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AEQUITAS MANAGEMENT, LLC; AEQUITAS HOLDINGS, LLC;
AEQUITAS COMMERCIAL FINANCE, LLC; AEQUITAS
CAPITAL MANAGEMENT, INC.; AEQUITAS INVESTMENT
MANAGEMENT, LLC

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
PORTLAND DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

No. 3:16-cv-00438-JR

**RECEIVER'S REQUEST FOR APPROVAL
OF TWENTY-FIRST INTERIM FEE
APPLICATION**



LOCAL RULE 7-1

Owing to the complexity and volume of the Receiver's Request for Approval of Twenty-First 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, 2021 through June 30, 2021 (the "Twenty-First Application Period").

The efforts of the Receiver and the professionals on behalf of the Receivership Entity are set forth in detail in the June 30, 2021 Report of the Receiver (the "June 2021 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 is aware, this is a very complex and otherwise difficult case. The information contained in the June 2021 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

¹ Dkt. 903.

² Greenspan Declaration, Exhibits B through D.

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 [Dkt. 1]. 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.³ The Commission further alleges that “[b]y the end of 2015 [Aequitas] owed investors \$312 million and had virtually no operating income to repay them.”⁴ The investments identified by the Commission refer to the funds borrowed by ACF, one of the 48 entities composing the

³ Dkt. 1, ¶¶ 1-7. Of note, one of the Individual Defendants, Brian Oliver, has pleaded 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 Olaf Janke has also pleaded guilty to the same charges. Four additional former directors and officers have also been indicted.

⁴ Dkt. 1, ¶ 5.

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”).⁵ 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], through March 31, 2019 [Dkt 700], through June 30, 2019 [Dkt. 749], 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], through December 31, 2020 [Dkt. 872], and through March 31, 2021 [Dkt. 885] which are collectively referred to herein as the “Receiver’s Reports.” The June 2021 Report [Dkt. 903] is the Receiver’s report and recommendations to the

⁵ Dkt. 156.

Court for the quarter ending June 30, 2021. The contents of the Twenty-First Interim Fee Application, like the focus of the June 2021 Report, provides the basis for the fees and expenses incurred by the professionals on behalf of the Receivership for the quarter ending June 30, 2021.

A. The Receiver continues to successfully preserve and monetize Receivership assets, as well as implement the claims process and the distributions of 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, obtained approval of the Distribution Plan, completed two, Court-approved interim distributions of a majority of the Receivership assets, and have received a Court approval for the third interim distribution that is being implemented. Through the quarter ended June 30, 2021, the Receiver has sold Receivership Entity gross assets and collected receivables totaling approximately \$324.5 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 reported, 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 judgement 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 then 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 Final Receivership Order, the Receiver conducted his forensic investigation and the resulting forensic report (the “Forensic Report”) was filed with the Court 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 June 30, 2021, 341 claims had been received and 4,830 Notices of Receiver’s Initial Determination had been issued.⁶

During the second half of 2019 and throughout 2020, the Receiver and his team

⁶ 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.

continued to refine the tools and systems necessary for the implementation of the claims process, perform review and assessment of 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 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 his 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 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 half 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 and relevant information was posted on the Receivership website.

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, the Receivership staff and retained professionals completed the first distribution in the amount of \$973,797.

In the second half 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. 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.

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.

During this Application Period (second quarter of 2021), the Receivership staff and the retained professionals prepared for the next (third) interim distribution and resolution of the remaining claims. The Receiver has conducted a conferral process in connection with the proposed third interim distribution, which resulted in no objections. On July 16, 2021, distribution motion notices were mailed to 1,674 parties and relevant information, including answers to an exhaustive set of FAQs was posted on the Receivership website. On July 19, 2021, the Receiver filed a Third Motion to Approve Classification of Certain Claims (Administrative, Convenience Class, Creditors, and Defrauded Investors), Allow and Approve Distributions on Account of Certain Claims, and Approving Distributions to Claimants Who Elect Reclassification To Convenience Class Status (the “Third Distribution Motion”). By way of the Third Distribution Motion, the Receiver proposed to distribute approximately \$22 million. The Third Distribution Motion was approved by the Court on August 5, 2021 and is being implemented, with approximately half of the authorized distribution amount already being disbursed by the Receiver.

From the outset of the Receivership and through this Application Period, the Receiver and his team have expended considerable time and effort to orchestrate successful resolution of investors’ 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 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 \$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 have greatly accelerated anticipated 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.

On October 22, 2020, the Receiver filed a Motion for Order (1) Approving Compromises of Claims, (2) Approving and Authorizing Performance of Settlement

Agreements, (3) Entering Claims Bars, and (4) Removing a Receivership Entity and an Extended Entity (“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 Receiver against Catlin. Judge Jolie A. Russo granted the Receiver’s 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. Hernandez for review [Dkt.863]. On December 11, 2020, Judge Hernandez issued an Order adopting Judge Russo’s Findings and Recommendation and granted the Receiver’s Motion to Approve Settlements [Dkt. 866] and entered the Amended Limited Judgment As To The Professional Firms And The Terrell Parties, including Permanent Injunctions [Dkt. 876].

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. 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]. On May 6, 2021, the Court entered an order granting the Receiver’s Second Motion to Approve Settlements. [Dkt. No. 886]. Shortly following the current Application Period, on July 7, 2021, the Receiver filed another Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Third Motion to Approve Settlements”) and related pleadings [Dkt. Nos.

889-891], that was granted by the Court on July 26, 2021 [Dkt. No. 898].

The settlements addressed in the Receiver's First, Second, and Third Motions to Approve Settlements resulted in over \$18.5 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, materially increasing the recovery on the allowed claims of the Defrauded Investors and others.

During this Application 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 at the very end of the first quarter of 2021, with the footprint significantly reduced. During the Application Period, the Receivership staff and retained professionals continued working on finalizing the post-move logistics with a focus on address change notification planning and implementation, including identification of the appropriate parties to be noticed, contractual reviews, and other planning activities. The operational changes described above are providing 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 294 parties accessing the database, which contains 17.5 million documents, through June 30, 2021, and provide financial and tax administration including preparing numerous Receivership Entity tax returns.

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

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 (iii) manage the most recently approved interim distribution and future distribution(s) as needed, and (iv) wind down the estate.

Although the consumer loan/ lease portfolios have been immensely reduced, the thousands of remaining loans / leases 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 Receivership Entities). Absent that day-to-day, hands-on management, the Receivership Entity's, and, ultimately, the investors' value would be diminished.

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 make interim distributions whenever 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 and remote (given the current restraints imposed by the Covid-19 pandemic)

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, planning and implementation of the claims process, distribution plan development and implementation, and the wind down of the estate.

2. Pepper Hamilton - Securities and Exchange Commission Counsel

Pepper was retained by 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 represented the Receiver in connection with SEC-related matters, including the SEC Complaint and discovery promulgated thereunder. Snell & Wilmer also represented the Receiver regarding other regulatory inquiries and acted 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 was diligently ensuring there was 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: Aequitas Capital Management, Inc., Aequitas 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 Aequitas Capital Management, Inc. in the matter of American Student Financial Group, Inc., et al. v. Aequitas 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): Aequitas Commercial Finance, LLC; Aequitas Investment Management, LLC; Aequitas Income Protection Fund, LLC; Aequitas Income Opportunity Fund, LLC; and Aequitas 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 special co-counsel serving as local insurance recovery counsel for the Receiver in connection with claims implicating directors and officers insurance coverage issued

to one or more of the entities comprising the Receivership Entity.

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 [Dkt. 396].

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

Following the significant distributions made in 2020 and collections resulting from a number of settlements, the Receiver had cash balances of approximately \$56.1 million as of June 30, 2021 for the entities included in the Receivership Entity. The Standardized Fund Accounting Report, which is included in the Receiver’s June 2021 Report, provides a detailed statement of cash receipts and disbursements through June 30, 2021. The following are brief summaries of some of the ongoing asset monetization and sales efforts undertaken or impacted during the Twenty-First Application Period.

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 47,000 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, the Receivership 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 1,877 borrower inquiries directly (through June 30, 2021). In addition to addressing direct borrower inquiries, the Receivership staff and retained professionals monitor, review, and respond 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 2,406 calls, including 1,069 calls answered by agents, through June 30, 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 Application Period, the Receivership team continued to work closely 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 (MLF)

MLF holds subprime consumer leases for motorcycle and other recreational vehicles. Through June 30, 2021, the Receiver has collected approximately \$16.1 million on account of the leases owned at the beginning of the Receivership. The portfolio is in a wind down stage. The Receivership staff and retained professionals are continuing to work with the portfolio servicer on the complete wind down of the portfolio including planning the resolution of the remnant receivables and motorcycle title matters.

3. Portland Seed Fund (PSF)

Portland Seed Fund is an investment in a local venture capital fund providing early-stage capital to Oregon based start-ups. Proceeds from two recent monetizations of investments by the Fund were distributed to PSF members, including the Receivership, in June of 2021, with an additional distribution provided in August of 2021. The cumulative distributions from PSF are now greater than the contributions, and additional distributions are expected in the future.

The Receiver continues to seek future opportunities to monetize the remaining PSF interest and is considering the impact of the PSF anticipated future wind down.

E. Ongoing Litigation

As addressed in prior reports and reflected in the previously disclosed settlements with the Terrell Parties, Weider/Forman, the Fieldstone Parties, Lux and 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, the Advisory Board member, named investor plaintiff groups, the Froude parties, William Ruh, Martin Brantley, Westside Christian High School, the Hancock parties, Donna Miles, Thomas Sidley, Patricia Brown, Jeffrey Sica, Sica Wealth Management, LLC, and Circle Squared Alternative Investments, LLC, 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.

1. 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.

2. 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 accepted the Receiver's offer and made the corresponding repayment to the Receivership Estate.

Those net winner settlement agreements were addressed in the Receiver's First, Second, and Third Motions to Approve Settlements.

The table below summarizes the status of the net winner recoveries as of July 31, 2021.

Net Winner Settlement Summary (as of 07/31/21)	# of Parties	Amount
Cash Received from Net Winners	63	\$1,896,530
Additional Installment Payments Outstanding		\$610,456
Distribution Offsets	9	\$490,490
Total	72	\$2,997,475

In accordance with the prior orders of the Court, on June 28, 2021, the Receiver filed suit against all net winners who do not agree to return their net winnings to the Receivership Estate, seeking approximately \$2,000,000 plus interest.

3. 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.

F. The Claims Process

During 2019, the Receiver, his professional and staff expended significant effort developing and implementing the claims process to meet the requirements of the Claims Procedures Order [Dkt. 683]. The Receiver undertook an extensive claim noticing process that included notices by publication in 15 major newspaper, 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.

1. Additional Information Sharing

Consistent with the requirement 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 email 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 June 30, 2021, 176 investor notice packets have been shared with the RIAs.

2. 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 June 30, 2021, over 1,772 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.

3. 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 the 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 initial review of the filed claims and have submitted 4,783 claims to the Court for full or partial adjudication. The Receiver anticipates that the remaining claims will be presented to the Court for resolution in the following few months.

Through June 30, 2021:

- 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).
- 338 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 entities. Additionally, 68 of the non-duplicative claims were filed against multiple Aequitas Receivership entities. As detailed in the Report of Cash Receipts and Disbursements, attached as Exhibit B to the June 2021 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 review by the Receivership staff, the following is a summary of non-investor claims filed (or allowed NODs if no claim filed). The Receivership staff is finalizing the review of all submissions to determine the validity of claims. Nothing in the summaries should be considered an acceptance or allowance of any claim.

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	73	248,897
Total	2,837	\$ 91,531,184

Top Ten Non-Investor Claims

Claimant Name	Amount
Deloitte & Touche LLP ⁷	\$ 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

G. 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 Aequitas 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, as well as managing the claims process and distributions on Allowed Claims.

⁷ On January 24, 2020, the Receiver executed a settlement agreement with Deloitte regarding their contribution claim.

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 to the IT infrastructure finalized during this Application 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. An additional downsizing of certain IT systems, that was deemed appropriate at this stage of the Receivership and was implemented during this Application Period, will further reduce the annual IT spend by approximately \$54,000. The office utilized by the Receivership staff was also relocated during the first quarter of 2021 and transition finalized during this Application Period, 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 June 30, 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. Subsequently, the Receiver closed three bank accounts and plans to continue gradually closing bank accounts that will no longer be needed for the Receivership operations.

During this Application Period, the Receiver and his professionals continued to work with East West Bank and Stretto in order to complete implementation of the second interim distribution. The Receivership 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 this Application Period and case to date, are attached as Exhibit B to the June 2021 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, 2021, the Receivership Entity had 6 full-time employees and 1 part-time employee. 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 June 30, 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 Application 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 Matters

In the ordinary course of business, the Receivership has many reporting and tax preparation responsibilities to investors and taxing authorities.

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. Qualified Settlement Fund 2020 Taxation and 2020 Returns for Remaining Receivership Entities

As further described in section XI of the June 2021 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 will include filing returns for the remaining Receivership Entities and for the QSF.

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 has in the past provided meeting space and infrastructure at no charge to the Receivership Entity, which allowed the Receiver to minimize costs associated with 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. As a result of the Receivership staff and all professionals working remotely during the COVID-19 pandemic, no travel time was incurred during this Application Period.

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. No out-of-town meals and expenses were incurred during this Application Period.

III. AUTHORITY SUPPORTING REQUEST FOR APPROVAL OF FEES AND EXPENSES INCURRED FROM APRIL 1, 2021 THROUGH JUNE 30, 2021

The Order Appointing Receiver provides that “[t]he Receiver and Retained Personnel are entitled to reasonable compensation and expense Reimbursement from the Receivership

Estates....”⁸ Applications for compensation and expense reimbursement are on an interim basis, subject to final review at the close of the Receivership.⁹ 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.

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, 2021 through June 30, 2021.

A. This is the Twenty-First Interim Fee Application and the Court has previously approved the prior Eighteen Interim Fee Applications

This is the Twenty-First Interim Fee Application of the Receiver and his retained professionals. The initial Interim Fee Application was filed on September 22, 2016 [Dkt. 251]. The Court approved the fees and expenses requested in the Interim Fee Application on October 21, 2016 [Dkt. 273]. The Second Interim Fee Application was filed on December 12, 2016 [Dkt. 315]. The Court approved the fees and expenses requested in the Second Fee Application on February 22, 2017 [Dkt. 370]. The Third Interim Fee Application was filed on April 4, 2017 [Dkt. 393]. The Court approved the fees and expenses requested in the Third Fee Application on April 20, 2017 [Dkt. 416]. The Fourth Interim Fee Application was filed on July 14, 2017 [Dkt. 475]. The Court approved the fees and expenses requested in the Fourth Fee Application on July 17, 2017 [Dkt. 478]. The Fifth Interim Fee Application was filed on October 11, 2017 [Dkt. 544]. The Court approved the fees and expenses requested in the Fifth Fee Application on October 12, 2017 [Dkt. 548]. The Sixth Interim Fee Application was filed on December 12, 2017

⁸ Dkt. 156, ¶ 45.

⁹ Dkt. 156, ¶ 47.

[Dkt. 567]. The Court approved the fees and expenses requested in the Sixth Fee Application on December 12, 2017 [Dkt. 570]. The Seventh Interim Fee Application was filed on March 16, 2018 [Dkt. 596]. The Court approved the fees and expenses requested in the Seventh Fee Application on March 20, 2018 [Dkt. 599]. The Eighth Interim Fee Application was filed on June 26, 2018 [Dkt. 630]. The Court approved the fees and expenses requested in the Eighth Fee Application on June 26, 2018 [Dkt. 633]. The Ninth Interim Fee Application was filed on September 17, 2018 [Dkt. 654]. The Court approved the fees and expenses requested in the Ninth Fee Application on September 18, 2018 [Dkt. 657]. The Tenth Interim Fee Application was filed on December 7, 2018 [Dkt. 665]. The Court approved the fees and expenses requested in the Tenth Fee Application on December 10, 2018 [Dkt. 668]. The Eleventh Interim Fee Application was filed on March 21, 2019 [Dkt. 677]. The Court approved the fees and expenses requested in the Eleventh Fee Application on March 21, 2019 [Dkt. 680]. The Twelfth Interim Fee Application was filed on June 27, 2019 [Dkt. 716]. The Court approved the fees and expenses requested in the Twelfth Fee Application on July 1, 2019 [Dkt. 719]. The Thirteenth Interim Fee Application was filed on June 27, 2019 [Dkt. 771]. The Court approved the fees and expenses requested in the Thirteenth Fee Application on July 1, 2019 [Dkt. 774]. The Fourteenth Interim Fee Application was filed on December 27, 2019 [Dkt. 782]. The Court approved the fees and expenses requested in the Fourteenth Fee Application on January 1, 2020 [Dkt. 788]. The Fifteenth Interim Fee Application was filed on March 31, 2020 [Dkt. 814]. The Court approved the fees and expenses requested in the Fifteenth Fee Application on April 1, 2020 [Dkt. 817]. The Sixteenth Interim Fee Application was filed on June 19, 2020 [Dkt. 839]. The Court

approved the fees and expenses requested in the Sixteenth Fee Application on June 19, 2020 [Dkt. 842]. The Seventeenth Interim Fee Application was filed on September 11, 2020 [Dkt. 844]. The Court approved the fees and expenses requested in the Seventeenth Fee Application on September 11, 2020 [Dkt. 847]. The Eighteenth Interim Fee Application was filed on December 17, 2020 [Dkt. 868]. The Court approved the fees and expenses requested in the Eighteenth Fee Application on January 4, 2021 [Dkt. 871]. The Nineteenth Interim Fee Application was filed on March 30, 2021 [Dkt. 878]. The Court approved the fees and expenses requested in the Nineteenth Fee Application on April 21, 2021 [Dkt. 884]. The Twentieth Interim Fee Application was filed on July 12, 2021 [Dkt. 892]. The Court approved the fees and expenses requested in the Twentieth Fee Application on July 27, 2021 [Dkt. 899]. 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, 2021)

Entity	Previous Fees	Previous Expenses	Total Previous Fees & Expenses	Holdback Amounts	Total Paid Amounts
Receiver	2,426,689	45,172	2,471,861	485,338	1,986,523
FTI Consulting	18,256,240	494,849	18,751,089	3,651,248	15,099,841
Pepper Hamilton	2,472,630	282,614	2,755,244	494,526	2,260,718
Schwabe, Williamson & Wyatt	9,537,753	52,102	9,589,855	1,907,551	7,682,304
Morrison Foerster	1,010,847	5,843	1,016,690	202,169	814,521
Law Office of Stanley H. Shure	1,514,882	9,588	1,524,470	302,976	1,221,493
Snell & Wilmer	540,808	10,645	551,453	108,162	443,291
Parsons Farnell & Grein	538,003	18,983	556,986	107,601	449,386
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:	36,408,449	920,401	37,328,850	7,281,690	30,047,160

B. The Court should approve as reasonable and necessary all of the fees and expenses requested in this Twenty-First 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.”¹⁰ “Under either method, the Court must exercise its discretion to achieve a ‘reasonable’ result.”¹¹

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.”¹² Under the lodestar method, the Court multiplies a reasonable number of hours by a reasonable hourly rate.¹³ 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.¹⁴ The Commission’s approval of an application should be given great weight.¹⁵

¹⁰ *Fischel v. Equitable Life Assurance Soc’y*, 307 F.3d 997, 1006 (9th Cir 2002) (class action case creating a common fund).

¹¹ *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)).

¹² *Stanger v. China Elec. Motor, Inc.* 812 F.3d 734, 738 (9th Cir 2016) (internal citations omitted) (class action with common fund settlement).

¹³ *Id.*

¹⁴ *SEC v. Byers*, 590 F. Supp. 2d 637, 644 (S.D.N.Y. 2008), *aff’d*, 609 F.3d 87 (2d Cir. 2010).

¹⁵ *Id.* (quoting *SEC v. Fifth Ave. Coach Lines, Inc.*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973) (securities receivership)).

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.”¹⁶ The complexity and difficulty associated with the receivership are highly relevant factors in determining the reasonableness of professional fees.¹⁷ The benefits bestowed on the estate are a relevant consideration.¹⁸

The degree of success achieved in solving legal and practical problems should be considered when calculating the fees awarded.¹⁹ 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.²⁰

¹⁶ *United States v. Code Prod. Corp.*, 362 F.2d 669, 673 (3d Cir. 1966) (internal citation omitted).

¹⁷ *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).

¹⁸ *See Fifth Ave. Coach Lines.*, 364 F. Supp. at 1222; *Mobley*, 2000 WL 1702024, at *2 (receiver marshaled assets quickly and efficiently).

¹⁹ *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).

²⁰ *See W.L. Moody & Co.*, 374 F. Supp. at 481 (holding that a court should give “considerable

The Court should consider the usual and customary fees charged and the evidence presented to support the application for fees.²¹ All of the factors considered in these cases weigh heavily in favor of approving the fees and expenses requested in the Twenty-First Interim Fee Application.

C. The fees and expenses during this Twenty-First 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 June 2021 Report and in each firm's summary invoice.²² 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.²³ 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, 2021 through June 30, 2021:

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.").

²¹ 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).

²² Greenspan Declaration, Exhibits A through D.

²³ Greenspan Declaration, p. 3.

Aequitas Receivership

Professional Fees & Expenses by Entity (from April 1 to June 30, 2021)

Entity	Fees (\$)	Percentage	Expenses (\$)	Percentage	Total (\$)	Percentage
Receiver	7,672.50	1.5%	-	0.0%	7,672.50	1.5%
FTI Consulting	189,046.50	37.8%	-	0.0%	189,046.50	37.6%
Pepper Hamilton ^[1]	-	0.0%	-	0.0%	-	0.0%
Schwabe, Williamson & Wyatt	301,762.50	60.4%	3,025.68	100.0%	304,788.18	60.6%
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	1,148.25	0.2%	-	0.0%	1,148.25	0.2%
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:	499,629.75	100%	3,025.68	100%	502,655.43	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.

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.²⁴ 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.²⁵ 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.²⁶ This was true regardless of the size of

²⁴ *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).

²⁵ *W.L. Moody & Co.*, 374 F. Supp. at 481.

²⁶ 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.²⁷ The fees incurred in this case are a significantly smaller percentage of the total recoveries through the end of the Twenty-First 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 Twenty-First Interim Fee Application, for the period from April 1, 2021 through June 30, 2021.

Dated this 22nd day of September, 2021.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

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²⁷ *Id.*