

**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.

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**RECEIVER'S UNOPPOSED SECOND MOTION TO APPROVE  
SETTLEMENT OF INVESTOR CLAWBACK CLAIMS**

Burton W. Wiand, as Receiver over the assets of the Corporate and Relief Defendants,<sup>1</sup> moves the Court to approve the Receiver's settlement of clawback claims with certain EquiAlt investors.

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<sup>1</sup> The ("**Receiver**" and the "**Receivership**" or "**Receivership Estate**") has been expanded to include not only the Corporate and Relief Defendants but also the following entities: EquiAlt Qualified Opportunity Zone Fund, LP; EquiAlt QOZ Fund GP, LLC; EquiAlt Secured Income Portfolio REIT, Inc.; EquiAlt Holdings LLC; EquiAlt Property Management

## **BACKGROUND**

On February 11, 2020, the Securities and Exchange Commission (“SEC”) filed a complaint (Doc. 1) against the above-captioned Defendants and Relief Defendants. On July 9, 2020, the SEC filed an amended complaint (Doc. 138) (the “Amended Complaint”) against the same Defendants and Relief Defendants.

On February 14, 2020, the Court entered an order (Doc. 11) appointing Burton W. Wiand as temporary 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.” Doc. 11 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 granting other relief. On August 17, 2020, the Court issued an order (Doc. 184) granting the SEC’s request for a preliminary injunction, extending the temporary restraining order pending the issuance of the preliminary injunction, and granting the Receiver’s Motion to Expand the Receivership to Include REIT and QOZ Entities (Doc. 90).

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LLC; and EquiAlt Capital Advisors, LLC [Doc. 184, at 6–7] and EquiAlt Fund I, LLC [Doc. 284].

The Amended Complaint charges the Defendants with violations of various federal securities laws and regulations for orchestrating a real estate Ponzi scheme that raised more than \$170 million from approximately 1,100 victim investors (the “Scheme”). The SEC alleges that the Defendants misrepresented the use of the proceeds of the investments and that Davison and Rybicki, who controlled the operations of the Receivership Entities prior to the appointment of the Receiver, misappropriated monies from the investors.

Pursuant to this Court’s Order, the Receiver was to “[i]nvestigate the manner in which the affairs of the Corporate 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 any transfers of 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; provided such actions may include, but not be limited to . . . recovery and/or avoidance of fraudulent transfers . . . .” [Doc. 11 at ¶2]

To that end, the Receiver tasked his forensic accountants at Yip Associates to identify those EquiAlt investors who were “net winners” meaning that they had received their initial investment back plus any additional interest payments. The amounts these investors received in excess

of what they contributed were not legitimate profits, but instead, were simply the redistribution of money belonging to other investors. Those amounts are considered “false profits,” and under well-established law, the Receiver is entitled to the return of the funds plus prejudgment interest.

On January 25, 2021, the Receiver’s counsel sent settlement demands to 251 net winners seeking to settle his claims for 90% of the false profits they received. In this letter, the Receiver notified the “net winners” that if they did not accept the settlement demand, the Receiver would file a lawsuit against them to pursue his claims not only for the false profits but also the prejudgment interest. Many of those investors receiving the letters accepted the settlement demands. On February 13, 2021, the Receiver filed an action, *Wiand v. Adamek, et al.*, Case No. 8:21-cv-00360, naming 124 investors as defendants. After the filing of the *Adamek* case, Yip identified additional net winners. The Receiver’s counsel sent settlement demands to these 17 net winners on April 6, 2021.

After the lawsuit was filed, certain of the investor defendants contacted undersigned counsel regarding resolving the Receiver’s claims. Some of these defendants had not received the January 25<sup>th</sup> letter for various reasons (i.e. stale addresses, hospitalized, out of town). For those individuals, the Receiver honored the initial 90% settlement demand. For those individuals who had received the January 25<sup>th</sup> letter and chosen not to resolve their claims at that

time, the Receiver agreed to settle his claims against them at 100% of their false profits.<sup>2</sup>

Based on these efforts, a number of EquiAlt investors with false profits have agreed to settle their claims with the Receiver. On May 19, 2021 [Doc. 312], the Receiver filed a similar motion seeking the Court's approval of claims against 76 investors. Subsequently, at the Court's request, the Receiver filed an exemplar of the proposed settlement agreement that would be entered into between the Receiver and the individual clawback investor. [Doc. 333]. This motion is still pending.

Since that time, the Receiver has settled his claims with an additional thirteen investors for a total settlement of \$296,415.80. *See* Exhibit 1. It is the Receiver's intention that upon the Court's approval of these settlements, these investors would sign the proposed settlement agreement. *See* Exhibit 2. Thereafter, the settling investors would pay their settlements.

### ARGUMENT

#### **I. THE COURT HAS BROAD POWER OVER THIS RECEIVERSHIP, AND THE SETTLEMENT OF THESE INVESTOR CLAWBACK CLAIMS IS IN THE RECEIVERSHIP ESTATE'S BEST INTEREST.**

The Court's power to supervise an equity receivership and to determine the appropriate actions to be taken in the administration of the receivership

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<sup>2</sup> In settling these claims, the Receiver has agreed to waive prejudgment interest and costs.

is extremely broad. *S.E.C. v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992); *S.E.C. v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986). The Court's wide discretion derives from the inherent powers of an equity court to fashion relief. *Elliott*, 953 F.2d at 1566; *S.E.C. v. Safety Finance Service, Inc.*, 674 F.2d 368, 372 (5th Cir. 1982). A court imposing a receivership assumes custody and control of all assets and property of the receivership, and it has broad equitable authority to issue all orders necessary for the proper administration of the receivership estate. *See S.E.C. v. Credit Bancorp Ltd.*, 290 F.3d 80, 82-83 (2d Cir. 2002); *S.E.C. v. Wencke*, 622 F.2d 1363, 1370 (9th Cir. 1980). The court may enter such orders as may be appropriate and necessary for a receiver to fulfill his duty to preserve and maintain the property and funds within the receivership estate. *See, e.g., Official Comm. Of Unsecured Creditors of Worldcom, Inc. v. S.E.C.*, 467 F.3d 73, 81 (2d Cir. 2006). Any action taken by a district court in the exercise of its discretion is subject to great deference by appellate courts. *See United States v. Branch Coal*, 390 F. 2d 7, 10 (3d Cir. 1969). Such discretion is especially important considering that one of the ultimate purposes of a receiver's appointment is to provide a method of gathering, preserving, and ultimately liquidating assets to return funds to defrauded investors and other creditors. *See S.E.C. v. Safety Fin. Serv., Inc.*, 674 F.2d 368, 372 (5th Cir. 1982) (court overseeing

equity receivership enjoys “wide discretionary power” related to its “concern for orderly administration”) (citations omitted).

Given these principles, the Court should approve the Receiver’s settlement with those EquiAlt investors listed on Exhibit 1 who received false profits.

### **CONCLUSION**

Based on the foregoing, the Receiver moves the Court for entry of an order approving the Receiver’s settlement of the investor clawback claims listed on Exhibit 1 in the total amount of \$296,415.80.

### **LOCAL RULE 3.01(G) CERTIFICATION**

Counsel for the Receiver has conferred with counsel for the SEC and Counsel for Defendant Barry Rybicki and they do not object to the relief sought. Counsel for Brian Davison does not agree with the characterization of the facts but does not oppose the relief sought.

Respectfully submitted,

/s/ Katherine C. Donlon  
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Attorneys for Burton W. Wiand Receiver

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on July 8, 2021, I electronically filed the foregoing with the Clerk of this Court by using the CM/ECF system which will send notification of electronic filing to all counsel of record.

/s/ Katherine C. Donlon



# **EXHIBIT 1**

## Investor Clawback Settlements

<b>Name</b>	<b>Settlement Amount</b>	<b>False Profits</b>
Adamek, Erik	\$7,125.00	\$7,125.00
Gonsoulin, Laurie	\$152,820.00	\$169,800.00
Love, Daniel	\$13,266.13	\$13,266.13
McCambridge, Angela	\$8,550.00	\$9,500.00
Simmons and McCambridge Trust	\$8,550.00	\$9,500.00
Simmons, Thomas	\$5,699.94	\$6,333.27
Tovar, Mark	\$10,125.00	\$11,250.00
Tovar, Marilyn	\$3,780.00	\$4,200.00
Van Doornum, Hans	\$11,874.81	\$11,874.81
Ralph J. Elwood Jr. Living Trust	\$13,200.00	\$13,200.00
Karen Keeney	\$5,924.80	\$6,583.11
Dave & Eugena O'Brien	\$55,500.12	\$55,500.12
	\$296,415.80	\$318,132.44

# **EXHIBIT 2**

**SETTLEMENT AGREEMENT**

WHEREAS, by order dated February 14, 2020, the Court in Securities and Exchange Commission v. Brian Davison, et al., Case No. 8:20-cv-325-T-35AEP (M.D. Fla.) (the “EquiAlt Receivership Action”), appointed Burton W. Wiand as Receiver (the “Receiver”) for (1) corporate defendants EquiAlt LLC, EquiAlt Fund, LLC, EquiAlt Fund II, LLC, EquiAlt Fund III, LLC and EA SIP, LLC (“**Corporate Defendants**”) and (2) 128 E. Davis Blvd, LLC, 310 78th Ave, LLC, 551 3D 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 (“**Relief Defendants**”) and all of their subsidiaries, successors, and assigns (collectively, the “**Receivership Entities**”); and

WHEREAS, the Receiver has commenced a lawsuit in the United States District Court for the Middle District seeking the return of funds (i.e., “false profits”) received from or at the direction of one or more of the Receivership Entities (*Wiand v. Adamek, et al.*, Case No. 8:21-cv-00360-TPB-CPT);

WHEREAS, \_\_\_\_\_, without admitting liability, wishes to resolve these matters amicably; and

WHEREAS, the settlement set forth in this agreement has been authorized and approved by the Court presiding over the EquiAlt Receivership Action;

1. NOW, THEREFORE, pursuant to the approval of the EquiAlt Receivership Court, \_\_\_\_\_ has agreed to cause the Receiver to be paid and the Receiver has agreed to accept principal of \$ \_\_\_\_\_ [plus interest of \$ \_\_\_\_\_] for a total of \$ \_\_\_\_\_ (the

“Settlement Amount”) in full settlement of the Receiver’s claims. The Settlement Amount shall be paid pursuant to the following payment schedule:

*[insert specific information as to payment plan – (1) single payment, (2) payment over six months without interest, or (3) payment over longer time (maximum 24 months) at 6% simple interest]*

2. Each payment towards the Settlement Amount shall be made payable to “Burton W. Wiand, as Receiver” and sent to the Receiver’s counsel, Katherine C. Donlon, Esq., Johnson Cassidy, Newlon & DeCort, 2802 N. Howard Avenue, Tampa, Florida 33607.

3. If the full Settlement Amount is not received by \_\_\_\_\_, \_\_\_\_\_ agrees that he/she shall be in default of his/her obligations, and he/she now consents to – and agrees not to oppose – the immediate entry of a judgment against him/her, in the amount of \$\_\_\_\_\_, less any payments already made, plus reasonable attorneys’ fees and post-judgment interest, upon the filing of an affidavit from the Receiver certifying failure of payment.

4. Upon receipt and clearing of the full Settlement Amount and interest, if any, the Receiver, on behalf of the Receivership Entities and their employees, agents, representatives, beneficiaries, and assigns, shall be deemed to have released and forever discharged \_\_\_\_\_ of and from any liability for the claims asserted by the Receiver in his demand letter of January 25, 2021 or in the lawsuit *Wiand v. Adamek, et al.*, regarding the receipt of “false profits.”

5. In further consideration of the release of claims described above, \_\_\_\_\_ agrees to waive and does hereby waive any claim that he/she had, has, or hereafter may have

against the Receiver and/or assets of the Receivership Entities in connection with the EquiAlt Receivership Action.

6. The Receiver and \_\_\_\_\_ understand and agree that the payment of the aforesaid total sum and waiver of claims is in full accord and satisfaction of and in compromise of disputed claims regarding the receipt of “false profits,” and the payment and waiver are not an admission of liability, which is expressly denied, but are made for the purpose of terminating a dispute and avoiding litigation.

7. \_\_\_\_\_ understands and agrees that each party to this agreement shall bear his/her own individual costs and attorneys’ fees incurred in the resolution of this matter and \_\_\_\_\_ agrees to assist the Receiver should any additional steps be necessary to effectuate this agreement.

8. The Receiver and \_\_\_\_\_ agree that this agreement shall be governed by and be enforceable under Florida law, without reference to Florida’s choice-of-law rules, through a summary proceeding in the United States District Court for the Middle District of Florida, Tampa Division.

9. The Receiver and \_\_\_\_\_ also agree that electronically transmitted copies of signature pages will have the full force and effect of original signed pages.

In witness whereof, the parties have set their hands as of the dates indicated.

By: \_\_\_\_\_

By: \_\_\_\_\_

Burton W. Wiand, as Receiver  
For the Receivership Entities

Date: \_\_\_\_\_

Date: \_\_\_\_\_