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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.

AEQUITAS MANAGEMENT, LLC;
AEQUITAS HOLDINGS, LLC;
AEQUITAS COMMERCIAL FINANCE,

No. 3:16-cv-00438-JR

RECEIVER'S APPLICATION TO EMPLOY
COUNSEL



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

Defendants.

APPLICATION

Ronald F. Greenspan, the duly appointed Receiver (“Receiver”) for the Receivership Entity¹ hereby applies to this Court for entry of an order, *nunc pro tunc* to May 27, 2019, employing Parsons Farnell & Grein, LLP (“PFG”), as counsel for the benefit of the Receiver and the Receivership Entity.

This Application is supported by the Declaration of Michael E. Farnell. In further support of this Application, the Receiver represents as follows:

A. Procedural and Fact Background

1. On March 10, 2016 (the “Filing Date”), the Securities and Exchange Commission (“SEC”) filed a complaint in this Court against the Receivership Defendants and three individuals, Robert J. Jesenik, Brian A. Oliver, and N. Scott Gillis.

2. On March 16, 2016, pursuant to the Stipulated Interim Order Appointing Receiver, the Receiver was appointed as receiver for the Receivership Entity on an interim basis (the “Interim Receivership Order”). On April 14, 2016, pursuant to the Final Receivership Order, the Receiver was appointed as receiver for the Receivership Entity on a final basis.

3. Pursuant to the Final Receivership Order the Receiver is authorized, among other things, “[t]o engage and employ persons in his discretion to assist him in carrying out his duties

¹ Capitalized terms not otherwise defined in this Application shall have the meanings ascribed to them in the April 14, 2016, Order Appointing Receiver (the “Final Receivership Order”) [Dkt. No. 156].

and responsibilities hereunder, including...attorneys....” (Final Receivership Order, ¶ 6.F). Court approval is required for the Receiver to retain professionals other than those previously approved in the Final Receivership Order. (Final Receivership Order, ¶ 44). Retention of professionals *nunc pro tunc* is authorized, subject to the Court’s discretion. (*Id.*).

4. As detailed below, the Receiver and the Receivership Entity require the assistance and advice of special co-counsel serving as local insurance recovery counsel for the Receiver in connection with claims implicating directors and officers insurance coverage issued to one or more of the entities comprising the Receivership Entity.

5. The proposed rates of compensation for attorneys from PFG, subject to final Court approval, do not exceed 85% of the customary hourly rates charged by such counsel. The hourly rates for Michael E. Farnell, the timekeeper primarily responsible for providing services to the Receiver and the Receivership Entity, are as follows:

| Timekeeper | Position | Standard 2019 Rate | Aequitas Rate (85% of Standard 2019 Rate) |
|--------------------|-----------------|---------------------------|------------------------------------------------------|
| Michael E. Farnell | Partner | \$450/Hour | \$382.50 |

6. To the best of the Receiver’s knowledge, the proposed professionals have no connection with the Receivership Entity except as may otherwise be disclosed in the declaration of Michael E. Farnell submitted herewith.

B. Proposed Counsel for Receiver and Receivership Entity

7. After the Filing Date, PFG was retained (subject to Court approval) to serve as local insurance recovery co-counsel for the Receiver in connection with claims implicating

directors and officers insurance coverage issued to one or more of the entities comprising the Receivership Entity.

8. The Receiver wishes to employ PFG as co-counsel as outlined above because of their experience and knowledge in prosecuting claims for recovery on directors and officers insurance policies. Although the Court has previously authorized the Receiver to retain the Law Offices of Stanley H. Shure² with respect to “insurance coverage issues”³, the Receiver believes that retaining PFG, which is based in Portland, Oregon, will increase efficiencies in litigating the directors and officers insurance claims for the benefit of the Receivership Estate as well as its investors and creditors. As always, the Receiver will coordinate the tasks of counsel to avoid duplication of effort. If PFG is approved as local insurance coverage counsel, the Receiver’s general counsel, Schwabe Williamson & Wyatt, may withdraw from the insurance coverage actions.

9. PFG has indicated its willingness to serve as counsel for the Receivership Entity and to follow the directions of the Receiver regarding the scope of PFG’s activities on its behalf, and to receive compensation for professional services rendered and expenses incurred in accordance with the provisions of the Final Receivership Order.

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² July 18, 2016, Order Granting Receiver’s Application to Employ Counsel. [Dkt. 227].

³ July 15, 2016, Receiver’s Application to Employ Counsel. [Dkt. 221, at ¶ 11].

WHEREFORE, the Receiver prays that it be authorized to employ PFG as set forth above.

Dated this 7th day of June, 2019.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

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