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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA

10  
11 SECURITIES AND EXCHANGE  
COMMISSION,

12  
13 Plaintiff,

14 v.

15 SILICONSAGE BUILDERS, LLC aka  
16 SILICON SAGE BUILDERS and  
SANJEEV ACHARYA,  
17

18 Defendants.  
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Case No. 3:20-CV-09247-SI  
The Hon. Susan Illston

**RESPONSE TO OPPOSITION TO  
MOTION FOR RELIEF FROM  
LITIGATION STAY BY THIRD  
PARTY SANGEETH PERURI**

Original Hearing

Date: December 10, 2021  
Time: 10:00 a.m.  
Courtroom: 1, 17<sup>th</sup> Floor

Rescheduled Hearing

Date: December 6, 2021  
Time: 11:30 a.m.  
Courtroom: 1, 17<sup>th</sup> Floor

1 **I. INTRODUCTION**

2 The Receiver's opposition to Sangeeth Peruri's Motion for Relief from Litigation  
3 Stay confirms that the issues before the Court raise fact-intensive issues and that Peruri  
4 is entitled to due process. The Receiver also does not dispute the timing of Peruri's  
5 request as being too early in the course of the Receivership. In short, the Receiver tacitly  
6 agrees that the *Wencke* standard, which guides the Court's analysis, favors Peruri.

7 Without sufficient explanation, however, the Receiver ties the outcome of  
8 Peruri's Motion to the outcome of the Receiver's separate motion to approve a proposed  
9 funding agreement with Acres. Thus, the Receiver suggests that if the Court approves  
10 a new funding arrangement with Acres that Peruri can have his due process rights  
11 satisfied by opposing a forthcoming effort by the Receiver to recharacterize Peruri's  
12 purchase agreements as "disguised loans." The Receiver then suggests that if the Court  
13 disapproves that funding arrangement that Peruri's motion will be rendered moot.  
14 Unfortunately, the Receiver leaves it to the Court and Peruri to figure out why his due  
15 process rights would suddenly be rendered moot. For example, is it because the  
16 Receiver will honor Peruri's purchase agreements or is it because Acres will foreclose  
17 the entire project just to wipeout Peruri? Regardless, Peruri disputes that his due process  
18 rights can or should be determined by whether the Court approves the proposed funding  
19 arrangement with Acres or whether Acres undertakes independent steps to foreclose.  
20 Peruri seeks the independent right to pursue claims to specifically enforce his purchase  
21 agreements and obtain a declaration that he holds California statutory lien rights.

22 **II. PERURI SEEKS RELIEF FROM STAY TO ASSERT TWO STATE-  
23 LAW REAL PROPERTY CLAIMS**

24 Supreme Court precedent holds that an equitable receivership cannot be used to  
25 defeat valid state-law claims. *Riehle v. Margolis*, 279 U.S. 218 (1929). This precedent  
26 existed at the time that Congress enacted the Securities and Exchange Acts in 1933 and  
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1 1934, and therefore, the “equitable relief” that is available under those Acts should be  
 2 interpreted consistently with *Riehle*. See *Stoneridge Investment Partners, LLC v.*  
 3 *Scientific-Atlanta, Inc.* 552 U.S. 148, 165-66 (2008). The holding in *Riehle* is also  
 4 consistent with the equitable maxim that equity “follows the law.” Honoring this  
 5 principle, other federal courts have refused to construe federal equity receiverships so  
 6 broadly as to defeat valid at-law claims. See, e.g., *S.E.C. v. Credit Bancorp, Ltd.* 279  
 7 F.Supp. 2d 247, 261 (S.D.N.Y. 2003); *S.E.C. v. Management Solutions, Inc.*, 2013 WL  
 8 594738 at \*3-4 (D. Utah).

9 Here, Peruri’s Motion seeks relief from stay of Court to affirmatively assert two  
 10 typical state-law real property claims – specific performance of contract and declaratory  
 11 relief. As these claims sound in state law and seek to enforce state law rights – the  
 12 existence of state lien rights -- the natural and appropriate forum for these claims is the  
 13 Superior Court of California for the County of Alameda, where the properties are  
 14 situated. In addition, Peruri seeks to assert affirmative claims on his own behalf because  
 15 the stakes are high for him --\$5 million spent to purchase his ten units -- and because  
 16 the ability to engage in litigation without artificial constraints or limitations supports  
 17 due process without any doubt.

18 For example, given the high dollar amount at issue, claims for specific  
 19 performance and declaratory relief filed in the Superior Court will be classified as  
 20 ‘unlimited’ cases instead of ‘limited jurisdiction’ cases. In the Superior Court, unlimited  
 21 cases are those where the amount in controversy exceeds \$25,000 and limited  
 22 jurisdiction cases are those for which the amount at issue is between \$10,000 and  
 23 \$25,000. Cal. Code Civ. Proc. §§ 85 - 86. Where the amount in controversy is less than  
 24 \$25,000, California severely restricts the amount of discovery and procedure available  
 25 to the parties. Cal. Code Civ. Proc. § 94. By contrast, the rights of litigants in an  
 26 unlimited case where the amount in controversy exceeds \$25,000 are not similarly  
 27

1 restricted. As a resident of California bringing state-law real property claims, Peruri is  
2 entitled to the full panoply of rights available to him under California law.

3 **III. CONCLUSION**

4 For the foregoing reasons, Sangeeth Peruri requests that the Court grant him relief  
5 from the stay of litigation so he can bring claims against Osgood LLC for specific  
6 performance and declaratory relief.

7  
8 DATED: November 24, 2021

Respectfully submitted,

**AKERMAN LLP**

By: /s/ Joshua Mandell

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