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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.
JESENIK, BRIAN A. OLIVER; and
N. SCOTT GILLIS,

Defendants.

No. 3:16-cv-00438-JR

ORDER GRANTING THE RECEIVER'S
OBJECTION TO AND REQUEST FOR
DISALLOWANCE OF THE PROOF OF
CLAIM FILED BY JAMES ARTHUR
CRONIN

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This matter having come before the Honorable Jolie A. Russo on the Receiver's Objection To And Request For Disallowance Of The Proofs of Claim Filed By James Arthur Cronin [Dkt. 938] (the "Objection"), and the Court, being fully advised in the premises, now, therefore,

THE COURT FINDS as follows:

A. On March 10, 2016, the Securities and Exchange Commission ("SEC") filed a complaint in this Court against the Entity Defendants¹ and three individual defendants, Robert J. Jesenik, Brian A. Oliver, and N. Scott Gillis.

B. On March 16, 2016, pursuant to the Stipulated Interim Order Appointing Receiver, the Receiver was appointed as receiver for the Entity Defendants and 43 related entities on an interim basis (the "Interim Receivership Order"). On April 14, 2016, pursuant to the Final Receivership Order, the Receiver was appointed as receiver of the Entity Defendants and 43 related entities on a final basis.

C. On April 25, 2019, the Court fixed a Claims Bar Date of July 31, 2019; approved the manner of notice of the Claims Bar Date; and approved the Proof of Claim Form, the Claims Procedure, and associated exhibits and attachments (the "Claims Bar Date and Procedures Order"). The Claims Bar Date has passed.

D. Mr. Cronin's proof of claim was received on August 2, 2019, but deemed timely as it was post-marked July 31, 2019. The proof of claim is asserted claim as both a Creditor Claim and an Administrative Claim, each in the same amount of \$174,335.10 (jointly referred to as the "Disputed Cronin Claims"). The proof of claim further asserts that it is a secured claim.

E. On March 31, 2020 the Court entered its Findings of Fact and Conclusions of Law approving the Receiver's Distribution Plan (the "Court-approved Distribution Plan").

¹ Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Objection.

F. The Court-approved Distribution Plan provides for the classification and treatment of Allowed Claims, including what constitutes a Creditor Claim.

G. Mr. Cronin was a Fund Investor, who was issued a Private Note, which was redeemed in its entirety, by Aequitas, in 2014.

H. On its face, the Disputed Cronin Claim fails to identify any Receivership Entity as being obligated for the claim and such failure is grounds to invalidate the purported claim. Instead, the proof of claim specifically identifies Strategic Capital Group as the entity obligated for the claim.

I. The documents attached to Mr. Cronin's proof of claim do not support the alleged claim. The documents attached include a Strategic Capital Group statement of account as of March 27, 2015 showing an Aequitas Private Note in the amount of \$125,000 and a W.P. Carey Quarterly Statement for the period October 2014 to January 15, 2015, with no apparent connection to Aequitas. There are no documents attached to the proof of claim evidencing that the claim is secured.

J. The Disputed Cronin Claim does not comply with the definition of an Allowed Aequitas Related Claim, Creditor Claim or Administrative Claim and does not otherwise state any other form of claim validly asserted against the Receivership, as determined in accordance with the Court-approved Distribution Plan.

k. Due, timely, and adequate notice of the Objection was given, and such notice was good, sufficient, and appropriate under the circumstances. No other or further notice of the Objection is or shall be required.

The Court having reviewed the Objection, and being duly advised,

IT IS HEREBY ORDERED AND DECREED as follows.

1. The Objection is granted in its entirety.
2. The proof of claim filed by Arthur James Cronin is disallowed in its entirety and

no distribution will be paid on account of such claim from the Receivership Estate or the Aequitas Qualified Settlement Fund Irrevocable Trust.

Dated this 12th day of April, 2022.

/s/ Jolie A. Russo

United States Magistrate Judge Jolie A. Russo

SUBMITTED BY:

SCHWABE, WILLIAMSON & WYATT, P.C.

By: /s/ Troy D. Greenfield

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