

UNITED STATES DISTRICT COURT
DISTRICT OF RHODE ISLAND

SECURITIES AND EXCHANGE COMMISSION,)
)
 Plaintiff,)
)
 vs.)
)
 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.)
)

Case No. 15-CV-00191-S-LDA

**ORDER APPROVING RECEIVER’S RECOMMENDATION AND MOTION TO ALLOW
RECOMMENDED CLASS 3 CLAIMS**

This matter came before this honorable Court upon Stephen F. Del Sesto, Esq.’s, solely in his capacity as the Court-appointed Receiver (the “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”) Recommendation and Motion to Allow Recommended Class 3 Claims (the “Motion”). Through the Motion, the Receiver sought an Order from this Court allowing the 121 Class 3 Claims and the adjusted amounts for those Class 3 Claims as set out in Exhibits A-C to the Motion and any further relief, general or special, at law or in equity.¹

After reviewing and considering the Motion, considering the Receiver’s oral presentation of the Motion and considering the comments made by the Plaintiff, the Court hereby GRANTS the Motion in all respects. The Court specifically notes that the validity and priority of all claims will be addressed through the Claim Determination process established by this Court pursuant to its Order Approving Distribution

¹ Capitalized terms used, but not defined herein, shall have the meanings ascribed them in the Motion.

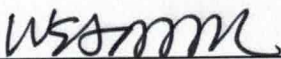
Procedures and Certain Other Relief entered on or about July 1, 2018 (the "Distribution Order") (Document No. 118) and, if necessary and appropriate, separate litigation.

**IT IS HEREBY FOUND, DETERMINED, ORDERED, ADJUDGED,
AND DECREED, AS FOLLOWS:**

1. The notice of the Motion was sent to all interested persons and entities, including, without limitation, those persons or entities that submitted claims to the Receiver, (a) via first class mail, postage prepaid, (b) via electronic mail to all electronic mail addresses on file with the Receiver; and, (c) via published notice of the Motion on the dedicated website established by the Receiver for this matter and this Court finds that such notice constitutes good and sufficient notice of the Motion and all the relief sought therein.
2. At the appropriate time, the Receiver is authorized, but not directed, to make the Initial Interim Distribution directly to the Claimants who hold Allowed Claims in Class 3 pursuant to the Distribution Plan and this Motion. However, the Receiver may, in his discretion, adjust, extend or delay distribution dates based upon any objections, questions, or additional information presented from Class 3 Claimants that would require, in the Receiver's sole opinion, the Receiver to recalculate some or all Class 3 Claim amounts and would substantially alter or impact the Rising Tide analysis which serves as the basis for such distributions.
3. Pursuant to paragraph 23 of the Distribution Order (Document No. 118) no Class 3 Claim will be entitled to a distribution unless and until the claimant has submitted the required W-9 or W-8 forms (as applicable), the filing of which shall also evidence the Class 3 Claimants' release of any claims against the Receivership Estate.
4. The Receiver shall establish a reserve on account of Class 3 Claims that are not allowed. The reserve shall be an amount equal to the Initial Interim Distribution Amounts that would be necessary to pay such Class 3 Claimants, consistent with the Receiver's Claim Recommendation, after applying the Rising Tide methodology. The Receiver shall not reserve on account of any Claim asserted in Class 3 that has been disallowed.
5. The Receiver shall reserve sufficient funds to pay all the costs, fees and expenses incurred in administering the Receivership Estate in accordance with orders of this Court.

6. All parties that were initially designated by the parties as so-called “insiders” and that failed to assert a formal objection to the Receiver on or before this hearing date objecting to such designation shall be deemed as “insiders” for purposes of this proceeding, shall waive any right to assert a claim for losses in this proceeding and not be entitled to any distribution in this proceeding.

IT IS SO ORDERED, this 12th day of June, 2019.



Honorable William E. Smith
United States District Judge