

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

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

**RECEIVER’S TWENTY-THIRD STATUS REPORT
(First Quarter 2024)**

Kevin B. Duff, as receiver (“Receiver”) for the Estate of Defendants EquityBuild, Inc., EquityBuild Finance, LLC, their affiliates, and the affiliate entities of Defendants Jerome Cohen and Shaun Cohen (collectively, the “Receivership Defendants”), and pursuant to the powers vested in him by Order of this Court, respectfully submits this Twenty-Third Status Report for the quarter ending March 31, 2024.

I. CREDITORS AND CLAIMS AGAINST THE RECEIVERSHIP ESTATE

The Court has set the next status hearing for May 31, 2024 at 10:30 a.m. (Central). Claimants may listen to the proceedings by dialing 1–888–204–5984 and using access code 9146677. (Dkt. 1549) The Court has reminded all persons granted remote access to 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 First Quarter 2024, the following activities transpired with respect to the process to resolve the claims by groups of properties:

Group 1

There are five properties in Group 1: 3074 Cheltenham Place (Property 74); 7625-33 S East End Avenue (Property 75); 7635-43 S East End Avenue (Property 76); 7750 S Muskegon Avenue (Property 77); and 7201 S Constance Avenue (Property 78).

Distributions pursuant to the Court's Order Approving the Distribution of Proceeds from the sales of the five Group 1 Properties (Dkt. 1451) are on hold pursuant to the Court's order granting claimant BC57's motion to stay distributions pending the resolution of its appeal. (Dkt. 1504) Oral argument in BC57's appeal was held on January 22, 2024, and the participants are awaiting the decision of the Seventh Circuit Court of Appeals.

Group 2

There are five properties in Group 2: 1700-08 W Juneway Terrace (Property 1); 5450-52 S Indiana Avenue (Property 4); 7749-59 S Yates Boulevard (Property 5); 6160-6212 S Martin Luther King Drive (Property 79); and 6949-59 S Merrill Avenue (Property 101).

Proceedings with respect to the five properties in Group 2 are ongoing. As of February 22, 2024, submissions from claimants, the SEC, and the Receiver have been made to the Court. (Dkt. 1553, 1554, 1555, 1556-57, 1558, 1559, 1560, 1562, 1563, 1564, 1566, 1571, 1577, 1581, 1582, 1583, 1584, 1585, 1586, 1587, 1588, 1602). The Court will decide issues of lien priority and a plan for distribution of the fund balances in the accounts for the five Group 2 properties.

The motions of claimant Shatar Capital Partners and claimant Direct Lending Partner LLC for leave to take further discovery with respect to the Receiver's Disclosure have been entered and

continued pending the Court's resolution of the Group 2 priority disputes. (Dkt. 1537, 1546, 1547, 1549)

Group 3

Group 3 included the properties in Chicago Capital Fund I ("CCF1") and Chicago Capital Fund II (CCF2"), along with the properties located at 7927-49 S Essex Avenue (Properties 102-106). The three properties in CCF1 were: 7301-09 S Stewart Avenue (Property 10); 7500-06 S Eggleston Avenue (Property 11); and 3030-32 E 79th Street (Property 12). The three properties in CCF2 were: 2909-19 E 78th Street (Property 13); 7549-59 S Essex Avenue (Property 14); and 8047-55 S Manistee Avenue (Property 15).

The Group 3 proceedings were concluded prior to the First Quarter 2024, and distribution checks totaling \$5,160,782.86 were mailed to Group 3 claimants on December 21, 2023 pursuant to the Court's Order Approving Distributions for Group 3 (Dkt. 1552). As of March 31, 2024, all distribution checks had been negotiated, and on April 2, 2024, the Receiver transferred the residual interest to the Receiver's account pursuant to the Court's Order (Dkt. 1621), as reflected in Exhibit 1.

Groups 4 and 5

There are eleven properties in Group 4: 6437-41 S Kenwood Avenue (Property 6); 8100 S Essex Avenue (Property 9); 5955 S Sacramento Avenue (Property 58); 6001-05 S Sacramento Avenue (Property 59); 7026-42 S Cornell Avenue (Property 60); 7237-43 S Bennett Avenue (Property 61); 7834-44 S Ellis Avenue (Property 62); 701-13 S 5th Avenue, Maywood, Illinois (Property 71); 11117-19 S Longwood Drive (Property 100); 1102 Bingham Street, Houston, Texas (Property 116); and 431 E 42nd Place (Property 141).

There are four properties in Group 5: 5001 S Drexel Boulevard (Property 3); 7300-04 St Lawrence Avenue (Property 49); 310 E 50th Street (Property 52); and 4520-26 S Drexel Boulevard (Property 63).

The claims process for Groups 4 and 5 is ongoing. On November 17, 2023, the Court entered Orders setting the summary proceedings for Group 4 (Dkt. 1550) and Group 5 (Dkt. 1551), which were later amended by Court Order. (Dkt. 1614) As of April 10, 2024, submissions from the Receiver and claimants AMark Investment Trust have been filed in the Group 4 claims process (Dkt. 1627, 1651), and on April 15, 2024, the Receiver filed submissions received directly with respect to four claims (Dkt. 1648). Also, as of April 10, 2024, submissions from the Receiver (Dkt. 1626), claimants Midland Loan Services (Dkt. 1643, 1644), U.S. Bank (Dkt. 1646), and Wilmington Trust (Dkt. 1647) have been filed in the Group 5 claims process; and, on April 15, 2024, the Receiver filed submissions received directly from one investor-lender claimant (Dkt. 1648).

Groups 6 and 7

The claims process for Groups 6 and 7 is underway. On March 27, 2024, the Receiver filed framing reports for Group 6 (Dkt. 1632) and Group 7 (Dkt. 1633). These reports identify the claimants in these claim groups, and provide details about the process. On April 1, 2024, the Court entered Orders setting the summary proceedings for Group 6 (Dkt. 1637) and Group 7 (Dkt. 1638). Pursuant to these scheduling orders, the Receiver served the court-approved standard discovery requests upon Group 6 and Group 7 institutional-lender and investor-lender claimants on April 3, 2024; and claimants' responses to the standard discovery requests are due on May 1, 2024. All discovery in these two groups will be completed by July 30, 2024, and the Receiver will file his recommendations regarding the claims and disclose any avoidance claims on August 27, 2024.

Under the scheduling orders, all submissions and responsive statements for Groups 6 and 7 will be submitted by October 15, 2024.

Remaining Groups 8-10

The remaining property groupings are described in the Receiver's proposal filed June 15, 2023. (Dkt. 1488)

The Receiver anticipates that Group 8 will be commenced prior to the conclusion of the claims process for Groups 6 and 7. Given the large number of claimants (470) and properties (17) in Group 8, this group will need to proceed on a separate track from any other group.

The Receiver and the FHFA, as conservator for the institutional lenders asserting an interest in the two Group 9 properties, have reached an agreement in principle with respect to their claims and the Receiver anticipates filing a motion with the Court to approve distributions with respect to those properties in the coming weeks.

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. A distribution plan for these claims will be addressed after the claims secured by the liquidated properties of the estate have been resolved.

* * *

During the quarter, the Receiver participated in a status hearing held by the Court on March 1, 2024 to discuss the status on all claims and groups.¹ The Receiver and his counsel also devoted significant time to the Group 4 and 5 proceedings, concluding the review and analysis of claimants' proof of claim forms, documents submitted with the claim forms and/or EquityBuild documents

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

related to the claims, and preparing and submitting recommendations regarding each of the 402 claims in Group 4 (Dkt. 1627) and the 83 claims in Group 5 (Dkt. 1626). The Receiver's counsel also participated in preliminary discussions with several of the Group 4 and Group 5 claimants regarding the potential negotiated resolution of their claims, as well as several claimants in Group 2.

During the quarter, the Receiver and his counsel worked with counsel for various claimant groups in an effort to streamline the standard written discovery requests and to adjust the overall claims process for the remaining groups in order to achieve additional efficiencies. The Receiver and his counsel also continued to devote substantial time to the review and analysis of claimants' proof of claim forms and documents submitted with the claim forms and/or EquityBuild documents related to the claims in the remaining claim Groups 6-10. This process is ongoing, and there remains work to be done.²

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

² As reported previously, the review of claims in this case is extraordinarily complex and time consuming due to a variety of reasons, including the frequent rollover of claimant funds from one property to another property or fund, lien releases or assignments, property sales, and incomplete or unsupported claim forms. (*See, e.g.*, Dkt. 1243 at 10) Significant progress has been made and continues to be made, with an aim toward completing the claims process for all disputed secured claims by the end of 2024. For a listing of claims, see Exhibits 6 and 7 to the Receiver's status report for the Fourth Quarter of 2023 (Dkt. 1589). The Receiver has determined that it is no longer productive to focus time on updating this spreadsheet and instead is devoting efforts to each of the claim groups and associated filings which are a better indication, group by group, of the claims at issue.

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@rdaplawnet.net.

II. ADDITIONAL OPERATIONS OF THE RECEIVER

a. Identification and Preservation of Assets

During the First 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) An alias summons issued on May 24, 2023, which was returned not served by the sheriff on June 6, 2023. No further information about the status of this matter appears on the circuit court's 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.
- *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 the class action captioned *Chang v. Wells Fargo Bank, N.A.*, Case No. 4:19-cv-01973-HSG (N.D. Cal.), the court granted plaintiff's motion for final approval of the class action settlement on October 19, 2023, and on November 17, 2023 entered an Amended Stipulated Final Judgment terminating the matter. It is the Receiver's understanding that the *Chang* class action Claims Administrator is still working to resolve some of the contested claims and calculate final distribution amounts. Further 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.

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 151 such inquiries during the First Quarter 2024, in addition to conducting 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

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 March 31, 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 First 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 March 31, 2024 equaled \$2,174,425.76. 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 Schedules of Receipts and Disbursements ("Schedule") for the First Quarter 2024 are attached hereto as **Exhibit 3**. These Schedules in the aggregate reflect \$363,422.71 in total receipts and \$402,206.15 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 \$2,174,425.76.

The Master Asset List does not include funds received or recovered after March 31, 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 \$61,197,274.91 as of March 31, 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 First 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.

In *Duff v. Mark L. Rosenberg and Law Offices of Mark L. Rosenberg*, Civil Action No. 1:21-cv-6756 (N.D. Ill.), the parties engaged in a settlement conference with Judge Jeffrey Cole. To avoid any adverse impact on the parallel Cook County Action, it was determined that the desired settlement of this matter required the participation and cooperation of Bregman, Berbert, Schwartz & Gilday, the defendant in the parallel Cook County action. Accordingly, Bregman, Berbert, Schwartz & Gilday was invited to participate in a continued settlement conference, which was held on January 23, 2024. At that conference, the parties reached a policy limits settlement in principle with Mark Rosenberg and the Law Offices of Mark Rosenberg for \$350,000, comprising the remainder of their insurance policy limits. The Receiver also entered into a stipulation with Bregman Berbert Schwartz & Gilday to prevent the settlement of the Federal

Action from having any adverse impact on the parallel Cook County Action (discussed below). The Receiver then worked to finalize the settlement, executing a settlement agreement during the First Quarter of 2024. The Receiver also prepared and filed a Motion to Approve Settlement, which was granted. The Receiver then prepared and filed a stipulation of dismissal, and the Federal Action No. 1:21-cv-6756 (N.D. Ill.) has been dismissed.

In *Duff v. Rock Fusco & Connelly, LLC, Ioana Salajanu, and Bregman Berbert Schwartz & Gilday, LLC*, 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 Rock Fusco & Connelly's supplemental production of over 360,000 pages of additional documents, which the Receiver is in the process of reviewing. During the quarter, the Receiver also completed and filed an amended complaint to detail and sharpen the allegations against all Defendants based on facts uncovered in discovery. The Receiver also participated in a January 23, 2024 settlement conference before Judge Jeffrey Cole with the Bregman Berbert Schwartz & Gilday defendants and the Rosenberg defendants from the above-referenced federal action 1:21-cv-6756 (N.D. Ill.), which resulted in the settlement with the Rosenberg Defendants for the remainder of their insurance policy limits. The settlement discussions with Bregman Berbert Schwartz & Gilday have progressed and remain ongoing. The Receiver is also preparing to begin fact witness depositions (a process impacted by the written discovery discussed above) in the Second Quarter 2024, a process that will continue throughout the Second and Third Quarter 2024. The Receiver also worked to address supplemental written discovery requests issued by the Defendants, which mostly pertain to the allegations in the amended complaint.

During the previous quarter, the Court approved settlements with the defendants in the case styled *Duff v. DeRoo, et al.*, Case No. 1:22-cv-4336 (N.D. Ill). (Dkt. 1504) Defendant DeRoo agreed to pay a settlement amount of \$325,000.00, in three installments. During the prior reporting periods, DeRoo made the initial and second settlement payments. Defendant DeRoo failed, however, to make his third and final payment in the amount of \$125,000 on or before January 23, 2024, as required under the settlement agreement. During this reporting period, the Receiver filed suit against Defendant DeRoo bringing a claim for breach of contract and seeking entry of a consent judgment in the case styled *Duff v. DeRoo, et al.*, Case No. 1:24-cv-01402 (N.D. Ill). Defendant DeRoo has a deadline of April 30, 2024 to answer the Receiver's Amended Complaint.

During the previous quarter, the Receiver settled the ongoing litigation *Duff v. Chief Management LLC, et al.*, Case No. 1:22-cv-4335 (N.D. Ill.). During the reporting period, Defendant Ezri Namvar and the additional parties the Receiver intended to name as defendants in his amended complaint (collectively, the "Released Parties") negotiated and executed a settlement agreement, which was approved by the Court. (Dkt. 1620). The Released Parties agreed to pay the Receiver a lump sum payment of \$100,000, which the Released Parties paid during the reporting period. The Receiver filed a dismissal with prejudice as to his claims against Chief Management, LLC and Ezri Namvar. This case has now been dismissed.

VII. PROFESSIONAL FEES AND EXPENSES

During the quarter, the Receiver prepared and submitted his 22nd Fee Application, to which objections were filed by the institutional lenders and the FHFA. (Dkt. 1594, 1610, 1611) On March 1, 2024 the Court granted the Receiver's 22nd Fee Application, approving the allocations to properties, imposing a 20% holdback on all fees, and withholding payment of fees allocated to 1131 E 79th and 7024 S Paxton, which are the subject of the FHFA's objections and

pending appeal. (Dkt. 1614, 1618).³ 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: April 29, 2024

Respectfully submitted,

Kevin B. Duff, Receiver

By: /s/ Michael Rachlis
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³ On November 3, 2023, the parties filed a joint motion to stay all proceedings in the consolidated FHFA appeals (Cases No. 22-3073 and 23-2668, Seventh Circuit Court of Appeals) of the Court's orders granting the Receiver's fee allocation motions (Dkt. 1327, 1511), in order to facilitate a potential settlement.

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Attorneys for Kevin B. Duff, Receiver

CERTIFICATE OF SERVICE

I hereby certify that I provided service of the foregoing Receiver's Twenty-Third Status Report, via ECF filing, to all counsel of record on April 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-Third Status Report will be posted to the Receivership webpage at: <http://rdaplawnet.com/receivership-for-equitybuild>

/s/ 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 March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0025	7301 S Stewart Ave	10	\$0.00	11/4/2019	12/18/2023	Interest earned, \$2,179.57; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$4,983.43)
0033	5001-05 S Drexel	3	\$2,814,112.05	5/22/2019		Interest earned, \$34,936.20; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$652.86)
0041	7927-49 S Essex	102-106	\$0.00	5/1/2019	12/18/2023	Interest earned, \$538.61; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$2,063.64)
0058	8100-14 S Essex	9	\$885,870.09	4/30/2019		Interest earned, \$11,003.58; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$846.05)
0066	6160-6212 S King	79	\$355,785.28	4/30/2019		Interest earned, \$4,646.69; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$25,182.23)
0074	1102 Bingham	116	\$586,145.66	10/6/2021		Interest earned, \$7,288.26; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,391.69)

SEC v. EquityBuild, Inc., et al.

No. 18-cv-5587

Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0082	3030 E 79th	12	\$0.00	11/9/2019	12/18/2023	Interest earned, \$5.19; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$348.17)
0090	2909 E 78th	13	\$0.00	11/14/2019	12/18/2023	Interest earned, \$2,266.88; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$7,338.19)
0108	8047 S. Manistee	15	\$0.00	2/5/2020	12/18/2023	Interest earned, \$13.44; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$897.77)
0116	5955 S. Sacramento	58	\$453,048.42	11/5/2019		Interest earned, \$5,629.39; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$663.15)
0124	6001-05 S. Sacramento	59	\$327,725.05	11/5/2019		Interest earned, \$4,075.11; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$794.69)

SEC v. EquityBuild, Inc., et al.

No. 18-cv-5587

Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0132	7026-42 S. Cornell	60	\$887,557.39	11/6/2019		Interest earned, \$11,026.85; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,102.12)
0140	7237-43 S. Bennett	61	\$474,146.73	6/30/2021		Interest earned, \$5,893.93; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$947.19)
0157	7834-44 S. Ellis	62	\$1,704,469.30	11/4/2019		Interest earned, \$21,167.31; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,160.09)
0165	701-13 S. 5th Avenue	71	\$612,887.23	3/31/2020		Interest earned, \$7,611.45; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$436.36)
0199	7625 S. East End	75	\$1,229,956.31	12/20/2019		Interest earned, \$15,268.58; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$203.71)
0207	7635 S. East End	76	\$1,025,396.16	12/20/2019		Interest earned, \$12,728.64; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$109.98)
0215	7748 S. Essex	92	\$1,199,179.58	12/18/2019		Interest earned, \$14,886.43; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$180.38)

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Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0223	7750 S. Muskegon	77	\$348,236.97	12/18/2019		Interest earned, \$4,323.35; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$100.27)
0231	7749-59 S. Yates	5	\$588,143.57	4/22/2020		Interest earned, \$7,586.03; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$31,217.74)
0249	7450 S. Luella	112	\$191,323.06	5/7/2020		Interest earned, \$; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$565.82)
0256	4520-26 S. Drexel	63	\$6,484,346.70	5/21/2020		Interest earned, \$80,493.70; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$696.24)
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	
0280	7109 S. Calumet	7	\$1,502,012.69	2/28/2022		Interest earned, \$; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$255.18)
0298	7600 S. Kingston	89	\$1,361,795.23	12/3/2020		Interest earned, \$16,908.81; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$601.25)

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Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0306	7656 S. Kingston	90	\$87,167.62	12/2/2020		Interest earned, \$1,084.21; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$245.80)
0314	8201 S. Kingston	95	\$262,828.17	5/21/2020		Interest earned, \$3,265.25; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$327.51)
0322	8326-58 S. Ellis	96-99	\$1,318,210.59	6/11/2020		Interest earned, \$16,368.89; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$716.66)
0330	6949-59 S. Merrill	101	\$1,495,858.52	12/1/2020		Interest earned, \$18,648.35; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$8,845.30)
0355	7546 S. Saginaw	88	\$535,645.46	5/13/2020		Interest earned, \$6,651.96; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$365.34)
0363	638 N. Avers	70	\$511,110.78	10/15/2021		Interest earned, \$6,355.52; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,244.26)
0371	5450 S. Indiana	4	\$1,799,979.57	6/25/2020		Interest earned, \$22,637.92; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$32,293.34)

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Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0389	6437 S. Kenwood	6	\$1,375,194.70	6/25/2020		Interest earned, \$17,078.07; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$919.52)
0397	7300 S. St. Lawrence	49	\$290,132.14	7/27/2020		Interest earned, \$3,607.08; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$641.66)
0405	7760 S. Coles	50	\$83,813.40	6/26/2020		Interest earned, \$1,042.63; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$258.72)
0413	8000 S. Justine	54	\$159,447.07	6/26/2020		Interest earned, \$1,980.40; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$147.84)
0421	8107-09 S. Ellis	55	\$78,285.64	6/30/2020		Interest earned, \$974.22; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$274.78)
0439	8209 S. Ellis	56	\$227,734.31	7/1/2020		Interest earned, \$2,829.17; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$269.38)
0447	8214-16 S. Ingleside	57	\$189,656.73	6/30/2020		Interest earned, \$2,355.82; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$196.86)

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Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0454	11117 S. Longwood	100	\$1,735,591.81	7/8/2020		Interest earned, \$21,546.84; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$414.65)
0462	1700 Juneway	1	\$2,790,546.88	10/20/2020		Interest earned, \$34,837.59; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$21,833.72)
0470	1131-41 E. 79th	67	\$1,261,239.91	12/22/2020		Interest earned, \$15,655.05
0488	2736 W. 64th	80	\$330,490.45	9/29/2020		Interest earned, \$4,105.75; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$392.14)
0496	3074 Cheltenham	74	\$961,596.75	9/24/2020		Interest earned, \$11,936.71; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$91.31)
0504	5618 S. Martin Luther King	110	\$615,899.25	9/29/2020		Interest earned, \$7,649.74; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$542.05)
0512	6250 S. Mozart	69	\$850,798.10	12/22/2020		Interest earned, \$10,571.19; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,173.91)

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Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0520	6355 S. Talman	82	\$453,803.75	9/29/2020		Interest earned, \$5,634.18; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$154.06)
0538	6356 S. California	83	\$266,024.37	9/29/2020		Interest earned, \$3,303.54; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$168.88)
0546	6554-58 S. Vernon	111	\$514,026.85	10/15/2020		Interest earned, \$6,388.95; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$947.36)
0553	7051 S. Bennett	84	\$412,217.35	9/23/2020		Interest earned, \$5,117.73; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$126.30)
0561	7201 S. Constance	78	\$737,835.11	9/30/2020		Interest earned, \$9,159.27; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$99.31)
0579	7201-07 S. Dorchester	85	\$344,166.23	10/20/2020		Interest earned, \$4,274.74; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$310.77)
0587	7508 S. Essex	87	\$704,592.11	10/28/2020		Interest earned, \$8,748.99; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$355.19)

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Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0595	7957 S. Marquette	93	\$207,822.95	9/21/2020		Interest earned, \$2,582.63; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$338.30)
0603	4533 S. Calumet	2	\$2,276,844.56	12/1/2020		Interest earned, \$28,275.65; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,564.70)
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	
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	
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	
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	
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	
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	
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	
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	

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Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0843	1401 W. 109th	51	\$17,578.26	5/26/2021		Interest earned, \$219.51; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$147.84)
0850	1139 E. 79th	67	\$0.00	n/a		
0868	4611 S. Drexel	64	\$5,133,196.24	5/14/2021		Interest earned, \$63,724.22; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$913.74)
0876	6217 S. Dorchester	68	\$2,272,071.62	7/6/2021		Interest earned, \$28,214.92; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$1,402.53)
0884	7255 S. Euclid	73	\$1,083,686.09	6/29/2021		Interest earned, \$13,453.39; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$232.54)
0892	7024 S. Paxton	72	\$1,952,779.44	4/22/2021		Interest earned, \$24,238.88
0900	4317 S. Michigan	81	\$832,343.55	12/2/2020		Interest earned, \$10,332.64; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$127.29)
0918	7701 S. Essex	91	\$740,254.66	11/16/2020		Interest earned, \$9,192.01; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$390.00)

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Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0926	816 E. Marquette	94	\$842,528.99	11/18/2020		Interest earned, \$10,459.31; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$153.20)
0934	1422 E. 68th	107	\$15.10	6/23/2021	12/21/2023	Interest earned, \$131.06; transfer property balance to Receiver's account per 12/18/23 Order (Dkt. 1570) (\$27,318.76)
0942	2800 E. 81st	108	\$442,164.43	4/30/2021		Interest earned, \$5,493.38; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$548.77)
0959	4750 S. Indiana	109	\$753,155.07	4/21/2021		Interest earned, \$9,357.03; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$923.57)
0967	7840 S. Yates	113	\$357,758.71	4/23/2021		Interest earned, \$4,445.66; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$548.77)
0975	7442-48 S. Calumet	86	\$537,712.92	11/16/2020		Interest earned, \$6,676.41; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$230.32)

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Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
0983	431 E. 42nd Place	115	\$56,213.19	11/5/2020		Interest earned, \$700.81; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$335.21)
0991	1414 E. 62nd Place	8	\$10,413.38	5/26/2021		Interest earned, \$130.81; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$171.79)
1007	2136 W. 83rd Street	18	\$0.00	5/26/2021	8/31/2022	
1015	7933 S. Kingston	22	\$0.00	5/26/2021	1/12/2023	
1023	8800 S. Ada	28	\$0.00	5/26/2021	1/12/2023	
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	
1072	7953 S. Woodlawn	40	\$0.00	5/26/2021	3/2/2023	
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	
1106	310 E 50th Street	52	\$150,660.56	5/26/2021		Interest earned, \$1,875.92; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$641.66)
1114	6807 S. Indiana	53	\$104,044.10	5/26/2021		Interest earned, \$1,293.06; transfer for 22nd fee app per 3/7/24 Order (Dkt. 1618) (\$181.44)

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Balances of Funds in Property Specific Accounts as of March 31, 2024

Account Number	Account Name	Property Number	Account Balance as of 3/31/24 (including March 2024 interest and account transfers posted April 2, 2024)	Date of Settlement	Date of Distribution	Reason for Change (if any) 1/1/24 - 3/31/24
1122	7500 Eggleston	11	\$0.00	4/26/2019	12/18/2023	Interest earned, \$13.24; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$905.94)
1130	7549 Essex	14	\$0.00	4/26/2019	12/18/2023	Interest earned, \$17.61; transfer remainder of Group 3 property balance to Receiver's account per 3/13/24 Order (Dkt. 1621) (\$1,192.76)
	TOTAL FUNDS HELD:		\$61,197,274.91			

Exhibit 2

STANDARDIZED FUND ACCOUNTING REPORT for EQUITYBUILD, INC., et al. - Cash Basis
 Receivership; Civil Court Docket No. 18-cv-05587
 Reporting Period 1/1/2024 to 3/31/2024

Fund Accounting (See Instructions):				
		<u>Detail</u>	<u>Subtotal</u>	<u>Grand Total</u>
Line 1	Beginning Balance (As of 1/1/2024):	\$2,213,209.20		\$2,213,209.20
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income			
Line 3	Cash and unliquidated assets			
Line 4	Interest/Dividend Income	\$26,798.66		
Line 5	Business Asset Liquidation			
Line 6	Personal Asset Liquidation			
Line 7	Net Income from Properties			
Line 8	Miscellaneous - Other¹	\$336,624.05		
	Total Funds Available (Line 1-8):			\$2,576,631.91
	<i>Decrease in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for receivership operations			
<i>Line 10a</i>	Disbursements to receiver or Other Professionals ²	(\$346,417.25)		
<i>Line 10b</i>	Business Asset Expenses			
<i>Line 10c</i>	Personal Asset Expenses			
<i>Line 10d</i>	Investment Expenses			
<i>Line 10e</i>	Third-Party Litigation Expenses			
	1. Attorney Fees ³	(\$55,788.90)		
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses		\$0.00	
<i>Line 10f</i>	Tax Administrator Fees and Bonds			
<i>Line 10g</i>	Federal and State Tax Payments			
	Total Disbursements for Receivership Operations		(\$402,206.15)	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
<i>Line 11a</i>	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	
<i>Line 11b</i>	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 1/1/2024 to 3/31/2024

	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	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>		
Line 12b	<i>Federal Tax Payments</i>		
	Total Disbursement to Court/Others:		
	Total Funds Disbursed (Lines 1-12):		(\$402,206.15)
Line 13	Ending Balance (As of 3/31/2024):		\$2,174,425.76
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>	\$2,174,425.76	
Line 14b	<i>Investments (unliquidated EquityBuild investments)</i>		
Line 14c	<i>Other Assets or uncleared Funds</i>		
	Total Ending Balance of Fund - Net Assets		\$2,174,425.76

¹ Final settlement installment from Bol/Trinity, \$60,000.00; Chief Management settlement payment, \$100,000.00; transfer from 1422 E 68th property account per distribution order on Property 107 (Dkt. 1570), \$27,318.76; transfers from property accounts for allocated fees per Order on 22nd fee app (Dkt. 1618), \$149,305.29. Total = \$315,537.17

² Transfer to RDP for all allocated and unallocated fees & costs per Order on 21st fee app (Dkt. 1573) (\$118,902.79); transfer to RDP for allocated and unallocated fees & costs per Order on 22nd fee app (Dkt. 1618) (\$218,974.20); Prometheus fees - 21st fee app (\$467.50); Prometheus fees - 22nd fee app (\$495.00); Miller Kaplan fees - 22nd fee app (\$7,577.76). Total: (\$346,417.25)

Exhibit 3

EQUITYBUILD RECEIVERSHIP ESTATE ACCOUNT #0181

January 1 - March 31, 2024

Schedule of Receipts and Disbursements

Beginning Balance 1/1/24				\$2,165,868.90
RECEIPTS		Received From	Amount	
Interest	1/2/2024	Interest	\$8,942.07	
Interest	2/1/2024	Interest	\$8,799.07	
Transfer In	2/2/2024	Transfer from Property 107 account (1422 E 68th) per distribution order (Dkt. 1570)	\$27,318.76	
Deposit	2/5/2024	Final installment of settlement payments from R Bol/Trinity	\$60,000.00	
Interest	3/1/2024	Interest	\$8,462.55	
Transfer In	3/7/2024	Transfers from property accounts for allocated fees for 22nd fee app (Dkt. 1618)	\$149,305.29	
Wire In	3/14/2024	Chief Management - settlement payment	\$100,000.00	
		TOTAL RECEIPTS		\$362,827.74
DISBURSEMENTS		Paid To	Amount	
Wire Out	1/2/2024	RDP - allocated and unallocated fees & expenses for 21st fee app (Dkt. 1573)	(\$118,902.79)	
20042	1/26/2024	Prometheum Technologies - fees for 21st fee app (Dkt. 1573)	(\$467.50)	
Wire Out	2/26/2024	Damian & Valori LLP - contingent fees from Bol settlement payment for distribution to counsel (Dkt. 1504)	(\$19,800.00)	
20043	3/7/2024	Prometheum Technologies - fees for 22nd fee app (Dkt. 1618)	(\$495.00)	
20044	3/7/2024	Miller Kaplan - fees for 22nd fee app (Dkt. 1618)	(\$7,577.76)	
Wire Out	3/8/2024	RDP - allocated and unallocated fees & expenses for 22nd fee app (Dkt. 1618)	(\$218,974.20)	
Wire Out	3/15/2024	Damian & Valori - contingent fees and expenses for Chief Management settlement for distribution to counsel (Dkt. 1620)	(\$35,988.90)	
		TOTAL DISBURSEMENTS:		(\$402,206.15)
		Grand Total Cash on Hand at 3/31/2024:		\$2,126,490.49

EQUITYBUILD RECEIVERSHIP ESTATE ACCOUNT #0348

January 1 - March 31, 2024

Schedule of Receipts and Disbursements

Beginning Balance 1/1/24				\$47,340.30
RECEIPTS				
		Received From	Amount	
Interest	1/2/2024	Interest	\$201.85	
Interest	2/1/2024	Interest	\$202.70	
Interest	3/1/2024	Interest	\$190.42	
		TOTAL RECEIPTS:		\$594.97
DISBURSEMENTS				
		Paid To	Amount	
		TOTAL DISBURSEMENTS:		\$0.00
		Grand Total Cash on Hand at 3/31/2024:		\$47,935.27

Exhibit 4

Master Asset List

Receiver's Account (as of 3/31/2024)		
Institution	Account Information	Amount
AXOS Fiduciary Services	Checking #0181	\$2,126,490.49
AXOS Fiduciary Services	Checking #0348	\$47,935.27
		Total: \$2,174,425.76

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
March 1, 2024
11:00 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
175 West Jackson Boulevard, Suite 1450
Chicago, Illinois 60604
(312) 353-8642

For FHFA:

ARNOLD & PORTER KAYE SCHOLER, L.L.P.
BY: MR. DANIEL E. RAYMOND
70 West Madison Street, Suite 4200
Chicago, Illinois 60602-4231
(312) 583-2379

ARNOLD & PORTER KAYE SCHOLER, L.L.P.
BY: MR. MICHAEL A.F. JOHNSON
601 Massachusetts Avenue, N.W.
Washington, D.C. 20001
(202) 942-5000

1 APPEARANCES (Continued):

2

3 For Certain Trustees FOLEY & LARDNER, L.L.P.
4 U.S. Bank, Fannie Mae, BY: MR. ANDREW T. McCLAIN
5 Citibank, Wilimington 321 North Clark Street, Suite 3000
Trust, and Creditor Chicago, Illinois 60654
6 SABAL TL1: (312) 832-5397

6

7 For Certain Trustees DICKINSON WRIGHT, P.L.L.C.
8 Citibank, Thorofare, BY: MR. RONALD A. DAMASHEK
and Liberty Federal: 55 West Monroe Street, Suite 1200
Chicago, Illinois 60603
9 (312) 641-0060

9

10 For Thorofare, BC57, DYKEMA GOSSETT, P.L.L.C.
11 DLP, Midland, and Other BY: MR. BRETT J. NATARELLI
12 Institutional Lenders: 10 South Wacker Drive, Suite 2300
Chicago, Illinois 60606
13 (312) 876-1700

13

14 For Midland Loan Srvs.: AKERMAN, L.L.P.
15 BY: MR. THOMAS B. FULLERTON
71 South Wacker Drive, 46th Floor
16 Chicago, Illinois 60606
(312) 634-5700

16

17 For Colony American STINSON, L.L.P.
18 Finance, Midland Loan BY: MR. BRADLEY S. ANDERSON
Services, BMO Harris 1201 Walnut Street, Suite 2900
19 Bank, N.A.: Kansas City, Missouri 64106
(816) 691-3119

20

21 For Direct Lending LOEB & LOEB, L.L.P.
22 Partner, L.L.C.: BY: MS. ALEXANDRA J. SCHALLER
321 North Clark Street, Suite 2300
Chicago, Illinois 60654
23 (312) 464-3156

23

24 BRYAN CAVE LEIGHTON PAISNER, L.L.P.
25 BY: MR. WILLIAM S. HACKNEY
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1 APPEARANCES (Continued):

2

3 For Certain Individual TOTTIS LAW
 4 Investors: BY: MR. MAX A. STEIN
 401 North Michigan Avenue, Suite 530
 5 Chicago, Illinois 60611
 (312) 527-1448

6

7 For Shatar Capital, Inc., CHERNY LAW OFFICES, P.C.
 1111 Crest Dr., LLC, BY: MR. WILLIAM D. CHERNY
 Pakravan Living Trust, 111 East Jefferson Avenue
 8 Hamid Ismail and Naperville, Illinois 60540
 Farsaa, Inc.: (630) 219-4381

9

10

11 For the Receiver: RACHLIS DUFF & PEEL, L.L.C.
 12 BY: MR. MICHAEL RACHLIS
 MS. JODI ROSEN WINE
 MR. KEVIN B. DUFF
 13 542 South Dearborn Street, Suite 900
 Chicago, Illinois 60605
 (312) 733-3950

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COLLEEN M. CONWAY, CSR, RMR, CRR
 Official Court Reporter
 219 South Dearborn Street, Room 1918
 Chicago, Illinois 60604
 (312) 435-5594
colleen_conway@ilnd.uscourts.gov

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

2 THE CLERK: 18 CV 5587, United States Securities &
3 Exchange Commission versus EquityBuild.

4 THE COURT: Good morning, everyone.

5 We have everyone's appearances for the record already
6 taken, so no one needs to -- we don't need to do that right
7 now. If you do speak, just identify yourselves for the court
8 reporter when you do.

9 My agenda this morning is to talk about Group 2, talk
10 about Groups 4 and 5, the receiver's twenty-second fee
11 application.

12 I received a communication from an individual
13 investor/lender that I'll talk about. And then I'll open it up
14 for other issues that people want to raise.

15 And then after that, I understand there's a subset of
16 parties who would like to have a settlement discussion with me
17 off the record, and so then we'll do that.

18 I had lunch with Judge Lee the other day. He sends
19 his regards.

20 (Laughter.)

21 THE COURT: On Group 2, first, my apologies for the
22 mistake in an earlier order where I said that the Shatar
23 entities no longer had counsel in response to the motion to
24 withdraw. But that was my mistake. They do have counsel,
25 other counsel, and are continuing to pursue their positions

1 about the Group 2 properties.

2 There is a motion from Mr. Harrison who would like to
3 reinstate his claim in the Group 2 process.

4 Does the receiver have a position about that?

5 MR. RACHLIS: The receiver does not object to that
6 motion.

7 THE COURT: Does Shatar have a position on that?

8 MR. CHERNY: No, Your Honor.

9 THE COURT: And if you could identify yourself.

10 MR. CHERNY: Bill Cherny on behalf of Shatar.

11 And, Your Honor, I did withdraw, but I did re-file my
12 appearance.

13 THE COURT: Thank you.

14 I will grant Mr. Harrison's motion to reinstate his
15 claim in the Group 2 process.

16 That's not a determination that his claim has any
17 kind of priority over others. I have not resolved the priority
18 issues.

19 While it is important to stick to the deadlines in
20 this case and hold people to the process, in this situation,
21 Mr. Harrison's claim is not going to change materially where we
22 are in the process.

23 And his position is consistent with other claimants'
24 positions. So allowing his claim to be part of the process
25 isn't changing anything that anyone hasn't already said.

1 And I don't think there's going to be any prejudice
2 to the overall process by allowing his claim to be back in for
3 consideration, so I am granting that motion.

4 The receiver wants to file a surresponse on the Group
5 2 issues. I gather there's an objection on behalf of Shatar,
6 Thorofare, and DLP.

7 Does someone want to articulate an objection to the
8 surresponse?

9 MS. SCHALLER: Good morning, Your Honor. Ali
10 Schaller on behalf of Direct Lending, Thorofare, and Shatar.

11 Just briefly. We don't believe that -- we object to
12 the request for a surresponse. We don't believe it's
13 necessary, as it is not raising anything new. It's responding
14 to the replies, which are responding to issues already raised
15 in the previous submissions and priority position filings.

16 However, to the extent the Court does -- is inclined
17 to grant the motion to file the surreply [sic], we would
18 request an opportunity to respond with a surreply, just briefly
19 addressing the arguments and contentions.

20 MR. DAMASHEK: Just speak?

21 THE COURT REPORTER: Just grab Mr. Cherny's
22 microphone.

23 MR. DAMASHEK: Judge, briefly. Ron Damashek on
24 behalf of Thorofare.

25 I really wanted to supplement the specifics, because

1 the essence of the receiver's surresponse, which essentially is
2 one paragraph, says there are -- we raise new arguments.

3 We did not raise new arguments. We did simply reply
4 to those raised in the response. And that response was the --
5 according to the scheduling order, that we have had since day
6 one. It's applied to all of the groups. It provides that we
7 go first, the receiver has a chance to respond and submit its
8 position, and then we reply.

9 We did that. We think there is, as counsel said, no
10 new arguments being advanced. It's really just a surresponse
11 to what we've argued directly in response. And the receiver
12 doesn't, in its motion, explain any specifics as to why a
13 surresponse really is needed.

14 I looked back at my brief this morning, as well as
15 the receiver's brief, and I walk through point by point. The
16 receiver made three points, essentially. We replied to three
17 points. And there really should be no basis for a surresponse
18 here. It's adding to the costs of litigation. And it does
19 raise additional issues or, looking at it a different way,
20 additional facts to which we would need to surreply if the
21 Court's inclined to grant it.

22 THE COURT: Well, can we talk about that, either for
23 Shatar or for DLP and Thorofare?

24 What more do you think you would need to say in
25 surreply to the surresponse?

1 MR. DAMASHEK: I think that the receiver has recast
2 the facts. I mean, the receiver set forth facts in its
3 response; for instance, alleging that Thorofare had knowledge
4 of wrongdoing and things of that nature. Then they come back
5 in -- we explained: Here is why we don't. The receiver went
6 then into additional facts: Here's something additional shown
7 on a settlement statement. What does it mean?

8 Or, for instance, on interest, we explained -- the
9 receiver had a guesstimate of what interest should be, and now
10 they're coming back and saying: Well, it really wasn't a
11 guesstimate. It was based on this particular document in our
12 pleading.

13 I think we should have a chance to explain why that
14 interest rate -- or the timing of when our proof of claim was
15 filed, which is where they get the number from, is not
16 controlling on the interest rate the way they're arguing.

17 So it's a mixture of adding in some new facts from
18 the proofs of claim or the documents that were produced.
19 It's an -- part of it is recasting or restating their argument
20 with, I view, either additional facts or additional arguments.

21 And I just -- I think the other thing that troubled
22 me is because there are multiple institutional lenders here --
23 in some cases, the receiver groups us all together. And as I
24 read the reply, there were certain arguments that they
25 attributed to all of the lenders, which I know I didn't make in

1 my particular submission. So I think a clarification would be
2 appropriate in that regard.

3 THE COURT: Let me ask the receiver, as a matter of
4 process, if everyone understood that they were going to get the
5 last word, why shouldn't I just stick with that process so that
6 we don't get bogged down in surresponses and then surreplies?

7 And, again, if everyone understood that they would
8 get the last word, then maybe I should just let them have the
9 last word and leave it at that.

10 MR. RACHLIS: I think, in essence, we certainly
11 understood -- we certainly well understand what the process is.
12 But that -- understanding that also involves the requirement
13 that the -- whoever's going to submit the position statement in
14 front of Your Honor meet a certain burden. They need to
15 establish they have valid claims. They need to explain why
16 they'd be entitled to the various components that they are
17 seeking from -- that the Court approve.

18 They began addressing those in much more detail in
19 the reply brief that they had submitted versus in their opening
20 position statements. One could well argue that not having done
21 so in their opening position statement, one waives those
22 arguments, and the Court could go ahead and basically reject a
23 request for those components of their request under their
24 claims on that -- on those grounds. But rather than so do,
25 with putting that in their reply, we felt it appropriate to

1 address some of the issues that they save for the reply in our
2 surresponse.

3 So that is -- I think while understanding the process
4 itself, we thought it appropriate, since that is what they
5 chose to do, that the Court have a more complete record,
6 because they tried to fulfill their burdens through their reply
7 brief -- rather, their reply statement rather than their
8 opening statement.

9 I think that also supports the idea that if the Court
10 grants the surresponse, that there shouldn't be any further
11 briefing in response to this.

12 I mean, it's a difficult position to take: There's
13 nothing new about anything we've said, but we definitely need
14 to file something in response to everything that's not new. I
15 don't think that that makes a lot of sense.

16 Putting that aside, we agree, the process does need
17 to have a certain degree of closure. We don't think that there
18 was items in here that are necessarily unknown to the other
19 side -- or to the other claimants, if you will, who could have
20 done all this and put it in front of Your Honor previously.

21 So we do think that closure is appropriate. We don't
22 think there's really -- we agree wholeheartedly that there
23 shouldn't be a continual extension of this because Group 2 does
24 need to come to a close, much like the other groups we're
25 trying to get to closure as well.

1 So I think it's within those confines we thought it
2 appropriate that the Court have a whole picture on these issues
3 and in fairness to all the claimants that are before the Court.

4 MR. STEIN: Your Honor, if I might? Max Stein on
5 behalf of the certain individual investors.

6 I want to echo the point that was made by Mr. Rachlis
7 regarding the initial submissions as compared with the reply
8 submissions.

9 The initial submissions by the institutional lenders
10 were threadbare, at best. And they chose to put most of their
11 arguments in their replies. Having done so, they now bear the
12 burden of having a surresponse submitted.

13 I would also just note for us all that we came up
14 with this process sort of as a hypothetical. And we've now
15 gone through two groups. And I think it would be fair to say
16 that there might be room for tweaks to the process. And so to
17 deny the surresponse on the basis that the process that we all
18 came up with at the beginning didn't allow for it sort of
19 ignores the realities of the situation.

20 THE COURT: Okay. Here's what we'll do, what I am
21 going to do. I am granting the receiver's motion to file the
22 surresponse. I am not giving leave to file a surreply unless I
23 have some questions after I work through my evaluation of the
24 Group 2 process.

25 There's a fair amount of information. I am not

1 through it all yet in evaluating the Group 2 claims. And if I
2 find that I am relying on something in the surresponse that the
3 institutional investors or the particular parties, Shatar,
4 Thorofare, DLP, didn't get a chance to shed light on, I promise
5 you, I will invite a surreply if I think I need it.

6 As everyone has said, there is a lot of common ground
7 that has been tread from a few different angles, and I am not
8 convinced -- first, I am not convinced necessarily that the
9 surresponse is raising a lot of new arguments or information.
10 But if I get to the point where I think: Oh, there's this
11 point in the surresponse that's really going to be dispositive,
12 and I think it hasn't been adequately addressed already in what
13 the other parties have filed, I will let you know.

14 But for now, the surresponse is filed. You don't
15 need to file it separately. It was attached. The motion is
16 granted.

17 MR. RACHLIS: Thank you, Your Honor.

18 THE COURT: It is on the docket. I don't need
19 another entry on the docket.

20 So with that, Group 2 is fully briefed. I don't have
21 a decision for you on it. And that will be on my "to do" list
22 and my plate.

23 Let's turn to Groups 4 and 5.

24 MS. SCHALLER: Your Honor, if I may, before you move
25 on from Group 2?

1 THE COURT: Sure.

2 MS. SCHALLER: Alexandra Schaller on behalf of Direct
3 Lending Partners.

4 I just wanted to mention that we have reached out to
5 the receiver and counsel for the certain individual investors
6 to start discussing a resolution for Direct Lenders' claim for
7 property No. 79 in Group 2.

8 Those discussions are very early, but I just wanted
9 to mention it to the Court to keep the Court apprised of that
10 development.

11 THE COURT: Thank you for that update.

12 Are there any other updates with respect to Group 2?
13 Let me ask the receiver.

14 MR. RACHLIS: I think that's -- you know, the idea of
15 having discussions regarding resolution about properties in
16 Group 2 is ongoing. And to the extent we've had -- there's
17 been outreach on other properties, to and including the Shatar
18 properties, but those are early. And it's not meant in any way
19 to slow down what is going on before Your Honor. And I think
20 that if there is any progress that is meaningful, we would
21 certainly let the Court know, as we've done with other
22 situations.

23 THE COURT: Thank you for that. Understood.

24 I don't have a timeline on my end in terms of
25 resolving it. I am trying not to wait for any appellate

1 developments. I am just going to keep doing what I am doing.
2 But it's, admittedly, going to still take me time anyway.

3 So I will be working on it, but if you can work on it
4 as well on your end, that's fine. And if you will let me know
5 if certain components of Group 2 get resolved before I can
6 issue you a decision, then you'll let me know.

7 Let's now turn to Groups 4 and 5.

8 Is the receiver on track to file something on Monday?

9 MR. RACHLIS: Not on Monday, but soon.

10 As Your Honor knows, we have been working heavily on
11 these. There are a significant number of claims that are
12 involved.

13 And based on where we're currently at, we are
14 significantly close to completion and believe that we would be
15 able to submit position statements or recommendations on both
16 Groups 4 and 5 on March 20th, so 20 days from now.

17 And propose that -- consistent with other schedules
18 that we have utilized, that there would be -- do we need the
19 seven day -- it is just three weeks, right, for --

20 (Counsel conferring.)

21 MR. RACHLIS: Oh. You know, what we have done in the
22 past, Your Honor, is that if there is some discovery issue that
23 needs to be addressed, there has been seven days that have been
24 permitted. So that would be March 27th.

25 And -- but I would say the more -- I'm sorry?

1 MS. ROSEN WINE: To request.

2 MR. RACHLIS: To request leave. I apologize. To
3 request leave to seek that discovery. Because, as Your Honor
4 knows, we're supposed to have discovery that occurred up until
5 this point.

6 And then a position -- response statements before
7 this Court would be due on April 10th for Group -- for both --
8 those are, again, for both Groups 4 and 5.

9 So the hope would be that by April 10th, that will
10 be -- that process should be completed.

11 THE COURT: I will grant that schedule.

12 (Receiver counsel nods.)

13 MS. SCHALLER: Your Honor, if I may?

14 Just for Group 5. The previous schedule had 14 days
15 to file leave for additional discovery, if necessary, and we'd
16 like to keep that schedule, or that timing.

17 It doesn't change the three weeks for the actual
18 responsive statements. Just a little bit longer for discovery.

19 THE COURT: Why do you think you need it now?

20 I mean, now that we've been through these processes,
21 I am wondering why you think it would now take you two weeks to
22 figure out if you need discovery.

23 MS. SCHALLER: Sure. Nothing different, actually.
24 This is the previous schedule. We just wanted to keep that in
25 light of the number of claimants involved and the possibility

1 of issues.

2 We really don't know, until the receiver files its
3 submission, whether or not that discovery will be necessary,
4 however. And, of course, we'd make every effort to file that
5 leave motion as soon as possible.

6 THE COURT: But you would keep April 10th as your --

7 MS. SCHALLER: Yes.

8 THE COURT: -- date for your brief? That's fine.

9 I'll give you -- and so April 3rd will be the date
10 for any requests for discovery. And then -- but April 10th
11 will be the date for substantive responses on the Groups 4 and
12 5 claims and the receiver's position on that.

13 MR. McCLAIN: Your Honor, Andrew McClain.

14 Just want to clarify one point on that April 10th
15 date.

16 If there is additional discovery -- and this is
17 consistent with the prior schedules -- that that date would be
18 adjusted if we need to take additional discovery?

19 THE COURT: That is likely what would happen. And
20 that's why I was trying to not have that motion, if there is
21 one that's filed, come so close on the heels of the deadline
22 for the actual response. But we'll see what happens.

23 MR. McCLAIN: Very good. Thank you, Your Honor.

24 THE COURT: Again, I really would like to move this
25 along as expeditiously as we can. So let's try to meet these

1 deadlines.

2 And I am hopeful that discovery is not going to be
3 what advances the ball in resolving the issues on Groups 4 and
4 5. I think you all know that the state of information is what
5 it is, and you all have to live with the quality of the
6 information you've got to articulate what your positions are.

7 So let's just try and move things along. But that
8 will be the schedule for Groups 4 and 5.

9 So the receiver's position is March 20th. Requests
10 for discovery, April 3rd. And then responses to the receiver's
11 position on April 10th.

12 The receiver's twenty-second fee application. I saw
13 the objections that were filed the other day.

14 Can the SEC confirm that it's reviewed the receiver's
15 fees and it comports with the SEC's guidelines?

16 MR. HANAUER: Yes. On both counts, Your Honor.

17 THE COURT: Does the receiver want to say anything
18 orally in terms of response to the objections?

19 It did look -- and I appreciate this. It looked to
20 me like it was careful objections and responses in line with
21 what has been said before, acknowledging it is -- they
22 are objections that have been said before. And so I didn't see
23 the need for any further written reply, but if there's anything
24 the receiver wants to say.

25 MR. RACHLIS: No. We would agree, Your Honor.

1 And, of course, as Your Honor has done in the past,
2 if, in resolving the motion and looking through the papers, the
3 Court believes there's anything further that it needs from the
4 receiver, we, of course, would provide it. But we did not see
5 anything that was needed at this point.

6 THE COURT: The objections, then, that have been
7 raised to the twenty-second fee application are overruled.

8 The FHFA is preserving its position. And then the
9 institutional lenders have their objections that they
10 acknowledge have been previously rejected.

11 I have reviewed the responses and the petition, all
12 872 pages of it, and it's -- the petition -- the application is
13 approved.

14 The receiver continues to comply with the previous
15 rulings, and the apportionment of work to properties is all
16 consistent with both previous rulings and my rulings on how the
17 fees are to work, and I approve the fee application.

18 The receiver should submit a proposed order on that.

19 (Receiver counsel nods.)

20 THE COURT: On the fees. So -- and it's also just
21 the one 20% holdback, not two of them.

22 (Receiver counsel nods.)

23 THE COURT: I understand that the receiver and
24 counsel are doing a lot of work, and they are also charging
25 discounted rates, and that's appreciated.

1 Experience through this process should be achieving
2 some efficiencies. Nevertheless, it's still the case that, in
3 absolute dollars, the fees are not small. It's a chunk of
4 money coming out of the estate here.

5 And so when we get through the secured interests, I
6 may want to talk again about the compensation plan and
7 structure.

8 For now, I am satisfied that it's working, it's
9 appropriate. But I am keeping my eye on it, and there may be a
10 time when we need to rethink how it works.

11 I received a -- the Court received a communication
12 from an interested person, an individual investor/lender, I
13 believe, Ms. Kalisiak, who asked a question. Her question is,
14 "Why are the title companies involved not being held
15 responsible for not making sure the properties had clear
16 titles?" It's an understandable question to have.

17 Let me say first that the proper way to communicate
18 questions and concerns is through the receiver. That process
19 ensures that nothing slips through the cracks and ensures that
20 the appropriate public record is maintained.

21 Emails to court staff are not the way to participate
22 in the case. They may end up getting ignored or at least met
23 with silence, and that's not because anybody is being rude. In
24 fact, the court staff here is among the most polite and
25 customer-oriented team around. But direct emails to Court and

1 court staff is just not how we manage the case.

2 That said, let me say this in response to the
3 question. It might be useful to remind everyone that this
4 specific case started and is the SEC's lawsuit against
5 EquityBuild and other defendants. What we are doing in this
6 lawsuit now is resolving what's left of EquityBuild's assets.
7 The receiver is managing that.

8 Sometimes the receiver is pursuing affirmative
9 litigation against other parties. Those lawsuits are not this
10 case. What we have in this case is the unwinding and
11 distribution of the assets in the receivership.

12 The role of the title companies and title insurance
13 does come up in briefing and in arguments from time to time as
14 we are figuring out claimants and priority of interests. But
15 the actual lawsuit in this case is really not the forum for
16 affirmative complaints against other entities that might have
17 involvement in the underlying issues, at least in its current
18 posture.

19 But with that comment from me, does the receiver want
20 to say anything about this person's question?

21 MR. RACHLIS: No, Your Honor. I think that the
22 issues in regards to title insurance or whatnot have been part
23 of the record, actually, before this Court. Your Honor's
24 opinion, for example, on Group 1 makes reference to it. There
25 have been other references in submissions and things of that

1 nature.

2 So I do think that -- I would reiterate Your Honor's
3 point that while certainly communications to the receivership
4 are fine, of course communicating to the Court in regards to
5 submissions when the groups -- when their position statements
6 or other recommendations are up, I think those are the way to
7 appropriately raise these questions for the Court, or other
8 claimants to respond to and comment, including institutional
9 lenders and things of that nature.

10 THE COURT: We often have counsel for title companies
11 here this morning.

12 Does anyone want to say anything?

13 (No response.)

14 THE COURT: That's fine. I am not making anyone say
15 anything, but I wanted to give everyone an opportunity to be
16 heard.

17 And so with that, let me ask if there are other
18 issues that the parties would like to raise?

19 I'll see first from the receiver, other issues we
20 should take up?

21 MR. RACHLIS: Thank you, Your Honor. Yes.

22 In terms of moving the claims process forward. We
23 had been talking in previous hearings about Groups 6 and 7, and
24 we wanted to let the Court know where we were at and make some
25 recommendations on that.

1 We are hoping to -- we would like to submit framing
2 reports for Groups 6 and 7 on March 22nd, so a couple of days
3 after completing Groups 4 and 5 position statements for Your
4 Honor.

5 We are hoping, between now and then, to -- we will
6 recommend a schedule within that framing report, which we are
7 hoping will conclude Groups 6 and 7 by the end of August, you
8 know, September.

9 And a few things that we are hoping to do in advance
10 in regards to taking advantage of some of the trials and
11 tribulations of the discovery process that we've all been going
12 through with the prior groups. And we were hoping to have some
13 further discussions -- this has come up before -- with others
14 involved in that process and try and streamline it further.

15 The experience with the standard discovery in Groups
16 1 and 2 has been -- has not been positive overall. It's
17 created, in some sense, more burden than benefit in a lot of
18 ways. And we will try and streamline that, if we can.

19 And so our hope is to have some further discussions
20 between now and the 22nd and make some recommendations to Your
21 Honor about streamlining the process further as part of the
22 framing report, from the receiver's perspective, so -- and hope
23 that that schedule could be tweaked enough that would allow
24 those groups to proceed to conclusion by the end of August.

25 Some of that will include, we believe -- the prior

1 order on discovery put a pause on issuing third-party
2 discovery, like the title companies, loan originators, until
3 after standard discovery was issued. We would like -- we think
4 it'd be better to have that -- no reason to wait on getting
5 those types of subpoenas out.

6 Sometimes, as Your Honor has seen, there can be
7 delays in the production. And, actually, the production that
8 we're getting has been very valuable. So to have that up front
9 would prove to be a good change.

10 In addition to that, we will propose, like we have
11 done for some of these other groups, that the receiver put out
12 its recommendation first. That, too, can streamline the
13 process as well. But we want to talk about this. And we will
14 make these recommendations as part of the framing report, if
15 that's all right with Your Honor. And that's on the 22nd.

16 So that's how we would hope to handle the upcoming
17 Groups 6 and 7.

18 THE COURT: That's fine with me. I think if we can
19 get a framing report by March 22nd, that is a good sign that
20 we're making some progress on the back half of the groups. And
21 so that's, I think, both realistic and a good development.

22 MR. RACHLIS: I also had a -- just a couple, kind of
23 like, items that we think were going to be coming up before the
24 Court here soon, so I thought it'd be worth giving sort of a
25 heads-up on.

1 One, there has been -- with one of the third-party
2 actions that had been initiated against one of the attorneys
3 for the EquityBuild entities, a settlement has been reached on
4 that, and we intend on presenting to Your Honor a motion for
5 the approval of that.

6 We -- I anticipate that being filed next week.
7 That's certainly our hope. We were hoping to get it filed
8 today, but we didn't have everything completed such that we
9 could do that. But we -- I am hopeful that it will be next
10 week, Your Honor.

11 THE COURT: And is that -- the underlying litigation,
12 is that in the Circuit Court?

13 MR. RACHLIS: No. Actually, it was filed --
14 there's -- there remains pending a large action involving two
15 firms. That remains pending in the state court, in the Cook
16 County state court.

17 This action was filed there as well, separately, but
18 then got removed before Judge Kness -- or before Judge
19 Feinerman originally. And then Judge Kness took over his
20 calendar. So it's currently here.

21 And he and Magistrate Judge Cole -- Magistrate Judge
22 Cole handled the settlement conference. And, obviously, both
23 Magistrate Judge Cole and Judge Kness are aware of the
24 circumstances.

25 Separately, there is a third-party action that has

1 been -- is being brought against -- a basic clawback action
2 involving defendant -- his name is Tyler DeRoo.

3 That is being -- there is a complaint that's been
4 filed -- or an amended complaint is being filed here in federal
5 court, and we are going to be filing that along with a motion
6 for reassignment before this Court.

7 And we wanted to give you, kind of, a heads-up that
8 that would be -- that will be done and be filed.

9 So that's coming. I imagine that, too, will be
10 coming next -- well, that may be filed as early as today. But
11 by next week, Your Honor might see that.

12 THE COURT REPORTER: Counsel, could I have the
13 spelling of Tyler --

14 MR. RACHLIS: T-y-l-e --

15 THE COURT REPORTER: I mean, the spelling of --

16 MR. RACHLIS: DeRoo is D-e-R-o-o.

17 THE COURT REPORTER: Thank you.

18 MR. RACHLIS: Capital R.

19 Let me check with my colleagues. I don't know if
20 there's anything further.

21 (Counsel conferring.)

22 MR. RACHLIS: I think that's all the updates and
23 other information we have, Your Honor.

24 THE COURT: Thank you. I will see what gets filed
25 and respond as they hit the docket.

1 Are there other issues? Does the SEC have anything
2 you'd like to raise this morning?

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

4 THE COURT: Any issues of any of the other interested
5 parties that are present in the courtroom?

6 MR. CHERNY: Yes, Your Honor. Bill Cherny on behalf
7 of Shatar, Capital Partners.

8 The receiver had filed an avoidance claim, and we had
9 filed a motion to take further discovery, and I just wanted to
10 make sure that -- on the last court date, you had continued it
11 to today, and that it would just be continued further on.

12 THE COURT: It is. I have not forgotten.

13 MR. CHERNY: Thank you.

14 THE COURT: But we are -- I am waiting to see if I
15 need to get into the avoidance claim issues when I first figure
16 out the threshold issues raised in the position statements on
17 Group 2.

18 But it's still out there. I have not forgotten it.

19 MR. CHERNY: Thank you.

20 THE COURT: Okay. No one else is raising their hands
21 to be heard this morning.

22 So, to sum up, everyone is doing what they have been
23 doing and moving things along. We've got some deadlines coming
24 up in March that will get -- and into April that will get our
25 briefing on Groups 4 and 5 underway and hopefully completed.

1 And then Groups 6 and 7 will get started, starting in
2 late March, with some scheduling. So that -- the goal being to
3 get those groups at least fully briefed into the summer.

4 Then we are looking at the fall for any potential
5 resolution of some of those groups, or at least those later
6 groups, which gets us awfully close to the end of the year and
7 maybe not a complete resolution of everything.

8 But I think everyone is keeping in mind the goal to
9 get, certainly, the secured interests and these property
10 accounts resolved before the end of the year. And then,
11 hopefully, by then, we'll also have a good vision and system in
12 place to take care of the rest. So we'll keep doing all of
13 that.

14 And then what I think about another date -- I wonder
15 if maybe late May would be a good time to see where things
16 stand both in the briefing on Groups 4 and 5, the schedule for
17 Groups 6 and 7. Maybe I can give you some guidance on how
18 Group 2 is going to shake out by that point.

19 So let me ask our court clerk to suggest a date and
20 time in late May.

21 THE CLERK: Certainly, everyone. I would suggest --
22 let's see -- Friday, May 31st, again, mid-morning, 10:30-ish.

23 Any strong objections to that date and time?

24 MR. RACHLIS: No, Your Honor.

25 THE COURT: Okay. That will be the date. If it

1 turns into a complication, we'll adjust. But May 31st at 10:30
2 a.m. for our next status hearing.

3 And as that date approaches, and as I see some of the
4 briefs that get filed, that date may also be a good date for me
5 to make sure I open things up a little bit more and give people
6 who are listening on the phone, if there are people who may
7 also want to be heard. Late May is probably a good time to
8 take a step back and think about how things are moving along
9 and make sure I'm giving everyone an opportunity to be heard.

10 So I'll be sure to think about that as that date
11 approaches. And if we want -- if we do end up making those
12 arrangements, I'll give advance notice to everybody, and we'll
13 get that set up.

14 But with that, thank you, all, for being here. And
15 we will be in recess.

16 (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 March 1, 2024.

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

03/20/2024

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

Date