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

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

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

Defendants.

No. 3:16-cv-00438-JR

**DECLARATION OF RONALD F.
GREENSPAN IN SUPPORT OF
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**

I, Ronald F. Greenspan, the duly appointed Receiver for the Receivership Entity,¹ declare as follows:

1. I am over 18 years of age and otherwise competent to testify. I am providing this declaration in support of the Receiver's (Second) Motion to Approve Classification of Certain Claimants (Administrative, Former-Employees, Convenience Class, Defrauded Investors, Creditors, Individual Defendants, and Pass-through Investors), and Allow and Approve Distributions to certain of those Claimants (the "Second Distribution Motion").

2. Attached to this Declaration as Exhibit 1 is a true and correct copy of a table prepared at my direction identifying certain Specified Claimants whose Claims are appropriately classified in the Administrative Class or that filed a Proof of Claim that asserts their Claim is, in whole or part, an Administrative Claim. Exhibit 1 includes a mix of (1) Claims for which the Receiver's Classification, Proposed Allowed Claim Amount, or Proposed Distribution is listed as "TBD" or with an otherwise specified reference, and (2) other Claims that should be classified in the Administrative Class and allowed in specified amounts, and for which the Receivership should be authorized to make a distribution from the Qualified Settlement Fund ("QSF") consistent with the terms of the Court-approved Distribution Plan.

3. Attached to this Declaration as Exhibit 2 is a true and correct copy of a table prepared at my direction identifying certain Specified Claimants whose Claims are appropriately classified in the Non-Officer Former Employee Class, further specifies amounts that should be allowed on those claims, and seeks authorization to distribute specified amounts to them from the QSF consistent with the terms of the Court-approved Distribution Plan.

4. Attached to this Declaration as Exhibit 3 is a true and correct copy of a table

¹ Capitalized terms not otherwise defined in this declaration shall have the meanings ascribed to them in the Second Distribution Motion that this declaration accompanies.

prepared at my direction identifying certain Specified Claimants whose Claims are appropriately classified in the Convenience Class, further specifies amounts that should be allowed on those claims, and seeks authorization to distribute specified amounts to them from the QSF consistent with the terms of the Court-approved Distribution Plan.

5. Attached to this Declaration as Exhibit 4 is a true and correct copy of a table prepared at my direction identifying (1) certain Specified Claimants whose Claims are appropriately classified in the Defrauded Investor Class, (2) information material to calculating their entitlement to a rising tide distribution under the terms of the Court-approved Distribution Plan, and (3) the proposed calculated interim distribution, if any, that I should be authorized to make from the QSF consistent with the terms of the Court-approved Distribution Plan. Exhibit 4, including footnotes, further details the basis and payment to Defrauded Investors, as if it were distributed under the rising tide methodology of the Court-approved Distribution Plan. Certain Defrauded Investors are members of plaintiff groups with intra-group allocation agreements and, as a result, distributions from the Receivership Estate to those Defrauded Investors and/or their portion of the proceeds of the Tort Claim Settlement with the Receivership Entity may be combined with those of other members of the respective plaintiff group and allocated in accordance with an intra-group agreement, which may ultimately result in those Defrauded Investors receiving more or less than the Receiver's Calculated Interim Distribution [Rising Tide].

6. Attached to this Declaration as Exhibit 5 is a true and correct copy of a table prepared at my direction identifying certain Claimants whose Claims are appropriately classified in the Creditor Class, compiling information needed to determine that their Claims are appropriately classified in the Creditors Class pursuant to the terms of the Court-approved Distribution Plan or that filed a Proof of Claim asserting a pre- Receivership Claim on a basis that

would warrant classification, in whole or in part, in the Creditor Class.

7. Attached to this Declaration as Exhibit 6 is a true and correct copy of a table prepared at my direction identifying a Claimant who filed a Proof of Claim that is appropriately classified in the Individual Defendant Class because that claim asserts interests of an Individual Defendant to “assets of the Receivership Estate, or for any interest in any entity now part of the Receivership Estate.”

8. Attached to this Declaration as Exhibit 7 is a true and correct copy of a table prepared at my direction listing certain Claimants whose Claims are appropriately classified in the Pass-through Investor Class, compiling information needed to determine that their Claims are appropriately classified in the Pass-through Investor Class, that they shall retain their respective ownership interests in the Pass-through Entities (and/or any equity interest resulting therefrom), and determining they will not receive a distribution from the QSF pursuant to the terms of the Court-approved Distribution Plan.

9. On or about October 16, 2020 at my direction, copies of this declaration (together with the exhibits) and the Second Distribution Motion were posted to the Aequitas Receiver’s website (www.kccllc.net/aequitasreceivership) and the Receiver’s Claims Agent website (www.AequitasClaims.com) in substantially the same as the later filed version.

10. Attached as Exhibit 8 is a true and correct copy of a notice (“Notice”) that, at my direction, was sent by U.S. Mail to the last known address of the Specified Claimants on or about October 14, 2020. The Notice advises interested parties that the Second Distribution Motion and related pleadings are available for review at the Aequitas Receiver’s website (www.kccllc.net/aequitasreceivership) and the Receiver’s Claims Agent website (www.AequitasClaims.com) or can be obtained by email upon request to Receiver’s counsel, Larry Ream, at lream@schwabe.com.

11. As explained in the Court-approved Distribution Plan, “[a] Defrauded Investor in the Aequitas Ponzi scheme is not injured more or less simply by virtue of investing money in multiple Aequitas Entities, multiple accounts, or accounts differently titled” and Defrauded Investors’ distributions in general should not be affected by certain Defrauded Investors’ method of holding title to multiple accounts.”² The Court-approved Distribution Plan details when and how a Defrauded Investor’s accounts can be aggregated for the purposes of calculating a distribution.³ Based on my knowledge of the financial records of the Receivership Estate, the Court-approved Distribution Plan, and reasonable investigation, I have concluded that the account aggregations proposed in Exhibits 4 and 7 (as applicable) are consistent with those provisions of the Court-approved Distribution Plan.

12. The following parties have entered settlement agreements with the Receivership Entity and, in doing so, have released all claims relating to Receivership Property, the Receivership Estates (as those terms are defined in the Order Appointing Receiver – Dkt. No. 156), or any other assets of the Receivership Entity, including but not limited to any claim under the Court-approved Distribution Plan:

- Keith Barnes
- Deloitte & Touche LLP
- N. Scott Gillis
- William Glasgow
- Income Opportunities (Luxembourg) S.A.
- Olaf Janke
- Edmund Jensen
- Robert J. Jesenik
- Andrew MacRitchie
- William M. Malloy III
- William McCormick
- Brian Oliver

² Distribution Plan [Dkt. 787] at 55. *See also* FF&CL [Dkt. 813] (approving same).

³ Distribution Plan [Dkt. 787] at 55-57. *See also* FF&CL [Dkt. 813] (approving same).

- PartnerRE Ireland Insurance DAC
- Brian K. Rice
- Starr Indemnity & Liability Company
- Patrick Terrell

13. The settlements with each of these parties will be addressed in the Receiver's Motion for Order (1) Approving Compromises of Claims, (2) Approving and Authorizing Performance of Settlement Agreements, (3) Entering Claims Bar, and (4) Removing a Receivership Entity and an Extended Entity (hereinafter referred to as the "Motion to Approve Settlements"). Accordingly, the claims of the parties listed above are not addressed in the attached Exhibits.

14. As the Court is aware, the Receiver resolved the tort claims of four investor litigation groups, including the class ultimately certified in the matter of *Ciuffitelli et al. v. Deloitte & Touche LLP, et al.*, Case No. 3:16-cv-00580-AC, U.S. District Court for the District of Oregon (the "Tort Claims Settlement"). Under the Tort Claims Settlement, the Receivership Estate will distribute a total of \$30 million to those four investor litigation groups (the "Tort Settlement Payment"). As set forth in the Court-approved Distribution Plan, regardless of how those four investor litigation groups internally allocate their portion of the Tort Settlement Payment among their respective members, for purposes of calculating additional distributions, the Receiver will apply the Tort Settlement Payment as if it were allocated among the members of each of the groups as if distributed under the rising tide methodology of the Court-approved Distribution Plan. That treatment preserves equity, to the extent within the Receiver's control, between those Defrauded Investors that were members of the four investor litigation groups that were party to the Tort Claims Settlement and those Defrauded Investors that were not.

15. The Tort Claims Settlement is addressed in the Receiver's Motion to Approve Settlements, that will likely be decided prior to or contemporaneously with this motion.

16. At the time the Settlement Term Sheet was executed, class counsel contemplated

undertaking the significant tasks associated with securing approval of a class action settlement with the Receivership Entity. Subsequently, class counsel concluded that doing so would actually reduce the total amount of funds available to class members.

17. The distribution methodology set forth in the Court-approved Distribution Plan differs from the combined effect of the *Ciuffitelli* class definition and plan of allocation. Both were developed well after the Settlement Term Sheet was executed.

18. In recognition of these circumstances, class counsel and the Receiver have agreed that the class portion of the Tort Claims Settlement (\$20,910,000) will simply be distributed in accordance with the Court-approved Distribution Plan.

19. The professionalism and sacrifice of class counsel, as it makes more funds available to distribute to Defrauded Investors who are members of the certified class, is greatly appreciated. In the Class Action, the Court awarded attorney fees of 24.6%. The class portion of the Tort Claims Settlement is \$20,910,000. Obviously, a similar fee award would greatly reduce the funds that would otherwise be distributed to Defrauded Investors in the certified class.

20. Based on my knowledge of the financial records of the Receivership Estate, the Court-approved Distribution Plan, and modeling of distributions pursuant to the Court-approved Distribution Plan, I have concluded that the distributions proposed in Exhibits 1 – 7, as applicable are consistent with the Court-approved Distribution Plan and that, following these distributions, the QSF will have sufficient funds to make distributions to other Claimants with Allowed Claims estimated, pursuant to the priority provisions of the Court-approved Distribution Plan, to receive distributions.

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**I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING
STATEMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE,
INFORMATION, AND BELIEF.**

Dated this 21st day of October, 2020.

/s/ Ronald F. Greenspan

Ronald F. Greenspan, Receiver