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12 AND PAUL WOLANSKY

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

16 SECURITIES AND EXCHANGE
17 COMMISSION,

18 Plaintiff,

19 v.

20 RALPH IANNELLI and ESSEX
21 CAPITAL CORPORATION,

22 Defendants.

Case No. 2:18-cv-05008

INTERVENORS PERRY AND
WOLANSKY’S NOTICE OF MOTION
AND MOTION TO LIFT THE
DECEMBER 21, 2018 STAY ORDER
WITH RESPECT TO THE PENNY
LANE AND CENTRAL PARK
PROPERTIES

Hearing Date:

Date: January 23, 2020

Time: 10:00 a.m.

Crtrm.: 6D

Judge: Hon. Fernando M. Olguin

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1 TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF
2 RECORD:

3 PLEASE TAKE NOTICE that on January 23, 2020, at 10:00 a.m. in
4 Courtroom 6D of the above-entitled Court located at 350 W. 1st Street, 6th Floor,
5 Los Angeles, California 90012, Intervenor John Perry and Paul Wolansky
6 (“Intervenor”) will move for an order lifting the December 21, 2018, Order
7 Regarding Preliminary Injunction and Appointment of a Permanent Receiver (the
8 “Stay Order”) to allow the Intervenor, who hold promissory notes secured by
9 properties commonly known as 266 Penny Lane, Santa Barbara, CA 93108 (“Penny
10 Lane Property”) and 257 Central Park West, Apt. 4C, New York, NY 10024 (the
11 “Co-Op,” and together with the “Penny Lane Property,” the “Properties”), to
12 foreclose on the Properties and to credit bid to the full extent of the debt owed them
13 by Defendant Ralph Iannelli. The Properties are not part of the Receivership Estate.

14 The notes secured by the Properties are currently in default, senior liens are
15 accruing, and property taxes are unpaid; all of which is causing the value of the
16 Properties to decline. The declining value of the Properties reduces the Intervenor’s
17 interests in the Properties.

18 This Motion is based upon this Notice, the attached Memorandum of Points
19 and Authorities, and upon all papers and documents on file herein, the Court’s files
20 concerning this action, together with those facts and documents of which Intervenor
21 request judicial notice and/or matters for which judicial notice is proper, as well as
22 any oral argument that may be presented at the time of the hearing.

23 //

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1 This Motion is made following multiple attempts to informally resolve the
2 issues addressed herein, as required by the Local Rule 7-3. See Declaration of
3 Michael D. Napoli.

4
5 Dated: December 26, 2019

Respectfully submitted,

6 AKERMAN LLP

7
8 By: /s/ Ellen S. Robbins
9 ELLEN S. ROBBINS
10 *Attorneys for Intervenors*
11 JOHN PERRY, AND PAUL
12 WOLANSKY

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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. INTRODUCTION**

3 Intervenor Perry and Wolansky hold notes payable by Defendant Ralph
4 Iannelli secured by real property owned by Iannelli. The Penny Lane Property, a
5 house owned by Iannelli, secures Perry's note. The Co-Op, a cooperative apartment
6 that Iannelli owns in New York City, secures Wolansky's note. Both notes are in
7 default. Although neither property is part of the receivership estate, the Court has
8 frozen these properties preventing Perry and Wolansky from foreclosing.

9 The liens on each property exceed the property's fair market value. As a result,
10 neither is available to satisfy the SEC's judgment against Iannelli or otherwise
11 support the receivership. Accordingly, Perry and Wolansky request that the Court
12 lift its freeze order so that they can foreclose on the Properties in accordance with
13 appropriate state law.

14 **II. PERTINENT FACTUAL BACKGROUND**

15 **A. Iannelli owes Wolansky more than \$2 million, which is partially**
16 **secured by Iannelli's cooperative apartment in New York**

17 Wolansky is an Essex Capital investor.¹ He entered into two limited
18 partnership agreements with Essex – LGFJ, LP and LGFJ II, LP – in 2016 investing
19 \$5 million. Declaration of Paul Wolansky (“Wolansky Decl.”) at ¶¶ 3, 5. Under the
20 limited partnership agreements, Essex was to combine Wolansky's funds with its
21 own to acquire leases. *Id.* At the end of the lease terms, Wolansky was to receive a
22 share of the profits. *Id.* Essex agreed to guaranty a minimum return to Wolansky
23 by agreeing to buy-back Wolansky's limited partnership interest for an agreed sum.
24 Essex agreed to buy-back Wolansky's interest in LGFJ for \$2,212,500 and his

25 _____
26 ¹ Wolansky invested individually and through several family trusts – (a) the Trust
27 f/b/o Sara Joe Wolansky, dated 1/27/2004; (b) the Trust f/b/o Natania Wolansky,
28 dated 1/27/2004; and (c) the Trust f/b/o Samuel Wolansky, dated 1/27/2004.
Wolansky Decl. at ¶ 2. For the sake of convenience, we will refer to these investors
jointly as “Wolansky.”

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1 interest in LGFJ II for \$3,328,750. *Id.* Iannelli personally guaranteed Essex’s
2 repurchase obligation. *Id.*

3 When the limited partnerships failed to return any profits, Wolansky exercised
4 his right to require Essex to buy-back his interests. *Id.* at ¶ 4. Wolansky exercised
5 his rights in LGFJ on December 15, 2017 with payment due on January 16, 2018.
6 *Id.* He exercised his rights in LGFJ II on February 22, 2018 with payment due on
7 March 20, 2018. *Id.* at ¶¶ 4, 6. Neither Essex not Iannelli timely complied with
8 Essex’s buy-back obligation. *Id.*

9 After several months of negotiations and threats of litigation by Wolansky,
10 Iannelli agreed to purchase Wolansky’s interest in LGFJ for \$2 million.² *Id.* at ¶¶ 7,
11 8, Exh. A (Purchase Agreement). To pay for the LGFJ interests, Iannelli *and his*
12 *wife, Melissa Iannelli, executed a note in favor of Wolansky for \$2 million.* *Id.* at ¶ 8.
13 As security for the note, the Iannellis granted Wolansky a first lien on the Co-Op, a
14 cooperative apartment that they own in New York, 257 Central Park West, Apt. 4C.
15 *Id.*, Exhs. B (Note), C (Security Agreement). The Iannellis have not paid as required
16 and the note is in default. The current amount owed on the note is at least
17 \$2,249,178. *Id.* at ¶ 10

18 Because the Iannellis have defaulted on their note, Wolansky is entitled to
19 foreclose on the Co-Op. However, because of the Court’s order freezing Iannelli’s
20 assets and enjoining self-help by creditors, Wolansky cannot do so.

21 Neither the Receiver nor the SEC has an interest in the Co-Op. The Co-Op’s
22 current appraised market value is \$2,010,000, or \$139,178 less than what Iannelli
23 owes Wolansky. *Id.* at ¶ 11, Exh. E. The appraisal assumes an ordinary course sale;
24 rather than a foreclosure. Accordingly, the likely value of the Co-Op in foreclosure
25 would be less.

26
27
28 ² Essex has paid \$1.45 million towards its \$3.3 million debt on LGFJ II. Wolansky
Decl. at ¶¶ 12-14, Exh. F.

1 **B. Iannelli owes Perry more than \$3 million, which is partially secured**
 2 **by Iannelli's house in California**

3 Like Wolansky, Perry is also an Essex investor investing in notes issued by
 4 Essex.³ Iannelli agreed to co-sign two notes owed to Perry. The first note at issue
 5 is dated December 16, 2017 for \$1.5 million bearing interest at a rate of 4.3% and
 6 the second is dated July 1, 2017 for \$1.5 million bearing interest at 8.5%.
 7 Declaration of John Perry ("Perry Decl.") at ¶¶ 3, 4, Exhs. A (Note 1), B (Note 2).
 8 Neither Iannelli nor Essex has paid any of the principal or interest owed on these
 9 notes. Both notes are in default. *Id.*

10 After repeated attempts by Perry to obtain payment including threats of
 11 litigation, Iannelli agreed to give Perry a lien on the Penny Lane Property, Iannelli's
 12 house in California. The lien secures both notes. *Id.* at ¶ 5, Exh. C (Deed of Trust).

13 Perry's lien is the third lien on the house. The first two liens are a mortgage
 14 and a home equity line of credit owed to Chase Bank. *Id.* at ¶¶ 6, 7, Exh. D (Chase
 15 Account statement). The total amount owed on the mortgage and HELOC is
 16 \$3,061,668 as of July 31, 2019. *Id.* The monthly interest and escrow payment for
 17 both Chase loans is \$14,235. According to an account statement that Iannelli
 18 provided, Iannelli has not paid either Chase loan since early 2019. *Id.* As of
 19 December 31, 2019, the total amount due on the mortgage and HELOC will be at
 20 least \$3,132,845. *Id.* at ¶ 8.

21 The Iannellis are in default on their notes to Perry entitling Perry to foreclose.
 22 *Id.* at ¶¶ 3, 4. However, because of the Court's order freezing Iannelli's assets and
 23 enjoining self-help by creditors, Perry cannot do so.

24 Neither the Receiver nor the SEC has an interest in the house. The house's
 25 current appraised market value is \$4,175,000. *Id.* at ¶ 9, Exh. E. (Appraisal). Taking
 26 into account the mortgage and HELOC, there is only \$1,143,807 in equity available

27 ³ Perry invested both individually and through his trust, the John H. Perry, III
 28 Revocable Trust. Perry Decl. at ¶ 2. For the sake of convenience, we will refer to
 these investors jointly as "Perry."

1 to satisfy Iannelli’s \$3+ million debt to Perry. The appraisal assumes an ordinary
 2 course sale; rather than a foreclosure. Accordingly, the likely value of the house in
 3 foreclosure would be less.

4 **III. PERTINENT PROCEDURAL BACKGROUND**

5 On June 5, 2018, the Securities and Exchange Commission (the “SEC”) filed
 6 a complaint against defendants Ralph Iannelli and Essex (the “Complaint”). ECF
 7 No. 1. The Complaint alleged that between 2014 and 2017, Iannelli utilized Essex
 8 to perpetrate an \$80 million offering fraud upon a group of approximately 70 lenders.
 9 Complaint, ¶ 4. The Complaint sought injunctive relief against Iannelli and Essex.
 10 *Id.* at ¶ 8.

11 On July 26, 2018, the Intervenor Perry and Wolansky, among others, filed a
 12 Motion to Intervene and Appoint Monitor (the “Intervenor’s Motion”). ECF No. 32.
 13 On October 1, 2018, the Court granted the Intervenor’s Motion and allowed the
 14 Intervenor to intervene in this action “for the limited purpose of being heard on the
 15 topics of any asset freeze and any Receivership/monitor over Defendant Essex.”
 16 Order Re Preliminary Injunction (ECF No. 53) at 1. At that time, the Court entered
 17 its first order freezing Iannelli’s assets. *Id.* at 3-5.

18 On December 21, 2018, the Court entered the Stay Order. ECF No. 66. The
 19 Stay Order appointed Geoff Winkler as the Receiver for Essex. The Stay Order
 20 granted the Receiver full powers of an equity receiver over the defendant Essex. *Id.*
 21 The Stay Order also mandated the Receiver “to take such action as is necessary and
 22 appropriate to preserve and take control of and to prevent the dissipation,
 23 concealment, or disposition of any Assets.” *Id.* The Stay Order did not, however,
 24 place either of the Properties under the Receiver’s custody or control. Nor did the
 25 Court appoint a receiver for Iannelli.

1 **IV. ARGUMENT**

2 **A. The Court should lift the stay and allow Wolansky and Perry to**
3 **foreclose on the Properties.**

4 A party in interest may file a motion for relief from stay with the court issuing
5 the stay. Specifically, the Article XIV of the Stay Order provides that creditors and
6 investors may seek leave of this court for relief from the blanket stay. ECF No. 66,
7 at XIV, C. Additionally, the lifting of a stay is not extraordinary relief that is justified
8 only under extreme circumstances; rather, the Court has wide latitude to determine
9 that such relief is appropriate, on a case-by-case basis, based on a balancing of the
10 equities.

11 Courts consider the following factors to determine whether the stay should be
12 modified: (1) whether the moving party will suffer substantial injury if not permitted
13 to proceed; (2) the time in the course of the receivership at which the motion for
14 relief from the stay is made; and (3) the merit of the moving party’s underlying
15 claim. *SEC v. Wencke*, 622 F.2d 1363, 1374 (9th Cir. 1980). In the context of a
16 security interest, the *Wencke* factors apply somewhat differently. There the
17 operative questions are (i) whether the security interest is valid; (ii) whether there is
18 equity in the property that would be available to the Receiver; and (iii) whether the
19 receiver has had sufficient time to investigate the lien and property. *SEC v. Madison*
20 *Real Estate Group, LLC*, 647 F. Supp. 2d 1271 (D. Utah 2009). Applying this test
21 to the present case clearly weighs in favor of the Court granting the Intervenors relief
22 from this Court’s Stay Order.

23 **1. Wolansky and Perry hold valid liens on the Properties**

24 Both Wolansky and Perry hold valid liens on their respective properties. Each
25 has perfected his lien in accordance with state law. No party has to date challenged
26 either lien. Both liens predate the Court’s first freeze order in October 2018.

27 Wolansky holds a lien on the Co-Op in New York. Wolansky Decl. at ¶ 9,
28 Exh. C (Security Agreement). Under New York law, ownership in a cooperative,

1 such as that owned by Iannelli, is a “cooperative interest.”⁴ A security interest in a
2 cooperative interest is perfected by filing. N.Y. U.C.C. LAW § 9-310(d) (providing
3 that “a security interest in a cooperative interest may be perfected only by filing a
4 financing statement”). Wolansky filed a UCC-1 financing statement with a
5 cooperative addendum as required by New York law. Wolansky Decl. at ¶ 9, Exh.
6 D. Accordingly, he holds a valid lien perfected in accordance with law.

7 Perry holds a mortgage on the Penny Lane Property in California. Perry Decl.
8 at ¶ 5, Exh. C (Deed of Trust). As required by California law, Perry recorded the
9 deed of trust in the real property records of Santa Barbara County, California. *Id.*
10 Accordingly, he holds a valid lien perfected in accordance with law.

11 The imposition of the Receivership does not affect the liens held by Perry and
12 Wolansky. To begin, neither the Penny Lane Property nor the Co-Op is a
13 receivership asset. Both remain Iannelli’s personal property outside of the
14 Receiver’s control. Thus, the Receiver has no claim to them. But, even if he did,
15 the receivership does not limit or otherwise invalidate the liens. It is well established
16 that “security interests in property are determined by state law and that a receiver
17 appointed by a federal court takes property subject to all liens, priorities or privileges
18 existing or accruing under the laws of the state.” *SEC v. Wells Fargo Bank, NA*, 848
19 F.3d 1339, 1344 (11th Cir. 2017)(quoting *Marshall v. New York*, 254 U.S. 380, 385
20 (1920)).

21 Similarly, the SEC’s judgment lien on the house is inferior to Perry’s lien.⁵
22 *SEC v. Spongetech Delivery Sys.*, 98 F. Supp. 3d 530, 534-35 (E.D. N.Y. 2014). In
23

24 _____
25 ⁴ Both New York and California law agree that New York law controls the
26 attachment and perfection of a security interest in collateral located in New York.
27 CAL. COM. CODE § 9301(2); N.Y. U.C.C. LAW § 9-301(e)(“When collateral is a
28 cooperative interest, the law of this state governs perfection, the effect of perfection
or nonperfection, and the priority of the security interest in such collateral.”).

⁵ SEC has abstracted its judgment against Iannelli in Santa Barbara County creating
a judgment lien on the Penny Lane Property. We do not know if the SEC has

1 *Spongetech*, the court held that an SEC disgorgement judgment was inferior to a
2 prior lien. The secured creditor provided proof that its lien had attached and been
3 perfected in accordance with state law. In response, the SEC argued that the court
4 should use its equitable power to subordinate the secured claim to its disgorgement
5 judgement on behalf of the defrauded investors. After surveying the relevant case
6 law, the *Spongetech* court held that the “Court’s equitable authority, however, does
7 not extend to abrogating property rights created by state law and protected by due
8 process; equity follows the law.” *Id.* at 537 (quoting *SEC v. Haligiannis*, 608 F.
9 Supp.2d 444, 449 (S.D. N.Y. 2009) and citing *Hedges v. Dixon County*, 150 U.S.
10 182, 192 (1893)).

11 Here, Perry and Wolansky perfected their liens prior to the entry of the SEC’s
12 judgment and before the Court froze Iannelli’s assets. In accordance with California
13 law, Perry perfected his lien on the house by filing a deed of trust in the Santa
14 Barbara County deed records. Wolansky, in accordance with New York law,
15 perfected his security interest in the Co-Op by filing a UCC-1 financing statement.

16 **2. The fair market values of the Properties are less than the**
17 **liens on them and may decline further putting Perry and**
18 **Wolansky at risk**

19 Neither Property is part of the Receivership. As such, it provides no benefit
20 to the estate and there is no advantage to the Receiver in retaining it. *See Madison*
21 *Real Estate Group*, 647 F. Supp. 2d at 1284. In that case, the court reasoned that a
22 receiver may retain property in the estate only so long as it is necessary to fulfill the
23 function of the receivership and the advantages to the receiver outweigh the
24 disadvantages to any secured creditor. In the ordinary case, this question turns on
25 whether the value of the property exceeds the secured debt. *Id.* (“If the value of a
26 property is less than the loan amount, however, the disadvantages of keeping the

27 _____
28 attempted to do so in California. Nevertheless, this argument applies equally to
Wolansky's lien on the Co-Op Apartment.

1 property in the Receivership outweigh the advantages.”). Here, the Properties are
2 not even part of the estate.

3 Even if they were brought into the estate, the Properties create no value for
4 the Receiver. The Properties are subject to multiple liens, accruing unpaid property
5 taxes, and maintenance fees. Neither has sufficient value to cover all of the liens
6 asserted against it. As a result, both Wolansky and Perry are under-secured. Further,
7 each property has ongoing costs that are a priority over Wolansky and Perry’s liens.
8 Thus, Wolansky and Perry’s insecurity increases month by month.

9 The Co-Op’s current appraised market value is \$2,010,000. Wolansky Decl.
10 at ¶ 11, Exh. E (Appraisal). Iannelli owes Wolansky \$2,249,178 secured by the Co-
11 Op. *Id.* at ¶ 10. Further, the Co-Op is subject to maintenance fees charged by the
12 cooperative corporation. These fees are \$3,590 per month. *Id.* at ¶ 11. While
13 Wolansky understands that Iannelli has paid some of these fees, it is unlikely that
14 Iannelli will continue to do so. As a general matter, maintenance fees have a priority
15 over liens such as Wolansky’s. Thus, the value of the Co-Op, already insufficient
16 to cover the amounts owed to Wolansky, will decline further.

17 Penny Lane’s current appraised market value is \$4,175,000. Perry Decl. at ¶
18 9, Exh. E (Appraisal). Iannelli owes \$3,132,845 to Chase secured by its first two
19 liens and \$3,314,289 to Perry. *Id.* at 3, 4, 8. Perry is, thus, under-secured by about
20 \$2,272,134. Moreover, the Chase liens grow at a rate in excess of \$14,000 per month
21 reducing the amount available to pay Perry’s lien by that amount. *Id.* at ¶¶ 6, 7.

22 Moreover, there is always a risk that the real estate markets in California and
23 New York could decline further reducing the value of the Properties. To stem the
24 current and potential losses, Wolansky and Perry need to be able to foreclose.

25
26 **3. The Receiver and SEC have had ample time to investigate the
properties and Intervenor’s liens**

27 The Court appointed the Receiver approximately one year ago. In the
28 intervening twelve months, the Receiver has spent hundreds of thousands of dollars

1 analyzing the books and records of Essex and Iannelli. To date he has applied for
2 and been awarded \$542,000 in fees, much of which relates to forensic accounting.
3 The Receiver has also incurred and been awarded \$286,000 in attorney’s fees. *See*
4 Order Granting First Interim Fee Application (ECF No. 98); Order Granting Second
5 Interim Fee Application (ECF No. 112).

6 He has issued three reports summarizing his analysis concluding that he has
7 “completed a preliminary, global accounting” reflecting among other things
8 payments to and from Essex and investors, such as Wolansky and Perry. Second
9 Interim Report (ECF No. 103) at 3. He further claims that he “can identify the
10 amounts outstanding and owed by [Essex] to an overwhelming majority of [its]
11 investors and creditors.” Third Interim Report (ECF No. 123) at 11.

12 Moreover, the Receiver has specifically analyzed the transactions between
13 and among Wolansky, Essex and Iannelli as well as those between and among Perry,
14 Essex and Iannelli.⁶ Perry and the Receiver have traded accountings and documents
15 related to the amounts owed to Perry. In addition, Perry has provided documents
16 supporting his investments in Essex to the Receiver. Perry Decl. at ¶ 11, Exh. F
17 (Accounting and Reconciliation of Receiver’s Accounting). Moreover, the Receiver
18 has specifically told Wolansky that he has completed his accounting of Wolansky’s
19 transactions with Iannelli and Essex and concedes that Wolansky is owed money.
20 Wolansky Decl. at ¶ 15.

21 The Receiver and SEC have had ample time to evaluate Wolansky and Perry’s
22 liens as well as the Properties. Accordingly, the Court should lift the Stay Order.
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27 ⁶ Even prior to his appointment during his service as monitor, the Receiver identified
28 transactions involving Wolansky and Perry as worthy of particular attention.
Monitor Report (ECF No. 60-1) at 18.

B. The Court should set the amount of the liens so that Wolansky and Perry may credit bid.

In his report as monitor, the Receiver questioned the validity of the Wolansky and Perry’s liens on the Properties. Monitor Report (ECF No. 60-1) at 18. Since March 2019, Wolansky and Perry have been discussing the debts owed to them by Essex and Iannelli as well as their liens on Iannelli’s property with the Receiver. Wolansky and Perry have provided documents and accountings to the Receiver. They have also reconciled accountings provided by the Receiver. For his part, the Receiver has apparently completed his accounting. Despite these efforts, the Receiver has been unable or unwilling to take a position on the liens – pro or con.

Wolansky and Perry are in limbo. They are under-secured in properties whose available value is declining month by month as priority claims against the properties mount. In addition, they are subject to market risk.

Wolansky and Perry need to foreclose to preserve what little value remains. In order to protect their liens in a foreclosure process, they need to be able to credit bid. *See River Rd. Hotel Partners, LLC v. Amalgamated Bank*, 651 F.3d 642, 650–51 (7th Cir. 2011), *aff’d sub nom. RadLAX Gateway Hotel, LLC v. Amalgamated Bank*, 566 U.S. 639 (2012) (reasoning that the ability to credit bid “provides lenders with means to protect themselves from the risk that the winning auction bid will not capture the asset’s actual value.”);⁷ *also SEC v. Equity Build, Inc.*, 2019 WL 1953117, *3, No. 18 CV 5587 (N.D. Ill. May 2, 2019)(allowing secured creditors to credit bid). But, they cannot do so as long as there are threatened but unresolved attacks on the validity or amount of their liens.

Wolansky holds a note from Iannelli for \$2 million that bears interest at 8.50% per year or \$465.75 per day beginning on June 22, 2018. Iannelli has paid nothing

⁷ *River Road Partners* is a bankruptcy case. It is relevant, however, because this Court’s local rules require that receiverships be administered in accordance with the practice in bankruptcy. L.R. 66-8. The *Equity Build* court has a similar rule.

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1 on the note. Wolansky is, therefore, owed \$2,249,178 – an amount that grows by
2 \$465.75 per day.⁸ Wolansky’s note is secured by a perfected lien on the Co-Op.

3 Perry holds two notes owed by Iannelli totaling \$3 million. One for \$1.5
4 million bears interest at 4.30% and the other for \$1.5 million bears interest at 8.5%.
5 Together the two notes bear interest at \$526.03 per day. Iannelli paid some interest
6 but no principal on the notes. Considering his interest payments, Iannelli owes
7 \$3,314,289 – an amount that grows by \$526.03 per day. Perry’s notes are secured
8 by a recorded deed of trust.⁹

9 The Court should, therefore, find that Wolansky and Perry’s liens are valid
10 and fix their value so that Wolansky and Perry can credit bid.

11 **V. CONCLUSION**

12 For the foregoing reasons, the Intervenor respectfully request the Court to
13 grant the relief from the Stay Order and allow them to foreclose and credit bid on the
14 Properties.

15 Dated: December 26, 2019

Respectfully submitted,

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24 ⁸ The Receiver and SEC would presumably argue that the amount owed Wolansky
25 should be measured by the difference between the amount that he invested and the
26 amount that he received from Essex. While it should have no bearing on what
27 Iannelli owes (as opposed to Wolansky’s share in any distribution from Essex), that
28 calculation shows that Wolansky is owed in excess of \$3.5 million. Wolansky Decl.
at ¶ 14.

⁹ Using a net investment calculation for Perry shows that he is owed in excess of
\$1.6 million. Perry Decl. at ¶ 11.

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