

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

SECURITIES AND EXCHANGE COMMISSION,	X	
	:	
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.	:	
	X	

THE RECEIVER’S SIXTH 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, SP Ventures Fund 2 LLC, SP Ventures Fund 3 LLC, SP Ventures Fund 4 LLC, SP Ventures Fund 5 LLC, SP Ventures Fund 6 LLC, SP Ventures Fund 7 LLC, SP Ventures Fund 8 LLC, SP Ventures Fund 9 LLC (collectively, the “*SP Funds*” and together with SP Fund Manager and SP Advisor, the “*Receivership Entities*” or “*StraightPath*”), by her undersigned counsel, hereby submits this Sixth Quarterly Status Report, covering the period from July 1, 2023, through and including September 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

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 Fifth Quarterly Report to the Court [Dkt. No. 203], dated July 31, 2023. Given that this report is being filed after the conclusion of the

I. PRELIMINARY STATEMENT

A. Summary of Activities During the Reporting Period

During and following the Reporting Period, the Receiver and members of her retained professional team³:

- (i) took steps to receive \$15,026,428.73 in cash proceeds from the buyout of the Scopely shares that StraightPath previously owned;
- (ii) prepared the Receiver's motion for entry of an order authorizing her to the use of Escrow Funds (as defined in the Receivership Order) to purchase equity interests in pre-IPO companies to cover the shortfall in equity interests held by the Receivership Entities, and establishing a procedure therefor [Dkt. Nos. 228-232] (the "***Escrow Motion***")⁴;
- (iii) continued to implement 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) reviewing objections submitted by investors regarding the information in their investor statements (an "***Investor Objection***") and other inquiries submitted by investors, (B) investigating and reconciling information to address Investor Objections, and (C) reviewing proofs of claim (each a "***Proof of***

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 as her tax advisor ("***BRG***," and along with Otterbourg, Stout, and Stretto, the "***Receivership Team***").

⁴ The Escrow Motion was filed on October 25, 2023.

Claim”) submitted by parties asserting creditor claims against the Receivership Entities (“*Purported Creditors*”);

- (iv) communicated with investors and Purported Creditors of the Receivership Entities;
- (v) 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*”)⁵ regarding various matters, related to, among other things, the use of the Escrow Funds and various issues surrounding a plan of distribution;
- (vi) analyzed issues regarding a plan of distribution (a “*Plan*”) and prepared documents in support of a Plan;
- (vii) analyzed tax issues related to the Receivership, and made tax filings for the Receivership Entities for the years 2021 and 2022;
- (viii) continued to inventory, take control of, and value the Pre-IPO Shares⁶ (“*Shares*”) in specific private companies (each, a “*Pre-IPO Company*”) owned by the Receivership Entities;
- (ix) held a virtual Town Hall on August 14, 2023 (the “*Town Hall*”); and

⁵ 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 Mr. Lachow is in the process of looking for separate counsel [Dkt. No. 103]. While the Receiver was advised of the name of Mr. Lachow’s counsel in connection with a criminal investigation, it is not clear to the Receiver whether in this matter Mr. Lachow continues to retain Nelson Mullins, has retained new counsel or is continuing to look for separate counsel. Since the Oct. 18 Letter, Nelson Mullins has advised that Mr. Lachow has not taken a position on several issues before the Court [See Dkt. Nos. 136, n.1., 146, n.1].

⁶ 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, 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.

- (x) prepared and filed *The Receiver's Fifth Quarterly Status Report To The Court* [Dkt. No. 203] (the "***Fifth 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 reach that goal.

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Scopely Buy-Out

During the Reporting Period the Receiver and the Receivership Team took necessary steps to receive proceeds from the Scopely Buy-Out (as defined below) in the amount of \$15,026,428.73 (the "***Scopely Cash Proceeds***").

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, prior to the Receivership, StraightPath purchased 332,278 Shares of Scopely, which were comprised of common and preferred shares. In order to prepare for receipt of the funds due the Receivership as a result of the Scopely Buy-Out, during the Reporting Period, the Receiver communicated with the payment agent and addressed potential tax issues that could arise. The Receivership expected to receive approximately \$15 million in cash proceeds from the Scopely Buy-Out, but before receipt could occur the Receiver was required to overcome several logistical impediments. Ultimately, on or around September 7, 2023, the Receiver received the Scopely Cash Proceeds. The Receiver cannot at this time state what distributions will ultimately be issued

to StraightPath investors and creditors from the Scopely Cash Proceeds.⁷ (See discussion *infra* at II.E. concerning Plan issues.) The Receiver is continuing to analyze potential tax implications of the Scopely Buy-Out, including the potential tax due on the Scopely Cash Proceeds.

B. Preparing for Liquidity Events of Pre-IPO Companies

During the Reporting Period, the Receiver prepared for the possible public listing, or other liquidity event, of certain Pre-IPO Companies. Among other things, the Receiver reviewed legal issues in connection with anticipated public listings, reviewed the agreements relating to the Receivership Entities' legal interests with respect to the Pre-IPO Companies, and communicated with certain Pre-IPO Companies and their counsel, and StraightPath counterparties and intermediaries, concerning StraightPath's ownership interests in Pre-IPO Shares. The complicated investment structure (described in previous reports) involves multiple parties holding different types of interests, and poses potential risks to the Receiver's ultimate receipt of Shares or proceeds thereof.

While the Receiver monitored all of the Pre-IPO Companies in which StraightPath owns Pre-IPO Shares, during the Reporting Period particular attention was focused on the following Pre-IPO Companies:

i. Triller

On August 2, 2023, Triller Corp. filed a Form S-1 with the SEC (the "***Triller S-1***"). A Form S-1 is the disclosure form that the SEC requires that private U.S. companies complete and submit for SEC approval in order for such company to offer new securities to the public or permit its securities to trade on a public stock exchange.

⁷ A party asserts that pre-Receivership, as a purchaser and not as an investor, it purchased 18,000 Scopely shares from StraightPath (the party's contract was with StraightPath Holdings, Inc.) The Receiver is reviewing this claim and reserves all rights.

According to the Triller S-1, Triller Corp. is not undertaking an initial public offering, but is pursuing something known as a “direct listing,” which means that if and when the Triller S-1 is approved by the SEC, and subject to other restrictions that might be relevant like “lock-ups”, registered stockholders of a company named Triller Corp. will be able to trade their Class A common stock in that company on a public exchange at prevailing market prices.

The date when the SEC will approve the Triller S-1, if at all, is unknown. The Triller S-1 does not identify the price at which Triller Corp. shares will trade, and the success of the listing will depend on a number of factors, including, without limitation, market conditions at that time.

StraightPath purchased Pre-IPO Shares in “Triller” through two different types of ownership structures.

The first type is comprised of “economic interest agreements” concerning equity of Triller Acquisition LLC owned by one entity and certain trusts. The Triller S-1 discusses a complicated restructuring under which certain entities, including Triller Acquisition LLC, have been or will be merged, with Triller Corp. ultimately becoming the surviving entity. During the Reporting Period, the Receiver’s counsel communicated with counsel for Triller Corp. to confirm StraightPath’s position in Triller Acquisition LLC, and to understand how StraightPath’s holdings will convert to publicly traded Shares of Triller Corp. These time-consuming discussions are ongoing.

The second type is comprised of agreements in which StraightPath contracted with a foreign entity that holds interests in another foreign entity that owns “Triller” equity. During the Reporting Period, the Receiver’s counsel communicated with the various parties in this ownership structure with an effort to simplify the arrangements. These discussions are ongoing.

ii. Virgin Hyperloop

In 2018, SP Fund Manager entered into two agreements with a foreign entity to purchase a total of 75,507 Shares of Virgin Hyperloop One (a/k/a Hyperloop Technologies, Inc.) (“*Hyperloop*”). As of the commencement of the Receivership, the foreign entity owned the Shares of Hyperloop in its name for the benefit of StraightPath. During the Reporting Period, the Receiver’s counsel communicated with the foreign entity. The foreign entity provided the Receiver’s counsel with a notice that the foreign entity had received, stating that effective April 5, 2023, an entity named Hyperloop MergeCo, Inc. had merged with and into Hyperloop Technologies, Inc. (the “*Hyperloop Merger*”), and that the common stockholders of Hyperloop would receive \$0 in consideration for each of their Shares. The Receiver continues to conduct due diligence concerning Hyperloop.

C. The Escrow Motion

During the Reporting Period, the Receiver prepared the Escrow Motion, which was filed on October 25, 2023 [Dkt. Nos. 228-232]. From the outset of this Receivership, one of the issues the Receiver has faced is the sizable shortfall in equity holdings that existed across various Receivership Entities as of her appointment. Specifically, as the Receiver has previously reported, the Receivership Entities own fewer interests in certain Pre-IPO Companies (the “*Shortfall Companies*”) than investors were advised through so-called “Welcome Letters” (the “*Shortfall*”). Initially there were eight (8) Shortfall Companies, but given the developments with Scopely and Hyperloop, there are currently only six (6) such entities. Under the Receivership Order, if the Court approves, the Receiver may use Escrow Funds to purchase equity interests to cover this Shortfall. Based on several factors described in more detail in the Escrow Motion, including what appears to be a downward turn in the pricing of Pre-IPO Shares, the Receiver determined that it

was appropriate to seek to purchase interests in the Shortfall Companies to cover the Shortfall. Pursuant to the Escrow Motion, the Receiver seeks authority to use Escrow Funds to cover the Shortfall in accordance with certain procedures set forth in the Escrow Motion.

D. Claims Process

During the Reporting Period, the Receiver continued implementation of the Resolution Procedures, which the Court approved on March 30, 2023 [Dkt. No. 180].

The Resolution Procedures provide for a process in which (a) the Receiver individually notified each investor of the net amount(s) the Receiver believes the investor invested in and/or received distributions from the Receivership Entities; (b) claimants (i.e., non-investor creditors) are provided with the opportunity of submitting Proof(s) of Claim setting forth the alleged value and basis of their asserted Claim(s); and (c) investors and claimants can resolve any disputes with the Receiver concerning the quantity and/or value of asserted interests and Claims, as applicable.

As previously reported, in accordance with the Resolution Procedures, the Receiver issued individualized Investor Statements to over 2,000 investors in the Receivership Entities. The Receivership Team reviewed Investor Objections and other inquiries that were submitted by investors in order to resolve as many as possible without the need for further proceedings. Investors submitted 170 Investor Objections to the Receiver, of which 143 have been resolved through a process of reviewing documents submitted by the respective investor, reviewing the Receivership Entities' books and records, and communicating with the respective investor regarding their disputes.⁸ The Receiver is seeking to resolve the Investor Objections that remain

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 stated above.

outstanding in accordance with the Resolution Procedures. Additionally, during the Reporting Period, the Receiver issued updated Investor Statement(s) to certain investors, where appropriate.

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. During the Reporting Period, the Receiver communicated with certain of these creditors to discuss potential resolution of their claims.

E. Plan of Distribution

During the Reporting Period, the Receiver continued efforts to structure a Plan, communicated with parties-in-interest concerning a Plan and potential formats, and commenced preparation of Plan related documents.

Investors and creditors will have the opportunity to respond 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.

F. Taxes

During the Reporting Period, the Receivership Team issued amended 2021 Schedule K-1s for informational purposes. The need to issue amended 2021 Schedule K-1s arose because of information learned through the implementation of the Resolution Procedures that corrected the Receivership Entities' incomplete and inconsistent records.¹⁰

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

¹⁰ The Receiver intends to provide investors with an Administrative Adjustment Request ("AAR") prior to the end of 2023, which will report each investor's original 2021 Schedule K-1 information as well as the adjusted (amended)

During the Reporting Period the Receivership Team also issued 2022 Schedule K-1s on or around September 15, 2023, and worked on issues related to the tax return for the “Qualified Settlement Fund” and an amended 2021 tax return for SPVP (both were filed on October 16, 2023).

Pursuant to applicable United States Treasury Regulations and the terms of the Receivership Order, the Receivership Estate is treated as a Qualified Settlement Fund (“**QSF**”) effective as of the date of the commencement of the Receivership. A QSF is a separate entity that is subject to federal income tax requirements that are independent of the Receivership Entities and individual investors’ tax requirements.

The QSF will report as a gain or loss the difference between the value of the Receivership Entities’ ownership interests in private and public companies as of the commencement of the Receivership and the value of the respective asset as of the date of a sale or distribution. The gains incurred by the QSF will be offset by losses. The QSF’s taxable income will be included in the QSF’s income at an approximate federal rate of 37%.

G. The Stay Application

During the Reporting Period, the stay of this action was continued by order dated September 6, 2023 [Dkt No. 219].

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] this 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.

Schedule K-1 information. Investors will be required to include the net adjustment for 2021 on their 2023 tax returns (the tax year in which they receive the AAR).

During an October 18, 2022 Court conference, the Court stayed the SEC 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 the stay. The Court subsequently granted the USAO's requests to further extend the stay [Dkt. Nos. 170, 177, 202], the latest of which was granted on September 6, 2023 [Dkt No. 219]. (the Receiver consented to this last extension of the stay.)

H. *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**").¹¹ 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 Fund 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 July 15 and July 23, Migliano and Hollender each filed an Answer to the Hollender Complaint [Hollender Action; Dkt. Nos. 27, 28]. On September 6, 2023, the Court granted the SEC's Motion to Strike Migliano's Sixth Affirmative Defense [Hollender Action; Dkt. No 32].

¹¹ 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].

I. Receivership Website, Receivership Email, and Communications

During the Reporting Period, the Receivership 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, members of the Receivership Team also monitored the dedicated email address for inquiries (StraightpathReceiver@Otterbourg.com).

During the Reporting Period, the Receivership Team received phone calls and correspondence from investors and other parties and communicated with those parties. As of mid-October 2023, the Receivership Team has received or made over 3,030 individual communications by phone and email with parties-in-interest, including receiving inquiries from over 1,135 investors and other parties-in-interest.

During the Reporting Period, on August 14, 2023, the Receiver held a Town Hall forum via a Zoom Webinar that was open to the public. The Town Hall was attended by over 360 viewers, during which the Receiver provided an update and answered questions with respect to the Receivership. The Receiver expects to schedule another Town Hall shortly and will publish the scheduled date on the Receivership website.

J. The Fifth 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 July 31, 2023, the Receiver filed her Fifth Quarterly Status Report to the Court [Dkt. No. 203].

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

Attached hereto as **Exhibit A** is the Standardized Fund Accounting Report (“*SFAR*”) as of September 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 September 30, 2023, the Receivership accounts had approximately \$35,741,698.67 in cash and securities, of which (1) \$30,280,138.73 was cash comprised of (i) Escrow Funds of \$14,038,268.38, (ii) \$15,026,428.73 in cash proceeds from the buyout of the Scopely Shares, (iii) \$1,175,339.06 of cash transferred from the Receivership Entities’ pre-Receivership accounts, (iv) \$39,414.80 of cash from interest income, and (v) \$687.76 in cash held in brokerage accounts; and (2) \$5,461,559.94 of securities held in brokerage accounts.

As of September 30, 2023, court-approved interim fees and expenses for the Receivership Team amounted to approximately \$5,401,738.70 in fees and \$70,857.94 in expenses. As set forth in the orders approving the interim fees (i) a portion of the approved interim fees are subject to holdbacks in the aggregate amount of \$1,421,538.37, and (ii) a portion of the approved interim fees and expenses in the total aggregate amount of \$4,051,058.28 are not subject to holdbacks. The Receiver has paid the Receivership Team \$1,608,844.10 of the fees and expenses not subject to the holdbacks,¹² leaving an unpaid balance of \$2,442,214.18 in approved fees and expenses not subject to the holdback.

The estimated fees and expenses for the Receiver, Otterbourg, Stout, Stretto, and BRG that have been incurred during the Reporting Period total in the amount of \$1,140,702.62.

¹² The Receiver has not paid any professional fees since December 2022, other than a payment to Stretto in the amount of \$2,864.16 during the Second Quarter of 2023.

The Receiver is considering seeking Court approval to use a portion of the Escrow Funds, and other cash assets (other than Scopely proceeds) held by the Receivership Estate, to pay all approved professional fees and expenses (excluding the holdbacks) by the end of this calendar year.

B. Cash Disbursements and Receipts

Cash disbursements during the Reporting Period totaled \$33,862.98. This amount consisted of (i) \$3,874.26 in business expenses (including bank and technology fees and subscription fees to QuickBooks and Ooma phone services); and (ii) \$29,988.72 in cumulative hosting and document processing fees for electronic data and hard copy documents collected by the Receiver.

Cash receipts during the Reporting Period totaled \$15,037,667.37, consisting of the Scopely Cash Proceeds of \$15,026,428.73, interest income of \$11,238.50 from the Receivership accounts, and \$0.14 from the Pershing brokerage accounts.

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

A. Receivership Property

As of September 30, 2023, the primary assets of the Receivership Estate consisted of the following:

- i. Cash, cash equivalents, and securities of approximately \$35,741,698.67;
- ii. Pre-IPO Shares, including holdings in special purpose vehicles, 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. As reported in the Interim Report,¹³ prior to the Receivership, the Receivership Entities received approximately \$395,901,668¹⁴ 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 current value of the Receivership Entities' investment portfolio has not been determined and is subject to change based on the market for Pre-IPO Shares.¹⁵

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.

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

The Receiver is continuing to investigate potential claims, if any, held by the Receivership Entities. The Receivership Entities may have causes of action against a number of parties 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.

¹³ The "**Interim Report**" refers to the *Interim Status Report Concerning Preliminary Findings on Commingling and Share Shortfall* [Dkt No. 144], which was filed on January 6, 2023, in which the Receiver reported that (1) investors' funds were commingled; and (2) a Share Shortfall exists across certain Pre-IPO Companies, while a surplus of Shares exists for certain other Pre-IPO Companies. Stout has continued its analysis since the filing of the Interim Report and the Receiver may, as and when appropriate, provide updated information in future reports.

¹⁴ Total investor contributions are net of any broker's commissions (usually 10%) or other fees charged to investors, if applicable.

¹⁵ The Receivership is a Qualified Settlement Fund for purposes of tax reporting. See Receivership Order at Section XI. As required for purposes of Qualified Settlement Fund tax reporting, the Receiver's financial advisor has valued the Receivership Entities' investment portfolio as of June 14, 2022, the date that the Receivership was created.

VI. CLAIMS ANALYSIS

With respect to formal claims proceedings, as explained above, during the Reporting Period, the Receivership Team continued 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: October 30, 2023
New York, New York

OTTERBOURG P.C.

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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 7/1/2023 to 9/30/2023			Cumulative Total from 6/14/2022 to 9/30/2023
			Detail	Subtotal	Grand Total	Detail Subtotal Grand Total
Line 1	Beginning Period Balance				\$ 20,618,978.47	\$ -
	<i>Increase in Fund Balance:</i>					
Line 2	Business Income	\$ -				\$ -
Line 3	Cash and Securities	118,915.81				7,296,082.09
Line 4	Interest/Dividend Income	11,238.64				39,415.24
Line 5	Business Asset Liquidation	-				-
Line 6	Personal Asset Liquidation	-				-
Line 7	Third-Party Litigation Income	-				-
Line 8a	Miscellaneous - Other [1]	-				15,188,182.45
Line 8b	Miscellaneous - Other [2]	15,026,428.73				15,026,428.73
Total Funds Available (Lines 1 - 8):				\$ 15,156,583.18	\$ 35,775,561.65	\$ 37,550,108.51
	<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 [3]	-				(1,608,844.10)
Line 10b	Business Asset Expenses	(32,662.98)				(160,179.74)
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				\$ (32,662.98)		\$ (1,769,023.84)
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 7/1/2023 to 9/30/2023			Cumulative Total from 6/14/2022 to 9/30/2023		
		Detail	Subtotal	Grand Total	Detail	Subtotal	Grand Total
Line 12	Disbursements to Court/Other:						
Line 12a	Investment Expenses/Court Registry Investment System (CRIS) Fees	\$ (1,200.00)			\$ (31,502.00)		
Line 12b	Federal Tax Payments	-			(7,884.00)		
	Total Disbursements to Court/Other:		\$ (1,200.00)			\$ (39,386.00)	
	Total Funds Disbursed (Lines 9 - 11):		\$ (33,862.98)	\$ (33,862.98)		\$ (1,808,409.84)	\$ (1,808,409.84)
Line 13	Ending Balance (as of 9/30/2023)			\$ 35,741,698.67			\$ 35,741,698.67
Line 14	Ending Balance of Fund - Net Assets:						
Line 14a	Cash & Cash Equivalents	\$ 30,280,138.73			\$ 30,280,138.73		
Line 14b	Investments	5,461,559.94			5,461,559.94		
Line 14c	Other Assets or Uncleared Funds	-			-		
	Total Ending Balance of Fund - Net Assets			\$ 35,741,698.67			\$ 35,741,698.67
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 7/1/2023 to 9/30/2023			Cumulative Total from 6/14/2022 to 9/30/2023		
		Detail	Subtotal	Grand Total			
					Detail	Subtotal	Grand Total
Line 18	No. of Claims:						
	# of Claims Received This Reporting Period.....			8			8
	# of Claims Received Since Inception of Fund.....			170			170
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] 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"). On September 7, 2023, the Receiver received cash proceeds of \$15,026,428.73 from the Scopely Buy-Out transaction.
- [3] 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 and paid total disbursements of \$1,808,409.84, of which \$1,149,914.07 was paid from the Escrow Funds, leaving a balance \$85.93 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: October 30, 2023