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UNITED STATES DISTRICT COURT
DISTRICT OF OREGON
PORTLAND DIVISION

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

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

Defendants.

Case No. 3:16-cv-00438-PK

**ANSWER AND AFFIRMATIVE
DEFENSES OF DEFENDANT N. SCOTT
GILLIS TO PLAINTIFF'S COMPLAINT**



Defendant N. Scott Gillis, by and through his undersigned counsel of record, answers the Plaintiff's Complaint ("Complaint") and alleges additional or affirmative defenses as follows. Paragraph numbers in this Answer correspond to the paragraph numbers of the Complaint and respond to the allegations in that specific paragraph of the Complaint. Mr. Gillis denies each and every allegation in the Complaint's section headings and in all portions not contained in numbered paragraphs. To the extent that the Complaint's allegations concern persons and/or entities other than Mr. Gillis, Mr. Gillis denies that such allegations support any claim for relief against him. Except as expressly admitted, Mr. Gillis denies all allegations contained in the Complaint.

ANSWER

SUMMARY OF THE ACTION

1. Mr. Gillis denies the allegations in Paragraph 1 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 1 to the extent they are directed at other parties, and therefore denies them.

2. The allegations of Paragraph 2 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis admits, on information and belief, that Aequis Capital Finance, LLC ("ACF") is an entity wholly owned by Aequis Holdings, LLC ("Aequis Holdings"); that Aequis Capital Management, Inc. ("ACM") is the manager of ACF; and that Aequis Investment Management, LLC ("AIM") is the manager of certain Aequis-affiliated investment funds. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 2, and therefore denies them.

3. Mr. Gillis states that ACF's financial records and note offerings speak for themselves. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 3, and therefore denies them.

4. The allegations of Paragraph 4 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 4, and therefore denies them.

5. Mr. Gillis denies the allegations in the first sentence of Paragraph 5 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 5 to the extent they are directed at other parties, and therefore denies them. To the extent that the second sentence of Paragraph 5 purports to describe the content of quarterly documents that were sent to investors, those documents speak for themselves. Mr. Gillis admits that quarterly documents were sent to investors and that, at times, he approved certain financial information included in certain of those quarterly documents. Mr. Gillis denies the remaining allegations in the second sentence of Paragraph 5 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 5 to the extent they are directed at other parties, and therefore denies them. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the third sentence of Paragraph 5, and therefore denies them.

6. Mr. Gillis denies the allegations in the first sentence of Paragraph 6 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 6 to the extent they are directed at other parties, and therefore denies them. Mr. Gillis lacks information or knowledge sufficient to admit or deny

the allegations regarding “the balance on the loan” by the “beginning” of 2016, and therefore denies them. Mr. Gillis denies the remaining allegations in the second sentence of Paragraph 6. Mr. Gillis admits that the Aequis group of companies (the “Aequis Companies”) announced layoffs of a majority of their employees in January 2016. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the third sentence of Paragraph 6 and the allegations in the fourth sentence of Paragraph 6, and therefore denies them.

7. Paragraph 7 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 7 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations to the extent they are directed at other parties, and therefore denies them.

JURISDICTION, VENUE AND INTRADISTRICT ASSIGNMENT

8. Paragraph 8 consists of legal conclusions to which no response is required.
9. Paragraph 9 consists of legal conclusions to which no response is required.
10. Paragraph 10 consists of legal conclusions to which no response is required.
11. Paragraph 11 consists of legal conclusions to which no response is required.

DEFENDANTS

12. The allegations of Paragraph 12 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis admits, on information and belief, that Aequis Holdings is the sole owner and member of ACF and the sole shareholder of ACM. Mr. Gillis admits the allegations in the third and fourth sentences of Paragraph 12. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 12, and therefore denies them.

13. The allegations of Paragraph 13 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis admits that Brian A. Oliver was an Executive Vice President of the Entity Defendants. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 13, and therefore denies them.

14. Mr. Gillis denies that he is a 10% owner of Aequitas Management. Mr. Gillis admits that, at the time this Complaint was filed, he was 62 years old and that he was Chief Financial Officer (“CFO”) of ACF, ACM, and AIM from approximately May 2015 to January 2016. Mr. Gillis admits the remaining allegations in Paragraph 14.

15. Mr. Gillis admits, on information and belief, that Aequitas Management is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon and that Aequitas Holdings is the sole owner and member of ACF and the sole shareholder of ACM. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 15, and therefore denies them.

16. Mr. Gillis admits, on information and belief, that Aequitas Holdings is an Oregon limited liability company with a principal place of business in Lake Oswego. Mr. Gillis admits, on information and belief, the allegations in the second sentence of Paragraph 16. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 16, and therefore denies them.

17. Mr. Gillis admits, on information and belief, that ACF is an Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the first sentence of Paragraph 17, and therefore denies them. Mr. Gillis denies the allegations in the

second sentence of Paragraph 17 to the extent that sentence alleges that ACF's business and investment activities were limited to acquiring or investing in portfolios of trade receivables. Mr. Gillis otherwise admits the allegations in the second sentence of Paragraph 17. Mr. Gillis admits that ACF holds ownership stakes in certain Aequis-affiliated investment funds. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the third sentence of Paragraph 17, and therefore denies them.

18. Mr. Gillis admits, on information and belief, that ACM is an Oregon corporation with a principal place of business in Lake Oswego, Oregon. Mr. Gillis admits that ACM oversees the operations of ACF and has an ownership interest in AIM. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 18, and therefore denies them.

19. Mr. Gillis admits, on information and belief, that AIM is a registered investment advisor and Oregon limited liability company with a principal place of business in Lake Oswego, Oregon. Mr. Gillis admits that AIM oversees the operations of certain Aequis-affiliated investment funds. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 19, and therefore denies them.

RELATED ENTITIES

20. Mr. Gillis admits that certain Aequis-affiliated investment funds managed by AIM raised money from investors through the issuance of notes and that investor money was used to invest directly or indirectly in trade receivables. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 20, and therefore denies them.

FACTUAL ALLEGATIONS

A. Aequitas's Organizational Structure

21. Mr. Gillis denies that Aequitas Management is majority owned by Mr. Jesenik, Mr. Oliver, and Mr. Gillis. Mr. Gillis admits, on information and belief, that Aequitas Holdings is the sole owner and member of ACF and the sole shareholder of ACM; that ACM is the manager of ACF and the sole owner and member of AIM; and that AIM is the manager of and registered investment adviser to certain Aequitas-affiliated investment funds. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 21, and therefore denies them.

22. To the extent the first sentence of Paragraph 22 purports to describe the content of investor materials relating to ACF and Aequitas-affiliated investment funds, those materials speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 22, and therefore denies them. Mr. Gillis admits that ACM is an operating entity of the Aequitas Companies and paid operating expenses of the enterprise. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the second sentence of Paragraph 22, and therefore denies them. Mr. Gillis admits that ACM is funded through management fees charged to ACF and certain Aequitas-affiliated investment funds (through AIM), carried interest, and net profits from credit special purpose vehicles. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the third sentence of Paragraph 22, and therefore denies them.

B. ACF and the Private Note Program

23. Mr. Gillis admits that ACF raised funds from investors through the Private Note Program, by which promissory notes are offered or sold to investors. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the first

sentence of Paragraph 23, and therefore denies them. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 23. Mr. Gillis admits that ACF offers and sells notes both directly to investors and also through RIAs. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the third sentence of Paragraph 23, and therefore denies them.

24. Mr. Gillis admits that the notes issued by ACF and outstanding in 2015 had a weighted average interest rate of approximately 10%. To the extent the first sentence of Paragraph 24 purports to describe the terms of the ACF notes, those notes speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations in the first sentence of Paragraph 24, and therefore denies them. Mr. Gillis admits the allegations in the second sentence of Paragraph 24.

25. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 25, and therefore denies them.

26. Mr. Gillis states that the November 2013 ACF PPM speaks for itself. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 26.

27. Mr. Gillis states that the November 2013 ACF PPM speaks for itself. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 27.

28. Mr. Gillis admits that quarterly documents were sent to investors or their RIAs. To the extent that Paragraph 28 purports to describe the content of those quarterly documents, they speak for themselves. Mr. Gillis admits that, at times in 2015, he approved certain financial information included in certain quarterly documents that were sent to investors in ACF and

certain Aequis-affiliated investment funds. Mr. Gillis denies the remaining allegations in the second sentence of Paragraph 28 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 28 to the extent they are directed at other parties, and therefore denies them. Mr. Gillis admits that he approved certain financial information in certain financial statements of ACF in 2015, including ACF's 2014 audited financials. Mr. Gillis admits that he was aware that at least some of ACF's financials were provided in some form to investors or their RIAs. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 28, and therefore denies them.

29. The allegations of Paragraph 29 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 29, and therefore denies them.

C. The Aequis Funds and Income Opportunity Fund II

30. Mr. Gillis admits that, in addition to ACF, certain Aequis-affiliated investment funds managed by AIM offered and sold promissory notes. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 30, and therefore denies them.

31. Mr. Gillis states that the Aequis-affiliated investment funds' PPMs speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 31, and therefore denies them.

32. The allegations of Paragraph 32 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks

information or knowledge sufficient to admit or deny the allegations in Paragraph 32, and therefore denies them.

33. Mr. Gillis admits that quarterly documents were sent to investors or their RIAs. To the extent that Paragraph 33 purports to describe the content of those quarterly documents, they speak for themselves. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 33, and therefore denies them. Mr. Gillis admits that, at times in 2015, he approved certain financial information included in certain quarterly documents that were sent to investors in certain Aequitas-affiliated investment funds, including the total assets held by the particular fund for which the document was prepared. Mr. Gillis lacks information or knowledge to admit or deny the remaining allegations in the third sentence of Paragraph 33, and therefore denies them.

D. ACF's Operations and Performance Prior to 2014

34. Mr. Gillis admits that CSF is one of ACF's subsidiaries. Mr. Gillis states that ACF's financial statements speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 34, and therefore denies them.

35. Mr. Gillis admits, on information and belief, that CSF purchased Corinthian student loans at a discounted value and that at least some of those student loans were subject to recourse agreements. To the extent the first sentence of Paragraph 35 purports to describe the recourse agreements, those agreements speak for themselves. Mr. Gillis lacks sufficient information or knowledge to admit or deny the remaining allegations in Paragraph 35, and therefore denies them.

E. ACF's Deteriorating Financial Condition in 2014 and 2015

36. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 36, and therefore denies them.

37. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 37, and therefore denies them.

38. Mr. Gillis admits that in 2015, he received internal cash models and projections from Treasury in the ordinary course. To the extent Paragraph 38 purports to describe what those internal cash models and projections showed, those documents speak for themselves. Mr. Gillis otherwise denies the remaining allegations in Paragraph 38 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 38 to the extent they are directed at other parties, and therefore denies them.

39. To the extent Paragraph 39 purports to describe what certain internal cash models and projections showed, those documents speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 39, and therefore denies them.

40. The allegations of Paragraph 40 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 40, and therefore denies them.

41. The allegations of Paragraph 40 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 41, and therefore denies them.

42. Mr. Gillis admits that certain notes issued by ACF came due during the first half of 2015. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the second sentence of Paragraph 42, and therefore denies them. Mr. Gillis admits that he received certain internal cash models and projections from Treasury in the ordinary course during 2015. Mr. Gillis denies the remaining allegations in Paragraph 42 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 42 to the extent they are directed at other parties, and therefore denies them.

43. Mr. Gillis states that the ACF's and Aequitas Holdings' financial records speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 43, and therefore denies them.

F. ACF and the Aequitas Funds Have Raised Investor Money Through Fraud Since 2014

44. Mr. Gillis denies the allegations in the first sentence of Paragraph 44 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the first sentence of Paragraph 44 to the extent they are directed at other parties, and therefore denies them. The second and third sentences in Paragraph 44 consist of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in the second and third sentences of Paragraph 44 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second and third sentences of Paragraph 44 to the extent they are directed at other parties, and therefore denies them.

45. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 45. The second sentence of Paragraph 45 consists

of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in the second sentence of Paragraph 45 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 45 to the extent they are directed at other parties, and therefore denies them.

1. The Insolvency of ACF and the Aequitas Enterprise Was Concealed from Investors

46. Mr. Gillis admits that there was an intercompany loan from ACF to Aequitas Holdings (the “Holdings Note”), that ACF booked the Holdings Note as an asset, and that the long-term realization of the Holdings Note would affect the financial condition of ACF. To the extent Paragraph 46 purports to describe how ACF accounted for the Holdings Note on its books, ACF’s books speak for themselves. Mr. Gillis otherwise denies the remaining allegations in Paragraph 46 to the extent that they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 46 to the extent that they are directed at other parties, and therefore denies them.

47. To the extent Paragraph 47 purports to describe how ACF accounted for the Holdings Note on its books, ACF’s books speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 47, and therefore denies them.

48. Mr. Gillis admits that the Holdings Note reflected, in part, payments for operating expenses, including reasonable travel, fundraising, and other operational costs. Mr. Gillis admits that, in 2015, he received a salary of approximately \$400,000 with a bonus target of 100% of his salary, but states that he did not receive that 100% salary bonus. Mr. Gillis denies the remaining allegations in Paragraph 48 to the extent they are directed at him. Mr. Gillis lacks information or

knowledge sufficient to admit or deny the allegations in Paragraph 48 to the extent they are directed at other parties, and therefore denies them.

49. Mr. Gillis admits that Aequitas' controller prepared partial collateral schedules that set forth certain values of Aequitas Holdings' assets and the balance of the Holdings Note ("Holdings Note partial collateral schedules"), and that these collateral schedules were received by Aequitas executives, including Mr. Gillis. To the extent Paragraph 49 purports to describe the content of the Holdings Note partial collateral schedules, those collateral schedules speak for themselves. Mr. Gillis denies the remaining allegations in Paragraph 49 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 49 to the extent they are directed at other parties, and therefore denies them.

50. Mr. Gillis states that the Holdings Note partial collateral schedules speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 50, and therefore denies them. Mr. Gillis denies the allegations in the second sentence of Paragraph 50.

51. Mr. Gillis states that the Holdings Note partial collateral schedules speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 51, and therefore denies them.

52. The first sentence in Paragraph 52 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in the first sentence of Paragraph 52 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 52 to the extent they are directed at other parties, and therefore denies them. Mr.

Gillis admits that he attended regularly-held Asset-Liability meetings and meetings of the Office of the Chief Investment Officer during 2015. Mr. Gillis admits that he attended other occasional meetings during 2015 where the Holdings Note partial collateral schedules were discussed. To the extent Paragraph 52 purports to describe what the collateral schedules showed, they speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 52, and therefore denies them.

2. Investors Were Not Told That Their Investments Were Used Primarily to Repay Prior Investors or Cover Aequitas's Operating Losses

53. Mr. Gillis denies the allegations in Paragraph 53 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 53 to the extent they are directed at other parties, and therefore denies them.

54. Mr. Gillis states that ACF's and Aequitas-affiliated investment funds' PPMs speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 54, and therefore denies them.

55. The allegations of Paragraph 55 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 55, and therefore denies them.

56. Mr. Gillis states that ACF's PPM and the Aequitas-affiliated investment funds' PPMs speak for themselves. Mr. Gillis denies the remaining allegations in Paragraph 56 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 56 to the extent they are directed at other parties, and therefore denies them.

57. Mr. Gillis states that the quarterly documents sent to investors in ACF and Aequitas-affiliated investment funds speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 57, and therefore denies them.

58. Paragraph 58 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 58 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 58 to the extent they are directed at other parties, and therefore denies them.

3. Defendants Misrepresented the Underlying Trade Receivables Available as Collateral for the Notes Issued by ACF and the Aequitas Funds

59. Paragraph 59 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 59 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 59 to the extent they are directed at other parties, and therefore denies them.

60. Mr. Gillis states that the quarterly documents sent to ACF investors speak for themselves. Mr. Gillis admits that creditors senior to ACF's secured subordinated noteholders, including financial institutions, had priority in certain trade receivable assets that also served as collateral for ACF's secured subordinated notes. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 60, and therefore denies them.

61. Mr. Gillis states that the quarterly documents sent to ACF investors speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 61, and therefore denies them.

62. Mr. Gillis denies the allegations in Paragraph 62 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 62 to the extent they are directed at other parties, and therefore denies them.

63. To the extent Paragraph 63 purports to describe the content of the IOF II PPM, the IOF II PPM speaks for itself. Mr. Gillis admits that in 2015, funds were transferred from IOF II to ACF. Mr. Gillis denies the remaining allegations in Paragraph 63 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 63 to the extent they are directed at other parties, and therefore denies them.

64. Mr. Gillis admits that the transfer of funds from IOF II to ACF resulted in a balance due to IOF II. Mr. Gillis admits that representatives from multiple Aequitas departments met monthly to account for the balance due through the issuance of notes by ACF subsidiaries to IOF II, and that Mr. Gillis and other Aequitas executives were periodically but not always present at these meetings. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 64, and therefore denies them.

65. Mr. Gillis admits that in 2015, notes were issued by ACF subsidiaries to IOF II. Mr. Gillis admits that in 2015, he reviewed certain reports prepared by Treasury at the meetings described in Paragraph 64, which reports speak for themselves. Mr. Gillis states that the IOF II PPM speaks for itself. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 65, and therefore denies them.

66. Mr. Gillis states that the reports prepared by Treasury speak for themselves. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 66, and therefore denies them.

67. The allegations of Paragraph 67 are directed to other parties, and no response by Mr. Gillis is required. To the extent that a response is deemed necessary, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 67, and therefore denies them.

68. Paragraph 68 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 68 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 68 to the extent they are directed at other parties, and therefore denies them.

G. ACF's Efforts to Avoid Registration As An Investment Company Demonstrate Its Insolvency

69. Mr. Gillis lacks information or knowledge sufficient to admit or deny the timeframe alleged in the first sentence of Paragraph 69, and therefore denies the timeframe alleged. Mr. Gillis admits the remaining allegations in Paragraph 69.

70. The first sentence of Paragraph 70 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in the first sentence of Paragraph 70 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the first sentence of Paragraph 70 to the extent they are directed at other parties, and therefore denies them. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 70, and therefore denies them.

71. Mr. Gillis admits that ACF relied on an exemption from registration with the Securities Exchange Commission under the Investment Company Act of 1940 that required 55% or more of its assets to be of a type that qualified under the exemption (the "exemption"). The

second sentence of Paragraph 44 consists of a legal conclusion to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in the second sentence of Paragraph 71, and therefore denies them. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 71, and therefore denies them.

72. Mr. Gillis admits that, beginning in or around May of 2015, he assigned an ACF finance employee to be responsible for preparing a series of recurring reports analyzing ACF's balance sheet, including the value of ACF's qualifying and non-qualifying assets for purposes of the exemption, and that one of those reports was prepared by the ACF finance employee in or around July 2015. Mr. Gillis states that ACF's financial statements speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 72, and therefore denies them.

73. Mr. Gillis admits that Aequitas' controller prepared the Holdings Note partial collateral schedules, and that at some point in or around May of 2015, he instructed the ACF finance employee to use these partial collateral schedules in determining the value of the Holdings Note for purposes of the exemption. Mr. Gillis otherwise denies the allegations in the first sentence of Paragraph 73. Mr. Gillis states that the Holdings Note partial collateral schedules, ACF's financial statements, and the ACF finance employee's report speak for themselves. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the remaining allegations, and therefore denies them.

74. Mr. Gillis admits that in July 2015, he signed a certification stating that ACF held at least 55% in qualifying assets for purposes of the exemption (the "certification"), that the certification did not contain the asset valuations that supported the certification, and that the

certification was used to support a legal opinion regarding ACF's qualification for the exemption. Mr. Gillis denies the remaining allegations in Paragraph 74.

75. Mr. Gillis admits that ACF's legal counsel provided a legal opinion letter to a financial institution stating that ACF was not required to register with the Securities and Exchange Commission under the Investment Company Act of 1940. Mr. Gillis admits that he and Mr. Jesenik met to discuss ACF's qualification for an exemption from registration. Mr. Gillis admits that he knew that, due to the different valuation methods used, the value of the Holdings Note for purposes of the certification was different from and less than the value reflected on ACF's balance sheet. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in Paragraph 75, and therefore denies them.

76. Mr. Gillis admits that the ACF finance employee discussed with him the fact that the Holdings Note was listed as an asset on ACF's books at a greater value than the value that had been used for the certification. Mr. Gillis admits that he received certain internal cash models in the ordinary course. To the extent Paragraph 76 purports to describe what those internal cash models showed, those documents speak for themselves. Mr. Gillis denies the remaining allegations in Paragraph 76.

H. Aequitas' Ongoing Collapse in 2016

77. Mr. Gillis denies the allegations in the first sentence of Paragraph 77 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the remaining allegations in the first sentence of Paragraph 77 to the extent they are directed at other parties, and therefore denies them. Mr. Gillis admits that the Aequitas Companies announced layoffs of a majority of their employees in late January 2016. Mr. Gillis lacks

information or knowledge sufficient to admit or deny the remaining allegations in the second sentence of Paragraph 77, and therefore denies them.

78. Mr. Gillis states that the letter referenced in the first sentence of Paragraph 78 speaks for itself. Mr. Gillis otherwise lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 78, and therefore denies them.

79. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 79, and therefore denies them.

FIRST CLAIM FOR RELIEF

(Violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act by All Defendants)

80. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

81. Paragraph 81 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 81 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 81 to the extent they are directed at other parties, and therefore denies them.

82. Paragraph 82 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 82 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 82 to the extent they are directed at other parties, and therefore denies them.

SECOND CLAIM FOR RELIEF

(Aiding and Abetting Violations of Sections 17(a)(1) and 17(a)(3) of the Securities Act by Defendants Jesenik, Gillis and Oliver)

83. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

84. Paragraph 84 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 84, and therefore denies them.

85. Paragraph 85 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 85 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 85 to the extent they are directed at other parties, and therefore denies them.

86. Paragraph 86 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 86 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 86 to the extent they are directed at other parties, and therefore denies them.

THIRD CLAIM FOR RELIEF

(Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) Thereunder by All Defendants)

87. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

88. Paragraph 88 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 88 to the

extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 88 to the extent they are directed at other parties, and therefore denies them.

89. Paragraph 89 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 89 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 89 to the extent they are directed at other parties, and therefore denies them.

FOURTH CLAIM FOR RELIEF

(Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) Thereunder by Defendants Jesenik, Gillis and Oliver)

90. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

91. Paragraph 91 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 91, and therefore denies them.

92. Paragraph 92 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 92 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 92 to the extent they are directed at other parties, and therefore denies them.

93. Paragraph 93 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 93 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or

deny the allegations in Paragraph 93 to the extent they are directed at other parties, and therefore denies them.

FIFTH CLAIM FOR RELIEF

(Violations of Section 17(a)(2) of the Securities Act by Defendants ACF and Jesenik)

94. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

95. Paragraph 95 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 95, and therefore denies them.

96. Paragraph 96 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 96, and therefore denies them.

SIXTH CLAIM FOR RELIEF

(Aiding and Abetting Violations of Section 17(a)(2) of the Securities Act by Defendants Jesenik, Gillis and Oliver)

97. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

98. Paragraph 98 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 98, and therefore denies them.

99. Paragraph 99 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 99 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or

deny the allegations in Paragraph 99 to the extent they are directed at other parties, and therefore denies them.

100. Paragraph 100 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 100 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 100 to the extent they are directed at other parties, and therefore denies them.

SEVENTH CLAIM FOR RELIEF

(Violations of Section 10(b) of the Exchange Act and Rules 10b-5(b) Thereunder by Defendants ACF and Jesenik)

101. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

102. Paragraph 102 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 102, and therefore denies them.

103. Paragraph 103 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 103, and therefore denies them.

EIGHTH CLAIM FOR RELIEF

(Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder by Defendants Jesenik, Gillis and Oliver)

104. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

105. Paragraph 105 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 105, and therefore denies them.

106. Paragraph 106 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 106 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 106 to the extent they are directed at other parties, and therefore denies them.

107. Paragraph 107 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 107 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 107 to the extent they are directed at other parties, and therefore denies them.

NINTH CLAIM FOR RELIEF

(Violations of Sections 206(1) and 206(2) of the Advisers Act by Defendants ACM and AIM)

108. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

109. Paragraph 109 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 109, and therefore denies them.

110. Paragraph 110 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 110, and therefore denies them.

111. Paragraph 111 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 111, and therefore denies them.

112. Paragraph 112 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 112, and therefore denies them.

TENTH CLAIM FOR RELIEF

(Aiding and Abetting Violations of Sections 206(1) and 206(2) of the Advisers Act by Defendants Jesenik, Gillis and Oliver)

113. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

114. Paragraph 114 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 114, and therefore denies them.

115. Paragraph 115 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 115 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 115 to the extent they are directed at other parties, and therefore denies them.

116. Paragraph 116 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 116 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 116 to the extent they are directed at other parties, and therefore denies them.

ELEVENTH CLAIM FOR RELIEF

(Violations of Sections 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder by Defendants ACM and AIM)

117. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

118. Paragraph 118 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 118, and therefore denies them.

119. Paragraph 119 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 119, and therefore denies them.

120. Paragraph 120 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 120, and therefore denies them.

121. Paragraph 121 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 121, and therefore denies them.

122. Paragraph 122 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 122, and therefore denies them.

123. Paragraph 123 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 123, and therefore denies them.

124. Paragraph 124 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 124, and therefore denies them.

TWELFTH CLAIM FOR RELIEF

(Aiding and Abetting Violations of Sections 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder by Defendants Jesenik, Gillis and Oliver)

125. Mr. Gillis incorporates by reference and restates the response to each of Paragraphs 1 to 79 as set forth above.

126. Paragraph 126 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 126, and therefore denies them.

127. Paragraph 127 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 127, and therefore denies them.

128. Paragraph 128 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 128 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 128 to the extent they are directed at other parties, and therefore denies them.

129. Paragraph 129 consists of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies the allegations in Paragraph 129 to the extent they are directed at him. Mr. Gillis lacks information or knowledge sufficient to admit or deny the allegations in Paragraph 129 to the extent they are directed at other parties, and therefore denies them.

PRAYER FOR RELIEF

The allegations set forth in Plaintiff's "Prayer for Relief" consist of legal conclusions to which no response is required. To the extent that a response is required, Mr. Gillis denies that Plaintiff is entitled to the requested relief or any other relief on its claims.

SEPARATE AND AFFIRMATIVE DEFENSES

Mr. Gillis asserts the following separate and affirmative defenses to Plaintiff's allegations set forth in the Complaint. By setting forth these separate and affirmative defenses, Mr. Gillis does not assume the burden of proving any fact, issue, or element of a claim he would not otherwise bear.

FIRST AFFIRMATIVE DEFENSE

The Complaint, and each and every purported cause of action in it, is barred, in whole or in part, because it fails to state a claim against Mr. Gillis upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

The Complaint, and each and every purported cause of action in it, is barred, in whole or in part, to the extent that it seeks to impose disclosure obligations that are inconsistent with, or in excess of those imposed by the federal securities laws and the rules and regulations promulgated thereunder by the Securities and Exchange Commission.

THIRD AFFIRMATIVE DEFENSE

The Complaint, and each and every purported cause of action in it, is barred, in whole or in part, because there was no duty, under federal securities laws or otherwise, to disclose the information that the Complaint alleges was omitted or misstated.

FOURTH AFFIRMATIVE DEFENSE

The Complaint, and each and every purported cause of action in it, is barred, in whole or in part, because Mr. Gillis did not know, and could not have known with the exercise of reasonable care, the untruth of any alleged misrepresentation or the fact of any alleged material omission. Any alleged conduct in this case by Mr. Gillis was without intent to deceive or scienter.

FIFTH AFFIRMATIVE DEFENSE

The Complaint, and each and every purported cause of action in it, is barred, in whole or in part, because at all relevant times, Mr. Gillis relied in good faith on the advice, professional judgment and opinions of others, including, but not limited, to accountants and financial professionals in Aequis' internal finance and compliance departments, attorneys and legal professionals in Aequis' legal department, Aequis' outside counsel, and Aequis' outside auditors as to matters he reasonably believed to be within such person's professional or expert competence.

SIXTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, because at all relevant times, Mr. Gillis acted in good faith and with good cause.

SEVENTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, because any alleged misstatements or omissions set forth in the Complaint were not material.

EIGHTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, because all alleged misstatements were made in good faith, in the belief that such statements

were accurate, there was no omission of a material fact required to be disclosed or necessary to make any such statements not misleading, and such statements were proper in all respects.

NINTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, because all material information alleged to have been omitted was in fact disclosed or otherwise known to investors.

TENTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, because none of the alleged misrepresentations (by way of alleged misstatement or omission) or conduct was deceptive or manipulative in view of, *inter alia*, the totality of information available to investors.

ELEVENTH AFFIRMATIVE DEFENSE

The Complaint, and each and every cause of action in it, is barred, in whole or in part, to the extent that any alleged misstatements constitute expressions of honest opinion or corporate optimism.

TWELFTH AFFIRMATIVE DEFENSE

The Complaint's prayer for injunctive relief is barred because there is no reasonable likelihood that any alleged violation will be repeated, and thus injunctive relief would be punitive in nature.

THIRTEENTH AFFIRMATIVE DEFENSE

The Complaint's prayer for penalties is barred because any alleged violation was isolated and/or unintentional. Any such relief would therefore be punitive in nature.

FOURTEENTH AFFIRMATIVE DEFENSE

The Complaint's prayer for an officer and director bar is barred because any alleged violation was isolated and/or unintentional. Any such relief would therefore be punitive in nature.

FIFTEENTH AFFIRMATIVE DEFENSE

Mr. Gillis incorporates by reference all affirmative and other defenses pled by any other defendant to the extent that the defenses are not set forth herein and are not inconsistent with Mr. Gillis's defenses.

SIXTEENTH AFFIRMATIVE DEFENSE

Mr. Gillis expressly reserves his right to plead additional affirmative and other defenses should any such defenses be revealed by during discovery or otherwise, and hereby reserves his right to amend his Answer to assert any such defenses or claims, up to and including the time of trial.

PRAYER FOR RELIEF

WHEREFORE, having stated his answer and affirmative defenses, Mr. Gillis prays for relief as follows:

1. That Plaintiff takes nothing under the Complaint, and the Complaint be dismissed with prejudice;
2. That judgment be entered in favor of Mr. Gillis and against Plaintiff on each and every cause of action set forth in the Complaint;
3. That Mr. Gillis recover his costs of suit and attorneys' fees incurred herein; and

4. That Mr. Gillis be granted such other and further relief as the Court deems just and proper.

JURY DEMAND

Mr. Gillis demands a trial by jury of all issues so triable.

DATED: May 4, 2017

COVINGTON & BURLING LLP

By: /s/ W. Douglas Sprague
W. DOUGLAS SPRAGUE (*Pro Hac Vice*)

Attorneys for Defendant N. Scott Gillis