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MANAGEMENT, LLC

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

PORTLAND DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

AEQUITAS MANAGEMENT, LLC;
AEQUITAS HOLDINGS, LLC;

No. 3:16-cv-00438-PK

STIPULATION AND ORDER GRANTING
RELIEF FROM RECEIVERSHIP ORDER
TO PERMIT LIMITED PAYMENT OF
INVESTIGATION DEFENSE COSTS

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FROM RECEIVERSHIP ORDER TO PERMIT LIMITED
PAYMENT OF INVESTIGATION DEFENSE COSTS

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

Defendants.

The former Chief Financial Officer of Aequitas Holdings, LLC, Olaf Janke ("Janke") and Receivership Defendants Aequitas Management, LLC, Aequitas Holdings, LLC, Aequitas Commercial Finance, Inc., Aequitas Capital Management, Inc., and Aequitas Investment Management, LLC (collectively, "Defendants" and, together with Janke, "the Parties"), by and through their respective undersigned counsel, hereby respectfully submit the following Stipulation and (Proposed) Order Granting Relief from Receivership Order to Permit Limited Payment of Investigation Defense Costs. Plaintiff Securities and Exchange Commission takes no position regarding this stipulation.

STIPULATION

WHEREAS, the United States Securities and Exchange Commission ("SEC") commenced an investigation against the Company and affiliated entities (the "Investigation"), and then subsequently filed this civil action, *SEC v. Aequitas Management, LLC, et al.*, Case No. 3:16-cv-00438-PK (D. Or.) (the "Litigation") (Dkt. No. 1);

WHEREAS, Janke was not named a defendant by the SEC in the Litigation.

WHEREAS, on April 14, 2016, the Court entered an Order in the Litigation (the "Receivership Order") (Dkt. 156) that, among other things, appointed Ronald Greenspan (the "Receiver") as the receiver for the Company and froze the assets of the Company and certain of its subsidiaries and affiliates (collectively the "Receivership Entities");

WHEREAS, on April 14, 2017, Janke filed a Motion for Relief from the Receivership Order to allow Catlin Specialty Insurance Company ("Insurer") to advance certain past and future defense costs to or on behalf of Janke (the "Motion") (Dkt. No. 397);

WHEREAS, the Parties subsequently met and conferred in an attempt to informally resolve the issues raised in Janke's Motion;

WHEREAS, as a result of the Parties' meet and confer efforts, they stipulate as follows and request that the Court approve this stipulation:

1. Insurer issued Private Equity Management Liability Insurance Policy No. MFP-686757-0714 (the "Policy") to Aequitas Holdings, LLC (the "Company"), for the Policy Period of July 1, 2014 to July 1, 2015, subsequently extended to November 1, 2015, with limits of liability in the amount of \$5,000,000, as set forth in the Policy;
2. The Policy provides coverage for "Claim(s)," including certain Claims made by governmental entities against Insured Persons under the Policy's Insuring Agreement A, as set forth in the Policy;
3. The Investigation and Litigation constitute "Claims" as that term is defined in the Policy;
4. The Insurer has received notice and requests for coverage under the Policy relating to the Investigation from, *inter alia*, Janke, who qualifies as an "Insured Person" as that term is defined in the Policy;
5. Prior to the commencement of the Litigation, Janke incurred "Loss", as that term is defined in the Policy in the form of "Defense Costs" in connection with the SEC's Investigation, including but not limited to legal fees and expenses incurred in responding to the SEC's multiple requests for information and interviews;
6. Although Janke contends that he has also incurred (and will continue to incur) "Loss" in the form of "Defense Costs" after the commencement of the Litigation, Janke is

reserving his rights regarding his claim for reimbursement of such post-Litigation incurred "Defense Costs".

7. Subject to the mutual reservations of rights and pursuant to the terms and conditions of the Policy, the Insurer is willing to advance to or for the benefit of Janke "Defense Costs" that he incurred for the Investigation prior to the SEC's filing of this Litigation on March 10, 2016;

8. The Receiver does not oppose the relief from the stay sought by Janke, albeit subject to appropriate conditions, which conditions are set forth in the (Proposed) Order.

IT IS SO STIPULATED this 27th day of April, 2017.

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Attorneys for Olaf Janke

ORDER

Good cause appearing, it is hereby ORDERED that relief from the Receivership Order is granted to the extent applicable, so that the Insurer shall be and is hereby authorized to make payments under the Policy to or for the benefit of Olaf Janke for covered Defense Costs incurred in connection with the Investigation prior to the commencement of this Litigation on March 10, 2016. Mr. Janke shall submit to the Receiver, within 90 days of the entry of this Order, a report reflecting the aggregate amount of Defense Costs paid by the Insurer on behalf of Mr. Janke. This Order is without prejudice to, and does not affect, Mr. Janke's claim for reimbursement of post-Litigation incurred "Defense Costs", an issue upon which Mr. Janke has reserved his rights to pursue on a subsequent date.

IT IS SO ORDERED.

Dated this 27th day of April, 2017.


United States Magistrate Judge Paul Papak