

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
Charlotte Division**

**In re:**

**TSI Holdings, LLC<sup>1</sup> et al.,**

**DEBTORS.**

**CASE NO. 17-30132**

**CHAPTER 7**

Jointly Administered

**TRUSTEE'S MOTION FOR APPROVAL OF SETTLEMENT  
WITH RICHARD N. DAWSON AND RICHARD N. DAWSON CPA, PA**

Joseph W. Grier, III, the duly appointed trustee ("Trustee") for the above-referenced debtors (the "Debtors") in these jointly-administered bankruptcy cases, through counsel, hereby brings this *Trustee's Motion for Approval of Settlement with Richard N. Dawson and Richard N. Dawson CPA, PA* (this "Motion"), and in support, respectfully shows the Court as follows:

**BACKGROUND**

1. On January 27, 2017, an involuntary bankruptcy petition (D.E. 1) pursuant to chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Code"), was filed against TSI Holdings, LLC ("TSI"), initiating this case (this "Case"). On February 2, 2017, the Court held an emergency hearing on the petitioning creditors' emergency motion to appoint an interim trustee for the Debtor in this Case (D.E. 5) (the "Trustee Motion"). On February 8, 2017, the Court entered its Order granting the Trustee Motion (D.E. 17), appointing the Trustee. The Court subsequently entered its *Order For Relief* (D.E. 32) on February 22, 2017. Similar involuntary petitions and motions were filed against WSC Holdings, LLC ("WSC") and SouthPark Partners, LLC ("SPP"), and the Court appointed the Trustee and entered orders for relief in those cases. The Court authorized the joint administration of these cases by order entered on May 23, 2017 (D.E. 63).

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<sup>1</sup> These jointly administered cases are those of the following debtors: TSI Holdings, LLC ("TSI"), Case No. 17-30132 (the "TSI Case"); WSC Holdings, LLC ("WSC"), Case No. 17-30338 (the "WSC Case"); and SouthPark Partners, LLC ("SPP"), Case No. 17-30339 (the "SPP Case").

2. Evidence presented to the Court in the Trustee Motion, including an affidavit of Timothy Darin Stutheit, a Special Agent with the Federal Bureau of Investigation (the “FBI Affidavit”), showed that Rick Siskey (“Siskey”), prior to his death on December 28, 2016, operated TSI as a Ponzi scheme (the “Ponzi Scheme”) (D.E. 5).

3. The Trustee’s independent forensic investigation has revealed that Siskey formed a series of limited liability companies, which he used to establish and implement a Ponzi Scheme. The entities involved in the Ponzi Scheme included The Premier Fund, LLC, Premier II, LLC, SPP, Siskey Industries, LLC, WSC, TSI, and possibly others (the “Ponzi Debtors”).

4. The Trustee’s investigation has revealed that Siskey did little or no actual investing of the funds placed in the Ponzi Debtors. Funds deposited into the Ponzi Debtors’ accounts were ultimately used to pay for a lavish personal lifestyle for Siskey, to pay Siskey’s gambling debts, and to pay other investors when they sought the return of their money. The Trustee has concluded that Siskey operated a classic Ponzi scheme, beginning in the late 1990s through 2016.

5. The Trustee’s investigation revealed that Richard N. Dawson and Richard N. Dawson CPA, PA (collectively, “Dawson”) provided accounting and tax services to Siskey, Siskey Industries, TSI and WSC for many years prior to the discovery of the Ponzi Scheme.

6. On or about February 8, 2019 the Trustee made demand upon Dawson for information related to potential fraudulent transfers to Dawson and questions concerning the adherence to professional standards in the accounting industry (the “Demand”). From and after February 8, 2019, Dawson and the Trustee have been in talks regarding the Demand. Dawson has been forthcoming in providing information related to his professional relationship with Siskey and the Debtors. Further, Dawson has provided personal and professional financial

information and has disclosed that he does not and has not maintained professional malpractice insurance.

7. The Trustee and Dawson, subject to this Court’s approval, have entered into a Settlement and Release Agreement with regard to the Demand, a copy of which is attached hereto as Exhibit A (the “Settlement Agreement”), whereby Dawson will remit the sum of \$32,000 to the Trustee among other terms (the “Settlement”).

**RELIEF REQUESTED AND BASIS FOR RELIEF REQUESTED**

8. Through this Motion, the Trustee requests entry of an Order approving the Settlement between the Trustee and Dawson and authorizing the Trustee to enter into the Settlement Agreement.

9. The Trustee seeks approval of the Settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure. In accordance with that Rule and Rule 2002(a)(3) of the Federal Rules of Bankruptcy Procedure, approval of a settlement is permitted upon 21-days’ notice. Local Rule 9013-1(e)(17) permits settlement motions to be noticed on a “no protest” basis.

10. Notice shall be sent pursuant to the *Order Limiting Service of Process* (D.E. 66) as follows: (a) upon the Bankruptcy Administrator and those parties requesting notice via ECF pursuant to Bankruptcy Rule 2002 via ECF; (b) on any party in interest where the Trustee has a valid electronic mail address by electronic mail only; (c) by posting all pleadings on the Siskey-Related Bankruptcy Case Webpage; and (d) upon Dawson.

**ARGUMENT**

11. Dawson has raised defenses to the Demand including having no knowledge of the Ponzi Scheme and being a victim of Siskey’s lies.

12. The Settlement Agreement avoids the costs and delays associated with litigation, as well as the uncertainty of litigation including risk and the potential difficulties in collection and recovery of any judgment.

13. In the Trustee's opinion, the Settlement reflects a reasonable resolution of the Demand. For these reasons, the Trustee respectfully requests that it be approved.

WHEREFORE, the Trustee prays that the Court will enter an Order:

1) Granting this Motion and approving the Settlement as being a fair and reasonable resolution of the Demand;

2) Authorizing the Trustee to execute Settlement Agreement and to carry out the terms thereof; and

3) Awarding such additional relief as is just and proper.

This is the 28th day of May, 2019.

/s/ Anna S. Gorman

Joseph W. Grier, III (State Bar No. 7764)

Anna S. Gorman (State Bar No. 20987)

Michael L. Martinez (State Bar No. 39885)

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*Attorneys for Joseph W. Grier, III, Ch. 7 Trustee*

## SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (the "Agreement") is made and entered into by **JOSEPH W. GRIER, III, TRUSTEE FOR TSI HOLDINGS, LLC, WSC HOLDINGS, LLC AND SOUTHPARK PARTNERS, LLC** (the "Trustee") in bankruptcy case number 17-30132 (jointly administered) (the "Bankruptcy Case") pending before the United States Bankruptcy Court for the Western District of North Carolina (the "Bankruptcy Court") and **RICHARD N. DAWSON** and **RICHARD N. DAWSON CPA, PA** (collectively "Dawson"). The Trustee and Dawson are collectively referred to as the "Parties."

### RECITALS

WHEREAS, on January 27, 2017, an involuntary bankruptcy petition pursuant to chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, was filed against TSI Holdings, LLC ("TSI"), initiating the Bankruptcy Case; and

WHEREAS, the Bankruptcy Court entered its Order appointing the Trustee in the Bankruptcy Case on February 8, 2017 and subsequently entered its *Order For Relief* on February 22, 2017; and

WHEREAS, similar involuntary petitions and motions were filed against WSC Holdings, LLC ("WSC") and SouthPark Partners, LLC ("SPP") (collectively, along with TSI and WSC, the "Debtors"), and the Bankruptcy Court appointed the Trustee and entered orders for relief in those cases, and ultimately authorized the joint administration of the three cases by order entered on May 23, 2017; and

WHEREAS, evidence presented to the Bankruptcy Court, including an affidavit of Timothy Darin Stutheit, a Special Agent with the Federal Bureau of Investigation showed that Richard C. Siskey ("Siskey"), prior to his death on December 28, 2016, operated the Debtors as a Ponzi scheme (the "Ponzi Scheme"); and

WHEREAS, based on the Debtors' records, and other evidence, the Trustee and his professionals are of the opinion that each of the Debtors were operated as part of the Ponzi Scheme; and

WHEREAS, based on the Debtors' records The Trustee's investigation has revealed that Siskey did little or no actual investing of the funds placed in the Ponzi Debtors. Funds deposited into the Ponzi Debtors' accounts were ultimately used to pay for a lavish personal lifestyle for Siskey, to pay Siskey's gambling debts, and to pay other investors when they sought the return of their money; and

WHEREAS, Dawson historically provided professional services to Siskey Industries, LLC, TSI and WSC as well as Siskey including tax return preparation and bookkeeping services; and

WHEREAS, the Trustee's duties include taking custody, control and possession of all funds, property and other assets of the Debtors; and

WHEREAS, based on his investigation of the Debtors' assets and financial affairs, the Trustee has determined that he may have claims against Dawson based on transactions between the Debtors, Siskey and Dawson prior to the filing of the Debtor cases (the "Claims"); and

WHEREAS, the Trustee has made demand upon Dawson with regard to the Claims (the "Demand"); and

WHEREAS, Dawson responded promptly to the Demand, immediately entered into talks with the Trustee, raised defenses, provided personal and business financial information, and has been cooperative with the Trustee regarding the Demand. Further Dawson has, from the outset of the Bankruptcy Case, provided substantial information and assistance to the Trustee with regard to historical tax and other records related to the Debtors; and

WHEREAS, in order to avoid the expense, delay, inconvenience and uncertainty of litigation, the Parties have agreed to settle the claims asserted in the Demand as well as any and all claims the Trustee may have against Dawson and mutually release each other from all claims in accordance with the terms of this Settlement Agreement.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the Recitals and mutual covenants contained in this Agreement and other good and valuable consideration, the Parties agree as follows:

**1. Settlement Terms.** The terms of the Parties' settlement are as follows: Dawson shall pay \$32,000 as settlement in full of the Demand by immediately, upon the execution of this Agreement, remitting to the Trustee \$32,000 (the "Settlement Payment"). The Settlement Payment shall be held in trust pending the Bankruptcy Court's approval of the settlement (the "Settlement") set forth in this Agreement; the Trustee shall release any and all claims against Dawson and Dawson shall release any and all claims against the Trustee, the Debtors and the Bankruptcy Estates of the Debtors (the "Estate").

**2. Court Approval.** The terms and provisions of this Agreement shall be subject to the approval of the Bankruptcy Court. The Trustee agrees to seek, pursuant to Bankruptcy Rule 9019, approval of the Settlement as set forth in this Agreement. The Trustee shall prepare a motion seeking the entry of an Order (a) approving the Settlement as fair, reasonable, and adequate, and (b) authorizing the Parties to consummate the terms of the Settlement as set forth in this agreement (the "Settlement Order"). Entry of the Settlement Order shall be a condition precedent to the effectiveness of this Agreement.

**3. Representations and Warranties of Dawson.** Dawson represents and warrant to the Trustee as follows:

(a) The financial disclosures provided to the Trustee by Dawson were true and accurate in all material respects when made to the Trustee, no material changes to Dawson's financial situation have occurred since the disclosures were made, and Dawson has not remembered or discovered any additional or

alternative information regarding Dawson's financial situation than what appears in the financial disclosures since making the financial disclosures.

(b) Dawson has all necessary power, authority and legal capacity to execute and deliver this Agreement and to perform their obligations hereunder. This Agreement has been duly and validly executed and delivered by Dawson and, assuming due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid, and binding obligation of Dawson enforceable against them in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting creditors' rights generally, and by such principles of equity as may affect the availability of equitable remedies.

(c) The demands, claims, actions and liabilities which are released in this Agreement by Dawson have not been assigned, sold, transferred, or otherwise conveyed to any other party, by agreement, by operation of law, or otherwise.

(d) Dawson represents that he has reviewed all aspects of this Agreement, that he has carefully read and fully understand all the provisions of this Agreement, that he has had a full opportunity to consult with legal counsel of his own choice concerning the matters set forth in this Agreement and that he has consulted with such counsel to the extent deemed appropriate in order to fully understand the terms, conditions, purpose, and effect of this Agreement.

**4. Representations and Warranties of the Trustee.** The Trustee represents and warrants to Dawson as follows:

(a) The Trustee has all necessary power, authority and legal capacity to execute and deliver this Agreement and to perform his obligations hereunder subject to approval by the Bankruptcy Court. This Agreement has been duly and validly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties hereto, constitutes the legal, valid, and binding obligation of the Trustee enforceable against the Estate in accordance with its terms upon approval by the Bankruptcy Court except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, or similar laws affecting creditors' rights generally, and by such principles of equity as may affect the availability of equitable remedies.

(b) The demands, claims, actions and liabilities which are released in this Agreement by the Trustee have not been assigned, sold, transferred, or otherwise conveyed to any other party, by agreement, by operation of law, or otherwise.

(c) The Trustee represents that he has reviewed all aspects of this Agreement, that the Trustee has carefully read and fully understands all the provisions of this Agreement, that the Trustee has had a full opportunity to consult with legal counsel of his choice concerning the matters set forth in this Agreement and that the Trustee has consulted with such counsel to the extent deemed appropriate in order to fully understand the terms, conditions, purpose, and effect of this Agreement.

**5. Releases.**

(a) Except for the rights expressly arising out of, provided for, or reserved in this Agreement, upon the entry of an Order by the Bankruptcy Court approving the Settlement, the Trustee, on behalf of the Debtors and the Estate, and together with his agents, attorneys, successors and assigns, hereby releases, waives, withdraws, dismisses and forever discharges Dawson, and his heirs, successors, and assigns, from any and all liabilities, torts, causes of action, or any debts, obligations, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, judgments, executions, costs, claims and demands whatsoever in law or in equity and any other obligation of any kind or nature whether known, unknown, suspected or unsuspected, fixed or contingent, concealed or hidden, latent or patent, which the Trustee or the Debtors have, or can assert on behalf of the Debtors or the Estate, against Dawson as of the date of this Agreement. Notwithstanding this release, nothing herein shall release Dawson's obligations under this Agreement.

(b) Except for the rights expressly arising out of, provided for, or reserved in this Agreement, upon the entry of an Order by the Bankruptcy Court, Dawson, on his own behalf and on behalf of his heirs, successors, and assigns hereby releases, waives, withdraws, dismisses and forever discharges the Trustee, the Debtors, and the Estate and their agents, attorneys, successors, and assigns from any and all liabilities, torts, causes of action, or any debts, obligations, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, controversies, agreements, promises, variances, trespasses, judgments, executions, costs, claims and demands whatsoever in law or in equity and any other obligation of any kind or nature whether known, unknown, suspected or unsuspected, fixed or contingent, concealed or hidden, latent or patent, which Dawson has against the Trustee, the Debtors and their Estate as of the date of this Agreement. Notwithstanding this release, nothing herein shall release the Trustee's obligations under this Agreement.

**6. No Admission of Liability.** Each Party understands and agrees that this Agreement and the Settlement provided for herein are intended to compromise disputed claims and defenses, to avoid litigation and to buy peace, and that this Agreement and the Settlement provided for herein shall not be construed or viewed as an admission by any Party of liability or wrongdoing, such liability being expressly denied. This Agreement, and the Settlement provided for herein, shall not be admissible in any lawsuit, administrative action, or any judicial or administrative proceeding if offered to show, demonstrate, evidence or support a contention that any of the Parties acted illegally, improperly, or in breach of law, contract or proper conduct.

**7. Entire Agreement.** This Agreement is a full settlement of the issues between the Parties and contains the entire agreement of the Parties and supersedes all previous and contemporaneous agreements, negotiations and understandings, whether written or oral. This Agreement shall inure to the benefit of and shall bind the predecessors, successors and assigns of the Parties, and each of them. This Agreement may be modified only by a written agreement, signed by the Parties, expressly modifying this Agreement, which modification may be made subject to Bankruptcy Court approval.



**8. Accord and Satisfaction.** This Agreement is an accord and satisfaction of the issues between the Parties raised in the Demand.

**9. Acknowledgement.** The Parties represent that they have had adequate opportunity to consider the terms of this Agreement, and that this Agreement is being entered into of their own free will, and not based on any coercion or inducements made by the other party. Each party has been represented by counsel in negotiating this Agreement.

**10. Governing Law.** This Agreement shall be enforced and interpreted according to the laws of the State of North Carolina excluding any choice of law rule, which would direct the application of the law of any other jurisdiction. The Bankruptcy Court shall have exclusive jurisdiction to enforce any disputes that arise under or regarding this Agreement with respect to the Trustee, the Debtors, or the Estate.


**11. Negotiated Settlement Agreement; Severability.** This Agreement has been negotiated between the Parties. The headings in this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation hereof. In the event of any dispute over the interpretation of this Agreement, there shall be no rule of construction requiring that the Agreement be construed in favor of or against any of the Parties. In case any one or more provisions of this Agreement shall be invalid, illegal and unenforceable in any respect, the validity, legality and enforceability of the remaining provisions in this Agreement will not in any way be affected or impaired thereby.

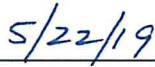
**12. Counterparts.** This Agreement may be executed by the Parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.


13. IN WITNESS WHEREOF, the Parties have executed this Agreement under seal as of the date(s) indicated.


\_\_\_\_\_  
Joseph W. Grier, III, as and only as, the  
Trustee for TSI Holdings, LLC,  
WSC Holdings, LLC and SouthPark Partners, LLC

\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
Richard N. Dawson

  
\_\_\_\_\_  
**DATE**

  
\_\_\_\_\_  
Richard N. Dawson CPA, PA  
By: Richard N. Dawson

  
\_\_\_\_\_  
**DATE**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
Charlotte Division**

**In re:**

**TSI Holdings, LLC<sup>2</sup> et al.,**

**DEBTORS.**

**CASE NO. 17-30132**

**CHAPTER 7**

Jointly Administered

**NOTICE OF OPPORTUNITY FOR HEARING**

TAKE NOTICE that the Trustee in this case has filed his *Trustee's Motion for Approval of Settlement with Richard N. Dawson and Richard N. Dawson CPA, PA* (the "Motion") with the Court.

The Motion requests approval of a settlement reached with Richard N. Dawson and Richard N. Dawson CPA, PA with regard to certain claims for the collective sum of \$32,000.00. A copy of the Motion is attached hereto and posted on the undersigned's website at <https://tsiholdings.wordpress.com>. It is also available from the undersigned or from the Bankruptcy Court's web site at: <http://www.ncwb.uscourts.gov>.

**Your rights may be affected.** You should read the Motion and this Notice carefully and discuss it with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you agree with the relief requested in the Motion then you do not need to respond or attend the Court hearing noticed herein. If you do not want the Court to approve the Motion, or if you want the Court to consider your views on the Motion, then on or before June 11, 2019, you or your attorney must:

**1. File with the Court a written response explaining your position and requesting that a court consider your position. File the response electronically or by mail at:**

U.S. Bankruptcy Court  
Charles Jones Federal Building  
401 W. Trade St.  
Charlotte, NC 28202

If you mail your request to the Court for filing, you must mail it early enough so the Court will **receive** it on or before the date stated above.

<sup>2</sup> These jointly administered cases are those of the following debtors: TSI Holdings, LLC ("TSI"), Case No. 17-30132 (the "TSI Case"); WSC Holdings, LLC ("WSC"), Case No. 17-30338 (the "WSC Case"); and SouthPark Partners, LLC ("SPP"), Case No. 17-30339 (the "SPP Case").

2. Also on or before June 11, 2019 you must mail, fax, or email a copy of your written request for hearing to:

Joseph W. Grier, III, Chapter 7 Trustee  
Grier Wright Martinez, P.A.  
101 North Tryon Street, Suite 1240  
Charlotte, NC 28246  
Fax: (704) 332-0215  
[agorman@grierlaw.com](mailto:agorman@grierlaw.com)

U.S. Bankruptcy Administrator  
402 West Trade St.  
Suite 200  
Charlotte, NC 28202

3. If you file a timely response and request to be heard, you or your attorney must attend a hearing which will be held at **2:00 p.m. on June 24, 2019**, in the Bankruptcy Courtroom on the first floor of the United States Courthouse, Charles Jonas Federal Building, 401 W. Trade Street, Courtroom 1-4, Charlotte, North Carolina.

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief requested in the Motion and may enter an order approving the relief requested therein.

This is the 28<sup>th</sup> day of May, 2019.

/s/ Anna S. Gorman  
Anna S. Gorman (State Bar No. 20987)  
Grier Wright Martinez, PA  
101 North Tryon Street, Suite 1240  
Charlotte, North Carolina 28246  
Telephone: 704/375.3720; Fax: 704/332.0215  
[agorman@grierlaw.com](mailto:agorman@grierlaw.com)

*Attorneys for Joseph W. Grier, III, Trustee*

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
Charlotte Division

In re:

TSI Holdings, LLC<sup>3</sup> et al.,

DEBTORS.

CASE NO. 17-30132

CHAPTER 7

Jointly Administered

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the *Trustee's Motion for Approval of Settlement with Richard N. Dawson and Richard N. Dawson CPA, PA* (the "Motion") and *Notice for Opportunity for Hearing* was served on the settling party, all parties requesting notice through the Court's electronic noticing system including the Bankruptcy Administrator, by electronic mail to each party in interest where the Trustee has a valid email address, and by posting on the website being maintained by the Trustee regarding these Cases at <https://tsiholdings.wordpress.com>.

Richard N. Dawson  
Richard N. Dawson CPA, PA  
4521 Sharon Road  
Suite 430A  
Charlotte, NC 28211

This is the 28th day of May, 2019.

/s/ Anna S. Gorman

Anna S. Gorman  
Grier Wright Martinez, PA  
101 North Tryon Street, Suite  
Charlotte, NC 28246

<sup>3</sup> These jointly administered cases are those of the following debtors: TSI Holdings, LLC ("TSI"), Case No. 17-30132 (the "TSI Case"); WSC Holdings, LLC ("WSC"), Case No. 17-30338 (the "WSC Case"); and SouthPark Partners, LLC ("SPP"), Case No. 17-30339 (the "SPP Case").