

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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

**MOTION OF PIONEER ACQUISITIONS LLC**

Pioneer Acquisitions LLC (“**Pioneer**”) through its attorneys, Field and Goldberg, LLC, for its motion to intervene pursuant to Fed. R. Civ. Pro 24(a) states as follows:

1. On June 11, 2020, the Receiver appointed herein filed Receiver’s Eighth Motion to Confirm the Sale of Certain Real Estate and For the Avoidance of Certain Mortgage, Liens, Claims and Encumbrances (the “**Confirmation Motion**”) on certain real estate including the real property commonly known as 6949-59 South Merrill, Chicago, Illinois (the “**Merrill Property**”).

2. The Confirmation Motion seeks to confirm the sale of the Merrill Property to Pioneer pursuant to the terms of prior Court orders and the Purchase & Sale Agreement entered into by and between the Receiver and Pioneer (the “**PSA**”).

3. On June 23, 2020, Ventus Holdings, LLC (“**Ventus**”) filed its motion to intervene requesting the Court for leave to file its Objection to the Confirmation Motion related to certain real property including the Merrill Property (the “**Ventus Objection**”).

4. On July 2, 2020, Thorofare Asset Based Lending REIT Fund IV, LLC (“**Thorofare**”) filed its Objection to the Confirmation Motion related to the Merrill Property (the “**Thorofare Objection**”).

5. Fed. R. Civ. Pro. 24(a) in pertinent part states that:

(a) Intervention of Right. On timely motion, the court must permit anyone to intervene who:

...

(2) claims an interest relating to the property or transaction that is the subject of the action, and is so situated that disposing of the action may as a practical matter impair or impede the movant’s ability to protect its interest, unless existing parties adequately represent that interest.

6. The Ventus Objection and the Thorofare Objection seek, among other things, for this Court to disregard the PSA, Illinois law and the integrity of the process and to allow Ventus to purchase the Merrill Property.

7. Pioneer seeks leave of this Court to grant Pioneer’s request to intervene and file its support of the Confirmation Motion and response to the objections of Ventus and Thorofare, a copy of which is attached hereto as Exhibit A.

WHEREFORE, Pioneer Acquisitions LLC respectfully requests that this Honorable Court enter an order:

A. Granting Pioneer’s request to intervene; and

B. Granting Pioneer leave to file its memorandum in support of the Confirmation Motion and response to the objections of Ventus and Thorofare, a copy of which is attached hereto as Exhibit A.

Dated: July 8, 2020

Respectfully submitted,

PIONEER ACQUISITIONS LLC

/s/ Jay R. Goldberg

Jay R. Goldberg

Attorney for Pioneer Acquisitions LLC

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## **EXHIBIT A**

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

**MEMORANDUM IN SUPPORT OF RECEIVER’S EIGHTH MOTION TO CONFIRM  
SALE OF CERTAIN REAL ESTATE AND RESPONSE TO OBJECTIONS  
OF VENTUS HOLDINGS, LLC AND THOROFARE  
ASSET BASED LENDING REIT FUND IV, LLC**

Pioneer Acquisitions LLC (“**Pioneer**”) through its attorneys, Field and Goldberg, LLC, for its Memorandum in Support of Receiver’s Eighth Motion to Confirm Sale of Certain Real Estate and For the Avoidance of Certain Mortgage, Liens, Claims and Encumbrances (the “**Confirmation Motion**”) on certain real estate including the real property commonly known as 6949-59 South Merrill, Chicago, Illinois (the “**Merrill Property**”) and in Response to the Objections to the Confirmation Motion filed by Ventus Holdings, LLC (“**Ventus**”) (the “**Ventus Objection**”) and Thorofare Asset Based Lending REIT Fund IV, LLC (“**Thorofare**”) (the “**Thorofare Objection**”) states as follows:

1. Subsequent to the inability of Ventus to fulfill its contractual obligation and proceed with the acquisition of the Merrill Property and subsequent to Thorofare, the secured lender, declining to make a credit bid for the third time, Pioneer, as purchaser,

and the Receiver appointed herein, entered into a Purchase & Sale Agreement on May 8, 2020 (the “PSA”). *Confirmation Motion* ¶¶ 23– 24.

2. Pursuant to the PSA and during the COVID-19 epidemic, Pioneer spent significant time and money inspecting the Merrill Property and performing Pioneer’s due diligence.

3. Pioneer is ready, willing and able to close on the acquisition of the Merrill Property pursuant to the terms of the PSA and only awaits confirmation of the sale. *Affidavit of L. Jayson Lemberg* at ¶ 1.

4. The objections to the Confirmation Motion of both Ventus and Thorofare relate to the allegation that Ventus is willing to pay more money than Pioneer.

5. Although Ventus states that it “will be ready, willing and able to purchase the Properties”, Ventus:

(a) fails to state when Ventus will be ready and able to close,

(b) fails to state that the term sheet, for the financing Ventus requires to close, contains no conditions or contingencies whatsoever, or in the alternative that all conditions and contingencies have been satisfied,

(c) fails to state that there are no conditions or contingencies whatsoever required by the new lender for the loan to Ventus, or in the alternative that all conditions and contingencies have been satisfied, and

(d) fails to state when the new lender will be in a position to close.

6. Pioneer can close on the acquisition of the Merrill Property without financing. *Affidavit of L. Jayson Lemberg* at ¶ 2.

7. Both Ventus and Thorofare would like this Court to disregard long-standing decisions made by Illinois courts as stated in *Steinbrecher v. Steinbrecher*, 197 Ill.2d 514, 759 N.E.2d 509 (Ill. 2001) that:

**Illinois law protects the integrity and finality of property sales, including judicial sales.** Dixon v. City National Bank, 81 Ill.2d 429, 433, 43 Ill.Dec. 710, 410 N.E.2d 843 (1980); Checkley & Co. v. Citizens National Bank, 43 Ill.2d 347, 350, 253 N.E.2d 441 (1969); Blancett v. Taylor, 6 Ill.2d 434, 438, 128 N.E.2d 916 (1955); Shultz v. Milburn, 366 Ill. 400, 405, 9 N.E.2d 199 (1937); Levy v. Broadway-Carmen Building Corp., 366 Ill. 279, 282-83, 8 N.E.2d 671 (1937); Smith v. Herdlicka, 323 Ill. 585, 592-93, 154 N.E. 414 (1926); Crist v. McCoy, 287 Ill. 641, 647, 122 N.E. 857 (1919); Osmond v. Evans, 269 Ill. 278, 284, 110 N.E. 16 (1915); Conover v. Musgrave, 68 Ill. 58, 62 (1873). Indeed, it extends this protection to purchasers who without notice at the time of the purchase buy in good faith. **This finality and permanence is relied on by both purchasers and others in connection with the purchase of the property**, including financial institutions, title insurers, realtors, and tenants. **Absent this policy, no person would purchase real property involved in a judicial proceeding, if afterwards he incurred the hazard of losing the property due to facts unknown to him at the time of the sale.** (emphasis added) *Id.* at 518.

8. At the time Pioneer entered into the PSA with the Receiver, Pioneer had no knowledge whatsoever that Ventus, or any other prospective purchaser, would be allowed to intervene and claim a better right to the acquisition of the Merrill Property to Pioneer's detriment. *Affidavit of L. Jayson Lemberg* at ¶ 3.

9. To allow Ventus to usurp Pioneer's right to purchase the Merrill Property pursuant to the PSA, after Ventus failed to fulfill its contractual obligation, is simply unjust and would discourage future prospective purchasers of properties.

10. Section 1508(b) of the Illinois Code of Civil Procedure states as follows:

(b) Hearing. Upon motion and notice in accordance with court rules applicable to motions generally, which motion shall not be made prior to sale, the court shall conduct a hearing to confirm the sale. Unless the court finds that (i) a notice required in accordance with subsection (c) of Section 15-1507 was not given, (ii) the terms of sale were unconscionable, (iii) the

sale was conducted fraudulently or (iv) that justice was otherwise not done, the court **shall** then enter an order confirming the sale." (emphasis added.) 735 ILCS 5/15-1508(b).

11. Other than Ventus alleging that it can now pay more money than Pioneer and more money will allegedly be available for creditors, Ventus and Thorofare:

- (a) fail to allege that notice was not properly given,
- (b) fail to allege the terms of the sale were unconscionable<sup>1</sup>.
- (c) fail to allege the sale was conducted fraudulently, and
- (d) fail to allege justice was not done.

12. Thus, according to Illinois law, the court **shall** enter an order confirming the sale of the Merrill Property to Pioneer.

13. In the event the sale of the Merrill Property to Pioneer is not confirmed, and such failure to confirm is not as a result of any action or inaction of Pioneer, then Pioneer should be entitled to recover reimbursement for Pioneer's expenses and time.

WHEREFORE, Pioneer Acquisitions LLC respectfully requests that this Honorable Court enter an order:

A. Confirming the Receiver's Eighth Motion to Confirm the Sale of Certain Real Estate and For the Avoidance of Certain Mortgage, Liens, Claims and Encumbrances; or in the alternative

B. Direct the Receiver to reimburse Pioneer for Pioneer's expenses including, but not limited to attorneys fees and inspection fees, and a reasonable

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<sup>1</sup> The cases cited by Ventus in the Ventus Objection where the purchase prices were approximately 1/6<sup>th</sup> and 1/10<sup>th</sup> of the fair market value clearly shock the conscience. No such allegation has been made in this case that would lead this Court to find that the sale was unconscionable.



amount for the time Pioneer spent subsequent to the execution of the PSA to be proved up at a later date.

Dated: July 8, 2020

Respectfully submitted,

PIONEER ACQUISITIONS LLC

/s/ Jay R. Goldberg  
Jay R. Goldberg  
Attorney for Pioneer Acquisitions LLC

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**EXHIBIT A**

**AFFIDAVIT OF L. JAYSON LEMBERG**


I, L. Jayson Lemberg, a member of Pioneer Acquisitions LLC ("**Pioneer**"), having first been duly sworn on oath and if called to testify in open court could competently testify based upon personal knowledge as follows:

1. Pioneer is ready, willing and able to close on the acquisition of the property commonly known as 6949-59 South Merrill, Chicago, Illinois (the "**Merrill Property**").
2. Pioneer can close on the acquisition of the Merrill Property without financing.
3. At the time Pioneer entered into the PSA with the Receiver, Pioneer had no knowledge whatsoever that Ventus, or any other prospective purchaser, would be allowed to intervene and claim a better right to the acquisition of the Merrill Property to Pioneer's detriment.

FURTHER AFFIANT SAYETH NOT.

  
L. Jayson Lemberg

SUBSCRIBED AND SWORN TO before  
me this 7<sup>th</sup> day of July 2020.

  
Notary Public

Amanda L. DeRaffele  
Notary Public, State of New York  
No. 01DE6382352  
Qualified in Westchester County  
Commission Expires October 22, 2022