

2. The Court has directed and authorized the Receiver to, *inter alia*, do the following:

- Use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Defendants (Docket No. 16, Order ¶ 8(A));
- Manage, control, operate and maintain the Receivership Estate and hold in his possession, custody and control all Receivership Assets, pending further Order of this Court (*Id.* ¶ 8(C));
- Use Receivership Assets for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging his duties as Receiver (*Id.* ¶ 8(H));
- Take such action as necessary and appropriate for the preservation of Receivership Assets (*Id.* ¶ 8(K));
- Take immediate possession of all real property of the Receivership Defendants, wherever located, including but not limited to all ownership and leasehold interests and fixtures (*Id.* ¶ 19); and
- Upon further Order of this Court, pursuant to such procedures as may be required by this Court and additional authority such as 28 U.S.C. §§ 2001 and 2004, the Receiver will be authorized to sell, and transfer clear title to, all real property in the Receivership Estate (*Id.* ¶ 39).

3. Thus, the Order authorizes the Receiver to take necessary and reasonable actions to cause the sale of all real property in the Receivership Estate either at public or private sale. (*See* Docket No. 16, Order, ¶ 38)

4. The sale is to comport with procedures as may be required by the Court and statutes such as 28 U.S.C. § 2001. (*Id.* ¶ 39) By way of this motion, the Receiver seeks Court approval for the sale process set forth below, including a finding that the public sale of the properties discussed below is consistent with the requirements of Section 2001.

5. At this time, and in conjunction with discussions with SVN Chicago Commercial, LLC (“SVN”), the Receiver has determined in his sound business judgment that it is appropriate

to dispose of the following multi-family residential apartment buildings which have potential to bring net proceeds into the Estate:

- i. 2909 E. 78 Street, Chicago, IL 60649 (“2909 E. 78th Street Property”);
- ii. 4520-26 S. Drexel. Chicago, IL 60653 (“Drexel Property”);
- iii. 6749-57 S. Merrill (alternative address 2136 E. 68th Street), Chicago, IL 60649 (“Merrill Property”);
- iv. 7110 S. Cornell Avenue, Chicago, IL 60649 (“Cornell Property”);
- v. 638 N. Avers, Chicago, IL 60624 (“Avers Property”);
- vi. 701 S. 5th Avenue (alternative address 414 Walnut), Maywood, IL 60153 (“Maywood Property”);
- vii. 7625-33 S. East End Avenue, Chicago, IL 60649 (“7625 S. East End Property”);
- viii. 7635-43 S. East End Avenue, Chicago, IL 60649 (“7635 S. East End Property”);
- ix. 7750-58 S. Muskegon (alternative address 2818-36 E. 78th Street), Chicago, IL 60649 (“Muskegon Property”);
- x. 7600 S. Kingston Avenue (alternative address 2527 E. 76th Street), Chicago, IL 60649 (“Kingston Property”);
- xi. 7748-50 S. Essex Avenue (alternative address 2450-52 E. 78th Street), Chicago, IL 60649 (“Essex Property”); and
- xii. 8326-58 S. Ellis, Chicago, IL 60619 (“Ellis Property”).

THE PROPERTIES

6. The 2909 E. 78th Street Property is a 31-unit building. It was acquired on May 11, 2018 for a price of \$1,785,000. It does not appear to be encumbered with institutional third-party debt or EquityBuild affiliate debt.

7. The Drexel Property is a 68-unit building. It was acquired on January 30, 2017 for \$5,700,000. The property has a third-party conventional loan that appears to encumber this property. The property does not appear to have EquityBuild affiliate debt.

8. The Merrill Property is a 22-unit building. It was acquired on January 4, 2018 for \$1,775,000. The property has a third-party conventional loan that appears to encumber this property. The property does not appear to have EquityBuild affiliate debt.

9. The Cornell Property is a 32-unit property. It was acquired on January 4, 2018 for \$1,525,000. The property has a third-party conventional loan that appears to encumber this property. The property does not appear to have EquityBuild affiliate debt.

10. The Avers Property is a 13-unit building. It was acquired on September 22, 2016 for a price of \$800,000. It appears to be encumbered with a conventional loan, as well as EquityBuild affiliated debt.

11. The Maywood Property is a 29-unit building. It was acquired on August 11, 2016 for a price of \$1,600,00. It does not appear to be encumbered with institutional third-party debt, but does appear to have EquityBuild affiliate debt.

12. The 7625 S. East End Property is a 25-unit building. It was acquired on October 29, 2015 for a price of \$925,000. The 7635 S. East End Property is a 26-unit building. It was acquired on October 29, 2015 for a price of \$925,000. The Muskegon Property is a 47-unit building. It was acquired on December 18, 2014 for a price of \$1,360,000. All three properties

appear to be encumbered with a conventional loan that is cross-collateralized amongst five properties, including these three. These properties also appear to have EquityBuild affiliate debt.

13. The Kingston Property is a 34-unit building. It was acquired on December 4, 2015 for a price of \$1,875,000. The Essex Property is a 32-unit building. It was acquired on March 2, 2015 for a price of \$1,725,000. The Ellis Property includes four buildings with 56-units total. The following buildings were acquired on February 9, 2017, for a total price of \$2,425,000: 8326-32 S. Ellis Avenue, 8634-40 S. Ellis Avenue, 8342-50 S. Ellis Avenue, and 8352-58 S. Ellis Avenue. All of these properties appear to be encumbered with a conventional loan that is cross-collateralized amongst 17 properties, including these. These properties also appear to have EquityBuild affiliate debt.

PUBLIC SALE OF REALTY

14. Pursuant to 28 U.S.C. § 2002, a public sale of realty may be made where notice is published “once a week for four weeks prior to the sale in at least one newspaper regularly issued and of general circulation in the county, state or judicial district of the United States wherein the realty is situated.” The Receiver anticipates that notice of public sale for the properties subject to this motion (attached as **Exhibit A**) will be placed in one and/or several of the following publications for that four week period: the Chicago Tribune, the Chicago Sun-Times, the Chicago Daily Law Bulletin, and/or the Wall Street Journal. Beyond publications, the Broker will also be marketing the public sale of the properties subject to this motion through the following public media websites¹ for the entire four week period:

- a. SVN
- b. SVN Chicago Commercial

¹ These websites are standard and common means of marketing properties for sale in Chicago and throughout the U.S.

- c. CoStar Group
- d. LoopNet
- e. City Feet
- f. RealNex
- g. CREXI
- h. theBrokerList
- i. Real Connex
- j. LinkedIn

15. The Receiver plans to conduct the sale of the properties subject to this motion pursuant to a sealed bid sale process which is described in **Exhibit B**.

16. Any bid that is accepted by the Receiver after completion of the sealed bid sale process will be subject to and presented to the Court for approval. Any compensation to the broker associated with the sale also will be subject to and presented to the Court for approval.

17. As part of the sale process, and consistent with the Order, the Receiver requests authorization to sell, and transfer clear title to, these properties free and clear of all liens, claims, and encumbrances. (Docket No. 16, Order ¶ 39)

WHEREFORE, the Receiver respectfully requests that this Court grant this Motion and enter an order in the form of that attached hereto as **Exhibit C**, and grant such other relief as the Court deems just and proper.

Dated: February 15, 2019

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis

Michael Rachlis
Nicole Mirjanich
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EXHIBIT A

NOTICE OF PUBLIC SALE OF REAL ESTATE

Kevin B. Duff, Receiver for the Estate of EquityBuild, Inc., EquityBuild Finance, LLC, their affiliates, and the affiliate entities of Defendants Jerome Cohen and Shaun Cohen in the action styled *U.S. Securities and Exchange Commission v. EquityBuild, Inc., et al.*, Civil Action No. 1:18-cv-05587, in the United States District Court for the Northern District of Illinois, Eastern Division, gives notice of his intent to sell the following real properties by sealed bid public sale:

2909 E. 78 Street, Chicago, IL 60649 (PIN 21-30-410-002-0000)

4520-26 S. Drexel. Chicago, IL 60653 (PIN 20-02-311-016-0000)

6749-57 S. Merrill / 2136 E. 68th Street, Chicago, IL 60649 (PIN 20-24-403-006-0000)

7110 S. Cornell Avenue, Chicago, IL 60649 (PIN 20-25-100-014-0000)

638 N. Avers, Chicago, IL 60624 (PIN 16-11-112-027-0000)

701 S. 5th Avenue / 414 Walnut, Maywood, IL 60153 (PIN 15-11-344-001-0000)

7625-33 S. East End Avenue, Chicago, IL 60649 (PIN 20-25-310-008-0000)

7635-43 S. East End Avenue, Chicago, IL 60649 (PIN 20-25-310-009-0000)

7750-58 S. Muskegon / 2818-36 E. 78th Street, Chicago, IL 60649 (PIN 21-30-400-034-0000)

7600 S. Kingston Avenue / 2527 E. 76th Street, Chicago, IL 60649 (21-30-309-030-0000)

7748-50 S. Essex Avenue / 2450-52 E. 78th Street, Chicago, IL 60649 (PIN 21-30-319-029-0000)

8326-58 S. Ellis, Chicago, IL 60619 includes four contiguous buildings described herein

8326-32 S. Ellis Avenue (PIN 20-35-303-096-0000)

8634-40 S. Ellis Avenue (PIN 20-35-303-097-0000)

8342-50 S. Ellis Avenue (PIN 20-35-303-098-0000)

8352-58 S. Ellis Avenue (PIN 20-35-303-099-0000)

Offers may be made on a cash basis or subject to a financing contingency, in the latter case by completing Rider A to the form Purchase And Sale Agreement to be supplied by the Seller, accompanied by a proof of funds, and delivered to Jeffrey Baasch (“Broker”), SVN Commercial Real Estate, 940 West Adams, Suite 200, Chicago, IL 60607, jeffrey.baasch@svn.com, by no later than 5:00 p.m. CST on [_____]. Offers must be transmitted to the Broker by e-mail or enclosed in a sealed envelope and delivered by U.S. mail, by nationally-recognized overnight courier, or by hand. Untimely and non-conforming offers

may be rejected at the sole discretion of the Broker. The Seller strongly recommends that prospective purchasers pre-qualify for financing prior to submitting an Offer. No liability shall attach to Seller, Broker, or any other party for failure to receive or open any Offer.

The winning bidder will be required to make an earnest money deposit in an amount equal to ten percent (10%) of the purchase price by wiring the funds to the designated title company within three (3) business days after acceptance of the purchase and sale agreement. Property tours will be available to all bidders at scheduled times, and the Property may also be shown by appointment. The Properties are being sold “as-is,” with all faults, as of the closing date. The closing shall be held within fifteen (15) days after the Receivership Court grants the Receiver's motion to approve the sale, which motion will be filed as soon as practicable following the Seller's acceptance of the contract submitted by the winning bidder. The closing shall remain subject to the approval of the Receivership Court. The Receiver reserves the right to reject any and all offers to purchase any of the properties being offered for sale.

Bidders must comply with the “Sealed Bid Public Sale of Real Estate Terms and Conditions” that have been approved in the Civil Action, a copy of which may be obtained upon request to the Receiver’s Broker at: SVN Commercial Real Estate, Attn: Jeffrey Baasch, 940 West Adams, Suite 200, Chicago, IL 60607, *jeffrey.baasch@svn.com*.

EXHIBIT B

**Sealed Bid Public Sale of Real Estate
Terms and Conditions**

Property: [_____] (the "Property")

Description: [_____]

Scheduled Tour Dates: [_____]

Offer Due Date: [_____]

1. **Seller:** The Property is being sold by the Receiver for the EquityBuild Receivership Estate (the "Seller") created by that certain Order Appointing Receiver dated August 17, 2018, and entered in the action styled *U.S. Securities and Exchange Commission v. EquityBuild, Inc., et al.*, Civil Action No. 1:18-cv-05587, in the United States District Court for the Northern District of Illinois, Eastern Division (the "Receivership Court"). The Receivership Estate includes the ownership and control of [_____].
2. **Offers:** Offers may be made on a cash basis or subject to a financing contingency, in the latter case by completing Rider A to the form Purchase And Sale Agreement to be supplied by the Seller, accompanied by a proof of funds, and delivered to Jeffrey Baasch ("Broker"), SVN Commercial Real Estate, 940 West Adams, Suite 200, Chicago, IL 60607, jeffrey.baasch@svn.com, by no later than 5:00 p.m. CST on [_____]. Offers must be transmitted to the Broker by e-mail or enclosed in a sealed envelope and delivered by U.S. mail, by nationally-recognized overnight courier, or by hand. Untimely and non-conforming offers may be rejected at the sole discretion of the Broker. The Seller strongly recommends that prospective purchasers pre-qualify for financing prior to submitting an Offer. No liability shall attach to Seller, Broker, or any other party for failure to receive or open any Offer.
3. **Best and Final:** Although bidders are encouraged to submit their best offer, at the Seller's sole discretion, a best and final round may be conducted. In that event, the Seller will select the most competitive bids and the corresponding bidders will be invited to participate in the best and final round to be conducted by the Broker. The best and final bidding process will be conducted by telephone and email.
4. **Earnest Money Deposit:** The winning bidder will be required to make an earnest money deposit in an amount equal to ten percent (10%) of the purchase price by wiring the funds to the designated title company within three (3) business days after acceptance of the purchase and sale agreement. The earnest money deposit shall become non-refundable at the expiration of the due diligence period (see Paragraph 6, below) and applied toward the purchase price at closing.
5. **Property Tours:** Property tours will be available to all bidders at scheduled times, and the Property may also be shown by appointment. The accuracy of the information contained in the bid materials cannot be guaranteed, and prospective bidders are therefore encouraged to complete any desired and non-invasive due diligence at their own expense.

6. Due Diligence: The winning bidder will be entitled to conduct a second due diligence review of the Property within ten days following acceptance of its offer and prior to closing.
7. As-Is Sale: The Property is being sold “as-is,” with all faults, as of the closing date. Neither the Seller, the Broker, nor any of their respective agents, contractors, attorneys, officers, or directors (“Agents”) makes any representation or warranty with respect to the physical condition of the Property, nor any of the personalty, fixtures, machinery, or equipment located thereon, including any warranty of merchantability or fitness for a particular purpose, or any type of other warranty, express or implied. The Seller, the Broker, and their Agents specifically disclaim any warranty, guaranty, or representation, oral or written, past or present, express or implied, concerning the physical condition of the Property or any of the personalty, fixtures, machinery, or equipment located thereon. Neither the Seller, the Broker, nor any of their respective agents possesses any authority to make any oral or written representation regarding the condition of the Property or its contents, other than as may be set forth in the Purchase and Sale Contract, and no bidder may rely upon any such oral or written representation. The bidders shall conduct their own independent physical inspections of the Property and its contents, shall be charged with full knowledge of all documents made available for inspection, and shall submit offers based solely upon their own independent judgment and conclusions and not in reliance on any information provided by the Seller, the Broker, or their respective Agents.
8. Broker Participation Invited: A cooperating commission will be paid to a qualified, licensed real estate broker that procures the bidder who closes on the Property, provided that (1) said cooperating real estate broker is not prohibited by law from being paid such commission and, additionally, is not a principal or affiliate of the bidder and (2) no commission shall be considered earned or payable unless the broker registers its client on the Buyer Broker Registration form prior to the client's submission of a bid. Oral registrations will not be accepted. Under no circumstances shall any commission be paid if the sale does not close.
9. Closing: The closing shall be held within fifteen (15) days after the Receivership Court grants the Receiver's motion to approve the sale, which motion will be filed as soon as practicable following the Seller's acceptance of the contract submitted by the winning bidder. The Property will be conveyed by judicial deed, subject to any and all covenants, conditions, and restrictions of record, public utility easements, building lines, if any, real estate taxes not yet due and payable, housing court proceedings, building code violations, and acts suffered or permitted by the grantee. All closing costs, including the cost of the closing escrow, shall be paid by the winning bidder. In addition, the winning bidder will the earnest money escrow fee charged by the designated title company.
10. Other Terms and Conditions:
 - a) The Closing shall remain subject to the approval of the Receivership Court.
 - b) The Seller and the Broker reserve the right, in their sole and absolute discretion, to postpone or cancel the Sealed-Bid Public Sale of Real Estate with or without

notice or to amend, modify, or add any terms and conditions to these general terms and conditions of sale and to announce such modifications or additional terms and conditions on or before the submission deadline. To the extent of any conflict between these terms and conditions and the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control.

- c) These terms and conditions do not create any legal obligation on the part of the Seller or the Broker. If the sale fails to comply with any of these terms and conditions for any reason, the Seller and the Broker shall have no liability to any unsuccessful bidder.

EXHIBIT C

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

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

**ORDER APPROVING RECEIVER’S SECOND MOTION FOR PUBLIC SALE OF
REAL PROPERTY THROUGH SEALED BID**

Kevin B. Duff, as the receiver (“Receiver”) for Estate of Defendants EquityBuild, Inc., EquityBuild Finance, LLC, their affiliates, and the affiliate entities of Defendants Jerome Cohen and Shaun Cohen (collectively, the “Receivership Defendants”), having filed a Second Motion for the Court’s Approval of the Process for the Public Sale of Real Property through Sealed Bid, the Court having conducted a hearing on the motion and for good cause shown,

IT IS HEREBY ORDERED THAT:

1. The Receiver’s Motion is granted. The Court approves the process set forth by the Receiver, and further finds that the public sale process through sealed bids comports with the requirements of 28 U.S.C. §§ 2001 and 2002.

2. The Receiver is authorized to sell, and transfer clear title to, the following properties: (i) 2909 E. 78 Street, Chicago, IL 60649; (ii) 4520-26 S. Drexel. Chicago, IL 60653; (iii) 6749-57 S. Merrill (alternative address 2136 E. 68th Street), Chicago, IL 60649; (iv) 7110

S. Cornell Avenue, Chicago, IL 60649; (v) 638 N. Avers, Chicago, IL 60624; (vi) 701 S. 5th Avenue (alternative address 414 Walnut), Maywood, IL 60153; (vii) 7625-33 S. East End Avenue, Chicago, IL 60649; (viii) 7635-43 S. East End Avenue, Chicago, IL 60649; (ix) 7750-58 S. Muskegon (alternative address 2818-36 E. 78th Street), Chicago, IL 60649; (x) 7600 S. Kingston Avenue (alternative address 2527 E. 76th Street), Chicago, IL 60649; (xi) 7748-50 S. Essex Avenue (alternative address 2450-52 E. 78th Street), Chicago, IL 60649; (xii) and 8326-58 S. Ellis, Chicago, IL 60619 free and clear of all mortgages, liens, claims, and encumbrances.

Entered: _____
Honorable
Date: _____

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

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

NOTICE OF MOTION

Please take notice that on Wednesday, February 20, 2019, at 9:00 a.m., the undersigned will appear before the Honorable John Z. Lee, or any judge sitting in his stead, in Courtroom 1225, and present **Receiver’s Second Motion For Court Approval Of The Process For Public Sale Of Real Property By Sealed Bid.**

Dated: February 15, 2019

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis

Michael Rachlis
Rachlis Duff Peel & Kaplan, LLC
542 South Dearborn Street, Suite 900
Chicago, IL 60605
Phone (312) 733-3950
Fax (312) 733-3952
mrachlis@rdaplawn.net

CERTIFICATE OF SERVICE

I hereby certify that on February 15, 2019, I electronically filed the foregoing **Notice and Receiver's Second Motion For Court Approval Of The Process For Public Sale Of Real Property By Sealed Bid** 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 and via U.S. Mail.

Jerome Cohen
1050 8th Avenue N
Naples, FL 34102
jerryc@reagan.com
Defendant

/s/ Michael Rachlis _____

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