

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

CASE NO. 8:20-CV-325-T-35AEP

BRIAN DAVISON,
BARRY M. RYBICKI,
EQUIALT LLC,
EQUIALT FUND, LLC,
EQUIALT FUND II, LLC,
EQUIALT FUND III, LLC,
EA SIP, LLC,

Defendants, and

128 E. DAVIS BLVD, LLC,
et al.,

Relief Defendants.

THE RECEIVER'S FOURTH QUARTERLY STATUS REPORT

Receivership Information and Activity from October 1, 2020 through

December 31, 2020

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INTRODUCTION

Burton W. Wiand, the Court-appointed receiver over the assets of the above-captioned corporate defendants¹ and relief defendants (the “**Receiver**” and the “**Receivership**” or “**Receivership Estate**”), files this Fourth Quarterly Status Report (“**FQSR**”) to inform the Court, investors, creditors, and others interested in this Receivership of activities to date as well as the Receiver’s proposed course of action. The Receiver has established an informational website, EquiAltreceivership.com, which he has updated periodically. The Receiver will continue to update the website regarding the Receiver’s most significant actions, important Court filings, and other items that might be of interest to the public. This Fourth Quarterly Status Report, as well as all subsequent reports, will be posted on the Receiver’s website.

Overview of Significant Activities During this Reporting Period

During the time covered by this Fourth Quarterly Status Report, the Receiver and his professionals engaged in the following significant activities:

- Held auction for the sale of Brian Davison’s high-end vehicles:
 - 2020 Bentley Convertible GTC V8 - \$230,360 (net \$45,896.13)
 - 2019 Rolls Royce Cullinan - \$326,400 (net \$75,551.74)
 - 2018 Pagani Huayra – the reserve was not met on this vehicle but the Receiver continues to receive private offers and is optimistic regarding the sale of this vehicle.

¹ The Receivership Estate does not currently include the individual defendants.

- Helped negotiate the sale of Barry Rybicki's 2017 Porsche Targa 4S - \$105,000 (net \$65,844.35);
- Sought and obtained approval from the Court for the sale of the following properties and garnered these net proceeds:
 - 4203 West Bay Villa Avenue, Tampa - \$495,336.53
 - 5324 5th Avenue North, St. Petersburg - \$216,492.08
 - 6209 2nd Avenue North, St. Petersburg - \$256,599.29
 - 2236 Gabarone Boulevard, Auburndale - \$160,941.87
- Listed for sale a number of other properties totaling over \$6 million and is actively considering offers on these properties;
- Completed the construction of a waterfront luxury home at 2 Bahamas Circle in Tampa and listed it for sale for \$4,150,000;
- Spent significant energies and resources working with partners in Commerce Brewing to continue operations and provide for additional investors. The Partners are attempting to restructure the business and add additional financing from partners and the Receivership with the belief that this can result in significant benefits to the Receivership. Other ventures continue to be evaluated regarding the determination of whether to pursue or liquidate these business opportunities;
- Continued investigation of Brian Davison watch collection;
- Responded to jurisdictional issues in the Receiver's California federal case against attorney Paul Wassgren, Fox Rothschild and DLA Piper by filing a similar state court action in California and moving to dismiss the federal case;
- Continued negotiations with Class Action counsel regarding the production of EquiAlt documents and privilege issues;
- Moved to stay the state court case *Mar v. Morh*;
- EquiAlt Fund II received back the remaining \$500,000 of its investment in Alternative Capital;
- Continued analyzing investors' investments and distributions in preparation for clawbacks and the initiation of claims process;

- Maintained and updated the Receiver's website for the benefit of EquiAlt investors;
- Continued to register investors – approximately 32 additional registrations since the last status report (for a total of 844 registrations) – and have continued to field inquiries from investors – over 120 emails and over 182 telephone calls this quarter;
- Continued to run the day-to-day operations of the Receivership Entities which includes the management of almost 300 real estate properties, many of which are multi-family properties. These activities include collection of rent, construction, rehab of properties, handling of maintenance requests and continuing the operations in a COVID-19 environment.

The above activities are discussed in more detail in the pertinent sections of this Fourth Quarterly Status Report.

BACKGROUND

I. Procedure and Chronology

On February 11, 2020, the Securities and Exchange Commission (“SEC”) filed a complaint (Doc. 1) against (1) defendants Brian Davison (“Davison”); Barry Rybicki (“Rybicki”); EquiAlt LLC; EquiAlt Fund, LLC; EquiAlt Fund II, LLC; EquiAlt Fund III, LLC; EA SIP, LLC (“collectively “**EquiAlt defendants**”) (collectively, the “**defendants**”) and (2) relief defendants 128 E. Davis Blvd, LLC; 310 78th Ave, LLC; 551 3rd Ave S, LLC; 604 West Azeele, LLC; 2101 W. Cypress, LLC; 2112 W. Kennedy Blvd, LLC; 5123 E. Broadway Ave, LLC; Blue Waters TI, LLC; BNAZ, LLC; BR Support Services, LLC; Bungalows TI, LLC; Capri Haven, LLC; EA NY, LLC; EquiAlt 519 3rd Ave S., LLC; McDonald Revocable Living Trust; Silver Sands TI, LLC; TB Oldest

House Est. 1842, LLC. (collectively, the “**relief defendants**”). The foregoing corporate defendants and relief defendants are referred to as the “**Receivership Entities.**”

The complaint charges the defendants with violations of the federal securities laws and regulations in connection with a real estate Ponzi scheme. The SEC alleges that from January 2010 to November 2019, EquiAlt raised more than \$170 million from approximately 1100 investors to invest in three separate real estate funds. The SEC alleges that EquiAlt misrepresented the use of the proceeds of the investments and that Messrs. Davison and Rybicki, who controlled the operations of the defendants, misappropriated monies from EquiAlt to the detriment of the investors.

On February 14, 2020, the Court entered an order appointing Burton W. Wiand as temporary Receiver for the Receivership Entities (Doc. 11) (the “Order Appointing Receiver”). The Court directed him, in relevant part, to “[t]ake immediate possession of all property, assets and estates of every kind of the Corporate Defendants and Relief Defendants . . . and to administer such assets as is required in order to comply with the directions contained in this Order.” *See id.* at ¶1. The Court also entered a Temporary Restraining Order (Doc. 10) imposing a temporary injunction against the defendants and relief defendants, freezing their assets, and required an accounting from Messrs.

Davison and Rybicki related to monies they received from EquiAlt as well as an accounting of all assets and accounts for EquiAlt and the EquiAlt Funds.

A show cause hearing on the Preliminary Injunction Motion was initially scheduled for February 27, 2020. However, the hearing was postponed several times either upon the parties' agreed motion or the Court's order based on the pandemic. The hearing was held on July 31, 2020. On August 18, 2020, the Court entered an order granting the SEC's for entry of a preliminary injunction, requesting the SEC to submit a draft order. The Court's Order found that the Defendants most likely operated a Ponzi scheme and that the SEC will be likely to prove that Defendants used investor money to purchase. Further the Court found that the SEC has demonstrated a substantial likelihood of prevailing on its claims under Sections 5 and 10(b). The SEC submitted a draft order but the Court has not acted upon it.

II. The Receivership Process

In late January 2020, counsel for the SEC contacted Mr. Wiand to determine his willingness to serve as Receiver in this matter. On January 30, 2020, Mr. Wiand sent the SEC a letter outlining his experience acting as a federal equity receiver and attaching biographical information about professionals he intended to retain should the SEC recommend and the Court approve his appointment. *See* Doc. 6, Ex. 1 In the letter, the Receiver informed the SEC that the Receiver and his attorneys would discount the rates they

charge clients in private commercial litigation by approximately 15-30% to conserve resources and preserve the Receivership Estate. Based on this information, the SEC recommended that the Court appoint Mr. Wiand as Receiver, and the Court did so on February 14, 2020. *See* Doc. 11 at p. 2.

Although the SEC recommended Mr. Wiand's appointment, the Receiver is an agent of the Court – not an agent or employee of the SEC. To ensure that the Court is informed of the Receiver's activities, the Order Appointing Receiver requires the Receiver to file this Quarterly Status Report within 30 days after the end of each calendar quarter (Doc. 11 at ¶28). The Receivership Orders also require the Receiver to seek Court approval of most (if not all) material transactions, settlements, and agreements. For example, the Receiver has already requested the Court's approval of (1) his engagement of professionals to assist him in carrying out his mandate (Docs. 61 [retention of Coldwell Banker as Valuation Consultant], 76 [retention of PDR for Receivership accounting services], and 121 [retention of Johnson Pope to investigate and pursue claims against law firms]; (2) sale of personal and real property (Docs. 109 [sale of surrender of Davison Ferraris] and 137 [sale of Gage Loop property]).

The Order Appointing Receiver also requires the Receiver to submit his Quarterly Fee Application within 45 days of the end of each calendar quarter (Doc. 11 ¶ 33). To ensure the activities of the Receiver and his professionals

benefit the Receivership Estate or are otherwise appropriate, the Receiver first reviews all invoices and makes any necessary adjustments. The SEC has provided the Receiver with detailed billing instructions, and the Order Appointing Receiver requires the Receiver to comply with those instructions. Doc. 11 ¶ 36. They also require the Receiver to submit his applications for the payments of fees and costs first to the SEC for review and then to the Court for approval. *Id.* ¶33. The Receiver is in regular communication with his professionals and the SEC to ensure his activities benefit the Receivership Estate or are otherwise necessary. Per the Court's order, the Receiver has submitted quarterly fee applications which have been approved by the Magistrate through Report and Recommendation (Docs. 141, 209, 249) which have been subsequently approved by the Court (Docs. 172, 230, 260) recommending the approval of the fees sought.

As described below in Section VI, the Receiver continues the process of liquidating assets, including several high-end vehicles.

With the Court having ruled on the SEC's motion for a preliminary injunction, the Receiver has begun the process of preparing a motion to establish the claims process for the distribution of funds to creditors, including defrauded investors. As part of that process, he will seek Court approval of a proof of claim form and procedures for providing notice of the claims process to known and potential creditors, including publication in local and perhaps

national newspapers. The Receiver will ask the Court to establish a claims bar date by which all claimants will be required to serve their proof of claim forms on the Receiver, who will then evaluate the claims.

After the Receiver completes his evaluation, he will present his determinations to the Court and ask the Court to approve them on an interim basis. He will then serve notice of his determinations on the claimants, who will have an opportunity to object to the Receiver's determinations through specific procedures approved by the Court and consistent with due process requirements. In the Receiver's experience, most objections can be resolved or settled using such procedures, but if any objections cannot be resolved, they will be presented to the Court for determination. Through this process, the Receiver intends to establish groups or classes of creditors with approved claims that are entitled to receive distributions from the Receivership Estate.

Once the claims process has been completed or substantially completed, the Receiver will evaluate the amount of cash available for distribution and move the Court to approve a first interim distribution to claimants with approved claims. If material claim objections are pending at the time the Receiver determines a distribution is appropriate, he might move the Court to establish reserves for the claims at issue so they do not impair the Receiver's ability to make a distribution to claimants with undisputed claims. The

Receiver anticipates making multiple distributions as assets become available, subject to cost/benefit concerns.

When the Receiver determines there are no more assets to collect or claims to pursue, he will move the Court to make a final distribution to claimants and to close the Receivership. He will also file a final report and accounting. While the procedures outlined above are generalized and are subject to change as the Receiver learns more about the defendants and Receivership Entities, the Receiver is hopeful that these procedures and safeguards will allow him to return assets to creditors, including defrauded investors, in an efficient and cost-effective manner.

PRELIMINARY FINDINGS

III. Overview of Preliminary Findings

The Order Appointing Receiver authorizes, empowers, and directs the Receiver to “investigate the manner in which the affairs of the Corporate Defendants and Relief Defendants were conducted and institute such actions and legal proceedings, for the benefit and on behalf of the Corporate Defendants and Relief Defendants and their investors and other creditors as the Receiver deems necessary against those individuals, corporations, partnerships, associations and/or unincorporated organizations which the Receiver may claim have wrongfully, illegally or otherwise improperly misappropriated or transferred money or other proceeds directly or indirectly

traceable from investors in EquiAlt Fund, LLC, EquiAlt Fund II, LLC, EquiAlt Fund III, LLC, and EA SIP, LLC,....” Doc. 11 ¶ 2. Following this mandate, the Receiver has and continues to obtain and review records from the Receivership Entities and third parties. The Receiver has also engaged forensic accountants (Yip Associates) who are examining the books, records and transactions of the Receivership Entities and those affiliated with them as well as other third parties. The Receiver has interviewed and received information from various individuals who worked for the Receivership Entities or engaged in transactions with those entities. The Receiver has gathered substantial information from investor victims. Additionally, the Receiver has relied on the Declaration of Mark Dee, Senior Accountant with the SEC (Doc. 7, Exh. 1) and the exhibits and documents attached thereto.

The Order Appointing Receiver also directs the Receiver to report to the court with respect to such matters including a recommendation as to the continuation of the Receivership. The Receiver believes that the matters reported below are supported by the evidence reviewed to date and warrant being shared with the Court, the investors and other potentially interested parties. Below are the Receiver’s findings and recommendations.

A. The Scheme

There is abundant evidence that supports the allegations that the Defendants were operating a fraudulent investment scheme. The scheme

began as early as 2010 and was focused on raising money from individual public investors for purported real estate investment activities. Davison and Rybicki caused EquiAlt LLC to be formed in Nevada and began to raise monies through a series of “Funds”. Davison, who had moved to Tampa after filing personal bankruptcy in Nevada, controlled the real estate activities and much of the administrative activities of the scheme. Rybicki’s activities were in large part directed towards raising money from investor victims. Rybicki’s entry into this venture also followed a failed business career in mortgage banking that led to his personal bankruptcy.

The initial Funds that were named as corporate defendants and therefore are part of the Receivership are the EquiAlt Fund (Fund I), EquiAlt Fund II, EquiAlt Fund III and the EA SIP, LLC (“Receivership Funds”). The first of these funds began raising money in 2011. All of these Receivership Funds are very similar in structure and purpose and the misrepresentations made to raise money from investors permeate these funds. In addition to these four funds, Davison and Rybicki caused two other funds to be formed – Qualified Opportunity Zone (“QOZ”) and EquiAlt Secured Income Portfolio REIT (“REIT”). The Court expanded the scope of the Receivership to include these funds in the Receivership in August 2020. (Doc. 184) These Funds (“New Funds”) began in 2018 and had slightly different structures but touted the same general investment program. They were formed with funds derived from

the Receivership Funds and were operated by employees of EquiAlt. The REIT was initially and substantially funded by moving investors from the other three Receivership Funds into the REIT in a manner that defrauded the other investors in those funds. Significant misrepresentations were also prevalent in the raising of money for these funds.

These investments were sold without registration with either state or federal regulatory agencies. The offerings were purportedly made pursuant to federal exemptions from registration under the provisions of the Securities Act of 1933 provided in Regulation D. However, none of the first four Receivership Funds qualified for a Regulation D exemption or any other exemption from registration. The offerings appear to be one continuous fraudulent offering of unregistered securities. The lack of any exemption was clear to the perpetrators from the language contained in offering documents delivered to investors.

The investments were typically sold through unlicensed agents and financial advisors. This sales force was amassed in large part through Rybicki's efforts. Even though Rybicki was advised on more than one occasion that this method of distribution was illegal, EquiAlt and the Receivership Funds persisted up to the time this case was filed in using this illegal method of solicitation which resulted in an overall offering of almost \$180 million dollars of securities to public investors.

This scheme was carried out through a myriad of corporate entities, LLCs and partnerships that were used in part to divert investor funds to the principals of the scheme. Through these companies, Davison and Rybicki personally received tens of millions of dollars that were siphoned from investor funds. Throughout the operation of this scheme, its viability was dependent on future funds being raised from investors. Without these funds, the ventures would have quickly failed. The ventures were insolvent almost from their inception and were certainly so when the SEC brought its action in February 2020.

The scheme centered on selling purported income-producing investments, in large part to senior investors, with the promise that these were safe, secure, and income-producing investments. With the initial investors, the misrepresentations were serious and numerous. The private placement memoranda and sales materials give glowing pictures of Rybicki and Davison without disclosing their previous business failures and their personal bankruptcies. The materials present no financial information and do not accurately or fully describe the methods and fees that were used to bleed money from the Receivership Funds for the use by Rybicki and particularly Davison. The perpetrators of this scheme falsely claim that the investments are being sold pursuant to exemptions from the registration provisions of state and federal securities laws. Further, the materials fail to disclose that EquiAlt

LLC, the Receivership Funds and the agents selling the investments were selling these investments in violation of state and federal securities laws relating to the registration of broker dealers. Indeed, they misrepresented to sales agents that it was permissible for them to sell these securities while not registered with state and federal regulatory authorities.

Other significant misrepresentations relate to the use of proceeds description in the Private Placement Memoranda. These materials indicate that 90% of the investors' funds will be invested in real estate when this was never intended (as shown by the fact that 12% commissions were being paid on the sale of the investments) and indeed never happened. Over time, less than half of the money raised was actually invested in real estate. Moreover, there was never any disclosure that the interest payments being made to investors (between 8-12%) were dependent on funds raised from future investors. Never during the life of these Receivership Funds were revenues from the rental of real properties or other sources (other than investor funds) sufficient to meet the overwhelming debt service obligations that were being created by the debentures that were being sold. This was not disclosed to the investors at the time they invested nor at any time through the Receivership Funds' operations.

As the sale of the debentures continued, the significance of the misrepresentations to investors increased. At no time during the sale of the

first four funds did EquiAlt or any of the Receivership Funds disclose to investors or prospective investors the financial condition of the funds. No investor was provided with financial statements and indeed the financial records of the Receivership Funds were at best confused and incomplete. Providing financial statements would have disclosed that the insolvency of the ventures and would have disclosed the massive amounts of monies being diverted by Rybicki and Davison. It would also have disclosed the fact that the Receivership Funds were not profitable. Financial statements would also have revealed that the continuation of the Receivership Funds, EquiAlt LLC and interest payments were dependent on continuous investments from new investors. Even though some actual real estate operations were occurring, the scheme is a classic Ponzi scheme.

One key factor in determining whether a Ponzi scheme exists is whether the fraudsters use new investors' money to pay distributions to earlier investors. The Receiver's forensic accountant, Yip Associates, has analyzed EquiAlt records to determine whether this occurred with the EquiAlt Funds. Based on their review, Yip Associates has determined that *at least as early as* December 2016, the original EquiAlt Fund was using new investor money to pay earlier investors. By 2019, more than 60% of all distributions paid were with new investor money. *See* Composite Exhibit 1 to Second Quarterly Status Report ("SQSR").

In addition to this analysis, the Receiver's forensic accountants have conducted an analysis back to 2011 of the income generated from operations (i.e. rental income, etc.) compared to commissions and interest paid on the Fund's investments. From the outset of operations, the EquiAlt entities never generated enough operational revenue to cover these expenses of the EquiAlt scheme. The negative financial performance of the Funds was compounded by the payment of fraudulent management fees and commissions to EquiAlt LLC, resulting in disastrous year-end operational numbers.

B. Sales of Investments

As mentioned above, the sales of the debentures were handled primarily by and through Rybicki. For this purpose, he created an entity, BR Support Services LLC. This entity was used to distribute the compensation for the sales activities. It also received all the investment documentation submitted by the sales agents. When investor documentation and monies were received, Rybicki, or others working for him, would accept and execute the investment paperwork on behalf of the appropriate fund. The investment documentation would then be forwarded to the Tampa office of EquiAlt. This might include one or more investments. After the funds were received, EquiAlt would send 12% of the invested amount to BR Support Services' account. Rybicki, or those at his direction, would then distribute commission amounts to the sales agents (generally 6% of the invested amount) and BR Support Services (Rybicki)

would retain the remaining funds. Below is a summary of the sales agents who received commission payments from BR Support Services.

Sales Agent Name	Total Paid
Agents Insurance Sales / Barry Wilken	\$ (240,159.33)
American Financial Security / Ron Stevenson / Barbara Stevenson	(1,707,310.95)
Barry Neal	(119,037.20)
Ben Mohr	(113,578.00)
Bobby Armijo / Joseph Financial Inc.	(1,109,482.65)
Dale Tenhulzen / Live Wealthy Institute	(1,484,531.29)
Elliot Financial Group / Todd Elliot	(844,662.68)
Ernest C. Babbini / REIT Alliance Marketing, LLC	(1,365,185.59)
Family Tree Estate Planning / Jason Wooten	(3,749,783.61)
GIA, LLC / Edgar Lozano	(278,807.24)
Greg Talbot	(260,941.89)
J. Prickett Agency / Joe Prickett	(187,374.57)
James Gray / Seek Insurance Services	(405,286.75)
John Friedrichsen	(327,681.69)
Lifeline Innovations / John Marques	(822,318.06)
Marketing Dynamics Inc. / Tim Laduca	(30,187.00)
Patrick Runniger	(277,807.53)
Sterling Group	(478,562.12)
The Bertucci Group LLC / Leonardo LLC / Leonardo Bertucci	(139,950.00)
Tony Spooner / Rokay Unlimited, LLC	(622,169.05)
Wellington Financial, LLC / Jason Jodway	(48,000.00)
TOTAL	\$ (14,612,817.20)

Additional funds designated as marketing expenses were also distributed to BR Support Services. In connection with the Receivership Funds, approximately \$25 million was sent to BR Support Services. *See* Exhibit A to First Quarterly Status Report (“FQSR”) (Schedule of BR Support Summary of Sources).

Rybicki and the operation in Arizona he managed were responsible for recruiting the financial advisor agents who dealt with the investors. Almost without exception, these agents were not registered to sell securities. Rybicki and others devised a plan to tell these persons that because they were finders or consultants they did not have to be registered. While this notion is notoriously inaccurate, on multiple occasions Rybicki and those who worked with him were advised of this fact and chose to ignore the warnings and to continue to willfully and intentionally violate the broker-dealer registration laws. Rybicki used the monies he received to live a lavish lifestyle, buying expensive real estate, exotic cars, supporting a soccer club and expensive jewelry.

In addition to Rybicki, there was at least one other sales agent, Andre Sears, who received funds directly from EquiAlt's Tampa offices. Andre Sears received commission payments, either individually or through his company MASears, LLC, totaling at least \$3.7 million. *See* Exhibit B to FQSR (Schedules Showing Payments to Sears).

The debentures generally had a term of three or four years. Investors were encouraged to renew their investments. Sales agents who succeeded in convincing investors to renew their investments received additional commissions-- essentially for convincing victims to not withdraw their money from the fraudulent Receivership Funds. Renewals were important to the

scheme as withdrawal of investor funds would have led to a collapse of the fund.

C. Funds

1. EquiAlt Fund (Fund I)

Fund I was created in 2011 and began to raise funds at that time. Over the life of the fund and until it was frozen by the SEC's enforcement action the fund had raised at least \$114.6 million. At the time of the SEC's action, Fund I had an outstanding principal obligation to debenture investors of \$110 million. Assuming that these debentures are not paid out, the interest obligation on the Fund I debentures, for the 12 months after the SEC's action on February 14, 2020, is approximately \$7.2 million. In addition, Fund I had accrued "Growth" interest on these investments in the amount of approximately \$6.5 million, as of the date of the SEC's action. It should be noted that this accrued interest is not recorded on the fund's books as a liability.

Over the course of its history, distributions of at least \$28.3 million were made to investors. In addition, \$4.5 million in investments were transferred out of Fund I to the REIT, one of the New Funds created by EquiAlt. Revenues from its rental and resort activities in 2019 were \$3.6 million which resulted in a net loss of \$11 million. During 2019, over \$31.7 million of new investments were sold by this fund.

2. EquiAlt Fund II

Fund II was formed in 2013 and the fund sold over \$40 million of debentures. During its operations, Fund II made distributions to investors of at least \$7.4 million. In 2018 Redemptions were solicited by EquiAlt to provide funds for investors to invest in the REIT, one of the New Funds. At least one investment in the amount of \$200,000 was transferred to the REIT. At the time of the SEC's action, Fund II had an outstanding principal obligation to debenture investors of \$40.2 million. Assuming that these debentures are not paid out, the interest obligation on the Fund II debentures, for the 12 months after the SEC's action on February 14, 2020, is approximately \$3.2 million. In addition, Fund II had accrued "Growth" interest on these investments in the amount of approximately \$795,356, as of the date of the SEC's action. Again, this accrued interest is not recorded on the fund's books as a liability. The revenues received from rental activities were \$1.2 million in 2019. During 2019 Fund II sold over \$10.2 million of new debentures to investors.

In addition to the real estate properties regularly owned by EquiAlt Funds, Davison chose to invest \$1 million of Fund II monies into Alternative Capital, LLC.

3. EquiAlt Fund III

Fund III was created in 2013 and operated until June of 2016 when it was closed. Fund III raised over \$2.5 million from public investors. During its

operations, the fund generated \$347,796 in rent revenue, it paid \$407,520 in interest to its investors.

The winding down of the Fund III began sometime in 2015 with the transfer of its real estate assets to Fund I and Fund II. In exchange for these real estate properties, during 2015, Funds I and II transferred \$1.55 million and \$1.08 million, respectively, to Fund III. In addition, Fund I assumed the \$190,000 liability associated with debentures sold to two of Fund III's investors. A significant portion the funds received from Fund I and Fund II was utilized for the return of principal and interest in the amount of \$2.1 million owed to the remaining Fund III investors.

4. EA SIP Fund

In 2016 another fund, the EA SIP Fund was created by EquiAlt. This fund is similar to the prior three and has the same investment goals and activities. The fund was to invest in distressed real estate and provide an 8% return to investors. Between April of 2016 and the SEC action the fund had raised at least \$17.7 million. At the time of the SEC's action, EA SIP had an outstanding principal obligation to debenture investors of approximately \$17.7 million. Assuming that these debentures are not paid out, the interest obligation on the debentures, for the 12 months after the SEC's action on February 14, 2020, is approximately \$66,772. For 2019, however, with this fund investors were given the opportunity of either receiving monthly interest

or designating their investment “Growth”. The growth selection indicated that the investor would not receive monthly interest, and the interest would be added to their account and accumulated there—no interest was paid on the accumulated amounts as the interest was not compounded on any basis. Investors received statements that indicated the purported net asset value or NAV. *See* Exhibit C to FQSR. These valuations were inaccurate and misleading and failed to inform the investors that their investments were in an insolvent entity. Of the investments made in the fund, at least \$1.1 million has been redeemed. The fund has paid out at least \$336,000 in interest over its life, and it has accrued “Growth” interest on these investments in the amount of \$2.7 million, as of the date of the SEC’s action. Again, this accrued interest is not recorded on the fund’s books as a liability.

5. New Funds

In 2018, EquiAlt formed two New Funds, the Qualified Opportunity Zone (“QOZ”) and the EquiAlt SIP REIT. The monies raised for these New Funds was done in the same manner as the previous funds. Unlicensed sales agents were used, and they were paid substantial commissions to entice investors. The documents used to sell the investments contained similar misrepresentations regarding the background of the principals and did not disclose the ongoing scheme nor any facts relating to the financial results of the prior Funds.

In connection with the REIT, efforts to gather investors were initially not successful, and the investment required a threshold amount of investment before the offering could be closed. Davison and Rybicki then reached out to one of the unlicensed sales agents who successfully convinced 13 investors to redeem their investments from the Receivership Funds and “invest” in the REIT. These investors’ prior debentures were redeemed at face value and then the funds were used to acquire shares in the REIT. As described below, these transactions served to defraud the existing creditors of the Receivership Funds whose debentures were redeemed to the detriment of those investors remaining in those Receivership Funds.

The transactions are also examples of the ongoing comingling of monies and assets between all the Funds. In total, approximately \$7.2 million was raised for the REIT, of which \$4.8 million was through redemptions of debentures issued by the Receivership Funds. The QOZ fund raised approximately \$1.7 million, again through unlicensed agents. Commissions of approximately \$452,890 were paid in connection with the sale of REIT shares and approximately \$203,000 were paid as commissions for securing investments in the QOZ. Until the SEC action was filed, EquiAlt continued to raise funds from investors. The raising of these funds was necessary to the continued operations of the scheme, as without these funds continued operation would not have been possible. During 2019, a total of \$47.7 million

(\$31.7 for Fund I, \$10.2 M for Fund II and \$5.8 M for EA SIP) was raised from investors, while total revenues from operations were \$4.9 million and expenses, including payment of interest on the debentures, totaled \$21.2 million.

D. Real Estate Operations

When the Receivership Funds began in 2011, the practice was to acquire real estate and hold it. Until 2018, almost no real estate was sold by any of the Receivership Funds. Rather, properties were renovated, rented and held. The primary source of revenue from operations was from rental income. The other source of funds was from continued investments from public investors.

The Private Placement Memoranda for the Funds that are currently in the Receivership all indicate that 90% of investor funds would be invested in real estate. This was not truly intended nor did it occur. After Fund I began to raise money, the Fund began to purchase real estate in the Tampa Bay area. The fund did not invest 90% of the investor proceeds in real estate assets as represented. According to internal EquiAlt documents a far lesser sum was invested in real estate. Records of Fund I demonstrate that at least \$114.6 million was raised from investors. The records also reveal that Fund I only purchased approximately \$23.5 million of real estate assets. Fund II also failed to invest 90% of its funds in real estate investments. Rather Fund II raised at least \$40 million of debentures and only invested approximately \$7.4 million

in real estate assets. The EA SIP Fund raised at least \$17.7 million of debentures and only invested approximately \$6.7 million in real estate assets.

At the end of 2019, the “market value” of the real estate in Fund I was \$48,539,000, Fund II was \$16,187,000, and EA SIP Fund was \$13,545,000, for a total of \$78,271,000. These figures come from internal documents of EquiAlt and were based on available valuation sources such as Zillow and MLS. The records also indicate valuations for proposed investment sales and while these values are significantly higher in the aggregate, the highest valuations indicate that the amount due on the notes owed to investors exceeds these real estate holdings by more than \$15 million.

E. Interest Obligations to Investors

One of the most dramatic demonstrations of the insolvency of the Receivership Funds is seen in the outstanding interest obligations on the debentures. At the time the SEC action was filed, there was a total of more than \$168 million of debentures were outstanding. This huge debt obligation generated interest obligations of over 8.6%. The interest owed from the SEC’s action through the remainder of 2020 ranges from \$844,262 to \$909,829 per month. Additionally, for those investors who chose “Growth”, there was an additional obligation of \$350,270 accruing monthly. Absent new monies being invested into the Receivership Funds, the revenues to meet these obligations was no more than \$4.9 million. The Schedule attached as Exhibit D to FQSR

(Schedule of Cash Flows) demonstrates the enormity of this problem. The debentures were for periods of 3 or 4 years and the principal was payable upon the expiration of that period. At the time of the SEC Action over \$39 million of principal payments were overdue and the debentures were in default. By the end of 2020, that number increases to \$59.2 million. Assuming the overdue debentures are not paid, during this period an additional \$8.7 million in interest will accumulate adding to the obligations that EquiAlt cannot pay.

F. Creation of the QOZ and the REIT

Based on the review and analysis of accounting records, bank records, as well as various investor forms retrieved from EquiAlt's Tampa offices, at least 13 investors with investments totaling \$4.8 million were moved from other funds into the newly created REIT Fund as follows:

- a. 12 Fund I investors with investments totaling \$4,505,703 were moved from Fund I to the REIT;
- b. In addition, one of these Fund I investors, referenced above, was also an investor in Fund II and his investment and funds from Fund II, in the amount of \$200,000, were transferred to the REIT;
- c. An EA SIP Fund investor with investments totaling \$108,555 was transferred to the REIT; and
- d. The corresponding funds were transferred to the REIT's bank account.

It is important to note that the movement of investors from one fund to another has a detrimental effect on the investors in the original fund. For example, an investor that invested \$100,000 in Fund I who later is moved to the REIT receives 100 cents on the dollar on his/her investment. Because the fund was insolvent, that investor has received preferential treatment over all the other investors in that fund and the fund itself has been harmed now having \$100,000 less in cash. Thus, by moving investors from Fund I to the REIT and redeeming the face value of the investor's debenture Davison and Rybicki caused harm to the fund and its investors. Moreover, the investor that was moved to the REIT recovered 100% of his/her principal and may likely have also received interest payments while in Fund I. Any interest payments are subject to claw-back. Lastly, the investor that moved to the REIT is now an equity holder rather than the holder of a debenture so that investor may ultimately lose a portion if not all of his/her investment in the REIT.

In addition to the funds transferred to the REIT due to the movement of investors, EquiAlt and the Receivership Funds made payments either directly to the REIT or to third parties for the benefit of the REIT. *See* Exhibit E of FQSR (Analysis of Transfer/Payments to/or for the Benefit of EquiAlt Secured Income Portfolio REIT). This schedule reflects that the Receivership Funds made payments totaling \$557,604 on behalf of the REIT for professional

services, including legal and accounting fees. In addition, the EquiAlt staff provided services to the REIT without receiving compensation.

Similar to the tables presented above, the following tables show the inflows and outflows from/to the New Funds, from inception of the fund through the date of the SEC's action, presented from the perspective of each entity reflected on the header.

Movement of Receivership Funds to New Funds

<u>EquiAlt Secured Income Portfolio REIT, Inc.</u>			
Funds Received From:	Total	Funds Transferred To:	Total
EquiAlt Fund LLC	\$ 4,506,532.11		
EquiAlt Fund II LLC	200,000.00		
EA SIP LLC	108,555.22		
EquiAlt LLC	29,060.50		
EquiAlt Qualified Opportunity Zone Fund LP	15,000.00		
TOTAL	\$ 4,859,147.83	TOTAL	\$ -

<u>EquiAlt Qualified Opportunity Zone Fund LP</u>			
Funds Received From:	Total	Funds Transferred To:	Total
		EquiAlt LLC	\$ (111,544.69)
		EquiAlt Secured Income Portfolio REIT, Inc.	(15,000.00)
		EquiAlt Fund LLC	(888.00)
TOTAL	\$ -	TOTAL	\$ (127,432.69)

The cash flow analysis for the REIT and QOZ are reflected on Exhibits F and G to FQSR. (EquiAlt Secured Income Portfolio REIT – Cash Flow and EquiAlt Qualified Opportunity Zone – Cash Flow, respectively).

Information available to the Receiver indicates that Davison was using the REIT to fund ventures where he has large personal interests. Indeed, it appears that his equity interest in one venture was conditioned on a large

investment by the REIT and its commitment to fund further activities of the venture.

On April 30, 2020, Defendant Davison filed an Application to Clarify the Scope of the Receivership regarding the QOZ and REIT. (Doc. 81). On May 19, 2020, the Receiver requested that the Court expand the Receivership to include the QOZ and REIT entities. (Doc. 90) The following day, Bank of America filed a Motion for Clarification regarding certain bank accounts it had frozen and still held on behalf of the QOZ and REIT entities. (Doc. 93) The Court held a hearing on June 16, 2020 and ruled that certain funds be transferred from the Bank of America accounts for the REIT (\$80,000) and QOZ (\$20,000) to interim manager Brent Metzler at Park Point Advisors. (Doc. 101). Park Point was given authority to manage the REIT and QOZ until the Court issued a final order as to whether the REIT and QOZ entities should be included in the Receivership. Given that EquiAlt employees were responsible for the operations of the REIT and QOZ, the Receiver's team facilitated a smooth transition of information to Park Point so that it could undertake these responsibilities.

The Court ruled on the pending motions on August 17, 2020, expanding the Receivership to include the QOZ and REIT entities. The Receiver's team worked with Park Point to transition to the management of those funds to the

Receiver. The Receiver opened bank accounts for those entities and ultimately closed the corresponding bank accounts at Bank of America.

G. Comingling of Monies between EquiAlt LLC and the Various EquiAlt Funds

The books and records of the Receivership Funds and New Funds clearly demonstrate the commingling of assets among the funds. The following sections of this Report provide summaries regarding the commingling of these assets.

1. Transfers between Accounts

The following tables summarize the transfers and comingling of monies between EquiAlt LLC, the Receivership Funds and the New Funds. Each table shows the inflows and outflows from/to the other EquiAlt Funds, from inception of the fund through the date of the SEC's action, presented from the perspective of each entity reflected on the header.

<u>EquiAlt LLC</u>			
Funds Received From:	Total	Funds Transferred To:	Total
EquiAlt Fund LLC	\$ 21,057,773.64	EquiAlt Fund LLC	\$ (747,956.03)
EquiAlt Fund II LLC	8,240,676.03	EquiAlt Secured Income Portfolio REIT, Inc.	(29,060.50)
EA SIP LLC	3,873,172.72	EquiAlt Fund III LLC	(20,000.00)
EquiAlt Fund III LLC	736,137.01		
EquiAlt Qualified Opportunity Zone Fund LP	111,544.69		
TOTAL	\$ 34,019,304.09	TOTAL	\$ (797,016.53)

<u>EquiAlt Fund LLC</u>			
Funds Received From:	Total	Funds Transferred To:	Total
EquiAlt Fund II LLC	\$ 3,598,676.23	EquiAlt LLC	\$ (21,057,773.64)
EquiAlt LLC	747,956.03	EquiAlt Secured Income Portfolio REIT, Inc.	(4,506,532.11)
EquiAlt Fund III LLC	445,189.81	EquiAlt Fund III LLC	(1,550,808.59)
EA SIP LLC	2,371.08	EA SIP LLC	(371,119.53)
EquiAlt Qualified Opportunity Zone Fund LP	888.00	EquiAlt Fund II LLC	(30,903.00)
TOTAL	\$ 4,795,081.15	TOTAL	\$ (27,517,136.87)

<u>Equialt Fund II LLC</u>			
Funds Received From:	Total	Funds Transferred To:	Total
EA SIP LLC	\$ 880,000.00	Equialt LLC	\$ (8,240,676.03)
Equialt Fund LLC	30,903.00	Equialt Fund LLC	(3,598,676.23)
Equialt Fund III LLC	7,063.54	Equialt Fund III LLC	(1,089,431.39)
		EA SIP LLC	(800,503.00)
		Equialt Secured Income Portfolio REIT, Inc.	(200,000.00)
TOTAL	\$ 917,966.54	TOTAL	\$ (13,929,286.65)

<u>Equialt Fund III LLC</u>			
Funds Received From:	Total	Funds Transferred To:	Total
Equialt Fund LLC	\$ 1,550,808.59	Equialt LLC	\$ (736,137.01)
Equialt Fund II LLC	1,089,431.39	Equialt Fund LLC	(445,189.81)
Equialt LLC	20,000.00	Equialt Fund II LLC	(7,063.54)
TOTAL	\$ 2,660,239.98	TOTAL	\$ (1,188,390.36)

<u>EA SIP LLC</u>			
Funds Received From:	Total	Funds Transferred To:	Total
Equialt Fund II LLC	\$ 800,503.00	Equialt LLC	\$ (3,873,172.72)
Equialt Fund LLC	371,119.53	Equialt Fund II LLC	(880,000.00)
		Equialt Secured Income Portfolio REIT, Inc.	(108,555.22)
		Equialt Fund LLC	(2,371.08)
TOTAL	\$ 1,171,622.53	TOTAL	\$ (4,864,099.02)

2. Transfer of Properties Between Receivership Funds

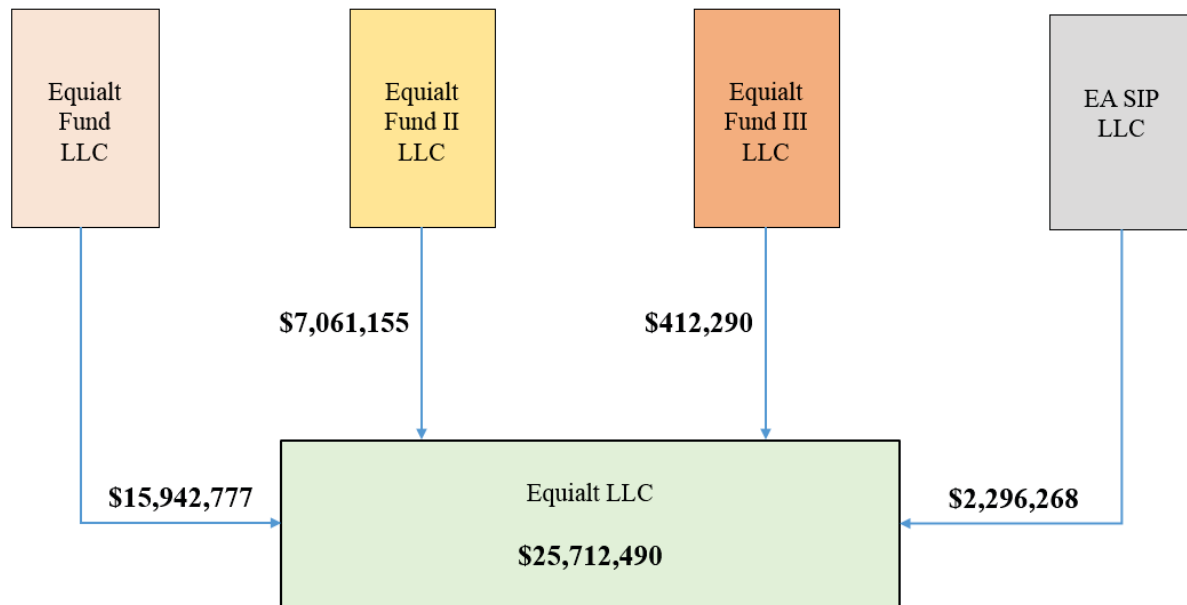
The comingling is also evident in the way the Receivership Funds transferred properties to each other as reflected on Exhibits H and I to FQSR (Schedule of Movement of Properties between Funds and Diagram of Movement of Properties between Funds). This is yet another example of the fluid way these entities were treated by Davison and Rybicki.

3. Fees Paid to EquiAlt by the Receivership Funds

The Receivership Funds paid a variety of fees to EquiAlt, LLC. *See* Exhibit J to FQSR (Analysis of Fees Charged by EquiAlt LLC to EquiAlt Funds). This exhibit reflects the amounts paid by each fund by year. Below is

a summary diagram showing the total funds that flowed from the Receivership Funds to EquiAlt LLC, cast as various fees:

Fees Charged By EquiAlt, LLC During 2012 - 2019



EquiAlt’s books and records included a document titled “EquiAlt LLC Asset Management Fee Ratio through 10.31.19” that purports to reflect management fees paid by the Receivership Funds. *See* Exhibit K to FQSR (excerpted below).

EquiAlt LLC Asset Management Fee Ratio through 10.31.19			
	EquiAlt Fund I	EquiAlt Fund II	EA SIP
Management Fees Paid	4,210,000.00	1,825,000.00	300,000.00
Acquisition_Disposition Fee Paid	84,000.00		-
Total Fees Paid	4,294,000.00	1,825,000.00	300,000.00
Cost of Assets Under Management	35,327,889.19	9,748,632.08	9,625,787.63
Asset Management Fee %	12.2%	18.7%	3.1%
Total Fees Paid	4,294,000.00	1,825,000.00	300,000.00
Capital Raised	104,408,632.04	36,603,265.48	16,197,957.35
	4.1%	5.0%	1.9%
Capital Raised	104,408,632.04	36,603,265.48	16,197,957.35
Rent	2,022,099.00	897,000.00	32,000.00
Resort Rent	926,456.00		
Purchased Property \$	2,506,176.00	2,362,500.00	
Sold Property \$	1,160,000.00	421,334.00	
\$ amount of Rehab	2,405,000.00	327,500.00	3,145,000.00
Asset Management Fee 3.5%	3,654,302.12	1,281,114.29	566,928.51
Property Management Fee -10%	202,209.90	89,700.00	3,200.00
Resort Management Fee- 15%	138,968.40	-	-
Acquisition Fee- 3%	75,185.28	70,875.00	-
Disposition Fee- 3%	34,800.00	12,640.02	-
Project Management - 12%	288,600.00	39,300.00	377,400.00
Total Fees	4,394,065.70	1,493,629.31	947,528.51
Actual Paid	4,294,000.00	1,825,000.00	300,000.00
Difference	100,065.70	(331,370.69)	647,528.51
	3,632,012.00	1,223,300.00	1,246,500.00

This document reflects the payment of management fees from EA SIP to EquiAlt LLC in the amount of \$300,000. This is another clear example of commingling in which EA SIP Fund makes two transfers to EquiAlt LLC purportedly for management fees, each for \$150,000, on January 7, 2019 and March 22, 2019. EquiAlt LLC's accounting records label the first transfer of \$150,000 as a loan from EA SIP rather than management fees. The second transfer of \$150,000 is reflected on EquiAlt LLC's accounting records as management fees received from EquiAlt Fund II, LLC.

H. The Receivership Funds and EquiAlt are Insolvent.

As of December 31, 2019, the total assets of the three existing Receivership Funds did not exceed \$105.8 million. At the same time, these three funds had total obligations of \$174 million. There does not appear to be any possibility that these obligations can be met. The financial records of the Receivership Funds maintained by EquiAlt amply demonstrate this fact. *See* Exhibit D to FQSR (EquiAlt Fund Cash Flow, EquiAlt Fund II Cash Flow and EA SIP Fund Cash Flow) Below is further information regarding the financial health or lack thereof of the Receivership Funds:

1. Fund I

- Since its formation through December 31, 2019, Fund I generated \$12.3 million of revenue; over that same time, it accumulated \$32.4 million in net losses.
- During 2019, this fund paid out at least \$5.1 million in commissions to sales agents related to these investments.
- According to the books and records of the Receivership Funds, as of December 31, 2019, Fund I recorded \$67.1 million in assets (of which \$5.2 million were receivables from related entities and \$23.2 million of capitalized debt issuance costs which related to commissions paid to agents and capitalized interest paid to investors) and \$111.8 million of liabilities.

2. Fund II

- Fund II generated \$3.6 million of revenue since its formation through December 31, 2019; over that same time period, Fund II accumulated a \$16 million net loss.
- During 2019, this fund paid out at least \$1.6 million in commissions to sales agents related to these investments.
- According to the books and records of the Receivership Funds, as of December 31, 2019 Fund II recorded \$23.4 million in assets (of which \$5 million were receivables from related entities and \$5.8 million of capitalized debt issuance costs which related to commissions paid to agents and capitalized interest paid to investors) and \$42.5 million in liabilities.

3. EA SIP

- EA SIP Fund generated \$194,000 of revenue since its formation through December 31, 2019; over that same time period EA SIP Fund accumulated \$4.4 million in net losses.
- During 2019, this fund paid out at least \$725,470 in commissions to sales agents related to these investments.
- According to the books and records of the Receivership Funds, as of December 31, 2019 EA SIP Fund recorded \$15.3 million in assets (of which \$2.8 million were receivables from related entities and \$1.5 million of capitalized debt issuance costs which primarily

related to commissions paid to agents and capitalized interest paid to investors) and \$19.7 million in liabilities.

- As previously stated, the accrued interest on the “Growth” funds was not recorded on the fund’s books as a liability.

In summary, all the Receivership Funds were insolvent on or before December 31, 2016. *See* Exhibits L, M and N to FQSR (Balance Sheets of Fund I, Fund II, EA SIP, respectively, for the years 2016 through 2019).

IV. Use of Receivership Funds & Assets by Rybicki and Davison

Throughout the course of the EquiAlt scheme, both Rybicki and Davison have made dramatic use of investor funds and assets acquired with investor funds. It is important to note both Rybicki and Davison were bankrupt shortly before the founding of EquiAlt. Davison testified that he had few assets. A review of the records of EquiAlt and the Receivership Funds and the bank accounts of both Rybicki and Davison reveals no source of funds for either of them other than directly and indirectly from investor funds.

A. Barry Rybicki

Barry Rybicki’s most significant role in the scheme was directing the marketing and distribution of the debenture investments through a network of more than a dozen unlicensed salesmen who were responsible for raising the lion’s share of the invested funds. Routinely, as mentioned above, when an investment was made, BR Support Services, a company owned by Rybicki,

received 12% of the invested amount. The aggregate of these illegal payments totaled over \$25 million. *See* Exhibit A to FQSR. A portion of these funds were paid to the unlicensed agents and the rest was used as Rybicki determined. *See* Exhibit O to FQSR (BR Support Summary of Uses). Additionally, Rybicki received several million dollars of “distributions”. *See* Exhibit P (Payments to Rybicki classified as Distributions). As a result of receiving these millions of dollars, Rybicki was able to live a lavish lifestyle, driving a custom-built Land Rover, a Porsche and a Ferrari, among other vehicles. He acquired numerous real properties and lived in an expansive million-dollar Phoenix home. *See* Exhibit Q to FQSR (Rybicki Real Estate). Other examples of this extravagance with investors’ money included the purchase of hundreds of thousands of dollars of jewelry, luxury travel, sports tickets and memorabilia, and an investment or contribution of \$22,000 to a semi pro soccer team. Based on information gathered by the Receiver’s forensic accountants, payments made to or for the benefit of Mr. Rybicki exceed \$14 million. *See* Exhibit 2 to SQSR.

B. Brian Davison

While Rybicki’s use of investor funds is dramatic, it is dwarfed in comparison to the amount of funds used by Davison. To date, the Receiver’s forensic accountants have traced over \$35 million in funds paid to or for the benefit to Mr. Davison. *See* Exhibit 3 to SQSR. Davison had direct and complete control of EquiAlt and the Receivership Funds and he used those

funds directly and indirectly in an extravagant manner for his and his family's own personal use. Examples of his use of the proceeds of the investments follow:

- In May 2012, Davison's grandfather James Gordon McDonald died in Spokane, Washington. His estate was passed through the James Gordon McDonald Revocable Trust ("McDonald Trust"). Upon Mr. McDonald's death, Davison became the trustee of this trust and had total control of all its transactions. The beneficiaries of the trust were Davison and his wife Nicole and a niece of Mr. McDonald. Pursuant to the trust, the niece was to receive the proceeds of a brokerage account and Davison received the rest of the assets of the trust.² Mr. McDonald was a retired diesel mechanic and lived in a modest home in Spokane, valued at less than \$200,000. Once in control of the trust, Davison used it as a vehicle to disguise his diversion of approximately \$5 million dollars of investor funds for his personal use. These diversions were often recorded in EquiAlt's financial records as repayment of principal or repayment of loans. No such loans existed. Rather, these funds were used by Davison to acquire his personal multimillion-dollar residence, exotic cars, and

² Examination of bank and brokerage records indicates that the investments in the brokerage account were sold and a check was issued to Davison. The funds were deposited in an account he controlled. There are no records indicating that funds were ever distributed to Mr. McDonald's niece.

hundreds of thousands of dollars of jewelry. *See* Exhibit T to FQSR (Sources and Uses McDonald Revocable Living Trust). Further, it stretches the bounds of credibility to think that the timing of the deposits into the McDonald Trust bank account and the personal expenditures made shortly thereafter were coincidental. *See* Exhibit 4 to SQSR.

- In February and March of 2013, Davison used \$399,517.66 from Fund I to purchase his personal residence at 128 Biscayne Avenue, Tampa. Thereafter, he used \$1,219,391.92 from EquiAlt LLC and EquiAlt Fund I for the renovation of the house. During these renovations, in September of 2017, Davison bought an adjoining lot (305 Bosphorous) for \$913,412.51. The funds for this purchase came from the McDonald Trust and as described above were investor funds diverted to the McDonald Trust. The Biscayne property was initially purchased and titled in Fund I, later it was moved to a single purpose LLC, 128 Biscayne LLC. The Bosphorous lot was titled in BNAZ LLC, another Davison shell company. The properties were later titled in the name of Brian and Nicole Davison. The properties now show as a combined property on the property appraiser's website. The entire \$2,532,322.09 spent on the acquisition and renovation of these properties came directly or indirectly from investor funds. *See* Exhibits U and V to FQSR (Expenditures Related to 128 Biscayne Ave and 305 Bosphorous)

- In January of 2017, Davison purchased an apartment in the Flatiron District of New York City. The apartment purchase was closed in February of 2017. The total purchase price was \$2,747,984.73. The money used to buy the condominium came directly from Fund I. The apartment has never been rented or listed for sale. It was only used by Davison and his family. After the purchase, Davison added \$22,762.95 of amenities that were paid for by EquiAlt LLC. *See Exhibit W to FQSR (Expenditures Related to 21 West 20th Street, No. 5, NY Property).*
- As of May 2018, Davison's avarice was not satisfied. Further examples of his personal acquisition of property using investor assets include the acquisition of a building at 2101W. Cypress Street in Tampa. This building was renovated in a luxurious fashion to be a cross between a man cave for Davison's personal use and a smaller version of Jay Leno's Garage. The building housed some of Davison's Ferraris and other vehicles owned by friends and business associates. It also included a small gym. Davison purchased the building for \$535,000 and added \$265,681.80 of renovations. *See Exhibit X to FQSR (Expenditures Related to 2101 Cypress Street Property).* All the funds for this building and its renovation were taken directly from Fund I.
- At the time the Cypress Street property was secured by the Receiver, in addition to Ferraris and the automobiles of Davison's associates, the

building also contained a 2018 Pagani Huayra. The Pagani was purchased in April of 2019 for more than \$3 million. Over \$2,200,000 of the purchase price was wired from an EquiAlt Bank of America account and the remainder of the purchase price was paid through a financing lease of over \$800,000. The funds from the purchase all came directly or indirectly from investor funds. An email to the CFO of EquiAlt from Davison directs how the funds were to be accumulated to fund the wire for the purchase. Monies came from Fund I and the newly formed REIT and the \$15,510.08 monthly payments on the financing lease were also paid from the EquiAlt Bank of America account and were booked as “Automobile Expense”. See Exhibits Y and Z to FQSR (Schedule of payments for Pagani and Davison’s email directing how to amass purchase funds).

- On at least two occasions, Davison had EquiAlt purchase or put down a deposit for vehicles and then received a refund of those monies to him personally.
 - In December 2017, EquiAlt paid a \$98,000 deposit by wire for a Land Rover for Davison through East Coast Defender (“ECD”). EquiAlt completed the transaction by check in May 2019 for \$126,948.35. Ultimately, Davison decided to buy the vehicle through Zen Motorsports via a trade in of a Mercedes Benz G63.

So ECD sold the vehicle to Zen. ECD then refunded the monies EquiAlt had paid, \$224,948.35, to Davison personally.

- In September 2018, EquiAlt wired \$200,000 to Automobili Pininfarina GmbH for a deposit on a Battista. A year later Davison changed his mind and cancelled the purchase. The refund of the \$200,000 deposit was wired to Davison personally.
- Davison's extravagance was not limited to real estate and cars. A financial statement submitted by Davison to Merrill Lynch dated May 1, 2018 (Exhibit AA to FQSR) details assets that he had acquired to that point in time. In addition to his real estate holdings, the financial statement lists \$8,177,000 worth of jewelry, three Ferraris, a Rolls Royce, four Mercedes and a \$100,000 Land Rover among other vehicles.
- His jewelry holdings increased even after the \$8 million valuation in May 2018. For example, in November 2018, through a Christie's private sale, he purchased a Patek Philippe watch (2499/100, Fourth Series) for \$525,000. In January 2019, also through a Christie's private sale, he purchased a Patek Philippe watch (2499 Third Series) for \$1,100,000. Both of these purchases were made through Davison's personal Chase account, funds which were derived directly or indirectly from the Receivership Funds.

- Indeed, on January 17, 2020, within days of completing his testimony before the SEC, he completed the purchase of an Audemars Piguet 44mm Royal Oak Branded Complication Black Ceramic watch for \$737,000. The invoice for this purchase is attached as Exhibit BB to FQSR. At the time of the asset freeze, he was in the process of selling \$1,450,000 of watches through Sotheby's. A consignment agreement with Sotheby's for the sale of these watches is attached as Exhibit CC to the FQSR. The Receiver's counsel has been working diligently with counsel for Mr. Davison to obtain more specific information related to Mr. Davison's watch collection.

V. Observations of the Receiver

Based on the findings outlined above, the Receiver has reached the following conclusions regarding EquiAlt, the Receivership Funds, including the QOZ and REIT:

- The Receivership Funds are the result of one continuous fraudulent scheme that utilized the same persons, methods and misrepresentations.
- The Receivership Funds are insolvent and without additional investor funds can barely support operations without paying interest to investors. If interest payments were made to investors the Receivership Funds would be out of cash in months.

- The Receivership Entities and business cannot lawfully be operated on an ongoing basis and if lawfully operated, the business presents no realistic opportunity for economic success.
- The consolidation of New Funds with the Receivership Funds will avoid preferences to some investors and harm to others due to the movement of movement on monies from one fund to another that occurred in 2018.
- The Receivership entities should be consolidated into one Receivership entity for the equitable distribution of assets and management of the Receivership Estate.
- As the Receivership Entities and the New Funds are not viable entities and absent continued illegal fund raising will fail rapidly,
 - The business of EquiAlt and all the Funds should be wound down and their assets liquidated in a studied, thoughtful and orderly fashion.
 - The Receivership should seek to recover the assets and monies taken by the principals for inclusion in the Receivership Estate to be liquidated and distributed to victims and creditors of this scheme.
 - Attention should be given to the assertion of potential claims against professionals, financial institutions and others who

facilitated, assisted, aided and abetted, participated in or profited from this scheme.

- Careful evaluation of the assets of the Receivership will result in a maximum return for the victims and creditors. This will involve the completion of selected development projects and an organized liquidation of the majority of the real estate assets that are owned by the Receivership.
- Litigation against those investors who profited from this scheme is necessary to assure equitable distributions to all victims and to recover moneys that are clearly receivership assets.
- The activities of unregistered sales agents and personnel of EquiAlt who profited from the unlawful and fraudulent sale of EquiAlt investments received compensation that is rightfully an asset of the Receivership for which recovers should be sought.

ACTIONS TAKEN BY THE RECEIVER

Since his appointment, the Receiver has taken a number of steps to fulfill his mandates under the Order Appointing Receiver.

VI. Securing the Receivership Estate

A. Fund Accounting

Attached as Exhibit 1 is a cash accounting report showing the amount of money on hand from October 1, 2020, less operating expenses plus revenue,

through December 31, 2020. This cash accounting report does not reflect non-cash or cash-equivalent assets. Thus, the value of all property discussed below is not included in the accounting report. From October 1, 2020 through December 31, 2020, the Receiver collected \$1,622,849.31 in business income and \$1,613,480.39 from business asset liquidation, with \$2,361,825.47 in business asset expenses. The ending fund balance is \$7,322,293.08.

B. Freezing Bank Accounts and Liquid Assets

After the Court entered the TRO and Order Appointing Receiver, the SEC worked to freeze bank accounts at Bank of America, Wells Fargo, Chase and Comerica. The Receiver and his professionals engaged in a preliminary review of documents and other information to identify other institutions that potentially held relevant financial accounts or lines of credit. On February 17, 2020, the Receiver and his professionals began serving the TRO and Order Appointing Receiver on financial institutions by email and facsimile. The Receiver's highest priority was to identify and freeze all accounts associated with the Receivership Entities.

Between the accounts frozen by the SEC and those identified and/or frozen by the Receiver, over \$7 million was identified at various financial institutions. EquiAlt LLC and other Receivership Entities had separate bank accounts at Bank of America and Chase. The Receiver first attempted to gain signatory authority over those accounts. However, when it became clear that

working through these banks was not expedient, the Receiver opened similar accounts at ServisFirst. The monies that had been frozen at Bank of America and Chase for those Receivership Entities. The Bank of America accounts were liquidated and provided to the Receiver for deposit in the mirrored accounts at ServisFirst on or about February 27, 2020 (Bank of America) and March 2, 2020 (Chase) for a total amount of \$4,329,593.94.

Receivership Bank Account

The Receiver has opened a money market account for the Receivership at ServisFirst Bank.³ To date, this account holds the following funds:

- Recovery of \$53,500 from Stovall House;
- Return of an escrow payment in the amount of \$45,834 on April 6, 2020;
- Return of \$193,911.19 in deposits from Miller Motorcars made by EquiAlt for the purchase of luxury vehicles for Mr. Davison.
- The Court ordered the return of \$310,000 in deposits made by EquiAlt to Audemars Piquet for watches for Mr. Davison and his wife (Doc. 155);
- The Court approved the private sale of three of Mr. Davison's Ferraris. The gross proceeds from these sales were \$638,300. After payment of the liens in the amount of \$310,443.53, the sales netted \$327,856.47;
- Proceeds from the sale of 4203 Bay Villa, Tampa - \$495,336.53;
- Mr. Rybicki sought and received the approval of the Court to sell his encumbered Porsche that he was driving. (Docs. 203 and 204)

³ The Receiver also opened a checking/operating account for making disbursements.

The sale price was \$105,000. After paying the lien, the net proceeds were \$65,844.35. The Court approved the use of \$23,000 of those proceeds for Mr. Rybicki to purchase a personal vehicle. However, Mr. Rybicki chose to leave all the proceeds with the Receiver;

- Proceeds from the sale of 5324 5th Avenue North, St. Petersburg - \$216,492.08;
- Proceeds from the sale of 6209 2nd Avenue North, St. Petersburg - \$256,599.29;
- Net proceeds from the sale of Mr. Davison's Bentley - \$45,896.13; and
- Net proceeds from the sale of Mr. Davison's Rolls Royce - \$31,144.38.

Rybicki Segregated Account

In May 2020, Mr. Rybicki sold a Ferrari and the proceeds of that sale, \$92,311.45, were deposited into a segregated account controlled by the Receiver.

1. Accounts at ServisFirst

The Receiver holds the following bank accounts at ServisFirst which had been transferred from either Bank of America or Chase at the time this case was filed. The balance as of December 31, 2020 was \$6,399,906.66

Account No.	Account Title	12/31/20 Balance
XXXXXXXXX7668	EquiAlt Fund, LLC	\$493,403.49
XXXXXXXXX7692	EquiAlt Fund, LLC (Escrow)	\$26,408.32

Account No.	Account Title	12/31/20 Balance
XXXXXXXXXX7650	EquiAlt Fund II, LLC	\$2,614,573.72
XXXXXXXXXX7684	EquiAlt Fund II, LLC (Escrow)	\$103,912.55
XXXXXXXXXX7643	EA SIP, LLC	\$501,672.19
XXXXXXXXXX7676	EA SIP, LLC (Escrow)	\$3,032.91
XXXXXXXXXX7593	EquiAlt, LLC	\$5,271.49
XXXXXXXXXX7718	EquiAlt, LLC (Escrow)	\$2,003.36
XXXXXXXXXX6843	EquiAlt, LLC Operating	\$1,547.00
XXXXXXXXXX7635	Blue Waters TI LLC	\$67,588.16
XXXXXXXXXX7627	TB Oldest House Est. 1842, LLC	\$69,510.11
XXXXXXXXXX7601	Silver Sands TI LLC	\$33,970.14
XXXXXXXXXX7619	Bungalows TI LLC	\$38,782.59
XXXXXXXXXX8013	5123 E. Broadway Ave. LLC	\$94,853.69
XXXXXXXXXX8021	5123 E. Broadway Ave. LLC (Escrow)	\$9,474.97
XXXXXXXXXX8500	BR Support Services	\$15,096.40
XXXXXXXXXX6850	Receivership Account	\$2,203,577.58
XXXXXXXXXX6191	Rybicki Segregated Funds	\$92,451.43
XXXXXXXXXX1772	Segregated Funds (REIT)	\$22,776.56
		\$6,399,906.66

After the Court's Order expanding the Receivership over the REIT and QOZ entities, the Receiver opened accounts and ServisFirst and transferred those entities' accounts from Bank of America to ServisFirst.

Account No.	Account Title	Funds Transferred from Bank of America	9/30/20 Balance
XXXXXXXXX1975	EquiAlt Property Management	\$15,274.29	\$774.29
XXXXXXXXX1983	EquiAlt Property Management (money market)	\$32,911.39	\$42,194.34
XXXXXXXXX2049	Qualified Opportunity Zone LP	\$2,000.00	\$1,206.03
XXXXXXXXX2054	Qualified Opportunity Zone (money market)	\$336,089.00	\$334,181.25
XXXXXXXXX1959	EquiAlt Secured Income Portfolio REIT, Inc.	\$496,605.42	\$457,968.59
XXXXXXXXX1967	EquiAlt Secured Income Portfolio REIT, Inc. (money market)	\$0	\$0
XXXXXXXXX1991	EquiAlt Capital Advisors LLC	\$4,743.27	\$4,743.27
XXXXXXXXX2023	EquiAlt Holdings LLC	\$380.20	\$380.20
			\$841,447.97

2. Accounts at Bank of America, N.A.

After the transfer of the above-referenced REIT and QOZ accounts, there are only three accounts still held at Bank of America. The approximate balance of those accounts is \$760.40.

Account No.	Account Title	Original Frozen Balance	Notes
XXXXXXXXX8041	The Brian D. Davison Revocable Trust	\$322,480.86	In September 2019, Davison closed the account for the McDonald Trust and transferred the funds to this account in the name of the Brian Davison Trust.
XXXXXXXXX4150	EquiAlt Capital Advisors	\$4,743.27	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX4082	EquiAlt Property Management LLC	\$15,274.29	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX4079	EquiAlt Secured Income Portfolio REIT, Inc.	\$310,341.81	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX4008	EquiAlt Secured Income Portfolio Limited Partnership	\$380.20	Remains Frozen
XXXXXXXXX6911	EquiAlt Property Management, LLC	\$30,043.99	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX5648	EquiAlt Secured Income Portfolio REIT Inc/EquiAlt REIT	\$26,060.36	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX8441	EquiAlt Qualified Opportunity Zone Fund, LP	\$356,089.00	Liquidated / Transferred to Receiver Controlled account
XXXXXXXXX5126	EquiAlt Property Management, LLC	\$0.00	Remains Frozen
XXXXXXXXX 5113	EquiAlt Property Management, LLC	\$0.00	Closed

Account No.	Account Title	Original Frozen Balance	Notes
XXXXXXXXX4147	EquiAlt Holdings LLC	\$380.20	Liquidated/Transferred to Receiver Controlled Account
XXXXXXXXX4011	EquiAlt Secured Income Portfolio	\$380.20	Remains Frozen

3. Accounts at Wells Fargo Bank, N.A.

The Receiver identified 12 accounts at Wells Fargo Bank, N.A. (“**Wells Fargo**”) that were associated with the Corporate Defendants and Relief Defendants. The Corporate Defendants and Relief Defendants utilized these accounts prior to the accounts at Bank of America, N.A. The accounts were closed in 2019 or earlier and contained no funds.

4. Accounts at JPMorgan Chase, N.A.

The Receiver has identified 16 accounts at JPMorgan Chase, N.A. (“**Chase**”) that are or were associated with the Defendants and Relief Defendants.

Account No.	Account Title	Original Frozen Balance	Court Ordered Withdrawals from Account
XXXXXX8545	Brian Davison	\$46,888.98	\$46,888.98 (Doc. 54)(living expenses)
XXXXXX3995	Brian Davison / Nicole Davison	\$417,762.15	*\$75,000 (Doc.54)(legal fees) *\$105,420 (Doc. 124) - \$27,920 (living expenses) and \$77,500 (capital calls)

			*\$67,700 (Doc. 201) - \$22,700 (living expenses) and \$45,000 (capital calls)
XXXXXX2758	Brian Davison	\$114.23	Frozen
XXXXXX8993	Barry Rybicki	\$2,469.64	Frozen
XXXXXX5756	Davison Capital LLC	\$24,639.50	Frozen
XXXXXX5807	Rosenbarry Holdings LLC	\$220,021.06	*\$85,000 (Doc. 31) - \$75,000 (attorney fees) and \$10,000 (living expenses) *\$23,400 (Doc. 65)(living expenses) *\$19,865 (Doc. 83)(living expenses) *\$25,300 (Doc 124) - \$9,500 (living expenses) and \$15,800 (accountant, e-discovery) \$16,576 (Doc. 171)(living expenses)
XXXXXX5358	Rosenbarry Holdings LLC	\$5,000.00	\$5,000 (Doc. 31)(living expenses)
XXXXXX9319	Brian Davison	\$194.15	Frozen
XXXXXX0277	5123 E Broadway Ave LLC	\$51,999.73	Liquidated / Transferred to Receiver Controlled account
XXXXXX96693	5123 E Broadway Ave LLC	\$70,082.19	Liquidated / Transferred to Receiver Controlled account
XXXXXX9906	BR Support Services LLC	\$15,096.40	Liquidated / Transferred to Receiver Controlled account
XXXXXX2755	Undetermined (possibly Rybicki-related)	\$0.00	Closed prior to Receiver's Appointment
XXXXXX0318	NV Support Services	\$0.00	Closed prior to Receiver's Appointment
XXXXXX2361	Barry Rybicki	\$0.00	Closed prior to Receiver's Appointment
XXXXXX9610	Barry Rybicki	\$0.00	Closed prior to Receiver's Appointment

XXXXXX7513	NV Support Services	\$0.00	Closed prior to Receiver's Appointment
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5. Accounts at Comerica Bank, N.A.

The Receiver has identified 5 accounts at Comerica Bank, N.A. (“Comerica”) that were associated with the Defendant, Barry Rybicki.

Account No.	Account Title	Frozen Balance	Status
XXXXXXX7306	Barry M. Rybicki	\$36,824.98	Frozen
XXXXXXX7314	Barry M. Rybicki	\$30,577.31	Frozen
XXXXXXX7261	Rosenbarry Properties, LLC	\$10,000.00	Frozen
XXXXXXX7721	Rosenbarry Properties, LLC	\$500.00	Frozen
XXXXXXX6792	Undetermined (possibly Rybicki-related)	\$36,824.98	Frozen
XXXXXX2102	Barry M. Rybciki and Rosemarie Rybicki JT TEN	\$224.57	Frozen

6. Investments and Investment Accounts

The Receiver has identified and frozen three investment accounts associated with the individual defendants: Coinbase (Rybicki), E*Trade (\$225,744), and Merrill Lynch (Davison). As of February 29, 2020, the balance in Davison's Merrill Lynch accounts was \$1,350,771.36. Since then, approximately \$122,500 have been moved from Davison's personal bank account to pay capital calls in the Merrill Lynch account. Going forward, the

Court has ordered that the Merrill Lynch investment advisor “shall be authorized to liquidate equities in those accounts for the sole and exclusive purpose of meeting future capital calls as they might arise.” (Doc. 201 at 4)

Additionally, the Receiver identified and froze a \$1,000,000 investment made by Mr. Davison through EquiAlt Fund II in Alternative Capital LLC. To date, Alternative Capital LLC has paid distributions to Fund II of almost \$380,000. On August 11, 2020, Alternative Capital redeemed \$500,000 of Fund II’s investment. Alternative Capital repaid the remaining \$500,000 in December 2020.

C. Securing Real Property

The Receivership Estate contains hundreds of parcels of real property mostly in Hillsborough, Pinellas and Pasco counties, Florida, most of which are part of the ongoing real estate business of EquiAlt. The Receiver is continuing to oversee the renovations in progress of certain EquiAlt properties as well as reviewing potential sales of properties that were in process at the time the Receivership was created. This quarter, the Receiver sold three properties for a total of \$968,427.90 in net proceeds.

In addition to the properties owned and managed by EquiAlt, the Receivership Estate also includes the EquiAlt office at 2112 W. Kennedy Boulevard, the New York City apartment, and a vehicle warehouse/man cave. In the Receivership Orders, the Court directed the Receiver to “take immediate

possession of . . . all real property of the Corporate Defendants and Relief Defendants, wherever situated” (Doc. 11 ¶ 1). The Receiver’s actions in fulfillment of that directive are explained in the following subsections.

1. 2112 W. Kennedy Boulevard, Tampa, FL

On February 14th, after the Court entered the Order Appointing Receiver, the Receiver, accompanied by the U.S. Marshal’s office, his lawyers, E-Hounds, and forensic accountants entered EquiAlt’s office at 2112 W. Kennedy Boulevard. The team worked to secure the premises, access the computer networks, and interview employees who were on the premises. Locks were changed and security cameras were installed.

This property was originally purchased in the spring of 2018 for \$975,000 with monies being paid by EquiAlt LLC, EquiAlt Fund II and McDonald Revocable Living Trust. Thereafter, EquiAlt LLC renovated the premises for almost \$280,000.

2. 21 W. 20th Street, Unit 5, New York, New York (“NY Condo”)

On the morning of February 25, 2020, a representative of the Receiver accessed and secured the NY Condo. Since that time, the Receiver’s representative has photographed the contents of the condominium. In doing so, the Receiver has identified a high-end German watch safe that was purchased with EquiAlt funds.

3. 2101 W. Cypress Street, Tampa, Florida

The Receiver accessed the Cypress warehouse on February 20, 2020.

Stored in the warehouse were the following vehicles:

- 2018 Pagani Huayra;
- 2015 Ferrari 458 Speciale Coupe;
- 2018 Ferrari GTC4 Lusso;
- 1977 Ferrari 208 GTB; and
- 2012 Ford Fiesta.

Two additional automobiles were being stored in the warehouse that belonged to individuals unrelated to the Receivership. These individuals were later allowed to remove their vehicles from the warehouse.

In addition to the luxury automobiles, there were several high-end watches and dozens of empty watch boxes. The premises have been secured, locks changed and cameras installed to protect the assets and the real property at 2101 W. Cypress. The watches that were found at this location have been secured at a separate location.

4. Phoenix, Arizona operations

As the Receiver was entering EquiAlt's office in Tampa on February 14th, his lawyers in Phoenix, Arizona, Baskin Richards, and a paralegal from Wiand Guerra King PA, accompanied by the US Marshal Service, presented themselves at Mr. Rybicki's home located at 3313 E. Daley Lane, Phoenix, Arizona ("Daley Lane"). Mr. Rybicki was served with the court documents and,

after communicating with Mr. Rybicki's counsel, the US Marshal Service and the Receiver's representatives were invited into his home. The Daley Lane home was also the office for Relief Defendant, BR Support Services, LLC., and several other entities operated by Rybicki including Rosenbarry Properties, LLC. Daley Lane was photographed and videotaped. The Receiver's representatives interviewed Mr. Rybicki, obtained books and records from his home office and his computer was given to technology experts Digital Acuity, LLC, to be imaged. Receiver's representatives also arranged for the cellular phones and computers of other BR Support Services, LLC employees to be delivered to Digital Acuity, LLC to be imaged. After several hours the Receiver's representatives left the premises. All documents retrieved from Mr. Rybicki's home were brought to the Receiver's offices.

The Receiver's representatives next travelled to executive office space leased by Mr. Rybicki/BR Support Services, LLC located at 11811 N. Tatum Blvd., Suite 3031, Office #30, Phoenix, Arizona 85028 ("Tatum Office). They were accompanied by Mr. Rybicki who gave them access to the office and turned over the keys. This was a small, one room virtual office space leased through Regus, which was identified by Mr. Rybicki as the sales office for the Receivership and New Funds. The Tatum Office contained books and records of the Receivership Entities, including various sales and marketing materials related to the Funds, office furniture, computer equipment and personal items

of the BR Support services, LLC's employees. The Receiver's representatives inventoried the computer equipment located at the office. The computers were taken to Digital Acuity, LLC to be imaged and subsequently returned to the Tatum Office or taken to the Baskin Richards offices. The physical property (desks, chairs, etc.) were owned by Regus and were left at the premises. The personal property of employees (including a computer monitor) was returned or left on the premises. All documents retrieved from the Tatum Office were brought to the Receiver's offices. The lease on the Tatum Office was set to expire in the next sixty days and the Receiver subsequently abandoned the premises. Incoming calls to the Tatum Office were originally transferred to Rebecca Weibe, identified in documentation of the Funds as the Executive Administrative Coordinator for EquiAlt. She was interviewed and determined to be an employee of BR Support Services, LLC and the sister-in-law of Mr. Rybicki. Incoming calls were subsequently forwarded to the EquiAlt offices in Tampa, Florida. Some employees of BR Support Services, LLC were subsequently interviewed by the Receiver's representatives.

D. Investigation of Other Real Property

The Receiver does not have authority over the individual defendants' assets, but he has been tasked with investigating and tracing the use of investor proceeds for purposes other than legitimate business uses. To that

end, the Receiver, with the help of Yip Associates, has been investigating the use of investor funds to purchase the personal residences of both Brian Davison and Barry Rybicki. As stated above, over \$2.5 million has been expended by Receivership Entities to purchase and renovate Davison's personal residence. The Receiver is still investigating the funding of Mr. Rybicki's house. Thus far, the Receiver has identified payments of \$450,000 made from Receivership Entity BR Support Services, which was controlled by Barry Rybicki, to Taylor Morrison for the lot for Mr. Rybicki's home. In addition to Mr. Rybicki's personal residence, there are other properties owned by Rosenbarry Properties, an LLC formed by Mr. Rybicki and his wife.

E. Securing Personal Property

1. Vehicles

a. Davison Vehicles

In addition to the vehicles located in the Cypress property, the Receiver has located and secured several other vehicles purchased by Mr. Davison. These vehicles include:

- 2020 Bentley GTC;
- 2009 Ferrari F430 Scuderia 16M;
- 2015 Ferrari F12 Berlinetta;
- 2019 Ferrari 488 Spider;
- 2016 Mazda MX5 Chassis #79; and
- 2012 SeaRay 300.

Later, the Receiver took possession of the 2019 Rolls Royce Cullinan and provided the Ford Fiesta to the Davison family. Mr. Davison and his family, at the Court's request have been allowed to retain vehicles for personal use. Currently, those include the following:

- 2019 Toyota 4Runner;
- 1995 D110 ECD;
- 2012 Ford Fiesta
- 2015 Mercedes Benz ML350 (driven by the Davisons' nanny).

The Receiver worked to secure bids on five of Mr. Davison's Ferraris: Scuderia, Berlinetta, Spider, Speciale and Lusso. On July 28, the Court granted the Receiver's motion to approve the sale of the following cars (Doc. 156):

Vehicle	Lien Amount	Sales Price	Net Proceeds
2009 430 Scuderi 16M (VIN: ZFFKW66A490169155)	\$0.00	\$200,000.00	\$200,000.00
2015 F12 Berlinetta (VIN: ZFF74UFA3F0208703)	\$127,747.42	\$165,000.00	\$37,252.58
2015 458 Speciale (VIN: ZFF75VFA3F0212818)	\$182,696.11	\$272,300.00	\$89,603.89
Total			\$326,856.47

Bids of the Lusso and the Spider did not cover the outstanding liens held by Ferrari Financial Services ("FFS"), so these vehicles were surrendered to FFS.

On November 2, 2020, the Court granted the Receiver's request to sell three of Mr. Davison's cars through an auction to held by the Receiver. (Doc. 210) On December 10, 2020, the Receiver held the auction (live and online) to sell the cars, all of which carried a large amount of financing. Two of the three vehicles sold at the auction:

No.	Vehicle	Lien Amount	Auction Sale Price Plus Buyer's Premium
1.	2020 Bentley Convertible GTC V8 (VIN: SCBDG4ZG8LC075930)	\$184,444.14	\$230,360.00
2.	2019 Rolls Royce Cullinan (VIN: SLA689X56KU114239)	\$250,848.26 ⁴	\$326,400.00

The reserve on the third vehicle, the 2018 Pagani Huayra,⁵ was not met. The highest bid at the auction was for \$2.1 million. The Receiver is optimistic that he will be able to sell the Pagani through private sale at a higher price.

b. *Rybicki Vehicles*

⁴ The Receiver had previously provided a higher lien amount to the Court based on information provided by Rolls Royce Financial after the auction. However, recently, the Receiver received additional funds back from the financing company which is more in line with the original lien first quoted to the Receiver.

⁵ The purchase price of the Pagani was \$3,068,791. The lien on this vehicle is approximately \$1,031,693.

Mr. Rybicki owns the following vehicles of which he has possession for personal use:

- 2019 Porsche Turbo S Cabriolet (driven by his wife)
- 1981 Land Rover Defender (driven by one of his sons)

In May, Mr. Rybicki sold his 2017 Ferrari 488 GTB in order to stop the required loan payments. This transaction was not organized or approved by the Receiver but the net proceeds of \$92,331.45 were sent to the Receiver on May 29, 2020, where such funds are being held in a segregated account by the Receiver. In September, the Receiver worked with counsel for Mr. Rybicki to sell his 2017 Porsche Targa 4S for \$105,000. After payment of the outstanding lien, the sale netted \$65,844.35. These proceeds have also been deposited to the Receiver's money market account. Because this car was Mr. Rybicki's primary vehicle, the Receiver, with the Court's approval (Doc. 204), has agreed to allow Mr. Rybicki to use \$23,000 of those proceeds to purchase a vehicle. However, Mr. Rybicki decided not to use these funds, thus they remain with the Receiver.

In addition to purchasing luxury vehicles, Mr. Davison would also use EquiAlt funds to pay deposits for future vehicle purchases. Miller Motorcars held and returned to the Receiver on April 13, 2020, \$193,911.19, representing deposits made on three separate cars. The Receiver is continuing to pursue other "non-refundable" deposits being held by Miller.

2. Watches and Other Jewelry

Mr. Davison is an avid collector of fine watches. As stated above, several watches were found at the Cypress warehouse and Kennedy office. Those items have been secured at a separate location. The Receiver has gathered hundreds of pages of documents from ten jewelers and auction houses to identify other watches/jewelry items and the source of funds used to purchase them. Pursuant to the Asset Freeze, Sotheby's is holding fifteen watches which Mr. Davison was seeking to sell at the time this case was filed. The Receiver will continue to investigate these items. It appears that all these items were acquired directly or indirectly with investor proceeds.⁶ The Receiver is working with counsel for Mr. Davison and the SEC to identify these watches and jewelry pieces for purposes of turnover and liquidation. It is anticipated that the Receiver will use the professional services of one of the international auction houses to sell this collection of watches when they are ultimately turned over. The Receiver will of course seek approval of the Court before the sale of any of these items.

As with his cars, Mr. Davison would wire EquiAlt monies for deposits on fine watches as well. The Receiver's team located \$310,000 in deposits for two

⁶ In addition to the watches and jewelry, EquiAlt purchased two high-end German watch safes for over \$150,000. The smaller of the two safes has been located in the New York City condominium.

watches being held by SIMWEST d/b/a Audemars Piguet Boutique. Pursuant to the Court's Order, these funds have been returned to the Receiver and have been deposited into the Receiver's money market account.

F. Securing the Receivership Entities' Books and Records

The Receiver has taken extensive steps to secure the books and records of the Receivership Entities and to obtain documents from third parties. First, the Receiver, through E-Hounds, obtained access to EquiAlt's cloud-based email network and preserved all records therein. Second, the Receiver obtained access to EquiAlt's Dropbox system which contains all the records for the operations of the Receivership Entities. Third, EquiAlt maintained an investor portal website. Fourth, the Receiver finally received information that allowed him to access Mr. Davison's laptop which provided access to text messages and emails not previously seen.

The Receiver has used the powers set forth in the Order Appointing Receiver to obtain numerous documents from nonparties including banks, accountants, lawyers, jewelers, auction houses, car dealers, and trust companies. The Receiver and his professionals are continuing to review this information and will update the Court through future reports as his investigation progresses.

G. Operating Businesses

On February 14, 2020, the Receiver took possession of the offices of EquiAlt LLC at 2112 W. Kennedy Blvd. in Tampa, the main office of the real estate activities of EquiAlt, as well as the EquiAlt offices in Phoenix, Arizona. Rybicki and a number of people working for him conducted business from a suite office in Phoenix and also from his home. The activities of the Receivership Funds as well as the New Funds were conducted by employees of EquiAlt from the Tampa offices and the sales activities of the investments were directed by Mr. Rybicki and the personnel in Arizona from Phoenix.

At the time the offices were secured, EquiAlt had eleven employees working from the Tampa office as well as two other employees in the Tampa Bay area who conducted leasing and maintenance activities for the located at multi-unit properties. In addition, the company had two employees in Tennessee who oversaw properties that had been acquired there, both for the Receivership Funds and for the REIT.

On February 14th and in the few days that followed, the Receiver took possession not only of the premises of EquiAlt but also the records of EquiAlt in the various locations. The personnel at both of those locations were interviewed. The Receiver has reduced the staff in Tampa and has also terminated all the employees in Arizona. At the present time, the Receivership still retains the employees in Tennessee, but the continued retention of those employees is being evaluated.

From the Tampa office, the employees of EquiAlt oversee the rental real estate activities for the properties owned by the Receivership Funds including the REIT and QOZ. They continue to oversee certain development and construction projects that were begun prior to the Receiver being appointed. At the present time, EquiAlt has employees dedicated to leasing and tenant matters as well as maintenance issues related to the rental real estate properties. Two employees oversee the ongoing construction projects including rehabilitation and renovation projects that are necessary as rental properties turn over. EquiAlt's staff also includes three full-time employees who perform accounting activities, as well as employees who handle human resources matters for the company. The Receiver believes that the current staffing is adequate to support the real estate activities of the Receivership Entities.

Since the inception of the Receivership on February 14, 2020, the initial primary focus of the efforts of the Receiver and his team has been (1) to secure the assets of the Receivership; (2) investigate the prior activities of the Receivership entities and principal Defendants; (3); conduct forensic accounting to properly account for the Receivership assets, funds and obligations; and (4) organize the staff and operations of EquiAlt and the other Receivership entities to assure efficient and effective conduct of the Receivership and its entities as this matter goes forward.

These tasks have largely been completed and the Receiver is now focusing on two three new major tasks. The first of these is to begin a claims process so that the amount of investor and creditor claims of can be determined and the process of returning funds to them may begin. Our forensic accounts are continuing the task of identifying the investor victims and determining the amount of their losses. This task should be completed in the next 60 days at which time a motion will be filed with the Court for approval of the claims process and claim forms will be forward to all known investors and creditors. The second of these tasks is identify and seek recovery from third parties and insiders who may have liability to EquiAlt or other Receivership entities for facilitating or aiding and abetting the conduct alleged by the SEC or breaching duties owed to the Receivership entities. The Receiver will also evaluate and pursue any obligations that third parties may owe to the Receivership. The final task that is ongoing is the evaluation of the assets of the Receivership entities and the assets collected from third parties. The Receiver will seek to carry out an efficient plan to maximize the recovery by the Receivership from these assets for the benefit of the Receivership Estate, the investor victims and creditors.

The primary assets of the Receivership, its affiliated funds and the Relief Defendants consist of real property that was acquired during the course

of the EquiAlt scheme. In total there are 296 properties. Most of these properties are residential properties, 239 of which are single family dwellings. Most of the residential properties are modest dwellings. However, the Receivership does own three higher-end homes. There are 49 multi-family properties, the smallest of which are duplexes and the largest is a 41 unit apartment complex located in Tennessee. The Receivership holds 8 commercial properties and a 48 unit mobile home park located in Florida. Additionally, the Receivership has 19 parcels of vacant land. Development had been planned for some of these properties, but at the time this action was filed, that development had not yet to begun.

Most of the residential properties are rented by EquiAlt and the total rent roll for the properties is roughly \$500,000-525,000/month (some seasonal range for the beach rental properties). At present, the average monthly rental received by the Receivership over the last three months is \$455,235. At the time the SEC action was filed, the total debt service to investors including accrued payments credited to so called “growth” accounts was approximately \$1.2 million/ month. Obviously, these payments could not continue.

At the present time the Receivership has approximately \$7.3 million on hand in cash. These funds are sufficient for current operation including taxes, repairs, necessary renovations, personnel expense, insurance

and general maintenance. It appears that after the completion of the filing of the Motion to establish the claims process, the rental income of the properties will exceed the future operational costs of EquiAlt's operations.

Once the claims process is completed, the Receiver intends to begin distributions of funds from liquidated assets to investors and creditors. As the liquidation of assets proceeds, the Receiver will continue to accumulate and distribute available funds in an efficient and cost effective manner while maintaining an appropriate reserve for the continued operations of the Receivership entities.

Through December 31, 2020, the Receivership has sold seven properties for a total of \$1,754,789.66 in net proceeds. These properties were listed for sale at the time this action was filed the Receiver has proceeded with those sales. A limited number of other properties have been identified for sale and will have been or will be listed for sale in the immediate future. The Receiver is presently developing a plan for liquidating larger portions of the properties. The initial sales were private sales through real estate brokers. Other methods will be evaluated as the liquidations proceed including possible bulk sales to investors. There has been significant interest in some of the properties. It is unlikely that auctions will be utilized for the sale of these assets as at the moment the Receiver believes that more favorable transactions can be realized outside an auction format. At the present time, the Receivership website

(equialtreceivership.com) lists those properties that are actively for sale. Soon the website will include a listing of all the Receivership real properties as well as other assets that will be liquidated.

The land assets of the Receivership are being evaluated to determine the best method to maximize their value. This evaluation is being made with consideration of the current value of the land, the potential value if development plans are carried out, and the time and commitment the Receivership would have to make to complete the development of these properties. As an example, the Receivership holds a substantial parcel in a downtown urban area. This property had been accumulated for development in four acquisitions. The Receiver has had discussions with counsel for the owner of the remaining adjacent parcel regarding possible development. The Receiver is exploring various option regarding this property as some further commitment of Receivership assets could greatly enhance the value of this asset.

Another example is a historic house in Tampa that was acquired and moved to a different location for renovation and preservation. The continued development by the Receivership appears to have little economic value to the Receivership and the Receiver will attempt to find other avenues or developers who will undertake this project. Another project is the development and renovation of a small office building on Azeele Street in Tampa. This project

was underway at the time this action was filed. However, the amount of work necessary to complete the project and the potential for profits does not appear to warrant the commitment of additional Receivership funds. The property will likely be sold to recover as much of the investment as possible.

In addition to real estate assets the Receivership will also liquidate assets recovered from Defendants or Relief Defendants in the SEC Action. Already as previously reported a number of vehicles have been sold. These initial sales of the Ferraris netted the Receivership \$326,856.47 after the satisfaction of outstanding debt on the vehicles. The Receiver received proceeds of \$121,447.87 from the sale of the heavily financed 2019 Rolls Royce Cullinan SUV and 2020 Bentley convertible. Other assets and personal property will also be liquidated once the Receiver obtains actual possession of those assets. As these assets become available for sale, they will also be listed on the Receivership website.

The Receiver is also evaluating the best way to dispose of certain business assets of the Receivership. These assets include real property involved with several brewery projects as well as equity interests in these projects. Receivership entities purchased and leased real property and/or financed other assets for the businesses. The overall transactions also included equity interests in the businesses that were received by a principal of EquiAlt as opposed to one of the Receivership funds making the investment.

An example is a brewery in the Tampa Bay area. A Receivership entity acquired a building for over \$1,000,000 and leased it to the brewery with a commitment for certain leasehold improvements. A 25% equity interest in the business was received by one of the EquiAlt principals as part of the agreement to commit funds from one of the Funds. The business was in distress at the time of the Receiver's appointment. Since that time, the Receiver has evaluated that opportunity and entered into an agreement with the other partners that will allow the Receivership to retain the equity interest. The Receivership has agreed to advance some of the funds that were required under the prior agreement. The agreement also involves some forgiveness of rent owed to a Receivership entity. The Receiver reached the conclusion to go forward with this project after investigation and several meetings with the other partners in the business. Based on this investigation and the strength of the partners, it was determined that advancing limited funds to the venture would provide much more benefit to the Receivership. Rather than closing the business and be left holding a property whose market value is unknown and potentially facing litigation with the Brewery partners, the Receiver believes that there is potential future value in this business. The other ventures will be evaluated in a similar fashion and either continued or abandoned and liquidated based on what appears in the best interest of the Receivership.

The resolution of this Receivership will not occur in the short term. Investors should not anticipate any distributions until the claims process has been completed and this process will take months in the absence of any serious litigation complexities. Once that occurs there should be sufficient funds to begin distributions. The assets in this Receivership are of substantial value. However, at this point is not possible or appropriate to estimate what the total distributions will be. Continued Quarterly Status Reports will keep investors and creditors advised of the Receiver's progress and the liquidation of assets. Investors and creditors are encouraged to review these reports and the website. In other Receiverships in which the Receiver has been involved, various entities have approached investor victims and offered to purchase an assignment of their claims for pennies on the dollar. Any investor who is approached with such a proposal should carefully review the information provided by the Receiver as it appears unwise to accept such an offer.

VII. Retention of Professionals

In the Court's initial Order Appointing Receiver on February 14, 2020, the Court specifically allowed the retention of the following legal, accounting, and other professionals: (1) Wiand Guerra King P.A. ("**WGK**"), a law firm;⁷ (2) Robert Stines of Freeborn (3) Yip Associates ("**Yip**"), a forensic accounting

⁷ This firm changed its name to Guerra King P.A. effective January 1, 2021.

firm; (4) RWJ Group, LLC (“**RWJ**”), an asset management and investigations firm; and (5) E-Hounds, Inc. (“**E-Hounds**”), a technology and computer forensics firm. (Doc. 11) Briefly, WGK is a law firm with expertise in complex commercial litigation, securities litigation, regulatory proceedings, white-collar criminal litigation, and arbitration. WGK’s attorneys and paralegals will assist the Receiver’s investigation and manage any contemplated litigation described below in Section VI. Robert Stines at Freeborn is an attorney specializing in ediscovery and technology issues. He will assist the Receiver on technology and privilege issues.

Yip is a forensic accounting firm that specializes in insolvency and restructuring, Ponzi schemes, fraud investigations, insolvency taxation, business valuation, and litigation support. It will conduct a cash-in/cash-out reconstruction of Receivership bank accounts, which the Receiver needs, among other reasons, to pursue the contemplated litigation described in Section VIII and to establish the claims process described in Section IX.

RWJ is an asset management and investigation firm, and its principal is Roger Jernigan. Mr. Jernigan was critical to the takedown of the EquiAlt office and securing of other Receivership assets at the institution of this Receivership. Also, Mr. Jernigan helped to manage the initial day to day operations of the Receivership Estate. Mr. Jernigan is in the process of retiring and as such, RWJ has not provided services to the Receivership since the end

of July. WGK and EquiAlt employees are handling the matters previously handled by Mr. Jernigan. The Receiver anticipates that these individuals will be able to continue to provide the services previously provided by RWJ at this time.

E-Hounds is a computer forensics firm that specializes in serving the legal industry. EquiAlt operated an investor portal and other public-facing websites. The Receiver has sought E-Hounds' assistance to analyze and manage these issues. The Receiver has also sought E-Hounds' assistance to image computers and other electronic devices and to retrieve documents relevant to the Receiver's investigation.

Additionally, the Receiver has retained PDR CPA to assist with fund accounting as well as the internal accounting for the ongoing businesses of the Receivership entities. The Court approved this retention on May 11, 2020. (Doc. 85)

VIII. Pending and Contemplated Litigation

The Order Appointing Receiver requires this Third Quarterly Status Report to contain "a description of liquidated and unliquidated claims held by the Receivership [E]state, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed

methods of enforcing such claims (including likelihood of success in (i) reducing the claims to judgment and (ii) collecting such judgments.).” Doc. 11 ¶ 29.E.

A. Pending Litigation

In late February, the Receiver became aware of a matter pending in the Southern District of Florida, *Reddish v. Bungalows T I, LLC*, Case No. 19-CIV-62711-RAR, alleging violations of the Americans with Disabilities Act. The Receiver notified the Court of the SEC action and the stay on February 26, 2020. The Court stayed the action on February 28, 2020.

In late April, one of EquiAlt’s former counsel, Shutts & Bowen, forwarded a Notice of Intent to Dismiss for Failure to Prosecute in *EquiAlt v. Volcan 4 x 4 LLC and Charles Guy*, Case No. 18-CA-009396 (13th Judicial Circuit). This case had been brought in 2018 by EquiAlt to recover a deposit made for a LandRover vehicle from Volcan for Mr. Davison’s personal use. Counsel for the Receiver filed a Notice of Appearance and had the case removed from the Court’s dismissal docket. The Receiver has filed a motion for summary judgment and is in the process of setting a hearing on that motion. The Receiver’s ability to collect on such a judgment is still questionable.

On February 26, 2020, an EquiAlt investor class action was filed in the Middle District of Florida, Case No. 8:20-cv-00448-WFG-TGW. The complaint named several Receivership Entities including EquiAlt LLC and the Receivership Funds. The Receiver notified the Court of the stay that was

imposed by this Court's Order. The Investor Plaintiffs later filed an Amended Class Action Complaint which dropped the EquiAlt entities as defendants. Although the Class Action Plaintiffs believe their amendment removes them from the stay, the Receiver submitted briefing as to why the class action should be stayed. Ultimately, the Class Action Plaintiffs dismissed their case on June 10, 2020.

A second class action was filed on March 22, 2020, also in the Middle District, against EquiAlt employee Tony Kelly and Lifeline Innovations and Insurance Solutions and its associated sales agents. *See Hayes v. Kelly*, Case No. 8:20-cv-00935 (M.D. Fla.). This case was voluntarily dismissed on July 31, 2020.

After dismissing these first two cases, a separate class action was filed on July 21, 2020 against law firms DLA Piper and Fox Rothschild and attorney Paul Wassgren who provided legal services to EquiAlt. *Gleinn v. Wassgren*, Case No. 8:20-cv-01677 (M.D. Fla.). Additionally, a California investor filed a case against Mr. Wassgren and sales agent Benjamin Mohr in California state court. *See Robert B. Mar v. Benjamin Charles Mohr, et al.*, Case No. 20-CIV-1986 (Cal. Sup. Ct.). Recently, Defendant Wassgren removed that case to the United States District Court for the Northern District of California. This case has been dismissed based on the stipulation of the parties.

On June 26, 2020, the Receiver sought the Court's approval to retain Johnson Pope to investigate and pursue claims on behalf of the Receiver against law firms who had provided legal services to the Receivership Entities. (Doc. 121) This retention is contingency in nature and will not negatively impact the Receivership Estate. The Court approved that motion on July 2, 2020. (Doc. 127) The Receiver filed a case in the Central District of California on September 28, 2020 against Wassgren, Fox Rothschild and DLA Piper. The claims alleged are for breach of fiduciary duty, negligence/gross negligence/professional malpractice, and aiding and abetting. Based on jurisdictional arguments raised by Defendants, the Receiver has filed a similar complaint in state court in Los Angeles County. The Receiver has sought to dismiss the federal court action which will be heard by the Court on February 26, 2021.

B. Contemplated Litigation

Based upon the forensic accountants' cash-in/cash-out analysis of the Receivership Entities, the Receiver has identified more than 260 investments where an investor received more money from a Receivership Entity than he or she contributed to the Receivership Entity. In Ponzi schemes, such amounts are generally referred to as "**false profits**" because the money transferred to the pertinent investor was not derived from legitimate activities but from other defrauded investors. Receivers in the Eleventh Circuit (and nationwide) have

a clear right to recover false profits through fraudulent transfer or “**clawback**” litigation. *See, e.g., Wiand v. Lee, et al.*, 753 F.3d 1194 (11th Cir. 2014). The Receiver is seeking to settle these claims to the extent possible and will pursue others. The Receiver will pursue the claims that he believes are legally sound and that are economically in the interest of the Receivership estate.

Second, the Receiver might also assert tort claims against sales agents who aided and abetted the scheme or otherwise knew or should have known of fraudulent activity.

Finally, the Receiver has entered into tolling agreements with Brian Davison and Barry Rybicki to toll the statute of limitations on the Receiver’s claims against them while the underlying case proceeds.

IX. Claims Process and Communications with EquiAlt Investors.

The Receiver is continuing to build a list of investors and other creditors using information obtained at EquiAlt’s office and bank records, as well as registrations received through the Receiver’s website. *See* EquiAltreceivership.com/registration. In addition to communicating with EquiAlt investors through updates to the Receiver’s website, the Receiver’s team fields telephone calls and emails from investors. It is estimated that the Receiver’s team had over 120 emails and 182 telephone calls with investors during this quarter. The team also continued to help investors get registered through the website with more than 30 additional registrations being received

since the last status report. The total number of registered investors and creditors is over 830. The Receiver will utilize this information in preparing for the Claims Process.

X. The Next Ninety Days.

The Order Appointing Receiver requires each Quarterly Status Report to contain “[t]he Receiver’s recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations.” Doc. 11 ¶ 29.G. At this stage, the Receiver recommends continuation of the Receivership because he still has (1) the ongoing need to manage and in part develop the real property business of the Receivership; (2) hundreds of properties to liquidate; (3) substantial personal property to liquidate, including luxury automobiles and watches; (4) potential litigation to bring, including clawback and fraudulent transfer claims; (5) a claims process to establish for the distribution of funds.; and (6) evaluate, liquidate or otherwise resolve the business operations of the various business entities that the Receiver currently controls and/or operates.

During the next 90 days, the Receiver will be bringing clawback claims against the investors with false profits, sales agents and former EquiAlt principals (not including Messrs. Davison and Rybicki). In the aggregate, these claims could exceed \$20 million. The Receiver’s forensic accountants are

continuing its analysis of EquiAlt investors. Once completed, the Receiver intends to file a motion to start the claims process.

XI. CONCLUSION

Investors and other creditors of the Receivership Entities are encouraged to periodically check the Receiver's website (EquiAltreceivership.com) for current information concerning this Receivership. Any investors who have not registered on the Receiver's website are encouraged to do so. Registration assures that the Receiver will have accurate contact information for the investors so that the Receiver can provide notices and current information regarding Receivership activities. The Receiver and his counsel have received an enormous amount of emails and telephone inquiries and have had to expend significant resources to address them. To minimize those expenses, investors and other creditors are strongly encouraged to consult the Receiver's website before contacting the Receiver or his counsel. However, the Receiver continues to encourage individuals or attorneys representing investors who may have information that may be helpful in securing further assets for the Receivership Estate or identifying other potential parties who may have liability to either the Receivership Estate or investors to contact Amanda Stephens by email (astephens@guerraking.com) or telephone at 813-347-5100.

Dated this 15th day of February, 2021.

Respectfully submitted,

s/Burton W. Wiand

Burton W. Wiand, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on February 15, 2021 I electronically filed the foregoing with the Clerk of the Court by using the CM/ECF system.

s/Katherine C. Donlon

Katherine C. Donlon, FBN 0066941

Jared J. Perez, FBN 0085192

R. Max McKinley, FBN 119556

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Attorney for Receiver Burton W. Wiand

EXHIBIT 1

Standardized Fund Accounting Report for
 Burton W. Wiand as Receiver for EquiAlt, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-325-T-35AEP
 Reporting Period 10/01/2020 to 12/31/2020

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01//2020):			\$ 7,015,171.60
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	1,622,849.31		
Line 3	Cash and Securities*	0.00		
Line 4	Interest/Dividend Income	31,771.22		
Line 5	Business Asset Liquidation	1,613,480.39		
Line 6	Personal Asset Liquidation			
Line 7	Third-Party Litigation Income			
Line 8	Miscellaneous - Other			
	Total Funds Available (Line 1 - 8):		3,268,100.92	10,283,272.52
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors			
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	573,226.61		
Line 10b	Business Asset Expenses	2,361,825.47		
Line 10c	Personal Asset Expenses			
Line 10d	Investment Expenses	25,927.36		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees			
	2. Litigation Expenses			
	Total Third-Party Litigation Expenses	-		
Line 10f	Tax Administrator Fees and Bonds			
Line 10g	Federal and State Tax Payments	-		
	Total Disbursements for Receivership Operations		2,960,979.44	2,960,979.44
Line 11	Disbursements for Distribution Expenses Paid by the Fund			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses			
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	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 Disbursements for Distribution Expenses Paid by the Fund			
Line 12	Disbursements to Court/Other:			
Line 12a	Investment Expenses/Court Registry Investment			
	System (CRIS) Fees			
Line 12b	Federal Tax Payments			
	Total Disbursements to Court/Other:			
	Total Funds Disbursed (Lines 9 - 11)			2,960,979.44
Line 13	Ending Balance (As of 12/31/2020)			7,322,293.08

Standardized Fund Accounting Report for
 Burton W. Wiand as Receiver for EquiAlt, LLC et al. - Cash Basis
 Receivership; Civil Court Docket No. 8:20-cv-00394-WFJ-SPF
 Reporting Period 10/01/2020 to 12/31/2020

FUND ACCOUNTING (See Instructions):		Detail	Subtotal	Grand Total
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents			7,322,293.08
Line 14b	Investments			
Line 14c	Other Assets or Uncleared Funds			-
	Total Ending Balance of Fund - Net Assets			7,322,293.08
OTHER SUPPLEMENTAL INFORMATION:		Detail	Subtotal	Grand Total
Line 15	Report of Items Not To Be Paid by the Fund			
	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	2. Administrative Expenses			
	3. Miscellaneous			
	Total Plan Development Expenses Not Paid by the Fund		-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund			
	1. Fees:			
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisors			
	Tax Advisors			
	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 Not Paid by the Fund		-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund:			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			-
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/CRIS Fees			
Line 16b	Federal Tax Payments			
	Total Disbursements to Court/Other Not Paid by the Fund		-	
Line 17	DC & State Tax Payments			
Line 18	No of Claims			
	# of Claims Received This Reporting Period _____			
	# of Claims Received Since Inception of Fund _____			
Line 19	No of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period _____			
	# of Claimants/Investors Paid Since Inception of Fund _____			

Receiver:

By: _____

Title _____

Date _____