

proceedings of the general prohibition against photographing, recording, and rebroadcasting of court proceedings, and that violation of these prohibitions may result in sanctions, including removal of court issued media credentials, restricted entry to future hearings, denial of entry to future hearings, or any other sanctions deemed necessary by the Court. *Id.*

During the Second Quarter 2024, claims were resolved for the properties 7300-04 S St Lawrence Avenue (Property 49), 310 E 50th Street (Property 52), 4520-26 S Drexel Blvd (Property 63), 1131-41 E 79th Place (Property 67), and 7024-32 S Paxton Avenue (Property 72). This resulted in an additional \$7,566,178.92 distributed to claimants during the quarter, bringing the aggregate total of distributions to claimants as a result of resolved claims to \$18,448,834.74. In addition, during the Second Quarter 2024, the following activities transpired with respect to the process to resolve the claims by groups of properties:

Group 1

There are 179 claims asserting an interest in the five properties in Group 1:

1. 3074 Cheltenham Place (Property 74)
2. 7625-33 S East End Avenue (Property 75)
3. 7635-43 S East End Avenue (Property 76)
4. 7750 S Muskegon Avenue (Property 77)
5. 7201 S Constance Avenue (Property 78)

On May 6, 2024, the Seventh Circuit Court of Appeals affirmed the Court's Order Approving the Distribution of Proceeds from the sales of the five Group 1 Properties, which granted priority to the individual investors. (Dkt. 1451) Claimant BC57 LLC moved for a rehearing by the full court ("en banc"), which was denied on June 7, 2024. BC57 then asked the appellate court to delay issuing its mandate (that is, sending the case back from the appellate court to the district court) while BC57 petitioned the Supreme Court for a further appeal, which the appellate court denied on June 20, 2024. Following issuance of the mandate, on July 15, 2024 the district

court entered an order instructing the Receiver to submit a revised proposed distribution order for Group 1, and the Receiver submitted a revised order to the Court on July 19, 2024 (Dkt. 1714), and the Court entered a final distribution order on July 23, 2024 (Dkt 1717). The Receiver is in the process of verifying distribution information with claimants and anticipates Group 1 distributions will be made in the Third Quarter of 2024.

Group 2

There are 309 claims asserting an interest in the five properties in Group 2:

1. 1700-08 W Juneway Terrace (Property 1)
2. 5450-52 S Indiana Avenue (Property 4)
3. 7749-59 S Yates Boulevard (Property 5)
4. 6160-6212 S Martin Luther King Drive (Property 79)
5. 6949-59 S Merrill Avenue (Property 101)

On June 14, 2024, the Receiver filed a Notice of Settlement Related to Property 101 (6949-59 S Merrill), informing the Court and claimants that the Receiver and Thorofare Asset Based Lending REIT Fund IV, LLC (“Thorofare”) had reached a negotiated agreement as to the amount of the distribution to be made to Thorofare from the funds held in the property account for 6949 Merrill in the event that the Court determined that Thorofare had a first position security interest in the funds held from the sale of Property 101 and that no other claimant had a secured interest in these funds. (Dkt. 1678)

On June 20, 2024, the Court issued its Memorandum Opinion and Order on the Group 2 claim priority dispute (Dkt. 1679), finding with respect to Properties 4, 5, and 79 that the mortgages of the investor-lender claimants have first-position priority, and the mortgages of institutional lenders Shatar Capital and Direct Lending Partners (“DLP”) are second-position liens, and with respect to Property 1 that the lien of institutional lender Thorofare has first-position priority, and the individual investors have a second-position lien, and instructing the Receiver to prepare

proposed distribution orders consistent with its opinion. The Court further indicated that the resolution of the claims against Property 101 would wait until claimants had an opportunity to object to the settlement, and gave claimants until July 5, 2024 to do so. (Dkt. 1679)

On July 11, 2024, the Receiver submitted a proposed distribution order for Property 101 (Dkt. 1696) and on July 12, 2024, the Receiver submitted a proposed distribution order for the remaining Group 2 properties 1, 4, 5, and 79 (Dkt. 1697). The Court entered these orders on July 15, 2024. (Dkt. 1699, 1700)

On July 17, 2024, claimant Shatar Capital filed a notice of appeal of the Court's rulings with respect to 5450 S Indiana (Property 4) and 7749 S Yates (Property 5), and filed a motion in the district court to stay distributions on these two properties pending the appeal. (Dkt. 1708, 1709) The Court set a briefing schedule on the Motion to Stay, with responses to be filed by August 1, 2024 and a reply by August 8, 2024. (Dkt. 1713) At Shatar's request, the Court has granted an administrative stay pending resolution of its motion. (*Id.*). In the meantime, on July 24, 2024, the Seventh Circuit Court of Appeals issued an order providing that Shatar's opening appellate brief is due on or before September 3, 2024. Consistent with Federal Rule of Appellate Procedure 31, the Receiver (and any other appellees) response brief is due on October 3, 2024, and Shatar's reply brief is due on October 24, 2024.

Distributions on the remaining Group 2 properties (*i.e.*, properties 1, 79, and 101) will be made in the Third Quarter of 2024.

Group 3

There are 204 claims asserting an interest in the Group 3 properties, which include:

1. 7301-09 S Stewart Avenue (Property 10)
2. 7500-06 S Eggleston Avenue (Property 11)
3. 3030-32 E 79th Street (Property 12)
4. 2909-19 E 78th Street (Property 13)

5. 7549-59 S Essex Avenue (Property 14)
6. 8047-55 S Manistee Avenue (Property 15)
7. 7927-49 S Essex Avenue (Properties 102-106)

The three properties in Chicago Capital Fund I (“CCF1”) are Properties 10, 11, and 12. The three properties in Chicago Capital Fund II (“CCF2”) are Properties 13, 14, and 15.

The Group 3 proceedings have concluded and all Group 3 distributions have been made.

Group 4

There are 402 claims asserting an interest in the eleven properties in Group 4:

1. 6437-41 S Kenwood Avenue (Property 6)
2. 8100 S Essex Avenue (Property 9)
3. 5955 S Sacramento Avenue (Property 58)
4. 6001-05 S Sacramento Avenue (Property 59)
5. 7026-42 S Cornell Avenue (Property 60)
6. 7237-43 S Bennett Avenue (Property 61)
7. 7834-44 S Ellis Avenue (Property 62)
8. 701-13 S 5th Avenue, Maywood, Illinois (Property 71)
9. 11117-19 S Longwood Drive (Property 100)
10. 1102 Bingham Street, Houston, Texas (Property 116)
11. 431 E 42nd Place (Property 141)

The claims process for Group 4 is nearing completion. On May 31, 2024, the Court ruled orally from the bench accepting the Receiver’s recommendations as to the Group 4 claims (Dkt. 1671), and overruling the objections of claimants AMark Investment Trust (Dkt. 1651) and claimants DVH Investment Trust, Therese Tibbits, and Peter Nuspl (Dkt. 1648). On July 10, 2024, the Court entered a final distribution order for Group 4. (Dkt. 1695) On June 28, 2024 and July 16, 2024, claimant AMark Investment Trust (“AMark”) filed notices of appeal of the Court’s rulings with respect to its claim to the proceeds of the sale of 1102 S Bingham (Dkt. 1685, 1703). The Court has found that these appeals provide no just reason to delay the Group 4 distributions (Dkt. 1694), which will be completed in the Third Quarter of 2024. On July 17, 2024, the Seventh Circuit Court of Appeals consolidated the AMark appeals, and then on July 25, 2024 the AMark appeals were consolidated with the Shatar appeal discussed *supra*, which the briefing schedule

now the same as that for Shatar, namely: (i) AMark's brief is due on September 3, 2024; (ii) the Receiver's brief is due on October 3, 2024; and (iii) AMark's reply brief, if any, is due on October 24, 2024.

Group 5

There are 83 claims asserting an interest in the four properties in Group 5:

1. 5001 S Drexel Boulevard (Property 3)
2. 7300-04 St Lawrence Avenue (Property 49)
3. 310 E 50th Street (Property 52)
4. 4520-26 S Drexel Boulevard (Property 63)

During the quarter, the Receiver participated in discussions with counsel for U.S. Bank and reached a resolution of U.S. Bank's claim asserting an interest in 4520 Drexel (Property 63). On May 30, 2024, the Receiver filed a motion asking the Court to approve his recommendation that U.S. Bank's secured lien be found to have first-position priority and the investor-lenders asserting an interest in the property be found to have unsecured claims against the receivership estate, and to approve the negotiated amount of distributions to U.S. Bank on its claim. (Dkt. 1668) On May 31, 2024, the Court granted the Receiver's motion with respect to Property 63, and also accepted the Receiver's recommendations. (Dkt. 1626, 1671). On June 10, 2024, the Court entered an order approving the distribution of proceeds from the sale of 4520 S Drexel. (Dkt. 1677) The Receiver distributed the funds in the account held for 4520 S Drexel during the quarter, which included \$2,011,061.57 being transferred to the Receiver's account for the benefit of unsecured creditors and administration of the Estate.

On May 31, 2024, the Court also accepted the Receiver's recommendations for Properties 49 and 52 (Dkt. 1626, 1671), overruling the objections of Midland Loan Services (Dkt. 1644, 1645). On June 10, 2024, the Court entered an order approving the distribution of proceeds from the sale of Group 5 properties 49 and 52. (Dkt. 1676)

During the quarter, the Receiver also participated in discussions with counsel for Wilmington Trust regarding its secured interest in the remaining Group 5 property located at 5001 S Drexel (Property 3). These discussions are ongoing, and the Receiver's recommendation as to this property (Dkt. 1626) and the objections of Wilmington Trust (Dkt. 1647) and claimant Horst S. Filtzer, Jr. (Dkt. 1648) remain pending.

Group 6

There are 151 claims asserting an interest in the sixteen properties in Group 6:

1. 1414 & 1418 East 62nd Place (Property 8)
2. 6217-27 S Dorchester Avenue (Property 68)
3. 2800-06 E 81st Street (Property 108)
4. 4570-52 S Indiana Avenue (Property 109)
5. 5618-20 S Martin Luther King Drive (Property 110)
6. 6558 S Vernon Avenue (Property 111)
7. 7450 S Luella Avenue (Property 112)
8. 7840-42 S Yates Avenue (Property 113)
9. 7760 S Coles Avenue (Property 50)
10. 1401 W 109th Place (Property 51)
11. 6807 S Indiana Avenue (Property 53)
12. 8000-02 S Justine Street (Property 54)
13. 8107-09 S Ellis Avenue (Property 55)
14. 8209 S Ellis Avenue (Property 56)
15. 8214-16 S Ingleside Avenue (Property 57)

The claims process for Group 6 is proceeding. On April 1, 2024, the Court entered Orders setting the summary proceedings for Group 6. (Dkt. 1637) Pursuant to this scheduling order, the Receiver served the court-approved standard discovery requests upon Group 6 institutional-lender and investor-lender claimants on April 3, 2024; and, in response, 32 claimants submitted written responses and many of them produced documents, including a substantial production from institutional lender UBS (13,022 pages). Additionally, documents were produced pursuant to subpoenas issued to title companies Chicago Title (6207 pages), Network Title (over 300 pages plus some loose documents), OS National (263 MB consisting of 430 files in 57 folders) and

Primary Title Services (1591 pages). On July 16, 2024, the Court entered an order extending the deadline for the close of Group 6 discovery from July 30, 2024 to August 9, 2024. (Dkt. 1707) The Receiver will file his recommendations regarding the claims and disclose any avoidance claims on August 27, 2024. Under the scheduling order, all submissions and responsive statements for Groups 6 will be submitted by October 15, 2024.

Group 7

There are 192 claims asserting an interest in the six properties in Group 7:

1. 4533-47 S Calumet Avenue (Property 2)
2. 7109-19 S Calumet Avenue (Property 7)
3. 4611-17 S Drexel Boulevard (Property 64)
4. 6250 S Mozart Avenue (Property 69)
5. 638-40 N Avers Avenue (Property 70)
6. 7255-57 S Euclid Avenue (Property 73)

The claims process for Group 7 is proceeding. On April 1, 2024, the Court entered an Order setting the summary proceedings for Group 7 (Dkt. 1638). Pursuant to this scheduling order, the Receiver served the court-approved standard discovery requests upon Group 7 institutional-lender and investor-lender claimants on April 3, 2024; and in response 47 claimants submitted written responses and many of them produced documents, including a substantial production from institutional lenders BMO Bank (3201 pages). Additionally, documents were produced pursuant to subpoenas issued to title companies Chicago Title (4021 pages), Greater Illinois Title (approximately 250 documents), and Primary Title Services (756 pages), as well as productions from loan originators BC57, LLC (1362 pages) and Lument Real Estate Capital (f/k/a Red Mortgage) (4162 pages). The Receiver is still seeking documents from loan originators CBRE Capital Markets and RRECM Capital (f/k/a Sabal).

On July 16, 2024, the Court entered an order extending the schedule for the Group 7 claims process. (Dkt. 1707) Pursuant to this order, all discovery in Group 7 will be completed by

September 30, 2024, and the Receiver will file his recommendations regarding the claims and disclose any avoidance claims on October 28, 2024. All submissions and responsive statements for Group 7 will be submitted to the Court by December 16, 2024. (*Id.*)

Group 8

There are 470 claims asserting an interest in the 17 properties in Group 8:

1. 2736 W 64th Street (Property 80)
2. 4317-19 S Michigan Avenue (Property 81)
3. 6355-59 S Talman Avenue (Property 82)
4. 6356 S California Avenue (Property 83)
5. 7051 S Bennett Avenue (Property 84)
6. 7201-07 S Dorchester Avenue (Property 85)
7. 7442-48 S Calumet Avenue (Property 86)
8. 7508 S Essex Avenue (Property 87)
9. 7546-48 S Saginaw Avenue (Property 88)
10. 7600-10 S Kingston Avenue (Property 89)
11. 7656-58 S Kingston Avenue (Property 90)
12. 7701-03 S Essex Avenue (Property 91)
13. 7748-52 S Essex Avenue (Property 92)
14. 7957-59 S Marquette Road (Property 93)
15. 816-20 E Marquette Road (Property 94)
16. 8201 S Kingston Avenue (Property 95)
17. 8326-58 S Ellis Avenue (Property 96-99)

The Receiver anticipates that Group 8 proceedings will commence before the conclusion of the Group 7 proceedings in December 2024 and be completed by the spring of 2025.

Group 9

Group 9 consists of two properties located at:

1. 1131-41 E 79th Place (Property 67)
2. 7024-32 S Paxton Avenue (Property 72)

The Receiver and the FHFA, as conservator for the institutional lenders asserting an interest in the two Group 9 properties, reached an agreement regarding the amount of the distributions to the institutional lenders on these two properties, Fannie Mae and Freddie Mac. On May 1, 2024, the Receiver filed a motion to approve distributions on these two properties, which

recommended that the loans of Fannie Mae and Freddie Mac be found to be in first-position priority, and the claims of the other lenders be found to be unsecured claims against the estate. (Dkt. 1653) The Court gave claimants to the proceeds from Properties 67 and 72 until May 22, 2024 to object to the Receiver's motion to approve distributions and the settlement of the FHFA's objections. (Dkt. 1656) No objections were filed or submitted to the Receiver, and on May 24, 2024 the Court entered an order granting the motion, agreeing with the Receiver's priority recommendations and finding that the proposed distributions were a reasonable and fair compromise of the FHFA's standing objections and in the best interest of the receivership. (Dkt. 1664, 1666) The approved distributions were made during the quarter, and, after the payment of approved fees, a net of \$373,823.89 was transferred to the Receiver's account for the benefit of unsecured creditors and administration of the Estate.

Group 10

The final claims group, Group 10, consists of claims asserting an interest in equity funds or unsecured promissory notes, as well as trade creditors, other types of non-lender creditors, and claimants whose claims have been found inferior to other secured claims and not having been paid with secured funds. A distribution plan for these claims will be addressed after the priority disputes and claims secured by the liquidated properties of the estate have been resolved.

* * *

In addition to the activity reported above, during the quarter, the Receiver participated in a status hearing held by the Court on May 31, 2024 to discuss the Court's rulings with respect to Groups 4 and 5, and the status of all other claim groups.¹

¹ A transcript of the May 31, 2024 proceedings is attached hereto as **Exhibit 5**.

Finally, the Receiver repeats the following reminders regarding claims and the claims process. Claimants may want to consider whether to hire counsel to assist them with the claims process. Claimants do not have an obligation to retain counsel in order to participate in the claims process, but the Receiver and his counsel cannot provide legal advice to any claimant, nor can the Receiver advise claimants regarding whether or not they should retain counsel. Any claimant that chooses to proceed without counsel should visit the section of the Court's website (www.ilnd.uscourts.gov) named "[Information for People Without Lawyers \(Pro Se\)](#)" which provides useful information and also states the following: "The rules, procedures and law that affect your case are very often hard to understand. With that in mind, you should seriously consider trying to obtain professional legal assistance from an attorney instead of representing yourself as a pro se party." Claimants may also want to speak with a lawyer to assist them in determining for themselves whether or not to retain counsel.

All claimants have a continuing responsibility to ensure that the Receiver at all times has current and up-to-date contact information so that the Receiver may provide important information relating to the claims process, the claimant's claim, or the Receivership Estate. Additionally, any claimants who have transferred their interests to a different IRA or 401k custodian, or to themselves individually, should notify the Receiver and provide documentation of the transfer or distribution from their former custodian. Claimants may provide updated information and documentation to the Receiver at equitybuildclaims@rdaplw.net.

II. ADDITIONAL OPERATIONS OF THE RECEIVER

a. Identification and Preservation of Assets

During the Second Quarter 2024, the Receiver continued efforts to identify, preserve, and recover assets, including, *inter alia*, through claims asserted against former EquityBuild professionals and insiders.

b. Financial Reporting of Receipts and Expenditures

The Receiver only needed to devote a minimal amount of work during the quarter to financial reporting.

c. Open Litigation

The Receiver is aware of five actions currently pending in the Circuit Court of Cook County in which an EquityBuild entity is a named defendant, including:

- *Equity Trust Co. Custodian FBO Joseph Kennedy IRA v. EquityBuild Inc., et al.*, Case No. 2022 CH 02709. This foreclosure action on 107-11 N. Laramie was filed March 25, 2022 pursuant to this Court's Order partially lifting the stay of litigation. (Dkt. 1176) On June 28, 2024, and Affidavit of Compliance for service of EquityBuild, Inc. on the Secretary of State was filed. It is unknown whether Defendant PP P24 1, LLC, which the complaint alleges is the legal title holder of the property, was served, but no appearance or answer shows on the docket.
- *5201 Washington Investors LLC v. EquityBuild, Inc., et al.*, Case No. 2022 CH 1268. This foreclosure action on 5201 W Washington was filed February 15, 2022 pursuant to the Court's Order partially lifting the stay. (Dkt. 1176) On July 14, 2023, the state court entered an order dismissing the action with prejudice pursuant to 735 ILCS 5/2-619 of the Illinois Code of Civil Procedure, and an appeal of that ruling to the Illinois Appellate Court, Case No. 1-23-1403, is pending. The Appellants' brief was filed on December 28, 2023, response briefs were filed by Appellees Fannie Mae, PP Fin Chicago 36 LLC, and the FHFA on or before March 11, 2024, and the Appellant's reply was filed on April 19, 2024. There have been no further developments.

- *Jerrine Pennington for Valerie Pennington, Deceased v. 4533 Calumet, LLC*, Case No. 2021 L 10115. An order indefinitely transferring this matter to the circuit court's special stay calendar pursuant to this Court's Order Appointing Receiver (Dkt. 16) was entered on January 27, 2022. At a Trial Setting Call on February 15, 2024, the case was placed on the Law Division's insurance stay calendar.
- *Michigan Shore Apartments, LLC v. EquityBuild, Inc., et al.*, Case No. 2018 CH 09098. The stay of this matter pursuant to this Court's Order Appointing Receiver (Dkt. 16), was continued by court order entered December 5, 2023, and is scheduled for a hearing on the status on the stay of litigation on December 3, 2024. In the December 5, 2023 order, the Court granted counsel for Liberty EBCP, LLC's motion to withdraw, and on April 8, 2024 Northeast Bank filed a motion to substitute as defendant in place of Liberty EBCP, LLC, on the grounds that it is the successor to the Liberty lien, which was granted on April 17, 2024.

In early July, 2024, distributions were sent out in the class action captioned *Chang v. Wells Fargo Bank, N.A.*, Case No. 4:19-cv-01973-HSG (N.D. Cal.). The 592 claimants who submitted validated claims in the class action were paid \$2,507,068.77, which was approximately 2.33% of their claimed loss, with recoveries ranging from \$11.77 to \$62,764.10, and a median recovery of \$2,221.08. Any questions about this class action settlement may be addressed to the *Chang* class action Claims Administrator at the toll-free number 1-833-472-1991.

d. Claimant Communications

The Receiver has provided and continues to maintain numerous resources to keep claimants informed about proceedings in this action. To provide basic information, the Receiver established and regularly updates a webpage (<http://rdaplawnet.com/receivership-for-equitybuild>) for

claimants and other interested parties to obtain information and certain court filings related to the Receivership Estate. A copy of this Status Report will be posted on the Receivership web site. It is anticipated that the appearance of the website that hosts the Receivership webpage may change in the coming quarter; however, the receivership webpage link and information will remain active and available.

Court filings and orders are also available through PACER, which is an electronic filing system used for submissions to the Court. Investor claimants and others seeking court filings and orders can visit www.ilnd.uscourts.gov for information about accessing filings through PACER.

Beyond those avenues, the Receiver keeps claimants informed regarding major occurrences in the Receivership and in the claims process for specific Groups through regular email communications. Additionally, the Receiver continues to receive and respond to numerous emails and voicemails from claimants and their representatives. The Receiver and his staff responded in writing to approximately 301 such inquiries during the Second Quarter 2024, and sent an additional 547 emails confirming distribution payee and address information, in addition to conducting a limited number of oral communications. The Receiver will continue to work to ensure that information is available and/or otherwise provided as quickly and completely as practicable, asks all stakeholders and interested parties for patience during this lengthy process, and reiterates that responding to individual inquiries depletes Receivership assets. These quarterly status reports and the Receiver's other court filings remain the most efficient means of communicating information regarding the activities of the Receivership Estate.

e. Control of Receivership Property and Records

The Receiver has continued efforts to preserve all EquityBuild property and records. The Receiver continues to undertake efforts to maintain, preserve, and utilize EquityBuild's internal

documents during the pendency of this matter, as well as for use in document productions and investigations in the matters brought by the Receiver against the former EquityBuild professionals.

f. Factual Investigation

The Receiver and his retained professionals have continued to review and analyze the following: (i) documents and correspondence sent to or received from the EquityBuild principals, to whose email accounts the Receiver has access; (ii) bank records from EquityBuild and its affiliate entities; (iii) EquityBuild documents; (iv) available underlying transaction documents received to-date from former Chicago-based EquityBuild counsel; (v) files produced by former EquityBuild counsel, accountants, and employees; and (vi) files produced pursuant to subpoenas issued by the Receiver.

g. Tax Issues

During the Second Quarter of 2024, the Receiver's tax administrator, Miller Kaplan, assisted with certain tax issues relating to property distributions, and worked on preparation of the Receiver's 2023 tax returns.

The Receiver has informed investors that he cannot provide advice on tax matters. Moreover, the Receiver and his retained professionals do not plan to issue Forms 1099-INT or other information returns to investors. However, Forms 1099-R may or have been issued to investors who held investments through retirement accounts and received distributions therefrom. With respect to valuation, loss, or other tax issues, investors and their tax advisors may wish to seek independent tax advice and to consider IRS Rev. Proc. 2009-20 and IRS Rev. Rul. 2009-9.

h. Accounts Established by the Receiver for the Benefit of the Receivership Estate

The Receiver established custodial accounts at a federally insured financial institution to hold all cash proceeds from the sale of the Receivership properties. These interest-bearing

checking accounts are used by the Receiver to collect liquid assets of the Estate and to pay portfolio-related and administrative expenses. The Receiver also established separate interest-bearing accounts to hold funds from the sale of real estate, as directed by Court order, until such time as it becomes appropriate to distribute such funds, upon Court approval, to the various creditors of the Estate, including but not limited to the defrauded investors or lenders.

Attached as **Exhibit 1** is a schedule reflecting the balance of funds in all of the property specific accounts as of June 30, 2024, with a description of any changes to the account balance during the quarter.

III. RECEIVER'S FUND ACCOUNTING

The Receiver's Standardized Fund Accounting Report ("SFAR") for the Second Quarter 2024 is attached hereto as **Exhibit 2**. The SFAR discloses the funds received and disbursed from the Receivership Estate during this reporting period. As reported in the SFAR, cash on hand as of June 30, 2024 equaled \$4,716,302.40. The information reflected in the SFAR is based on records and information currently available to the Receiver. The Receiver and his advisors are continuing with their evaluation and analysis.

IV. RECEIVER'S SCHEDULE OF RECEIPTS AND DISBURSEMENTS

The Receiver's Schedule of Receipts and Disbursements ("Schedule") for the Second Quarter 2024 is attached hereto as **Exhibit 3**. This Schedule in the aggregate reflects \$3,152,891.59 in total receipts and \$611,014.95 in total disbursements to and from the Receiver's (non-property) accounts during the quarter.

V. RECEIVERSHIP PROPERTY

All known Receivership Property is identified and described in the Master Asset List attached hereto as **Exhibit 4**. The Master Asset List identifies 56 checking accounts in the names of the affiliate entities identified as Receivership Defendants, reflecting transfers of \$213,249.56

to the Receiver's account. (*See also* Dkt. 348 at 23-24 for additional information relating to these funds) The Master Asset List also identifies funds in the Receiver's account in the amount of \$4,716,302.40.

The Master Asset List does not include funds received or recovered after June 30, 2024. Nor does it include potentially recoverable assets for which the Receiver is still evaluating the value, potential value, and/or ownership interests. The Receiver is in the process of evaluating certain other types of assets that may be recoverable by the Receivership Estate.

Additionally, the balances of the 66 remaining property-specific interest-bearing accounts established to hold the proceeds from sold real estate are reflected in Exhibit 1. These accounts cumulatively contained \$51,550,429.38 as of June 30, 2024.

VI. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY THE RECEIVERSHIP ESTATE

The Receiver and his attorneys are analyzing and identifying potential claims, including, but not limited to, potential fraudulent transfer claims and claims for aiding and abetting the fraud of the Receivership Defendants. As it relates to potential actions against claimants, the Receiver anticipates that any such claims will be brought as part of the claims dispute resolution process, consistent with the Court's prior direction on such matters in establishing that process.

During the Second Quarter 2024, the Receiver continued to prosecute actions in the Circuit Court of Cook County and the Northern District of Illinois against former EquityBuild outside counsel. These claims are for professional malpractice and aiding and abetting the Cohens' breaches of their fiduciary duties.

As previously reported, the case of *Duff v. Mark L. Rosenberg and Law Offices of Mark L. Rosenberg*, Civil Action No. 1:21-cv-6756 (N.D. Ill.), was settled in the prior quarter for \$350,000,

comprising the remainder of the Defendants' insurance policy limits. In the Second Quarter 2024, the settlement payment was made and the case was dismissed.

In *Duff v. Rock Fusco & Connelly, LLC, Ioana Salajanu, and Bregman Berbert Schwartz & Gilday, LLC ("BBS&G")*, Case No. 20-L-8843 (Cir. Ct. Cook Cty.), the Receiver continued to address written and oral discovery issues and continued review and analysis of EquityBuild records and records produced in discovery, including supplemental productions from BBS&G and Rock Fusco & Connelly (over 360,000 pages of additional documents), which the Receiver continues to review. During the quarter, the Receiver also completed the depositions of three BBS&G fact witnesses and prepared for the depositions of the remaining fact witnesses which are expected to be completed in the Third Quarter 2024. The Receiver also worked to address Defendants' Rule 206(a)(1) deposition notices seeking to have the Receiver designate one or more witnesses to testify as to a number of topics. The Receiver also worked to address supplemental written discovery requests issued by the Defendants. Settlement discussions with all Defendants have progressed and remain ongoing.

In *Duff v. DeRoo, et al.*, Case No. 1:24-cv-01402 (N.D. Ill), this Court entered judgment for the Receiver and against DeRoo on June 11, 2024 in the amount of \$125,000 plus pre- and post- judgment interest. After the Receiver initiated proceedings to discover DeRoo's assets and enforce the judgment, DeRoo made a payment in the amount of \$128,769.08 on July 26, 2024.

VII. PROFESSIONAL FEES AND EXPENSES

During the quarter, the Receiver prepared and submitted his 23rd Fee Application, to which objections were filed by the institutional lenders. (Dkt.1660, 1667) On May 31, 2024 the Court granted the Receiver's 23rd Fee Application, approving the allocations to properties, and imposing

a 20% holdback on all fees. (Dkt. 1671, 1675) The net amounts were transferred from the individual property accounts during the quarter, as reflected in Exhibit 1.

VIII. CONCLUSION

At this time, the Receiver recommends the continuation of the Receivership for at least the following reasons:

1. The continued investigation and analysis of current assets and potentially recoverable assets for which the Receiver is still evaluating the value, potential value, and/or ownership interests;
2. The continued investigation, analysis, and recommendations regarding the claims against the Receivership Estate, including, but not limited to, the claims and records of investors;
3. The continued investigation, analysis, and recovery of potential fraudulent transfer claims and claims against third parties;
4. The continued analysis and formulation, in consultation with the SEC and the Court, of a just and fair distribution plan for the creditors of the Receivership Estate; and
5. The discharge of any other legal and/or appointed duties of the Receiver as identified in the August 17, 2018 Order Appointing Receiver, or as the Court deems necessary.

Dated: July 29, 2024

Respectfully submitted,

Kevin B. Duff, Receiver

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CERTIFICATE OF SERVICE

I hereby certify that I provided service of the foregoing Receiver's Twenty-Fourth Status Report, via ECF filing, to all counsel of record on July 29, 2024.

I further certify that I caused true and correct copies of the foregoing to be served by electronic mail to all known individuals or entities that submitted a proof of claim in this action (sent to the e-mail address each claimant provided on the claim form or subsequently updated).

I further certify that the Receiver's Twenty-Fourth Status Report will be posted to the Receivership webpage at: <http://rdaplawn.net/receivership-for-equitybuild>

/s/ Michael Rachlis

Michael Rachlis
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Exhibit 1

SEC v. EquityBuild, Inc., et al.

No. 18-cv-5587

Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0462	1700 Juneway	1	\$2,820,127.34	10/20/2020		Interest earned, \$35,058.86; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$5,478.40)
0603	4533 S. Calumet	2	\$2,304,104.19	12/1/2020		Interest earned, \$28,613.04; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,353.41)
0033	5001-05 S Drexel	3	\$2,838,536.02	5/22/2019		Interest earned, \$35,340.77; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$10,916.80)
0371	5450 S. Indiana	4	\$1,815,137.33	6/25/2020		Interest earned, \$22,603.62; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$7,445.86)
0231	7749-59 S. Yates	5	\$590,154.98	4/22/2020		Interest earned, \$7,378.04; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$5,366.63)
0389	6437 S. Kenwood	6	\$1,386,517.31	6/25/2020		Interest earned, \$17,268.60; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$5,945.99)
0280	7109 S. Calumet	7	\$1,520,132.72	2/28/2022		Interest earned, \$18,876.07; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$756.04)
0991	1414 E. 62nd Place	8	\$10,226.03	5/26/2021		Interest earned, \$130.03; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$317.38)

SEC v. EquityBuild, Inc., et al.

No. 18-cv-5587

Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0058	8100-14 S Essex	9	\$890,092.91	4/30/2019		Interest earned, \$11,116.10; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$6,893.28)
0025	7301 S Stewart Ave	10	\$0.00	11/4/2019	12/18/2023	Interest earned, \$1.37; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$1.37)
1122	7500 Eggleston	11	\$0.00	4/26/2019	12/18/2023	Interest earned, \$0.24; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$0.24)
0082	3030 E 79th	12	\$0.00	11/9/2019	12/18/2023	Interest earned, \$0.09; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$0.09)
0090	2909 E 78th	13	\$0.00	11/14/2019	12/18/2023	Interest earned, \$2.02; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$2.02)
1130	7549 Essex	14	\$0.00	4/26/2019	12/18/2023	Interest earned, \$0.32; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$0.32)
0108	8047 S. Manistee	15	\$0.00	2/5/2020	12/18/2023	Interest earned, \$0.24; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$0.24)
0611	1017 W. 102nd	16	\$0.00	5/26/2021	8/31/2022	
0629	1516 E. 85th	17	\$0.00	5/26/2021	8/31/2022	

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Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
1007	2136 W. 83rd Street	18	\$0.00	5/26/2021	8/31/2022	
0637	417 Oglesby	19	\$0.00	5/26/2021	8/31/2022	
0645	7922 S. Luella	20	\$0.00	5/26/2021	8/31/2022	
0652	7925 S. Kingston	21	\$0.00	5/26/2021	8/31/2022	
1015	7933 S. Kingston	22	\$0.00	5/26/2021	1/12/2023	
0660	8030 S. Marquette	23	\$0.00	5/26/2021	8/31/2022	
0678	8104 S. Kingston	24	\$0.00	5/26/2021	8/31/2022	
0686	8403 S. Aberdeen	25	\$0.00	5/26/2021	8/31/2022	

SEC v. EquityBuild, Inc., et al.

No. 18-cv-5587

Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0694	8405 S. Marquette	26	\$0.00	5/26/2021	1/13/2023	
0702	8529 S. Rhodes	27	\$0.00	5/26/2021	8/31/2022	
1023	8800 S. Ada	28	\$0.00	5/26/2021	1/12/2023	
0710	9212 S. Parnell	29	\$0.00	5/26/2021	8/31/2022	
0728	10012 S. LaSalle	30	\$0.00	5/26/2021	8/31/2022	
0736	11318 S. Church	31	\$0.00	5/26/2021	8/31/2022	
1031	3213 S. Throop	32	\$0.00	5/26/2021	8/31/2022	
1049	3723 W. 68th Place	33	\$0.00	5/26/2021	3/2/2023	
1056	406 E. 87th Place	34	\$0.00	5/26/2021	8/31/2022	
1064	61 E. 92nd Street	35	\$0.00	5/26/2021	3/2/2023	

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Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0744	6554 S. Rhodes	36	\$0.00	5/26/2021	8/31/2022	
0751	6825 S. Indiana	37	\$0.00	5/26/2021	8/31/2022	
0769	7210 S. Vernon	38	\$0.00	5/26/2021	8/31/2022	
0777	7712 S. Euclid	39	\$0.00	5/26/2021	8/31/2022	
1072	7953 S. Woodlawn	40	\$0.00	5/26/2021	3/2/2023	
0785	8107 S. Kingston	41	\$0.00	5/26/2021	8/31/2022	
0793	8346 S. Constance	42	\$0.00	5/26/2021	8/31/2022	
0801	8432 S. Essex	43	\$0.00	5/26/2021	8/31/2022	

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Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0819	8517 S. Vernon	44	\$0.00	5/26/2021	8/31/2022	
0827	2129 W. 71st	45	\$0.00	5/26/2021	8/31/2022	
0835	9610 S. Woodlawn	46	\$0.00	5/26/2021	8/31/2022	
1080	5437 S. Laflin	47	\$0.00	5/26/2021	12/30/2022	
1098	6759 S Indiana	48	\$0.00	5/26/2021	8/31/2022	
0397	7300 S. St. Lawrence	49	\$0.00	7/27/2020	6/11/2024	Interest earned, \$2,882.82; settlement distributions to claimants per 6/10/24 Order (Dkt. 1676) (\$278,806.68); transfer to RDP for fees in connection with
0405	7760 S. Coles	50	\$84,229.69	6/26/2020		Interest earned, \$1,051.69; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$635.40)
0843	1401 W. 109th	51	\$17,265.48	5/26/2021		Interest earned, \$219.53; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$532.31)
1106	310 E 50th Street	52	\$0.00	5/26/2021	6/11/2024	Interest earned, \$1,496.86; settlement distribution to claimant per 6/10/24 Order (Dkt. 1676) (\$139,211.00); transfer to RDP for fees in connection with property

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Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
1114	6807 S. Indiana	53	\$104,799.56	5/26/2021		Interest earned, \$1,306.20; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$550.74)
0413	8000 S. Justine	54	\$160,909.02	6/26/2020		Interest earned, \$2,002.55; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$540.60)
0421	8107-09 S. Ellis	55	\$78,709.09	6/30/2020		Interest earned, \$982.47; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$559.02)
0439	8209 S. Ellis	56	\$230,044.37	7/1/2020		Interest earned, \$2,860.80; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$550.74)
0447	8214-16 S. Ingleside	57	\$191,506.63	6/30/2020		Interest earned, \$2,382.21; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$532.31)
0116	5955 S. Sacramento	58	\$455,946.00	11/5/2019		Interest earned, \$5,686.84; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$2,789.26)
0124	6001-05 S. Sacramento	59	\$327,538.91	11/5/2019		Interest earned, \$4,107.68; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,293.82)
0132	7026-42 S. Cornell	60	\$893,267.68	11/6/2019		Interest earned, \$11,141.03; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$5,430.74)

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Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0140	7237-43 S. Bennett	61	\$476,608.45	6/30/2021		Interest earned, \$5,950.13; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$3,488.41)
0157	7834-44 S. Ellis	62	\$1,721,244.44	11/4/2019		Interest earned, \$21,410.60; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,635.46)
0256	4520-26 S. Drexel	63	\$0.00	5/21/2020	6/12/2024	Interest earned, \$67,246.12; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$13,384.88); settlement distributions to claimant per 6/10/24 Order (Dkt. 1677) (\$4,493,779.41); transfer to RDP for fees in connection with property settlement per 6/10/24 Order (Dkt. 1677) (\$33,366.96); transfer remainder of property 63 balance to Receiver's account per 6/10/24 Order (Dkt. 1677) (\$2,011,061.57)
0868	4611 S. Drexel	64	\$5,195,932.19	5/14/2021		Interest earned, \$64,512.01; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,776.06)
0264	6749-59 S. Merrill	65	\$0.00	4/28/2020	8/11/2022	
0272	7110 S. Cornell	66	\$0.00	8/13/2020	8/11/2022	

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Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0470	1131-41 E. 79th	67	\$0.00	12/22/2020	5/29/2024	Interest earned, \$10,363.40; settlement distributions to claimants per 5/24/24 Order (Dkt. 1666) (\$1,113,381.83); transfer remainder of property 67 balance to Receiver's account per 5/24/24 Order (Dkt. 1666) (\$158,221.48)
0876	6217 S. Dorchester	68	\$2,299,644.90	7/6/2021		Interest earned, \$28,554.04; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$980.76)
0512	6250 S. Mozart	69	\$860,223.39	12/22/2020		Interest earned, \$10,689.91; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,264.62)
0363	638 N. Avers	70	\$516,575.83	10/15/2021		Interest earned, \$6,421.41; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$956.36)
0165	701-13 S. 5th Avenue	71	\$617,593.35	3/31/2020		Interest earned, \$7,695.28; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$2,989.16)
0892	7024 S. Paxton	72	\$0.00	4/22/2021	5/29/2024	Interest earned, \$16,171.39; settlement distributions to claimants per 5/24/24 Order (Dkt. 1666) (\$1,541,000.00); transfer remainder of property 72 balance to Receiver's account per 5/24/24 Order (Dkt. 1666) (\$427,950.83)

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Balances of Funds in Property Specific Accounts as of June 30, 2024

Account Number	Account Name	Property Number	Account Balance as of 6/30/24 (including June 2024 interest and account transfers posted July 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 4/1/24 - 6/30/24
0884	7255 S. Euclid	73	\$1,095,177.34	6/29/2021		Interest earned, \$13,614.79; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$2,123.54)
0496	3074 Cheltenham	74	\$968,778.78	9/24/2020		Interest earned, \$12,073.04; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,891.01)
0199	7625 S. East End	75	\$1,240,539.47	12/20/2019		Interest earned, \$15,446.12; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,862.96)
0207	7635 S. East End	76	\$1,033,420.97	12/20/2019		Interest earned, \$12,874.97; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,850.16)
0223	7750 S. Muskegon	77	\$347,697.73	12/18/2019		Interest earned, \$4,363.92; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,903.16)
0561	7201 S. Constance	78	\$742,186.97	9/30/2020		Interest earned, \$9,260.64; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$4,908.78)

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0066	6160-6212 S King	79	\$353,660.20	4/30/2019		Interest earned, \$4,454.49; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$6,579.57)
0488	2736 W. 64th	80	\$334,247.76	9/29/2020		Interest earned, \$4,152.71; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$395.40)
0900	4317 S. Michigan	81	\$841,943.08	12/2/2020		Interest earned, \$10,459.08; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$859.55)
0520	6355 S. Talman	82	\$457,820.24	9/29/2020		Interest earned, \$5,699.20; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,682.71)
0538	6356 S. California	83	\$268,202.09	9/29/2020		Interest earned, \$3,340.48; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,162.76)
0553	7051 S. Bennett	84	\$417,106.60	9/23/2020		Interest earned, \$5,180.11; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$290.86)
0579	7201-07 S. Dorchester	85	\$348,014.76	10/20/2020		Interest earned, \$4,324.37; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$475.84)
0975	7442-48 S. Calumet	86	\$543,766.87	11/16/2020		Interest earned, \$6,756.38; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$702.43)

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0587	7508 S. Essex	87	\$712,774.40	10/28/2020		Interest earned, \$8,853.85; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$671.56)
0355	7546 S. Saginaw	88	\$540,835.99	5/13/2020		Interest earned, \$6,728.20; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,537.67)
0298	7600 S. Kingston	89	\$1,377,377.74	12/3/2020		Interest earned, \$17,111.33; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,529.22)
0306	7656 S. Kingston	90	\$87,701.75	12/2/2020		Interest earned, \$1,094.08; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$559.95)
0918	7701 S. Essex	91	\$749,222.95	11/16/2020		Interest earned, \$9,303.06; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$334.77)
0215	7748 S. Essex	92	\$1,211,967.33	12/18/2019		Interest earned, \$15,065.93; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$2,278.18)
0595	7957 S. Marquette	93	\$208,857.07	9/21/2020		Interest earned, \$2,607.85; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,573.73)
0926	816 E. Marquette	94	\$852,019.37	11/18/2020		Interest earned, \$10,586.49; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,096.11)

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0314	8201 S. Kingston	95	\$265,959.51	5/21/2020		Interest earned, \$3,302.65; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$171.31)
0322	8326-58 S. Ellis	96-99	\$1,332,086.68	6/11/2020		Interest earned, \$16,560.88; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$2,684.79)
0454	11117 S. Longwood	100	\$1,753,402.79	7/8/2020		Interest earned, \$21,803.37; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$3,992.39)
0330	6949-59 S. Merrill	101	\$1,507,823.22	12/1/2020		Interest earned, \$18,782.90; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$6,818.20)
0041	7927-49 S Essex	102-106	\$0.00	5/1/2019	12/18/2023	Interest earned, \$0.56; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$0.56)
0934	1422 E. 68th	107	\$0.00	6/23/2021	12/21/2023	Interest earned, \$0.18; transfer property balance to Receiver's account per 12/18/23 Order (Dkt. 1570) (\$15.28)

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0942	2800 E. 81st	108	\$447,384.47	4/30/2021		Interest earned, \$5,556.49; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$336.45)
0959	4750 S. Indiana	109	\$762,155.65	4/21/2021		Interest earned, \$9,464.83; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$464.25)
0504	5618 S. Martin Luther King	110	\$623,153.85	9/29/2020		Interest earned, \$7,739.66; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$485.06)
0546	6554-58 S. Vernon	111	\$519,890.11	10/15/2020		Interest earned, \$6,458.93; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$595.67)
0249	7450 S. Luella	112	\$193,326.40	5/7/2020		Interest earned, \$2,403.60; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$400.26)
0967	7840 S. Yates	113	\$361,917.79	4/23/2021		Interest earned, \$4,495.53; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$336.45)
0983	431 E. 42nd Place	115	\$55,775.42	11/5/2020		Interest earned, \$703.53; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$1,141.30)

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0074	1102 Bingham	116	\$587,166.22	10/6/2021		Interest earned, \$7,350.46; transfer for 23rd fee app per 6/10/24 Order (Dkt. 1675) (\$6,329.90)
	TOTAL FUNDS HELD:		\$51,550,429.38			

Exhibit 2

STANDARDIZED FUND ACCOUNTING REPORT for EQUITYBUILD, INC., et al. - Cash Basis
 Receivership; Civil Court Docket No. 18-cv-05587
 Reporting Period 4/1/2024 to 6/30/2024

Fund Accounting (See Instructions):				
		<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 1	Beginning Balance (As of 4/1/2024):	\$2,174,425.76		\$2,174,425.76
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income			
Line 3	Cash and unliquidated assets			
Line 4	Interest/Dividend Income	\$29,460.16		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Net Income from Properties			
Line 8	Miscellaneous - Other¹	\$3,123,431.43		
	Total Funds Available (Line 1-8):			\$5,327,317.35
	<i>Decrease in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for receivership operations			
Line 10a	Disbursements to receiver or Other Professionals ²	(\$611,014.95)		
Line 10b	Business Asset Expenses			
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses			
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses		\$0.00	
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations		(\$611,014.95)	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator.....			
	Independent Distribution Consultant (IDC).....			
	Distribution Agent.....			
	Consultants.....			
	Legal Advisers.....			
	Tax Advisers.....			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses		\$0.00	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator.....			
	IDC.....			

STANDARDIZED FUND ACCOUNTING REPORT for EQUITYBUILD, INC., et al. - Cash Basis
 Receivership; Civil Court Docket No. 18-cv-05587
 Reporting Period 4/1/2024 to 6/30/2024

	Distribution Agent.....		
	Consultants.....		
	Legal Advisers.....		
	Tax Advisers.....		
	2. Administrative Expenses		
	3. Investor identification		
	Notice/Publishing Approved Plan.....		
	Claimant Identification.....		
	Claims Processing.....		
	Web Site Maintenance/Call Center.....		
	4. Fund Administrator Bond		
	5. Miscellaneous		
	6. Federal Account for Investor Restitution (FAIR) reporting Expenses		
	Total Plan Implementation Expenses		
	Total Disbursement for Distribution Expenses Paid by the Fund		\$0.00
Line 12	Disbursement to Court/Other:		
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees		
Line 12b	Federal Tax Payments		
	Total Disbursement to Court/Others:		
	Total Funds Disbursed (Lines 1-12):		(\$611,014.95)
Line 13	Ending Balance (As of 6/30/2024):		\$4,716,302.40
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	Cash & Cash Equivalents	\$4,716,302.40	
Line 14b	Investments (unliquidated EquityBuild investments)		
Line 14c	Other Assets or uncleared Funds		
	Total Ending Balance of Fund - Net Assets		\$4,716,302.40

¹ Settlement payment from M. Rosenberg, \$350,000.00; transfers of remaining balances from Group 3 properties per 3/13/24 Order (Dkt. 1621), \$17,729.90; transfer of balance of 7024 Paxton property account per 5/24/24 Order (Dkt. 1666), \$427,774.70; transfer of balance of 1131 E 79th property account per 5/24/24 Order (Dkt. 1666), \$158,156.41; transfers from property accounts for allocated fees per Order on 23rd fee app (Dkt. 1675), \$171,436.20; transfer of balance of 4520 Drexel property account per 6/10/24 Order (Dkt. 1677), \$1,998,334.22. Total = \$3,123,431.43

Exhibit 3

EQUITYBUILD RECEIVERSHIP ESTATE ACCOUNT #0181
 April - June 2024
 Schedule of Receipts and Disbursements

			Account # 0181	Account # 0348	
		Beginning Balance			
		4/1/24	\$2,126,490.49	\$47,935.27	
RECEIPTS					
		<u>Received From</u>	<u>Amount</u>	<u>Amount</u>	
Interest	4/1/2024	Interest	\$9,136.39	\$204.36	
Wire In	4/1/2024	Rosenberg settlement payment	\$350,000.00		
Transfer In	4/2/2024	Transfers of remaining balances from Group 3 properties (Dkt. 1621)	\$17,729.90		
Interest	5/1/2024	Interest	\$9,658.98	\$198.60	
Interest	6/3/2024	Interest	\$10,055.74	\$206.09	
Transfer In	6/4/2024	Transfer of balance of 7024 S Paxton property account per 5/24/24 Order (Dkt. 1666)	\$427,774.70		
Transfer In	6/4/2024	Transfer of balance of 1131 E 79th property account per 5/24/24 Order (Dkt. 1666)	\$158,156.41		
Transfer In	6/11/2024	Transfers from property accounts of allocated fees for 23rd fee app (6/10//24 Order, Dkt. 1675)	\$171,436.20		
Transfer In	6/18/2024	Transfer balance of 4520 Drexel acct per 6/10/24 Order, Dkt. 1677	\$1,998,334.22		
		TOTAL RECEIPTS	\$3,152,282.54	\$609.05	\$3,152,891.59
DISBURSEMENTS					
		<u>Paid To</u>	<u>Amount</u>	<u>Amount</u>	
Wire Transfer	4/1/2024	Spellmire Bruck IOLTA (Rosenberg settlement contingent fees) (Dkt. 1628)	(\$154,720.32)		
Wire Out	6/4/2024	RDP (fees from properties 67 & 72 distributions) (5/24/24 Order, Dkt 1666)	(\$212,348.42)		
Wire Out	6/11/2024	RDP (allocated & unallocated fees and expenses for 23rd fee app) (6/10/24 Order, Dkt # 1675)	(\$236,798.49)		
Check #20045	6/17/2024	Miller Kaplan (fees for 23rd fee app, less 20%)	(\$6,542.72)		
Check #20046		VOID			
Check #20047	6/17/2024	Prometheum Technologies (fees for 23rd fee app)	(\$605.00)		
		TOTAL DISBURSEMENTS:	(\$611,014.95)	\$0.00	(\$611,014.95)
TRANSFER	6/18/2024	Transfer from Account 0348 to Account 0181	\$48,544.32	(\$48,544.32)	
		Grand Total Cash on Hand at 6/30/2024:	\$4,716,302.40	\$0.00	\$4,716,302.40

Exhibit 4

Master Asset List

Receiver's Account (as of 6/30/2024)		
Institution	Account Information	Amount
AXOS Fiduciary Services	Checking #0181	\$4,716,302.40
AXOS Fiduciary Services	Checking #0348	\$0.00
		Total: \$4,716,302.40

Receivership Defendants' Accounts			
Institution	Account Information	Current Value	Amount Transferred to Receiver's Account
Wells Fargo	Checking (53 accounts in the names of the affiliates and affiliate entities included as Receivership Defendants)		\$190,184.13 ¹
Wells Fargo	Checking (account in the names of Shaun Cohen and spouse)		\$23,065.43 ²
Byline Bank	Checking (2 accounts in names of Receivership Defendants)	\$21,896.41 ³	
			Total: \$213,249.56

EquityBuild Real Estate Portfolio	
For a list of the properties within the EquityBuild portfolio identified by property address, alternative address (where appropriate), number of units, and owner, <i>see</i> Exhibit 1 to the Receiver's First Status Report, Docket No. 107.	
Other, Non-Illinois Real Estate	
Description	Appraised Market Value
Single family home in Plano, Texas	±\$450,000.00
	Approximate mortgage amount: \$400,000.00 Approximate value less mortgage: \$50,000.00

¹ This amount reflects the total value of all of the frozen bank accounts held by Wells Fargo that were transferred to the Receiver's account; the final transfer was made on 1/22/20, and included as part of the Receiver's Account as of 3/31/20.

² This amount was transferred to the Receiver's Account as of 8/27/18, and is included as part of the total balance of the Receiver's Account as of 3/31/19.

³ The Receiver is investigating whether these accounts are properly included within the Receivership Estate.

Exhibit 5

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION, et al.,

Plaintiffs,

vs.

EQUITYBUILD, INC.,
EQUITYBUILD FINANCE, L.L.C.,
JEROME H. COHEN, SHAUN D. COHEN,
and CITIBANK, N.A., as Trustee,

Defendants.

No. 18 C 5587

Chicago, Illinois
May 31, 2024
10:30 o'clock a.m.

TRANSCRIPT OF PROCEEDINGS -
Status Hearing
BEFORE THE HONORABLE MANISH S. SHAH

APPEARANCES:

For Plaintiff SEC:

U.S. SECURITIES AND EXCHANGE
COMMISSION
BY: MR. BENJAMIN J. HANAUER
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For FHFA:

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(312) 583-2379

For Certain Trustees
U.S. Bank, Fannie Mae,
Citibank, Wilimington
Trust, and Creditor
SABAL TL1:

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1 APPEARANCES (Continued):

2

3 For Midland Loan Srvs.: AKERMAN, L.L.P.
4 BY: MR. THOMAS B. FULLERTON
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6 Chicago, Illinois 60606
7 (312) 634-5700

8 For Direct Lending
9 Partners, L.L.C.: BRYAN CAVE LEIGHTON PAISNER, L.L.P.
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14 For BC57, L.L.C.:
15 (by phone) LOEB & LOEB, L.L.P.
16 BY: MR. ANDREW DeVOOGHT
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19 (312) 464-3156

20 For Certain Individual
21 Investors: TOTTIS LAW
22 BY: MR. MAX A. STEIN
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25 (312) 527-1448

For AMark Investment
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For Shatar Capital, Inc.,
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Pakravan Living Trust,
Hamid Ismail and
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1 APPEARANCES (Continued):

2

3 For the Receiver:

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BY: MR. MICHAEL RACHLIS

4 MS. JODI ROSEN WINE

MR. KEVIN B. DUFF

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COLLEEN M. CONWAY, CSR, RMR, CRR

23

Official Court Reporter

219 South Dearborn Street, Room 1918

24

Chicago, Illinois 60604

(312) 435-5594

25

colleen_conway@ilnd.uscourts.gov

1 (Proceedings available by phone/heard in open court:)

2 THE CLERK: 18 CV 5587, Securities And Exchange
3 Commission versus EquityBuild.

4 THE COURT: Good morning, everyone. We have your
5 appearances noted for the record, so I won't take roll this
6 morning.

7 My agenda is to touch base on Groups 1, 2, 4, and 5.
8 And then after we get through those, to talk about the
9 remaining groups, the pending fee petition. And then I will
10 open it up for other issues that we need to address this
11 morning.

12 On Group 1. The petition for re-hearing is pending
13 in the Court of Appeals, so I will just wait until a mandate
14 issues before I do anything else with Group 1.

15 Does the receiver agree that that's all there is to
16 do about Group 1 at this point?

17 MR. RACHLIS: Your Honor --

18 THE COURT: If you could get closer to a
19 microphone so that --

20 MR. RACHLIS: Oh, I'm sorry.

21 THE COURT: -- people listening can hear you.

22 MR. RACHLIS: I apologize. Yes. Mike Rachlis on
23 behalf of the receiver.

24 We are, you know, in -- while understanding that
25 petitions for re-hearing can be resolved, relatively speaking,

1 quickly, unlike the general original appeal process, we are --
2 we do await instruction from Your Honor in terms of what he'd
3 like us to do.

4 We wanted to advise the Court that once -- and, you
5 know, with the affirmance that's been provided, there is going
6 to be a process where we need to update the distribution order.

7 We do need to make contact with the claimants to
8 ensure that addresses are correct, and the right payees.
9 Process that was done for Group 3, so we have some experience
10 with how that would go.

11 And I just would want you to know that it would take
12 up to, you know, about 30 days or so to get that process
13 together, including, you know, getting Your Honor an updated
14 order and the like.

15 So if you wish us to begin that process now, we can
16 do that. But, anyway, I thought in terms of timing, you would
17 want to be aware of those types of concerns.

18 THE COURT: I appreciate that. And the voided
19 rollover issue is one that affects Group 1 as well, and that's,
20 I think, in part, what you were also alluding to --

21 MR. RACHLIS: Yes.

22 THE COURT: -- in terms of a new distribution order.
23 That, I think, ultimately, while I would like to say let's just
24 go ahead and get moving, the better course of action, I think,
25 is to wait for the Court of Appeals to render a final decision.

1 So --

2 MR. STEIN: Your Honor, if I might? Max Stein on
3 behalf of certain individual investors.

4 The individual investors who are the ones who would
5 be paid out of these proceeds have been waiting years for their
6 retirement savings, and if it were possible, we would suggest
7 that it makes sense for the stay to be lifted. And if not the
8 stay being lifted, then at least to have the process begun. So
9 that when there is what we expect will be a denial of the
10 petition for re-hearing, the distribution process can at least
11 be underway and happen as quickly as possible.

12 THE COURT: I understand that. I appreciate that.
13 Nevertheless, I don't know what the Court of Appeals is going
14 to do, and I am not going to get ahead of the Court of Appeals.

15 So we'll just have to process Group 1 once we have
16 final direction from the Court of Appeals. I am hopeful that
17 by the time that happens, we will have good mechanisms in place
18 to figure out how to do it and get things moving.

19 And I will just say, big picture, as we are going
20 through more groups now, for the first time in a while, I am
21 actually hopeful that we will achieve what we set out to
22 achieve at the beginning of this year, which is we will get
23 these groups resolved before the end of the year, even taking
24 into account the delays from the appeal.

25 So I was more aspirational when that was suggested as

1 a timetable earlier this year, but I am starting to become a
2 little more hopeful about that.

3 Group 2. I don't need any more briefs on Group 2. I
4 am working through it. I hope to have a ruling for you on
5 Group 2 soon. And I expect my ruling will resolve Group 2 in a
6 manner that will allow for us to get a distribution order
7 process set up.

8 I do have a couple of questions, though, about Group
9 2.

10 One of the properties in Group 2 is 6160-6212 South
11 Martin Luther King. It looks, from the documents, that there
12 are two PINs associated with that, that property. And one of
13 those PINs, if you put it into the property tax website, pops
14 up as an address of 6158 South Martin Luther King Drive.

15 Is that anything of consequence or of note to the
16 receiver?

17 MR. RACHLIS: Let me ask about that.

18 (Counsel conferring.)

19 MR. RACHLIS: As we're sitting here, we're not sure,
20 so I think, Your Honor, it'd be best for us to go back and take
21 a look to be sure, and then we can communicate with Your Honor
22 on that issue.

23 THE COURT: That's fine. Again, I think -- let me
24 say, I think all of my questions are really more going to be
25 towards what happens in terms of implementing any

1 distributions, so I think we'll have time to do that. But I am
2 flagging a couple of things that have popped up as I have been
3 reviewing papers.

4 Also on that property, the 6160 South Martin Luther
5 King property, there was a claim by a Mr. Tang, but couldn't
6 find him on the mortgage or in the proposed disbursement
7 spreadsheet.

8 So I guess I'll ask the receiver to make sure and
9 double-check you've got everybody accounted for who filed a
10 claim on that property.

11 MR. RACHLIS: We will do that, Your Honor.

12 I think it's more than fair -- we continue -- every
13 time we present an order, even we're continuing to deal with
14 claimants, and we have amended. We will make some comments as
15 well about certain things.

16 So we, of course, will do that as well.

17 THE COURT: On Juneway, which is also in Group 2,
18 there was a proof of claim from Aluvelu Homes which stated that
19 Ryan Dunn claimed that it purchased those interests, and then
20 there is some -- it looked like there's some disagreement
21 between those two claimants.

22 The proposed disbursement seems to be recognizing
23 both of those claims, and I don't know if they are one and the
24 same or there's -- or if the receiver has actually taken a
25 position about whether there is a dispute between those two

1 claimants and how that gets resolved. So I am flagging that
2 for the receiver.

3 And, as I said, this might not matter in the short
4 run, but it will matter eventually. So, as things bubble up to
5 the surface, I want to make sure I flag them for you.

6 Then, similarly, in Group 2, there were two proofs of
7 claim filed for Juneway from Chuck Denton and then one signed
8 by -- one was signed by -- it appeared to be signed by Chuck
9 Denton and the second was signed by a Todd Easley.

10 I just want to make sure I understand whether there's
11 one claim from Denton for the Juneway property or if there's
12 more than one.

13 Again, I think this is in processing and in
14 accounting that isn't going to slow me down in resolving the
15 actual legal issues as to Group 2, but as I'm going through the
16 legal issues for Group 2, these things are popping up.

17 MR. RACHLIS: Your Honor, we can address all these
18 questions. We may have an answer on one that we could address
19 now, but if you'd like us to just address them all at the same
20 time, we can do that.

21 THE COURT: Well, I am done talking about Group 2.

22 MR. RACHLIS: Okay.

23 THE COURT: So if there's something else about Group
24 2 that the receiver wants to raise with me --

25 MR. RACHLIS: There is --

1 THE COURT: -- we can talk about that now.

2 MR. RACHLIS: There is one comment on Group 2 as a
3 whole.

4 While there have been -- you know, at times, there
5 have been discussions about resolutions, as Your Honor's aware,
6 that's --

7 THE COURT: I'm sorry. Just get a little closer to
8 the microphone --

9 MR. RACHLIS: Oh, I'm sorry.

10 THE COURT: -- so people on the phone can hear you.

11 MR. RACHLIS: With apologies.

12 There have been efforts, as Your Honor is aware, on
13 reaching -- on trying to reach resolution on claims with
14 various claimants.

15 And with respect to Group 2, there have been some
16 discussions with respect to the 6949 Merrill property, which is
17 part of Group 2.

18 So the receiver, certainly, is going to be continuing
19 to try and work on that one in the hopes that -- like some
20 recent developments that Your Honor has seen, we hope to be
21 able to do something on that. And we would advise the Court as
22 quickly as we could once there was something to report.

23 But I just wanted at least the Court to be aware that
24 that is one property where there is some ongoing discussions.

25 MR. DeVOOGHT: And, Your Honor, if I may? This is

1 Andrew DeVooght.

2 I first want to say thank you to Your Honor, under
3 these extra circumstances, for allowing me to participate by
4 phone. It's appreciated and not taken for granted.

5 I just want to say as well, Your Honor, that with
6 respect to the property Your Honor just mentioned, 6160, I had
7 approached Mr. Stein, and he was very prompt in returning our
8 phone call, about exploring the possibility of resolution.

9 We understand the process moves forward. I just
10 similarly would note that if there is any movement there, we'd
11 certainly let the Court know as soon as we see that.

12 And that's all I just wanted to provide to Your
13 Honor.

14 THE COURT: I appreciate that. I am pretty far along
15 on --

16 (Counsel laughs.)

17 MR. DeVOOGHT: Understood.

18 THE COURT: -- resolving --

19 MR. DeVOOGHT: Understood.

20 THE COURT: -- Group 2.

21 MR. DeVOOGHT: Understood, Your Honor.

22 THE COURT: And so I think the best thing for me to
23 do is to keep doing what I'm doing, so -- and I can't give you
24 a firm timetable on it, but it's -- I don't think it's too far
25 off.

1 So that is what it is. But I think the best thing
2 for everyone would be for me to get you the substantive ruling
3 based on how it's been briefed. And so that's what I plan to
4 do.

5 MR. DeVOOGHT: Thank you, Your Honor.

6 THE COURT: Group 3 is closed.

7 So on Group 4, I can give you a ruling on Group 4
8 now, unless the receiver thinks there's anything percolating
9 that I should hold off on.

10 MR. RACHLIS: No. There is -- the only thing we
11 wanted to make Your Honor aware of is that there were two -- in
12 the continuing effort to work with claimants and then going
13 over the recommendations, there are two items that we wanted
14 Your Honor to be aware of. There's a claimant by the name of
15 Fields in regards to the 8100 Essex property.

16 That we reviewed some supplemental documentation, and
17 the receiver will be changing that recommendation from
18 unsecured to secured, which will affect contribution -- the
19 distribution.

20 Second -- but, again, that will deal with the
21 distribution order, so -- second, with --

22 THE COURT: Let me just hit pause on that.

23 Does that affect -- is that different than CLC
24 Electric?

25 MR. RACHLIS: No.

1 THE COURT: Or is that all CLC Electric?

2 MR. RACHLIS: It's not. It's different. It's
3 different than CLC Electric. I apologize. Yes. It's not the
4 same.

5 And then there's a second claimant, Paper Street, in
6 regards to the Bennett property.

7 We had originally indicated that there -- the claim
8 that was submitted was not valid, but we're going to correct
9 that recommendation as well to note that they have an unsecured
10 claim. And so that will also be reflected later.

11 THE COURT: Is that different than the -- when you
12 just said now that you had said that Paper Street was not
13 valid, was that because of the representation that Paper Street
14 had been paid?

15 MR. RACHLIS: Yes.

16 THE COURT: But that's -- you're correcting that?

17 MR. RACHLIS: Yes. And there was a release that was
18 given as a result of certain items. We had believed that that
19 -- originally in looking at the paperwork --

20 (Counsel approaches.)

21 MR. RACHLIS: -- the thought was that they were sat
22 -- that any claim they had had already been satisfied, and that
23 we had -- we have corrected that. We'll be correcting that.

24 THE COURT: Go ahead, counsel.

25 MR. DARCY: Your Honor, good morning. Alex Darcy for

1 AMark. We're in Group 4, and that's the Bingham property.

2 THE COURT: Understood.

3 MR. DARCY: And since you were just about to rule, I
4 wanted to make just a quick pitch that we are uniquely
5 situated. We are in first position. We're oversecured. And
6 all the funds that we are asking for were incurred
7 pre-receivership. And there is -- we are cross-collateralized
8 on another investment that we didn't get paid on.

9 And the receiver didn't really give any basis for
10 rejecting why we wouldn't be secured on that overcollateralized
11 claim, and we don't feel like the Court has the discretion to
12 ignore the state law priority, and we would hope that the Court
13 would grant our full claim of 384 and not the 125.

14 And we didn't receive any money, so we -- so there's
15 no netting issues with respect to our claim.

16 Thank you.

17 THE COURT: Thank you.

18 Anything else on Group 4 that the receiver wanted to
19 note for me?

20 MR. RACHLIS: No, Your Honor.

21 THE COURT: With respect to Group 4, big picture, I
22 agree with the receiver as to limiting any recovery on secured
23 interest to principal only and not interest, penalties, fees.
24 That is the equitable way here to allow for something to
25 distribute to unsecured claimants. And it better reflects the

1 overall goal of this receivership, which is to mitigate the
2 damage to as many victims as possible.

3 And I believe any -- I agree with the receiver that
4 any payments previously received should credit against the
5 principal. That fits this type of Ponzi-type scheme where
6 people who got some money earlier were ultimately getting that
7 by luck and by -- and to the detriment of later investors.

8 I agree with the receiver and confirm that as to 431
9 East 42nd Place, that was rolled over to an unsecured note,
10 which was paid. So that claim is disallowed.

11 As to Bingham, 1102 Bingham. One claimant had a
12 secured interest, which was rolled over, but that was voided,
13 and so that -- I do agree with the receiver that that security
14 interest was retained. Again, limiting recovery to the
15 principal.

16 As to AMark. I appreciate and understand that AMark
17 is a little differently situated, and made a more full-throated
18 explanation as to how and why AMark is different, but,
19 ultimately, I am overruling AMark's objection.

20 AMark may have both state law, contractual rights,
21 and if this were governed by the Bankruptcy Code, things might
22 be different, but I am satisfied that as an equitable
23 receivership, I do have the authority to manage the estate as a
24 whole in a way to achieve broader goals. And at this stage, we
25 are trying to treat similarly-situated claimants similarly,

1 respecting the distinction between secured and unsecured but,
2 at the same time, trying to recover assets for the benefit of
3 everyone and distribute assets for the benefit of everyone.

4 5201 Washington is not a receivership property, and I
5 conclude that leveraging that deed of trust against Bingham for
6 the loan on Washington is interjecting a level of complexity in
7 the big-picture receivership management that would be to the
8 detriment of the estate and inconsistent with the horizontal
9 equity that we're trying to achieve in treating secured
10 interests as limited to the principal investment in the
11 property within the receivership.

12 So over AMark's objection, I agree with the
13 receiver's proposal.

14 The rollovers that the receiver has articulated with
15 respect to Group 4 all check out, as far as I am concerned, and
16 those would be treated as unsecured.

17 There were some objections from unrepresented
18 claimants in Group 4 to the effect of expressing a view that
19 everyone should just be treated the same, and everyone who
20 invested in the fraud should be treated as secured, but I don't
21 agree with that. I think there are appropriate distinctions
22 between secured interests and unsecured interests that makes
23 sense to preserve in this case and does distinguish some
24 victims from others.

25 The receiver has identified some voided rollovers in

1 Group 4, and that will be accounted for. And I agree with
2 that.

3 The City's claim was paid at closing, so I'll
4 disallow that. But I accept the receiver's correction with
5 respect to Paper Street.

6 I am treating Mr. Ulred as an unsecured interest for
7 the reasons I have treated his interests that way in earlier
8 groups, in other groups. As an insider at EquityBuild, he can
9 go in with the unsecured lot, as I've decided before.

10 Investors who have already received their principal
11 through other payments will be deemed satisfied as to Group 4
12 and will not receive a distribution.

13 CLC Electric will be treated as unsecured for failing
14 to perfect. But I will accept the receiver's correction as to
15 Fields on that property.

16 One question on Group 4 that I forgot to ask, is
17 there's a claimant, last name Tibbits, who, it seems, is saying
18 they submitted their documentation that reflected interest
19 having been received, but is now saying that they never
20 actually received those payments. And I think the receiver's
21 response is, "Well, we go with the documents that you
22 submitted, and it is what it is."

23 I guess I'd like to understand a little bit more to
24 make sure, is it possible that it was -- interest had been
25 documented in some way to the investor but maybe actually not

1 received, and so there might be a disconnect there?

2 MR. RACHLIS: We have an answer, but Ms. Wine will
3 address the Court.

4 MS. ROSEN WINE: Thank you, Your Honor.

5 We looked at both EquityBuild records which show
6 emails sent to the claimant monthly, that deposits were being
7 made to their account. And the proof of claim, as you noted,
8 the claimant said that interest was received.

9 Now, in response to our recommendation, is saying,
10 "No. I only got part of it," but did not produce any kind of
11 documentation, you know, bank records or anything, showing that
12 those payments were not received.

13 THE COURT: Thank you. I appreciate that the
14 documentation here in this case is probably far from ideal and
15 perfect for us to know with 100% certainty exactly where every
16 penny went and how it was accounted for, but ultimately we have
17 to rely on the information we've got, and including relying on
18 proofs of claim and the representations that are made in proofs
19 of claim.

20 Again, we are trying to manage this receivership as
21 best we can, as quickly as we can, and I appreciate that it has
22 not been quick, but it won't be any quicker if we try to drill
23 down every penny on individual claims in this way. But,
24 instead, I do think it's reasonable and sufficiently reliable
25 to accept the representations and proofs of claim for what they

1 are.

2 So I do accept the receiver's recommendation with
3 respect to Group 4 for all of those reasons, and with the
4 corrections that we've discussed this morning.

5 So I will direct the receiver to start the process of
6 preparing a distribution order on Group 4, and Group 4 will get
7 resolved hopefully in some time.

8 MR. RACHLIS: Yes.

9 THE COURT: Group 5. There are at least two
10 properties that I think I can resolve now. In fact, three,
11 because I saw the motion for one of the properties.

12 MR. RACHLIS: Yes.

13 THE COURT: So, as to Property 49, Midland agrees
14 with the receiver's proposal. And there is an agreement
15 that -- or at least I accept the receiver's recommendation as
16 to SD Roth and SD Roth's interest. And that Midland also has a
17 secured interest with priority. And that the City of Chicago
18 was paid when the property was sold, so the City's claim is
19 denied.

20 So I accept the receiver's proposal as to Property
21 49.

22 Property 52. Similarly, Kirk Road and Paper Street
23 have not filed objections. Both the receiver and Midland agree
24 that Midland has priority, and I accept that agreement and
25 representation.

1 And so I accept the receiver's recommendation as to
2 those properties in Group 5.

3 As to Property 63, which is 4520-26 South Drexel, the
4 motion to approve distribution is granted.

5 I agree with the receiver that the other claimants
6 are not secured interests in that property, and that U.S. Bank,
7 which is a secured claimant, and the receiver have reasonably
8 compromised the bank's claim to distributions in a manner that
9 ultimately benefits the overall receivership by saving time and
10 avoiding more litigation over the scope of my authority here.

11 So I accept that motion and that compromise as to
12 Property 63. So that motion is granted.

13 What's the status on 5001 South Drexel?

14 MR. RACHLIS: We are waiting, as of yesterday -- we
15 understand -- well, settlement discussions have been ongoing.
16 We are waiting for a response to -- from the institutional
17 lender that is involved with 5001.

18 I understand that they apparently have, like, 14
19 different interests that need to be -- need to have discussions
20 with or whatnot, so I think that may affect the timing of this,
21 but we have been in communication. We're hoping as -- to work
22 on this in the next 14 days in order to try and get to a
23 resolution. And we'll keep the Court advised on the progress.

24 MR. McCLAIN: Your Honor, Andrew McClain on behalf of
25 the institutional lender.

1 As Mr. Rachlis represented, we are in ongoing
2 discussions. The issue is it's a CMBS loan, securitized loan,
3 so there are certain bondholders and stakeholders that we need
4 to apprise of the developments and get consent and responses
5 from.

6 So that's kind of the background on -- I don't want
7 to say the delay, but the reason it's taking a little bit
8 longer.

9 THE COURT: Do you remain hopeful that it will get
10 worked out?

11 MR. McCLAIN: Cautiously optimistic. But yes, we are
12 trying to work to a resolution.

13 THE COURT: Well, with respect to the other three
14 properties in Group 5, let's close those out and get
15 distribution orders in place for those.

16 MR. RACHLIS: Yes, Your Honor.

17 THE COURT: And that will leave one property
18 lingering in Group 5. But, in large part, Groups 4 and 5 will
19 be resolved in the coming weeks.

20 Groups 6, 7, 8, I think, are just in process. Do you
21 want to give me an update on that for the receiver?

22 MR. RACHLIS: Sure. It's 6 and 7. And 6 and 7 are
23 in process. We are in the midst of collecting discovery.

24 We have -- pursuant to the orders that have been
25 entered, we had issued some subpoenas. Those are being

1 responded to. There was the standard discovery that's also
2 been responded to. There's been quite a large response. We
3 are working through those. And there's been follow-up that's
4 ongoing. And continued collection of documents that's in
5 process right now.

6 So we are working towards the -- we're trying to stay
7 on target for concluding those groups along the timeline that
8 Your Honor had entered, which has the last brief due, I
9 believe, in mid-September, approximately.

10 And so that's currently where we're at.

11 THE COURT: And where are we in Group 8? Do we have
12 a frame report yet for Group 8?

13 MR. RACHLIS: No, we do not. We were going to
14 suggest addressing -- well, there are two points to raise on
15 Group 8 that we thought would be helpful, hopefully.

16 With respect to Group 8. As we had indicated before,
17 that's 17 properties and about 500 claimants. It's a large
18 group. But they're all -- it's one institutional lender,
19 Liberty.

20 And the issues in that case -- not to say that, you
21 know, they're absolutely identical to Group 1, but they will
22 involve an invalid release.

23 And so there has now been -- or we have opinions from
24 Your Honor, we have opinions from the Seventh Circuit, we don't
25 know what's going to be happening, but with all of that and the

1 entirety of the process that has been in place now for some
2 period of time, which provides perspective and knowledge to all
3 participants, it may be worthwhile for the Court to speak in a
4 settlement context with the Group 8 participants in order to
5 see where the lay of the land is on that, before we set the
6 process going, because we think that -- we were going to
7 suggest that that process begin -- like framing-report-wise,
8 probably in September when we're -- you know, around the time
9 that we've concluded with Groups 6 and 7.

10 So that was the second point that I wished to raise.

11 THE COURT: Thank you.

12 Well, let's -- we'll see where things are in
13 September, and we'll figure out what to do about Group 8.

14 Group 9 is closed now.

15 MR. RACHLIS: Is closed. We are in the process of
16 closing -- there has been distributions. The only thing, I
17 believe, remaining, which is not unimportant, is that there
18 needs to be a dismissal of the Seventh Circuit appeals.

19 (Counsel approaches.)

20 MR. RACHLIS: But I believe that we're in good shape
21 on that one.

22 MR. RAYMOND: Dan Raymond, Your Honor, on behalf of
23 FHFA.

24 That's right. The lingering thing is to file a joint
25 motion to dismiss the appeals, which I believe the payments

1 have been made to Freddie and Fannie, that that -- have now.
2 So we're working on that process and we'll get that done as
3 soon as possible.

4 THE COURT: What kind of steps has the receiver taken
5 to start thinking about unsecured claims and how we're going to
6 process that?

7 That is going to be a large number of claims, and
8 that will be a discussion, to figure out how to do that, and
9 what metrics to use, to sort out what I imagine will be some
10 kind of *pro rata* calculation.

11 Have you given some thought to what that is going to
12 look like? And is there anything you can share with me about
13 your vision for that?

14 MR. RACHLIS: To be fair, I think that the most --
15 the focus, of course, has been largely on the secured
16 creditors. And -- although, obviously, whenever we've made
17 recommendations, we are very cognizant of separating
18 secured/unsecured and keeping score, if you will, in that
19 respect.

20 And, as Your Honor knows, there are efforts that have
21 been made to try and increase the funds for unsecured creditors
22 through a variety of means, both third-party suits and in terms
23 of settlements on claims that Your Honor has already seen and
24 approved.

25 So in that context, they are definitely on the mind

1 of the receivership, but until all the secured claims are all
2 done, and you have the full universe of unsecured claims that
3 would be out there, we don't -- we have not, at this point,
4 prepared to sort of present a framework for what that might
5 look like.

6 We certainly can give that more thought in advance
7 of, perhaps, the next status conference. But really our focus
8 has been largely to try and address those secured claims that
9 have been in front of Your Honor.

10 THE COURT: I think we need to start giving that some
11 thought. And I think we -- and as this will lead into the fee
12 petition and the fee application, be cognizant that that would
13 be time and effort that shouldn't be attributed to properties.

14 And I want to be efficient about not using too much
15 of counsel's and the receiver's time spinning our wheels and
16 just mulling how this could go. But we should find a way to
17 use your time efficiently on that.

18 But it probably would make sense to start thinking
19 about that. I would like us to have some kind of vision for
20 how to handle all of the unsecured claimants this fall.

21 MS. ROSEN WINE: Yeah.

22 THE COURT: Ms. Wine?

23 MS. ROSEN WINE: Yes. Jodi Wine for the receiver.

24 If I may?

25 We have, in the course of reviewing these claims and

1 the proof-of-claim forms, done a lot of work on the claims
2 against funds and former properties and trade creditors, and a
3 lot of the claimants that are going to end up in Group 10, as
4 well as claimants that have been deemed unsecured from the
5 other groups.

6 So a lot of that work has been done.

7 THE COURT: That's good to know, and I appreciate
8 that.

9 I guess, from my perspective, I am flagging it now,
10 in the late spring/early summer of 2024, so that we have a
11 vision for getting the unsecured claimants resolved as
12 expeditiously as possible and as efficiently as possible.

13 I'll turn to the twenty-third fee application from
14 the receiver.

15 Can the SEC confirm for me that the SEC's reviewed
16 the application and it meets the SEC's billing guidelines?

17 MR. HANAUER: Yes on both counts, Your Honor.

18 THE COURT: Thank you.

19 And I have reviewed the objections that have been
20 filed to the fee application. The fee application is granted
21 over those objections.

22 I am satisfied that the receiver has appropriately
23 and reasonably attributed work to properties; that fees should
24 come out against those properties for that work, not against
25 the operating account, which would be to the detriment of

1 unsecured claimants.

2 I have and continue to grant the receiver a
3 first-priority lien. Twenty percent is enough of a holdback to
4 hedge against errors.

5 And the work has all been necessary to process the
6 claims as to the properties, and appropriately attributed as
7 such, along with the other work that's been done on other
8 fronts.

9 So the application is granted. And the receiver can
10 submit a proposed order on that.

11 MR. RACHLIS: Thank you, Your Honor.

12 THE COURT: That is my agenda this morning. Is there
13 anything on the receiver's agenda this morning?

14 MR. RACHLIS: No, there's no other specific item
15 other than we typically set a status date at some point down
16 the road, and that would make sense here as well.

17 THE COURT: I think mid-September is the right time
18 to do this again, and I'll ask the court clerk to suggest a
19 date and time.

20 THE CLERK: Excuse me, everyone. I would suggest --
21 how is Wednesday, September 11th at, again, 10:30 a.m.?

22 Is that amenable to the receiver's counsel?

23 MR. RACHLIS: I believe that's okay. I'm going to
24 double-check with everybody.

25 (Counsel conferring.)

1 MR. RACHLIS: From the receiver -- the receiver is
2 good with that date, Your Honor.

3 THE CLERK: Excellent. Thank you.

4 Anyone else in the courtroom have a dramatic conflict
5 with that date?

6 (No response.)

7 THE CLERK: Thank you.

8 THE COURT: Then that will be our date.

9 And for our next hearing in September, I will make
10 sure we carve out some time and give an opportunity for people
11 who want to be heard to be heard.

12 I am hopeful that by the fall, there will have been
13 progress on these other groups and on these distributions, that
14 maybe everyone will share the hopefulness that I have expressed
15 this morning. But if you don't share that hopefulness, I
16 absolutely want to hear from you, and I will hear from you in
17 September when we reconvene, and we can talk about how things
18 look then.

19 But I do certainly want to make sure I've given
20 people an opportunity to be heard, and I will do that at our
21 next meeting in September.

22 On behalf of the SEC, is there anything that you'd
23 like to raise with me this morning?

24 MR. HANAUER: No. Thank you, Your Honor.

25 THE COURT: Then that will conclude our hearing.

1 Thank you, everyone.

2 MR. DeVOOGHT: Thank you, Your Honor.

3 (Proceedings concluded.)

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C E R T I F I C A T E

I, Colleen M. Conway, do hereby certify that the foregoing is a complete, true, and accurate transcript of the Status Hearing proceedings had in the above-entitled case before the HONORABLE MANISH S. SHAH, one of the Judges of said Court, at Chicago, Illinois, on May 31, 2024.

/s/ Colleen M. Conway, CSR, RMR, CRR

07/09/2024

Official Court Reporter
United States District Court
Northern District of Illinois
Eastern Division

Date