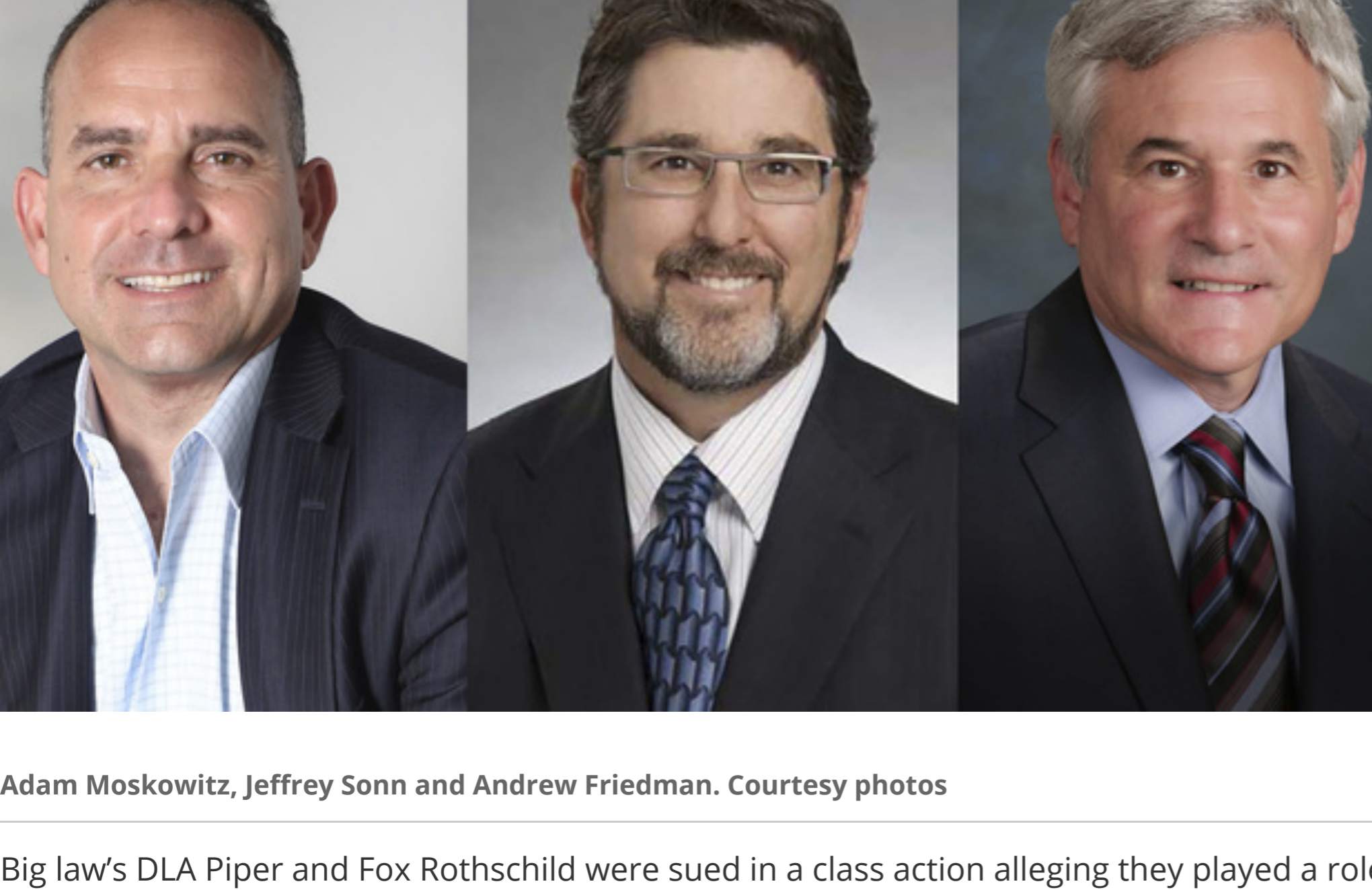
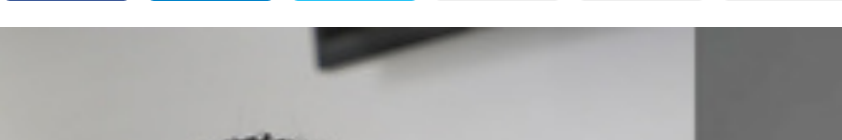


News

DLA Piper, Fox Rothschild Sued in \$170 Million EquiAlt Real Estate Ponzi Scheme

A DLA Piper partner formerly with Fox Rothschild is accused of drafting deceptive and misleading documents intended for prospective EquiAlt investors.

By [Lidia Dinkova](#) | July 31, 2020 at 12:19 PM



Adam Moskowitz, Jeffrey Sonn and Andrew Friedman. Courtesy photos

Big law's DLA Piper and Fox Rothschild were sued in a class action alleging they played a role in a \$170 million real estate Ponzi that defrauded over 1,100 investors, many of them elderly who sunk in their retirement savings.

The law firms' alleged involvement was based on the work of attorney Paul Wassgren, a DLA Piper Los Angeles partner formerly at Fox Rothschild. He drafted documents given to prospective EquiAlt investors that he knew contained misleading and deceptive information, according to the federal complaint filed in Tampa.

Among the alleged falsehoods in Wassgren's private placement memoranda were statements that the securities were exempt from federal and state registration requirements and that no more than 35 unregistered investors would be permitted.

Securities are exempt from registration if they are sold to no more than 35 unregistered investors, which wasn't the case at EquiAlt.

Also, the memoranda didn't note millions of dollars from investors would go to EquiAlt's principals rather than real estate, the lawsuit said.

The law firms collected hundreds of thousands of dollars in fees and payments from EquiAlt and its affiliated funds, the complaint said.

"Wassgren was deeply involved with EquiAlt and the funds from their very inception," according to the complaint.

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Attorneys Adam Moskowitz of The Moskowitz Law Firm in Coral Gables, Jeffrey Sonn of Sonn Law Group in Aventura and Phoenix attorney Andrew Friedman, shareholder at Bonnett, Fairbourn, Friedman & Balint, filed the complaint July 21.

Wassgren, DLA Piper and Fox Rothschild didn't respond to requests for comment by deadline.

Tampa-based EquiAlt, CEO Brian Davison and managing director Barry Rybicki in February [were charged by the Miami regional office of the Securities and Exchange Commission](#) with running a scheme through several funds after promising investors "safe" and "low risk" opportunities in residential real estate protected from market volatility.

Instead, regulators charged money was transferred among the funds to pay off existing investors with new investors' money.

EquiAlt, Davison and Rybicki are not defendants in the class action.

The investors who bought into EquiAlt were in Florida, Arizona, California and Colorado.

Rybicki's attorney, Adam Fels of Fridman, Fels & Soto in Coral Gables, [in a court filing](#) said the SEC's charges mischaracterize the nature of the funds and is rife with contradictory allegations. Fels maintained Rybicki acted at the direction of Davison and Wassgren, his role and authority over EquiAlt dealings was limited, and he had no say on the language in the memoranda and no access to accounting software.

Rybicki directed EquiAlt to stop processing investors' funds once he learned the securities had to be registered, Fels said.

Davison's attorney, Moses & Singer partner Howard Fischer in New York, said the class action is accurate in its assertion that Davison was acting under the advice of legal counsel at all times.

"The statement that Mr. Davison was advised by counsel at all relevant times and all transactions and marketing materials otherwise used by the companies were approved by counsel is all accurate," Fischer said.

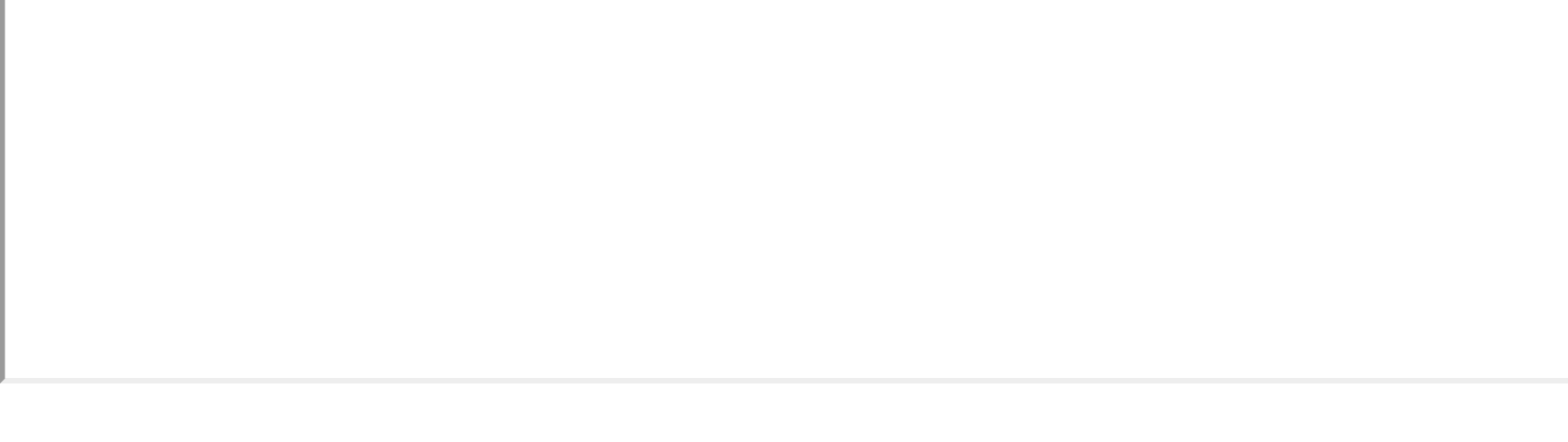
Trenam shareholder Gerald Davis in St. Petersburg, another Davison attorney, [in a court filing asserted his client wasn't responsible for alleged misrepresentations to investors](#). Davison already was leading the sale of properties to repay investors, and the SEC's Ponzi allegation is "fear-mongering" as EquiAlt bought residential properties, most of which were occupied. Davis pushed against the appointment of a receiver and called it a "draconian" remedy since the receiver merely is finishing Davison's sales work.

U.S. District Judge Mary Scriven appointed Tampa attorney Burton Wiand of Wiand Guerra King as receiver of the properties and accounts. He was a member of the SEC's enforcement division for 14 years.

[Moskowitz, Sonn and Friedman in March filed a class action against EquiAlt, Davison and Rybicki on behalf of investors](#), some of whom are the same plaintiffs in the class action against DLA Piper and Fox Rothschild.

"In sum, Wassgren was knowing participant in the ongoing illegal sales of securities by the non-defendant promoters, played a substantial role in inducing the illegal sales, and lent substantial assistance to an ongoing scheme to defraud," the complaint said.

Read the complaint:



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