

Jay Peak Resort Receiver Reaches \$150 Million Settlement with Raymond James

Michael I. Goldberg, the SEC appointed receiver in charge of the Jay Peak Resort and Burke Mountain Hotel in Vermont, reached a settlement agreement with Raymond James that will significantly benefit the defrauded investors and creditors of the receivership estate, according to a news release from **Akerman LLP**.

Under the terms of the settlement, which must be approved by the U.S. District Court for the Southern District of Florida, Raymond James will pay \$150 million to the receivership estate and the funds will be used to satisfy the claims of numerous investors and creditors while at the same time allowing the receiver to complete construction of the Jay Peak Resort. The settlement was achieved exactly one year from the date the case began.

The Akerman release continues:

The Jay Peak case involves the largest fraud in the history of the federal EB-5 Immigrant Investor Visa Program. Raymond James allegedly assisted Ariel Quiros, owner of Q Resorts and William Stenger, president and CEO of Jay Peak, a Vermont ski resort owner by Q Resorts, in stealing and misusing millions of dollars raised from hundreds of investors. Raymond James vehemently denied any liability whatsoever. Since July 2016, Goldberg and Raymond James have been engaged in good faith, arm's-length settlement negotiations. Upon court approval, the settlement will resolve all claims brought against Raymond James and bar any future claims that may arise from the activities associated with the Jay Peak Resort and Burke Mountain Hotel.

Goldberg said, "This settlement would not have been possible without Raymond James stepping up to the plate from the very beginning of this case in an effort to do the right thing. At all times throughout our negotiations, Raymond James acted professionally and honorably in a good faith effort to resolve the litigation. The way Raymond James approached this case is a benchmark for how other firms in a similar situation should handle such a case. I want to further thank my counsel, Jeffrey Schneider of Levine Kellogg and lead class counsel, Harley Tropin and Tucker Ronzetti of the Kozyak Tropin firm for their tireless work in helping me resolve this case and benefitting hundreds of investors and creditors. Finally, I want to thank the officials at the SEC and the State of Vermont for their unwavering commitment to protecting the defrauded investors and creditors since the very beginning of the case and helping us structure a settlement that is in the best interest of the receivership estate and the investors. The SEC's investigation and lawsuit was the catalyst for this settlement."

The settlement amount will be utilized as follows:

- \$15.3 million will be used to satisfy the promissory notes payable to the investors of Jay Peak Hotel Suites L.P.
- \$5.1 million will benefit Jay Peak Hotel Suites Phase II L.P., Jay Peak Penthouse Suites L.P., Jay Peak Golf and Mountain Suites L.P., Jay Peak Lodge and Townhouses L.P., Jay Peak Hotel Suites Stateside L.P. and Q Burke Mountain Hotel and Conference Center, L.P. by satisfying past due trade debt on the Jay Peak Resort and the Burke Mountain Hotel.
- \$19.6 million will be used to complete the construction of the Stateside Phase VI project of which up to \$2.2 million will be used to satisfy existing contractor liens.
- \$67 million will be used to return the \$500,000 principal investment each investor made in the Jay Peak Biomedical Research Park L.P.

- \$6.6 million will be used to satisfy contractor claims against the Q Burke Phase VIII project and to repay other debt on the Burke Mountain Hotel.
- \$10 million will be posted in a separate interest-bearing escrow account and be used if needed to repay up to twenty Q Burke Phase VIII Investors who may not be eligible to apply for permanent residency through the United States Citizenship and Immigration Services' EB-5 Immigrant Investor Program.
- \$1 million will be used to refund the \$500,000 investment of two investors in the Q Burke phase VIII whose I-526 petitions were denied prior to the date of the SEC Action.
- \$25 million will be set aside to pay the fees of class counsel and other attorneys who brought suits on behalf of individual victims.

Goldberg is co-chair of the Fraud & Recovery Practice Group at top 100 U.S. law firm Akerman LLP. The case of Jay Peak is the largest EB-5 fraud scheme in U.S. history and the \$150 million settlement represents the largest recovery of EB-5 investor losses.

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