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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

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

Defendants.

No. 3:16-cv-00438-JR

MOTION OF THE RECEIVER, RONALD F. GREENSPAN, FOR ENTRY OF AN ORDER: (1) APPROVING THE FINAL REPORT AND ACCOUNTING; (2) DISCHARGING AND RELEASING THE RECEIVER; (3) ENJOINING CLAIMS AGAINST THE RECEIVER AND THE RECEIVER’S PROFESSIONAL ADVISORS; (4) AUTHORIZING THE APPOINTMENT OF A SUCCESSOR TRUSTEE/ADMINISTRATOR OF THE AEQUITAS QUALIFIED SETTLEMENT FUND IRREVOCABLE TRUST (“QSF”) TO COMPLETE THE ADMINISTRATIVE FUNCTIONS OF THE QSF AFTER THE TERMINATION OF THE RECEIVERSHIP ESTATE; AND (5) TERMINATING THE RECEIVERSHIP

**MOTION TO APPROVE FINAL REPORT;
DISCHARGE THE RECEIVER AND
TERMINATE THE RECEIVERSHIP**

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Attorneys at Law



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LOCAL RULE 7-1 CERTIFICATE

On October 10, 2023, counsel for the Receiver circulated to the approximately 60 counsel of record, via e-mail, copies of this motion, the exhibit, and the proposed order, which were substantially the same as the filed versions. The conferral requested that counsel respond by 12:00 p.m. (PST) on October 17, 2023, as to whether their clients object or consent to the motion. As of the time of this filing, the undersigned had received three (3) consents and zero (0) objections.

I. MOTION

This Receivership Estate is ready to be closed, with primarily administrative matters to be completed by the successor Trustee/Administrator of the Qualified Settlement Fund (the “QSF”),¹ over a number of ensuing years, prior to closure of the QSF. In support of this motion, the Receiver submits this final report (“Final Report”) and respectfully requests the entry of a closing order: (i) approving the Final Report; (ii) discharging the Receiver from his duties and responsibilities, as set forth in the Order Appointing Receiver;² (iii) enjoining claims against the Receiver and the Receiver’s professional advisors; (iv) authorizing the appointment of a successor Trustee/Administrator of the Aequitas Qualified Settlement Fund Irrevocable Trust to take appropriate actions to complete the remaining functions of the QSF; (v) terminating this Receivership; and (vi) retaining jurisdiction over the QSF until its termination and the dismissal of the captioned matter *SEC v. Aequitas Management, LLC, et al.*, 3:16-CV-00438-JR, (the “Closing Order”).

II. PRELIMINARY STATEMENT

This proceeding arose from a Ponzi scheme perpetrated against more than a thousand investors. In March 2016, the U.S. Securities and Exchange Commission (“SEC”) filed the above-captioned action, alleging violations of federal securities law (the “Enforcement Action”).³

¹ The Qualified Settlement Fund was established by Court Order on December 23, 2019 DKT. 781.

² Dkt. No. 156.

³ See Complaint Dkt. 1.

The SEC alleged that, following failed investments in 2014, Robert Jesenik, Brian Oliver, and N. Scott Gillis transformed entities that they controlled, the above-captioned Entity Defendants, into a “Ponzi-like” scheme and, by the end of 2015, those entities owed approximately 1,500 investors more than \$600 million and “had virtually no operating income to repay them.”⁴

The Receiver was appointed by this Court pursuant to its equitable powers as a “necessary and appropriate” measure to “marshal[] and preserv[e] all assets of [the Entity Defendants].”⁵ Since then, pursuant to Court-authorized powers and duties, the Receiver has preserved, managed and liquidated assets, investigated, litigated, and settled a broad range of claims, disbursed funds to Defrauded Investors and other claimants, and timely reported to this Court about the prior operations and status of the Receivership Estate. The Receiver’s investigations demonstrated that the liabilities of the Receivership Estate far exceeded its assets.

The Receiver’s initial efforts stabilized the Receivership Entity, which preserved value and facilitated asset monetization. Many of the operating companies were experiencing extreme levels of financial distress – devoid of operating capital, unable to make payroll and on the verge of collapse. As such, it was imperative to ascertain the needs and viability of each enterprise in order to enhance the potential return of investor funds. Accordingly, the Receiver successfully staved off the economic collapse of the operating companies in order to provide the Receivership with operational breathing room. Without the time to perform necessary functions, the loss to the investors would have been amplified and the value of several of the operating companies would have been severely diminished. The Receiver undertook immediate steps to increase available cash through focusing on collections of cash-generating receivables portfolios, effectuating the sale of assets and decreasing the expense burn through operational consolidation.

The Receiver assumed control of a receivership estate that was under extreme pressure exerted by senior secured creditors’ intent on enforcing the provisions of their loan agreements,

⁴ *Id.* at ¶¶ 3, 5, 56.

⁵ Order Appointing Receiver, Dkt. 156 at ¶ 1.

which would have adversely affected Defrauded Investors and other Claimants. The Receiver ultimately secured deferrals, discounts, concessions, and extensions benefitting the Defrauded Investors and other Claimants.

Additionally, the Receiver avoided potentially costly and long-drawn out litigation by securing a settlement with the SEC regarding its complaint against the five Receivership Entity Defendants.⁶

As mandated by the Order Appointing Receiver, the Receiver's Quarterly Reports, covering the period from March 16, 2016 to June 30, 2023, contain details of the Receiver's work to stabilize the Receivership Entity, monetize assets, assemble and make records available to investors for use in litigation, investigate and prepare the Forensic Report, extensive negotiations with and ultimately settlement with the CFPB, and 14 state attorneys general and implement a \$183 million settlement impacting approximately 47,000 student borrowers, implement a claims process, develop and implement a distribution plan (resulting in payments to Defrauded Investors and others in excess of \$220 million⁷), active participation by the Receiver in the extended mediation process amongst the Defrauded Investors and professional defendants resulting in payments to the investor class totaling \$234,613,000, as well as multiple additional seven- and eight-figure payments to other plaintiff investor groups subject to confidentiality agreements and reduction of claims by professional firms in excess of \$50 million, and pursue and recover fraudulent transfers, in the form of commissions, consulting fees and net winner payments. The Receiver's numerous settlements resulted in over \$23.3 million in direct monetary benefits to the Receivership Estate and also eliminated at least \$130 million of claims against the Receivership Estate, materially increasing the recovery on the allowed claims of the Defrauded Investors and others.

⁶ Dkt. 192.

⁷ Including approximately \$10M to be distributed pursuant to the Fourth Distribution motion approved by Order of the Court entered on September 19, 2023.

As the Receivership is ripe for closing, the Receiver respectfully requests that the Court enter the Closing Order, (i) approving the Receiver’s Final Report; (ii) discharging the Receiver from his duties and responsibilities, as set forth in the Order Appointing Receiver; (iii) enjoining claims against the Receiver and his professional advisors; (iv) authorizing the appointment of a successor Trustee/Administrator of the Aequitas Qualified Settlement Fund Irrevocable Trust to take appropriate actions to complete the remaining functions of the QSF; (v) terminating the Receivership (effective upon the joint notice of termination filed by the Receiver and the QSF Trustee); and (vi) retaining jurisdiction over the QSF until its termination and the dismissal of the captioned matter *SEC v. Aequitas Management, LLC, et al.*, 3:16-CV-00438-JR.

III. A BRIEF HISTORY OF THE AEQUITAS ENTITIES AND AFFILIATES

The Aequitas enterprise dates to 1993, when Aequitas Capital Management, Inc. (“ACM,” f.k.a. JMW Capital Partners, Inc.) was founded.⁸ At the time the Enforcement Action was filed and the Receiver was appointed in 2016, the Aequitas enterprise had grown to include over 57 affiliated and controlled entities.⁹ The broad array of entities were generally presented as arms of a diversified financial services company that created alternative investments including private equity, private credit, and specialty finance. The purposes of these entities were generally described as:

- (1) Acquiring consumer loan portfolios, including, for example, healthcare and student loan receivables;
- (2) Acquiring equity interests in operating companies;
- (3) Providing fund raising and finance vehicles in the furtherance of items 1 and 2; and
- (4) Providing asset management and wealth management services to those in its network, primarily Registered Investment Advisors (“RIA(s)”).

⁸ See Complaint, Dkt. 1 ¶ 18.

⁹ See generally, Aequitas Organization Chart, attached as Exhibit A.

The use of investor funds often deviated significantly from the official narrative. Notwithstanding the many involved entities, consolidated operational expenses of the enterprise (e.g., facilities, equipment, employees, etc.) were paid primarily by two entities, ACM and Aequitas Enterprise Services, LLC (“AES”).

As of March 2016, consumer receivables portfolios were held by various single-purpose entities. Oftentimes, a receivables portfolio was owned by one such single-purpose entity (an “asset” company), which in turn was owned by a further single-purpose entity (a “holding” company). Such a structure allowed the holding company to take on debt, often funds “lent” by investors, and transfer those loan proceeds to its subsidiary as an equity investment or debt. These holding companies, and their subsidiaries, the asset companies, were generally subsidiaries of Aequitas Commercial Finance, LLC (“ACF”) or its parent, Aequitas Holdings, LLC (“AH”), both of which are named defendants in the SEC Enforcement Action.

As of March 2016, the Aequitas enterprise also held ownership interests in various companies engaged in multiple business activities, referred to as “Portfolio Companies.”¹⁰ In addition to acquiring equity ownership interests in the Portfolio Companies, the Aequitas enterprise would often provide financial advances to the Portfolio Companies for their many operational needs. That is, the Aequitas enterprise was providing both equity and debt financing. Loans by the Aequitas enterprise to the Portfolio Companies went almost exclusively towards paying the working capital needs of these companies (which often operated at significant losses)

¹⁰ The Portfolio Companies and their operational role included CarePayment Technologies, Inc. (“CPYT”) (healthcare receivables origination and servicing), EDPlus (student loans), Marketing Services Platform, Inc. (“MSP”) and its wholly owned subsidiary Ivey Performance Marketing, LLC (advertising agency) (“Ivey”), Skagit Gardens, Inc. (retail nursery), Synchronex, LLC (technology solutions to the publishing industry) and non-controlling positions in SCA Holdings, LLC (back office integration to third-party investment management firms), MotoLease, LLC (motorbike and power sport receivables origination and servicing), QuarterSpot, Inc. (peer-to-peer small- to mid-size business loan originator), ETC Global Group (clearing, settlement and custodial services to securities industries participants); MOGL Loyalty Services, Inc. (restaurant rewards programs), Cloudward, Inc. (web service company), Certified Security Solutions, Inc. (digital identity security solutions), Pipeline Health Holdings, LLC (telepharmacy) and Independence Bankshares, Inc. (a bank holding company).

or providing them liquidity they needed to pay interest or fees back to the Aequitas enterprise (for prior loans). The Aequitas enterprise was positioned to (and did) manipulate the value of its Portfolio Companies on the Aequitas financial statements by (a) exaggerating (or “writing up”) the value of its equity interests in the Portfolio Companies, and (b) generally failing to “write down” the value of the loans receivable owed by the Portfolio Companies back to other parts of the Aequitas enterprise, which would be necessary to reflect the reality that such loans were unlikely to be repaid.

The Aequitas enterprise principally obtained funds from a combination of commercial lenders and Investors. Commercial lenders typically provided credit facilities to the single-purpose entities (*e.g.*, ACCH1 or ACCH2), which loans were often guaranteed by the Aequitas enterprise (ACF, generally) and secured by the single-purpose entities’ assets (*i.e.*, consumer receivables).

The Aequitas business model often involved transferring funds received by an entity from Defrauded Investors to other entities in the enterprise, usually through intercompany loans or journal receivables. The credit facilities provided by commercial lenders were expressly senior to these intercompany loans and, because the commercial lenders were typically secured by the assets of the lowest subsidiary, they were also structurally senior to (a) the parent’s equity interests in the subsidiary and, relatedly, (b) any inter-company credit extended to the subsidiary’s parent. While the Aequitas enterprise’s promotional material represented that “there may be from time to time certain assets held in consolidated entities that are pledged to other lenders on which the note holders hold a junior lien,”¹¹ the reality was far different. In actuality, the majority of the entities that held the receivables were leveraged by commercial lenders and/or had pledged their net assets as security for obligations owed to Direct Investors.¹² Consequently, the Fund Investors¹³ (and the

¹¹ Forensic Report, Dkt. 663 at 91.

¹² Direct Investors, as defined in the Forensic Report, were those investors who received promissory notes issued directly by a single-purpose entity that was a subsidiary of ACF or AH.

¹³ Fund Investors, as defined in the Forensic Report, were those investors who received promissory notes or other securities issued by the Aequitas fund raising entities; Aequitas Enhanced Income Fund, LLC (“EIF”), Aequitas Private Client Fund, LLC, (“PCF”), Aequitas

funds in which they invested) generally held no interests that were actually secured by the Aequitas enterprise's tangible principal assets, consumer and other third-party receivables, and their interests, as well as the interests of the Direct Investors, in the entities that owned those assets were generally structurally or legally subordinate to institutional lenders.

IV. THE SEC ENFORCEMENT ACTION AND OTHER GOVERNMENTAL ACTIONS

A. The SEC Enforcement Action

As noted in the introduction, in March 2016, the SEC filed the above-captioned action, alleging violations of federal securities law by the following individuals who controlled the Aequitas enterprise ("Individual Defendants"):

- Robert Jesenik Chief Executive Officer
- Brian Oliver¹⁴ Executive Vice President Product & Business Development
- N. Scott Gillis Executive Vice President, Chief Operating Officer & Chief Financial Officer

The SEC alleged that these individuals—through the Aequitas enterprise for which they were principals—executed a “Ponzi-like” scheme.¹⁵ The Individual Defendants, according to the SEC, defrauded investors, who were led to believe that they were purchasing indirect interests in consumer credit receivables.¹⁶ Rather than purchasing such indirect interests, the Defendants were misusing the bulk of raised funds to pay operating expenses and to repay earlier investors.¹⁷ The

Income Opportunity Fund, LLC (“IOF”), Aequitas Income Protection Fund, LLC (“IPF”) or Aequitas Income Opportunity Fund, II, LLC (“IOFII”). Fund Investors also includes those who received promissory notes issued by ACF (also referred to as “Private Note Investors”). These fundraising vehicles and ACF generally invested in or lent funds to subsidiaries of ACF or AH and the same single-purpose entities to which Direct Investors lent money.

¹⁴ Brian Oliver pled 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 Chief Financial Officer, Olaf Janke, pled guilty to the same charges.

¹⁵ Complaint, Dkt. 1, ¶¶ 3, 56.

¹⁶ *Id.* at ¶¶ 1-7.

¹⁷ *Id.*

SEC further alleged “[b]y the end of 2015, [Aequitas] owed investors \$312.0 million and had virtually no operating income to repay them.”¹⁸ On June 15, 2016, the SEC and the Receiver, acting on behalf of the Entity Defendants (Aequitas Management, LLC, Aequitas Holdings, LLC, Aequitas Commercial Finance, LLC, Aequitas Capital Management, Inc. and Aequitas Investment Management, LLC), filed a consent judgment with the Court, which resolved the claims set forth in the Complaint against the Entity Defendants only, without admitting or denying the numerous allegations.¹⁹ On April 13, 2020, the SEC and the Receiver agreed to the entry of Final Judgment against the Entity Defendants, jointly and severally, for disgorgement of \$453,000,000.00 with prejudgment interest of \$87,048,072.87.²⁰

B. The Government’s Criminal Prosecution

Former officers of the Receivership Entity, Brian Oliver, Olaf Janke, and N. Scott Gillis were indicted, pled guilty and await sentencing. On or about August 11, 2020, Robert Jesenik, former CEO of Aequitas Management, LLC and certain other entities of 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 Brian K. Rice and Andrew N. MacRitchie. After a five-week trial that began April 3, 2023, a federal jury in Portland, Oregon found Robert Jesenik, Brian Rice, and Andrew MacRitchie guilty of multiple counts of wire fraud, and one count of conspiracy to commit wire and mail fraud. Mr. Jesenik was also found guilty of causing a false statement to be made on a bank loan application. Sentencing was held on September 7, 2023.

C. The Consumer Financial Protection Bureau and State Attorneys General

On August 17, 2017, the Court approved the Receiver’s settlement with the Consumer Financial Protection Bureau (“CFPB”) and thirteen state Attorneys General

¹⁸ *Id.* at ¶ 5.

¹⁹ Dkt. 192.

²⁰ Dkt. 822.

addressing the Corinthian Colleges private student loan portfolio owned by the Receivership.²¹ Subsequently, on June 12, 2018, the Court approved the Receiver's Motion for Approval of Proposed Settlement with Massachusetts Attorney General.²² The Massachusetts settlement, implemented in the form of an Assurance of Discontinuance, became effective on June 21, 2018 (collectively, the "CFPB Settlements").

Following the very significant effort expended by the Receivership on the implementation of the CFPB Settlements, 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 implemented the remaining obligations under the CFPB Settlements. The Receivership staff and retained professionals worked with the regulators to address any questions that came up in the course of the operations of the portfolio.

Additionally, the Receivership has continued to maintain an informational website for the borrowers in connection with the CFPB Settlements. Most of the borrower inquiries have been addressed by the servicer, but the Receivership also addressed over 1,939 borrower inquiries directly. In addition to addressing direct borrower inquiries, the Receivership staff and retained professionals have monitored, reviewed, and responded as needed to borrower complaints that have been submitted through the CFPB on-line consumer complaint portal or through other venues. All these activities have been instrumental in mitigating the CFPB Settlements implementation risk to the Receivership, reducing the number of potential borrower complaints, and stabilized the portfolio.

To handle potential borrower inquiries related to the 1099 tax forms (associated with the CFPB Settlements), the Receivership has set up an outsourced call center that handled at least 2,539 calls, including 1,082 calls answered by agents (the rest of the callers chose to only listen to a detailed recorded message).

²¹ Dkt. 495.

²² Dkt. 620.

V. THE RECEIVER'S INVESTIGATION AND FORENSIC REPORT²³

The Receiver investigated the operations of the Aequitas enterprise.²⁴ The investigation, which is detailed in the Forensic Report and summarized below, supported the Court's finding that the Aequitas enterprise operated as a Ponzi scheme.²⁵

The Receiver's investigation determined that most, but not all investors who were induced to lend money to the Aequitas enterprise were Defrauded Investors. Instead of being used for the purposes represented—namely, investment in consumer receivables portfolios—the perpetrators of the Ponzi scheme moved funds from one investment vehicle to another, where the funds were actually used to perpetuate the appearance of the Aequitas enterprise's fiscal health, including to support operating expenses in excess of disclosed fees, to transfer moneys among entities to satisfy those entities' obligations, and, predominantly, to transfer newly invested moneys to pre-existing investors.

As shown in the Forensic Report, the Receiver found that the cash flow into and out of the Aequitas enterprise was significant and involved a large number of Defrauded Investors—and that the internal Aequitas enterprise money transfers in furtherance of the Ponzi scheme were more than three times as large.²⁶ From January 1, 2014, to March 10, 2016, the Aequitas enterprise's indebtedness to investors exploded from \$369.0 million to \$617.6 million; however, the investment net of institutional debt by Aequitas in consumer receivables actually decreased from the fourth quarter of 2013 to the first quarter of 2016.²⁷ That contrast is material—each of the hundreds of millions of dollars that came into the Aequitas enterprise as new investor debt was

²³ In this section, capitalized terms are used as defined in the Forensic Report, Dkt. 663.

²⁴ Forensic Report, Dkt. 663 at 5. While the Aequitas enterprise was likely insolvent substantially prior to July 3, 2014, the Receiver did not consider it a beneficial use of Receivership resources to undertake the extensive analysis necessary to support or refute a hypothesis of insolvency prior to July 2014.

²⁵ Dkt. 813.

²⁶ Forensic Report, Dkt. 663 at 8.

²⁷ Forensic Report, Dkt. 663 at 8 and 91.

sloshed around multiple times while being spent on overhead and paying off existing investors rather than on any assets to support these new obligations to investors.

The Receiver also found—again, based on his review of the books and records as detailed in the Forensic Report—that between January 1, 2014, and March 10, 2016, Defrauded Investor funds were frequently transferred between Aequitas enterprise’s bank accounts at the direction and discretion of Aequitas enterprise’s management (rather than investors’ instructions).²⁸ During this period, at least \$1.3 billion in intercompany cash transfers were completed.²⁹ Additionally, for example, funds from the vast majority of investors in Aequitas Income Opportunity Fund II, LLC, were commingled at least twice—first at the IBAT³⁰ level (which acted as a consolidator for Aequitas investments) and again at the Aequitas enterprise level.³¹

Between January 1, 2014, and March 10, 2016, according to the Receiver’s findings, the Aequitas enterprise:

- Was dependent on continued infusion of new money from Defrauded Investors to pay operating expenses;
- Did not use Defrauded Investor money for the purposes represented by the Aequitas enterprise;
- Used a significant portion of new money from Defrauded Investors to execute transfers to earlier investors, purportedly in the form of returns and principal;
- Did not generate sufficient (any) profits to pay the promised returns to investors;
- Created numerous, self-described “Manufactured Notes,” which purported to create liabilities among the entities and which frequently did not reflect the actual receipt of funds by the entities issuing such notes; and
- Converted liabilities between entities—*i.e.*, undertook a non-cash journal entry, intended to transfer an asset or liability from one Aequitas Entity to another without

²⁸ *Id.* at 8.

²⁹ *Id.* at 8 and 9, n.13.

³⁰ IBAT is an affiliate of Integrity Bank and Trust.

³¹ Forensic Report, Dkt. 663 at 8.

cash consideration—to favor specific investors even when the new obligors did not receive any material benefit from assuming such liability.³²

The Aequitas enterprise was insolvent from at least July 3, 2014, onward.³³ Yet the enterprise continued raising funds.³⁴ In September 1, 2015, the recently hired General Counsel began inquiring about issues regarding raising further investor funds and later advised management that Aequitas could no longer properly raise funds in the “ordinary course.”³⁵ Even after that, the Aequitas enterprise continued to actively engage in fundraising.³⁶

The Aequitas enterprise’s accounting records misrepresented its income, assets, and net worth, including (i) failing to reflect appropriate reserves for uncollectable assets and (ii) including inflated “mark-ups” to asset valuations.³⁷ Each of these failures (among others) contributed to the perpetuation of the fraud. Aequitas falsified its reported financial condition by creating paper equity utilizing improper accounting methods and inflated valuations.³⁸ Aequitas then took that phantom equity and used it to justify taking in funds from additional Defrauded Investors, thereby leveraging the enterprise without any increase in actual assets. Moreover, with no material invested equity (as opposed to debt), Aequitas could only be solvent to the extent profits exceeded losses (or assets were legitimately “marked up”), and thus it had a constant need for additional investor funds. In fact, during the Ponzi Period, Aequitas was insolvent by virtue of: (a) excessive spending by using money collected from Defrauded Investors, which outlays it improperly capitalized as an

³² Forensic Report, Dkt. 663 at 8 and 9, n.16.

³³ *Id.*

³⁴ *Id.* at 8.

³⁵ *Id.*

³⁶ Forensic Report, Dkt. 663 at Ex. C.11 (annual cash flow for 2015-2016).

³⁷ *Id.*

³⁸ Such improper valuations were at the heart of litigation by the investor groups against the Aequitas enterprise’s financial professionals, including Deloitte & Touche, Eisner Amper and Duff & Phelps. *See generally Ciuffitelli v. Deloitte & Touche*, No. 3:16-cv-00580 (D. Or.)

asset rather than charged as expenses³⁹ and (b) an inherently flawed business model that was not profitable.⁴⁰

Aequitas enterprise's funds were used between January 1, 2014, and March 10, 2016, to make payments of \$5.7 million to or for the benefit of Jesenik (and his relatives), Oliver, Gillis, and related entities.⁴¹ In addition to making payments to existing investors, \$75.4 million of Defrauded Investor funds were also used to pay:

- \$12.4 million in commissions and consulting fees to further the scheme, often to unlicensed salespeople.⁴²
- \$11.7 million to establish a network of registered investment advisors and service providers to further the scheme.⁴³
- At least \$51.3 million for overhead and compensation *in excess of* the 2% asset management fee and Administrative Services Agreement fees permitted by the offering documents.⁴⁴

As detailed further in the Forensic Report, the Aequitas enterprise suffered periodic liquidity crunches as early as 2011.⁴⁵ Because the Aequitas enterprise had no material invested

³⁹ Forensic Report, Dkt. 663 at 8 and 9, n.18.

⁴⁰ *Id.* at 39.

⁴¹ *Id.* at 8 and 9, n.18.

⁴² *See* Receiver's Report, Jan. 31, 2019, Dkt. 674 at 12-13 (correcting figure included in Forensic Report).

⁴³ Forensic Report, Dkt. 663 at 9, n.19. As another extension of the Aequitas enterprise's "business model," the enterprise created a wealth management branch to target Registered Investment Advisors ("RIA"), purporting to provide a complete wealth management platform to help them grow their business through the provision of "intellectual, financial and human capital." *Id.* at 79. Aequitas also acquired equity interests in several RIAs nationally and lent millions of dollars to others. *Id.* at 76. This was all done as an incentive for the RIAs to sell the Aequitas enterprise's products to their network of individual investors. *Id.* at 79-80. In addition to offering the RIAs membership in Aequitas Capital Partners, the Aequitas enterprise targeted RIAs through a program called Aequitas Financial Services Network, stating that the program could provide member RIAs with benefits such as access to banks, insurance companies, institutional consultants, hedge funds, etc. *Id.* Through a third entity, Aequitas Wealth Management, Inc., the Aequitas enterprise acquired or invested in various RIAs in order to encourage their clients to put money into "ACM Products" such as Private Notes. *Id.*

⁴⁴ *Id.* at 9.

⁴⁵ *Id.* (The structural inability to turn a profit because of, *inter alia*, high capital costs

equity and many of its portfolio companies were hemorrhaging cash (and overvalued), the Aequitas enterprise could only be solvent if it actually earned sufficient profits to offset the losses generated by virtually all of its investments.⁴⁶ In fact, rather than profits exceeding losses, the Forensic Report details that at least as far back as 2011, the Aequitas enterprise was hemorrhaging cash and absent flawed fair value adjustments, lost money each year.⁴⁷ It therefore is no surprise that, with no material invested equity, it had a constant need for additional investor funds, especially to make promised investor payments, dating as far back as 2011.⁴⁸

Compounding its other vulnerabilities, the Aequitas enterprise's largest external investment was Corinthian Colleges' student loan receivables.⁴⁹ As of at least July 3, 2014, the following had impacted the carrying value and likelihood of repayment of these student loan receivables:

- The United States Department of Education and Corinthian Colleges, Inc. ("CoCo") announced an operating plan requiring CoCo to either close or sell all campuses over the next six months;
- CoCo ceased to honor its obligation to repurchase the many defaulted student loans in the Aequitas portfolio; and
- There was a well-publicized ongoing Consumer Financial Protection Bureau investigation of CoCo, involving CoCo's abusive lending practices.⁵⁰

from investors' money, high management fees, and lack of equity).

⁴⁶ Forensic Report, Dkt. 663 at 9.

⁴⁷ *Id.* at 39-40.

⁴⁸ *Id.* at 9.

⁴⁹ *Id.* As of July 1, 2014, those receivables had a face value of \$241 million. *Id.*

⁵⁰ *Id.* The Forensic Report attached a timeline of events preceding Corinthian Colleges' closure. (*See* Forensic Report, Dkt. 663 at Ex. C.12.) Based on what was known (or should have been known) by Aequitas management, one could reasonably conclude that the financial instability of CoCo, and its inability and/or unwillingness to honor its guaranty, should have been questioned significantly before July 3, 2014. *Id.* at 9, n.20. That is, even before that date, one could argue about the reasonableness of the carrying value and likelihood of repayment of these receivables. *Id.*

At least from July 3, 2014, forward, with the Aequitas enterprise's business model dependent upon the performance of \$241 million of increasingly delinquent CoCo student debt, the overwhelming weight of the evidence is that the Aequitas enterprise was intractably insolvent.⁵¹

VI. RECEIVER'S EFFORTS TO FACILITATE LITIGATION

The Receiver and his team 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 investor 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.

⁵¹ *Id.* at 9. While the Aequitas enterprise was likely insolvent substantially prior to July 3, 2014, the Receiver did not consider it a beneficial use of Receivership resources to undertake the extensive analysis necessary to support or refute a hypothesis of insolvency prior to July 2014. *Id.* With respect to the exact date of insolvency at or near the time of the CoCo default, there are comprehensive financial statements as of June 30, 2014, and therefore the Receiver has used those balances in connection with his analysis and finding of insolvency at least as of July 3, 2014. *Id.*

The original releases were contingent upon those parties releasing claims to the proceeds of the insurance policies maintained by 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 have meaningfully reduced the cost of administering the Receivership.

VII. THE CLAIMS PROCESS⁵²

Pursuant to and in compliance with this Court's 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 Bar Date and Procedures Order"),⁵³ the Receiver implemented the claims process. The Claims Bar Date and Procedures Order established July 31, 2019 as "the deadline for Claimants and Administrative Claimants to submit a completed and signed Proof of Claim Form under penalty of perjury, together with supporting documentation against one or more of the Aequitas Entities." ("Claims Bar Date").⁵⁴

A. Notice and Other Efforts in Support of the Claims Process

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 ("NOD").

⁵² In this section, capitalized terms are used as they were defined in the Receiver's Motion for 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, Dkt. 681.

⁵³ Dkt. 683.

⁵⁴ Dkt. 683, ¶ 4.

The Receiver developed the NOD process after extensive research and analysis. NODs were sent to claimants to confirm the accuracy of the Aequitas data and eliminate the need for claimants to file a proof of claim if the claimant agreed with the information provided in the NOD. For investors, the NODs included a detailed record and a summary of all the investor's transactions on both "book" and cash basis starting from July 1, 2014. Where relevant, the NODs also identified activity associated with investments that subsequently transferred to an investor from another investor.⁵⁵ When mailed, the NOD and attachments were included in the same packet as the general claims process notices described above.

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.

The Receiver also set up a dedicated website for the Aequitas Receivership claims process, www.AequitasClaims.com. The website contained detailed information about the claims process and instructions about filing a claim, provided access to key documents, functionality to submit an inquiry, contact phone numbers, and an extensive FAQ section.

Additionally, the Receiver established a dedicated call center operated by Epiq Corporate Restructuring to help field inquiries related to the claims process.

⁵⁵ For Investors who acquired or otherwise received a pre-existing Aequitas investment after July 1, 2014, the NOD's included a Schedule A and Schedule B attachment that included relevant account activity that pre-dated their acquisition of the investment.

B. 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. Over 2,600 inquiries in connection with the claims process, distributions, and related tax reporting were addressed directly by the Receivership staff and professionals.

C. Claims Processing and Analysis

The Receiver's professionals and staff reviewed each filed claim and submitted several motions to the Court to approve classification and allow distributions on various claims. Several additional claims were resolved through settlements that have been approved by the Court. In total, the Court has adjudicated in excess of 4,800 claims and all claims submitted through the claims process have been resolved, other than final allowance of Professional fees.

VIII. THE DISTRIBUTION PLAN AND PONZI SCHEME DETERMINATION⁵⁶

A. The Distribution Plan Precludes "Benefit of the Bargain" and Other Recoveries Beyond Total Investment

In an ordinary breach of contract case involving a promissory note, the creditor may have claims beyond recovering the outstanding loan principal, including for interest, default interest, attorney fees, and other costs. In the aftermath of a Ponzi scheme, however, that ordinary course is properly superseded by equitable considerations. The distribution methodology in this case was the subject of considerable debate as it was a "zero sum" intra-investor/claimant issue---the more any one investor/claimant (or group of investors/claimants) received, the less would be available to distribute to other investors/claimants (or group of investors/claimants). The Receiver spent considerable time meeting with Defrauded Investors and their counsel to forge a compromise acceptable to the overwhelming majority of Defrauded Investors, thus precluding costly and time-consuming litigation over these sensitive issues. The compromise was presented to this Court,

⁵⁶ Terms not defined herein shall have the meanings as defined in the Motion to Approve the Receiver's Distribution Plan and Determination of a Ponzi Scheme, Dkt. 787.

which concluded that equity and the collective interests of Defrauded Investors are best served by precluding “benefit of the bargain” recoveries and, instead adopting the rising tide methodology for purposes of calculating distributions to Defrauded Investors.

B. The Distribution Plan Permits Assets to be Combined for Distribution to Defrauded Investors as the Aequitas Assets were Commingled

Ponzi schemes often feature a commingling of investor funds—that can occur by virtue of moneys deposited into unsegregated accounts or the transfer of moneys between entities such that moneys are used to meet the cash flow needs of the entire enterprise. Indeed, given the fungible nature of money and intrinsic misuse of moneys in a Ponzi scheme, such commingling is, as a practical matter, assured. In the aftermath of a Ponzi scheme, demands to “trace” the transferred funds by those investors it would benefit at the expense of other defrauded investors do not comport with equity.⁵⁷ Such demands were initially made by Defrauded Investors (and groups of Defrauded Investors) who would benefit from such approach with respect to their investments at the expense of other Defrauded Investor recoveries. This issue, too, was resolved consensually as part of the lengthy negotiation process conducted by the Receiver.

In approving the Receiver’s proposed Distribution Plan, the Court recognized that while pooling of assets is a proper predicate to equitably distributing funds to Defrauded Investors, not all assets associated with the Aequitas enterprise should be combined for all purposes. Therefore, under the Court-approved Distribution Plan, equity investments in, and the assets of, COF/CCM, ETCFF, LUX, WRFF, AHF, and APF were not consolidated for purposes of distributing assets, and the Pass-through Investors in those entities received no distribution from the QSF.

Notably, Defrauded Investors who are Direct Investors—that is, Investors who acquired promissory notes issued directly by a single-purpose entity—also have obtained distributions from the QSF rather than the single-purpose entity that issued the promissory note to the Direct Investor.

⁵⁷ See *Cunningham*, 265 U.S. at 12-13 (rejecting “tracing” in Ponzi scheme because equity demands that all victims of the fraud be treated equally).

For purposes of making distributions to all Defrauded Investors, both Direct Investors and Fund Investors, the Court determined that assets of the Receivership Estate should be combined.

C. The Distribution Plan Uses the Equitable Rising Tide Method to Allocate Distributions to Defrauded Investors

Any proposed distribution plan (and associated methodology) must provide for the allocation of limited funds amongst Defrauded Investors and other claimants. The Receiver proposed and the Court authorized the use of the “rising tide method.”

D. The Mechanics of the Rising Tide Calculation

Calculation of Allowed Defrauded Investor Claims⁵⁸ is based on the beginning balance of the account(s) as of the Ponzi Period, plus subsequent investments during the Ponzi Period to determine the Total Investments. The rising tide distribution to a given Defrauded Investor is the sum of Pre- Receivership Returns, plus the amount that is distributed pursuant to the Distribution Plan. The rising tide distribution divided by Total Investment equals the rising tide recovery percentage (*i.e.*, the Recovery Threshold) for a given Defrauded Investor. Each Allowed Defrauded Investor Claim was paid up to the Recovery Threshold based on the ratio of the Pre- Receivership Return received by a given Defrauded Investor to such Defrauded Investor’s related Total Investment. If the Defrauded Investor received Pre- Receivership Returns that exceed the final rising tide Recovery Threshold, the Defrauded Investor would not receive a further distribution, unless and until all other Allowed Defrauded Investors Claims are paid the same rising tide Recovery Threshold and there are additional sums to distribute to Defrauded Investors.

E. The Classification of Allowed Claims

The priority and source of payment for each Allowed Claim is determined according to the following classifications.

⁵⁸ Account and claim ownership were determined as of the Claim Bar Date.

1. Administrative Claims

An Allowed Claim based on: (i) the provision of goods or services for the benefit of the Receivership Estate or at the request of the Receiver beginning on or after March 16, 2016, or related to the administration of the QSF, which remain unpaid, (ii) any taxes arising from or attributable to tax periods beginning on or after March 16, 2016, including those that may be asserted by federal, state, local or other governmental entities or authorities, which remain unpaid, (iii) an uncashed check issued on or after March 16, 2016, for refund on account of a healthcare account receivable overpayment, student loan account receivable overpayment, or other overpayment, or (iv) any current, future or contingent contractual obligations (including indemnification obligations) arising from any contract entered into by or on behalf of the Receivership Estate.

2. Professional Claims

Professional Claims include those based on professional services provided and fees and costs incurred after March 16, 2016, by the Receiver and his professionals for the benefit of the Receivership Estate or the QSF. The Receiver will continue to satisfy Professional Claims in the ordinary course and in accord with prior or future court orders, as appropriate to the claim.

3. Non-Officer Former Employee Claims

Non-Officer Former Employee Claims are Claims that accrued on behalf of a Non-Officer Former Employee prior to the Aequitas enterprise being placed in receivership for services provided in accordance with the terms of employment, including for the amount of paid time off that accrued and was unused as of the separation date (“Accrued PTO”); amounts owing under the provisions of the Worker Adjustment and Retraining Notification Act (“Warn Act”); and amounts owing pursuant to contract, including but not limited to severance pay, retirement pay, expense reimbursement, and relocation or other bonus as of the separation date. The individual criminal defendants were all officers of Aequitas and therefore were not included in this class.

4. Claims of Defrauded Investors

Defrauded Investor Claims include all of the Allowed Claims of Defrauded Investors including, without limitation, a Claim based on an investment transaction in, with, or through an Aequitas Entity (excluding Pass-through Entities), including but not limited to transactions based on or related to: (i) promissory notes or other money loaned to an Aequitas Entity, and (ii) investments (by subscription or otherwise) in an Aequitas Entity (excluding Pass-through Entities). Defrauded Investor Claims exclude any Claim that is otherwise classified herein. If an Investor meets the definition of both a Defrauded Investor and a Pass-through Investor, the Investor's Distribution shall be calculated based on those portions of the Investor's Claim that make the Investor a Defrauded Investor with no increase or decrease in that amount in relation to those portions of the Claim that make the Investor a Pass-through Investor.

5. Non-Administrative Tax Claims of Taxing Authorities and Other Governmental Entities

Claims of taxing authorities and other governmental entities that are not an Allowed Administrative Claim or otherwise entitled to priority payment.

6. Creditor Claims

A Creditor Claim is a Claim against an Aequitas entity, including but not limited to transactions based on, related to, arising from or in connection with: (i) any contract, lease, or other agreement entered into prior to March 16, 2016, for which payment has not been made in whole or in part or for which payment has or will become due prior to, on, or after March 16, 2016, (other than Defrauded Investors or Pass-through Investors), (ii) goods or services provided prior to March 16, 2016, (iii) an uncashed check issued prior to March 16, 2016, for refund on account of a healthcare account receivable overpayment, student loan account receivable overpayment, or any other overpayment, (iv) unpaid wages, compensation, or other employment benefits, that accrued prior to March 16, 2016, that exceed the priority wage claim cap of \$12,850, or (v) taxes payable by an Aequitas Entity arising from or attributable to tax periods beginning prior to March 16, 2016,

even if due and payable subsequent to March 16, 2016, including those that may be asserted by federal, state, local or other governmental entities or authorities. To the extent that a Claim meets the definition of both a Creditor Claim and some other classification of Claim, each Claim shall be determined and treated based on the portion of the Claim that falls within each classification.

7. Claims of the Individual Defendants

Any Claim filed by any of the Individual Defendants against the Receivership Estate, or to any assets of the Receivership Estate, or for any interest in any entity now part of the Receivership Estate.

8. Claims of Pass-through Investors (COF/CCM, ETCFF, LUX, WRFF, AHF, and APF)

Pass-through Investors are those Investors whose Claims are predicated on their investment transactions in, with, or through COF/CCM, ETCFF, LUX, WRFF, AHF, and APF.

9. Claims of Equity Interest Holders and Intercompany Claims

All equity interests in the Receivership Entity (other than Pass-through Investors), including, but not limited to, all issued, unissued, authorized, or outstanding shares or membership interests together with any warrants, options, or contract rights to purchase or acquire such interests at any time and any Claim among and between Aequitas entities.

IX. CLAIMS VERIFICATION, ALLOWANCE AND CLASSIFICATION FOR COURT AUTHORIZED PLAN DISTRIBUTIONS

Shortly after Court approval of the Distribution Plan, the Receivership staff and the retained professionals expeditiously managed the Distribution Plan noticing, in the form and manner approved by the Court, and also obtained Court approval for the classification, allowance, and disbursement of plan distributions. At least 4,796 notices were sent to the parties that were required by the Court to be noticed and relevant information was posted on the Receivership website.

1. First Interim Distribution

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 Claimants⁵⁹ and the related pleadings were filed with the Court. The Motion was unopposed and was approved by the Court on June 1, 2020.⁶⁰ Following Court approval in June of 2020, the Receivership staff and retained professionals completed the first distribution in the amount of \$973,797.

2. Second Interim Distribution

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 (the "Second Distribution Motion") and related pleadings were filed with the Court.⁶¹ This Motion addressed 2,056 claims across seven different claim classes. The Second Distribution Motion was approved by the Court on November 10, 2020.⁶² The Second Distribution was substantially completed by the end of 2020, with approximately \$73.5 million disbursed to Defrauded Investors.

In the first quarter of 2021, the Receivership staff and the retained professionals completed 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.

⁵⁹ Dkt. 835.

⁶⁰ Dkt. 838.

⁶¹ Dkt. Nos. 848-850.

⁶² Dkt. 861.

3. Third Interim Distribution

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 which the Receiver proposed to distribute approximately \$22 million to several classes of claimants.⁶³ Notice of the Third Distribution motion were mailed to 1,674 parties and relevant information, including answers to an exhaustive set of FAQs, was posted on the Receivership website. The Third Distribution Motion was approved by the Court on August 5, 2021.⁶⁴ Thereafter, the Receivership staff and professionals proceeded expeditiously to implement the third distribution, which was completed in October 2021.

4. Fourth Interim Distribution

On August 31, 2023, the Receiver filed the Receiver’s (Fourth) Motion to Approve (1) Classification And Allowance of Certain Administrative and Creditor Class Claims, And (2) Approve Distributions on Account of Certain Allowed Administrative and Defrauded Investor Class Claims (the “Fourth Distribution Motion”), by which the Receiver proposed to distribute approximately \$10 million to different classes of claimants.⁶⁵ Notice of the Fourth Distribution Motion was mailed to 1,652 interested parties. The Fourth Distribution Motion was approved by the Court on September 19, 2023.⁶⁶ The Receivership staff and professionals are in the process of implementing the Fourth Distribution.

In total, the Receivership will have distributed in excess of \$117 million to Defrauded Investors and other claimants of the Receivership Estate (including the distributions approved in

⁶³ Dkt. 895.

⁶⁴ Dkt. 902.

⁶⁵ Dkt. 1034.

⁶⁶ Dkt. #1038

the Fourth Distribution Motion),⁶⁷ in addition to over \$105 million to secured creditors and other counterparties. It is anticipated that the QSF will make a final distribution to Defrauded Investors, after completing the remaining administrative functions of the QSF and if surplus funds are available. The extent and timing of a final distribution, if any, is unknown at this time and is subject to the final monetization of the remnant assets and the administrative expenses of the QSF.

X. AUTHORIZATION AND CREATION OF THE AEQUITAS QUALIFIED SETTLEMENT FUND IRREVOCABLE TRUST⁶⁸

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.⁶⁹ 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.⁷⁰ The Court granted the motion to establish the QSF on December 23, 2019.⁷¹

⁶⁷ Not including Receiver and professional compensation.

⁶⁸ Terms not defined herein shall have the meanings as defined in the Motion For Order To Authorize, Approve, And Take Continuing Jurisdiction Over A Qualified Settlement Fund, And For Related Relief, Dkt 779.

⁶⁹ Dkt 779.

⁷⁰ Following additional tax planning work related to the possible tax treatment of 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.

⁷¹ Dkt. 781.

XI. LITIGATION RECOVERIES

A. 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, 2014,⁷² 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. Under established law, pre-Receivership payments by Aequitas to investors are not recoverable by the Receivership except to the extent they exceed the total of the investment during the Ponzi Period (“net winnings”). The Receiver then provided individual net winners a summary of their account activity as well as a pre-litigation offer of settlement. The majority of the net winners accepted the Receiver’s offer and made the corresponding repayment of net winnings to the Receivership Estate.

In accordance with the prior orders of the Court, on June 28, 2021, the Receiver filed suit against all net winners who had not agreed to return their net winnings to the Receivership Estate (“Net Winner Defendants”), seeking to recover approximately \$2,000,000 plus interest, which were substantially resolved by agreement.

The table below summarizes the total of net winner recoveries.

Net Winner Settlement Summary (as of 06/30/23)	# of Parties	Amount
Cash Received from Net Winners	105	\$3,694,820
Additional Installment Payments Outstanding		\$101,018
Distribution Offsets	9	\$490,490
Total	114	\$4,286,327

⁷² Dkt. 813.

B. Third Party Litigation and Settlements

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 (“First Motion to Approve Settlements”) and related pleadings encompassing 36 settlements.⁷³ 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. On December 11, 2020, Judge Hernández issued an Order adopting Judge Russo’s Findings and Recommendations⁷⁴ and entered the Amended Limited Judgment As To The Professional Firms And The Terrell Parties, Including Permanent Injunctions.⁷⁵

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,⁷⁶ involving 47 additional settlements. On May 6, 2021, the Court entered an order granting the Receiver’s Second Motion to Approve Settlements.⁷⁷

On July 7, 2021, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Third Motion to Approve Settlements”) and related pleadings,⁷⁸ involving seven additional settlements, that was granted by the Court on July 26, 2021.⁷⁹

⁷³ Dkt. Nos. 852 – 855.

⁷⁴ Dkt. 866.

⁷⁵ Dkt. 867.

⁷⁶ Dkt. Nos. 881-883.

⁷⁷ Dkt. 886.

⁷⁸ Dkt. Nos. 889-891.

⁷⁹ Dkt. 898.

On October 27, 2021, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Fourth Motion to Approve Settlements”) and related pleadings,⁸⁰ seeking the Court’s approval of 25 additional settlement agreements that collectively result in payments to the Receivership Estate totaling \$1,207,892.90. On November 23, 2021, the Court entered an order granting the Receiver’s Fourth Motion to Approve Settlements.⁸¹

On March 24, 2022, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Fifth Motion to Approve Settlements”) and related pleadings,⁸² seeking the Court’s approval of 16 additional settlement agreements that collectively result in payments to the Receivership Estate totaling \$1,111,798.00. On April 12, 2022, the Court entered an order granting the Receiver’s Fifth Motion to Approve Settlements.⁸³

On May 26, 2022, the Receiver filed a Motion for Order (1) Approving Compromises of Claims, (2) Authorizing Performance of Settlement Agreements, and (3) Authorizing Disbursement of Funds Held in a Segregated Account (“Sixth Motion to Approve Settlements”) and related pleadings,⁸⁴ seeking the Court’s approval of nine additional settlements, including a settlement with the Liquidating Trust of the Bankruptcy Estate of Tango Delta Financial, Inc., (fka American Student Financial Group, Inc. “ASFG”). This settlement resulted in payments to the Receivership Estate totaling \$128,510.00; release of counterparties’ claims against the Receivership Estate in excess of \$29 million; and release of \$1,683,403.38 plus accrued interest from a segregated account.

⁸⁰ Dkt. Nos. 912 - 914.

⁸¹ Dkt. 916.

⁸² Dkt. Nos. 961 – 963.

⁸³ Dkt. 974.

⁸⁴ Dkt. Nos. 980 – 982.

On December 12, 2022, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Seventh Motion to Approve Settlements”) and related pleadings,⁸⁵ seeking the Court’s approval of six additional settlements that collectively result in payments to the Receivership Estate totaling \$1,096,183.48 and release of counterparties’ claims against the Receivership Estate totaling in excess of \$7,663,129.00. On December 28, 2022, the Court entered an order granting the Receiver’s Seventh Motion to Approve Settlements.⁸⁶

On August 31, 2023, the Receiver filed a Motion for Order Approving Compromises of Claims and Authorizing Performance of Settlement Agreements (“Eighth Motion to Approve Settlements”) and related pleadings,⁸⁷ seeking the Court’s approval of two additional settlements. On September 19, 2023, the Court entered an order granting the Receiver’s Eighth Motion to Approve Settlements.⁸⁸

The settlements addressed in the Receiver’s First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Motions to Approve Settlements and in one prior separate settlement motion resulted in over \$23.3 million in direct monetary benefits to the Receivership Estate. Additionally, these settlements eliminated at least \$130 million of claims against the Receivership Estate, materially increasing the recovery on the allowed claims of the Defrauded Investors and others.

⁸⁵ Dkt. Nos. 1010-1012.

⁸⁶ Dkt. No. 1017.

⁸⁷ Dkt. Nos. 1031-1033.

⁸⁸ Dkt. 1037.

XII. SUMMARY OF THE RECEIVERSHIP'S FINANCIAL ACTIVITIES**A. Financial Summary**

Summary of Cash Sources and Uses (As of June 30, 2023)	Subtotal	Total	Grand Total
Beginning Balance (as of March 15, 2016)		15,934,913	
Proceeds from Non-Receivership Affiliates		37,222,125	
Interest Income		3,011,799	
Business Asset Liquidation Proceeds	324,782,434		
Less: Business and Investment Expenses	(106,765,697)		
Net Business Asset Liquidation Proceeds		218,016,737	
Third-Party Litigation Proceeds		21,354,537	
Miscellaneous - Other Income		672,520	
Total Cash Sources			\$ 296,212,631
Federal and State Tax Payments and Filing Fees		(469,922)	
Distribution Plan Implementation Expenses		(386,174)	
Employee Payroll and Expenses		(19,770,491)	
Rent and Office Expenses		(1,339,643)	
IT Expenses		(5,322,220)	
Insurance Expenses		(549,883)	
Payments to Receiver and Other Professionals		(33,193,941)	
Total Operating Disbursements		(61,032,274)	
Disbursements to Investors and Other Claimants		(212,127,225)	
Total Disbursements			\$ (273,159,499)
Ending Balance (as of June 30, 2023)			\$ 23,053,131
Pending Fourth Interim Distribution		(10,002,494)	

B. Professional and Administrative Fees

By separate motion, the Receiver and other Professionals will file a Request For Approval of Application of Final Fees (the "Final Fee Application"). The Final Fee Application will seek allowance and payment of their fees and costs and for release of the twenty percent (20%) hold back that has been accumulating since March 16, 2016. The hold back is a portion of each court-

approved quarterly professional fees application, the payment of which was deferred by agreement until the closing of the Receivership. Additionally for the benefit of the Defrauded Investors and other claimants, the Receiver and Professionals agreed to discount their standard hourly rate. Moreover, since the commencement of the Receivership over seven years ago, the Receiver and professionals decided on a voluntary basis not to seek an increase in the billing rates charged to the Receivership despite very substantial increases in their standard billing rates over the past seven and a half years.

XIII. RELIEF REQUESTED

The Receiver has fulfilled substantially all of the obligations under the Final Order Appointing Receiver as described in this Final Report. The remaining tasks are essentially administrative and are better suited to the cost effective operation of the QSF, similar to those of a liquidating trust. For the reasons set forth below, the Receiver respectfully requests that the Court enter the Closing Order to facilitate termination of the Receivership and initiating the winding-up efforts of the QSF. There is no ongoing or threatened litigation involving the Receivership that the Receiver is aware of, as all known litigation has been resolved. Further, all claims have been resolved (or will be resolved by the anticipated time the Court enters its order on this motion), major distributions made on account thereof, and all assets readily monetized have been disposed of by the Receivership.⁸⁹

The Receiver has made reasonable and necessary efforts to recover, review, and analyze Receivership Entity business records and documents; complete the Forensic Report reflecting the Receivership Entity financial activities; monetize the vast majority of Receivership assets; resolve litigation recoveries (other than receipt of certain payments due pursuant to court-approved Settlement Agreements that will be collected and administered by the QSF Trustee); and develop

⁸⁹ Remnant assets that are of nominal value will be liquidated, abandoned, with any remaining surplus funds distributed by the QSF Trustee pursuant to the Distribution Plan or paid to the Treasury Department, if a further distribution is not deemed feasible by the QSF Trustee.

and administer an equitable claims and distribution process for Defrauded Investors and other Allowed Claimants. The Receiver has concluded, in his reasonable business judgment, that continued administration of the instant Receivership will not result in the recovery of meaningful additional Receivership Assets and any further action can be more efficiently handled by the QSF, including for example the expiration of statutes of limitation related to tax returns, which require years to lapse. In the Receiver's reasonable business judgment, the final administrative functions related to the QSF and to the entities that currently constitute the Receivership Entity should be transferred to the control of and completed by the QSF Trustee, as the costs and expenses of keeping the Receivership open far exceed the much lower costs and expenses of final administrative tasks by the QSF, as administered by the QSF Trustee. Accordingly, the Receiver requests the Court approve the following relief.

A. Approve Receiver's Request For Authority To Perform Remaining Tasks Necessary To Transfer Control Of Certain Entities To The QSF.

The Receiver respectfully requests authorization from the Court to perform any remaining administrative tasks that may arise in connection with winding up the Receivership, and to take all actions necessary to transfer all of the Receiver's rights and authority related to the Receivership Entity, including control over any remaining Receivership assets, to the QSF and implement the relief requested in this Motion. The Receiver's authority shall continue unabated until he has determined in his sole business judgment that all tasks have been completed to implement the relief requested in this Motion, resulting in termination of the Receivership and transfer of authority to the QSF Trustee. The Receiver and the QSF Trustee will jointly file notice of the termination of the Receivership and transfer of authority to the QSF Trustee.

B. Allow Fees And Costs To Complete The Acts Related To Final Transfer Of Control To The QSF And Payment Upon Consent of the SEC, Without Further Court Order.

To the extent the Final Fee Application does not cover the fees and expenses that necessarily will be incurred related to the tasks necessary to transfer control to the QSF, the

Receiver requests authority to pay post-receivership fees and expenses in a self-executing manner, without further Court Order, upon the consent of the SEC. In addition, the Receiver, at the appropriate time and based upon the Receiver's determination that no further post-Receivership fees and expenses remain outstanding, is authorized to transfer all remaining Receivership funds to the QSF Trustee.

C. Approve The Receiver's Resolution Of Federal And State Tax Matters.

Resolution of the Receivership's potential federal, state, and local tax liability, including the analysis and actions related to the formation of the QSF and transfer of Receivership assets to the QSF, consumed considerable staff and professional time, but significantly reduced the Receivership's tax burden, preserving as much as \$2 Million for distribution to claimants. The Receiver, staff, and professionals have worked diligently to fulfill all of the Receiver's tax-related duties and legal obligations as efficiently as possible, including filing tax and informational returns as required.

1. Receiver's Submission of Appropriate Tax Returns and Other Filings.

The Receiver has filed all necessary and appropriate federal, state, and local tax returns, and paid all amounts properly due since being appointed.⁹⁰ The Receiver has responded timely to all inquiries and correspondence from taxing authorities and resolved them as efficiently as reasonably possible. To the best of the Receiver's knowledge, there are no additional amounts of tax owed, and the Receiver has no knowledge of any audits being conducted or contemplated by any taxing authority.

2. Tax Filings and Final Distribution by QSF.

The QSF has filed federal, state, and local tax returns annually since its inception, and will continue to file such returns, as required by law. Upon termination of the Receivership, the QSF

⁹⁰ The Receiver has become aware that it may be necessary to replace a previously filed report with a state income tax return, as necessary to complete its filing obligation, but it is not expected to involve any additional tax obligation.

Trustee shall be required to file all appropriate tax returns for any remaining Receivership Entity and the QSF itself, and pay all taxes actually owed by the QSF itself, for each calendar year of the pendency of the QSF. In addition to authority and responsibility for all QSF related tax matters, upon termination of the Receivership, the QSF Trustee shall have sole responsibility for and authority over all Receivership related tax matters, including all dealings with the Internal Revenue Service, state departments of revenue, and all other taxing authorities. The QSF Trustee shall determine whether there will be further distributions. Following the final distribution or, in the event such a distribution is not feasible, upon his determination that the QSF should be terminated, the QSF Trustee will provide notice to the Court together with his recommendation to terminate the QSF. All necessary and appropriate tax returns will be submitted prior to or contemporaneously with termination of the QSF.

D. Approve That All Claims, Causes Of Action, Settlements, Settlement Payments, And All Other Assets As Held By The QSF (“All Assets”).

Upon the closing of the Receivership, all cash and other assets of whatever nature and wherever situated, including, but not limited to, all tangible and intangible personal property (other than any remaining Receivership Entity), savings accounts, checking accounts, investments, and the right to payments of any kind, not previously transferred from the Receivership Entity to the QSF Trustee are deemed held by the QSF, without further action. The Receiver and QSF Trustee are authorized but not required to take such other steps deemed appropriate to confirm such ownership.

E. Approve That All Rights, Authority And Control Over The Receivership Entity Are Granted To The QSF Trustee (“All Authority”).

Upon the closing of the Receivership, all of the rights and authority previously granted to the Receiver by this Court, including the Receiver’s authority to manage and control any remaining Receivership Entity and their assets, shall be granted to the QSF Trustee. The Receiver and QSF Trustee are authorized but not required to take such other steps deemed appropriate to confirm such management and control.

F. Determine That Administrative Claims Are Barred, Waived, And Released Against The Receivership Entity, The Receiver, Professionals, The QSF Trustee, And The QSF, Unless Allowed By The Court Prior To The Closing Of The Receivership.

The Receiver is unaware of any unpaid Administrative Claims, as defined in the Court-approved Distribution Plan,⁹¹ and requests that any Administrative Claims not sought and allowed by the Court prior to the closing of the Receivership be forever barred, waived, released and void as against the Receivership Entity, the Receiver, the Professionals and the QSF.

G. Approve The Authority Of The Receiver And QSF Trustee To Maintain, Destroy, Or Abandon Electronic And Other Records.

At the beginning of this matter, the Receiver took control of the books and records of the Receivership Entity. Additionally, in order to maximize the recovery of assets, including under the various insurance policies, and at the same time clear a path for Defrauded Investors to pursue recovery against third-parties (on claims not held by the Receivership Entity), the Receiver consolidated certain digital data within his control into a centralized, organized, searchable database, which the Receiver made available to interested parties (the “Ringtail Database”). The Ringtail Database contains approximately 17.5 million documents and was also used extensively by the U.S. Attorney’s Office and counsel for the criminal defendants. With the completion of the criminal trial, it is not anticipated that those parties will use the Ringtail Database further. The minimal current and future value of this database to the Receivership Entity and QSF is far outweighed by the significant monthly maintenance costs that will have to continue to be borne the Defrauded Investors and other Claimants. Unless another party in interest is willing to compensate the QSF for the monthly costs to maintain the Ringtail Database, the Receiver and the QSF Trustee request authority to suspend and/or terminate the current service for the Ringtail Database, in their sole discretion, based on their reasonable business judgment.

⁹¹ Professional Claims are separately provided for in the Distribution Plan, require a fee application for each professional, and are subject to notice to the SEC and the conferral process and Court approval. The Final Fee Application will be filed by separate motion.

The Receiver and the QSF Trustee request authority, but not the requirement to dispose of and/or destroy the hard copy and electronic records of the Receivership Entity within their possession, custody, or control, in their sole discretion, based upon their reasonable business judgment.

H. Approve The Receiver's Request Not To Reserve Any Cash For Known, Pending, And Unknown Claims For The Next 10 Years, As None Are Believed To Exist.

In connection with the winding up and dissolution of Delaware related Aequitas entities that were or are currently part of the Receivership Entity (the "Delaware Entities"), the Receiver has, to the extent possible and pursuant to the Distribution Plan, paid claims and obligations, including all contingent, conditional or un-matured claims and obligations, known as to such Delaware Entities. With respect to unknown claims, the Receiver has evaluated claims that are likely to arise or become known as to any such Delaware Entities within 10 years of its dissolution and has determined that no additional provisions or reserves are necessary or appropriate for such unknown claims; especially given the expansive and thorough nature of the claims process conducted by the Receiver and the Court-approved bar date for claims. Additionally, there are no pending claims related to the Delaware Entities. Based on the foregoing, the Receiver requests that the Receivership not be required to provide any reserve for known, pending, and unknown claims against the Delaware Entities for the next 10 years, as none are believed to exist.

I. Approve The Receiver's Resignation And Appoint A Successor Trustee And Administrator For The QSF.

Pursuant to Article 12.1 of the QSF, the Receiver hereby provides notice of his resignation as Trustee and Administrator of the QSF, effective upon termination of the Receivership and requests the Court approve the appointment of the Stapleton Group and Mr. Stapleton as the Successor Trustee and Administrator pursuant to Articles 12.3, 12.4, 13.11 and 13.12 of the QSF ("QSF Trustee").

J. Approve The QSF Trustee As The Real Party In Interest With Authority To Bring, Defend And Settle Claims.

The QSF Trustee shall be the real party in interest and designated payee of all assets and obligations owed to the Receivership Entity and/or the QSF, including but not limited to obligations owed pursuant to previously approved settlement agreements and Court orders. Upon the closing of the Receivership, the QSF Trustee is authorized to bring, defend, and settle claims or other litigation, without reopening the Receivership case and without a Court Order. The QSF Trustee shall use, in their sole discretion, their reasonable business judgment regarding any such decisions.

K. Determine That The Final Receivership Order Governs The Operation Of The QSF, Other Than Quarterly Reporting.

With the limited exception that QSF Trustee will not be required to file quarterly reports (Article XIV), QSF Trustee shall have all of the powers, authorities and duties granted to the Receiver by the Order Appointing Receiver and the QSF Trust instrument shall be amended to reflect this. Further, the provisions of the Order Appointing Receiver⁹² shall govern the rights, duties, and powers of all persons, governmental entities, and courts in relation to the QSF, the QSF Trustee, the assets of the QSF, and all actions taken by the QSF Trustee in relation to the QSF, including without limitation in relation to the services of the Stapleton Group and/or Mr. David Stapleton as Successor Trustee and Administrator of the QSF and any persons or professionals retained by Mr. Stapleton in those additional capacities.

The QSF Trustee is further authorized to pay the costs of administration of the QSF, including the fees and costs of the QSF Trustee and his Professionals, in accordance with the process set forth in the Order Appointing Receiver.

⁹² Dkt. 156.

L. Authorize The QSF Trustee To Pay Allowed Claimants Including Defrauded Investors A Final Distribution.

The QSF Trustee shall be authorized to make a final distribution to Allowed Claimants, including Defrauded Investors, after monetizing the remnant assets, winding up the other affairs of the Receivership Entity and paying the expenses for the administration of the QSF. While a final distribution from the QSF is anticipated, the extent or timing of a final distribution, if any, is unknown at this time.

M. Authorize The QSF Trustee The Right To Abandon Or Donate Nominal Assets To The Treasury Department.

The Receiver requests the Court authorize the QSF Trustee the power to abandon, or transfer any assets or unliquidated interests of the Receivership or the QSF as the QSF Trustee deems appropriate in his sole discretion. The QSF Trustee shall use, in his sole discretion, his reasonable business judgment regarding any such decisions.

To the extent not otherwise distributed, the QSF Trustee is authorized to transfer any remaining funds to the Treasury Department.

N. Determine That The Court Shall Retain Continuing Jurisdiction Over The QSF After Termination Of The Receivership.

The Receiver requests the Court take and retain continuing jurisdiction over the QSF and any and all matters relating to the QSF, the Stapleton Group and/or Mr. David Stapleton in his capacity as the Successor QSF Trustee. To the extent any dispute arises concerning the Receiver's administration of the Receivership Entity, or to the extent any person or entity seeks to pursue or assert any claim or action against the Receivership Entity, the Receiver, or his Professionals arising out of or related to this Receivership or the QSF, the Court shall retain jurisdiction to hear and resolve any such dispute or claim. Additionally, the Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

O. Order That The Litigation Stay Shall Remain In Place To Prevent Post-Discharge Expenses By The Receiver, His Professionals, The QSF Trustee, Or The QSF.

The litigation stay previously entered by this Court⁹³ shall remain in place to prevent further post-discharge expenses by the Receiver, his Professionals, the QSF Trustee, or the QSF, after entry of this Order. Leave of this Court shall be required before any claim, cause of action or other filing can be lodged against any entity included within the Receivership Entity during the course of the Receivership, the Receiver, his Professionals, the QSF Trustee, or the QSF and all creditors, investors, and other parties in interest and any such purported claims are permanently enjoined and forever barred and restrained from taking any action to impose or seek to impose liability on the Receiver, his Professionals, and the QSF Trustee, without first obtaining relief to do so from this Court.

P. Approve The Limitation Of Liability And Injunctive Relief Requested By The Receiver, His Professionals, The QSF Trustee, And The QSF.

Upon the termination of the Receivership and apart from the obligations set forth in this Motion prior to the close of the Receivership, the Receiver and his Professionals shall be fully relieved and discharged of all duties and obligations under the March 16, 2016 Order Appointing Receiver,⁹⁴ and any other duties or obligations incident to the Receiver's service or appointment as Receiver in this case, including, without limitation, any duties or obligations incident to services provided to the Receiver in this case upon (1) the expiration of the deadline for any person to file a notice of appeal in connection with the Closing Order or (2) the exhaustion of any appeal and any further proceedings before this Court following an appeal, whichever is later. The Receiver and his Professionals and their agents, members, managers, partners, attorneys or associates, and affiliates (the "Released Parties") are, and shall be, fully and completely released and discharged from any and all claims, causes of action, suits, charges, complaints, counterclaims, actions,

⁹³ Dkt. 156, Article VIII.

⁹⁴ Dkt. 156.

grievances, demands, rights, accounts, judgments, damages, costs and all other liabilities of any kind or description whatsoever, whether direct or indirect, known or unknown, in law or in equity, which anyone has, or will have, against them for matters arising from their administration of the Receivership Entity and the QSF, including, without limitation, (1) any and all known and unknown claims subject to the Claims Bar Date Order and the Court-approved Distribution Plan, (2) any duties, liabilities, responsibilities, and claims that may be imposed by, concerning, or relating to any federal, state, municipal, local, or corporate authority tax returns, taxes, penalties, and interest related to the Receivership Entity and the QSF; (3) any liability to any person or entity for any action taken in connection with the Receivership or the QSF, including, without limitation, actions taken in connection with carrying out any orders entered in this case. In no event shall the Released Parties be liable to anyone for their good faith compliance with: (i) any order, rule, law, judgment or decree; (ii) the duties and responsibilities as Receiver or as a professional to the Receiver; and/ or (iii) any actions taken or omitted by them, except on a finding by this Court that he, she, it or they acted or failed to act as a result of bad faith or gross negligence or in reckless disregard of his, her, its or their duties.

Q. Discharge The Receiver From His Obligations Under The Receivership Order.

Finally, the Receiver requests that the Court: (i) discharge the Receiver from his appointment, relieve him from all obligations under the Receivership Order and terminate the Receivership; (ii) approve all disbursements made by the Receiver as identified in this Final Report; (iii) authorize the Receiver to transfer to the QSF Trustee the net balance of the Receivership funds and bank accounts after payment of administrative expenses of the Receivership after all administrative claims of the Receivership are satisfied; and (iv) retain jurisdiction as requested herein.

XIV. CONCLUSION

For the foregoing reasons, the Receiver respectfully requests that the Court grant the Motion to (i) approve the Final Report; (ii) discharge the Receiver from his duties and

responsibilities as set forth in the Order Appointing Receiver; (iii) enjoin claims against the Receiver and the Receiver's professional advisors; (iv) authorize the appointment of the Stapleton Group and David Stapleton as the successor Trustee/Administrator of the Aequitas Qualified Settlement Fund Irrevocable Trust to take appropriate actions to complete the remaining functions of the QSF; (v) terminate this Receivership (effective upon the joint notice of termination filed by the Receiver and the QSF Trustee); and (vi) retain jurisdiction over the QSF until its termination and the dismissal of the captioned matter *SEC v. Aequitas Management, LLC, et al.*, 3:16-CV-00438-JR.

Dated this 17th day of October, 2023.

Respectfully submitted,

SCHWABE, WILLIAMSON & WYATT, P.C.

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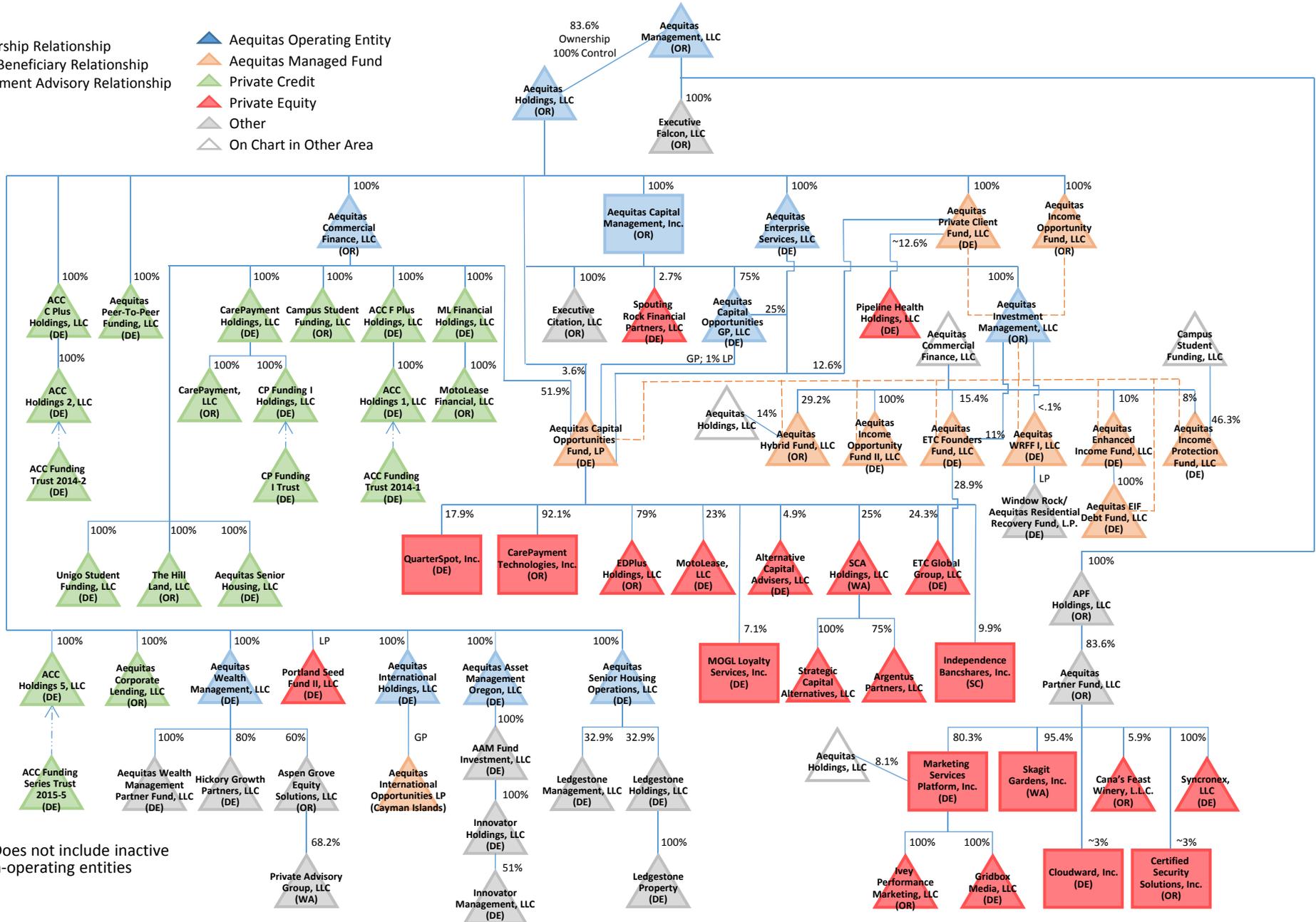
EXHIBIT A

AEQUITAS ORGANIZATIONAL CHART

Aequitas Entity Structure

- Ownership Relationship
- .-> Trust Beneficiary Relationship
- - - Investment Advisory Relationship

- ▲ Aequitas Operating Entity
- ▲ Aequitas Managed Fund
- ▲ Private Credit
- ▲ Private Equity
- ▲ Other
- ▲ On Chart in Other Area



NOTE: Does not include inactive and non-operating entities