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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

DECLARATION OF MICHAEL E.
FARNELL IN SUPPORT OF 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.

I, Michael E. Farnell, declare as follows:

1. I am a partner at Parsons Farnell & Grein, LLP (“Applicant”). I make this declaration in support of the Receiver’s Application to Employ Counsel (the “Application”).
2. The Applicant is not a creditor of the Receivership Entity.¹
3. The Applicant is not an equity security holder of the Receivership Entity.
4. The Applicant is not a relative of a general partner of the Receivership Entity.
5. The Applicant is not a partnership in which the Receivership Entity is a general partner.
6. The Applicant is not a general partner of the Receivership Entity.
7. The Applicant is not a corporation of which the Receivership Entity is a director, officer, or person in control.
8. The Applicant is not and was not, within two years before the date of the entry of the Order Appointing Receiver, a director, officer or employee of the Receivership Entity.
9. The Applicant is not a person in control of the Receivership Entity.
10. The Applicant is not a relative of a director, officer or person in control of the Receivership Entity.
11. The Applicant is not the managing agent of the Receivership Entity.
12. The Applicant is not and was not an investment banker for any outstanding security of the Receivership Entity; has not been within three years before the date of the Order

¹ Capitalized terms not otherwise defined in this declaration shall have the meanings ascribed to them in the April 14, 2016, Order Appointing Receiver. [Dkt. 156].

Appointing Receiver, an investment banker for a security of the Receivership Entity, or an attorney for such an investment bank in connection with the offer, sale, or issuance of a security of the Receivership Entity; and is not and was not, within two years before the date of entry of the Order Appointing Receiver, a director, officer, or employee of such an investment banker.

13. The Applicant has no interest materially adverse to the interest of the Receiver or the Receivership Entity.

14. Applicant currently represents William Glasgow, who by virtue of his status as a former member of the Aequitas's Advisory Board is an insured under certain directors and officers insurance coverage issued to one or more of the Receivership Entities. Because the Receiver's retention of the Applicant would result in Applicant's representation of multiple clients in the same or a substantially related matter, Applicant has provided the Receiver and Mr. Glasgow with disclosure of the joint representation and its potential ramifications. Both parties have provided their written consent to the joint representation.

15. The Applicant is not an affiliate of the Receivership Entity.

16. The Applicant acknowledges that it has a duty during the progress of this case to keep the court informed of any change in the statement of facts which appear in this declaration. In the event that any such changes occur, the Applicant shall promptly file with the court an amended declaration.

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17. The Applicant acknowledges that its fees and expenses incurred herein will be subject to review and allowance pursuant to Article XV of the Order Appointing Receiver.

I declare under penalty of perjury under the laws of the state of Oregon that the foregoing statements and those contained in any attached exhibits, are true and correct to the best of my knowledge, information and belief.

Dated this 7th day of June, 2019.

/s/ Michael E. Farnell

Michael E. Farnell, Partner, Parsons Farnell &
Grein, LLP