

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

**SECURITIES AND EXCHANGE  
COMMISSION,**

Plaintiff,

vs.

**AEQUITAS MANAGEMENT, LLC, ET  
AL,**

Defendants.

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

**NOTICE OF RECEIVER'S (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**

**You are receiving this Notice because the Receiver will file a motion that will establish the classification or reclassification of certain claims and for certain Specified Claimants, will establish the amount of their Allowed Claim, the treatment of their Allowed Claim, the distribution they will receive on their Allowed Claim, if any.**

**The motion also provides that Creditors holding an Allowed Claim who elect to become reclassified as the holder of a Convenience Class Claim, will receive an Allowed Convenience Class Claim in the amount of \$20,000, and will receive a twenty percent (20%) distribution on that Allowed Convenience Class Claim, as provided in the Court-approved Distribution Plan. The election form is being sent only to the applicable Creditors holding an Allowed Creditor Class Claim. The election form does not apply to the Defrauded Investors or other Claimants who do not also hold an Allowed Creditor Class Claim.**

On or about July 19, 2021, the Receiver will file a 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 "Receiver's Third Distribution Motion"). The Receiver's Third Distribution Motion is being filed in furtherance of the Receiver's Court-approved distribution plan (the "Court-approved Distribution Plan").

The Receiver's Third Distribution Motion proposes (i) Classification, (ii) Allowance, and (iii) Distribution in relation to certain Claims, which class and treatment are addressed in the Court-

approved Distribution Plan:

- Allowed Administrative Class Claims. Each such claim shall be paid the full amount of the Allowed Claim from the QSF.<sup>1</sup>
- Allowed Convenience Class Claims. Each such claim shall be paid an amount equal to twenty percent (20%) of the Allowed Convenience Class Claim from the QSF.<sup>2</sup>
- Allowed Creditor Class Claims. After the holders of Allowed Claims in all other Classes (other than the Individual Defendants Class) have been paid in full, each such Claim shall be paid pro rata from the QSF.<sup>3</sup>
- Allowed Defrauded Investor Class Claims. Allowed Defrauded Investor Class Claims are calculated on the basis of their Total Investment, and each such Claim shall be paid under the rising tide methodology without interest, costs, or fees from the QSF.<sup>4</sup>

As set forth in the Court-approved Distribution Plan, a Final Order of the Court shall approve (i) the Classification, (ii) amount, and (iii) treatment of claims.<sup>5</sup>

A copy of the Receiver's Third Distribution Motion, related declaration, exhibits and other documents will be available for review at the Aequitas Receiver's website ([www.kccllc.net/aequitasreceivership](http://www.kccllc.net/aequitasreceivership)) and the Receiver's Claims Agent website ([www.AequitasClaims.com](http://www.AequitasClaims.com)) and can be obtained by email request to Receiver's counsel, Larry Ream, at [lream@schwabe.com](mailto:lream@schwabe.com). The Receiver's Third Distribution Motion sets forth how your claim is to be Classified or Reclassified if you are a Creditor Class Claimant with an Allowed Claim who elects to be reclassified and, for certain Specified Claimants, will establish the amount

---

<sup>1</sup> Distribution Plan [Dkt. 787], definition at 65. *See also* FF&CL [Dkt. 813] (approving same).

<sup>2</sup> Distribution Plan [Dkt. 787] at 65-66. *See also* FF&CL [Dkt. 813] (approving same). The amount of an Allowed Convenience Class Claim cannot exceed \$20,000.

<sup>3</sup> When seeking Court approval of the Distribution Plan, the Receiver noted that "[c]urrent estimates ... are that holders of Allowed Creditor Class Claims will not receive a distribution" because there would be inadequate funds available for distribution.<sup>3</sup> That remains true; the Receiver's current estimates are that there are insufficient funds to make any distribution to the holders of Allowed Creditor Class Claims. Receiver's Declaration, ¶ 4.

<sup>4</sup> Distribution Plan [Dkt. 787] at 4, 66. *See also* FF&CL [Dkt. 813] (approving same). Exhibit 4 to Receiver's Declaration, including footnotes, further details the basis and payments to Defrauded Investors, as if it were distributed under the rising tide methodology of the Court-approved Distribution Plan.

<sup>5</sup> Distribution Plan [Dkt. 787].

of their Allowed Claim, the treatment of their Allowed Claim, and the distribution they will receive on their Allowed Claim, if any. Additionally, you are highly encouraged to monitor the Receivership related websites for announcements and additional distribution or related information.

**FURTHER ACTION?**

You need not take any further action if you agree with the information contained in the Exhibits attached to the Declaration of Ronald F. Greenspan, filed contemporaneously with the Receiver's Third Distribution Motion, PROVIDED HOWEVER, that holders of Allowed Creditor Claims, that intend to elect to have their Creditor Class Claim treated as a Convenience Class Claim, must complete the election form that was sent to them and return it to the Receiver's counsel, Larry Ream, at the address below, POST-MARKED NOT LATER than August 31, 2021. Should you have inquiries regarding the Receiver's Third Distribution Motion you may submit your inquiry by email through the Aequitas Receiver's website ([www.kccllc.net/aequitasreceivership](http://www.kccllc.net/aequitasreceivership) or [www.AequitasClaims.com](http://www.AequitasClaims.com)) or by email to Receiver's counsel, Larry Ream, at [lream@schwabe.com](mailto:lream@schwabe.com).

If you wish to support, oppose, or otherwise respond to the Receiver's Third Distribution Motion, you must do so by no later than August 2, 2021. To comply with that deadline, you must both:

- (a) Serve a copy of your written support, opposition or other response, if any, on counsel for the Receiver at:

Troy Greenfield  
Lawrence R. Ream  
SCHWABE WILLIAMSON & WYATT  
1211 SW 5th Ave., Suite 1900  
Portland, OR 97204

- (b) File the original of your written support, opposition or other response, if any, with the United States District Court, District of Oregon, Portland Division, located at 1000 SW Third Ave., Portland, OR 97204.

The Receiver will thereafter file and serve his reply to written support, objections, or other responses. If there are no objections, the Court may enter an order approving the motion without further notice to you. If there are objections that are unresolved, the Court may schedule a hearing to consider those unresolved objections before the Honorable Judge Jolie A. Russo, Room I 027

at the United States District Court, District of Oregon, Portland Division, 1000 SW Third Ave., Portland, OR 97204.

Finally, please recall that pursuant to the Court's Bar Date Order, it is your responsibility to keep the Receiver updated with your current address and contact information. The change of contact form can be found and submitted through the claim agent website at [www.AequitasClaims.com](http://www.AequitasClaims.com). Additionally, should a Defrauded Investor determine it is in their best interest to close or change an investment account that contains the Aequitas investments, the Defrauded Investor should promptly notify the Receiver of the change by sending an email to [receivership@aequitascapital.com](mailto:receivership@aequitascapital.com).