
MESSAGE FROM THE RECEIVER

TO: All ClearPath Wealth Management, LLC Investors and Claimants
FROM: Stephen Del Sesto, Esq., Court-Appointed Receiver
SUBJECT: Status Update – SEC v. ClearPath Wealth Management LLC, *et. al.*
Case #: 15-CV-00191-S-LDA
DATE: 10/4/2018

I want to give you a status update concerning this Receivership, including the plans for initial, interim distributions to investor claimants and the continued investigation regarding possible additional assets that can be brought into this Receivership Estate. First, as you may recall, on June 18, 2018, Chief Judge William E. Smith of the United States District Court for the District of Rhode Island held a hearing on and approved the Receiver’s Motion for an Order Approving Distribution Procedures and Certain Other Related Relief (“Procedure Motion”). In connection with the Motion, on July 15, 2018, the Court entered an Order approving: (1) a procedure for amending claims and settling objections to claims; (2) established an order of claim priority; (3) the “Rising Tide” distribution method; (4) a multi-step distribution procedure and related procedures; (5) a timeframe for the Receiver to submit a recommendation as to claims and initial distributions; and (6) other related and requested relief. Thereafter, I filed a Motion to Authorize Initial Distribution to Approved Class 3 Claims, Establish Record Dates and Set Initial Interim Distribution Date (“Motion”). The Motion was heard and approved by the Court via Order entered September 14, 2018. In connection with the September 14, 2018, Order the Court set the next hearing date on the Initial Claim Recommendation for November 14, 2018. The Court also authorized me to file a motion to identify certain Class 3 Claimants as “Insiders” (as that term will be defined) and, if appropriate, seek disallowance of those claims; however, only after and subject to those potential “insider” claimants have been provided an opportunity to dispute the designation and explain why they should not be considered “insiders”.

Also, recently (September 20, 2018), Mr. Churchville filed a Motion to Modify the Restraining Order to Release Assets for the Defense of the Related Criminal Case (“Churchville Motion”). The Churchville Motion essentially seeks for the Court to authorize and direct the Receiver to release certain funds held in the Estate to Mr. Churchville based on his assertion that those certain funds are “untainted” by the fraud. As of yesterday (October 3, 2018) both the SEC and the Receiver have filed objections to the Churchville Motion requesting that the Court deny the Churchville Motion in full.

As previously reported, I continue to pursue potential receivership assets that may exist in connection with the Rosenberg (JER, RP) ponzi scheme in Maryland. I very much hope that I am able to confirm the existence or non-existence of additional assets related to the Rosenberg ponzi during 2018.

Finally and again, while I cannot guarantee anything, absent the identification of significant assets in Maryland, it is my goal to bring the Receivership to an end in 2019.

As always, I and the Receivership team appreciate your support and patience.