THOMAS SEAMAN COMPANY
3 PARK PLAZA, SUITE 550
IRVINE, CA 92614

TELEPHONE (949) 222-0305
FACSIMILE (949) 222-0661
E mail: mail@pdcreceiver.com

THOMAS A. SEAMAN, CFA
PRINCIPAL

April 14, 2017

Re: **Securities and Exchange Commission v. Emilio Francisco; PDC Capital Group, LLC, Caffe Primo International, Inc., et al.,** **USDC, Central District of California, Case No. 8:16-CV-02257-CJC**

Dear Investors:

The purpose of this letter is to provide you with notice and information concerning the federal equity receivership involving PDC Capital Group, LLC, the below described entities and their subsidiaries and affiliates (collectively, the "Receivership Entities"), which is currently pending in the United States District Court, Central District of California, Southern Division (the "District Court") and to address the current status of your investments with the Receivership Entities.

Overview of the Receivership.

This action was brought by the Securities and Exchange Commission ("SEC") on January 5, 2017, in the District Court against defendants PDC Capital Group, LLC ("PDC"); Caffé Primo International, Inc. ("Caffé Primo"); SAL Senior Living, LP ("SAL Lincoln"); SAL Carmichael, LP ("SAL Carmichael"); SAL Citrus Heights, LP ("SAL Citrus Heights"); SAL Kern Canyon, LP ("SAL Kern Canyon"); SAL Phoenix, LP ("SAL Phoenix"); SAL Westgate, LP ("SAL Westgate"); Summerplace at Sarasota, LP "("Sarasota"); Summerplace at Clearwater, LP ("Clearwater"); Summerplace at Correll Palms, LP ("Correll Palms"); TRC Tucson, LP ("TRC Tucson"); Caffe Primo Management, LP ("CPM"); and Caffe Primo Management Nos. 102-108, and their subsidiaries and affiliates (the "Receivership Entities"). The SEC alleges that Mr. Emilio Francisco and others violated securities laws in connection with raising funds from the investors ("EB-5 Investors") who wanted to qualify under the Immigrant Investor Program ("EB-5 Program"). Each of the projects in which EB-5 Investors invested their funds were identified in offering documents as "**Direct Investment**" projects expected to create the required number of jobs under the EB-5 Program within a Job Creating Entity Enterprise (the "JCE"). It appears that the EB-5 Investor funds were to be released from escrow to a limited partnership formed for the purpose of recruiting foreign investors who meet USCIS guidelines required for EB-5 visa petitions. The EB-5 Investor funds were to be then released from the LP to the so-called "Project Company," the JCE, which would then create the jobs called for under the EB-5 Program.

As a result of the securities violations alleged by the SEC, the District Court appointed Thomas A. Seaman (the "Receiver") as the Temporary Receiver on January 5, 2017. Pursuant to the order entered on January 23, 2017 (the "Appointment Order"), Mr. Seaman was appointed to be the permanent receiver charged with, among other things, assuming control over the Receivership Entities and all of their assets ("Receivership Assets"), performing an accounting of the assets and financial condition of the Receivership Entities, investigating, locating and recovering receivership assets, pursuing claims and causes of action on behalf of the Receivership Entities and preparing reports for the Court. Pursuant to the terms of the Appointment Order, the Receiver took possession of the Receivership Entities and Receivership Assets which includes each of the proposed assisted living projects and the Caffe Primo restaurant projects.

It is important to note that the Receiver is an officer of District Court and does not represent or work for the SEC or any of the individual investors or creditors. The Receiver cannot represent individual investors before the USCIS or the District Court. Since the EB-5 Investors were making direct investments and were direct investment applicants, each individual EB-5 Investor will be responsible for filing their own petitions with USCIS under the EB-5 Program as well as responding to the USCIS and otherwise pursuing their own interests with the USCIS in connection with their immigration petitions. The Receiver understands that the certain investors had previously had been provided representation through the Law Offices of Marilyn Thomassen. The Receiver has no affiliation or control over the Law Offices of Marilyn Thomassen nor is Ms. Thomassen or her law office part of the receivership estate. As such, each investor is strongly encouraged to obtain their own attorney to represent them and to pursue their independent claims directly with the USCIS.

A few of the EB-5 Investors involved in the SAL Lincoln Project and several other projects were previously represented by Ira Kurzban and The Law Offices of Kurzban, Kurzban, Weiniger and Pratt PA. Those investors should contact Mr. Kurzban's office directly as to whether they wish to continue with such representation. The Receiver will not pay for the representation of any individual EB-5 Investor before the USCIS or otherwise.

It is the intent of the Receiver to cooperate with EB-5 Investors and provide assistance and information the EB-5 Investors may reasonably need in furthering their immigration applications and goals. Individual EB-5 Investors should communicate directly with the Receiver at the following address to make specific requests for information in support of their USCIS petitions: Thomas Seaman Company, 3 Park Plaza, Suite 550, Irvine, CA 92614 or mail@pdcreceiver.com. The Receiver will then work to provide such information or explain why such information is not presently available.

Overview of the Receivership Assets and Projects.

Below is a description of the status of each of the projects based upon the information available to the Receiver to date. Please note, the Receiver intends to evaluate each project and to proceed in a manner which reasonably balances the financial interests and immigration goals of the EB-5 Investors and other creditors of the receivership estate. The Receiver intends to seek District Court approval before proceeding with the financing for restructuring, development and/or sale of the projects. In the meantime, you are encouraged to keep up-to-date with the activities of the Receiver by reviewing the Receiver's website for updated information and details as the case proceeds. See www.pdcreceiver.com.

Status of Caffe Primo Projects.

As detailed in the Temporary Receiver's First Report and Recommendations filed on January 20, 2017, [Dkt. 32] (also available on the Receiver's PDC website), four of the eight Caffe Primo restaurants never opened, notwithstanding that the investors' contributions were sufficient to complete construction and fund ramping up to stability. Funds were diverted from the restaurant projects. As a result, there were insufficient funds available to complete construction, commence operations, and pay rent.

The four remaining restaurants commenced operations, however, these businesses were inadequately funded and poorly managed. It appears that PDC, its managers and/or employees diverted funds which might have met the financial needs of the restaurants. Ultimately, PDC and its management personnel failed to pay the rent and the landlords commenced the eviction process. At the same time, some of the restaurants failed to pay the food vendors, service providers, sales taxes, payroll, and payroll taxes. As a result, all of the restaurants have been lost, with the exception of Caffe Primo 106 which the Receiver hopes to sell in the coming days. The Receiver has recovered equipment from some locations and will auction the recovered equipment.

Status of Assisted Living Projects.

The Receiver has secured each of the projects and taken such reasonable steps as are required to preserve existing permits and entitlements associated with each of the assisted living projects located in California, Arizona, and Florida that were specifically identified in the Appointment Order. Over the next few weeks, the Receiver anticipates taking possession and control over additional projects in Florida. The following is a short description of the status of each of the following assisted living developments and the next steps proposed by the Receiver.

Tuscon TRC. Construction of this skilled nursing facility ("SNF") was completed on November 30, 2016. The Tucson project is jointly owned with a healthcare developer and operator Sante Partners ("Sante"). The SNF applied for licensure and a Medicare certificate. They received operating licenses in February 2017, which will reportedly lead to Medicare certification later this year. Operations including acceptance of new residents began in March 2017.

There are unused HUD loan funds for working capital of approximately $2.7 million which will be used to fund operating losses during the ramp-up period. According to projections prepared by Sante, the break-even census is 54 residents. The current census is approximately 19 and is expected to gradually grow over time. It appears that the unused HUD loan proceeds will be sufficient to reach break-even. The Receiver is evaluating options for continued involvement in or restructuring of the Tucson project in light of the fiscal controls required by HUD, and the prospective financial and immigration goals and benefits to the EB-5 Investors.

SAL Phoenix. This project involves the conversion of an office building to a 189-unit senior living facility providing assisted living, memory care, and skilled nursing services. The office building was purchased for $8.89 million, using a note carried by the seller in the amount of approximately $1.3 million, a hard money loan of $4.8 million, and $3.29 million from SAL Phoenix, LP. It appears that the EB-5 Investors were the source of the $3.29 million. The joint owner of the Phoenix project is Sante. Sante has made some loan payments with regard to the loans, however, additional funding is needed to avoid loan defaults and foreclosure. The Receiver's preliminary accounting shows that the EB-5 Investors invested $7,500,000 into SAL Phoenix, LP; however, the Phoenix project accounting records indicate that only $4.768 million of these proceeds was invested into the Phoenix project.

The Receiver is exploring approaches to restructuring the SAL Phoenix LP in order to obtain financing necessary to preserve the value of and/or complete the Phoenix project. A senior living property real estate broker has been identified and will be retained to seek out a new financial partner and preserve the current intended use as an assisted living facility.

Lincoln/SAL Assisted Living, LP. The Lincoln project offering was for 12 units at $545,000 per unit. The PPM described the investment as one in which the EB 5 Investors' $6 million would be used to develop a 190 unit, 228 bed senior living and memory care facility in Lincoln, California.

On December 2, 2016, MCC US, Inc. made a $5,000,000 loan to MPoint Land and Development ostensibly to fund construction costs at the Lincoln project. The Lincoln project was encumbered by a deed of trust in the amount of $3.8 million in connection with regard to this loan. Only a small amount of the MCC loan proceeds were used for the Lincoln project leaving a further deficit in project financing.

The Receiver has been exploring approaches to financing the Lincoln project including but not limited to analyzing proposed bond financing through the State of California and identifying new developers and investors for the project. In each case, the Receiver is looking for alternative sources of financing and restructuring of the project to allow for the infusion of new capital while retaining and promoting the financial and immigration interests of EB-5 investors.

The Receiver supports completion of a successful Lincoln project, however, the Receiver must balance the goals of the completion of a successful project with the reality that the 12 EB-5 investors who each contributed $500,000 to the Lincoln project face significant obstacles in obtaining approval by the USCIS in the light of the present circumstances.

Lincoln Village IL ("Independent Living"). This project involves undeveloped parcels adjacent to the Lincoln project. Loans were taken against the property and on January 19, 2017, the Receiver received notices of default on loans that appear to have matured. There are no EB-5 Investors involved in this property and the Receiver commenced efforts to sell the land.

SAL Carmichael, LP. This project involved the development of a 130-unit assisted living facility in Carmichael, California. The EB-5 Investors invested $5,000,000 into the Carmichael project. Neil Richardson, an alleged creditor of PDC, is alleged to be owed $2 million by SAL Carmichael. This debt was purportedly the result of a dispute among the principals of PDC and Mr. Richardson. As noted below, a deed of trust was recorded against the SAL Westgate project, to secure the debt to Mr. Richardson. The Receiver disputes the Richardson debt.

SAL Carmichael borrowed $650,000 on December 8, 2016, secured by a deed of trust on the property. The Receiver is working to preserve entitlements and to maintain value of the property pending a decision regarding whether to develop or sell the property.

SAL Westgate, LP. SAL Westgate involves a 6.72-acre site which was to be developed as a 94-unit assisted living and 80-unit memory care facility in West Sacramento. The EB-5 Investors invested $5,000,000 in the SAL Westgate. There is a recorded deed of trust for the aforementioned alleged loan payable to Neil Richardson for $2,000,000. The Receiver disputes this lien and the underlying claim of Mr. Richardson. This project is partially entitled and some design and architectural work has been completed with regard to on the project. The Receiver has requested an extension in the entitlements. The Receiver is considering whether it is possible to restructure the partnership to allow for the development to proceed.

SAL Citrus Heights, LP. The EB-5 Investors invested $5,500,000 in the SAL Citrus Heights project. The project involved the development of a 109-unit assisted living and memory care facility in Citrus Heights, California. A loan was taken on the property for $850,000 on December 8, 2016. Most of these funds were diverted from the project. The Citrus Heights project is fully entitled and construction could commence if funding can be obtained. The Receiver is attempting to find a new financial partner or developer for the Project.

Kern Canyon, LP. The EB-5 investors invested $5,000,000 in Kern Canyon project. A loan was taken on the project for $1,200,000 on December 8, 2016. Unfortunately, the loan proceeds were diverted from the subject project. The Receiver is working to preserve the entitlements for the project. At the same time, the Receiver is attempting to find a new financial partner or developer for the Project.

Summerplace at Sarasota, LP "("Sarasota"). The EB-5 investors contributed $11,000,000 to the Sarasota project. FDC Capital sold all but 14 acres of the Sarasota project land for approximately $9,000,000. The EB-5 investors did not receive any proceeds of the sale; instead the funds were diverted to certain of the Defendants and their affiliates. Among other things, over $2.0 million from the Sarasota project was used to purchase an ammunition company in Montana. Sarasota retained approximately 14 acres which the Receiver is in discussions to sell, subject to Court approval.

Summerplace at Clearwater, LP ("Clearwater"). The Clearwater project involves a five-acre parcel of land originally acquired to be developed as an assisted living facility. The Defendants purportedly determined that an assisted living facility was not feasible and entered into a contract to sell 3.6 of the 5.4 acres for $1.91 million. The sale is contingent on the buyer obtaining certain tax credits and regulatory approvals. The Receiver is in discussions with the buyer and exploring restructuring the partnership wherein the buyer would contribute the capital to conclude the project and EB-5 investors would retain a minority interest in exchange for their contribution of the land to the partnership.

Summerplace at Correll Palms, LP ("Correll Palms"). The EB-5 investors contributed $1,500,000 to this project in Titusville, Florida. While a deposit was made with the seller, the land purchase was never completed. The seller declared a default under the land sale contract and retained the non-refundable deposit.

As noted above, the Receiver will provide updates on the Receiver's PDC website as information becomes available or transactions are proposed that impact the projects. The Receiver will also prepare reports to the District Court with recommendations as to how to proceed with each of the projects. As such, you are strongly encouraged to track the case both via the Receiver's website (www.pdcreceiver.com) as well as the District Court's website.

Very truly yours,

Thomas A. Seaman

Thomas A. Seaman
Permanent Receiver