

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION, :	
:	
Plaintiff, :	
:	
-v- :	No. 1:22-cv-03897-LAK
:	
STRAIGHTPATH VENTURE PARTNERS LLC, :	
STRAIGHTPATH MANAGEMENT LLC, :	
BRIAN K. MARTINSEN, :	
MICHAEL A. CASTILLERO, :	
FRANCINE A. LANAIA, and :	
ERIC D. LACHOW, :	
:	
Defendants. :	
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THE RECEIVER’S FIFTH QUARTERLY STATUS REPORT TO THE COURT

Melanie L. Cyganowski, the receiver (the “**Receiver**”) for StraightPath Venture Partners LLC (“**SP Fund Manager**” or “**SPVP**”), StraightPath Management LLC (“**SP Advisor**”), SP Ventures Fund LLC (“**SPVF 1**”), SP Ventures Fund 2 LLC (“**SPVF 2**”), SP Ventures Fund 3 LLC (“**SPVF 3**”), SP Ventures Fund 4 LLC (“**SPVF 4**”), SP Ventures Fund 5 LLC (“**SPVF 5**”), SP Ventures Fund 6 LLC (“**SPVF 6**”), SP Ventures Fund 7 LLC (“**SPVF 7**”), SP Ventures Fund 8 LLC (“**SPVF 8**”), SP Ventures Fund 9 LLC (“**SPVF 9**” and collectively, the “**SP Funds**” and together with the SP Fund Manager and the SP Advisor, the “**Receivership Entities**” or “**StraightPath**”), by her undersigned counsel, hereby submits this Fifth Quarterly Status Report, covering the period from April 1, 2023, through and including June 30, 2023 (the “**Reporting Period**”), as required by the Consent Order Appointing Receiver [Dkt. No. 56] (the “**Receivership**”).

Order”),¹ entered on June 14, 2022, which appointed the Receiver for the estate of the Receivership Entities (the “*Receivership Estate*” or “*Receivership*”).²

I. PRELIMINARY STATEMENT

A. Summary of Activities During the Reporting Period

During and following the Reporting Period, the Receiver, with the assistance of her advisors (collectively, the “*Receivership Team*”)³ has taken the following steps, among other things:

- (i) implemented the Receiver’s processes and procedures set forth in the *Procedures for Resolution of Claims and Interests and Setting Bar Dates for Claims* [Dkt. Nos. 166-169] (the “*Resolution Procedures*”), which the Court granted on March 30, 2023 [Dkt. No. 180], including (A) preparing investor statements for each investor (each, an “*Investor Statement*”), (B) reviewing objections submitted by investors regarding the information in their Investor Statement (an “*Investor Objection*”) and other inquiries submitted by investors, (C) investigating and reconciling information to address Investor Objections and investor inquiries, and (D) reviewing proofs of claim (each a “*Proof of Claim*”) submitted by parties asserting creditor claims against the Receivership Entities (“*Purported Creditors*”);

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed in the Receivership Order.

² The Receiver already reported on a portion of her activities during the Reporting Period in her Fourth Quarterly Report to the Court [Dkt. No. 183], dated May 1, 2023. Given that this report is being filed after the conclusion of the Reporting Period, this report will include descriptions by the Receiver of activities that occurred both during and after the Reporting Period.

³ The Receivership Team includes Otterbourg P.C. (“*Otterbourg*”) as the Receiver’s legal counsel, Stout Risius Ross, LLC (“*Stout*”) as the Receiver’s financial advisor, Stretto, Inc. (“*Stretto*”) as her claims and noticing agent, and Berkeley Research Group, LLC (“*BRG*”) as her tax advisor.

- (ii) continued the forensic analysis of the Receivership Entities' pre-Receivership financial affairs;
- (iii) prepared the Receiver's *Motion on Consent to Modify the Receivership Order* [Dkt. Nos. 184-187] (the "***Motion to Modify***"), which was filed on May 9, 2023, and which the Court granted on May 17, 2023 [Dkt. No. 200];
- (iv) communicated with counsel for Brian K. Martinsen ("***Martinsen***"), Michael A. Castellero ("***Castillero***"), Francine A. Lanaia ("***Lanaia***"), and Eric D. Lachow ("***Lachow***" and together with Martinsen, Castellero, and Lanaia, the "***Individual Defendants***")⁴ regarding various matters, related to, among other things, the turnover of books and records to the Receiver and the Individual Defendants' assertions of privilege;
- (v) analyzed issues regarding a plan of distribution (a "***Plan***");
- (vi) reviewed and managed the Receivership bank accounts to address recent bank failures and related events in the banking industry;
- (vii) continued to inventory and take control of the Pre-IPO Shares⁵ ("***Shares***") in specific private companies (each, a "***Pre-IPO Company***") owned by the Receivership Entities;

⁴ The law firm of Nelson Mullins Scarborough & Riley LLP ("***Nelson Mullins***") appeared as counsel of record for each of the Individual Defendants. On October 18, 2022, Nelson Mullins filed a letter with the Court (the "***Oct. 18 Letter***"), stating that Lachow is in the process of looking for separate counsel [Dkt. No. 103]. While the Receiver was advised of the name of Lachow's counsel in connection with a criminal investigation, it is not clear to the Receiver whether Lachow has retained new counsel or is continuing to look for separate counsel in this matter. Since the Oct. 18 Letter, Nelson Mullins has advised that Lachow has not taken a position on several issues before the Court [See Dkt. Nos. 136, n.1., 146, n.1].

⁵ Although this Report generally refers to "Shares" in Pre-IPO Companies, the Receivership Entities' interests in Pre-IPO Companies are not necessarily actual shares of stock in Pre-IPO Companies. As described below and in prior Reports filed by the Receiver, StraightPath purchased Pre-IPO interests using various methods and the interests acquired are varied, including but not limited to: (i) interests in special purpose vehicles ("***SPVs***"), which are non-StraightPath entities controlled by third-parties that invested in Pre-IPO Companies; (ii) forward contracts; (iii) economic interest agreements; and (iv) direct shares. Solely for convenience, this Report refers to "Shares" to include all such interests acquired by the Receivership Entities.

- (viii) continued to review and analyze the investor contributions and distributions to prepare tax returns and K-1s that are due on September 15th;
- (ix) for tax reporting purposes, reviewed the holdings of the pre-Receivership Entities to perform a valuation of the holdings transferred to the Receivership as of June 14, 2022;
- (x) communicated with counsel for the plaintiffs in the action styled *Meyer v. Legend Venture Partners, LLC*, 1:23-cv-00960-JPO (S.D.N.Y.) (the “**Meyer Action**”), including informing counsel that as an “Ancillary Proceeding” (as defined in the Receivership Order), the Meyer Action is subject to the stay of litigation provision set forth in Section X of the Receivership Order, and commented upon counsel’s letter to the Meyer Action Court;
- (xi) communicated with investors and purported creditors of the Receivership Entities; and
- (xii) prepared and filed *The Receiver’s Fourth Quarterly Status Report To The Court* [Dkt. No. 183] (the “**Fourth Quarterly Report**”).

All of the foregoing tasks are necessary for the Receiver to complete her primary objective – implementation of a Plan to distribute value to investors and creditors – and she is moving as efficiently as possible to complete these tasks.

The Receiver has scheduled a virtual Town Hall for Monday, August 14, 2023 at 12:00 pm EDT. This informational event is open to the public. All parties that wish to attend the virtual Town Hall, either by computer or phone, must register in advance at the following link: https://otterbourg.zoom.us/webinar/register/WN_ZoWcNNU0TLyikUsgDkIfQ.

B. Legend Venture Partners, LLC

On July 7, 2023, the United States District Court for the Southern District of New York in the action styled *SEC v. Legend Venture Partners, LLC*, 23-cv-5326-LAK (S.D.N.Y.) (the

“**Legend Action**”) appointed Melanie L. Cyganowski as Receiver for Legend Venture Partners, LLC, and other related entities, pursuant to the *Order Appointing Receiver* [Legend Action, Dkt. 33] (the “**Legend Receivership Order**”).

There is a dedicated email address for inquiries regarding the Legend receivership (legendreceivership@stout.com). Inquiries regarding the StraightPath Receivership should continue to be directed to the email address for StraightPath (StraightpathReceiver@otterbourg.com).

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Claims Process

During the Reporting Period, the Receivership Team implemented the Resolution Procedures. As mentioned in prior reports, the Resolution Procedures are a necessary and critical step in the administration of the Receivership because any plan of distribution will require certainty as to the quantity and value of Interests and Claims (each as defined in the Resolution Procedures) that are asserted in the Receivership.

Below is a summary of the timeline of the Receiver’s implementation of the Resolution Procedures:

Action	Timeline
Court approved Resolution Procedures.	March 30, 2023 (completed)
Notice of Resolution Procedures was emailed to all email addresses collected and contained in the Receivership Entities’ books and records.	April 6, 2023 (completed)
Notice of the Resolution Procedures was published in the Wall Street Journal.	April 14, 2023 (completed)
Investor Statements were mailed to Investors via USPS First Class Mail.	April 19, 2023 (completed)

Action	Timeline
Non-governmental entities are required to serve a completed Proof of Claim Form. ⁶	May 30, 2023 (completed)
If an Investor disagrees with the information in their respective Investor Statement, they must serve an objection to their Investor Statement.	June 5, 2023 (completed)
Governmental entities are required to serve a completed Proof of Claim Form.	July 28, 2023 (completed)

The Receivership Team spent considerable time implementing the Resolution Procedures, including providing as many investors and purported creditors with notice of the Resolution Procedures, which included posting the Resolution Procedures to the Receivership website, emailing the addresses in the Receivership Entities' email and computer systems with notice of the Resolution Procedures, and publishing a notice of the Resolution Procedures in the Wall Street Journal.

In accordance with the Resolution Procedures, the Receiver issued an individualized Investor Statement to over 2,000 investors in the Receivership Entities.⁷ After the Investor Statements were mailed to investors, the Receivership Team reviewed Investor Objections and other inquiries that were submitted by investors. Investors submitted 163 Investor Objections to the Receiver, of which 121 have been resolved consensually through a process of reviewing documents submitted by the respective investor, reviewing the Receivership Entities' books and

⁶ Investors that disagreed with the information in their Investor Statement were not required to serve a Proof of Claim Form, but they should have followed the instructions set forth in their Investor Statement. The Receiver may disallow any Proof of Claim filed by an Investor on account of an Interest on grounds, among others and without limitation, that it is duplicative of an Investor Statement.

⁷ Due to the disarray of the Receivership Entities' documents turned over to the Receiver, a substantial amount of work was required to identify the investors by their correct entity type (i.e., an individual, a business, a trust, or a retirement account), locate and update investors' correct mailing addresses, and resolve any discrepancies across various data sources (i.e., Welcome Letter, subscription agreement, QuickBooks, bank statement activity, etc.).

records, and communicating with the respective investor regarding their disputes.⁸ The Receiver is seeking to resolve the Investor Objections that remain outstanding and identify further details regarding certain Investors' interests in the Receivership Entities.

Purported Creditors of the Receivership Entities submitted 22 Proofs of Claim on the Receiver.⁹ The Receiver is reviewing and analyzing the Proofs of Claim that were submitted.

B. Forensic Analysis

During the Reporting Period, the Receiver dedicated resources to the analysis of the pre-Receivership financial affairs necessary to maximize value for investors. This work included Stout's forensic analysis (the "*Forensic Analysis*") which was necessary in implementing the Claims Procedures, identifying next steps for the Plan process, and further understanding information regarding the Receivership Entities for tax reporting purposes.

The Forensic Analysis is comprehensive. It includes a review of the Receivership Entities' pre-Receivership financial affairs, including reviewing offering documents and "Welcome Letters" that were sent to investors, analyzing and confirming the funds that were invested in the Receivership Entities by investors, analyzing the transfer of funds to and from the Receivership Entities, analyzing the use of funds for various purposes, including the purchase of Pre-IPO Shares, distributions to investors, payments to the Individual Defendants and the Receivership Entities' sales agents, the manner in which StraightPath recorded transactions in its records, and reviewing historical tax information in an effort to reconcile tax information against the Receivership Entities' records.

⁸ Investor Objections were submitted via various channels, including through the submission of Investor Objections or Proofs of Claim and/or direct investor email correspondence and/or phone calls with the Receivership Team. Duplicative submissions have been excluded from the total count of Investor Objections.

⁹ Of the 22 Proofs of Claim, 6 do not appear to be related to StraightPath. Additionally, the total number of Proofs of Claim does not include 73 Proofs of Claim that were submitted by investors which should have been submitted as Investor Objections.

The Forensic Analysis also involved a review of the Receivership Entities' brokerage statements to identify and analyze the share distributions made to investors, Individual Defendants, and the Receivership Entities' sales agents when certain companies went public. The Receivership Team also reviewed the sales proceeds from cash distributions and re-investments to calculate capital gains/losses for tax reporting purposes. This included communication with the brokerage firms to obtain missing information with respect to the recipients of share distributions.

The Forensic Analysis of the commingling of assets continued and involved reviewing records reflecting the Receivership Entities' historical financial transactions to determine if any of the SP Funds' assets were commingled with the assets of other SP Funds or the SP Manager. See *Interim Status Report Concerning Preliminary Findings on Commingling and Share Shortfall* [Dkt No. 144] (the “**Interim Report**”), in which the Receiver reported (1) on the extent of Commingling of investors' funds; and (2) that a Share shortfall exists across certain Pre-IPO Companies, while a surplus of Shares exists for certain other Pre-IPO Companies.¹⁰

C. The Receivership Entities' Books and Records and the Motion to Modify

During the Reporting Period, the Receiver and her team continued their efforts to obtain turnover of the Receivership Entities' books and records. The Receivership Order grants the Receiver broad authority to the immediate control of all of the books and records and related information of the Receivership Entities. (Receivership Order, 8). As noted, there is an important limitation to this broad authority: the Individual Defendants are not obligated to provide any Pre-

¹⁰ The Receiver may, as and when appropriate, provide updated information in future reports.

Appointment Privileged Materials¹¹ or Personal Privileged Materials¹² to the Receiver, and the Receiver is not permitted to receive or review any of these materials. (Receivership Order, 6) (the “*Privilege Provision*”).

During the Reporting Period, the Receivership Team continued its efforts to seek information from the Individual Defendants concerning the approximately 8,000 documents they continue to withhold on alleged privilege grounds. Counsel for the Receiver had multiple communications and meetings with counsel for the Individual Defendants regarding a process in which the Individual Defendants would produce certain of these documents to the Receiver.

On May 9, 2023, the Receiver filed the Motion to Modify [Dkt. Nos. 184-187], which the Court granted on May 17, 2023. The Motion to Modify sought to modify the Receivership Order for the limited purpose of permitting the Receiver to “receive and review” certain Pre-Appointment Privileged Materials that the Individual Defendants were prepared to provide. After the Court granted the Motion to Modify, the Individual Defendants produced approximately 2,500 email attachments that the Individual Defendants had previously withheld on privilege grounds.¹³ Additionally, the Individual Defendants produced an updated privilege log regarding the documents they continue to withhold on claim of privilege.¹⁴

¹¹ The Receivership Order defines “*Pre-Appointment Privileged Materials*” as any “documents or communications containing information that would be protected by the attorney-client privilege or any other privilege held by any of the Receivership Entities.” (Receivership Order, 6).

¹² The Receivership Order defines “*Personal Privileged Materials*” as “information protected by any personal attorney-client privilege of any of the Individual Defendants.” (Receivership Order, 6).

¹³ The Individual Defendants did not agree to produce, and continue to withhold, on claimed privilege grounds the emails to which the attachments are attached as well as certain other attachments.

¹⁴ The Receiver reserves all rights as to the updated privilege log.

D. Plan of Distribution and Disposition of Assets

During the Reporting Period, the Receiver continued her analysis of the issues related to the format of a Plan, including the potential disposition of the Receivership Assets through share or cash distribution to investors. In fashioning her Plan, the Receiver will apply the law governing distribution plans in receivership cases.

Investors and creditors will have the opportunity to object to the Plan proposed by the Receiver, including the distribution methodology and treatment of claims and equity interests. The Receiver cannot at this time state what type or amount of distributions will ultimately be issued to creditors and investors. Following approval of a Plan, the timing of distributions might also be impacted by, among other things, the claims that are asserted against the Receivership Entities.

E. Receivership Assets

During the Reporting Period, the Receiver devoted time to the review and management of the Receivership bank accounts, continuing to inventory the Pre-IPO Shares, and communicating with certain counterparties and other third-parties concerning the Receivership Entities' purchase of Pre-IPO Shares prior to the Receivership.

i. Bank Accounts

During the Reporting Period the Receiver reviewed and managed the Receivership bank accounts to address recent bank failures. During the first quarter of 2023, financial regulators took control of Signature Bank ("**Signature**") and Silicon Valley Bank ("**SVB**"). While none of the Receivership assets were on deposit at SVB, certain of StraightPath's bank accounts, which existed as of the commencement of the Receivership, were held at Signature. On March 20, 2023, Flagstar Bank, N.A ("**Flagstar**"), the wholly owned subsidiary of New York Community Bancorp Inc.,

acquired \$12.9 billion of Signature's loans and assumed \$38.4 billion in deposits.¹⁵ The Receivership Team spent time ensuring that the Receivership Assets held at Signature are now on deposit at Flagstar and that the Receiver could access and control the Receivership Entities' accounts that are now with Flagstar. Additionally, after the commencement of the Receivership, the Receiver opened certain accounts at TriState Capital Bank ("**TCB**"), including the account holding the Escrow Funds (as defined below). During the Reporting Period, the Receiver implemented additional safeguards to protect the Receivership Assets, including transferring all Receivership funds held at Flagstar to TCB and entering into an agreement pursuant to which all Receivership deposits at TCB are placed at FDIC insured banks throughout the country in amounts not greater than \$250,000 to lock in FDIC protections.

ii. Pre-IPO Shares

The Receivership Team continued to analyze Pre-IPO Shares held by the SP Funds, either directly or through third-parties. In all, the Receivership Entities entered into 213 contracts for the acquisition of Shares. As previously reported, the Receivership Entities' interests in Pre-IPO Shares are not held directly in all instances, but rather are held through complex financial and contractual arrangements, including investments held by unrelated entities or individuals, either as agents of the Receivership Entities or through contractual arrangements, or investments in SPVs that have invested in Pre-IPO Companies.

The Receiver's ability to identify Pre-IPO Shares was hampered by the state of the Receivership Entities' documentation delivered to the Receiver. As has been reported previously, upon delivery to the Receiver, the Receivership Entities' books and records were disorganized and incomplete with respect to numerous matters, including the Pre-IPO Shares. Further, there is no

¹⁵ See Flagstar Bank, N.A., <https://www.signatureny.com/>

complete centralized repository of the Pre-IPO Shares and an inventory of the Pre-IPO Shares was neither included as an exhibit to the Receivership Order or the Preliminary Injunction Order [Dkt. 55] (the “**PI Order**”) nor otherwise provided by the Individual Defendants. This required the Receiver to undertake her own review to determine the existence and attributes of the Pre-IPO Shares.

While the collection of the agreements and other documents underlying the Pre-IPO Shares is substantially complete, the Receiver is continuing to collect and review documents relevant to the Pre-IPO Shares.¹⁶

iii. Preparing for Liquidity Events of Pre-IPO Companies

During the Reporting Period, the Receiver prepared for the possible public listing, or other liquidity events, of certain Pre-IPO Companies. Among other things, during the Reporting Period, the Receiver reviewed legal issues in connection with anticipated public listings and reviewed the agreements relating to the Receivership Entities’ legal interests with respect to the Pre-IPO Companies. The complicated investment structure described above and in previous reports, involves multiple parties holding different types of interests, poses potential risks to the Receiver’s ultimate receipt of shares.

Additionally, during the Reporting Period, the Receiver communicated with certain counter-parties to the Receivership Entities’ agreements regarding Shares in Pre-IPO Companies. This process has been time consuming, and in certain instances, the counter-parties to the agreements have not confirmed with the Receiver that they will transfer the Shares to the Receiver following a liquidity event. This might result in further judicial proceedings.

¹⁶ Additionally, due to the complex nature of the Pre-IPO Shares, the Receiver cannot represent the validity of all of the Pre-IPO Shares, and the Receivership Entities bear the execution, legal and credit risks for each such investment.

1. Scopely

On April 5, 2023, Scopely announced that it signed an agreement to be acquired by Savvy Games Group (“**Savvy**”). On July 12, 2023, Savvy announced that it completed its acquisition of Scopely for \$4.9 billion in cash (the “**Scopely Buy-Out**”). As the Receiver has previously reported, StraightPath purchased 332,278 Shares of Scopely, which are comprised of common and preferred shares. During the Reporting Period, the Receiver prepared for the closing of the Scopely Buy-Out and is continuing to prepare for the distribution to the Receivership of the cash proceeds of StraightPath’s Scopely shares.¹⁷

F. Tax Issues

During the Reporting Period the Receiver and her team addressed issues regarding the Receivership Entities’ tax issues, and Otterbourg communicated with counsel for the Receivership Entities’ previous accountant.

G. The Stay Application

During the Reporting Period, the stay of the Civil Action was continued by order dated June 1, 2023 [Dkt No. 202].

By way of background, on October 18, 2022, the U.S. Attorney’s Office for the Southern District of New York (the “**USAO**”) filed an Application to Stay [Dkt. No. 101] the Civil Action (the “**Stay Application**”). The Stay Application did not seek to stay the Receiver’s work, and the Receiver consented to the relief sought in the Stay Application. During an October 18, 2022 Court conference, the Court stayed the Civil Action pending further order of the Court, except that the Receiver’s rights, obligations and duties under the Receivership Order were to be unaffected by

¹⁷ A party asserts that it acquired an interest in 18,000 Scopely shares from StraightPath Holdings, Inc. The Receiver is reviewing this claim and reserves all rights.

the stay. The Court subsequently granted the USAO's requests to further extend the stay [Dkt. Nos. 170, 177], the latest of which was granted on June 1, 2023 [Dkt No. 202].

H. *Advisory Management Ltd. v. StraightPath Venture Partners LLC*

The Receivership Order provides for a stay, with certain exceptions, of civil legal proceedings against the Receivership Entities, including the action styled *Advisory Management Ltd. v. StraightPath Venture Partners LLC*, Civ. No. 153453/2021 (N.Y. Sup. Ct.) (the “**State Court Litigation**”). During the Reporting Period, the Receiver's counsel communicated with the State Court in the State Court Litigation to adjourn a hearing on the plaintiff's Motion for Summary Judgment and a compliance conference that was scheduled for June 29, 2023 as a control date. The State Court informed the Receiver that the control date has been adjourned from June 29, 2023 to October 23, 2023.

I. *SEC v. Hollender et al.*

As previously reported, on March 23, 2023, the SEC commenced an action titled *SEC v. Hollender et al.*, 23-cv-02456-LAK (S.D.N.Y.) (the “**Hollender Action**”) against Scott J. Hollender, Gabriel F. Migliano, Jr., Frank M. Vecchio, (collectively, the “**Hollender Defendants**”) and relief defendants GSH Empire, Inc. and 21st Century Gold & Silver Inc (the “**Hollender Relief Defendants**”). As reflected in the complaint (the “**Hollender Complaint**”), the SEC alleges that the Hollender Defendants were among a network of sales agents hired by SP Manager to solicit investments in the SP Funds. Hollender Complaint ¶ 1. The SEC alleges that the Hollender Defendants successfully solicited a combined total of at least \$13 million in SP Fund investments from at least 115 investors. *Id.* at ¶ 2.

During the Reporting Period, on May 11, 2023, the Court entered a partial consent judgment as to Vecchio, which resolved issues of Vecchio's liability and left the amounts of

monetary relief against Vecchio to be decided at a later date [Hollender Action; Dkt. 20]. On May 26, 2023, the SEC voluntarily dismissed its claims against 21st Century Gold & Silver Inc. [Hollender Action; Dkt. 23], which the Court approved on May 31, 2023 [Hollender Action; Dkt. 26].

J. Meyer v. Legend Venture Partners, LLC

On February 6, 2023 nine (9) plaintiffs (the “***Meyer Plaintiffs***”) commenced the Meyer Action in the United States District Court for the Southern District of New York by filing a complaint (the “***Meyer Complaint***”) against, among others, Legend, Steven Lacaj, and Robert Davy Savage. The Receiver only learned of the Meyer Action after seeing a press release regarding the Meyer Action.

Among other things, the Meyer Complaint, alleges that Messrs. Lacaj and Savage on behalf of Legend “act[ed] out of the firm [StraightPath]” to solicit “Plaintiffs to purchase unregistered securities” (Meyer Compl. ¶¶ 21, 35), which included securities in StraightPath (Meyer Compl. ¶ 37) and that Legend “absorbed the retail business of StraightPath” and that all of the employees of Legend were “still the same people” who had worked at StraightPath (Meyer Compl. ¶¶ 22, 49). The Meyer Complaint further alleges that Legend “has been continuing all of the fraudulent activity conducted by StraightPath under a new name in the false hope to avoid associating themselves with StraightPath...” (Meyer Compl. ¶ 26).

The Meyer Complaint asserts five causes of action, including one for “successor liability,” asserting that Legend “after receiving over \$30 million in assets from StraightPath, is either a de facto merger of StraightPath or simply a mere continuity of StraightPath and is fully liable for any wrongdoing acted by StraightPath” (Meyer Compl. ¶ 66) and that Legend is “nothing more than StraightPath with a different name.” (Meyer Compl. ¶ 67).

During the Reporting Period, counsel for the Receiver informed counsel for the Meyer Plaintiffs in writing that the Receivership Order (at Section X) provides for a broad stay of the commencement or continuation of “Ancillary Proceedings” (as defined in the Receivership Order) including “all civil legal proceedings” of “any nature” pertaining to, among other things, the Receivership Entities, their property, and/or their agents (the “*Stay Provision*”), and that the Stay Provision prohibited the commencement of the Meyer Action and, subject to further order of the Court, stays its continuation. Counsel for the Receiver also held meetings with counsel for the Meyer Plaintiffs to discuss the Meyer Action and the application of the Stay Provision.

On June 5, 2023, counsel for the Meyer Plaintiffs filed a letter in the Meyer Action requesting that the Meyer Court stay the Meyer Action [Meyer Action, Dkt. 44], which the Meyer Court granted on June 6, 2023 [Meyer Action, Dkt. 46].

Following the Reporting Period, on July 17, 2023, the Meyer Plaintiffs filed a letter in the Meyer Action, informing the Meyer Court of the Legend Receivership Order and that the Legend Receivership Order identifies the Meyer Action as an “Ancillary Proceeding” (as defined in the Legend Receivership Order) and stays the Meyer Action until further order of the Court in the Legend Action [Meyer Action, Dkt. 47].

K. Receivership Website, Receivership Email, and Communications

During the Reporting Period, the Receiver and her team communicated with investors and other parties-in-interest regarding the Receivership.

To facilitate communications with parties-in-interest, the Receivership Team updated the dedicated website for this Receivership (<https://www.straightpathreceivership.com>). This website provides investors and other interested parties with, among other things, periodic updates, access to Court documents including status reports, and answers to frequently asked questions.

During the Reporting Period, the Receiver also monitored the dedicated email address for inquiries (StraightpathReceiver@Otterbourg.com).

During the Reporting Period, the Receivership Team received phone call and correspondence from investors and purported creditors and communicated with those parties. As of the end of July 2023, the Receivership Team has received or made over 2,615 individual communications by phone and email with parties-in-interest, including receiving inquiries from over 1,105 investors and other parties-in-interest.

L. The Fourth Quarterly Status Report

In accordance with Section XV of the Receivership Order, during the Reporting Period the Receivership Team drafted reports and accounting of Receivership assets. On May 1, 2023, the Receiver filed her Fourth Quarterly Status Report to the Court [Dkt. No. 183].

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

Attached hereto as **Exhibit A** is the Standardized Fund Accounting Report (“*SFAR*”) as of June 30, 2023, which sets forth a schedule summarizing cash receipts and disbursements, as well as cash on hand for the Reporting Period, in the Receivership case.

A. Financial Information

As of June 30, 2023, the Receivership Entities had approximately \$20,618,978.47 in cash and securities, of which (i) \$15,275,646.72 in cash¹⁸ was held at TCB and was comprised of Escrow Funds of \$14,102,512.62¹⁹ and \$1,173,134.10 of cash transferred from the Receivership

¹⁸ \$15,025,646.72 of cash was held through TCB and placed at FDIC insured banks throughout the country in amounts not greater than \$250,000 to lock in FDIC protections (the “*Insured Cash Sweep*”).

¹⁹ Pursuant to the PI Order, Martinsen, Castillero, and Lanaia were required to pay \$15,000,000, plus certain unused retainer funds of \$188,182.45, for a total of \$15,188,182.45 (collectively the “*Escrow Funds*”) into a segregated account established and under the control of the Receiver. Prior to the Reporting Period, the Receiver received \$15,188,182.45 of the Escrow Funds.

Entities' Signature/Flagstar Bank accounts; and (ii) \$5,343,331.75 of securities and cash²⁰ held in brokerage accounts.

It is estimated that, as of June 30, 2023, approved and unpaid administrative expenses amounted to approximately \$1,747,251.01 (inclusive of holdbacks). Specifically, this amount includes (i) the approved fees and expenses for the Receiver, Otterbourg, Stout, and BRG for the fourth quarter of 2022, in the total amount of \$949,145.63 (net of a holdback of \$404,988.48), which in an effort to conserve Receivership Assets have not yet been paid notwithstanding the Receiver's authority pursuant to Court order [Dkt. Nos. 172-175] to pay such allowed fees and expenses, and (ii) the approved fees for the Receiver, Otterbourg, Stout, Stretto, and BRG since the commencement of the Receivership in the amount of \$798,105.38 that have been held back pursuant to Court order (including the amounts held back for the fourth quarter of 2022).

On May 15, 2023, the Receiver, Otterbourg, Stout, Stretto, and BRG submitted applications for compensation for the first quarter of 2023 in the total amount of \$1,139,900.06 [Dkt. Nos. 189, 192, 195, 198], which remain pending before the Court.

The fees and expenses for the Receiver, Otterbourg, Stout, Stretto, and BRG that have been incurred during the Reporting Period total in the amount of \$976,601.47.

B. Cash disbursements and receipts.

Cash disbursements during the Reporting Period totaled \$48,327.50. This amount consisted of (i) \$11,484.00 in federal and state tax filing fees; (ii) \$3,979.46 in business expenses (including bank and technology fees, transcripts for the Receiver's Town Hall, research, subscription fees to QuickBooks and Ooma phone services); (iii) \$29,999.88 in cumulative hosting

²⁰ The total of \$5,343,331.75 consists of \$5,342,644.13 in securities and \$687.62 in cash.

and document processing fees for electronic data and hard copy documents collected by the Receiver; and (iv) \$2,864.16 of approved administrative fees paid to Stretto.

Cash receipts during the Reporting Period totaled \$484.72, consisting of interest income of \$484.60 from the Escrow Funds money market account and \$0.12 from the Pershing brokerage accounts.

IV. RECEIVERSHIP PROPERTY, PRE-IPO SHARES, AND INTERESTS SOLD TO INVESTORS

A. Receivership Property

As of June 30, 2023, the Receivership Property consisted of the following:

- i. Cash, cash equivalents, and securities of approximately \$20,618,978.47;
- ii. Pre-IPO Shares, including holdings in SPVs, forward contracts, economic interest agreements, and direct shares, held either directly or indirectly, in an undetermined value.

The Receiver continues to collect and review financial information with respect to StraightPath's ownership of Pre-IPO Shares. Prior to the Receivership the Receivership Entities received approximately \$395,901,668²¹ in investor contributions of which \$272,143,367 was used to acquire a total of 18,611,440 Shares in Pre-IPO Companies and the balance was used for payments, including to the Individual Defendants in the approximate amount of \$75 million and to sales agents in the approximate amount of \$54 million. The value of the Receivership Entities' investment portfolio has not yet been determined.

The Receiver has previously reported on specific information with respect to the Pre-IPO Shares (*See Fourth Quarterly Report to the Court, Section IV.B.*) [Dkt. No. 183] and will not repeat that information here.

²¹ Total investor contributions are net of any broker's commissions (usually 10%) or other fees charged to investors, if applicable.

V. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY THE RECEIVERSHIP ESTATE/INVESTIGATION OF TRANSACTIONS

The Receiver is continuing to investigate potential causes of action, if any, held by the Receivership Entities. The Receivership Entities may have causes of action against a number of persons and entities and the Receiver will be considering associated claims. The Receiver at this time cannot state whether any actions will be commenced and, if commenced, the value of any claims and the likelihood of collecting on any judgment that may ultimately be obtained.

VI. CLAIMS ANALYSIS

With respect to formal claims proceedings, as explained above, during the Reporting Period, the Receivership Team began implementation of the Resolution Procedures.

VII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

The Receiver believes that continuation of the Receivership is in the best interests of the creditors and investors of StraightPath. While the Receivership Entities could be administered in a bankruptcy proceeding, the Receiver believes that continuing with the orderly administration of the Receivership Entities in this receivership case provides much greater flexibility to achieve an equitable result for the investors.

This receivership case arose as a result of an alleged fraud with respect to the Individual Defendants' alleged actions in connection with the Receivership Entities. As the United States District Court for the Southern District of New York stated in *SEC v. Byers*, 637 F. Supp. 2d 166 (S.D.N.Y. 2009), in which the Court considered whether estate administration through an SEC receivership or through a bankruptcy case was preferable: "[u]nder these circumstances, it would be inequitable to force the case into bankruptcy, where the bankruptcy court would have less flexibility in determining the most equitable approach to distribute assets to victims. The overriding goal of these proceedings should be fairness to the defrauded investors, and forcing this

case into bankruptcy would, I believe, be inconsistent with that goal.” *Byers*, 637 F. Supp. 2d at 175-76.

The Receiver believes that the reasons set forth in the *Byers* case hold true here. The Receiver also has the ability to propose a plan for distribution of assets that does not adhere to the absolute priority rule, which is required in bankruptcy. Here, the Receiver has not made any decisions regarding the treatment of creditor and investor claims, but remaining in the Receivership offers her flexibility, if appropriate, to prioritize investors.

VIII. CONCLUSION

While the Receiver cannot at this time state when she expects the case to be concluded, the Receiver has made substantial progress in administering the Receivership Estate, including (i) marshalling and managing the Receivership Entities’ assets; (ii) implementing the Resolution Procedures; and (iii) continuing to analyze issues related to a Plan.

Dated: July 31, 2023
New York, New York

OTTERBOURG P.C.

By: /s/ Erik B. Weinick
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*Counsel for Melanie L. Cyganowski,
as Court-Appointed Receiver*

STANDARDIZED FUND ACCOUNTING REPORT for STRAIGHTPATH RECEIVERSHIP - Cash Basis
 Receivership; Civil Court Docket No. 1.22-cv-03897-LAK

FUND ACCOUNTING (See instructions):						
			Reporting Period 4/1/2023 to 6/30/2023			Cumulative Total from 6/14/2022 to 6/30/2023
			Detail	Subtotal	Grand Total	Detail Subtotal Grand Total
Line 1	Beginning Period Balance				\$ 19,974,386.23	
	<i>Increase in Fund Balance:</i>					
Line 2	Business Income	\$ -				\$ -
Line 3	Cash and Securities	692,435.02				7,177,166.28
Line 4	Interest/Dividend Income	484.72				28,176.60
Line 5	Business Asset Liquidation	-				-
Line 6	Personal Asset Liquidation	-				-
Line 7	Third-Party Litigation Income	-				-
Line 8	Miscellaneous - Other [1]	-				15,188,182.45
	Total Funds Available (Lines 1 - 8):			\$ 692,919.74	\$ 20,667,305.97	\$ 22,393,525.33 \$ 22,393,525.33
	<i>Decreases in Fund Balance:</i>					
Line 9	Disbursements to Investors			\$ -		\$ -
Line 10	Disbursements for Receivership Operations					
Line 10a	Disbursements to Receiver or Other Professionals [2]	(2,864.16)				(1,608,844.10)
Line 10b	Business Asset Expenses	(33,104.34)				(127,516.76)
Line 10c	Personal Asset Expenses	-				-
Line 10d	Investment Expenses	-				-
Line 10e	Third-Party Litigation Expenses					
	1. Attorney Fees	-				-
	2. Litigation Expenses	-				-
	Total Third-Party Litigation Expenses	-				-
Line 10f	Tax Administrator Fees and Bonds	-				-
Line 10g	Federal and State Tax Payments	-				-
	Total Disbursements for Receivership Operations			\$ (35,968.50)		\$ (1,736,360.86)
Line 11	Disbursements for Distribution Expenses Paid by the Fund:					
Line 11a	Distribution Plan Development Expenses:					
	1. Fees:					
	Fund Administrator.....	\$ -				\$ -
	Independent Distribution Consultant (IDC).....	-				-
	Distribution Agent.....	-				-
	Consultants.....	-				-
	Legal Advisors.....	-				-
	Tax Advisors.....	-				-
	2. Administrative Expenses	-				-
	3. Miscellaneous	-				-
	Total Plan Development Expenses	\$ -				\$ -
Line 11b	Distribution Plan Implementation Expenses:					
	1. Fees:					
	Fund Administrator.....	\$ -				\$ -
	IDC.....	-				-
	Distribution Agent.....	-				-
	Consultants.....	-				-
	Legal Advisors.....	-				-
	Tax Advisors.....	-				-
	2. Administrative Expenses	-				-
	3. Investor Identification:					
	Notice/Publishing Approved Plan.....	-				-
	Claimant Identification.....	-				-
	Claims Processing.....	-				-
	Web Site Maintenance/Call Center.....	-				-
	4. Fund Administrator Bond	-				-
	5. Miscellaneous	-				-
	6. Federal Account for Investor Restitution	-				-
	7. (FAIR) Reporting Expenses	-				-
	Total Plan Implementation Expenses	\$ -				\$ -
	Total Disbursement for Distribution Expenses Paid by the Fund			\$ -	\$ -	\$ - \$ -

STANDARDIZED FUND ACCOUNTING REPORT for STRAIGHTPATH RECEIVERSHIP - Cash Basis
 Receivership; Civil Court Docket No. 1.22-cv-03897-LAK

FUND ACCOUNTING (See instructions):										
				Reporting Period 4/1/2023 to 6/30/2023			Cumulative Total from 6/14/2022 to 6/30/2023			
				Detail	Subtotal	Grand Total	Detail	Subtotal	Grand Total	
Line 12	Disbursements to Court/Other:									
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees			\$	(4,475.00)		\$	(30,302.00)		
Line 12b	Federal Tax Payments				(7,884.00)			(7,884.00)		
	Total Disbursements to Court/Other:				\$	(12,359.00)		\$	(38,186.00)	
	Total Funds Disbursed (Lines 9 - 11):				\$	(48,327.50)	\$	(48,327.50)		
Line 13	Ending Balance (as of 6/30/2023)					\$ 20,618,978.47			\$ 20,618,978.47	
Line 14	Ending Balance of Fund - Net Assets:									
Line 14a	Cash & Cash Equivalents			\$	15,276,334.34		\$	15,276,334.34		
Line 14b	Investments				5,342,644.13			5,342,644.13		
Line 14c	Other Assets or Uncleared Funds				-			-		
	Total Ending Balance of Fund - Net Assets					\$ 20,618,978.47			\$ 20,618,978.47	
OTHER SUPPLEMENTAL INFORMATION:										
Report of Items NOT To Be Paid by the Fund:										
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:									
Line 15a	Plan Development Expenses Not Paid by the Fund:									
	1. Fees:									
	Fund Administrator.....			\$	-		\$	-		
	Independent Distribution Consultant (IDC).....				-			-		
	Distribution Agent.....				-			-		
	Consultants.....				-			-		
	Legal Advisors.....				-			-		
	Tax Advisors.....				-			-		
	2. Administrative Expenses				-			-		
	3. Miscellaneous				-			-		
	Total Plan Development Expenses Not Paid by the Fund				\$	-		\$	-	
Line 15b	Plan Implementation Expenses Not Paid by the Fund:									
	1. Fees:									
	Fund Administrator.....			\$	-		\$	-		
	IDC.....				-			-		
	Distribution Agent.....				-			-		
	Consultants.....				-			-		
	Legal Advisors.....				-			-		
	Tax Advisors.....				-			-		
	2. Administrative Expenses				-			-		
	3. Investor Identification:									
	Notice/Publishing Approved Plan.....				-			-		
	Claimant Identification.....				-			-		
	Claims Processing.....				-			-		
	Web Site Maintenance/Call Center.....				-			-		
	4. Fund Administrator Bond				-			-		
	5. Miscellaneous				-			-		
	6. FAIR Reporting Expenses				-			-		
	Total Plan Implementation Expenses Not Paid by the Fund				\$	-		\$	-	
Line 15c	Tax Administrator Fees & Bonds Not Paid by the Fund			\$	-	\$	-			
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund					\$	-		\$	-
Line 16	Disbursements to Court/Other Not Paid by the Fund:									
Line 16a	Investment Expenses/CRIS Fees			\$	-		\$	-		
Line 16b	Federal Tax Payments				-			-		
	Total Disbursements to Court/Other Not Paid by the Fund:				\$	-	\$	-		
Line 17	DC & State Tax Payments									

STANDARDIZED FUND ACCOUNTING REPORT for STRAIGHTPATH RECEIVERSHIP - Cash Basis
 Receivership; Civil Court Docket No. 1.22-cv-03897-LAK

FUND ACCOUNTING (See instructions):							
		Reporting Period 4/1/2023 to 6/30/2023			Cumulative Total from 6/14/2022 to 6/30/2023		
		Detail	Subtotal	Grand Total			
					Detail	Subtotal	Grand Total
Line 18	No. of Claims:						
	# of Claims Received This Reporting Period.....			0			0
	# of Claims Received Since Inception of Fund.....			0			0
Line 19	No. of Claimants/Investors:						
	# of Claimants/Investors Paid This Reporting Period.....			0			0
	# of Claimants/Investors Paid Since Inception of Fund.....			0			0

Notes:

- [1] The Preliminary Injunction Order (ECF 55) requires that the three individual defendants, Brian Martinsen, Francine Lanaia and Michael Castillero, collectively pay \$15 million, plus the remainder of retainer funds provided to Nardello & Co., into an account established by the Receiver (the "Escrow Funds"). As of July 8, 2022, the account for the Escrow Funds have been fully funded by \$3,275,000 from Mr. Castillero, \$5,862,500 from Ms. Lanaia, and \$5,862,500 from Mr. Martinsen. The remainder of retainer funds of \$188,182.45 from Nardello & Co. were also deposited into the account for the Escrow Funds.
- [2] The Receivership Order provides that the Receiver shall not use more than \$1,150,000 of the Escrow Funds for fees and expenses associated with the operation of the receivership. Of the \$1,608,844.10 in professional fees and expenses paid through the Reporting Period, \$964,102.58 was paid from the Escrow Funds and the balance of \$644,741.52 was paid from cash that was transferred to the Receivership operating account from the SP Manager bank account.
- Through the Reporting Period, the receivership incurred total disbursements of \$1,774,546.86, of which \$1,129,805.34 was paid from the Escrow Funds, leaving a balance \$20,194.66. available for fees and expenses of the receivership.

Receiver:

By: /s/ Melanie L. Cyganowski
 (signature)

Melanie L. Cyganowski, as Receiver
 (printed name)

Court Appointed Receiver
 (title)

Date: July 31, 2023