

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

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SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
	C.A. No. 15-191 WES)
)
)
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.,)
HRC VALUE FUND, L.P.,)
)
Relief Defendants.)
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ORDER

Linda Rosenberg and the Estate of S. Michael Rosenberg challenge their designation as “insiders” ineligible to recover from the receivership. See Obj. to Designation as Insiders, ECF No. 166. A hearing was held on September 2, 2020. This Court finds that Linda Rosenberg and the Estate of Michael Rosenberg (the “Rosenbergs”) have failed to show cause as to why they should not be designated as “insiders”, as outlined in the Receiver’s Report 4-5, ECF No. 153, and Court Order ¶¶ 5-6, ECF No. 155. The Rosenbergs were given an opportunity to provide additional information after the September 2, 2020 hearing supporting the

position that certain monetary distributions were for separate investments and that they were not "net winners". They did not do so.

After this Court's careful review of the submitted materials and hearing of oral arguments, it is clear that the Rosenbergs received \$312,869 more from ClearPath and from the schemes of Churchville and Jonathan Rosenberg than they invested with ClearPath, rendering them "net winners". See Pl.'s Mem. in Supp. of Receiver's Designation of Rosenbergs as Insiders 6, ECF No. 171 (citing Decl. of Trevor T. Donelan, ¶ 25). It would be inequitable and unfair to reduce the distribution designated for other parties and distribute funds to the Rosenbergs. This Court therefore upholds the Receiver's designation of the Rosenbergs as insiders and finds they are ineligible for recovery of funds from the receivership.

IT IS SO ORDERED.



William E. Smith
District Judge
Date: January 19, 2021