

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

**COMMODITY FUTURES TRADING
COMMISSION,**

Plaintiff,

-against-

**EDDY ALEXANDRE and
EMINIFX, INC.,**

Defendants.

22 Civ. 3822 (VEC)

SECOND QUARTER 2023 REPORT OF RECEIVER DAVID A. CASTLEMAN

(FIFTH STATUS REPORT)

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July 28, 2023

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David A. Castleman (the “**Receiver**”), as Receiver pursuant to the Consent Preliminary Injunction (the “**Consent Order**”), entered by this Court in this action (the “**Civil Action**”) on June 15, 2022 [Dkt. 56], files this Fifth Status Report (the “**Report**”) to apprise the Court of the activities of the receivership (the “**Receivership**”) during the period from April 1, 2023 through and including June 30, 2023 (the “**Second Quarter 2023**”).¹ During the Second Quarter 2023, the Receiver and his team have continued their efforts to preserve the assets of EminiFX, Inc. (“**EminiFX**”), as well as the assets of Defendant Eddy Alexandre (“**Alexandre**”) traceable to EminiFX-related activities, including those individuals or entities who deposited funds with EminiFX for investment purposes (otherwise referred to as “users” in this Report), and have taken the steps described herein in administering the Receivership.

I. INTRODUCTION

In the Second Quarter 2023, the Receiver completed the sale of the Receivership’s digital assets (also known as cryptocurrency) (the “**Digital Assets**”) in accordance with the Court-approved Digital Asset Management Protocol (the “**DAM Protocol**”) [Dkt. 184], which established a responsible and carefully managed manner for the sale of the Receivership’s substantial Bitcoin position over a period of time to reduce the impact of the price volatility of Bitcoin on the Receivership and lessen the potential downside risk of holding Bitcoin for an extended period of time. As a result of the Receiver’s implementation of the DAM Protocol, the Receivership received total net proceeds of over \$90 million in the sale of Digital Assets, of which,

¹ The Receiver already reported on certain Second Quarter 2023 activities in the First Quarter 2023 Report of Receiver David A. Castleman (the “**Fourth Status Report**”) [Dkt. 195], which was filed on April 28, 2023. For the sake of continuity and clarity, this Report may include descriptions by the Receiver of activities that occurred prior to the Second Quarter 2023.

over \$20.3 million was received in the Second Quarter 2023. All such proceeds were transferred to the Receivership's high-yield bank account as set forth in the DAM Protocol.

In addition to the liquidation of the Digital Assets, in the Second Quarter 2023, the Receivership earned \$1,143,424 in interest on its high-yield accounts.

During the Second Quarter 2023, the Receivership incurred general expenses of \$599,716, which included: (i) Court approved professional fees and expenses of \$599,146 for work performed from January through March 2023 [Dkt. 198]; and (ii) rent expenses of \$570. As of the end of the Second Quarter 2023, the Receivership consisted of \$153 million in cash. A full ledger of the Receivership cash and digital asset transactions for the Second Quarter 2023 is attached as Exhibit 1. The tables attached as Exhibit 2 show the balance sheet, income statement, and cash flows for the Receivership during the Second Quarter 2023.²

As previously reported, on February 10, 2023, Alexandre pleaded guilty to one count of commodities fraud in the parallel criminal action, arising from similar conduct as alleged in the Civil Action, *United States v. Alexandre*, No. 22 Cr. 326 (S.D.N.Y.) (the "**Criminal Action**"). Although taking place after the Second Quarter 2023, the Receiver notes that Alexandre's sentencing in the Criminal Action occurred on July 18, 2023. Alexandre was sentenced to nine (9) years of imprisonment, although the imposition of restitution, if any, was adjourned to provide the parties in the Criminal Action additional time to resolve certain matters relating to restitution.

During the Second Quarter 2023, the Receiver and his team focused their forensic efforts on continuing to create accurate financial records for EminiFX and determining the amounts that

² These financial statements are illustrative and are not intended to be in accordance with generally accepted accounting principles (GAAP), nor are they intended to be used in connection with determining the taxable income (if any) of the Receivership. Nevertheless, the Receiver includes these statements to provide the Court and other interested parties a high-level overview of the financial condition of the Receivership during the Second Quarter 2023.

tens of thousands of individual users had contributed to—and in some cases, actually received from—EminiFX. The primary goals of the Receiver’s investigation are: (i) determining the location and amount of assets that should be turned over to the Receivership, (ii) identifying information necessary to administer the Receivership, especially the filing of EminiFX’s tax returns, (iii) the creation of an EminiFX user transaction verification process and claims process for other creditors, and (iv) assessing possible litigation claims against third parties. On May 16, 2023, the Receiver filed the Receiver’s Financial Condition Report of EminiFX (the “**Financial Condition Report**”) [Dkt. 199], which provides a comprehensive overview of EminiFX’s financial activities.

The Receiver worked with his professionals to continue developing a user transaction verification and claims process for both the tens of thousands of potential claims by EminiFX users, as well as what the Receiver expects will be a limited number of non-user claims that the Receiver expects to handle on a case-by-case basis. The Receiver expects to file a motion for approval of a user transaction verification and claims process in early August 2023, with the goal of such process to ease as much burden as possible on the individual users of EminiFX, while ensuring that all claimants are provided with the appropriate notice and opportunity to be heard. For EminiFX users, the centerpiece of the Receiver’s proposal is the creation of an EminiFX User Portal (the “**EminiFX User Portal**”), which will allow EminiFX users to verify their EminiFX transactions and to assist the Receiver with any attribution questions and issues. The Receiver and his team have already begun to create the infrastructure for the EminiFX User Portal.

On April 25, 2023, a putative class action on behalf of EminiFX users was filed against, among others, EminiFX and Alexandre, in the Southern District of Florida titled *Joseph et al. v. GCC of 7th Day Adventist et al.*, 1:23- cv-21552-RNS (S.D. Fla.) (the “**Florida Action**”). The

Receiver was not provided notice of the Florida Action, but learned about it independently. Because paragraphs 55-56 of the Receivership Order stayed all actions against EminiFX and Alexandre relating to the Receivership and or its assets (the “**Anti-Litigation Injunction**”), the Receiver addressed the situation, including by publishing a statement on the Receivership website and coordinating with counsel for Alexandre to notify counsel in the Florida Action of the violation. Additionally, the Receiver opposed a motion filed in this Civil Action by the plaintiffs in the Florida Action to lift the Anti-Litigation Injunction and continue the Florida Action against EminiFX and Alexandre. Immediately after the Receiver filed his opposition, and before the Court could rule on the motion, the plaintiffs in the Florida Action withdrew their motion in this Civil Action and voluntarily dismissed Alexandre and EminiFX as defendants in the Florida Action.

II. PROCEDURAL HISTORY

On May 11, 2022, the CFTC filed the Complaint [Dkt. 5] and a motion for an *ex parte* Statutory Restraining Order [Dkt. 6], which the Court granted on the same day, appointing the Receiver initially as Temporary Receiver [Dkt. 9]. Also on May 11, the United States Attorney’s Office for the Southern District of New York (“**USAO**”) filed the Criminal Action [Criminal Action Dkt. 1]. On June 10, the Court granted the Receiver’s request to employ certain professional firms [Dkt. 47]. On June 15, the Court entered the Consent Order that appointed the Receiver [Dkt. 56]. Additional procedural history is set forth in detail in the four prior status reports [Dkts. 71, 163, 192, 195], and is not repeated here. The following actions occurred wholly or partly in the Second Quarter 2023:

On May 1, 2023, the Receiver filed an application for fees and expenses incurred in January through March 2023, which was granted on May 11, 2023 [Dkt. 198]. Additionally, on June 29,

2023, the Receiver filed an application to retain Deloitte Tax LLP as special tax advisor [Dkt. 208], which was granted on June 30, 2023 [Dkt. 209].

On May 16, 2023, the Receiver filed the Financial Condition Report [Dkt. 199], which detailed the financial condition of EminiFX prior to the commencement of the Receivership, and provided investors with weekly performance reports that compared actual weekly financial performance of EminiFX to the stated weekly ROI. Because, in the Receiver's judgment, the Financial Condition Report demonstrated conclusively that the weekly ROI and bonuses were not connected to any investing or operational EminiFX activity, the Receiver determined that the \$319 million in ROI and bonuses will not be treated as legitimate or actual liabilities of EminiFX or of the Receivership for any purpose, including the upcoming EminiFX user transaction verification and claims process.

As stated above, on April 25, 2023, the Florida Action was filed by the plaintiffs in that action (the "**Florida Plaintiffs**"). The Receiver was not provided notice of the Florida Action by counsel for the Florida Plaintiffs, J. Wil Morris, of Morris Legal, LLC and Francois & Associates P.C. (collectively "**Florida Counsel**"), but learned of it independently. In a letter to the Court dated May 30, 2023, Florida Counsel sought leave from the Anti-Litigation Injunction to "retain Alexandre and EminiFX as necessary defendants in the Florida Action" [Dkt. 200]. On June 5, 2023, the Court ordered that the Florida Plaintiffs must move to intervene before they could move to modify the Anti-Litigation Injunction [Dkt. 200]. On June 14, 2023, the Florida Plaintiffs filed a Motion to Intervene and to Lift the Anti-Litigation Injunction [Dkt. 203], which the Receiver opposed on June 28, 2023 [Dkts. 206-207]. On June 29, 2023, the Florida Plaintiffs withdrew their motion [Dkt. 210], which was terminated by the Court [Dkt. 211]. Also on June 29, 2023,

the Florida Plaintiffs dismissed without prejudice EminiFX and Alexandre as defendants in the Florida Action [Florida Action Dkts. 96, 104].

As reported by the USAO in a letter to this Court dated July 19, 2023 [Dkt. 212], Alexandre's sentencing in the Criminal Action occurred on July 18, 2023, at which Judge Cronan sentenced Alexandre to nine years of imprisonment with certain restitution matters reserved. In light of Alexandre's sentencing, the USAO proposed that this Court lift the stay of discovery issued by this Court in this matter [Dkt. 160] and on July 20, 2023, the Court ordered the stay lifted [Dkt. 213]. The Receiver will continue to coordinate with the CFTC, counsel for Alexandre, and the USAO concerning any matters affecting the Receivership in the Criminal Action.

III. ASSET RECOVERY/LIQUIDATION AND RECEIVERSHIP FINANCES

As noted in the 2022 Annual Status Report [Dkt. 192], the Receiver believes that all material EminiFX assets have been turned over to the Receivership, subject to any right to pursue claims against third parties as appropriate. If any additional assets come to light as a result of the Receiver's investigation, the Receiver will evaluate any such situation and act or seek relief accordingly.

In the Second Quarter 2023, the Receivership cash position increased by over \$20 million, primarily through the sale of the Digital Assets and through the earning of over \$1.1 million in interest. The Receivership also spent \$599,716 in cash for professional fees and other expenses. The total recoveries and expenses of the Receivership since May 2022 are as follows (see Exhibit 1 for the full ledger of receivership transactions for the Second Quarter 2023):

RECEIVERSHIP CASH POSITION			
Source	Cumulative Amount (2023 2nd Quarter)	Cumulative Amount (2023 1st Quarter)	Change From Prior Report
General Receivership Estate			
Frozen Account Turnovers	\$52,480,218.43	\$52,480,218.43	\$-
Real Estate Recoveries	\$2,412,400.00	\$2,412,400.00	\$-
Other Recoveries	\$506,305.07	\$506,305.07	\$-
Liquidation Proceeds	\$90,334,557.59	\$69,990,555.57	\$20,344,002.02
Interest	\$1,937,083.71	\$866,447.38	\$1,070,636.33
Expenses and Fees	-\$3,240,899.09	-\$2,641,182.73	-\$599,716.36
Retainers	-\$25,000.00	-\$25,000.00	\$-
Total	\$144,404,665.71	\$123,589,743.72	\$20,814,921.99
Reserved but Unpaid Expenses			
Alexandre Final Salary	\$54,556.92	\$54,556.92	\$-
Dieuveuil Final Salary	\$22,152.03	\$22,152.03	\$-
Total	\$76,708.95	\$76,708.95	\$-
Alexandre Assets			
Frozen Account Turnovers	\$8,469,036.83	\$8,469,036.83	\$-
Real Estate Recoveries	\$535,000.00	\$535,000.00	\$-
Liquidation Proceeds	\$29,000.00	\$29,000.00	\$-
Interest	\$184,643.94	\$111,856.45	\$72,787.49
Total	\$9,217,680.77	\$9,144,893.28	\$72,787.49
TOTAL CASH	\$153,699,055.43	\$132,811,345.95	\$20,887,709.48

In addition, the tables attached as Exhibit 2 show the post-appointment balance sheet, income statement, and cash flows for the Receivership during the Second Quarter 2023. As noted above, these financial statements are illustrative and are not intended to be in accordance with generally accepted accounting principles (GAAP), nor are they intended to be used in connection with determining the taxable income (if any) of the Receivership or EminiFX. The Receiver includes these statements to give the Court and other interested parties a high-level overview of the financial condition of the Receivership. The various activity underlying those statements is as follows:

A. Conclusion of the Digital Asset Management Protocol

On January 4, 2023, the Court approved the Receiver's Proposed DAM Protocol, which set forth detailed procedures for the Receiver to liquidate the Receivership's substantial position in Digital Assets, mostly Bitcoin [Dkt. 184]. The DAM Protocol was intended to minimize the

market impact on selling Digital Assets, reduce the impact of the price volatility of Bitcoin on the Receivership, and lessen the potential downside risk of holding Bitcoin for an extended period of time [Dkt. 180]. The Receiver previously reported on the implementation of the DAM Protocol and the liquidation of the BTC 3002.276 sold during the First Quarter 2023, which resulted in the Receiver receiving nearly \$70 million in net proceeds [Dkt. 195]. During the Second Quarter 2023, the Receiver completed the DAM Protocol by liquidating the Receivership's remaining bitcoin of 700.602 BTC, which was sold over a ten-day period at an average net price of \$29,051/BTC, resulting in net proceeds of \$20,353,048.46. As a result of the Receiver's implementation of the DAM Protocol, the Receivership received total net proceeds of over \$90 million at an average net price of \$24,316/BTC.

The Receiver and his team maintained a separate page on the Receivership website, on which the Receiver posted regular updates on the progress of the sale process. During the First Half 2023, the Receivership's sale of Bitcoin resulted in the following amounts:

SALE OF BITCOIN (2023)			
Sale Period / Fees	BTC Sold	Net Proceeds (USD)	Average Net Price
01/10/2023-01/20/2023	-500.000	\$10,062,697.85	\$20,125/BTC
01/24/2023-02/03/2023	-500.000	\$11,550,563.53	\$23,101/BTC
02/07/2023-02/17/2023	-500.000	\$11,230,634.69	\$22,461/BTC
02/21/2023-03/03/2023	-500.000	\$11,757,011.04	\$23,514/BTC
03/07/2023-03/17/2023	-500.000	\$11,248,649.15	\$22,497/BTC
03/20/2023-03/30/2023	-500.000	\$13,874,501.65	\$27,749/BTC
04/03/2023-04/17/2023	-700.602	\$20,353,048.46	\$29,051/BTC
Custodial Fees (BTC)	-2.727		
Custodial Fees (USD)		-\$28,115.65	
Total Sales and Fees	-3,702.329	\$90,048,990.72	\$24,316/BTC

B. *Interest and Receivership Expenses during the Second Quarter 2023*

During the Second Quarter 2023, the Receivership earned \$1,143,424 in interest from its high yield bank accounts. The Receiver paid a total of \$599,716 in expenses during the Second Quarter 2023. Most of the expenses were payment of the professional fees that were incurred in

the First Quarter 2023 and specifically authorized by Court order [Dkt. 198] in the amount of \$599,146. Those fees were paid using \$599,146 in cash on deposit. Other expenses included rent expenses of \$570.

The estimated fees and expenses for the Receiver and his professional firms that have been incurred during the Second Quarter 2023 total \$662,067, pending review and approval by the CFTC and the Court pursuant to the Employment Order [Dkt. 47]. The Receiver expects to file a separate application to seek authority to pay such fees and expenses soon after this Report.³

IV. FINANCIAL CONDITION OF EMINIFX

Since obtaining the various financial records of EminiFX accounts, as well as recovering the EminiFX database from the GoDaddy server, the Receiver and his team have continued to analyze the financial condition and operations of EminiFX, in order to ascertain an accurate and complete financial understanding of EminiFX and the Receivership. The Receiver and his team have continued their work toward the goal of creating a reliable ledger of EminiFX transactions, in support of several functions:

Claims and EminiFX User Recovery: To discover the date and amount of the deposits and redemptions of cash and cryptocurrency, largely in aid of determining the scope of potential claims against the receivership estate and to develop a claims procedure, with the additional goal of minimizing, to the extent possible, the burden on the tens of thousands of EminiFX users.

Administration: To administer the Receivership, including the Receiver's obligation to file tax returns for EminiFX.

Turnover: To determine the location and amount of any assets that should be turned over to the Receivership.

³ The fee application for the First Quarter 2023 did not include a request for the payment of \$18,886.15 in fees and \$22.73 in expenses for work performed by Raines Feldman LLP ("**Raines Feldman**") during January 2023 because the Receiver had not received the necessary paperwork at the time of the application. Since the filing of the fee application for the First Quarter 2023, the Receiver has received the necessary paperwork from Raines Feldman and intends to file for those fees and expenses, subject to approval by the CFTC.

Third Party Litigation: To determine whether there is a basis for the Receiver to pursue any cost-effective claims against third parties.

On May 16, 2023, with the assistance of his forensics team at JS Held LLC, the Receiver filed the Financial Condition Report [Dkt. 199], which provides the Court, EminiFX users, and other interested parties with a transparent understanding of how users' contributions were used by EminiFX. In the Financial Condition Report, the Receiver and his team were able to account for the bulk of the \$262.5 million that was contributed by EminiFX users and deployed by EminiFX:

ACCOUNTING FOR \$262.5 MILLION IN USER CONTRIBUTIONS		
Description	Amount	Status
User Withdrawals	\$34.0 million	N/A ⁴
Operational and Other Expenses	\$5.9 million	N/A
CoinPayments Mark to Market Decreases in Value	\$40.7 million	N/A
Investment Losses and Decreases in Value	\$8.4 million	N/A
Real Estate Deposits	\$3.4 million	Recovered majority
Cash frozen in TD Bank Accounts	\$44.2 million	Recovered ⁵
Cash frozen in Bank of America Accounts	\$14.6 million	Recovered
Interactive Brokers Portfolio (May 13, 2022 value)	\$1.7 million	Recovered
Cash in CashApp/Block	\$0.4 million	Recovered
Crypto in CoinPayments (May 13, 2022 value)	\$107.8 million	Recovered and Liquidated ⁶
Crypto in Gemini (May 13, 2022 value)	\$0.4 million	Recovered and Liquidated
Crypto in Kot4X (May 13, 2022 value)	\$0.7 million	Recovered and Liquidated
Crypto in CashApp/Block (May 13, 2022 value)	\$0.3 million	Recovered and Liquidated
Total Use of User Contributions	\$262.5 million	

During the Second Quarter 2023, the Receiver continued to work towards preparing a motion for the Court to approve a process by which EminiFX users will be able to validate their

⁴ The Receiver reserves all rights with respect to any amounts withdrawn by a user in excess of his or her contributions to EminiFX.

⁵ Includes over \$6.6 million in cash in Alexandre's personal TD Bank accounts, which was traceable to EminiFX customers, as defined in the Statutory Restraining Order [Dkt. 9] and the Consent Order [Dkt. 56].

⁶ As the cryptocurrency was recovered in its native currency, the final liquidation value reflected decreased in the prices after the Receiver was appointed, as set forth in the most recent status report and detailed on the Receivership website. See <https://www.eminifxreceivership.com/digitalassetmanagement>.

net contributions to EminiFX using an EminiFX User Portal. The Receiver is finalizing the motion and expects to file it with the Court in early August 2023. The Receiver expects that the financial analysis, as set forth above, will also be used to determine, *to the extent possible*, the actual cash and Bitcoin deposits and withdrawals associated with each user account—although significant gaps in the data remain such that EminiFX users will be given the opportunity to review the transactions attributed to their account and provide additional information within prescribed parameters. In aid of that process, the Receiver encourages *all EminiFX users to maintain as many of their records related to EminiFX as possible, especially concerning deposits and withdrawals*.

Furthermore, as noted in prior reports, the Internal Revenue Service does not have a tax return on file for EminiFX, nor does it appear that one was prepared based on the evidence provided to the Receiver to date. The Receiver has a specific obligation to file a tax return for EminiFX (*see* Dkt. 9, ¶ 31(m) (incorporated at Consent Order ¶ 37)), and the Receiver is working with his tax and accounting teams to prepare such a return, which is especially difficult given the lack of accounting records for EminiFX or any sort of legal structure around the contributions from EminiFX users. The Receiver and his team will continue their efforts to analyze all applicable financial records so that the Receiver may fulfill his obligations under the Consent Order. Further, the Receiver does not intend to issue 1099s to EminiFX users that received funds from EminiFX, including those who received more funds than they contributed, as the Receiver does not believe that such excess amounts represented profits from actual investing activity, but instead were paid using the contributions from other EminiFX users. Nothing in the foregoing statement is intended to be tax advice for any EminiFX user, and *each EminiFX user is responsible for his or her own personal tax situation*.

V. RECEIVERSHIP OPERATIONS AND COMMUNICATIONS

The Receivership website (<http://www.eminifxreceivership.com>), was updated frequently during the Second Quarter 2023 and available in English, French, and Haitian Creole, will continue to be the primary source of information for interested parties. *Any interested party seeking information concerning the Receivership is encouraged to review the website in the first instance.* The homepage of the website contains the status reports (including this one), a final report on the sale of Digital Assets, key filings, and other information about this case. The website also contains a “Civil Docket” section, so that all ECF filings in this case are available to all interested parties without the need for any such party to pay for filings using PACER or ECF. The Receiver’s team will aim to have all docket items posted by the end of each week, and any interested party can subscribe for docket item email updates by clicking the “**Subscribe**” button in the “**Civil Docket**” section. Under the “**Frequently Asked Questions**” section, the Receiver and his team endeavor to provide answers to common user questions so that answers are available to all interested parties, and the Receiver and his team will update the information over time. Finally, the website contains a section for EminiFX users or interested parties to update their contact information, especially their email addresses.

As noted above, EminiFX users may email EminiFXInquiries@Stretto.com with questions or concerns. During the Second Quarter 2023, the Receiver’s team received 53 phone calls and 224 emails, each of which received a response. The Receiver and other employees of his law firm will not, as a general rule, respond directly to inquiries from individual EminiFX users, given that the Stretto conduit remains open to EminiFX users and the need to ensure that communications with EminiFX users remain as cost-effective as possible.

As set forth in the prior status reports, the Receiver has recovered and secured a substantial amount of electronic records, both as downloads of files from servers and as electronic storage media. The Receiver continues to store all electronic storage media in Iron Mountain (a well-known firm specializing in storing and maintaining data and records), as well as the limited number of paper records recovered and secured. The Receiver, as the corporate representative of EminiFX, requested and received the return of copies of seized materials from the USAO. The Receiver has also responded to subpoenas in the Criminal Action and did not produce documents to the USAO absent a subpoena.

VI. RECOMMENDATIONS AND NEXT STEPS

Although the Receiver does not believe that the stay of discovery issued by this Court [Dkt. 160] impacted his ability to carry out his functions under the Consent Order during the Second Quarter 2023, on July 19, 2023, the USAO filed a letter with the Court proposing that the Court lift the stay in this matter [Dkt. 212] and the Court ordered the stay lifted on July 20, 2023 [Dkt. 213]. The Court also ordered the parties to submit a “joint letter with proposed next steps” by August 7, 2023 [Dkt. 215].

A. User Transaction Verification and Claims Process

The Receiver is finalizing a proposed procedure for the tens of thousands of EminiFX users to verify their contribution and withdrawal transactions, building on the substantial work that the Receiver and his team have done to attribute over 92% of the deposits and withdrawals in EminiFX bank account records to specific EminiFX users. The Receiver and his team expect to submit a motion for approval of this procedure to the Court in early August 2023 (“**Procedures Motion**”), have the EminiFX User Portal active for use by EminiFX users upon approval of the Procedures Motion, and provide subsequent notice to users to enable them to access the EminiFX User Portal.

The Receiver expects that EminiFX users will be able to use the EminiFX User Portal to verify their actual cash and cryptocurrency contributions to EminiFX, and withdrawals from EminiFX, as well as to add any missing transactions or to attribute any transactions to additional users that may have contributed or withdrew as part of that transaction. It is the Receiver's intention that such a method will reduce the burden on as many EminiFX users as possible, while still providing them with a robust system to submit additional contributions and withdrawals for consideration. Given the volume of claimants, and the potential for a number of transactions to have involved pooling by multiple users, the Receiver expects that this process will take some time. And, as stated above, *the Receiver encourages all EminiFX users to maintain as many of their records related to EminiFX as possible, especially concerning contributions and withdrawals.*

As part of the Procedures Motion, the Receiver will also be implementing a process and deadlines for non-users to submit claims and for review by the Receiver and a determination of whether such claims of non-users should be allowed, partially allowed, or disallowed. The Receiver further expects to include an objection procedure for non-users holding claims that disagree with the Receiver's determinations to partially allow or disallow their claims and an opportunity to be heard. Any proposed claims process will be subject to approval by this Court, and the Receiver reserves all rights to object to any claim.

If the Procedures Motion is approved, users and non-users should refer to the specific procedures set forth therein for a description of the process and their obligations.

B. *EminiFX User Communications and Town Hall*

In conjunction with the EminiFX User Portal, the Receiver expects to update the Receivership website, and to begin holding town hall presentations where the Receiver will update

the EminiFX users on the transaction verification process, as well as any other relevant updates. The Receiver has begun working with community groups representing the communities targeted to participate in EminiFX, in order to disseminate information about the Receivership and the user transaction verification process. The Receiver expects to record and transcribe any town hall presentations and to post the video and transcript on the Receivership website.

C. Development of Distribution Plan

As explained in prior reports, once the claims process is complete, the Receiver intends to develop a distribution plan for court approval, accounting for all relevant issues that arose during the user transaction verification and claims procedures process. The Receiver intends to propose a prudent initial distribution as soon as practicable following the Court's approval of a distribution plan. The Receiver further cautions EminiFX users—especially those who have inquired about refunds—that no Receivership funds are intended to be distributed to EminiFX users outside the claims and distribution process approved by the Court.

D. Evaluation of Potential Litigation Claims

As part of the administration of the estate, the Receiver intends to evaluate the availability of litigation claims against third parties for which the estate has standing to pursue under applicable law and the potential for return on investment should such litigation be commenced. The Receiver will seek further relief or instructions from the Court at the appropriate time concerning potential litigation against third parties.

VII. CONCLUSION

The Receiver will provide a further report within 30 days of the end of the Third Quarter 2023, or at such other time as the Court may direct. The Receiver remains available to provide any further information or advice that the Court may require.

Dated: New York, New York
July 28, 2023

Respectfully Submitted,

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Exhibit 1

Receivership Estate of EminiFX and Alexandre (22 Civ. 3822): Cash General Ledger - 2023 2Q

Category	Type	Dkt	Asset Pool	Amount (USD)	Date	Balance (USD)
Expenses	Rent	91	General Receivership	(\$185.20)	04/01/2023	\$132,811,160.75
Liquidation	Bitcoin	184	General Receivership	(\$8,846.44)	04/06/2023	\$132,802,314.31
Liquidation	Bitcoin	184	General Receivership	\$20,353,048.46	04/17/2023	\$153,155,362.77
Interest	Interest		General Receivership	\$324,623.68	04/28/2023	\$153,479,986.45
Interest	Interest		Alexandre Assets	\$22,924.86	04/28/2023	\$153,502,911.31
Interest	Interest		General Receivership	\$297.24	04/28/2023	\$153,503,208.55
Expenses	Rent	91	General Receivership	(\$186.91)	04/01/2023	\$153,503,021.64
Expenses	Professional	198	General Receivership	(\$359,375.24)	05/11/2023	\$153,143,646.40
Expenses	Professional	198	General Receivership	(\$7,829.98)	05/11/2023	\$153,135,816.42
Expenses	Professional	198	General Receivership	(\$44,490.65)	05/11/2023	\$153,091,325.77
Expenses	Professional	198	General Receivership	(\$17,231.90)	05/11/2023	\$153,074,093.87
Expenses	Professional	198	General Receivership	(\$87,466.50)	05/11/2023	\$152,986,627.37
Expenses	Professional	198	General Receivership	(\$65,377.46)	05/11/2023	\$152,921,249.91
Expenses	Professional	198	General Receivership	(\$17,374.50)	05/15/2023	\$152,903,875.41
Interest	Interest		General Receivership	\$14,736.77	05/22/2023	\$152,918,612.18
Interest	Interest		General Receivership	\$363,290.13	05/31/2023	\$153,281,902.31
Interest	Interest		Alexandre Assets	\$25,305.68	05/31/2023	\$153,307,207.99
Interest	Interest		General Receivership	\$307.59	05/31/2023	\$153,307,515.58
Liquidation	Bitcoin	184	General Receivership	(\$200.00)	06/01/2023	\$153,307,315.58
Expenses	Rent	91	General Receivership	(\$198.02)	06/07/2023	\$153,307,117.56
Interest	Interest		General Receivership	\$367,082.16	06/30/2023	\$153,674,199.72
Interest	Interest		Alexandre Assets	\$24,556.95	06/30/2023	\$153,698,756.67
Interest	Interest		General Receivership	\$298.76	06/30/2023	\$153,699,055.43

Exhibit 2

Receivership Estate of EminiFX and Alexandre (22 Civ. 3822): 2023-2Q Balance Sheet

Assets [1]	Consolidated	General Estate	Alexandre Assets
Cash and Cash Equivalents [2]	\$ 153,622,347	\$ 144,404,666	\$ 9,217,681
Unused Retainers	\$ 25,000	\$ 25,000	\$ -
Digital Assets [3]	\$ -	\$ -	\$ -
Litigation and Other Claims [4]		<i>To be determined</i>	
Total Assets	\$ 153,647,347	\$ 144,429,666	\$ 9,217,681
Liabilities			
Professional Fees and Expenses for Work Performed but not Paid in Period [5]	\$ 662,067	\$ 662,067	\$ -
Tax Liabilities [6]		<i>To be determined</i>	
Receivership Claims [7]		<i>To be determined</i>	
Total Liabilities	\$ 662,067	\$ 662,067	\$ -
Receivership Net Asset Value	\$ 152,985,280	\$ 143,767,599	\$ 9,217,681

Notes

[1] All assets and liabilities as of June 30, 2023. These statements are unaudited and not in accordance with generally accepted accounting principles in the United States (GAAP) and should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures.

[2] Does not include \$76,709 currently held in reserve by the Receiver for payroll expenses for Alexandre and his wife, pending further determination of the Court.

[3] Liquidation of Digital Assets Completed in the Second Quarter 2023.

[4] The estate may have significant litigation and other claims based on the pre-receivership activities of EminiFX, Inc. and third-parties. The Receiver has not attempted to value those claims for the purpose of this balance sheet.

[5] Fees and expenses to be requested from the Court for work performed in the Second Quarter 2023, pending approval or modification by the CFTC and the Court.

[6] The estate does not anticipate having a tax liability for 2022 for post-receivership activities. The potential tax liability for 2023 is uncertain at this time. The tax obligation of the estate for the pre-receivership activities of EminiFX, Inc. is uncertain and yet to be determined.

[7] The estate anticipates having significant claims allowed against it, largely owing to thousands of expected EminiFX user claims, as well as other potential claims. The value of these claims is not yet known and will not be fixed until a claims process is submitted to the Court for approval, is approved by the Court, and is completed by the Receiver.

Receivership Estate of EminiFX and Alexandre (22 Civ. 3822): 2023-2Q Income Statement

Income [1]	Consolidated	General Estate	Alexandre Assets
Interest on Accounts	\$ 1,143,424	\$ 1,070,636	\$ 72,788
Total Income	\$ 1,143,424	\$ 1,070,636	\$ 72,788
Expenses			
Administrative Expenses [3]	\$ 662,067	\$ 662,067	\$ -
Rent and Related Expenses	\$ 570	\$ 570	\$ -
Payroll and Related Expenses	\$ -	\$ -	\$ -
Total Expenses	\$ 662,637	\$ 662,637	\$ -
Receivership Net Income	\$ 480,787	\$ 407,999	\$ 72,788

Notes

[1] Income from April 1, 2023 to June 30, 2023. These statements are unaudited and not in accordance with generally accepted accounting principles in the United States (GAAP) and should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures. This income statement is for illustrative purposes only and is not intended to represent the taxable income to the receivership estate.

[2] Recoveries are generally based on claims of related to the pre-receivership activities of EminiFX, Inc. and third parties. Such recoveries do not necessarily taxable income to the receivership estate.

[3] Fees and expenses to be requested from the Court in the Second Quarter 2023 Fee Application, pending approval or modification by the CFTC and the Court. Fee application will include \$18,909 in expenses from the First Quarter 2023 that was charged against income in the 2023-1Q Income Statement.

Receivership Estate of EminiFX and Alexandre (22 Civ. 3822): 2023-2Q Statement of Cash Flows

	Consolidated	General Estate	Alexandre Assets
Cash on Hand at Beginning of Period [1]	\$ 132,734,637	\$ 123,589,744	\$ 9,144,893
Asset Turnovers and Liquidations [2]			
Liquidation of Digital Assets	\$ 20,344,002	\$ 20,344,002	\$ -
Total Cash Flow from Asset Turnovers and Liquidations	\$ 20,344,002	\$ 20,344,002	\$ -
Receivership Activities			
Interest	\$ 1,143,424	\$ 1,070,636	\$ 72,788
Professional Fees and Retainers [3]	\$ (599,146)	\$ (599,146)	\$ -
Rent and Related Expenses	\$ (570)	\$ (570)	\$ -
Total Cash Flow from Receivership Activities	\$ 543,708	\$ 470,920	\$ 72,788
Cash and Cash Equivalents at the End of the Period [4]	\$ 153,622,347	\$ 144,404,666	\$ 9,217,681

Notes

[1] Cash flows from April 1, 2023 to June 30, 2023. These statements are unaudited and not in accordance with generally accepted accounting principles in the United States (GAAP) and should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures.

[2] Includes only the sale of digital assets, and does not include the turnover of digital assets or other assets that are not denominated in United States dollars and do not represent cash.

[3] Fees paid in the second quarter 2023 were for work performed from in the first quarter 2023, and were approved by the Court in the second quarter 2023.

[4] Excluding \$76,709 in payroll expenses for Alexandre and his wife, currently held in reserve by the Receiver pending further determination of the Court.