.

9. Brickell Yacht Club at the Four Ambassadors, LLC: Certain of the Lenders extended a mortgage loan in the amount of \$6,515,000 for the purpose of acquiring a commercial condominium unit, located at 801 Brickell Bay Drive, Unit 5-100, Miami, Florida. Although Unit 5-100 was comprised of two ballrooms totaling 20,000 square feet, the intention was to build a residential tower on that location. After the borrower defaulted, MAMC filed a foreclosure action and took possession of the property under the name MAMC Four Ambassadors, 5-100 LLC. However, the homeowners association (the "HOA") pursued legal actions against MAMC Four Ambassadors for unpaid fees. On February 25, 2009, the Court entered an Order transferring Unit 5-100 to the HOA, eliminating the interest held by the Lenders. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

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10. DB Biloxi III, LLC – Oakwoods: Certain of the Lenders extended a second mortgage loan in the amount of \$23,350,000, secured by 264 apartments for a condominium conversion project on 12 acres of land, located at 1664 Beach Boulevard, Biloxi, Mississippi. The property suffered substantial damage from Hurricane Katrina; only 176 units were salvaged. The first mortgagee foreclosed out the second mortgage held by the Lenders. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

11. DB Key Largo, LLC: Certain of the Lenders extended a second mortgage loan in the amount of \$7,350,000 secured by vacant land in Key Largo, Florida. The first mortgage holder extinguished the interest held by the Lenders. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

12. Bella Vista del Mar, LLC: Certain of the Lenders extended a first mortgage loan in the amount of \$6,650,000 secured by a vacant one-half acre lot located on 97 1st Street South, Jacksonville, Florida. After the borrower defaulted, MAMC commenced a foreclosure suit and subsequently took possession of the property under MAMC Bella Vista LLC. The property was sold for \$1,250,000 on September 19, 2018 resulting in a net Lender recovery of 11.8%.

13. Airport Executive Commerce Park, LLC: Certain of the Lenders extended a first mortgage loan in the amount of \$6,600,000 secured by office/warehouse buildings on 2.16 acres located 7330 NW 12 St, Miami, Florida. On May 29, 2008, the Court entered an Order approving the Receiver's motion to sell the mortgage note and subsequently authorized the Receiver to distribute the sale proceeds of \$660,000, resulting in a net Lender recovery of 62.55%

14. Guillermo Felipe Moran: Certain of the Lenders extended a first mortgage loan in the amount of \$900,000 secured by a 10 unit apartment building located on 740 Michigan Ave, Miami Beach, Florida. The Receiver secured an Order granting approval to sell the property on May 9, 2008 for \$660,000 resulting in a net Lender recovery of 69.51%.

15. DBDS North Miami, LLC: Certain of the Lenders extended a first mortgage loan in the amount of \$5,300,000 secured by rights to condominium units located at 1350-70 Northeast 11th Street, Miami, Florida. Units were sold gradually over the years, resulting in a net Lender recovery of 73.12%.

16. DBDS Biscayne Park, LLC: Certain of the Lenders extended a first mortgage loan in the amount of \$2,450,000 secured by rights to condominium units located at 13201 Memorial Highway, Miami, Florida and 1350-70 Northeast 11 Street, Miami, Florida. Units were sold gradually, resulting in a net Lender recovery of 31.27%.

17. AHIFO–MAMC Cape Coral LLC (Top Two Development): MAMC originated an \$8.9 million dollar loan to Top Two Development. The Top Two loan was secured by mortgages on four mixed-use land parcels totaling 55 acres in Cape Coral, Florida County, Florida – three of which were first mortgages and one of which was a second mortgage that was subordinate to a mortgage held by Fifth Third Bank on that particular parcel of property. AHIFO-4, LLC (“AHIFO”) financed a \$5 million participation interest in the Top Two loan. The remaining \$3.9 million of the Top Two loan was funded by over 100 Lenders. Around January 2006, the Top Two loan was modified by MAMC to provide an additional \$2 million advance (by other Lenders) to Top Two, increasing the outstanding amount under the Top Two loan to \$10.9 million. Top Two defaulted on its loans. On June 29, 2006, Fifth Third Bank initiated a foreclosure action against Top Two. On or about June 4, 2007, Fifth Third Bank

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obtained a Judgment in the sum of \$3,248,481.59 and a first priority position with respect to the Fifth Third Parcel. AHIFO purchased the Judgment for \$1,850,000 and assigned the Judgment to AHIFO-MAMC Cape Coral, LLC. AHIFO-MAMC Cape Coral, LLC subsequently purchased the properties at the foreclosure sale and took title to all four parcels secured by the Top Two loan. After a dispute arose regarding the additional \$2 million advance, on or about May 24, 2010, AHIFO filed a lawsuit against the Receivership Estate asserting two claims for declaratory relief with regard to the various parties' interest in the properties. On May 24, 2011, the parties reached a mediated settlement of all claims among them, which would apportion all proceeds of the sale of the properties. In the first quarter of 2017 the 13.48 acre lot located at 3104 Embers Parkway West, Cape Coral, Florida, was sold to Lee County for \$2,100,000. The remaining lots were sold by auctions for a total of \$416,900 in the 3rd quarter of 2018. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

18. Bay Estates at Pinetree Drive, LLC: Certain of the Lenders extended a \$1.7 million second mortgage to the borrower. The first mortgage holder aggressively pursued foreclosure of the property. On January 5, 2015, the Borrower conveyed title through a deed-in-lieu of foreclosure to 3Queens Miami, LLC. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

19. 903 Duvall Street, LLC: Certain of the Lenders extended a \$2,500,000 first mortgage acquisition loan secured by a commercial store and vacant lot located on 903 Duval Street, Key West, Florida. After the borrower defaulted, MAMC, on behalf of the Lenders, filed a lawsuit to foreclose the mortgage securing the property. The property was sold for \$1,300,000 in 2009, resulting in a net Lender recovery of 46.85%.

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20. MAMC Atlantic Beach LLC: BMC originated a loan in the sum of \$9,560,000 to Atlantic Beach Oceanfront, LLC and Seventh Street Properties, LLC with funds invested by over 230 Lenders, and secured by a first mortgage on land located in Myrtle Beach, South Carolina (the “Atlantic Beach Property”). BMC also raised money from Green-East SC Lender, LLC (“Green-East”). The borrowers defaulted under the loan documents, and in 2008, the Receiver commenced a foreclosure suit against the borrowers and other parties in the Court of Common Pleas for South Carolina. The Receiver, Green-East and the borrowers subsequently reached settlement whereby the borrowers transferred their ownership interest in the Atlantic Beach Property. The settlement was approved by the Receivership Court on August 18, 2011. Thereafter, the Receiver and Green-East filed a lawsuit against CBRE, Inc. arising from claims relating to the Atlantic Beach Property. The Receiver, Green-East, and CBRE engaged in mediation and reached a confidential settlement which was approved by the Receivership Court on July 8, 2013. The proceeds received from the settlement paid off all the legal costs and priority loans extended from the Receivership Estate to carry the property. It also provided funds to continue to maintain the property while the property is marketed for sale. The Court entered an Order authorizing the Receiver to retain a realtor to sell the Atlantic Beach Property, but the realtor had no success. The Court subsequently entered an Order authorizing the Receiver to pursue a sale through auction. The auction did not result in a sale. The list price was gradually reduced from an initial asking price of \$5.5 million to \$1,600,000. The Atlantic Beach Property was sold for \$1,150,000. Pursuant to the settlement with Green-East, the Lenders were entitled to 65% of the net proceeds, resulting in a net Lender recovery of 7.32%.

21. DB Durham, LLC: Certain of the Lenders extended a first mortgage acquisition loan in the amount of \$5,100,000 secured by a 159 unit hotel located 600 Willard St, Durham,

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North Carolina. MAMC took possession through a deed-in-lieu in October 2006. The Receiver obtained an offer to purchase the property for \$5,400,000. However, the purchase agreement was reduced to \$4,700,000 after discovering asbestos and the property was sold in May of 2008 resulting in a net Lender recovery of 85.52%.

22. MAMC Emerald Cay, LLC: Certain of the Lenders funded a first mortgage loan to Emerald Cay, LLC in the principal sum of \$2.5 million. The loan was secured by four parcels totaling 7.84 acres of vacant land located on Polynesian Isle Blvd. in Kissimmee, Florida. After the borrower defaulted, MAMC, on behalf of the Lenders, filed a lawsuit to foreclose the mortgage securing the property. After the completion of the foreclosure, the property was held in the name MAMC Emerald Cay, LLC. The property sold on May 1, 2016 for \$2,000,000, of which \$800,000 was paid upfront and a purchase money mortgage of \$1,200,000 was extended at a 7.5% interest with a twelve month balloon payment. The net Lender recovery was 61.5%.

23. Miami Health District Holdings, LLC: Certain of the Lenders extended a first mortgage loan in the amount of \$2,550,000. The loan was secured by a vacant lot located at 800 NW 14th Street, Miami, Florida. The Borrower defaulted and the note was eventually sold in November 2009 for \$1,550,000, resulting in a net Lender recovery of 62.23%.

24. DBDS Vero Beach, LLC: Certain of the Lenders extended a \$3,523,000 loan secured by a second mortgage on 160 courtyard style condominiums in Vero Beach, Florida. On or about May of 2008, the first mortgage holder took possession of the property through foreclosure, thereby extinguishing the second mortgage. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

25. MAMC Project Managers, LLC: Certain of the Lenders extended a first mortgage loan to Project Managers Group, LLC in the sum of \$2,250,000 for the purchase of a 12.8 acre

lot located on Alderman Dr and Lakeview Rd, Highlands County, Florida. In 2008, upon default by the borrowers, MAMC commenced a foreclosure suit. After the foreclosure sale, the Clerk of the Court issued Certificate of Title in the name of MAMC Project Managers Group, LLC, dated March 5, 2009. After several attempts to sell the property through local brokers and via auction, in March of 2019, the property was sold to Danny Green (the original owner who had sold to Project Managers Group, LLC) for \$500,000, resulting in a net Lender recovery of 18.3%.

26. MAMC Windward, LLC: Certain of the Lenders extended a second mortgage in the amount of \$8,000,000 to Cape Haze Windward Partners, LLC. The loan was secured by two parcels of vacant land and thirty-six condominium units located at 10035 Links Lane, Placida, Florida. The original borrower had a first mortgage that was purchased during the bankruptcy of Cape Haze Windward partners LLC by Mike Smith. Kenneth Goodman is Mr. Smith's financial manager. On dismissal of the bankruptcy, the original lenders to this property, who held a \$7,000,000 interest in the property, became equity holders of the property. Mr. Goodman sued the original lenders individually based on a Collateral Assignment of Interest Agreement that the then management of MAMC (prior to the establishment of the Receivership), had granted to Mr. Smith and Mr. Goodman. Due to the fact that this assignment was granted without authority of the Lenders, the Receiver was able to get that case dismissed. The property was transferred to MAMC Windward under a chapter 11 plan of reorganization following a credit bid at the sale of Cape Haze's assets. The Trustee in the Cape Haze bankruptcy issued a Trustee's Deed to MAMC Windward. The first mortgage was held by Orion Bank which was later acquired by Cape Charlotte Investments Trust ("CCIT"). MAMC Windward borrowed another \$1,000,000 from certain of the Lenders. CCIT initiated foreclosure against MAMC Windward. It was determined that the property did not have sufficient equity to fight the foreclosure. The Receiver

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proposed that any MAMC lender who wished to fight the foreclosure case deposit funds into the trust account to fund the litigation. A total of \$734,873 was recovered, resulting in a net Lender recovery of 9.9%.

27. 515 Seabreeze: In March 7, 2007, certain of the Lenders obtained a \$466,000 second mortgage secured by 0.42 acre of waterfront property overlooking the Bahia Mar Marina at 515 Seabreeze Boulevard, Ft. Lauderdale, Florida. The amount represented a portion of the defaulted interest owed to certain of the Lenders not covered at the time the first mortgage was satisfied (prior to the appointment of the Receiver). The borrower defaulted on the mortgages. Ultimately, the first mortgage foreclosed and eliminated the interest in the second mortgage. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

28. MAMC IBEX, LLC: MAMC initially agreed to loan Ibex Cheoah, LLC (“Ibex”) the sum of \$2 million, with 4 subsequent \$500,000 future advances that never took place. The loan was secured by a first mortgage on 137 acres on Cochrans Creek Road, Graham County, Robbinsville, North Carolina. On June 11, 2009, after a mediated settlement, the Receiver and Ibex modified the loan documents, whereby Ibex would pay \$50,000 and the Receiver was entitled to \$192,655 that at the time was being held in an escrow account. Ibex’s principal balance was modified to \$550,000. Ibex subsequently defaulted under the terms of the Modified Loan Documents, due to its failure to pay its 2011 real property taxes. In lieu of defending a foreclosure proceeding, Ibex agreed to transfer its ownership in the property to MAMC IBEX, LLC. The Receiver sold the property sold for \$215,000 in 2016, resulting in a net Lender recovery of 18.8%.

29. MAMC Wrenn Street, LLC: DB Islamorada, LLC was in bankruptcy at the time the Receivership was created. The Receiver through the funding of a few of the Lenders took possession of the Wrenn Street properties (located at 60 & 80 Wrenn Street) through a credit bid. On October 22, 2009, during the preparation of the Debtor's case for dismissal, a deed in lieu of foreclosure was executed by the Receiver in favor of MAMC Wrenn Street, LLC. The Deed conveyed the two parcels to MAMC Wrenn Street, LLC. The property was sold in February of 2014 for \$180,000, resulting in a net Lender recovery of 85.48%.

30. MAMC Melendez, LLC: Steve Berman, a lender and the father of Dana Berman extended a second mortgage loan in the amount of \$30,000. The mortgage was secured by a townhouse located at 11600 SW 122 Pl, Miami, Florida. Steve Berman acquired the property through foreclosure subject to a \$106,400 first mortgage loan held by Chase Bank. Due to the unlikelihood of a recovery, the Receiver allowed Steve Berman to handle the matter directly. On August 29, 2017 JP Morgan sold the property. No recovery was attained by Steve Berman.

31. DB Islamorada, LLC: Certain of the Lenders loaned \$24,818,000 through multiple future advances to acquire and build 25 two-story townhouses located on 81450 Overseas Hwy Islamorada, Florida. The project was intended to be used as hotel, condo-hotel, or fractional ownership. During DB Islamorada LLC's bankruptcy case certain of the Lenders took possession of the assets through a credit bid under MAMC Islamorada, LLC. The property was eventually sold for \$4,800,000 on February 23, 2010, resulting in a net Lender recovery of 19.14%.

32. MAMC V-Strategic, LLC: Certain of the Lenders extended a \$8,000,000 first mortgage loan to V-Strategic, LLC for the purchase of a 2.36 acre parcel of land located at 2101 E. Hallandale Beach Boulevard, Hallandale Beach, Florida. The Borrower defaulted and

MAMC took title under MAMC V-Strategic, LLC. The property was sold for \$5,900,000 on July 23, 2012, resulting in a net Lender recovery of 67.34%.

33. Redlands Ranch Holdings, LLC: Certain of the Lenders extended a \$1,500,000 first mortgage and an unsecured promissory note in the amount of \$450,000 to purchase 19+ acres with a partially built residential house located at 22205 SW 23 Street, Miami, Florida. On or about July 28, 2006, the first mortgage was refinanced by Sun America, paying off the Lenders first mortgage. The Sun America loan eventually went into default. Sun America foreclosed and eliminated the \$450,000 promissory note. Net Lender Recovery: 100% for the first mortgage holders. However, the only recovery obtained by the Lenders involved in the unsecured promissory note was 4.16% from the Errors and Omissions insurance settlement.

34. DB Atlanta, LLC: Originally a third party loan under MTAC Hospitality, LLC. Certain of the Lenders provided funding for a loan to the former owner. The former owner defaulted and the Lenders took possession through a judicial sale by the formation of BMCLS Conservancy, LLC. Subsequently, the property was sold to DB Atlanta, LLC, an entity also controlled by Mr. Berman. DB Atlanta, LLC, purchased the property in part with the equity participation of certain of the Lenders and a first mortgage held by Fortress Credit Corp. The loan was secured by a seven story building, seven story, 232 guest room hotel situated on 4.47 acre site located at 5010 Old National Highway, College Park, Atlanta, Georgia. The foreclosure action filed by the first lien holder eliminated the Lender's second mortgage. As a result, the only recovery obtained by the Lenders was 4.16% from the Errors and Omissions insurance settlement.

35. MAMC Haines City LLC: This property consists of a 6.99 acre vacant residential land located in Haines City, Florida. The property was acquired for \$167,000 in February 2005

with funds in the possession of the Receivership Defendants. On July 31, 2009 a Quit-Claim Deed conveyed the property from Mr. Berman to the Receivership Defendants. The property was sold to the City of Haines City for \$200,000 in August of 2017 resulting in a net recovery of 117% to the Receivership Estate.

36. DBDS Melbourne, LLC: This was a condo conversion project located at 2847 Regency Drive, Melbourne, Florida. The 14.6 acre property consisted of nineteen two-story garden apartments, containing 219 units. One of the Lender provided a promissory note for \$2,500,000 to DBDS Melbourne, behind a first mortgage held by Commerce Bank for \$15,600,000 and a \$2,400,000 mezzanine financing by Creative Investment Solutions, Inc. DBDS Melbourne, LLC filed bankruptcy in 2008. Eventually the interest held by the Lender was eliminated. As a result, the only recovery obtained by the Lender was 4.16% from the Errors and Omissions insurance settlement.

37. Normandy Holdings II, LLC: The entity was formed to develop 34 townhomes in the Normandy Isles area of Miami Beach. The financing was structured through two private placement memoranda totaling \$6,250,000 plus a \$65,000 promissory note from Patricia Marquez. At the onset of the Receivership, a number of townhomes remained unsold. The Receiver marketed and sold those townhomes. The funds were used to pay down third party loans resulting in a net Lender recovery of 71%.

### **Closure of Case**

The Receiver has resolved all of the legal matters and sold all of the real properties. The Receiver has made distributions to the Lenders based on the proceeds of the sale of the properties in which the Lenders had an interest and, where there was no equity in the property or the Lenders' interests were otherwise extinguished, from a pro rata distribution of the proceeds of

funds obtained from litigation. The Receiver has held back funds to cover costs relating to the administration of the receivership estate. By separate filing, the Receiver will seek entry of an Order discharging him of his duties and close the case after he completes the final administration of the receivership estate and makes a pro rata distribution of the remaining funds to the Lenders.

Respectfully submitted,

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*Court-Appointed Receiver*

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this July 23, 2020, a true and correct copy of the forgoing was furnished to all parties who receive notice from the Florida Courts e-portal and to the Lenders by e-mail. A copy of this Final Report will be posted on the receivership web-page.

/s/ Michael I. Goldberg