

Troy Greenfield, OSB #892534

Email: tgreenfield@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.

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: iknauer@swlaw.com

Snell & Wilmer LLP

1101 Pennsylvania Ave. NW, Suite 300

Washington, DC 20004

Telephone: 202.802.9770

Facsimile: 202.688.2201

Attorneys for 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.

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

No. 3:16-cv-00438-JR

RECEIVER'S REQUEST FOR APPROVAL
OF THIRTEENTH INTERIM FEE
APPLICATION



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

Defendants.

Local Rule 7-1

Owing to the complexity and volume of the Receiver's Request for Approval of Thirteenth Interim Fee Application, the Receiver has not sought to confer with the other parties or counsel as would normally be required under Local Rule 7-1. In accordance with the direction set forth in the Order Appointing Receiver, the Receiver provided the Securities and Exchange Commission (the "Commission") complete copies of the detailed invoices of all of the firms prior to the filing of this Application and received no objection from the Commission.

I. RELIEF REQUESTED

The Court-Appointed Receiver in this action, Ronald F. Greenspan, respectfully requests the Court's approval to pay the interim fees and expenses of the Receiver and the professional service firms that have rendered services on behalf of the Receivership Entity for the period from April 1, 2019 through June 30, 2019 (the "Thirteenth Application Period").

The efforts of the Receiver and the professionals on behalf of the Receivership Entity are set forth in detail in the July 31, 2019 Report of the Receiver (the "July 2019 Report")¹ as well as in the summary invoice of each professional, which are attached to the Declaration of Ronald F. Greenspan (the "Greenspan Declaration") filed contemporaneously with this motion.² As the Court

¹ Dkt. 749.

² Greenspan Declaration, Exhibits B through H.

is aware, this is a very complex and otherwise difficult case. The information contained in the July 2019 Report and in the summary invoices demonstrates both the necessity of the services provided, as well as the reasonableness of the resulting fees and expenses.

The Court has previously approved the engagement of each of the professional service firms. In accordance with the request of the Commission, all of the firms have discounted their standard hourly rates. The fees and expenses submitted to the Court for approval are consistent with the Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission (the “Billing Instructions”). In accordance with the direction set forth in the Order Appointing Receiver, the Receiver provided the Commission complete copies of the detailed invoices of all of the firms prior to the filing of this Application and the Commission does not object to the Application. Prior fees and expenses requested, allowed, and paid by the Receivership Entity are set forth in detail below.

II. BACKGROUND

On March 10, 2016, the Commission filed a Complaint (the “Complaint”) against the Entity Defendants as well as Robert J. Jesenik, Brian A. Oliver and N. Scott Gillis (collectively the “Individual Defendants”), for alleged violation of Federal Securities Laws in what the Commission describes as a “Ponzi-like” scheme.³ The Commission alleges that the Individual Defendants, all principals of one or more of the Entity Defendants, defrauded investors and also misused investor funds to pay operating expenses and to repay earlier investors.⁴ The

³ Dkt. 1.

⁴ Dkt. 1, ¶¶ 1-7. Of note, one of the Individual Defendants, Brian Oliver, recently plead guilty to conspiracy to commit mail and wire fraud in violation of 18 U.S.C. § 1349 and conspiracy to commit money laundering in violation of 18 U.S.C. § 1956(h). Additionally, the former CFO

Commission further alleges that “[b]y the end of 2015 [Aequitas] owed investors \$312 million and had virtually no operating income to repay them.”⁵ The investments identified by the Commission refer to the funds borrowed by ACF, one of the 48 entities composing the Receivership Entity. In total, there are over \$600 million of investor funds in the Receivership Entity.

On March 16, 2016, pursuant to the Stipulated Interim Order Appointing Receiver, Ronald F. Greenspan was appointed as Receiver for the Entity Defendants and 43 related entities on an interim basis (the “Interim Order”). 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”).⁶ In very general terms, the Receiver is directed to marshal and preserve assets of the Receivership Entity.

The Receiver filed a voluntary report and recommendations to the Court (the “Initial Report”) for the first “stub quarter” ending June 30, 2016 [Dkt. 246], the first mandated quarterly report covering the period through September 30, 2016 [Dkt. 298] and subsequent reports covering the period through December 31, 2016 [Dkt. 365], through March 31, 2017 [Dkt. 444], through June 30, 2017 [Dkt. 491], through September 30, 2017 [Dkt. 559], through December 31, 2017 [Dkt. 587], through March 31, 2018 [Dkt. 610], through June 30, 2018 [Dkt. 644], through September 30, 2018 [Dkt. 662], through December 31, 2018 [Dkt. 674], and through March 31, 2019 [Dkt 700] which are collectively referred to herein as the “Receiver’s Reports”.

Olaf Janke recently plead guilty to the same charges. The Receiver and others anticipate additional former directors and officers will be charged.

⁵ Dkt. 1, ¶ 5.

⁶ Dkt. 156.

The July 2019 Report [Dkt. 749] is the Receiver's report and recommendations to the Court for the quarter ending June 30, 2019. The contents of the Thirteenth Interim Fee Application, like the focus of the July 2019 Report, provides the basis for the fees and expenses incurred by the professionals on behalf of the Receivership for the quarter ending June 30, 2019.

A. The Receiver continues to successfully preserve and monetize Receivership assets.

The Receiver has successfully stabilized the Receivership Entity, preserved value when possible and facilitated the monetization of a majority of the receivership assets. Through the quarter ended June 30, 2019, the Receiver has sold assets and collected receivables totaling approximately \$319.8 million, plus an additional \$32 million of gross assets owned by CPFIT, an affiliate of the Receivership Entity but excluded from the Receivership itself. The Receiver has also entered into and substantially completed the implementation of a settlement with the Consumer Financial Protection Bureau ("CFPB") and fourteen state Attorneys General in connection with the Corinthian Colleges student loan portfolio held by Campus Student Funding, LLC, including modification or cancellation of each of the approximately 47,000 loans, and appropriate notification to each of the borrowers.

As previously discussed, on March 10, 2016, the SEC filed a complaint in this Court alleging that certain Aequitas executives and five entities had violated various federal securities laws. On June 6, 2016, the SEC and the Receiver, acting on behalf of the Aequitas Entity Defendants, filed a consent judgment with the Court, which resolved the claims set forth in the SEC Complaint against the Entity Defendants only, without admitting or denying the numerous allegations.

Having made substantial progress on the asset dispositions and resolution of the

numerous governmental investigations, the Receiver proceeded with an investor claim validation process involving the compilation and dissemination of 2,561 individually tailored investment data verification packets. As mandated by the Final Receivership Order, the Receiver has concluded his forensic investigation and the resulting forensic report (the “Forensic Report”) was filed with the Court on November 21, 2018⁷ and posted to the Receiver’s website⁸.

In the first half of 2019 and including the reporting period, the Receiver continued to expend significant efforts in data analysis and financial modeling necessary for an efficient claims process as well as analyses of potential distribution plans. On February 12, 2019, the Receiver circulated to the approximately 68 counsel of record, via email, a version of the claims motion, related exhibits, and proposed form of order. Following the conferral and after incorporating some minor changes as a result, on April 23, 2019, the Receiver filed a claims and bar date motion. On April 25, 2019, the Court entered the Order (1) Establishing Claims Bar Date, (2) Approving The Form And Manner Of Notice, And (3) Approving The Proof Of Claim Form, Procedures And Other Related Relief (the “Claims Procedures Order”). The Receiver then proceeded expeditiously to implement the claims process as mandated in the Claims Procedures Order. As of the Claims Bar Date (July 31, 2019), 296 claims had been received (or post-marked) and 4,830 Notices of Receiver’s Initial Determination had been issued.⁹

⁷ Dkt. 663.

⁸ <http://www.kccllc.net/aequitasreceivership/document/16004381811210000000000001>

⁹ The Receivership team is processing and reviewing the filed claims. Certain claims appear to agree with the Notice of Receiver’s Initial Determination, and a number of filed claims are duplicative. Therefore, the number of actual claims is less than the sum of the filed claims and NODs issued.

The Receiver and his team have been intimately involved in shepherding settlement of investor claims against Integrity Bank & Trust, an entity that was alleged to have solicited investors in Aequitas securities, and Tonkon Torp LLP, a law firm that provided legal services to the Aequitas Entities and alleged by the various investor groups to have aided and abetted in the fraud. Both settlements are subject to approval by this Court. The Tonkon Torp settlement is also subject to approval by the Court in the matter of *Ciuffitelli, et. al. v. Deloitte & Touche, et. al.*, Case No. 3:16-cv-00580-AC (“Investor Class Action”). On March 19, 2019, Judge Acosta issued Findings and Recommendations granting preliminary approval of the partial class settlement with Tonkon Torp.¹⁰ On May 29, 2019, Judge Hernandez entered an Order adopting the Findings and Recommendations issued by Judge Acosta.¹¹

In December 2018, shortly after completing work on the Forensic Report, the Receiver began to organize and facilitate numerous large-scale mediation sessions to resolve investors’ claims against the remaining professional firm defendants – Deloitte & Touche, EisnerAmper, Sidley Austin, Duff & Phelps and TD Ameritrade. Those significant efforts over the ensuing months ultimately proved successful. All parties agreed to mediate in San Francisco, with the Honorable Daniel Weinstein, Ambassador David Carden, and Lizbeth Hasse acting as the mediators. Once all parties agreed to the terms governing the mediation process, the Receiver and his team devoted considerable time and resources to providing extensive data and counsel to aid the parties in reaching

¹⁰ Dkt. 481.

¹¹ Dkt. 566.

negotiated resolutions. The Receiver's efforts during the four multi-day mediation sessions, between April and August, facilitated the following:

- Payments from the professional firm defendants to the class totaling \$220M, as well as multiple additional seven-figure payments presently subject to confidentiality agreements;
- Releases of contribution and other claims of a number of professional firm defendants against the Receivership Entity; and
- Contingent releases of contribution and other claims of a number of professional firm defendants against the Individual Defendants, Advisory Board members and other former officers and directors (contingent upon those parties releasing claims to the proceeds of the insurance policies maintained by entities comprising the Receivership Entity).

These efforts of the Receiver to facilitate resolution of investor claims against the professional firm defendants have greatly accelerated future distributions to the investors, both direct distributions of the settlement proceeds and, ultimately, distributions from the Receivership estate and will meaningfully reduce the cost of administering the Receivership.

During the reporting period, the Receiver successfully resolved another very significant claim against the Receivership.

During this reporting period, the Receivership continued to facilitate discovery, with over 270 people accessing the database, which contains 17.5 million documents, and provide financial and tax administration including preparing and filing over 100 entity tax returns.

B. The Receiver continues to manage the Receivership Entity and recommends that the Receivership continue for the benefit of creditors and investors.

It remains the Receiver's recommendation that the Receivership continue. The conditions under which the Receivership was imposed still exist. While much has been accomplished, there remains several crucial steps before the Receivership can distribute its assets to stakeholders and windup its operations. The Receiver must finish monetizing the remaining assets in a manner and timeline consistent with reasonably maximizing the value to the stakeholders. The Receiver also must (i) complete the claims processes, (ii) complete necessary litigation, (iii) resolve claim amounts of investors and other creditors, (iv) complete the drafting of and seek constituent support and Court approval of an asset distribution plan, and (v) manage the distribution process.

Although the consumer loan portfolios have been immensely reduced, the thousands of remaining loans owned by the Receivership Entity will continue to be appropriately managed until they are monetized completely. The Receiver and his team fill the management gap left after the termination of the Individual Defendants and the departures of other management and staff (more than 90% of pre-Receivership employees are no longer with the Receivership Entities). Absent that day-to-day, hands-on management, the Receivership Entity's, and, ultimately, the investors' value would languish.

Feedback from Commission staff and Aequitas investors regarding our progress thus far has been positive. The Receiver is very mindful of the priorities to proceed both expeditiously and economically, to seek an interim distribution when possible, and conclude this Receivership in an equitable fashion as soon as practicable. The Receiver believes he has the constituent's support and encouragement to continue his efforts, and that they also support the continuation of the Receivership.

C. The following qualified professional service firms have been engaged by the Receiver to aid in the discharge of his duties and responsibilities to the Receivership Entity.

On March 16, 2016, pursuant to the Interim Order, the Receiver engaged FTI Consulting, Inc. ("FTI"), as well as the law firms of Pepper Hamilton LLP ("Pepper"), Schwabe, Williamson & Wyatt PC ("Schwabe") and Pachulski Stang Ziehl & Jones LLP ("Pachulski") on an interim basis. On April 14, 2016, pursuant to the Final Receivership Order, the Receiver engaged FTI, Pepper, Schwabe and Pachulski on behalf of the Receivership Entity.

On July 18, 2016, pursuant to the Order Granting Receiver's Application To Employ Counsel, the Receiver employed the Law Offices of Stanley H. Shure ("Shure"), Akin Gump Strauss Hauer & Feld LLP ("Akin"), Morrison & Foerster LLP ("MoFo") and Ater Wynne LLP ("Ater") *nunc pro tunc* to March 10, 2016.

On May 3, 2018, pursuant to the Order Granting Receiver's Application to Employ Counsel, the Receiver employed Snell & Wilmer LLP ("Snell & Wilmer") in order to retain attorney, Ivan B. Knauer, who relocated from Pepper Hamilton to Snell & Wilmer.

On June 10, 2019, pursuant to the Order Granting Receiver's Application to Employ Counsel, the Receiver employed Parsons, Farnell & Grein, LLP ("Parsons Farnell") as local insurance counsel for the Receiver.

1. FTI Consulting - Receiver, Financial Advisor and On-Site Management

The Receiver is employed as a Senior Managing Director of FTI, which bills and collects for the Receiver's time and expenses. To support the Receivership, the Receiver has retained FTI and has access to FTI professionals. FTI is serving as financial advisor to the Receiver and providing on-site management supervision over the operations of the Receivership Entity.

Additionally, FTI has been instrumental in preparing assets for market, running certain sale processes, data and information consolidation, investor account data verification, coordinating and overseeing the forensic accounting, implementation of the national Corinthian Colleges student note receivable settlement with the CFPB and fourteen state Attorneys General, and planning and implementation of the claims process and distribution plan development.

2. Pepper Hamilton - Securities and Exchange Commission Counsel

Pepper represents the Receiver in connection with SEC-related matters, including the SEC Complaint and discovery promulgated thereunder. Pepper has also acted as a point of contact for the Receiver with the Consumer Financial Protection Bureau (the “CFPB”) and certain other governmental agencies. Pepper has also assisted the Receiver with certain transactional work.

3. Snell & Wilmer - Securities and Exchange Commission Counsel

Following the move of attorney Ivan Knauer from Pepper to Snell & Wilmer around May 1, 2018, Snell & Wilmer represents the Receiver in connection with SEC-related matters, including the SEC Complaint and discovery promulgated thereunder. Snell & Wilmer also represents the Receiver regarding other ongoing regulatory inquiries and acts as a point of contact for the Receiver with the state Attorneys General, Consumer Financial Protection Bureau (the “CFPB”) and certain other governmental agencies. Counsel is diligently ensuring there is no duplication in work performed by Pepper and Snell & Wilmer.

4. Schwabe, Williamson & Wyatt – General Counsel

As general counsel to the Receiver, Schwabe provides general outside counsel advice, as well as the majority of transactional and litigation support for all matters other than the SEC

action. As periodically requested by the Receiver and as required of local counsel, Schwabe assists in the SEC enforcement action. Schwabe also communicates with the Commission Staff regarding operations, asset sales and other issues related to the administration of the Receivership.

5. Pachulski Stang Ziehl & Jones – Bankruptcy Counsel

Pachulski has been retained to provide advice involving bankruptcy related matters, if needed. Pachulski also advised the Receiver at outset of the case on various receivership set up and administration matters and performed lien perfection analyses.

6. Stanley H. Shure – Insurance Counsel

The Law Offices of Stanley H. Shure was retained to provide counsel on all insurance coverage issues pertaining to the Receivership Entity, including but not limited to: (a) reviewing and analyzing the Receivership Entity's liability insurance policies with respect to the claims made against it, (b) providing counsel in the event of insurance coverage disputes with the Receivership Entity's insurers, (c) evaluating the "Bankers Bond" policy for scope of coverage and whether the Receivership Entity holds any claims under the policy, and (d) analyzing and providing counsel with respect to claims, if any, that the Receivership Entity may have against former directors and officers of the Receivership Entity.

7. Morrison & Foerster – Consumer Financial Protection Bureau

Before the Commission filed suit, MoFo was counsel for three entities within the Receivership Entity: Aequis Capital Management, Inc., Aequis Commercial Finance, LLC, and Campus Student Funding, LLC on two matters. Specifically, MoFo represented those three entities with respect to (a) the Corinthian Colleges' bankruptcy case, and (b) an investigation initiated by the CFPB and certain state attorneys general relating to Corinthian-related student

loans owned by Campus Student Funding (the “CFPB Matter”). The Receiver has retained MoFo with respect to ongoing representation in the CFPB Matter only and assistance with various consumer finance matters.

8. Akin Gump Strauss Hauer & Feld – American Student Financial Group, Inc.

Prior to entry of the Interim Order, Akin was counsel to certain entities within the Receivership Entity in two matters. First, Akin represented Aequis Capital Management, Inc. in the matter of American Student Financial Group, Inc., et al. v. Aequis Capital Management, Inc., Case No. 12-cv-02445-CAB-JMA (S.D. Cal.). Akin also represented Robert Jesenik and Andrew MacRitchie in that action but claims against those individuals were dismissed on summary judgment. Second, Akin has represented the following companies in the Receivership Entity, in the matter of American Student Financial Group, Inc. v. Campus Student Funding, LLC, et al., Case No. 37-2013-00028562-CU-IP-CTL (San Diego Superior Court): Aequis Commercial Finance, LLC; Aequis Investment Management, LLC; Aequis Income Protection Fund, LLC; Aequis Income Opportunity Fund, LLC; and Aequis Capital Management, Inc. Akin has also represented Campus Student Funding, LLC, f/k/a ASFG, LLC, Thomas Szabo, and Thomas Reiter in the same matter.

9. Parsons Farnell & Grein, LLP – Local Counsel for Insurance Matters

Parsons Farnell is local counsel to the Receiver on all insurance and insurance coverage issues.

10. Ater Wynne – Conflicts Counsel regarding Wells Fargo Bank, NA

Ater was retained to represent the Receiver with respect to matters adverse to Wells

Fargo Bank and other matters where the Receiver's retained counsel had a conflict of interest. The Wells Fargo liability has been retired. Ater withdrew as counsel to the Receiver effective April 4, 2017.¹²

D. The Receiver and the professional firms have already returned millions of dollars to the Receivership Entity.

As of June 30, 2019, the Receivership had cash balances of approximately \$122.0 million for the entities included in the Receivership Entity. The Standardized Fund Accounting Report, which is included in the Receiver's July 2019 Report, provides a detailed statement of cash receipts and disbursements. Over the period from March 16, 2016 to June 30, 2019, the overall cash balance of the Receivership Entity increased by approximately \$106.0 million.

The July 2019 Report also contains detailed accounts of the asset monetization and wind down activities completed during the Thirteenth Application Period, as well as the ongoing sales efforts. The following are brief summaries of the transactions and efforts undertaken during the Thirteenth Application Period.

1. CarePayment Medical Receivables

On December 21, 2017, CPLLC and CPFIT sold the remaining healthcare receivables to an affiliate of CPYT. This marked a major milestone in the Receivership's successful liquidation of the CarePayment receivables portfolio.

Throughout 2018 and 2019, Receivership staff continued to work closely with CPYT to finalize separation of the CarePayment platform from the Receivership. The Receivership completed and executed documentation with healthcare providers that resulted in releases to the

¹² Dkt. 396.

Receivership Entities in connection with prior contractual obligations of CPLLC and assignment of the agreements to an affiliate of CPYT. Such releases and assignments have reduced the risk to the Receivership Entity going forward and are intended to minimize any potential future claims from the providers. As of December 31, 2018, the Receiver obtained releases and provider agreement assignments in connection with 32 contracts, encompassing approximately 120 medical facilities. Several additional agreements with hospital providers were terminated. To the best of Receiver's knowledge, the Receivership has resolved all the previously outstanding CarePayment provider agreements by either assigning them to an affiliate of CPYT (with a release to the Receivership Entity) or by terminating such agreements. During the reporting period, the Receiver continued to work on terminating or transitioning the remaining contractual relationships with marketing partners. All such agreements have been resolved.

2. Coeur d'Alene, Idaho real estate

The Receivership has a third position lien on a lake-front, recreational home in Coeur d'Alene, Idaho, legally described as: Lots 4 and 5, Washington Place Subdivision, according to the plat recorded in the office of the County Recorder in Book F of Plats at Page 4, records of Kootenai County, Idaho, along with all furniture, fixtures, rugs, window coverings, and household appliances (subject to some exclusions). The lien is the result of a certain Joint Sales Agreement, Promissory Note and Deed of Trust, each dated March 1, 2011, between Ronald F. Pirello ("Pirello") and Aequitas Equipment Financing, LLC and Aequitas Hybrid Fund, LLC, as a result of a defaulted loan from Aequitas Equipment Financing, LLC and Pirello's guaranty of it.

On or about February 15, 2019, the Receiver commenced foreclosure proceedings and caused to be recorded a Notice of Default with the Kootenai County Recorder. Under Idaho law,

the recordation of a notice of default is the first step in foreclosing on real property secured by a deed of trust. The Aequitas lien was in third position behind a mortgage loan (which was also in default) and an additional third-party lien. Pirello asserted that the liens other than the mortgage loan were “out of the money” based on valuations offered by Pirello. As a result of the foreclosure action, Pirello offered as a compromise to list the Property on the hopes of getting an above market sale which could net the Receivership a speculative amount of \$88,000 at some point in the future provided a full price sale.

A second buyer (“Swallow”) has agreed to purchase the Pirello lien for a guaranteed amount of \$90,000 paid immediately upon approval of the Court. Swallow had previously purchased the adjacent property from the Receivership. Swallow has posted a \$45,000 deposit refundable only if the Court fails to approve the sale. The Court approved the transaction on August 6, 2019.

3. Synchronex, LLC

Synchronex, LLC provides technology solutions to the publishing industry via multiple products. It offers syncAccess, a cloud-based pay meter solution that helps newspaper publishers to develop, configure, own, and evolve mobile and digital products.

The Receiver, on behalf of each of AHL, ACL, ACF, APF, and Aequitas Management, LLC (“AML”), (AHL, AML, ACL and APF each a “Seller Entity,” and collectively the “Seller Entities”), entered into a Purchase Agreement dated as of April 9, 2018, subject to approval of this Court, with Silvermine Media Holdings, LLC (“Purchaser”), which provides the terms for sale of the Seller Entities’ (a) membership interests in Company, and (b) their lenders’ interests in certain loans to Company (together, the “Assigned Interests”, as defined in the Purchase Agreement). The Court issued its Order Granting Receiver's Motion To Sell Personal Property

To Silvermine Media Holdings, LLC, Free And Clear Of Liens, Interests, Claims And Encumbrances relative to the Assigned Interests on May 17, 2018¹³ and the sale closed on June 15, 2018 repaying the AHL Loan in full. Pursuant to the Purchase Agreement, the Purchaser had until September 15, 2018 to calculate a purchase price adjustment for operating capital, which could result in the receipt of additional consideration of up to \$75,000. On September 14, 2018, the Purchaser advised the Receivership that the review of the Closing Balance Sheet had concluded and the Losses (as defined in the Purchase Agreement) exceed \$75,000 by a substantial margin and, accordingly, the Purchase Price will be reduced by \$75,000 pursuant to the terms of the Purchase Agreement. Accordingly, the Receivership is seeking compensation in the amount of \$75,000 plus reasonable costs from Synchronex's CEO based on representations and warranties made by him in conjunction with the Purchase agreement.

4. Other Assets

The Receiver continues to manage and monetize the remaining consumer receivables portfolios held by Campus Student Funding, LLC, Motolease Financial, LLC, and ACC Funding Series Trust 2015-5 (DE). The Receiver is monitoring the situation and seeking opportunities to monetize the Receivership's interests associated with Portland Seed Fund and Pipeline Health Holdings, as well as various third-party notes receivable held by the Receivership Entity.

E. Compromise of "Lux" Claims

The Receivership Entity is involved in a complex trust structure related to several series of bonds offered on the Luxembourg Stock Exchange to non-U.S. investors. The issuer of the bonds is Aequitas Income Opportunities S.A. ("Issuer"), which is not part of

¹³ Dkt. 614.

the Receivership Entity. The Issuer purchased limited partnership interests in Aequitas International Opportunities LP, a Cayman Islands limited partnership (“Cayman”) that is one of the “Extended Entities” under the Order Appointing Receiver. Cayman is the holder of certificates of beneficial interest in ACC Holdings 5, LLC (“ACCH5”) and part of the Receivership Entity, which is wholly-owned by AH, which is also part of the Receivership Entity. ACCH5 established a series of Grantor Trusts that purchased and currently hold certain C+ and F+ Freedom loan portfolios, as well as proceeds from the on-going monetization of such portfolios.

After considerable investigation and negotiation, the Receiver reached a settlement agreement with the Board of Directors and certain bondholders of the Issuer to resolve their claims against the Receivership. Similar to other settlements of claims with CCM Capital Opportunities Fund, ETC Founders’ Fund and WindowRock Feeder Fund, the Receiver agreed to the following:

1. ACC Funding Series Trust 2015-5 (“ACC Trust”): ACF will (a) resign as the grantor of the ACC Trust and (b) release the funds held in a segregated bank account on the date of Court Approval (approximately \$8,994,147.74 as of June 30, 2019), in consideration of (i) the ACC Trust and Cayman entity paying the Receivership Entity any accrued and unpaid ASA and management fees determined as of the date of Court Approval (subject to adjustments for any overpayments), (ii) Cayman terminating the ACC Entities Repurchase Obligation and any other similar or related obligation, and (iii) termination of ACF’s and

AES's management obligations. The ACC Trust will be removed from the Receivership Entity.

2. Convertible Preferred Equity Certificates ("CPEC"): Aequitas Enhanced Income Fund, LLC (AEIF) will transfer all CPECs to Lux.
3. Revolving Line of Credit: Cayman will release ACF from all obligations pursuant to promissory notes dated July 31, 2015, October 1, 2015 and October 14, 2015, evidencing a revolving line of credit with a current principal balance of \$3,786,671 as of June 30, 2019.
4. Mutual Releases: The Receivership Entity will release all claims against Cayman, Lux, ACC Trust and their affiliates (the "Lux Parties") and the Lux Parties will release all claims against Receivership Property, the Receivership Estates (as those terms are defined in the Receivership Order), any other assets of the Receivership Entity, the Receivership Entity, the Receiver, and any person acting on behalf of the Receiver or the Receivership Entity, including but not limited to any claim under any Court-approved distribution plan.

5. Expenses: Each party will pay its own expenses, including legal fees.

The Receiver anticipates presenting the settlement, together with the prior settlements with the Terrell Parties and Weider/Forman, to the Court for approval during the fourth quarter of 2019.

F. On-going Litigation

As addressed above and reflected in the previously disclosed settlements with the Terrell Parties, Weider/Forman, the Fieldstone Parties and, most recently, Lux, the Receiver has continued his frequent engagement in negotiations with a number of parties to recover Receivership Assets and/or to resolve substantial, disputed claims. Consistent with the Court's prior orders, to the extent negotiated resolutions are not reached with any of the parties, the Receiver will file additional actions.

The Receiver has also resolved the Receivership Entity's significant claims against William Malloy and his related entities, subject to Court approval. The Receiver will seek Court approval of the agreement after completion of documentation and conferral.

A significant litigation matter against the Receivership, which is currently stayed, is by American Student Financial Group, Inc. ("ASFG") in connection with the Corinthian student loan receivables program. ASFG and TRD Consulting, LLC ("TRD") have also filed a \$27.4 million claim pursuant to the claims process. During the third quarter of 2018, the Receiver met with representatives of ASFG in an effort to resolve the claims between the Receivership Entity and ASFG. As a follow up to this meeting, in the fourth quarter of 2018, the Receiver and his counsel continued their attempts to reach a consensual resolution of the alleged claims, but these efforts have not yet come to fruition. The Receiver expects that this claim will be resolved during the implementation of the claims process.

G. Development and Implementation of the Claims Process

During the reporting period, the Receiver, his professional and staff expended significant effort on the development and implementation of the claims process to meet the requirements of the Claims Procedures Order.¹⁴

1. Disseminating Information About the Claims Process - Known Potential Claimants

During the reporting period, the Receiver working with the Receivership staff and professionals undertook extensive efforts to provide claims process notices to various categories of potential claimants consistent with the requirements of the Claims Procedures Order. Such categories included:

- a. All parties that have appeared in the SEC Enforcement Action;
- b. Claimants that the Receiver has determined, upon reasonable review of the Books and Records, have or may assert a Claim against an Aequitas Entity or have asserted claims against the Receivership Estate during the pendency of the SEC Enforcement Action;
- c. Former Aequitas Employees;
- d. Investors;
- e. Pre-Receivership Creditors;
- f. Administrative Claimants;

¹⁴ Dkt. 683.

g. Federal, state, local or other governmental entities or authorities who may assert a Claim for taxes arising from or attributable to tax periods ending on or before March 16, 2106, even if the taxes are due and payable subsequent to March 16, 2016; and

h. Counsel for parties in at least 20 civil actions related to Aequitas.

In total, the Receiver through its claims agent, Epiq, mailed out 6,979 notices that included Notice Of Claims Bar Date And Procedures For Submitting A Proof Of Claim and Proof of Claim Form. Additionally, three notices were delivered via email by the Receivership staff. The Receivership staff undertook an extensive research of the Aequitas records in an attempt to identify as complete a set of the potential notice parties as possible. The vast majority of the notices were mailed out via first class mail by Epiq between May 31st and June 4th, in compliance with the timeframe established by the Claims Procedures Order.

2. Notice of Receiver's Initial Determination

To facilitate the claims process and to ease the burden on potential claimants and consistent with the provisions of the Claims Procedures Order, the Receiver has elected to provide an additional Notice of Receiver's Initial Determination ("NOD") to the vast majority of the potential known claimants. The purpose of the Notice of Receiver's Initial Determination was to eliminate the need for claimants to file a claim if they agreed with all the information provided in the NOD. When mailed, such notices were included in the same packet as the general claim process notices described above. The development of the NOD involved very extensive research and analysis. For investors, the NODs included a detailed record and a summary of all the investor transactions on both "book" and cash basis starting from July 1, 2014. Where relevant, the NODs also identified

activity associated with investments that were subsequently transferred to an investor from another earlier investor.

With a few exceptions, the NODs were provided to investors in the following legal entities:

- ACC C Plus Holdings, LLC
- ACC F Plus Holdings, LLC
- Aequitas Commercial Finance, LLC
- Aequitas Enhanced Income Fund, LLC
- Aequitas Income Opportunity Fund II, LLC
- Aequitas Income Opportunity Fund, LLC
- Aequitas Income Protection Fund, LLC
- Aequitas Peer-To-Peer Funding, LLC
- Aequitas Private Client Fund, LLC
- CarePayment Holdings, LLC
- ML Financial Holdings, LLC
- MotoLease Financial, LLC

NODs were also provided to certain non-investor parties who were determined to hold claims against:

- Aequitas Capital Management, Inc.
- Aequitas Enterprise Services, LLC
- Campus Student Funding, LLC

- CarePayment, LLC.

In total, the following number of Notices were sent out:

Investor with NOD	2,060
Other Pre-Receivership Creditor / Vendor with NOD	2,040
Employee with NOD	84
Administrative Claimant with NOD	646
Non-NOD notices (not counted above)	2,152
Total Notices	6,982

3. Disseminating Information About the Claims Process - Unknown/Potential Claimants

Notice by Publication - The Receiver placed ads containing information about the claims process in 15 newspapers, including Austin American-Statesman, Dallas Morning News, Fort Worth Star-Telegram, Houston Chronicle, Los Angeles Times, Sacramento Bee, San Antonio Express-News, San Diego Union-Tribune, San Francisco Chronicle, San Jose Mercury News, Miami Herald, Portland Oregonian, Seattle Times, Tampa Bay Times, and USA Today National Edition. Consistent with the terms of the Claims Procedures Order, two placements were made in each publication within approximately two weeks from each other, with the first placement around May 20-22nd, 2019, and the second around June 3rd, 2019.

Notice by Press Release - The Receiver has also issued a press release about the claims process and posted it on the main Aequitas Receivership website at

<http://www.kccellc.net/aequitasreceivership>, where key information about the claims process can also be located (in addition to the dedicated claims website).

4. Additional Actions

While the following actions were not specifically required by the Claims Procedures Order, the Receiver has undertaken these steps in order to increase the claims process noticing reach and to facilitate the claims process for the potential claimants.

The Receiver has established a dedicated call center operated by Epiq to field additional potential inquiries related to the claims process. As of July 31, 2019, the call center has handled 54 calls.

On May 20, 2019, the Receiver disseminated the press release through PR Newswire. Based on the report provided by PR Newswire, the press release was picked up by 121 media outlets, including multiple digital media sources, with the total estimated potential audience of approximately 91 million visitors.

The Receiver has set up a dedicated data sharing site that allowed him to provide copies of notices to the legal counsel representing various potential claimants. In some instances, copies of the notices were emailed to legal counsel directly.

In the spirit of cooperation, the Receiver has elected to also share copies of the notices received by investors with their Registered Investment Advisors (“RIA”) upon receipt of a confirmation of investor’s consent to the Receiver’s sharing of such information. Through July 26, 2019, 127 investor notice packets have been shared with the RIAs.

5. Responding to Claims Process Inquiries

Following the mailing of the claims process notices, the Receiver and his staff received numerous follow up inquiries from various parties, including potential claimants and their

representatives. As of July 26, 2019, over 260 inquiries were addressed directly by the Receivership staff and professionals. The Receivership team continues to field and respond to inquiries upon receipt.

6. Preparation for Claims Processing and Analysis

In preparing for claims processing and analysis, the Receivership team made major upgrades to the transactional database that had been previously developed in connection with the investor data validation process. Significant additional transactional data (at least 14,000 data points) at a more granular level have been integrated into the database, with an eye towards future distribution plan development and implementation. Additionally, the database has been expanded to incorporate non-investor data, and the Web-based user interface linked to the database has been expanded to allow for claims data review, reconciliation, and approval.

H. The Receiver and the professional service firms have consistently strived to minimize costs.

As addressed above, in accordance with the request of the Commission, the Receiver and all of the professional firms have discounted their standard hourly rates. The Receiver is consistently mindful of the professional expenses and manages the work in the most cost-effective manner possible. He strives to avoid duplication of effort by the engaged professionals.

1. Day-to-Day Management

With the termination of Aequis management, the Receiver has needed to supervise the day-to-day operations of the various Receivership Entities. In addition to the daily management duties, the Receiver has focused on several key areas of his mandate, including marshaling, preserving, and monetizing all assets for the benefit of the investors.

2. Bank Accounts

As discussed in the Initial Report, the Receiver has instituted an integrated on-line platform that facilitates banking, future claims processing and cash reporting for receivership cases. As assets are monetized, the Receiver has been closing bank accounts that are no longer necessary.

The cash activity reports, including information for the current reporting period and case to date, are attached as Exhibit B to the July 2019 Report.

3. Staffing

a. Employee Headcount

The Receiver continues to maintain the minimum staff necessary for the Receivership and enterprise to operate efficiently and effectively. As of June 30, 2019, the Receivership Entity had 9 full-time employees and 1 part-time employee (unchanged from the prior quarter). The Receiver's employee retention program provides for at least a six-week notice to employees whose services are anticipated to no longer be required by the Receivership.

b. Contractors

In response to staff attrition in addition to planned reductions, the Receiver necessarily backfilled key accounting and technology positions with local independent contractors (not affiliated with FTI). As of June 30, 2019, the Receivership employed two full-time equivalent accounting contractors and two part-time IT contractors (unchanged from the prior quarter).

4. Tax Matters

In the ordinary course of business, the Receivership has many reporting and tax preparation responsibilities to investors and taxing authorities. With the resignation of Deloitte LLP as Aequitas' auditor and tax preparer, the Receiver was required to seek out and engage

new professionals to fulfill those requirements.

a. Tax Preparer

Since the inception of the Receivership, the Receiver retained a tax specialist to assist legacy Aequitas staff in the preparation of tax and information returns, and to provide tax-consulting services on an as-needed basis at the request of the Receiver.

b. 2018 Returns and Other Tax matters

Preparation and filing of the Receivership's 2018 partnership and corporate tax returns was completed in September and October 2019. Form k-1 information was distributed to investor members as it was available.

None of the remaining investor equity funds, Aequitas Income Protection Fund LLC, Aequitas Enhanced Income Fund LLC, and Aequitas Hybrid Fund LLC, filed final returns for 2018 so members should continue to expect to receive form k-1s for their equity investments.

Receivership Federal and state tax reporting for the Aequitas multi-tier structure will continue to be required until/unless there is a conversion of the tax structure from its current LLC and C-Corporation filing requirements to a post-distribution trust. Depending on the timing of a possible conversion, the Receiver may be required to file short/stub prior tax returns.

5. Leveraging the professional firms' resources

FTI continues to leverage its access to various resources and services to provide information at no additional charge to the Receivership. As a result, the Receivership Entity has been able to eliminate contracts with a number of corresponding providers. Additionally, FTI provides as-needed tele-conferencing and web-conferencing capabilities to the Receivership

Entity at no charge.

Schwabe provides meeting space and infrastructure at no charge to the Receivership Entity, which allows the Receiver to minimize costs associated with the Investor Advisory Committee, investor counsel meetings and other in-person meetings.

6. Discounted Travel Time

The Receiver, FTI and the majority of legal counsel only charge 50 percent of actual non-working travel time. Schwabe does not charge for travel time or travel expenses related to travel to Portland, Oregon.

7. Out-of-Town Meals and Expenses

The Receiver carefully monitors the expenses incurred by his professionals. In furtherance of this effort, the Receiver has imposed a per diem limit on meal expenses and no costs incurred in excess thereof are charged to the Receivership.

III. AUTHORITY SUPPORTING REQUEST FOR APPROVAL OF FEES AND EXPENSES INCURRED FROM APRIL 1, 2019 THROUGH JUNE 30, 2019

The Order Appointing Receiver provides that “[t]he Receiver and Retained Personnel are entitled to reasonable compensation and expense Reimbursement from the Receivership Estates....”¹⁵ Applications for compensation and expense reimbursement are on an interim basis, subject to final review at the close of the Receivership.¹⁶ Allowed fees are subject to a twenty percent (20%) holdback pending final review and closing of the Receivership. Allowed expenses are not subject to a holdback.

¹⁵ Dkt. 156, ¶ 45.

¹⁶ Dkt. 156, ¶ 47.

The Receiver requests that the Court approve the fees and expenses incurred by the Receiver and his retained professionals for the period from April 1, 2019 through June 30, 2019.

A. This is the Thirteenth Interim Fee Application and the Court has previously approved the prior twelve Interim Fee Applications

This is the Thirteenth Interim Fee Application of the Receiver and his retained professionals. The initial Interim Fee Application was filed on September 22, 2016.¹⁷ The Court approved the fees and expenses requested in the Interim Fee Application on October 21, 2016.¹⁸ The Second Interim Fee Application was filed on December 12, 2016.¹⁹ The Court approved the fees and expenses requested in the Second Fee Application on February 22, 2017.²⁰ The Third Interim Fee Application was filed on April 4, 2017.²¹ The Court approved the fees and expenses requested in the Third Fee Application on April 20, 2017.²² The Fourth Interim Fee Application was filed on July 14, 2017.²³ The Court approved the fees and expenses requested in the Fourth Fee Application on July 17, 2017.²⁴ The Fifth Interim Fee Application was filed on October 11, 2017.²⁵ The Court approved the fees and expenses requested in the Fifth Fee Application on

¹⁷ Dkt. 251.

¹⁸ Dkt. 273.

¹⁹ Dkt. 315.

²⁰ Dkt. 370.

²¹ Dkt. 393.

²² Dkt. 416.

²³ Dkt. 475.

²⁴ Dkt. 478.

²⁵ Dkt. 544.

October 12, 2017.²⁶ The Sixth Interim Fee Application was filed on December 12, 2017.²⁷ The Court approved the fees and expenses requested in the Sixth Fee Application on December 12, 2017.²⁸ The Seventh Interim Fee Application was filed on March 16, 2018.²⁹ The Court approved the fees and expenses requested in the Seventh Fee Application on March 20, 2018.³⁰ The Eighth Interim Fee Application was filed on June 26, 2018.³¹ The Court approved the fees and expenses requested in the Eighth Fee Application on June 26, 2018.³² The Ninth Interim Fee Application was filed on September 17, 2018.³³ The Court approved the fees and expenses requested in the Ninth Fee Application on September 18, 2018.³⁴ The Tenth Interim Fee Application was filed on December 7, 2018.³⁵ The Court approved the fees and expenses requested in the Tenth Fee Application on December 10, 2018.³⁶ The Eleventh Interim Fee Application was filed on March 21, 2019.³⁷ The Court approved the fees and expenses requested in the Eleventh Fee Application on March 21, 2019.³⁸ The Twelfth Interim Fee Application was

²⁶ Dkt. 548.

²⁷ Dkt. 567.

²⁸ Dkt. 570.

²⁹ Dkt. 596.

³⁰ Dkt. 599.

³¹ Dkt. 630.

³² Dkt. 633.

³³ Dkt. 654.

³⁴ Dkt. 657.

³⁵ Dkt. 665.

³⁶ Dkt. 668.

³⁷ Dkt. 677.

³⁸ Dkt. 680.

filed on June 27, 2019.³⁹ The Court approved the fees and expenses requested in the Twelfth Fee Application on July 1, 2019.⁴⁰ The following is a summary of the fees and expenses requested and approved from the prior Interim Fee Applications, the amounts allowed, the amounts paid, and identification of the twenty percent (20%) holdback for fees (which remain unpaid as required by the Billing Instructions):

Aequitas Receivership

Professional Fees & Expenses by Entity (through March 31, 2019)

Entity	Previous Fees	Previous Expenses	Total Previous Fees & Expenses	Holdback Amounts	Total Paid Amounts
Receiver	2,014,934	34,920	2,049,854	402,987	1,646,868
FTI Consulting	12,418,420	456,195	12,874,615	2,483,684	10,390,931
Pepper Hamilton	2,451,049	280,875	2,731,924	490,210	2,241,714
Schwabe, Williamson & Wyatt	6,599,614	40,189	6,639,802	1,319,923	5,319,879
Morrison Foerster	1,003,700	5,843	1,009,543	200,740	808,803
Law Office of Stanley H. Shure	987,367	7,740	995,108	197,473	797,634
Snell & Wilmer	366,930	7,438	374,368	73,386	300,982
Parsons Farnell & Grein	-	-	-	-	-
Pachulski Stang Ziehl & Jones	39,984	471	40,455	7,997	32,458
Akin Gump	60,259	133	60,392	12,052	48,340
Ater Wynne	10,356	-	10,356	2,071	8,285
Total:	25,952,612	833,804	26,786,417	5,190,522	21,595,894

B. The Court should approve as reasonable and necessary all of the fees and expenses requested in this Thirteenth Interim Fee Application.

In the Ninth Circuit, in a common fund case such as this Receivership proceeding, the Court has the “discretion to apply either the lodestar method or the percentage-of-the-fund method when calculating fees.”⁴¹ “Under either method, the Court must exercise its discretion to

³⁹ Dkt. 716.

⁴⁰ Dkt. 719.

⁴¹ *Fischel v. Equitable Life Assurance Soc’y*, 307 F.3d 997, 1006 (9th Cir 2002) (class action case creating a common fund).

achieve a ‘reasonable’ result.”⁴²

Because there is a strong presumption that the lodestar amount represents a reasonable fee, adjustments to the lodestar are the “exception rather than the rule.”⁴³ Under the lodestar method, the Court multiplies a reasonable number of hours by a reasonable hourly rate.⁴⁴ In the current Receivership, where neither the amount of the common fund nor the aggregate amount of allowed claims has been determined, the lodestar method rather than the percentage-of-fund method should be applied to this interim fee application.

The amount of compensation to be awarded a court-appointed receiver is within the Court’s reasonable discretion.⁴⁵ The Commission’s approval of an application should be given great weight.⁴⁶

Factors for consideration include the “time, labor and skill required, but not necessarily that actually expended, in the proper performance of the duties imposed by the court upon the receiver, the fair value of such time, labor and skill measured by conservative business standards, the degree of activity, integrity and dispatch with which the work is conducted and the result obtained.”⁴⁷ The complexity and difficulty associated with the receivership are highly relevant

⁴² *In re Galena Biopharma, Inc., Sec. Litig.*, No. 3:14-cv-00367-SI, 2016 U.S. Dist. LEXIS 82693, at *15-16 (D. Or. June 24, 2016) (citing *In re Bluetooth Headset Prods. Liab. Litig.*, 654 F.3d 935, 942 (9th Cir. 2011)).

⁴³ *Stanger v. China Elec. Motor, Inc.* 812 F.3d 734, 738 (9th Cir 2016) (internal citations omitted) (class action with common fund settlement).

⁴⁴ *Id.*

⁴⁵ *SEC v. Byers*, 590 F. Supp. 2d 637, 644 (S.D.N.Y. 2008), *aff’d*, 609 F.3d 87 (2d Cir. 2010).

⁴⁶ *Id.* (quoting *SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973) (securities receivership).

⁴⁷ *United States v. Code Prod. Corp.*, 362 F.2d 669, 673 (3d Cir. 1966) (internal citation

factors in determining the reasonableness of professional fees.⁴⁸ The benefits bestowed on the estate are a relevant consideration.⁴⁹

The degree of success achieved in solving legal and practical problems should be considered when calculating the fees awarded.⁵⁰ Courts examine the credentials, experience, reputation, and other professional qualities required to carry out the court's orders when assessing the reasonableness of the rates charged for services to a receivership.⁵¹

The Court should consider the usual and customary fees charged and the evidence presented to support the application for fees.⁵² All of the factors considered in these cases weigh

omitted).

⁴⁸ See *Fifth Ave. Coach Lines*, 364 F. Supp. at 1220 (awarding interim fees and expenses to law firm for role in receivership and noting that it involved wide variety of complex legal matters requiring the time, competence, and diverse resources of a law firm of high caliber); *SEC v. Mobley*, No. 00 CV 1316 RCC, 2000 WL 1702024, at *2 (S.D.N.Y. Nov. 13, 2000) (finding that fees requested in early stages of receivership were not excessive where receiver was faced with deconstructing an "enormous" fraud of seven years in which defendant utilized over forty entities to funnel investors' money throughout the world and there were few, if any, verifiable financial records).

⁴⁹ See *Fifth Ave. Coach Lines*, 364 F. Supp. at 1222; *Mobley*, 2000 WL 1702024, at *2 (receiver marshaled assets quickly and efficiently).

⁵⁰ See *SEC v. W.L. Moody & Co., Bankers*, 374 F. Supp. 465, 484-85 (S.D. Tex. 1974), *aff'd*, 519 F.2d 1087 (5th Cir 1975) (attorney's timely action prevented delay in payment to bank depositors); *Fifth Ave. Coach Lines*, 364 F. Supp. at 1222 (law firm's services resulted in successful reorganization of company); *SEC v. Tanner*, No. 05-4057-RDR, 2007 WL 2013606, at *2 (D. Kan. May 22, 2007) (actions of receiver resulted in return of more money to investors than if defendant had continued in business).

⁵¹ See *W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court should give "considerable weight" to "a receiver's abilities, as required by the tasks of the receivership"); *SEC v. Aquacell Batteries Inc.*, No. 6:07-cv-608-Orl-22 DAB, 2008 WL 276026, at *4 (M.D. Fla. Jan. 31, 2008) ("The Receiver retained well qualified, experienced counsel and such representation does not come cheap.").

⁵² See *Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. at 1222 (fees awarded in full based on law firm's usual hourly rate and supported by meticulous records).

heavily in favor of approving the fees and expenses requested in the Thirteenth Interim Fee Application.

C. The fees and expenses during this Thirteenth Application Period are reasonable and necessary in light of the complexity and difficulties of this case.

The Receiver requests approval of fees and expenses for the firms identified herein, which have provided the services summarized throughout this Motion, in the July 2019 Report and in each firm's summary invoice.⁵³ As noted, these firms agreed to substantial discounts of their customary fees, and the amounts requested reflect those discounts. The time spent, services performed, hourly rates charged, and expenses incurred were in the best interests of the Receivership Entity and were indeed essential for the Receiver to perform his Court-ordered duties.⁵⁴ Each of these professional firms was selected because it possesses special expertise required to fulfill the Court's orders. The following chart is a summary of the fees and expenses reasonably incurred in the service of the Receivership Entity from April 1, 2019 through June 30, 2019:

⁵³ Greenspan Declaration, Exhibits A through G.

⁵⁴ Greenspan Declaration, p. 4.

Aequitas Receivership

Professional Fees & Expenses by Entity (from April 1 through June 30, 2019)

Entity	Fees (\$)	Percentage	Expenses (\$)	Percentage	Total (\$)	Percentage
Receiver	87,738.00	4.8%	5,131.96	26.5%	92,869.96	5.1%
FTI Consulting	1,185,808.00	65.3%	9,152.78	47.2%	1,194,960.78	65.1%
Pepper Hamilton	9,767.24	0.5%	1,715.94	8.9%	11,483.18	0.6%
Schwabe, Williamson & Wyatt	360,677.50	19.8%	1,222.75	6.3%	361,900.25	19.7%
Morrison Foerster	1,746.38	0.1%	-	0.0%	1,746.38	0.1%
Law Office of Stanley H. Shure	89,866.25	4.9%	837.30	4.3%	90,703.55	4.9%
Snell & Wilmer	65,607.50	3.6%	1,317.09	6.8%	66,924.59	3.6%
Parsons Farnell & Grein	15,984.50	0.9%	-	0.0%	15,984.50	0.9%
Pachulski Stang Ziehl & Jones ^[1]	-	0.0%	-	0.0%	-	0.0%
Akin Gump ^[1]	-	0.0%	-	0.0%	-	0.0%
Ater Wynne ^[1]	-	0.0%	-	0.0%	-	0.0%
Total:	1,817,195.37	100%	19,377.82	100%	1,836,573.19	100%

[1] Pachulski Stang Ziehl & Jones, Akin Gump, and Ater Wynne did not incur fees or expenses during the billing period.

D. The fees and expenses requested are in line with those approved in other cases.

The fees associated with complex receivership cases are often substantial percentages of the total assets recovered.⁵⁵ The size and scope of this equitable receivership are much greater than the size and scope of many of the receiverships in the reported cases cited in this Application. Courts have noted that compensation to equitable receivers is analogous to compensation to trustees in bankruptcy.⁵⁶ The United States Department of Justice reported that from 1994 to 2000, in Chapter 7 asset cases, 30% to 40% of total estate receipts were disbursed as fees and expenses to trustees and other professionals.⁵⁷ This was true regardless of the size of

⁵⁵ *SEC v. Megafund Corp.*, No. 3:05–CV–1328–L, 2008 WL 2839998, at *2 (N.D. Tex. June 24, 2008) (approving final request for fees and expenses comprising 22.4% of total recovery by Receiver in light of complexities of case, difficulties in tracing proceeds, and results obtained); *SEC v. Funding Res. Group*, No. Civ.A.3:98–CV–2689–M, 2003 WL 145411, at *1 (N.D. Tex. Jan. 15, 2003) (costs of administration totaled 21% of cash and assets finally recovered by receiver).

⁵⁶ *W.L. Moody & Co.*, 374 F. Supp. at 481.

⁵⁷ U.S. DOJ, U.S. Trustee Program Prelim. Rep. on Ch. 7 Asset Cases 1994 to 2000, attached as Exhibit P, App'x 187, 192.

the case.⁵⁸ The fees incurred in this case are a significantly smaller percentage of the total recoveries through the end of the Thirteenth Application Period than any of these cases and the Receivership Entity has benefitted by avoiding additional fees that would have been incurred if investment bankers were retained.

IV. CONCLUSION

The relief requested herein is appropriate and in furtherance of the provisions of the Final Receivership Order appointing the Receiver. Accordingly, the Receiver respectfully requests that the Court enter an order approving the fees and expenses requested in the Thirteenth Interim Fee Application, for the period from April 1, 2019 through June 30, 2019.

Dated this 25th day of October, 2019.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

By: /s/ Alex Poust

Troy Greenfield, OSB #892534

tgreenfield@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*)

iknauer@swlaw.com

Snell & Wilmer LLP

1101 Pennsylvania Ave. N.W., Suite 300

Washington, D.C. 20004

Tel: 202.802.9770

⁵⁸ *Id.*

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