

Troy D. Greenfield, OSB #892534

Email: tgreenfield@schwabe.com

Joel A. Parker, OSB #001633

Email: jparker@schwabe.com

Alex I. Poust, OSB #925155

Email: apoust@schwabe.com

Lawrence R. Ream (Admitted *Pro Hac Vice*)

Email: lream@schwabe.com

Schwabe, Williamson & Wyatt, P.C.

Pacwest Center

1211 SW 5th Ave., Suite 1900

Portland, OR 97204

Telephone: 503.222.9981

Facsimile: 503.796.2900

Ivan B. Knauer (Admitted *Pro Hac Vice*)

Email: knaueri@pepperlaw.com

Brian M. Nichilo (Admitted *Pro Hac Vice*)

Email: nichilob@pepperlaw.com

Pepper Hamilton, LLP

600 14th Street, NW, Suite 500

Washington, DC 20005

Telephone: 202. 220.1219

Facsimile: 202. 220.1665

Attorneys for the Receiver for Defendants

AEQUITAS MANAGEMENT, LLC; AEQUITAS HOLDINGS, LLC; AEQUITAS COMMERCIAL FINANCE, LLC; AEQUITAS CAPITAL MANAGEMENT, INC.; AEQUITAS INVESTMENT MANAGEMENT, LLC

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

PORTLAND DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

No. 3:16-cv-00438-PK

RECEIVER'S MOTIONS FOR (1)
APPROVAL OF RESTRUCTURING
AGREEMENT RE AEQUITAS WRFF I,
LLC, and (2) AUTHORITY TO DISSOLVE
AEQUITAS WRFF I, LLC



AEQUITAS MANAGEMENT, LLC;
 AEQUITAS HOLDINGS, LLC;
 AEQUITAS COMMERCIAL FINANCE,
 LLC; AEQUITAS CAPITAL
 MANAGEMENT, INC.; AEQUITAS
 INVESTMENT MANAGEMENT, LLC;
 ROBERT J. JESENİK, BRIAN A. OLIVER;
 and N. SCOTT GILLIS,

Defendants.

LR 7-1 CERTIFICATION

On February 13, 2017, the undersigned circulated to the approximately 67 counsel of record, via email, a version of this motion (and supporting declaration and proposed form of order) that is substantially the same as this filed version. The conferral requested that counsel respond by 12:00 noon (Pacific Time) on February 20, 2017, as to whether their clients object or consent to the motion. As of the time of filing this motion the undersigned had received one consent and no objections.

MOTION

Ronald F. Greenspan, the duly appointed Receiver (“Receiver”) for each of Aequitas WRFF I, LLC (“WRFF”), and Aequitas Investment Management, LLC (“AIM”), hereby moves (the “Motion”) this Court for the entry of an order (A) approving the Restructuring Agreement Regarding Aequitas WRFF I, LLC (the “Agreement”), and (B) authorizing the dissolution of WRFF and the winding up of its affairs pursuant to applicable law.¹

The Restructuring Transaction (as that term is defined in the Agreement) is explained below, and is detailed in the Agreement, a copy of which is attached as Exhibit 1 to the

¹ Subject to and after the Closing, because WRFF will no longer have any material assets or liabilities, the Receiver anticipates seeking the Securities and Exchange Commission’s consent for this Court to order that WRFF is no longer part of the Receivership Entity.

accompanying Declaration of Ronald F. Greenspan (“Greenspan Decl.”).²

This Motion is supported by the Declaration of Ronald F. Greenspan submitted herewith, the records and files herein, and the following memorandum.

I. Procedural and Fact Background

1. On March 16, 2016, pursuant to the Stipulated Interim Order Appointing Receiver, Mr. Greenspan was appointed as Receiver for the Receivership Entity on an interim basis (the “Interim Receivership Order”) [Dkt. 30]. On April 14, 2016, pursuant to the Order Appointing Receiver, Mr. Greenspan was appointed as Receiver for the Receivership Entity on a final basis (the “Final Receivership Order”) [Dkt. 156].³ (Greenspan Decl., ¶ 2).

2. AIM and WRFF. AIM and WRFF are part of the Receivership Entity. AIM is the “Manager” and “Special Member” of WRFF pursuant to and as those terms are defined in that certain Limited Liability Company Agreement of WRFF, made effective as of December 16, 2013, as amended by that certain First Amendment to Limited Liability Company Agreement, executed as of March 24, 2015 and effective as of December 16, 2013. As of September 30, 2016, AIM, as “Manager” for WRFF, is owed \$164,003 in management fees. (Greenspan Decl., ¶ 3).

3. The principal asset of WRFF is its limited partner interest in Window Rock Residential Recovery Fund C, L.P., formerly known as Window Rock/Aequitas Residential Recovery Fund, L.P. (the “Master Fund”). In addition to WRFF, AIM, and the Master Fund, the remaining party to the Agreement is Window Rock Capital Partner, LLC, the Master Fund’s general partner (the “Master Fund General Partner”). (Greenspan Decl., ¶ 5).

² Exhibit A to the Agreement is the Second Amendment to Limited Liability Company Agreement (the “Amendment”). Amendment Exhibits F and G, and Agreement Exhibit C, are redacted in order to protect personal and confidential financial information with respect to investors in Aequitas WRFF I, LLC. (Greenspan Decl., ¶ 4).

³ Capitalized terms not otherwise defined in this Motion have the meanings ascribed to them in the Final Receivership Order.

4. As detailed in the Agreement, the Receiver proposes that (A) the Master Fund pay WRFF \$164,003, which shall in turn be paid over to WRFF's creditors (if any), and then to AIM in full satisfaction of all management fees owing by WRFF to AIM (the "Management Fee Payment"), (B) AIM, in its capacity as Special Member, accept \$163,997 from the Master Fund General Partner as full and final consideration of AIM's agreement to forego any further rights to payments or distributions from WRFF and to permit the members of WRFF (other than AIM) to become limited partners of the Master Fund (the "Master Fund GP Payment"), (C) the parties to the Agreement provide the releases and other consideration described therein, and (D) WRFF's limited partner interest in the Master Fund be distributed to WRFF's members (other than AIM). (Greenspan Decl., ¶¶ 4 and 6; and Exhibit 1, at ¶¶ 2 and 6, and Exhibit E).

5. The Master Fund GP Payment represents fair value for AIM's agreement to forego any further rights to payments or distributions from WRFF. The Master Fund GP Payment was negotiated by analyzing the discounted net present value of the future management fee income (after accounting for costs and the declining investment balance under management). (Greenspan Decl., ¶ 7).

6. In order to effectuate the Restructuring Transaction, including the transactions described in clauses (A) and (D) of paragraph 4 above, which will result in WRFF no longer operating or holding any material assets or liabilities, the Receiver further requests that WRFF be authorized to dissolve and wind up its affairs in accordance with applicable law. (Greenspan Decl., ¶ 8).

7. The negotiations over the terms of the Agreement were arm's-length. The Receiver and his representatives participated personally in those negotiations. The Receiver believes that the Master Fund and the Master Fund General Partner have at all times acted in good faith in connection with the negotiation process. (Greenspan Decl., ¶ 9).

8. Based on the above, the Receiver has determined, in the exercise of his business judgment, that the Management Fee Payment and the Master Fund GP Payment represent fair value for the Receivership Entity for the management fees earned by AIM, AIM's agreement to forego any further rights to payments or distributions from WRFF, and other consideration described in the Agreement. (Greenspan Decl., ¶ 10).

II. Points and Authorities

9. Pursuant to the Final Receivership Order, the Receiver is authorized, among other things, to take all actions to manage, maintain, and/or wind-down business operations of the Receivership Entity. (Final Receivership Order, ¶ 27). The Receiver is also authorized, without Court approval, to "compromise, abandon or otherwise dispose of any Receivership Property . . . in the ordinary course of business. (*Id.*, ¶ 26).

10. Here, as detailed in the Agreement, the Receiver proposes that AIM receive the Management Fee Payment and the Master Fund GP Payment as final payments in connection with its investment and management for WRFF. The Receiver further proposes that WRFF be authorized to dissolve and wind up its affairs. Such actions are authorized by the Final Receivership Order as set forth above.

11. The Master Fund and the Master Fund General Partner have no known relation to the Receiver or the Receivership Entity except with respect to WRFF's limited partner interest in the Master Fund, as disclosed above.

12. In the exercise of the Receiver's business judgment, the Management Fee Payment and the Master Fund GP Payment represent fair value for the Receivership Entity for the management fees earned by AIM, AIM's agreement to forego any further rights to payments or distributions from WRFF, and the other consideration described in the Agreement. The Agreement is in the best interests of the Receivership Entity, and its creditors and investors.

III. Conclusion

For the foregoing reasons, (A) the Agreement should be approved and the parties authorized to perform the Agreement in accordance with its terms, and (B) WRFF should be authorized to dissolve and wind up its affairs pursuant to applicable law.

Dated this 6th day of March, 2017.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

By: s/ Alex I. Poust, OSB #925155
Troy D. Greenfield, OSB #892534
tgreenfield@schwabe.com
Joel A. Parker, OSB #001633
jparker@schwabe.com
Alex I. Poust, OSB #925155
apoust@schwabe.com
Lawrence R. Ream (Admitted *Pro Hac Vice*)
lream@schwabe.com
Telephone: 503.222.9981
Facsimile: 503.796.2900

Ivan B. Knauer (Admitted *Pro Hac Vice*)
knaueri@pepperlaw.com
Brian M. Nichilo (Admitted *Pro Hac Vice*)
nichilob@pepperlaw.com
PEPPER HAMILTON LLP
600 Fourteenth Street, N.W.
Washington, DC 2005
Tel: (202) 220-1665

Attorneys for the Receiver for Defendants
Aequitas Management, LLC, Aequitas
Holdings, LLC, Aequitas Commercial
Finance, LLC, Aequitas Capital
Management, Inc., and Aequitas Investment
Management, LLC