

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
vs.) Case No. 15-CV-00191-S-LDA
)
PATRICK CHURCHVILLE,)
CLEARPATH WEALTH MANAGEMENT, LLC,)
)
Defendants,)
)
and)
)
CLEARPATH MULTI-STRATEGY FUND I, L.P.,)
CLEARPATH MULTI-STRATEGY FUND II, L.P.,)
CLEARPATH MULTI-STRATEGY FUND III, L.P.,)
HCR VALUE FUND, L.P.,)
)
Relief Defendants.)
_____)

**DECLARATION OF RECEIVER STEPHEN F. DEL SESTO IN SUPPORT OF MOTION
FOR AUTHORIZATION TO TRANSFER CLEARPATH WEALTH MANAGEMENT,
LLC INVESTMENT IN PHARMLOGIC, LLC TO INDIVIDUAL INVESTORS**

Stephen F. Del Sesto, the Court-appointed Receiver in this proceeding, respectfully submits the following Declaration in support of the Motion for Authorization to Transfer ClearPath Wealth Management, LLC’s (“CPWM”) and Relief Defendants’, ClearPath Multi-Strategy Fund I, L.P. (“MSF I”), ClearPath Multi-Strategy Fund II, L.P. (“MSF II”), and ClearPath Multi-Strategy Fund III, L.P. (“MSF III” together with CPWM, MSF I and MSF II shall be collectively referred to herein as “Receivership Entities”) Investments in PharmLogic, LLC (“PharmLogic”) to Individual Investors (the “Motion”), and declares:


1. I am an attorney at law and a partner of Pierce Atwood, LLP. I am the Court-appointed Receiver in this matter. I make this declaration based on my own personal knowledge and could competently testify regarding the facts below if called to do so.

2. One of the assets over which I assumed control as Receiver is the Receivership Entities' investment in PharmLogic. A summary of the Receiver's knowledge of the Pharmlogic investment is set forth in the Motion at paragraph 4 and is incorporated herein by reference.
3. Individual investors of CPWM invested in PharmLogic through one or more of the Receivership Entities.
4. Based upon my consultation with Marcum accountants, an expert retained by the Receiver for limited purpose of valuing the PharmLogic investment, and a review of Marcum's submitted valuation report, it is my recommendation that I, in my capacity as Receiver, be authorized to execute those documents submitted to this Court as Exhibits to the Motion and other reasonably required documents that are necessary to transfer the ownership of the PharmLogic investment to the individual investors identified on Exhibit A to the Motion.
5. I believe the delay, cost and risk to the Estate will equal or exceed the Value Range (as such term is defined in the Motion) for PharmLogic; and therefore, the transfer recommended in the Motion is justified and in the best interests of the investors of PharmLogic and the Estate.
6. If the Estate were to continue to hold the investment, aside from the investment realization risk, the Receiver believes that the commitment of time would be a period of years and would require the Receivership proceeding to remain open and active so that the Receiver could continue to monitor, collect and disburse funds. I do not believe that the time and associate cost associated with such activities is justified in light of the Value Range. Further, the PharmLogic investment and any possible return on the investment is initially minimal and the prospect of future return becomes more uncertain with the passage of time.
7. Right now, the PharmLogic investment has potential for some recovery and the individual investors should be given the opportunity to decide whether to take the chance for greater return or cash-out now for minimal dollars.
8. It is my best business judgement that the prospect of any meaningful return for the Estate is unlikely and that the net benefit of holding the investment to possibly realize that return is outweighed by the time delay, costs, fees and expenses that would accrue for that purpose.

9. Given all the above, it is my recommendation that the Court authorize me to execute those documents submitted to this Court as Exhibits to the Motion and other reasonably required documents that I, as Receiver, determine in my business judgement are necessary to transfer the ownership of the PharmLogic investment to the individual investors identified on Exhibit A of the Motion.

I declare under penalty of perjury that the foregoing is true and correct and of my own personal knowledge except those matters stated upon information and belief, as to them, I believe them to be true and accurate.

Executed this 3rd day of November, 2022.



Stephen F. Del Sesto, Esq. (Bar #6336)
*Receiver for Patrick Churchville, ClearPath
Wealth Management, LLC, ClearPath Multi-
Strategy Fund I, L.P., ClearPath Multi-
Strategy Fund II, L.P., and ClearPath Multi-
Strategy Fund III, L.P. and not individually*
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November 3, 2022