

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

EQUITYBUILD, INC., et al.,

Defendants.

Case No. 1:18-cv-5587

Hon. Manish S. Shah

**ORDER GRANTING RECEIVER’S FIRST MOTION FOR
APPROVAL OF ALLOCATIONS OF FEES TO PROPERTIES
FOR PAYMENT PURSUANT TO RECEIVER’S LIEN**

On December 22, 2021, the Receiver filed his First Motion For Approval Of Allocations Of Fees To Properties For Payment Pursuant To Receiver’s Lien (Dkt. No. 1107) ("the Motion"), and on March 3, 2023, the Receiver filed a Supplement to the Motion (Dkt. 1400) (hereafter the Motion, as supplemented, is referred to as the “Receiver’s First Allocation Motion”).

On March 15, 2023, Magistrate Judge Kim entered orders granting the Receiver’s First Allocation Motion and overruling objections (Dkt. 1419).

The Court received objections to the Magistrate Judge’s Order (Dkt. 1389, 1390), which are overruled for the reasons stated on the record at a hearing before the Court on April 26, 2023, as well as for the reasons stated by the Magistrate Judge at hearings held on February 8 and 10, 2023, as well earlier rulings of this Court stated on the record at an October 17, 2022 hearing in regards to FHFA’s objections sustaining the Magistrate Judge’s overruling of those objections. (Dkt. 1325)

Previously, the Court had exercised its equitable discretion to mandate a 20% holdback on the fees (but not expenses) sought pursuant to the Receiver's Ninth through Sixteenth Fee Applications. The Court also required that to the extent such approved fees were paid from the sales proceeds of encumbered real estate pursuant to the receiver's lien, such payments would be subject to an additional 20% holdback. (Dkt. 1031 at 14, Dkt. 1213 at 9-10; Dkt. 1312 at 3-4) As stated on the record at a hearing before the Court on April 26, 2023, however, this Court has determined that this additional 20% holdback for fees paid pursuant to the receiver's lien from the sales proceeds of encumbered properties is no longer warranted and thus not required for any of the Receiver's fee applications or allocated fees.

NOW, THEREFORE, the Court hereby finds and ORDERS:

- (1) the Receiver's First Allocation Motion is granted and all objections thereto are overruled;
- (2) the previously ordered additional 20% holdback for approved fees paid pursuant to the receiver's lien from the sales proceeds of encumbered properties is no longer warranted and thus not required for any of the Receiver's approved fee applications or allocated fees;
- (3) the Receiver shall allocate the total amount of \$3,132,020.00 of approved fees associated with the First through Thirteenth Fee Applications to the accounts for the individual properties as set forth on Exhibit A to this Order;
- (4) the Receiver shall hold back 20% of the total amount of approved fees allocated to each property for the First through Thirteenth Fee Applications, pending further order;

- (5) The Court stays distributions related to the Receiver's First Allocation Motion from the accounts held for 1131 E 79th Place and 7024 S Paxton Avenue, pending further order;
- (6) after accounting for the 20% holdback and the stay order, within 3 business days of this Order, the receiver shall transfer to the Receiver's Account the amount available for interim payment from the property accounts for the First through Thirteenth Fee Applications, as set forth on Exhibit A to this Order, which cumulatively equals \$2,392,609.18 (covering both the amount to be transferred to Rachlis Duff & Peel, LLC and the amount of allocated fees that were previously paid from the Receiver's account – as reflected on Exhibit A);
- (7) within 2 business days of transferring funds to the Receiver's Account, consistent with the foregoing, the Receiver shall pay \$1,514,780.57 to Rachlis Duff & Peel, LLC from the Receiver's Account; and
- (8) the Court reserves final approval of the distribution of fees held back in accordance with this Order.

Entered:



Manish S. Shah
United States District Court Judge

Date: May 11, 2023

**Exhibit A to Fee Allocation Order
Fee Applications 1-13**

| Prop # | Property Address | Total Fees Fee Apps 1-13 | Credit for Agency Fees | Prelim. Amount Available for Interim Payment Fee Apps 1-13 | 20% Holdback Fee Apps 1-13 | Additional Holdback (FHFA) | Amount Available for Interim Payment Fee Apps 1-13 |
|---------------|------------------------------|-------------------------------------|-----------------------------------|---|---------------------------------------|---------------------------------------|---|
| 1 | 1700-08 W Juneway Terrace | \$64,044.58 | \$4,984.00 | \$59,060.58 | \$11,812.12 | | \$47,248.46 |
| 2 | 4533-47 S Calumet Avenue | \$49,742.47 | \$4,168.00 | \$45,574.47 | \$9,114.89 | | \$36,459.58 |
| 3 | 5001 S Drexel Boulevard | \$103,513.70 | \$3,905.00 | \$99,608.70 | \$19,921.74 | | \$79,686.96 |
| 4 | 5450-52 S Indiana Avenue | \$45,780.88 | \$3,784.00 | \$41,996.88 | \$8,399.38 | | \$33,597.50 |
| 5 | 7749-59 S Yates Boulevard | \$49,696.79 | \$2,712.00 | \$46,984.79 | \$9,396.96 | | \$37,587.83 |
| 6 | 6437-41 S Kenwood Avenue | \$37,474.84 | \$3,322.00 | \$34,152.84 | \$6,830.57 | | \$27,322.27 |
| 7 | 7109-19 S Calumet Avenue | \$73,147.20 | \$2,970.40 | \$70,176.80 | \$14,035.36 | | \$56,141.44 |
| 8 | 1414-18 East 62nd Place | \$14,329.28 | \$1,487.50 | \$12,841.78 | \$2,568.36 | | \$10,273.42 |
| 9 | 8100 S Essex Avenue | \$69,929.89 | \$2,977.50 | \$66,952.39 | \$13,390.48 | | \$53,561.91 |
| 10 | 7301-09 S Stewart Avenue | \$33,610.60 | \$2,192.00 | \$31,418.60 | \$6,283.72 | | \$25,134.88 |
| 11 | 7500-06 S Eggleston Avenue | \$48,973.62 | \$3,785.00 | \$45,188.62 | \$9,037.72 | | \$36,150.90 |
| 12 | 3030-32 E 79th Street | \$29,800.84 | \$1,736.00 | \$28,064.84 | \$5,612.97 | | \$22,451.87 |
| 13 | 2909-19 E 78th Street | \$53,428.21 | \$3,837.70 | \$49,590.51 | \$9,918.10 | | \$39,672.41 |
| 14 | 7549-59 S Essex Avenue | \$47,757.09 | \$3,946.50 | \$43,810.59 | \$8,762.12 | | \$35,048.47 |
| 15 | 8047-55 S Manistee Avenue | \$42,490.15 | \$2,776.00 | \$39,714.15 | \$7,942.83 | | \$31,771.32 |
| 49 | 7300-04 S St Lawrence Avenue | \$25,457.25 | \$1,624.00 | \$23,833.25 | \$4,766.65 | | \$19,066.60 |
| 50 | 7760 S Coles Avenue | \$33,831.76 | \$1,520.00 | \$32,311.76 | \$6,462.35 | | \$25,849.41 |
| 51 | 1401 W 109th Place | \$16,531.41 | \$1,487.50 | \$15,043.91 | \$3,008.78 | | \$12,035.13 |
| 52 | 310 E 50th Street | \$23,424.01 | \$1,793.50 | \$21,630.51 | \$4,326.10 | | \$17,304.41 |
| 53 | 6807 S Indiana Avenue | \$16,414.65 | \$1,487.50 | \$14,927.15 | \$2,985.43 | | \$11,941.72 |
| 54 | 8000-02 S Justine Street | \$26,945.44 | \$1,720.00 | \$25,225.44 | \$5,045.09 | | \$20,180.35 |
| 55 | 8107-09 S Ellis Avenue | \$31,650.65 | \$1,456.00 | \$30,194.65 | \$6,038.93 | | \$24,155.72 |
| 56 | 8209 S Ellis Avenue | \$28,614.98 | \$1,720.00 | \$26,894.98 | \$5,379.00 | | \$21,515.98 |
| 57 | 8214-16 S Ingleside Avenue | \$25,782.70 | \$1,672.00 | \$24,110.70 | \$4,822.14 | | \$19,288.56 |
| 58 | 5955 S Sacramento Avenue | \$28,557.07 | \$2,064.00 | \$26,493.07 | \$5,298.61 | | \$21,194.46 |
| 59 | 6001-05 S Sacramento Avenue | \$23,937.15 | \$1,808.00 | \$22,129.15 | \$4,425.83 | | \$17,703.32 |
| 60 | 7026-42 S Cornell Avenue | \$38,420.04 | \$2,940.00 | \$35,480.04 | \$7,096.01 | | \$28,384.03 |
| 61 | 7237-43 S Bennett Avenue | \$49,491.87 | \$3,043.00 | \$46,448.87 | \$9,289.77 | | \$37,159.10 |
| 62 | 7834-44 S Ellis Avenue | \$41,374.62 | \$5,569.30 | \$35,805.32 | \$7,161.06 | | \$28,644.26 |
| 63 | 4520-26 S Drexel Boulevard | \$145,967.42 | \$8,956.00 | \$137,011.42 | \$27,402.28 | | \$109,609.14 |
| 64 | 4611-17 S Drexel Boulevard | \$100,248.77 | \$7,504.00 | \$92,744.77 | \$18,548.95 | | \$74,195.82 |
| 67 | 1131-41 E 79th Place | \$93,545.22 | \$3,004.00 | \$90,541.22 | \$18,108.24 | \$72,432.98 | \$0.00 |
| 68 | 6217-27 S Dorchester Avenue | \$65,560.75 | \$4,163.20 | \$61,397.55 | \$12,279.51 | | \$49,118.04 |
| 69 | 6250 S Mozart Street | \$97,468.18 | \$2,712.00 | \$94,756.18 | \$18,951.24 | | \$75,804.94 |
| 70 | 638-40 N Avers Avenue | \$88,060.21 | \$1,055.00 | \$87,005.21 | \$17,401.04 | | \$69,604.17 |
| 71 | 701-13 S 5th Avenue | \$48,184.99 | \$3,336.25 | \$44,848.74 | \$8,969.75 | | \$35,878.99 |
| 72 | 7024-32 S Paxton Avenue | \$54,935.43 | \$4,218.12 | \$50,717.31 | \$10,143.46 | \$40,573.85 | \$0.00 |
| 73 | 7255-57 S Euclid Avenue | \$42,975.68 | \$2,776.00 | \$40,199.68 | \$8,039.94 | | \$32,159.74 |
| 74 | 3074 E Cheltenham Place | \$47,886.03 | \$2,896.00 | \$44,990.03 | \$8,998.01 | | \$35,992.02 |
| 75 | 7625-33 S East End Avenue | \$58,645.78 | \$3,108.00 | \$55,537.78 | \$11,107.56 | | \$44,430.22 |
| 76 | 7635-43 S East End Avenue | \$52,203.59 | \$3,012.00 | \$49,191.59 | \$9,838.32 | | \$39,353.27 |

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Fee Applications 1-13**

| Prop # | Property Address | Total Fees Fee Apps 1-13 | Credit for Agency Fees | Prelim. Amount Available for Interim Payment Fee Apps 1-13 | 20% Holdback Fee Apps 1-13 | Additional Holdback (FHFA) | Amount Available for Interim Payment Fee Apps 1-13 |
|---------------|--------------------------------------|-------------------------------------|-----------------------------------|---|---------------------------------------|--|---|
| 77 | 7750-58 S Muskegon Avenue | \$49,985.00 | \$2,272.00 | \$47,713.00 | \$9,542.60 | | \$38,170.40 |
| 78 | 7201 S Constance Avenue | \$49,180.05 | \$2,944.00 | \$46,236.05 | \$9,247.21 | | \$36,988.84 |
| 79 | 6160-6212 S Martin Luther King Drive | \$62,622.24 | \$2,510.00 | \$60,112.24 | \$12,022.45 | | \$48,089.79 |
| 80 | 2736-44 W 64th Street | \$27,203.62 | \$1,792.00 | \$25,411.62 | \$5,082.32 | | \$20,329.30 |
| 81 | 4315-19 S Michigan Avenue | \$30,262.20 | \$3,060.00 | \$27,202.20 | \$5,440.44 | | \$21,761.76 |
| 82 | 6355-59 S Talman Avenue | \$28,853.02 | \$2,096.00 | \$26,757.02 | \$5,351.40 | | \$21,405.62 |
| 83 | 6356 S California Avenue | \$27,906.31 | \$1,720.00 | \$26,186.31 | \$5,237.26 | | \$20,949.05 |
| 84 | 7051 S Bennett Avenue | \$31,878.88 | \$2,128.00 | \$29,750.88 | \$5,950.18 | | \$23,800.70 |
| 85 | 7201-07 S Dorchester Avenue | \$28,751.54 | \$1,920.00 | \$26,831.54 | \$5,366.31 | | \$21,465.23 |
| 86 | 7442-54 S Calumet Avenue | \$22,855.24 | \$2,080.00 | \$20,775.24 | \$4,155.05 | | \$16,620.19 |
| 87 | 7508 S Essex Avenue | \$35,753.00 | \$2,400.00 | \$33,353.00 | \$6,670.60 | | \$26,682.40 |
| 88 | 7546-48 S Saginaw Avenue | \$38,779.91 | \$2,176.00 | \$36,603.91 | \$7,320.78 | | \$29,283.13 |
| 89 | 7600-10 S Kingston Avenue | \$73,295.07 | \$3,444.00 | \$69,851.07 | \$13,970.21 | | \$55,880.86 |
| 90 | 7656-58 S Kingston Avenue | \$53,619.42 | \$1,608.00 | \$52,011.42 | \$10,402.28 | | \$41,609.14 |
| 91 | 7701-03 S Essex Avenue | \$25,655.72 | \$2,288.00 | \$23,367.72 | \$4,673.54 | | \$18,694.18 |
| 92 | 7748-52 S Essex Avenue | \$55,373.41 | \$3,228.00 | \$52,145.41 | \$10,429.08 | | \$41,716.33 |
| 93 | 7957-59 S Marquette Road | \$28,070.83 | \$1,688.00 | \$26,382.83 | \$5,276.57 | | \$21,106.26 |
| 94 | 816-22 E Marquette Road | \$27,754.10 | \$2,520.00 | \$25,234.10 | \$5,046.82 | | \$20,187.28 |
| 95 | 8201 S Kingston Avenue | \$32,954.68 | \$1,752.00 | \$31,202.68 | \$6,240.54 | | \$24,962.14 |
| 96-99 | 8326-58 S Ellis Avenue | \$63,549.61 | \$3,556.00 | \$59,993.61 | \$11,998.72 | | \$47,994.89 |
| 100 | 11117-11119 S Longwood Drive | \$42,488.89 | \$3,724.00 | \$38,764.89 | \$7,752.98 | | \$31,011.91 |
| 101 | 6949-59 S Merrill Avenue | \$82,992.38 | \$3,432.00 | \$79,560.38 | \$15,912.08 | | \$63,648.30 |
| 102-106 | 7927-49 S Essex Avenue | \$67,244.65 | \$8,920.00 | \$58,324.65 | \$11,664.93 | | \$46,659.72 |
| 107 | 1422-24 East 68th Street | \$33,105.16 | \$1,752.00 | \$31,353.16 | \$6,270.63 | | \$25,082.53 |
| 108 | 2800-06 E 81st Street | \$25,987.99 | \$1,808.00 | \$24,179.99 | \$4,836.00 | | \$19,343.99 |
| 109 | 4750-52 S Indiana Avenue | \$30,555.41 | \$2,288.00 | \$28,267.41 | \$5,653.48 | | \$22,613.93 |
| 110 | 5618-20 S Martin Luther King Drive | \$32,248.65 | \$2,208.00 | \$30,040.65 | \$6,008.13 | | \$24,032.52 |
| 111 | 6554-58 S Vernon Avenue | \$30,848.76 | \$2,096.00 | \$28,752.76 | \$5,750.55 | | \$23,002.21 |
| 112 | 7450 S Luella Avenue | \$28,765.66 | \$1,552.00 | \$27,213.66 | \$5,442.73 | | \$21,770.93 |
| 113 | 7840-42 S Yates Avenue | \$25,022.55 | \$1,672.00 | \$23,350.55 | \$4,670.11 | | \$18,680.44 |
| 115 | 431 E 42nd Place | \$11,500.11 | \$1,344.00 | \$10,156.11 | \$2,031.22 | | \$8,124.89 |
| 116 | 1102 Bingham (Houston, TX) | \$60,327.12 | \$0.00 | \$60,327.12 | \$12,065.42 | | \$48,261.70 |
| Total | | \$3,335,226.97 | \$203,206.97 | \$3,132,020.00 | \$626,403.99 | \$113,006.83 | \$2,392,609.18 |
| | | | | | | Allocated Fees Previously Paid to RDP | \$ (877,828.61) |
| | | | | | | Net Interim Payment to RDP | \$1,514,780.57 |