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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, LLC; AEQUITAS CAPITAL MANAGEMENT, INC.; AEQUITAS INVESTMENT MANAGEMENT, LLC; ROBERT J. JESENIK, BRIAN A. OLIVER; and N. SCOTT GILLIS, Defendants.	No. 3:16-cv-00438-JR **NOTICE OF FILING RECEIVER'S REPORT DATED MARCH 31, 2021**

Ronald F. Greenspan, the duly appointed Receiver of the entity defendants and 43 related entities, hereby files the attached Report of Ronald F. Greenspan, Receiver, dated March 31, 2021.

Dated this 4th day of May, 2021.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

By: *s/ Andrew J. Lee*

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RONALD GREENSPAN

COURT-APPOINTED RECEIVER FOR

AEQUITAS MANAGEMENT, LLC, AEQUITAS HOLDINGS, LLC, AEQUITAS COMMERCIAL FINANCE, LLC, AEQUITAS CAPITAL MANAGEMENT, INC., AEQUITAS INVESTMENT MANAGEMENT, LLC AND CERTAIN RELATED ENTITIES

(the "Receivership Entity")

In re AEQUITAS MANAGEMENT, LLC, et al.

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

United States District Court

District of Oregon

Portland Division

Report

of

Ronald F. Greenspan, Receiver

March 31, 2021

Contents

I. Introduction

During the course of an investigation into the business practices of Aequitas Management, LLC ("AM"); Aequitas Holdings, LLC ("AH"); Aequitas Commercial Finance, LLC ("ACF"); Aequitas Capital Management, Inc. ("ACM"); and Aequitas Investment Management, LLC ("AIM") (collectively "Entity Defendants"), as well as 43 subsidiaries and/or majority-owned affiliates (collectively "Receivership" or "Receivership Entity" or "Aequitas"), the Securities and Exchange Commission ("Commission" or "SEC") concluded that the appointment of a receiver was necessary and appropriate for the purposes of marshaling and preserving all assets of the Receivership Entity (the "Receivership Property"). Accordingly, on March 10, 2016, the Commission and the Entity Defendants filed a Proposed Stipulated Order Appointing Receiver (the "Proposed Receivership Order") [Dkt. 2-2].[1]

On March 16, 2016, pursuant to the Stipulated Interim Order Appointing Receiver (the "Interim Receivership Order"), Ronald Greenspan was appointed as Receiver for the Entity Defendants and 43 related entities on an interim basis. 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") [Dkt. 156].

In accordance with the Final Receivership Order, the Receiver is required to file a report (the "Receiver's Report") with the Court within thirty (30) days after the end of each calendar quarter. This report (the "Report") represents the report and recommendations to the Court for the quarter ending March 31, 2021. A voluntary

[1] All Dkt (or Docket) references are available at the Receiver's website - http://www.kccllc.net/aequitasreceivership

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], through March 31, 2019 [Dkt. 700], through June 30, 2019 [Dkt. 749], through September 30, 2019 [Dkt. 776], through December 31, 2019 [Dkt. 793], through March 31, 2020 [Dkt. 826], through June 30, 2020 [Dkt. 843], through September 30, 2020 [Dkt. 860], and through December 31, 2020 [Dkt. 872] are collectively referred to herein as the "Receiver's Reports". In the accompanying discussion of Receivership matters, the Report provides an update regarding some matters previously reported and does not include all details contained in prior Receiver's Reports. For a complete and fulsome discussion and for such additional details please refer to prior Receiver's Reports.

As is the case for the prior Receiver's Reports, the findings and recommendations of the Receiver contained in this Report are subject to change, as necessitated by the discovery of additional information, as well as subsequent analysis and verification.

II. Limitations of Report

The information contained herein has been prepared based upon financial and other data obtained from the Receivership Entity's books and records and provided to the Receiver and FTI Consulting, Inc. from the staff employed by the Receivership Entity as well as its contract staff and advisers, or from public sources.

The Receiver has not subjected the information contained herein to an audit in accordance with generally accepted auditing or attestation standards or the Statement on Standards for Prospective Financial Information issued by the American Institute of Certified Public Accountants (the "AICPA"). Also, most of the Receivership Entity's assets discussed herein are not readily tradable, have no public value indication, are illiquid, are often minority and/or other partial interests, and might be detrimentally affected by affiliation with Aequitas and uncertain consequences of past and future events involving Aequitas. Accordingly, the Receiver cannot express an opinion or any other form of assurance on, and assumes no responsibility for, the accuracy or correctness of the historical information or the completeness and achievability of the projected financial data, valuations, information and assessments upon which the following Report is rendered.

III. Case Background

A. Introduction

The focus of this Report is to provide an update on various aspects of the Receivership. Additionally, the Final Receivership Order requires that certain items be addressed with the filing of this Report. Pursuant to Section IV Stay of Litigation, paragraph 24 states the following:

> *The Receiver shall also investigate the probable impact of discovery directed to the Receiver and the Receivership Entity in Ancillary Proceedings and those actions authorized in Paragraph 23. The Receiver shall include in the report and petition it must file pursuant to Paragraph 39 below, a recommendation to the Court as to a plan to govern all discovery directed to the*

Receiver and the Receivership Entity in Ancillary Proceedings and those actions authorized in Paragraph 23.

Each of the required topics will be addressed individually in the Report.

B. Focus of the Activities to Date

The Receiver has successfully stabilized the Receivership Entity, preserved value when possible, facilitated the monetization of a majority of the Receivership assets, obtained approval of the Distribution Plan and largely completed two, court-approved interim distributions of a majority of the Receivership assets. Through the quarter ended March 31, 2021, the Receiver has sold Receivership Entity gross assets and collected receivables totaling approximately $324.1 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 CSF - including modification or cancellation of each of the approximately 47 thousand 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. A final judgment in this case as to Aequitas Management, LLC; Aequitas Holdings, LLC; Aequitas Commercial Finance, LLC; Aequitas Capital Management, Inc.; and Aequitas Investment Management, LLC was entered by the Court on April 13, 2020 [Dkt. 822]. Summary information related to this judgment and final judgments on consent against the three top executives can be found at https://www.sec.gov/litigation/litreleases/2020/lr24805.htm.

Having made substantial progress on the asset dispositions and resolution of the numerous governmental investigations, the Receiver proceeded with a preliminary investor data validation process involving the compilation and dissemination of 2,561 individually tailored investment data verification packets.

As mandated by the Order, the Receiver conducted his forensic investigation, and the resulting report (the "Forensic Report") was filed with the Court and posted to the Receiver's website[2] on November 21, 2018 [Dkt. 663].

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 March 31, 2021, 341[3] claims had been received and 4,830 initial Notices of Receiver's Initial Determination had been issued.[4]

During the second half of 2019 and throughout 2020, the Receiver and his team continued to refine the tools and systems necessary for the implementation of the claims process, perform review and assessment of the filed claims as they were received, as well as conduct additional research and verification of the claimant data that is needed for execution of the now Court-approved Distribution Plan.

On December 23, 2019, with the goal of mitigating certain potential tax consequences and maximizing the future distributions on the Allowed Claims, the

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[2] http://www.kccllc.net/aequitasreceivership/document/1600438181121000000000001

[3] During the subject reporting period, the Receiver became aware of two additional claims that had been received by Epiq, the claims agent, prior to the Claims Bar Date but were inadvertently not previously provided to the Receivership. These claims have been reviewed and are being addressed. These two newly discovered claims will not have a material impact on the distributions due to other claimants, based on the Court-approved Distribution Plan.

[4] Certain claims 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.

Receiver filed his Motion and the Court entered the Order To Authorize, Approve, And Take Continuing Jurisdiction Over A Qualified Settlement Fund ("QSF"), And For Related Relief [Dkt 781]. Subsequently, on December 31, 2019, the Receiver filed his Motion For Order (1) Approving Form And Manner Of Notice Regarding Approval Of Proposed Distribution Plan And Ponzi Determination, (2) Approving Procedures And Deadlines, (3) Setting A Hearing, And For Related Relief [Dkt 785] which was approved by the Court on January 14, 2020 [Dkt 790].

Also, on December 31, 2019, the Receiver filed the Motion To Approve The Receiver's Distribution Plan And Determination Of A Ponzi Scheme [Dkt 787]. The Court held a telephonic hearing on this Motion on March 31, 2020 and, following no objections raised at the hearing or otherwise remaining unresolved, the Court entered the Findings of Fact and Conclusions of Law, approving the Receiver's Distribution/Ponzi Determination Motion, as expressly modified by the Receiver [Dkt. 813].

In the first quarter of 2020, the Receivership staff and the retained professionals expeditiously managed a Distribution Plan noticing campaign based on the form and manner of notice that had been approved by the Court. At least 4,796 notices were sent to the parties that were required to be noticed by the Court. The Receivership professionals worked closely with Epiq, the noticing agent, to update relevant information provided to the public on the noticing agent's website.

In the second quarter of 2020, the Receiver focused on preparing the motion for approval of the proposed first round of distributions and implementing the related conferral and noticing to the affected interested parties. On May 15, 2020, the Receiver's Motion to Approve Classification, Allowance of the Amount of Claims for Certain Claimants (Administrative Claims, Convenience Class Claims, and Former-Employment Claims), and Approving Distributions to Those Claimants [Dkt. 835] and the related pleadings were filed with the Court. The Motion was unopposed and was approved by the Court on June 1, 2020 [Dkt. 838]. Following Court approval in June of 2020 and during this reporting period, the Receivership staff and retained professionals completed the first distribution in the amount of $973,797[5].

In the third quarter of 2020, the Receivership staff and retained professionals focused on the necessary analyses, preparation of materials, and logistics planning for the second interim distribution that covered several classes of claimants including the Defrauded Investors. Subsequently, on October 21, 2020, the Receiver's (Second) Motion to Approve Classification of Certain Claims (Administrative, Former-Employees, Convenience Class, Defrauded Investors, Creditors, Individual Defendants, and Pass-Through Investors), and Allow and Approve Distributions on Account of Certain Claims ("Second Distribution Motion") and related pleadings were filed with the Court. [Dkt. Nos. 848-850]. This Motion addressed 2,056 claims across seven different claim classes. The Second Distribution Motion was approved by the Court on November 10, 2020 [Dkt. 861], following which the Receivership staff and retained professionals focused their efforts on the implementation of the Second Distribution. The Second Distribution was substantially completed by the end of 2020, with approximately $73.5 million going to Defrauded Investors[6].

In the first quarter of 2021, the Receivership staff and the retained professionals focused on the various tasks of completing the Second Distribution, including but not limited to extensive communication with the Investors and their representatives, addressing Investor inquiries, re-issuing distributions on a case-by-case basis under special circumstances, and preparing for and implementing required tax reporting related to the Second Distribution.

[5] Additional detail related to the First Distribution is discussed in section XI.E. of this Report.
[6] Additional detail related to the Second Distribution is discussed in section XI.F. of this Report.

From the outset of the Receivership and through this reporting period, the Receiver and his team have expended considerable time and effort to orchestrate successful resolution of claims of both the Receivership Entity and plaintiff investor groups, including but not limited to claims against the professional firms that served the various Aequitas entities such as Tonkon Torp, Integrity Bank & Trust, Deloitte & Touche, EisnerAmper, Sidley Austin, Duff & Phelps, and TD Ameritrade ("Professional Firm Defendants").

In particular, development of the Receivership Entity's consolidated database, preparation of the Forensic Report and facilitation of multiple large-scale, multi-day mediation sessions paved the way for the following:

- Payments from the Professional Firm Defendants to the class totaling $234,613,000, as well as multiple additional seven- and eight-figure payments to other plaintiff investor groups presently subject to confidentiality agreements;
- Releases of contribution and other claims of the Professional Firm Defendants against the Receivership Entity, including the release of a $50 million contribution claim presented by Deloitte; and
- Contingent releases of contribution and other claims of the Professional Firm Defendants against the Individual Defendants, Advisory Board members and other former officers and directors. The original releases were contingent upon those parties releasing claims to the proceeds of the insurance policies maintained by entities comprising the Receivership Entity.

The efforts of the Receiver to facilitate resolution of investor claims against the Professional Firm Defendants greatly accelerated 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.

Following extensive negotiations, on October 22, 2020, the Receiver filed a Motion for Order (1) Approving Compromises of Claims, (2) Approving and Authorizing Performance of [36] Settlement Agreements, (3) Entering Claims Bars, and (4) Removing a Receivership Entity and an Extended Entity ("First Motion to Approve Settlements") and related pleadings [Dkt. Nos. 852 – 855]. Amongst other requested relief, the Receiver sought approval of the settlement agreement resolving all claims presented in the consolidated insurance coverage action other than those of the Receivership Entity against Catlin. Judge Jolie A. Russo granted the Receiver's First Motion to Approve Settlements on November 10, 2020, by way of Findings, Recommendations and Order [Dkt. 862], that were simultaneously referred to Judge Marco A. Hernández for review [Dkt. 863]. On December 11, 2020, Judge Hernández issued an Order adopting Judge Russo's Findings and Recommendations [Dkt. 866] and entered the Amended Limited Judgment As To The Professional Firms And The Terrell Parties, Including Permanent Injunctions [Dkt. 867].

During this reporting period, the Receiver and his retained professionals continued to actively pursue recoveries on the claims that the Receivership holds against various parties, including but not limited to net winners and other parties who received transfers of value from Aequitas during the Ponzi period. These efforts resulted in 47 additional settlements. On April 16, 2021, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements ("Second Motion to Approve Settlements") and related pleadings [Dkt. Nos. 881-883].

The settlements addressed in the Receiver's First and Second Motions to Approve Settlements resulted in over $17 million in direct monetary benefits to the Receivership Estate. Additionally, these settlements have eliminated tens of millions of dollars of claims against the Receivership Estate, tremendously increasing the recovery on the allowed claims of the Defrauded Investors and others.

During the subject reporting period, the Receiver and his remaining retained professionals also focused on various aspects of the gradual operational wind down, despite the challenges presented by the COVID-19 pandemic. Significant changes were made to the IT infrastructure, including completing transition to an off-site data center and strengthening the infrastructure security by implementing a two-factor authentication process. The office utilized by the Receivership staff was relocated with the footprint significantly reduced as discussed further below. These changes will provide substantial administrative cost savings, while allowing the Receivership to continue its necessary operations during the wind-down period.

The Receivership continued to facilitate discovery, with 291 parties accessing the database, which contains 17.5 million documents, through March 31, 2021, and provided financial and tax administration including preparing Receivership Entity tax returns.

C. <u>Recommendation regarding Continuance of the Receivership</u>

It remains the Receiver's recommendation that the Receivership be continued. A number of the conditions under which the Receivership was imposed still exist. While we can finally say we are in the homestretch, several crucial steps remain before the Receiver can reasonably seek an order terminating the Receivership. The Receiver must finish monetizing the remaining assets in a manner and on a timeline consistent with reasonably maximizing the value to stakeholders. The Receiver also must (i) complete the claims processes, (ii) complete necessary litigation, and (ii) manage another interim and a final distribution, and (iv) wind down the estate.

Although the consumer loan portfolios have been immensely reduced, the thousands of remaining loans owned by the Receivership require management until they are monetized or otherwise resolved. 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 95% of pre-Receivership employees are no longer with the companies comprising the Receivership Entity). Absent that day-to-day, hands-on management, the Receivership Entity's and, ultimately, the investors' value would be diminished.

Feedback from SEC 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 make interim distributions whenever possible, and conclude this Receivership in an equitable fashion as soon as practicable. The Receiver believes he has the constituents' support and encouragement to continue his efforts, and that they also support the continuation of the Receivership.

D. Criminal Actions and SEC Investigations

On July 24, 2019, the Securities and Exchange Commission announced that recidivist Gary Price, a principal of formerly registered investment adviser Genesis Capital LLC, agreed to settle claims that he failed to disclose to clients significant conflicts of interest relating to recommendations to invest in securities issued by Aequitas Commercial Finance, LLC.

The SEC's order found that Price violated Section 206(2) of the Investment Advisers Act of 1940. Without admitting or denying the SEC's findings, Price consented to a cease-and-desist order and agreed to pay disgorgement and prejudgment interest of

$67,033 and a civil penalty of $75,000. The order also bars Price from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, with the right to apply for reentry after one year.

Former officers of Aequitas entities, Brian Oliver and Olaf Janke, were indicted, pled guilty and await sentencing. On or about August 11, 2020, Robert Jesenik, former CEO of Aequitas Management, LLC and several other of the entities comprising the Receivership Entity, was charged in a 32-count indictment with conspiracy to commit mail and wire fraud, wire fraud, bank fraud, and money laundering. Also charged were N. Scott Gillis, Brian K. Rice and Andrew N. MacRitchie. Recently, the Court entered a scheduling order, setting an anticipated five-week trial to begin April 3, 2023.

E. Lifting the Stay of Litigation

With the completion of the principal forensic investigation, the monetization of the majority of the Receivership Entity's assets, conclusion of the governmental litigation against the Receivership Entity, Court approval of the Distribution Plan and completion of two interim distributions, additional resources are being redirected to litigation-related matters, where the stay has been lifted, without jeopardizing the Receivership's other vital activities.

Presently, considerable Receivership resources, including but not limited to the time of legal counsel and other professionals, are being devoted to (1) the tasks necessary to complete the claims process and the next round of interim distributions to certain claimants including many of the Defrauded Investors and (2) prosecution of the claims of the Receivership Entity against third parties, as authorized by the Court on May 13, 2020 [Dkt. 834]. The Receiver recommends that the Court refrain from lifting the stay of litigation against the Receivership Entity and related parties, at least until completion of the next round of interim distributions and resolution of the claims authorized by order of this Court on May 13, 2020.

IV. Overview of the Receiver's Activities

A. Summary of Operations of the Receiver

1. Day-to-Day Management and the Wind Down

With the termination of Aequitas management, the Receiver has necessarily supervised 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 the marshaling, preserving and monetizing of assets for the benefit of the investors, as well as managing the claims process and distributions on the Allowed Claims.

As addressed above, the Receiver and his professional team have been working on various aspects of the gradual operational wind down, despite the challenges presented by the COVID-19 pandemic. The significant changes made to the IT infrastructure during this reporting period, including transitioning to an off-site data center and scaling down certain service agreements, are anticipated to result in ongoing annualized cost savings of approximately $200,000. The office utilized by the Receivership staff was also relocated during the first quarter of 2021, with the footprint and rent significantly reduced, resulting in annualized rent savings of approximately $202,000. As part of the relocation, the Receivership has disposed of the remaining surplus office furniture and various equipment. Additionally, the Receiver has strengthened the infrastructure security by implementing a two-factor access authentication process. The IT infrastructure reconfiguration and the office relocation required significant planning and presented various challenges in the pandemic environment but will provide substantial cost savings and more flexibility going forward, while allowing the Receivership to continue its necessary operations during the wind-down period.

2. Bank Accounts

As discussed in the Initial Report, the Receiver has instituted an integrated on-line platform that facilitates banking, processing of future distributions, and cash reporting for receivership cases. As assets are being monetized, the Receiver has been closing bank accounts that are no longer necessary. Following the approval of the QSF by the Court at the end of 2019, the Receiver has established separate QSF bank accounts and has consolidated the majority of the funds controlled by the Receiver in such account(s). In the first quarter of 2020, the Receiver closed 35 of the legacy Receivership bank accounts that were no longer needed for the ongoing operations of the Receivership and the QSF. This is helping streamline the Receivership cash management operations and facilitate the wind down. As of March 31, 2021, the Receiver maintained 21 bank accounts, consisting of 17 that belong to the Receivership Entity, including six attributed to the QSF, and four accounts controlled by the Receiver that are owned by related entities. The Receiver plans to continue gradually closing bank accounts that will no longer be needed for the Receivership operations.

During the subject reporting period, the Receiver and his professionals continued to work with East West Bank and Stretto to implement the second interim distribution. The Receiver intends to continue leveraging these existing relationships and systems for the implementation of future distribution(s) to the extent feasible.

Cash basis reports including information for the current reporting period and case to date are attached as Exhibit B.

3. Staffing

a. Headcount

The Receiver continues to maintain the minimum staff necessary for the Receivership and enterprise to operate efficiently and effectively. As of March 31, 2021, the Receivership Entity had seven full-time employees and one part-time employee. Starting April 1, 2021, one of the former full-time employees became employed as a contractor, thus reducing the full-time headcount down to six and resulting in significant cost savings. The Receiver's employee retention program provides for at least six-weeks' notice to employees whose services are anticipated to no longer be required by the Receivership.

b. Contractors

In response to earlier staff attrition in addition to the planned reductions, the Receiver necessarily backfilled key accounting and technology positions with local independent contractors (not affiliated with FTI). As of March 31, 2021, the Receivership employed two on-call IT contractors. Given the wind down, the Receiver no longer has the need for two previously employed full-time equivalent accounting contractors whose responsibilities were transitioned to the remaining full-time Receivership finance and accounting employees during the reporting period. Also, as discussed above, effective April 1, 2021, one of the former full-time employees became a contractor to the Receivership at a significant cost savings.

4. Tax Preparation

a. Taxes

In the ordinary course of business, the Receivership has many reporting and tax preparation responsibilities to investors and taxing authorities. Since the inception of the Receivership, the Receiver has 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. Qualified Settlement Fund 2020 Taxation and 2020 Returns for Remaining Receivership Entities

As further described in section XI of this Report, on motion and by order of the Court, substantial assets of the Receivership Entities were transferred to the Aequitas Qualified Settlement Fund Irrevocable Trust ("QSF") along with the obligation to make distributions under the Court-approved Distribution Plan. Final tax returns were filed for many of the Receivership Entities. Tax reporting for 2020 includes filing returns for the remaining Receivership Entities and for the QSF.

c. Investor Fund Form K-1s

2020 form K-1s will <u>not</u> be distributed to investor equity fund members. The 2019 form K-1s were marked as final. Members in the following equity funds should not expect to receive estimates or form K-1s from the Receivership - Aequitas Income Protection Fund LLC, Aequitas Enhanced Income Fund LLC, and Aequitas Hybrid Fund LLC.

Members in non-fund Receivership Entities can confirm if the 2019 form was final by checking to see if the "Final K-1" box was checked or not. If the box was not checked, a 2020 form will be issued.

Members of Aequitas Holdings LLC and Aequitas Management LLC have received estimates and will receive form K-1s in accordance with the schedule utilized in prior years.

d. QSF Taxation

The QSF is subject to tax on its modified gross income. To the extent that assets transferred to the QSF produce includable income, less certain expenses, the QSF will be required to pay tax at the maximum tax rate in effect for that tax year under section 1(e) of the Internal Revenue Code.

The QSF is required to pay tax by submitting quarterly estimates. State tax filing requirements for the QSF are determined by the source of the activity of the assets transferred to the QSF. 2020 tax returns for the QSF are in process.

e. Distribution Reporting and Taxation

In 2020, distributions were made to Defrauded Investors and other claimants under the terms of the Court-approved Distribution Plan. The QSF has provided tax information reporting to some distribution recipients based on the applicable reporting requirements. The tax information reporting includes general information about the nature of the reporting but in no case provides any advice concerning the appropriate tax treatment of the amounts distributed.

None of the Receiver, the Aequitas Receivership, the QSF, or any advisor or professional associated with any of those individuals or entities has provided any tax advice with respect to any distribution regardless of whether tax information reporting was provided.

Distribution recipients are responsible for determining the tax consequences and possible reporting requirements, if any, of such distributions and are ultimately responsible for any tax obligation arising from such distributions. They should consult with their own tax advisors to determine the effects of U.S. federal, state, local, and any non-U.S. (if applicable) tax rules with respect to the tax consequences of any distributions.

f. Tax Law Changes and Other Events

The impact of tax reform in the past several years has been incorporated as required into the Receivership Entities' tax reporting.

The Receiver cannot provide tax advice to Investors. Investors are urged to consult their own tax advisors for guidance and counsel about the applicability and impact of significant tax law changes.

Prior quarterly Receiver Reports have included information concerning the impact of tax reform that may be applicable to the Receivership or to Investors. It is not intended to replace advice from Investors' own advisors. In addition, Investors are urged to consult with their tax advisors regarding the consequences of the guilty pleas entered by certain Individual Defendants and their effect on the Investors' ability to recognize losses.

5. Ongoing Litigation

As addressed in prior reports and reflected in the previously disclosed settlements with the Terrell Parties, Weider/Forman, the Fieldstone Parties, Lux, the Malloy Parties, numerous "net winners", the Receivership Entity's insurance carriers, the professional firms that previously served the various Aequitas companies, certain former officers and Advisory Board members, named investor plaintiff groups, the Froude Parties, William Ruh, Martin Brantley, Westside Christian High School and the Hancock Parties, the Receiver continues 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 and any subsequent orders, to the extent negotiated resolutions are not reached with any of the parties, the Receiver will file additional actions.

A. Newman

The Court granted summary judgment in favor of the Receiver on claims for breach of a promissory note. Together with attorney fees, the judgment against the defendants, Robert Jesenik's relatives, totals $462,754.68 plus interest that continues to accrue. The Receiver has initiated judgment debtor proceedings.

B. Net Winners

With the benefit of the Court's determination that the consolidated Aequitas enterprise was operated as a Ponzi scheme at least as early as July 1, 2014 [Dkt. 813], the Receiver and his team gathered and analyzed data to identify "net winners" (investors who received funds in excess of their initial investments prior to initiation of the Receivership) and determine the amount of their net winnings. The Receiver then provided individual net winners a summary of their account activity as well as a pre-litigation offer of settlement. Many of the net winners have already accepted the Receiver's offer and made the corresponding repayment to the Receivership Estate.

Those net winner settlement agreements executed prior to October 22, 2020 were addressed in the First Motion to Approve Settlements and approved by Judges Russo and Hernández.

During this reporting period, the Receivership reached a significant number of additional settlements with the net winners that, together with the settlements finalized after October 22, 2020, are addressed in the Second Motion to Approve Settlements that is pending before the Court. The table below summarizes the status of the net winner recoveries as of April 23, 2021.

Net Winner Settlement Summary (as of 04/23/21)	# of Parties	Amount
Cash Received from Net Winners	60	$1,728,721
Additional Installment Payments Outstanding		$629,369
Distribution Offsets	9	$490,490
Total	69	$2,848,580

In accordance with the prior orders of the Court, the Receiver will soon file suit against all net winners who have not agreed to return their net winnings to the Receivership Estate.

C. Other

The Receiver is in the midst of settlement negotiations with other parties, the majority of which are subject to claims for breach of contract and fraudulent conveyance. As indicated above, in the event the claims cannot be resolved in the best interests of the Receivership Estate, the Receiver will commence litigation in accordance with the prior orders of this Court.

6. Claims Process

During 2019, the Receiver, his professionals and staff expended significant effort developing and implementing the claims process, to meet the requirements of the Claims Procedures Order. The Receiver undertook an extensive claim noticing process that included notices by publication in 15 major newspapers, issuance and dissemination of a press release, and mail and email noticing of over 6,982 parties, including at least 4,830 parties who received a Notice of Receiver's Initial Determination.

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**

7. Additional Information Sharing

Consistent with the requirements of the Claims Procedures Order, the Receiver 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.

While not required by the Claims Procedures Order, in the spirit of cooperation, the Receiver 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 March 31, 2021, 176 investor notice packets have been shared with the RIAs.

8. 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. Through March 31, 2021, over 1,590 inquiries in connection with the claims process, distributions, and related tax reporting were addressed directly by the Receivership staff and professionals. The Receivership team is continuing to field and respond to inquiries as they are received.

9. Claims Processing and Analysis

During the second half of 2019 and the first half of 2020, the Receivership team continued to make upgrades to the transactional database that was previously developed in connection with the investor data validation process and used to generate claims process and bar date noticing communications and the NOD forms. Following the intake of the initial received claims, the Receivership team worked to refine its claims management tools used to store and analyze the relevant filed claims data and compare it with the Receivership records. The Receiver's professionals and staff have performed the review of the filed claims and have submitted 4,778 claims to the Court for full or partial adjudication. The Receiver anticipates that the remaining claims will be presented to the Court for resolution shortly.

Through December 31, 2020:

- 4,857 Notices of Receiver's Initial Determination ("NOD") were mailed or emailed out by the Receivership (including 4,830 original NODs and 27 replacement NODs that were finalized and sent out during the reporting period)
- 338[7] individual claim submissions were received by Epiq (the claims agent) including:
    - 33 duplicates
    - 3 claims representing amendments of previously filed claims
    - 41 late-filed claims
- 3 claims that were submitted prior to the Bar Date Order and the establishment of the claims process.

Of the 302 non-duplicative individual claims submissions received above, at least 15 non-duplicative claims did not list any appropriate Aequitas Receivership entity. Additionally, 68 of the non-duplicative claims were filed against multiple Aequitas Receivership entities. As detailed in the attached Report of Cash Receipts and Disbursements (Exhibit B to this Report), for the purpose of consolidated reporting, these claims are counted only once. On the individual entity reports, each entity determined on a preliminary basis as being named in the claim form has the claim included in its count.

Based on the initial review of the Receivership staff, the following is a summary of non-investor claims filed (or allowed NODs if no claim filed). The Receivership staff is continuing to review all submissions to determine the validity of claims. Nothing in the summaries should be considered an acceptance or allowance of any claim.

[7] During the subject reporting period, the Receiver became aware of two additional claims that had been received by Epiq, the claims agent, prior to the Claims Bar Date but were inadvertently not previously provided to the Receivership. These claims have been reviewed and are being addressed. These two newly discovered claims will not have a material impact on the distributions due to other claimants, based on the Court-approved Distribution Plan.

Non-Investor Claims	Count
NODs Mailed	2,770
Unique claims filed	88
Less: Claims filed and NOD sent	(20)
Total Non-Investor Claims	2,838

Non-Investor Claim Type	Count		Amount as Filed or Allowed
Non-Officer Former Employees >$12,850	41		1,438,316
Non-Officer Former Employees <=$12,850	46		384,668
CarePayment Refund Checks	2,430		183,156
Campus Student Funding Refund Checks	189		61,614
Taxes	43		510,261
Other Claims >$20,000	15	$	88,704,271
Other Claims <=$20,000	74		248,897
Total	2,838	$	91,531,184

Top Ten Non-Investor Claims

Claimant Name		Amount
Deloitte & Touche LLP[8]	$	50,000,000
ASFG Inc & TRD Consulting LLC		27,381,257
Norman Gary Price/Strategic Capital Group		5,638,129
CBL Insurance Ltd		1,994,000
DELL Financial Services LLC		1,124,865
Olaf Janke		897,360
Akin Gump Strauss Hauer & Feld LLP		646,127
Brian K Rice		438,837
Salesforce.com Inc.		346,478
JCPR Inc D/B/A J Connelly		65,998
Total Top Ten Trade Claims	$	88,533,050

[8] On June 30, 2020, the Receiver executed an amended and restated settlement agreement with Deloitte, by which Deloitte agreed to release its contribution claim effective upon Court approval of the settlement.

V. Disposition of Assets/Interests

A. Assets/Interests Sold

Syncronex, LLC[9]

Syncronex 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 AH, ACL, ACF, APF, and Aequitas Management, LLC ("AM"), (AH, AM, 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, 2018 [Dkt. 614] and the sale closed on June 15, 2018 repaying the AH 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 thousand. 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 thousand by a substantial margin and, accordingly, the Purchase Price will be reduced by $75 thousand pursuant to the terms of the Purchase Agreement. Accordingly, the Receiver has filed suit to

[9] http://www.syncronex.com/en/

recover the $75 thousand plus reasonable costs from Syncronex's CEO based on representations and warranties made by him in conjunction with the Purchase agreement.

B. Ongoing Asset Monetization and Sales Efforts

1. Campus Student Funding

On August 17, 2017, the Court approved Receiver entering into the nationwide settlement with Consumer Financial Protection Bureau (CFPB) and thirteen state Attorneys General in connection with the Corinthian Colleges private student loan portfolio owned by the Receivership (the "Settlement") [Dkt. 495]. Subsequently, on June 12, 2018, the Court approved the Receiver's Motion for Approval of Proposed Settlement with Massachusetts Attorney General. [Dkt. 620]. The Massachusetts Settlement, implemented in the form of an Assurance of Discontinuance, became effective on June 21, 2018.

Following the very significant effort expended by the Receivership on the implementation of the Settlement at the end of 2017 and in the beginning of 2018, which resulted in processing relief in connection with approximately 47 thousand loans, the Receiver continued to implement the remaining obligations under the Settlement in 2018. Subsequently, the Receivership staff and retained professionals continued to work with the regulators to address any questions that came up in the course of the operations of the portfolio.

Additionally, we have continued to maintain a detailed informational website for the borrowers in connection with the Settlement. Most of the borrower inquiries are being addressed by the servicer but the Receivership also addressed 1,857 borrower inquiries directly (through March 31, 2021). In addition to addressing direct borrower inquiries, the Receivership staff and retained professionals monitor, review, and respond as needed to borrower complaints that are submitted through the CFPB on-line consumer complaint portal or through other venues. All these activities are instrumental in mitigating the Settlement implementation risk to the Receivership, reducing the number of potential borrower complaints, and stabilizing the portfolio.

To handle potential borrower inquiries related to the 1099 tax forms, the Receivership has set up an outsourced call center that handled 2,383 calls, including 1,056 calls answered by agents, through March 31, 2021 (the rest of the callers chose to only listen to a detailed recorded message). The Receivership staff and retained professionals worked closely with the call center vendor to review call logs and monitor the performance to make sure that the borrowers receive appropriate information.

In the reporting period, the Receivership team continued to work with the loan servicer and help address borrower inquiries. The Receiver is continuing to monitor the portfolio performance and evaluate the next steps in connection with the monetization of the remaining portfolio.

2. MotoLease Financial, LLC ("MLF")

MLF holds subprime consumer leases for motorcycle and other recreational vehicles. Through March 31, 2021, the Receiver has collected approximately $16.1 million on account of the leases owned at the beginning of the Receivership. The portfolio is continuing to amortize on its own accord. The Receivership staff and retained professionals are working with the portfolio servicer on the complete wind down of the portfolio.

3. Portland Seed Fund (PSF)[10]

Portland Seed Fund is an investment in a local venture capital fund providing early stage capital to Oregon based start-ups. The Receiver continues to seek

[10] http://portlandseedfund.com/

opportunities to monetize the remaining PSF interest and the Receivership continues to receive distributions from PSF as the underlying investments experience liquidity events.

4. WorkAmerica

WorkAmerica offers a web-based platform to source qualified job candidates from community colleges, technical colleges, and vocational training centers nationwide. ACF made a $250 thousand loan to WorkAmerica in April 2014 via a Convertible Promissory Note ("Note"). WorkAmerica was in default under the terms of the Note due to its failure to make timely payments when due. The Note matured on October 18, 2015, at which time the outstanding principal balance and all accrued and unpaid interest was due and payable.

The Receiver was advised that WorkAmerica was insolvent (total outstanding note holders were estimated at $2 million) and was ultimately acquired by a competitor. The acquirer distributed directly to WorkAmerica noteholders a convertible note issued upfront and an additional convertible note tied to a potential earn-out which would indicate a recovery of 5-15% of outstanding debt.

VI. Communications to Interested Parties

A. Ongoing Communication with Investors/Counsel

At the outset of the Receivership, to facilitate regular communication regarding significant opportunities, challenges and actions, the Receiver formed the Investor Advisory Committee (the "IAC"). Particularly with the Court's approval of the distribution plan and resolution of the investors' actions against the Professional Firm Defendants, there is no need for regular meetings with the IAC nor investors' counsel. However, as the Court is aware, the Receiver, his legal counsel, and staff continue to stay in regular contact with many IAC members and investors' counsel, while also responding to significant numbers of direct investor inquiries. There has been no request to have a formal IAC meeting at this stage of the Receivership.

B. SEC and Other Governmental Agencies

1. SEC

We continue to interact and cooperate with the SEC Staff, as required by the consent judgement, but there is nothing new to report (other than the developments referenced in sections III.B and III.D above).

2. CSF and CFPB, and State Attorneys General

Please see section V.B.1 above for the discussion of the Settlement with CFPB and fourteen state Attorneys General.

3. Additional Governmental Agencies

The Receiver has previously expended significant efforts to comply with various discovery requests from state and federal agencies in conjunction with their investigations.

VII. Lender Relationships

A. Retirement of Institutional Debt

The Receivership Entities and affiliates have retired, generally on discounted terms, the entirety of the approximately $104 million of institutional secured debt.

VIII. Assets in the Possession, Custody and Control of the Receivership Estate

A. Cash and Cash Equivalents

Following the significant distributions made in 2020 and collections resulting from a number of settlements, the Receiver had cash balances of approximately $56.3 million as of March 31, 2021 for the entities included in the Receivership Entity.

Attached as Exhibit B to this Report is the Report of Cash Receipts and Disbursements in the form of the SFAR as prescribed by the SEC. The reports, together with the accompanying footnotes and detailed schedules, provide an accounting of the Receivership Entity's cash activities through March 31, 2021.

IX. Accrued Professional Fees

As previously discussed, the Receiver has retained several key professionals to assist him in managing the various Aequitas entities, dealing with inquiries/ investigations from governmental agencies and prosecuting his mandate as the Receiver.

The amounts are preliminary and subject to adjustment based on the interim and final fee applications. Detailed time records and supporting documents are being supplied to the Commission and fee applications will be filed with the Court for Court approval prior to the payment. All professionals, including the Receiver, are working at a discount to their standard rates.

Aequitas Receivership
Professional Fees & Expenses by Entity (from January 1 to March 31, 2021)

Entity	Fees ($)	Percentage	Expenses ($)	Percentage	Total ($)	Percentage
Receiver	16,582.00	2.9%	-	0.0%	16,582.00	2.8%
FTI Consulting	247,316.00	42.7%	-	0.0%	247,316.00	42.5%
Pepper Hamilton [1]	-	0.0%	-	0.0%	-	0.0%
Schwabe, Williamson & Wyatt	309,167.00	53.3%	2,411.91	100.0%	311,578.91	53.5%
Morrison Foerster [1]	-	0.0%	-	0.0%	-	0.0%
Law Office of Stanley H. Shure [1]	-	0.0%	-	0.0%	-	0.0%
Snell & Wilmer [1]	-	0.0%	-	0.0%	-	0.0%
Parsons Farnell & Grein	6,684.75	1.2%	-	0.0%	6,684.75	1.1%
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:	**579,749.75**	**100%**	**2,411.91**	**100%**	**582,161.66**	**100%**

[1] Pepper Hamilton, Morrison Foerster, Law Office of Stanley H. Shure, Snell & Wilmer, Pachulski Stang Ziehl & Jones, Akin Gump, and Ater Wynne did not incur fees or expenses during the billing period.

X. Receivership Claimants

In the Initial Report, the Receiver provided a summary compilation of claimants. The summary reflected the Aequitas entities where claimants invested/loaned funds. On May 15, 2020, the Receiver's Motion to Approve Classification, Allowance of the Amount of Claims for Certain Claimants (Administrative Claims, Convenience Class Claims, and Former-Employment Claims), and Approving Distributions to Those Claimants ("the First Distribution Motion") [Dkt. 835] was filed together with the supporting Declaration of Ronald F. Greenspan ("Greenspan First Distribution Declaration") [Dkt. 836]. The Court subsequently issued its Order Granting Receiver's Motion to Approve Classification, Allowance of the Amount of Claims for Certain Claimants (Administrative Claims, Convenience Class Claims, and Former-Employment Claims), and Approving Distributions to Those Claimants on June 1, 2020 ("the First Distribution Order") [Dkt. 838]. Please refer to the exhibits included in the Greenspan First Distribution Declaration for the details of the claims that have been adjudicated as part of the First Distribution Order.

On October 21, 2020, the Receiver's Second Distribution Motion was filed together with the supporting Declaration of Ronald F. Greenspan ("Greenspan Second Distribution Declaration") [Dkt. 849]. The Second Distribution Motion was subsequently approved by the Court. Please refer to the exhibits included in the Greenspan Second Distribution Declaration for the details of the claims that are proposed to be adjudicated as part of the Second Distribution Motion.

On February 18, 2021, the Receiver filed a Motion to Correct Two Clerical Errors: One that Inadvertently Allowed a Claim to CIT Technology Financial Services, Inc. and One that Failed to Aggregate the Trust Accounts Previously Associated with Shirley K.

Rippey & Jeffrey L. Rippey, Co-Trustees of the James F. Rippey Trust [Dkt. Nos. 873-875]. The Motion was approved by Judge Jolie A. Russo on March 7, 2021 [Dkt. 877].

XI. Summary of the Distribution Plan

The Receiver, among other duties, was authorized, empowered, and directed to develop a plan for the fair, reasonable, and efficient recovery and distribution of Receivership Property for the benefit of investors and creditors (the "Distribution Plan").[11] The following describes the significant effort undertaken by the Receiver and his staff and retained professionals to advance the Distribution Plan. This Report is not intended to establish any presumption(s) regarding distribution of the Receivership Property.

A. Qualified Settlement Fund

On December 23, 2019, the Receiver filed his Motion For Order To Authorize, Approve, And Take Continuing Jurisdiction Over A Qualified Settlement Fund ("QSF"), And For Related Relief [Dkt 779]. In relation to effectuating the Distribution Plan, the Receiver and his professionals determined that, for tax purposes, a QSF is the best vehicle for making distributions to holders of Allowed Claims, including Investors and other Claimants found to have Allowed Claims. Further, to mitigate certain potential tax consequences to the Receivership Estate under Oregon law, the Receiver requested the creation and transfer of assets to the QSF to be approved by the Court before January 1, 2020. The Receiver and his professionals estimate the potential tax savings to the Receivership Estate from implementing the QSF at upwards of $2 million.[12]

The requested QSF motion was so ordered on December 23, 2019 [Dkt 781].

[11] Receivership Order [Dkt. 156], ¶ 38.
[12] Following additional tax planning work related to the possible tax treatment on cancellation of debt income under the "Corporate Activity Tax" (the "CAT"),newly created under Oregon House Bill ("HB") 3427 and HB 2164, the estimated tax impact was increased to approximately $2 million from the initial estimate of in excess of $1 million.

B. <u>Distribution Plan</u>

On December 31, 2019, the Receiver filed the Motion To Approve The Receiver's Distribution Plan And Determination Of A Ponzi Scheme [Dkt 787]. In conjunction with his request for the finding of a Ponzi scheme, the Receiver moved the Court to approve a Distribution Plan that contains interrelated components and compromises that he believes provides the most equitable treatment of Allowed Claims and the equitable distribution of funds. Impacted parties are urged to read the Distribution Plan in its entirety and is available for review at the Aequitas Receiver's website (www.kccllc.net/aequitasreceivership) and the Receiver's Claims Agent website (http://www.AequitasClaims.com).

For tax and other distribution purposes, the Receiver has allocated the distribution between the Defrauded Investors' multiple accounts based on each account's relative Net Investment Loss. For further information regarding the aggregation of accounts, please see Article VI.E of the Distribution Plan Motion.

C. <u>Findings of Fact and Conclusions of Law</u>

The Court entered its Findings of Fact and Conclusions of Law on March 31, 2020 [Dkt. 813]. In its Order, among other things, the Court:

- Approved the Distribution Plan as expressly modified by the Receiver;
- Overruled any objections to the Receiver's Distribution/Ponzi Determination Motion that had not been withdrawn, waived, settled, or expressly reserved pursuant to the terms of the Order;
- Permitted the Receiver to commence with distributions consistent with the terms of the Distribution Plan without further order by the Court, noting that all distributions shall be free and clear of any and all liens, claims, interests, and encumbrances;
- Directed each Defrauded Investor and other Claimant to cooperate and supply such information and documentation as is requested by the Receiver and his professionals to effectuate the Distribution Plan; and

- Made the Order binding in all respects on all creditors and interest holders of the Receivership Entity and their successors and assigns.

D. Distribution Plan Noticing

In the first quarter of 2020, the Receivership staff and the retained professionals expeditiously managed a Distribution Plan noticing campaign based on the form and matter of notice that had been approved by the Court. At least 4,796 notices were sent to the parties that were required to be noticed by the Court. The Receivership professionals worked closely with KCC, the host of the main Receivership website, and with Epiq, the noticing agent, to update relevant information provided to the public on the Receivership websites.

E. The First Distribution

In connection with the First Distribution Motion, on May 8, 2020, the Receiver provided conferral notices to counsel and mailed notices to 2,674 parties whose claims were resolved as part of the First Distribution.

As discussed earlier in the Report, the First Distribution Order was entered by the Court on June 1, 2020. Following the entry of the Order, the Receivership staff and retained professionals proceeded expeditiously with the implementation of the First Distribution as approved by the Court. The table below summarizes the First Distribution disbursements.

Claims Paid -1st Interim Distribution	Count	Amount
Administrative Class Claims	429	$86,010
Non-Officer Former Employees Claims	78	$797,722
Convenience Class Claims	336	$90,065
Total Receivership Distributions	843	$973,797
Expired and Uncashed Distributions - funds returned to the QSF	(266)	($32,253)
Net Receivership Distributions	577	$941,544

F. The Second Distribution

As discussed above, the Second Distribution Order was entered by the Court on November 10, 2020. The Receivership staff and retained professionals expended significant effort at the end of 2020 to implement the distributions prior to the end of the year. Virtually all of the distributions approved by the Court have been made. Distributions to Defrauded Investors were made to counsel representing the *Albers*, *Wurster*, and *Pommier* litigation groups, to investment custodians, or directly to Defrauded Investors, as applicable.

The table below summarizes the Second Distribution disbursements made through the date of this Report.

Claims Paid -2nd Interim Distribution	Count	Amount
Administrative Class Claims	8	$958
Non-Officer Former Employees Claims	4	$49,546
Convenience Class Claims	36	$18,689
Defrauded Investor Claims[1]	1767	$73,403,642
Total Receivership Distributions	1815	$73,472,836

1. Reduced by Net Winner Offsets as applicable

Distribution of one approved Second Distribution payment remains on hold and will be subject to a correction that will be submitted the Court.

XII. Timeline and Future Interim Distributions

As discussed more fully in the Report, the Receiver has made very substantial progress in actively recovering, stabilizing and monetizing assets, consolidated and rationalized the terabytes of electronic data and facilitated access by litigating parties, effected settlements with multiple governmental agencies and major claimants, completed the principal forensic investigation, organized and facilitated an exhaustive and exceedingly successful mediation process that resulted in recovery of a significant portion of Investor losses, implemented the claims process and obtained Court approval for the Distribution Plan. The Receiver has also obtained Court approval for the First and Second Distributions and has implemented them. The Receiver expects to submit the third distribution motion addressing the claims of the majority or all of remaining claimants shortly.

While it is difficult to provide a definitive timeline for the completion of the concluding phases of the Receivership, culminating in the final round of distributions on Allowed Claims and Court-ordered termination of the receivership, the Receiver reasonably anticipates the vast majority of the remaining tasks will be completed in 2021. The precise timing of the next round of distributions will depend on the progress of the claims resolution process and the approval of the third interim distribution that will be proposed. As mentioned above, the litigation settlements with the professional firm defendants already resulted in direct payments to the plaintiff investor groups.

Exhibits

A. Aequitas Entity Structure

B. Report of Cash Receipts and Disbursements (Standardized Fund Accounting Report)

C. Acronyms Glossary