

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
vs.)	Case No. 15-CV-000191-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.)	
)	

**RECEIVER’S PETITION FOR INSTRUCTIONS REGARDING THE PROPOSED
SETTLEMENT AGREEMENT BETWEEN THE RECEIVER AND THIRD PARTY
PROFESSIONAL ENTITIES**

Now comes Stephen F. Del Sesto, Esq., solely in his capacity as the Court-appointed Receiver for Defendants Patrick Churchville and ClearPath Wealth Management, LLC and Relief Defendants ClearPath Multi-Strategy Fund I, L.P., ClearPath Multi-Strategy Fund II, L.P., and ClearPath Multi-Strategy Fund III, L.P. (collectively “Receivership Entities”) and, pursuant to Section 42 of the Court’s July 30, 2015 Order Appointing Receiver (Document No. 16), hereby submits this Petition for Instructions Regarding the Proposed Settlement Agreement Between the Receiver and Third Party Professional Entities. To the Honorable William E. Smith of the United States District Court for the District of Rhode Island, the Receiver represents the following:

1. After his appointment in July of 2015 and a preliminary investigation of the pre-receivership activities of the Receivership Entities, the Receiver discovered that, prior to the commencement of this action, the Receivership Entities had engaged various third-party

professional entities to provide professional services including legal, accounting, and financial services. These entities included, but were not limited to, Burns & Levinson, LLP (“B&L”) and CRS Capstone Partners LLC (“Capstone”).

2. In or around October of 2015, the Receiver was provided with B&L’s client file for the engagement period (June of 2013 through February of 2015) and reviewed that file along with the records that the Receiver had previously been provided by the United States Securities & Exchange Commission.

3. Following this review, the Receiver drafted and transmitted to B&L and Capstone a draft complaint and demand letters seeking in excess of \$1 million. This demand included disgorgement of the fees that had been paid by the Receivership Entities to B&L and Capstone during their engagement. The draft complaint asserted several statutory and common law causes of action against B&L and Capstone.

4. From May of 2016 to January of 2017, the Receiver, B&L and Capstone exchanged numerous correspondence explaining their respective legal positions regarding the allegations made by the Receiver in his demand letters and draft complaint. B&L and Capstone strongly denied all of the Receiver’s material allegations.

5. In January of 2017, the parties began a mediation process which resulted in a settlement agreement whereby, on April 27, 2017, without admitting any fault or liability, B&L and Capstone collectively agreed to pay the Receiver \$500,000 in full and final satisfaction and settlement of all claims held by the Receiver.

6. On February 3, 2017, the Receiver submitted a preliminary litigation budget to the Court estimating expenses of proceeding with a non-jury trial between \$215,000 and \$285,000 and expenses of a jury trial between \$250,000 and \$335,000.

7. The terms of the settlement agreement are confidential and, accordingly, the proposed settlement agreement has been submitted to Court under seal for its review.

WHEREFORE, pursuant to Section 42 of the Court’s July 30, 2015 Order Appointing Receiver (Document #16),¹ your Receiver respectfully requests the authority to execute the Proposed Settlement Agreement Between the Receiver and Third Party Professional Entities submitted under seal.

Respectfully submitted,

/s/ Stephen F. Del Sesto, Receiver
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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Dated: May 31, 2017

CERTIFICATE OF SERVICE

I, Stephen F. Del Sesto, hereby certify that I filed the within document on May 31, 2017, and that notice will be sent electronically to all counsel who are registered participants identified on the Mailing Information for Case No. 15-cv-00191-S-LDA.

/s/ Stephen F. Del Sesto

¹ Section 42 of the Court’s July 30, 2015 Order Appointing Receiver provides that “[s]ubject to the requirement, in Section VII above, that leave of this Court is required to resume or commence certain litigation, the Receiver is authorized, empowered and directed to investigate, prosecute, defend, intervene in or otherwise participate in, compromise, and/or adjust actions in any state, federal or foreign court or proceeding of any kind as may in his discretion, and in consultation with Commission counsel and counsel for the Defendants, be advisable or proper to receive and/or conserve Receivership Property.”