

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	<b>Civil Action No. 18-cv-5587</b>
	)	
<b>v.</b>	)	<b>Hon. John Z. Lee</b>
	)	
<b>EQUITYBUILD, INC., EQUITYBUILD FINANCE, LLC, JEROME H. COHEN, and SHAUN D. COHEN,</b>	)	<b>Magistrate Judge Young B. Kim</b>
	)	
<b>Defendants.</b>	)	

**RECEIVER’S SUPPLEMENT TO FIRST MOTION FOR COURT  
APPROVAL OF THE SALE OF CERTAIN REAL ESTATE (DOCKET NO. 230)**

During the hearing on March 18, 2018, counsel for the Receiver notified the court of a recent fire that occurred at one of the properties that is subject to the First Motion for approval, 7927-49 South Essex. (See Docket 230, ¶ 18 & Ex. C thereto) At the hearing, the Receiver indicated that the buyer had been notified of the incident, and that efforts were being made to proceed with the sale of that property. Since the hearing, further discussions with the buyer in regards to the sale of the property have occurred, as has additional work to address the circumstances at the property.

The buyer has formally affirmed that it will proceed with the purchase at the agreed upon price of \$875,000, with *inter alia* the assignment of the insurance claim and proceeds associated with the claim. (See Exhibit 1 hereto) The Receiver further reiterates that it is imperative for this sale to proceed expeditiously, as well as it is for all six properties for which approval is sought (as set forth in Docket 230).

Consistent with the Receiver's request for approval pursuant to the motion and as restated in open Court, the Receiver asks for approval of the sale as set forth in the motion as further amended by the attached as it relates to the real estate at 7927-49 South Essex.

WHEREFORE, the Receiver respectfully requests that this Court grant the Receiver's First Motion for approval for the sale of the six properties (Docket 230), including but not limited to the property at 7927-49 South Essex consistent with terms set forth in the motion and herein, and that such approval be granted as soon as possible.

Dated: March 27, 2019

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis

Michael Rachlis  
Nicole Mirjanich  
Rachlis Duff Peel & Kaplan, LLC  
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**CERTIFICATE OF SERVICE**

I hereby certify that on March 27, 2019, I electronically filed the with the Clerk of the United States District Court for the Northern District of Illinois, using the CM/ECF system. Copies of the foregoing pleadings were served upon counsel of record via the CM/ECF system. I further certify I caused to be served the Defendant Jerome Cohen via e-mail.

/s/ Michael Rachlis  
Michael Rachlis  
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# **EXHIBIT 1**

#### ADDENDUM TO PURCHASE & SALE AGREEMENT

This Addendum To Purchase & Sale Agreement is entered into as of this 26 day of March, 2019, by and between Kevin B. Duff, as Receiver for the Receivership Defendants identified in that certain Order Appointing Receiver dated August 17, 2018, in the case captioned *United States Securities And Exchange Commission v. Equitybuild, Inc., et al.*, United States District Court for the Northern District of Illinois, Eastern Division, Civil Action No. 1:18-cv-05587 ("Seller") and Chicago Property Portfolio, LLC, an Illinois limited liability company ("Buyer").

WHEREAS, the Seller and the Buyer entered into a certain Purchase & Sale Agreement (the "Agreement") on or about December 21, 2018, pursuant to which the Seller agreed to sell, and the Buyer agreed to buy, five adjacent six-unit apartment buildings at the addresses commonly known as 7927-49 South Essex Avenue in Chicago, Illinois;

WHEREAS, the apartment building at 7943-45 South Essex Avenue (the "Building") was damaged as the result of a fire that occurred on or about March 15, 2019 (the "Casualty");

WHEREAS, the Building was vacant at the time the fire occurred;

WHEREAS, the Building was an insured location under a program of property insurance administered by AmWINS Brokerage of GA for the benefit of Property Management Risk Association, Inc., under which EquityBuild, Inc. is designated a named insured by virtue of Endorsement EQB-1 (the "Policy");

WHEREAS, the Seller provided notice of the Casualty to be delivered under the Policy on or about March 15, 2019;

WHEREAS, the Policy provides for the application of a \$100,000.00 deductible (the "Deductible") in the case of vacant buildings;

WHEREAS, the Seller took prompt steps to protect the Building immediately following the Casualty, including but not limited to board-up and removal of debris, and subsequently took additional steps to prevent further damage to the Building by accepting a proposal for property protection, preservation, and remediation services submitted by Rent Ready Apartments (copy attached hereto at Tab A); and

WHEREAS, the parties agree that the Seller may take additional necessary or appropriate interim steps to protect, preserve, and remediate the Building;

NOW THEREFORE, the Seller and the Buyer do hereby agree as follows:

1. Purchase Price. The Purchase Price specified in the Agreement shall not be affected by the Casualty.

2. Assignment Of Proceeds. At Closing, the Seller shall execute in favor of the Buyer an assignment (in the form attached at Tab B) of all rights of recovery under the Policy arising from or relating to the Casualty, and the Seller shall have no liability to the Buyer in connection with the application of any Deductible.
3. Insurance Adjuster. The Seller shall not oppose the Buyer's choice of insurance adjuster.
4. Reimbursements. The Seller may continue to take such additional interim steps to protect, preserve, and remediate the Building as are reasonably necessary or appropriate and shall submit to Policy administrator any and all invoices associated with such work, including, but not limited to, the work described in the proposal attached at Tab A. To the extent that the Buyer realizes any monetary recovery as assignee of the Seller's rights under the Policy, any funds received by the Buyer shall be paid first to the Seller in respect of any and all as-yet unreimbursed out-of-pocket expenses incurred by the Seller or the Seller's agents in connection with work authorized in furtherance of the protection, preservation, or remediation of the Building, and Buyer agrees that no out-of-pocket expenses incurred by the Seller or the Seller's agents shall be deemed included within the Deductible.
5. Definitions. Words capitalized, but not defined, herein shall have the meanings ascribed to them in the Agreement.

KEVIN B. DUFF  
FEDERAL EQUITY RECEIVER



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CHICAGO PROPERTY PORTFOLIO, LLC



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By: Chris Amatore  
Its: Manager



## Proposal

7943 S Essex Fire Damage Remediation  
#794332219

1. Install roof framing to support new plywood decking and direct rain water from roof top. \$3600
2. Provide plywood sheathing to enclose rear porch area damaged by fire. \$2300
3. Provide weather proof tarps to prevent water from entering building \$600
4. Purchase a 30 yard dumpster \$650
5. Remove all debris from the rear of the property caused by fire and left by fire fighters. \$550
6. Remove all fire damaged debris from the interior of the building on the second and third floor and dispose of debris properly \$1100
7. Remove water and fire drywall to reveal existing framing and prevent mold \$1100
8. Remove all kitchen cabinets, appliances and furniture and dispose of properly. \$700
9. Trash out units where fire occurred \$370
10. Clean and treat areas affected by water and smoke to prevent mold throughout \$550
11. Broom clean affected units \$0
12. Provide respirators and for employees to insure safety \$250
13. Remove and replace existing plywood sheathing covering existing windows. Units are without power and need to have fresh air circulating. \$350

All debris will have to removed manually and inserted into dumpster.

**Total Cost: \$12,120.00**

**TAB B**



**ASSIGNMENT OF CLAIM**

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, KEVIN B. DUFF, as Federal Equity Receiver for EquityBuild, Inc. ("Assignor"), hereby sells, assigns, transfers, sets over, and conveys to CHICAGO PROPERTY PORTFOLIO, LLC ("Assignee"), all of Assignor's right, title, and interest in and to any and all rights, benefits, and recoveries available to the Assignor under that certain program of property insurance covering Property Management Risk Association, Inc. and administered by AmWINS Brokerage of GA (the "Policy"), which rights, benefits, and recoveries exclusively arise from or relate to the fire that occurred at 7943-45 South Essex Avenue in Chicago, Illinois on or about March 15, 2019 (the "Claim"), including, but not limited to, all insurance proceeds available under the Policy and any and all rights of redress against the insurer(s).

The Assignor represents and warrants that it is the sole owner of the rights, benefits, and recoveries assigned hereunder and that it possesses full power and authority to make this assignment to the extent permitted by Illinois law.

If and to the extent that benefits in respect of the Claim are paid directly to the Assignor, then Assignor shall be entitled to retain sums sufficient to reimburse the Assignor for out-of-pocket expenses incurred in connection with necessary or appropriate property protection, preservation, and remediation work arising from or relating to the Claim and shall remit any remaining benefits to the Assignee.

IN WITNESS WHEREOF, the parties have executed this Assignment Of Claim as of this 26 day of March, 2019.

KEVIN B. DUFF  
FEDERAL EQUITY RECEIVER



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CHICAGO PROPERTY PORTFOLIO, LLC



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By: Chris Amatore  
Its: Manager