

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

EQUITYBUILD, INC., EQUITYBUILD
FINANCE, LLC, JEROME H. COHEN, and
SHAUN D. COHEN,

Defendants.

Case No. 1:18-cv-5587

Hon. Manish S. Shah

Magistrate Judge Young B. Kim

**FEDERAL NATIONAL MORTGAGE
ASSOCIATION’S OBJECTION TO THE RECEIVER’S THIRD MOTION FOR
REIMBURSEMENT AND RESTORATION OF FUNDS EXPENDED FOR THE
BENEFIT OF RECEIVERSHIP PROPERTIES
AND TO APPROVE CERTAIN ADDITIONAL PAYMENTS FROM
RECEIVERSHIP PROPERTY SALES PROCEEDS**

Federal National Mortgage Association (“Fannie Mae”) files this objection¹ to the Receiver’s Third Motion for Reimbursement and Restoration of Funds Expended for the Benefit of Receivership Properties and to Approve Certain Additional Payments from Receivership Property Sales Proceeds [Dkt. 1393] (“Motion”).

The Motion lacks sufficient detail to allow Fannie Mae and the Court to make an informed decision as to whether the amounts to be reimbursed from the property sale proceeds were properly allocated amongst the properties. Fannie Mae is the holder of a prior perfected first priority security interest in the commercial real estate located at 1113-41 East 79th St., Chicago, Illinois (“Property”), and this security interest automatically attached to the sale proceeds of the Property by operation of law and this Court’s Order dated October 26, 2020 [Dkt. 825].

¹ This objection is filed in addition to the objection of Federal Housing Finance Agency, Dkt. 1410.

The Motion seeks reimbursement of \$29,736.32 from the Property sale proceeds. Nearly all of this amount is attributable to “insurance.” The Receiver utilized a group policy for all properties and allocated the insurance premium across all properties. It is unclear precisely how the allocation was determined. Moreover, it is unclear how the payment of the insurance deductible was allocated across properties and whether certain properties unjustly bore a greater expense for deductibles or premiums. The Motion also seeks reimbursement of \$7,250 from the Property for “Property Expenses” but provides no detail of these expenses and provides no invoices, proof of payment, or other detail to support reimbursement of \$7,250. Fannie Mae is unable to determine whether the reimbursement amounts requested were necessary, reasonable, or beneficial to the sale process.

Fannie Mae respectfully requests that this Court stay ruling on the Motion until the Receiver has provided sufficient evidence and explanation of all amounts contained in the Motion.

Dated: March 8, 2023

Respectfully submitted,

/s/ Jill L. Nicholson
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Association*

CERTIFICATE OF SERVICE

I hereby certify that on March 8, 2023, I caused the foregoing *Federal National Mortgage Association's Objection to the Receiver's Third Motion for Reimbursement and Restoration of Funds Expended for the Benefit of Receivership Properties and to Approve Certain Additional Payments from Receivership Property Sales Proceeds* to be electronically filed with the Clerk of the Court through the Court's CM/ECF system, which sent electronic notification of such filing to all parties of record.

/s/ Jill L. Nicholson

Jill L. Nicholson