

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,)	Civil Action No. 19-cv-05957
)	
Plaintiff,)	
v.)	Hon. John Z. Lee
)	
NORTHRIDGE HOLDINGS, LTD., ET AL.,)	Magistrate Judge Susan E. Cox
)	
Defendants.)	
)	
)	

**ORDER (1) FIXING CLAIMS BAR DATE, (2) APPROVING CLAIMS PROCEDURES
AND CLAIMS FORMS, (3) APPROVING NOTICES, AND (4) APPROVING THE
POOLING OF RECEIVERSHIP ENTITIES' ASSETS FOR DISTRIBUTION PURPOSES**

Upon consideration of the Receiver's Motion for Entry of an Order (1) Fixing a Claims Bar Date, (2) Approving Claims Procedures, (3) Approving Various Notices, and (4) Approving the pooling of the Receivership Assets for distribution purposes [Dkt. No. 169] (the "Motion")¹, any responses or objections to the Motion (including, but not limited to, Dkt. No. 179 which was resolved consensually between the parties and the letter to the Court of Robert J. Stefan dated August 19, 2020 (the "Stefan Objection") and the Receiver's Omnibus Response in support of the Motion [Dkt. No. 185], this Court finds that: the relief requested in the Motion is in the best interests of the Receivership Estate, potential Claimants, and all other parties; notice of the Motion was good and sufficient under the particular circumstances and that no other or further notice need be given; and based upon the record herein and after due deliberation it is hereby

ORDERED THAT:

¹ Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

1. The Motion, together with the exhibits, instructions and other attachments thereto is GRANTED and approved in all aspects.

2. Objections Overruled. All objections not withdrawn or resolved by this Order are overruled in all respects. Specifically, the Stefan Objection is overruled for the reasons stated on the record at the November 4, 2020 status hearing on this matter.

3. Claims Bar Date. This Court hereby establishes 11:59 p.m. (prevailing Central Time) on February 5, 2021 ("Claims Bar Date"), as the deadline for Claimants and Administrative Claimants to submit a completed and signed Proof of Claim Form under penalty of perjury, together with supporting documentation against one or more of the Northridge Entities.

4. Claims Procedures. The Claims Procedures, including the Notice of Claims Bar Date and Procedures for Submitting a Proof of Claim (the "Notice of Claims Bar Date"), Proof of Claim Form, Notice of Receiver's Initial Determination, Notice of Claims Bar Date for Publication (and associated attachments) are approved substantially in the form attached to the Motion.

5. Eligibility to Submit a Proof of Claim. Except as set forth in Paragraph 6 and as to Claimants who receive and agree with the contents of the Notice of Receiver's Initial Determination of their Allowed Claim, all other Claimants and Administrative Claimants asserting or who believe they are entitled to assert a Claim or assert a right to distribution from the Receivership Estate, regardless of whether the Claim is held with or through any individual or entity or based on a primary, secondary, direct, indirect, secured, unsecured, unliquidated or contingent liability MUST timely and properly submit a Proof of Claim.

6. Professional Claims, Employee Claims and Intercompany Receivership Claims.

Holders of Professional Claims will not be required to submit a Proof of Claim. The Receiver will continue to satisfy Professional Claims in the ordinary course of the Receivership and in accordance with prior or future Court orders, as appropriate to the claim or pursuant to a Court approved distribution plan. Intercompany Receivership Claims among and between the Northridge Entities are preserved without the requirement of the filing of a Proof of Claim by the Receiver at this time. Any such Intercompany Receivership Claims as appropriate will be subject to a Court approved distribution plan. Northridge Entities' employees are not required to submit a Proof of Claim for **post-receivership amounts** (incurred on or after September 12, 2019) incurred in the ordinary course with respect to their employment. The same such amounts shall be paid in the ordinary course of business.

7. Notice Process. The Receiver shall provide the following notice in satisfaction of the due process interests of Claimants and Administrative Claimants:

- a. Notice by Mail. The Receiver shall provide notice by mail in the following manner, timing and substance.
 - i. Timing of Notice. The Receiver shall provide notice within fifteen (15) calendar days of entry of this Bar Date Order.
 - ii. Substance of Notice. The notice shall include: a) the Notice of Claims Bar Date (substantially in the form of Exhibit B to the Motion), b) the Proof of Claim Form (substantially in the form of the Exhibit C to the Motion), and c) at the Receiver's sole and absolute discretion, the Notice of Receiver's Initial Determination (together with the

instructions and other attachments substantially in the form of the Exhibit D to the Motion) (collectively, the "Notice").

iii. Means of Serving Notice. The Receiver shall serve those Claimants and Administrative Claimants entitled to notice under subparagraph 8(b) below: (a) by United States first class mail (for those Claimants with a last known address within the United States); and (b) by any method the Receiver deems reasonable in his sole and absolute discretion (for those Claimants without a last known address or with a last known address outside the United States).

- b. Individuals and entities to receive Notice by mail. The Receiver shall provide Notice by mail, by the means provided in subparagraph 8(a) above, on the following known Claimants:
- i. All parties that have appeared in the SEC Enforcement Action;
 - ii. Investors and former Investors;
 - iii. Northridge Employees;
 - iv. Known potential Administrative Claimants;
 - v. Federal, state, local or other governmental entities or authorities who may assert a Claim for taxes;
 - vi. state security regulatory agencies where any Northridge Entity issued or sold securities;
 - vii. the Receivership Estate's institutional lenders; and
 - viii. potential Claimants that the Receiver has determined, upon reasonable review of the Books and Records, have or may assert a Claim against a

Northridge Entity or have asserted claims against the Receivership Estate during the pendency of the SEC Enforcement Action.

- c. Notice by email for returned Notice by mail. Upon return of any service item that was undeliverable by mail and without a useful forwarding address for re-service, the Receiver will perform a reasonable search of the Books and Records for a last known e-mail address and attempt to provide Notice to that Claimant or Administrative Claimant at that last known e-mail address, which shall satisfy the Receiver's notice requirements.
- d. Notice by email to Counsel. Where the Receiver has notice that a Claimant, party or other individual or entity, who is entitled to notice, is represented by counsel, copies of the documents sent by the Receiver to that counsel's client(s) will also be sent by email to counsel who have not otherwise already been sent the documents.
- e. Posting the Notice of Claims Bar Date and Proof of Claim Form. Not later than five (5) calendar days after entry of the Bar Date Order, copies of the Notice of Claims Bar Date and Proof of Claim Form will be available for downloading from the Claims Agent's website (www.northridgereceiver.alixpartners.com).
- f. Duty to keep the Receiver advised of current contact information. It is the responsibility of Claimants, Administrative Claimants and other interested parties to keep the Receiver apprised with a current email and mailing address in order to receive notices or other communication from the Receiver or the Receivership Estate. A link to the Change of Information

Form will be found on the Claims Agent's website (www.northridgereceiver.alixpartners.com).

- g. Notice by Publication. The Receiver shall provide notice by publication in the following manner:
 - i. Timing of notice. The Receiver shall provide notice by publication within thirty (30) calendar days of entry of this Bar Date Order.
 - ii. Substance of notice. The Notice of Claims Bar Date for Publication shall be substantially in the form of Exhibit E to the Motion.
 - iii. Means of publishing notice. The Receiver proposes to publish the Notice of Claims Bar Date for Publication in newspapers of general circulation in: (a) Illinois, Michigan, New Jersey, Massachusetts, (b) *The Wall Street Journal*, and (c) such other publications, if any, that in the Receiver's sole and absolute discretion are reasonably calculated to provide notice to potential unknown Claimants and Administrative Claimants, on two days that are approximately two weeks apart. The publications and means chosen by the Receiver are reasonably likely to reach potential unknown Claimants and Administrative Claimants.
- h. Notice by Posting to the Receiver's Website and Email. The Receiver shall post for review and download on the Receiver's website (www.northridgereceiver.alixpartners.com), this Bar Date Order, the Notice of Claims Bar Date and the Proof of Claim Form, not later than five (5) calendar days after entry of the Bar Date Order. The Receiver shall also send an "email blast" to all Investors whom the Receiver has an email

address or who have otherwise signed up to receive email notice of filings on the Claims Agent Website.

i. Notice Upon Inquiry. Copies of the Notice of Claims Bar Date and the Proof of Claim Form will be available after entry of the Bar Date Order to any Claimant or Administrative Claimant who makes a written request for such documents to the Claims Agent's mailing address: Northridge Holdings, 2807 Allen Street, Box 377, Dallas, Texas 75204

8. Procedure for Submitting a Proof of Claim. Except as otherwise provided by order of this Court or provided herein, each Claimant and Administrative Claimant must properly complete and sign a Proof of Claim which, together with supporting documentation must be timely submitted to the Receiver's Claims Agent by mail addressed to Northridge Holdings, 2807 Allen Street, Box 377, Dallas, Texas 75204, such that if sent by mail is postmarked no later than the Claims Bar Date.

It is recommended that Claimants submit their Proof of Claim by certified or registered mail and retain evidence that the Proof of Claim was postmarked no later than the Claims Bar Date. Proofs of Claim submitted with a valid email address will receive email confirmation of receipt by the Claims Agent of the Proof of Claim.

Proofs of Claim should not be filed with this Court, or sent to the Receiver, his legal counsel, or his retained professionals. Any Proof of Claim so filed or sent shall not be considered properly submitted and will be disallowed pursuant to this Bar Date Order.

9. Procedures related to the Notice of Receiver's Initial Determination. At the Receiver's sole discretion, if the Receiver believes a Claimant (including the Investors) is entitled to an Allowed Claim Amount, the Receiver will send to such Claimant a Notice of

Receiver's Initial Determination containing: (a) the proposed Allowed Claim Amount; and (b) attachment(s) containing information and/or setting forth the Receiver's calculation of the proposed Allowed Claim Amount. A Claimant who **AGREES** with the information and amounts in the attachments to the Notice of Receiver's Initial Determination shall check the "Agree" box on the Notice of Receiver's Initial Determination and submit to the Receiver on or before the Claims Bar Date in the same manner Proofs of Claim are to be submitted and does **NOT** need to submit a Proof of Claim.

10. A Claimant who **DISAGREES** with the proposed amount of the Allowed Claim Amount set forth in the Notice of Receiver's Initial Determination may seek to review the disagreement with the Receiver and his professionals by contacting the same through the Receivership Website (www.northridgereceiver.alixpartners.com) or telephone ((888) 369-8932) prior to responding to the Notice of Receiver's Initial Determination. If the Receiver agrees that revisions to the Notice of Receiver's Initial Determination should be made, the Receiver, at his sole discretion, may send an amended Notice of Receiver's Initial Determination.

11. A Claimant who **DISAGREES** with the proposed amount of the Allowed Claim Amount set forth in the Notice of Receiver's Initial Determination shall check the "Disagree" box on the Notice of Receiver's Initial Determination and submit to the Receiver on or before the Claims Bar Date in the same manner Proofs of Claim are to be submitted. Such a Claimant must timely file and properly submit a Proof of Claim. A Claimant who fails to respond to a Notice of Receiver's Initial Determination and fails to timely and properly submit a Proof of Claim shall be deemed to have accepted and consented to the proposed Allowed Claim Amount set forth in the Notice of Receiver's Initial Determination.

12. Supporting Documentation for Proof of Claim. Each submitted Proof of Claim shall include attached copies of all documents available that support such Proof of Claim. Such documentation may include, but is not limited to: copies of personal checks, cashier's checks, wire transfer advices, and other documents evidencing the investment of funds; copies of each signed investment contract; copies of all agreements, promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, evidence of perfection of lien; and other documents evidencing the amount and basis of the Claim. As applicable, supporting documentation must also include a chronological accounting of any withdrawals made by or payments received from any Northridge Entity, whether such payments were denominated as the return of principal, interest, commissions, finder's fee, or otherwise, indicating the date and amount of each withdrawal or payment. If supporting documentation is not available, the Proof of Claim Form must include an attachment explaining why the documentation is unavailable.

13. Supporting Documentation That Should Not Be Submitted. Proofs of Claim should not include the following types of materials unless requested by the Receiver or the Claims Agent: (a) marketing brochures and other marketing materials received from a Northridge Entity, (b) routine or form correspondence received from an Northridge Entity, (c) copies of pleadings on file in this case or other cases related to the Receivership or the Receivership Estate, and (d) other documents received from the Receivership Estate that do not reflect specific information concerning the existence or amount of a Claim.

14. Proof of Claim May Identify Northridge Entity(ies). A Claimant who is required to submit a Proof of Claim and who reasonably believes they hold or may hold a Claim against

one or more Northridge Entities may identify each Northridge Entity against which the Proof of Claim is asserted.

15. Effect of Failure to Submit Proof of Claim Before the Claims Bar Date. Any Claimant who is required to submit a Proof of Claim, but fails to do so in a timely manner or in the proper form, shall (a) be forever barred, estopped, and enjoined to the fullest extent allowed by applicable law from asserting, in any manner, any Claim against (i) any Northridge Entity, (ii) the Receivership Estate or its assets, and (b) not receive any distribution from the Receivership Estate or have standing to object to any distribution plan proposed by the Receiver. Further, the Receiver shall have no further obligation to provide any notices on account of such Claim and the Receivership Estate shall be deemed discharged from any and all indebtedness or liability with respect to such Claim.

16. The proposed Claims Bar Date, the Notice of Claims Bar Date and Procedures for Submitting a Proof of Claim and the Proof of Claim Form are not unduly burdensome or uncommon in matters of this nature. It is important to the efficient and orderly administration of the receivership that Proofs of Claim are timely and properly submitted and that Proofs of Claim not timely or properly submitted be disallowed. Establishment of the Claims Bar Date is necessary in order for the Receiver and the court to determine which individuals and entities are entitled to share in any potential Court-approved distributions.

17. Proofs of Claim Processing and Verification, Compromise and Settlement. The Receiver is hereby authorized to employ any procedures he deems necessary, in his sole and absolute discretion to process and reconcile Proofs of Claim and to verify the Claims asserted in the Proofs of Claim. The Receiver shall have the authority to compromise and settle any Claim, or resolve any Notice of Deficiency, at any time, as appropriate, without further order of this

Court. The Receiver, at his discretion, may file a motion seeking Court approval of any compromise or settlement of a Claim. All parties to this proceeding are directed to cooperate with the Receiver to the maximum extent possible to achieve swift resolution of disputes concerning claims without the need for a determination by the Court.

18. Request for Additional Information. If at any time after receiving a timely Proof of Claim, the Receiver determines that additional information is needed to assess and process a Claim, the Receiver or his Claims Agent may contact the Claimant (or counsel, if one is designated) by telephone, mail or email to request such additional information.

19. Notice of Deficiency. Prior to filing an objection with the court seeking to disallow a Claim, the Receiver may in his sole and absolute discretion send to a Claimant (and to counsel, if one is designated), to such address or email address as provided in the Proof of Claim Form, a written Notice of Deficiency that specifically identifies the information required to assess and process the Claim. Should the Receiver determine he needs additional information from anyone who was sent a Notice of Receiver's Initial Determination, the Receiver may send a Notice of Deficiency to that recipient. The Notice of Deficiency shall provide that if the additional information is not timely provided to the Receiver, such failure shall provide a basis for an objection to the Claim.

20. Receiver's Claim Objection. Claimants are directed to work in good faith with the Receiver to resolve any disputes about a Claim. If the Receiver is unable to resolve disputes about a Claim, the Receiver may file a written objection to the Claim with the Court. The objection shall include: (a) a detailed statement of the reasons for the Receiver's objection, and (b) copies of any document or other writing upon which the Receiver relies. Unless otherwise ordered by this Court, the Claimant's response to the Receiver's claim objection shall be filed

with the Court and a copy served on the Receiver and his counsel, within thirty (30) calendar days of the date on which the Receiver filed his written objection to the Claim. The Receiver shall have thirty (30) calendar days to file and serve his reply.

21. Limitation on Discovery and Motion Practice. Prior to the Receiver's filing of an objection to the Claim, no discovery, motion practice, or other claims litigation shall occur unless the Claimant first seeks and obtains leave of Court, upon a showing of good cause and substantial need for such relief.

22. Consent to Jurisdiction. Submission of a Proof of Claim in this case constitutes consent to the jurisdiction of the Court for all purposes and constitutes agreement to be bound by its decisions, including, without limitation, a determination as to the extent, validity and amount of any Claim asserted against the Receivership Estate. The submission of a Proof of Claim shall constitute consent to be bound by the decisions of the Court as to the treatment of the Claim in a Court-approved distribution plan.

23. Investor Representations. With respect to Investors (as set forth in the Proof of Claim Form and the Notice of Receiver's Initial Determination), submission of a Proof of Claim in this case and any Investor who agrees with the proposed Allowed Claim Amount set forth in the Notice of Receiver's Initial Determination, shall be deemed a representation by such Investor that: (a) none of the funds Investor invested in the Receivership Entities and that Investor claims a right to recover originated from the Receivership Entities, Glenn Mueller or any of Mr. Mueller's family or any entity owned or controlled by Mr. Mueller or any of Mr. Mueller's family; (b) distribution on account of Investor's claim (if any) will not be shared in any way with Mr. Mueller, a member of Mr. Mueller's family, an entity owned or controlled by Mr. Mueller or a member of his family or in any way for the benefit of Mr. Mueller or his family; and (c) the

Proof of Claim represents the full extent of the Receivership Estate's liability to the Claimant. Submission of an "Agree" response to a Notice of Initial Determination shall bind a Claimant to the similar representations contained in such "Agree" response. Notwithstanding anything else herein to the contrary, Glenn Mueller or any of Mr. Mueller's family or any entity owned or controlled by Mr. Mueller or any of Mr. Mueller's family may file a proof of claim without making the foregoing representations (a) and (b) and any such claim(s) will be subject to objection as any other claim filed against the Receivership Estate.

24. Reservation of Rights. Nothing herein shall prejudice any right of the Receiver to dispute, or assert offsets or defenses as to the extent, validity, priority, or otherwise against amounts asserted in any Proof of Claim or against the initial Allowed Claim Amount of any individual or entity who received a Notice of Receiver's Initial Determination, including but not limited to the manner in which accounts will be aggregated and Claims treated under a Court-approved distribution plan. Nothing contained herein is intended to preclude the Receiver from objecting to any Claim on any grounds. Subject to approval of the Court, the Receiver retains the sole and absolute right to propose a plan of distribution.

25. Distribution Plan. After the Claims Procedures have been substantially completed, the Receiver shall promptly file a distribution plan setting forth: (a) any proposed priority of distribution; (b) methodology of distribution (i.e., pro-rate or rising tide); (c) the proposed amounts of any initial distributions for each Claimant; (d) any disputed claims reserve; and (e) any other information that the Receiver deems necessary to include.

26. Investor Claim Calculation. The Receiver's calculation of Investor Claims on a cash-in/cash-out basis regardless of which Receivership Entity an Investor purported invested with or which Receivership Entity an Investor received a distribution from or has a claim against

as proposed in the Motion, is equitable under the circumstances and hereby approved for the reasons stated on the record at the November 4, 2020 status hearing on this matter. Claims of Investors against the Receivership Entities will be allowed or disallowed on a cash-in/cash-out basis.

27. Pooling. The Claims Administration Process set forth in the Motion will provide a fair, equitable, and efficient method for distributing the proceeds of the Estate. For the reasons stated on the record at the November 4, 2020 status hearing on this matter, the Receiver's pooling of the assets recovered to be distributed for the benefit of all Investors and other Claimants regardless of which Receivership Entity an Investor purportedly invested with and which a Claimant has a Claim against as proposed in the Motion is fair and equitable under the circumstances and hereby approved.

28. Preservation of Interest Claims. All claims of Investors and Claimants to interest on their Allowed Claims shall be fully preserved to the extent authorized herein. In the event the Receivership Estate has sufficient assets to pay all Investors' and Claimants' claims pursuant to a Court-approved distribution plan, the Receiver shall file a second distribution plan for Court approval which proposes a fair and equitable distribution of the remaining Receivership assets to Investors.

Dated this 4th day of November, 2020.
Chicago, Illinois

ENTERED: 11/4/20



Honorable John Z. Lee