

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

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|---------------------------------------|-----------------------|
| -----X                                |                       |
| 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. :                         |                       |
| -----X                                |                       |

**THE RECEIVER’S FOURTH 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 Fourth Quarterly Status Report, covering the period from January 1, 2023, through and including March 31, 2023 (the “*Reporting Period*”), as required by the Consent Order Appointing Receiver [Dkt. No. 56] (the “*Receivership*”).

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

## I. PRELIMINARY STATEMENT

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

- (i) analyzed (1) whether the assets of the Receivership Entities were commingled (“*Commingling*”), and if so, to what extent; and (2) whether the number of shares (“*Shares*”)<sup>4</sup> StraightPath acquired in a specific private company (“*Pre-IPO Company*”) is less than (a “*Shortfall*”), or greater than (a “*Surplus*”), the aggregate number of Shares to which StraightPath advised investors their contributions had been applied;
- (ii) prepared the Receiver’s *Interim Status Report Concerning Preliminary Findings on Commingling and Share Shortfall* [Dkt No. 144] (the “*Interim Report*”), which was filed on January 6, 2023, in which the Receiver reported (1) on the extent of

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

<sup>2</sup> The Receiver already reported on a portion of her activities during the Reporting Period in her Third Quarterly Report to the Court [Dkt. No. 150], dated January 30, 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

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;

- (iii) continued to inventory and take control of the Pre-IPO Shares owned by the Receivership Entities and prepared to take appropriate action as may be required in the event that any of the Pre-IPO Companies in which StraightPath invested "goes public" or has some other type of liquidity event;
- (iv) reviewed and managed the Receivership bank accounts to address recent events in the banking industry;
- (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***")<sup>5</sup> regarding various matters, related to, among other things, the turnover of books and records to the Receiver and the Individual Defendants' assertions of privilege;
- (vi) prepared a response to the objection filed by certain of the Individual Defendants [Dkt. 136] to the Application to Stay [Dkt. No. 101] (the "***Stay Application***") filed by the U.S. Attorney's Office for the Southern District of New York (the "***USAO***"), which Stay Application sought to stay discovery in the above-captioned case for the purpose

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<sup>5</sup> 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 Eric D. Lachow ("***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 the Criminal Investigation (defined below), it is not clear to the Receiver whether Mr. 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 Mr. Lachow has not taken a position on several issues before the Court [See Dkt. Nos. 136, n.1., 146, n.1].

- of avoiding prejudice to an ongoing criminal investigation being conducted by the USAO (the “***Criminal Investigation***”);
- (vii) prepared and filed *The Receiver’s Third Quarterly Status Report To The Court* [Dkt. No. 150] (the “***Third Quarterly Report***”);
  - (viii) prepared the Receiver’s *Motion for an Order Establishing Procedures for Resolution of Claims and Interests and Setting Bar Dates for Claims* [Dkt. Nos. 166-169] (the “***Resolution Procedures***”), which was filed on March 6, 2023, and which the Court granted on March 30, 2023;
  - (ix) analyzed issues regarding a plan of distribution (a “***Plan***”);
  - (x) communicated with investors and purported creditors of the Receivership Entities; and
  - (xi) held a virtual Town Hall on March 13, 2023 (the “***Town Hall***”).

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.

## **II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP**

### **A. 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. As explained in the Interim Report, in order to propose a Plan that treats all investors equitably, the Receiver must first determine if (i) there was Commingling, and if so, to what extent; and (ii) a Shortfall or a Surplus exists relative to the Shares held in any of the Pre-IPO Companies in which StraightPath invested.

During the Reporting Period, this work included Stout’s forensic analysis (the “***Forensic Analysis***”) which was necessary to identify next steps for the Plan process. The Forensic Analysis

was comprehensive and included, among other things, reviewing offering documents and “Welcome Letters” that were sent to investors, identifying discrepancies between information that was sent to investors and information in StraightPath’s records, analyzing the investors’ contributions to the Receivership Entities, reviewing the movement of funds to and among the Receivership Entities, reviewing the use of funds for various purposes such as the purchase of Pre-IPO Shares and making distributions to investors, seeking to understand how StraightPath recorded transactions in its records, and reviewing historical tax information and attempting to reconcile tax information against the Receivership Entities’ records. Additionally, the Forensic Analysis compared the total number of Shares StraightPath acquired in each Pre-IPO Company against the aggregate number of Shares to which investors were advised in the Welcome Letters that their contributions had been applied.<sup>6</sup>

While the Forensic Analysis continues, as set forth in the Interim Report, the Receiver has preliminarily concluded that:

(1) investors’ funds were commingled and used for various purposes, including purchasing Shares in Pre-IPO Companies that were different than those for which the contribution had been earmarked and for making distributions to other investors, and as a result, it would not be feasible to attempt to trace commingled assets of the Receivership Entities to each individual investor; and

(2) a Share Shortfall exists across seven (7) Pre-IPO Companies, in the amount of 414,214 Shares, which is significantly greater than the Shortfall identified by the SEC, while a Surplus of Shares exists for ten (10) other Pre-IPO Companies, in the amount of 549,499 Shares.

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<sup>6</sup> 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.

## B. Receivership Assets

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

### i. Bank Accounts

During the Reporting Period the Receiver reviewed and managed the Receivership bank accounts to address recent events in the banking industry. During the Reporting Period, 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.<sup>7</sup> The Receivership Team spent time ensuring that the Receivership Assets held at Signature are now on deposit at Flagstar and that the Receiver can 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 reviewed her banking relationship with TCB and considered implementation of additional safeguards to protect the Receivership Assets. The Receiver’s review of her banking relationships is ongoing.

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<sup>7</sup> See Flagstar Bank, N.A., <https://www.signatureny.com/>

## ii. Pre-IPO Shares

The Receivership Team continued to inventory Pre-IPO Shares held by the SP Funds, either directly or through third-parties. Based on this analysis, the Receivership Entities' interests in Pre-IPO Shares are not held directly in all instances, but rather are held through complex financial arrangements, including investments held by unrelated entities or individuals, either as agents of the Receivership Entities or through contractual arrangements, or investments in special purpose vehicles ("**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, and in certain instances were missing documents underlying and evidencing the holding of the Pre-IPO Shares. Further, there is no 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.

Accordingly, during the Reporting Period, the Receivership Team continued to create an inventory of the Pre-IPO Shares by collecting and organizing documents reflecting the Receivership Entities' ownership interests. During the Reporting Period, the Receivership Team continued its search through hundreds of thousands of documents to locate the records reflecting the existence of the Pre-IPO Shares held directly or indirectly by the Receivership Entities. Additionally, the Receivership Team has contacted certain third-parties that were involved with

the Receivership Entities' purchase of Pre-IPO Shares to gather missing information and validate the existence of the Pre-IPO Shares. While some of these third-parties have been of assistance to the Receiver, others have not responded, and the Receiver may need to seek assistance from this Court. Additionally, the Receivership Team has communicated with counsel for the Individual Defendants to locate documents related to the Pre-IPO Shares that are missing from the books and records turned over to the Receiver.<sup>8</sup>

### **iii. 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, 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 Receivership Entities invested in Pre-IPO Companies through various complex transactions. This complicated investment structure, involving 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 counterparties to the Receivership Entities' agreements regarding Shares in Pre-IPO Companies. This process has been time consuming, and in certain instances, the counterparties 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.

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<sup>8</sup> 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. Additionally, due to the complex nature of acquiring/purchasing 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, in a deal valued at \$4.9 billion in cash. As the Receiver has previously reported, StraightPath purchased 332,278 Shares of Scopely, which are comprised of common and preferred shares.<sup>9</sup> According to Scopely, the deal is subject to certain closing conditions and regulatory approvals. Scopely has not announced the final price per share that will be paid to Scopely shareholders. The Receiver is continuing her efforts to prepare for the closing of the Scopely deal and will provide updates as she learns more information. The Receiver cannot at this time state what distributions will ultimately be issued to StraightPath investors and creditors from the cash proceeds of StraightPath's Scopely shares.

### C. Claims Process

During the Reporting Period, the Receivership Team devoted time to prepare the Receiver's Motion seeking approval of the Resolution Procedures, which the Court approved on March 30, 2023 [Dkt. No. 180]. 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. The Resolution Procedures provide for a process in which (a) the Receiver individually notifies each Investor of the net amount(s) the Receiver believes the Investor invested and/or reinvested in and received distributions from the Receivership Entities; (b) Claimants (i.e., creditors) are provided with the opportunity of submitting Proof(s) of Claim (as defined in the Resolution Procedures) setting forth the alleged value and basis of their asserted

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<sup>9</sup> As reported in the Interim Report, Scopely is a Pre-IPO Company subject to a Shortfall of 46,567 shares, which is equal to \$2,607,729 based on the last purchase price paid by StraightPath of \$56.00 per share. See Interim Report, at 33.

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.

The Receivership Team spent considerable time planning the Resolution Procedures and drafting the applicable documents, including preparing the investor statement (the “*Investor Statement*”) to be sent to each of the Investors, a proof of claim form, a proposed order, and other documents in support of the Resolution Procedures.<sup>10</sup>

Below is a summary of the timeline of the Receiver’s implementation of the Resolution Procedures (certain of which steps already have been completed):

| 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) |
| Non-governmental entities are required to serve a completed Proof of Claim Form. <sup>11</sup>  | May 30, 2023               |
| If an Investor disagrees with the information in their respective Investor Statement, they must serve an objection to their Investor Statement. | June 5, 2023               |
| Governmental entities are required to serve a completed Proof of Claim Form.  | July 28, 2023              |

<sup>10</sup> 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.).

<sup>11</sup> Investors that disagree with the information in their Investor Statement are not required to serve a Proof of Claim Form, but they should follow 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.

In addition to the above timeline, the Resolution Procedures provide for dispute resolution procedures regarding Claims and Interests. The Receivership Team is receiving filed Proofs of Claim and corresponding with Investors regarding their respective investments. The Receiver will report on the status of the Resolution Procedures with further details in subsequent reports.

#### **D. Plan of Distribution and Disposition of Assets**

During the Reporting Period, the Receiver worked on analyzing issues related to the format of a Plan, including the potential disposition of the Receivership Assets through share or cash distribution to investors. Prior to proposing a Plan, the Receiver must complete her forensic analysis, further understand the assets that are available for distribution, and process claims of investors and creditors. Additionally, the Receivership Team must consider other issues, including potential tax consequences, that could reduce the ultimate distribution to investors. Further, in proposing a Plan, the Receiver will apply the governing law regarding 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. The Receivership Entities' Books and Records**

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, with one exception discussed below, 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 Order: the Individual Defendants are not obligated to provide any Pre-Appointment Privileged Materials<sup>12</sup> or Personal Privileged Materials<sup>13</sup> to the Receiver, and the Receiver is not permitted to receive or review any of these materials. (Receivership Order, 6) (the “*Privilege Provision*”).

**i. Withheld Documents**

The Individual Defendants initially withheld over 9,000 electronic documents on the grounds that they were subject to the Privilege Provision. Of these documents, the Individual Defendants thereafter produced slightly more than 1,000 documents that they initially deemed privileged but which the Individual Defendants, upon review, concluded were not in fact privileged.

During the Reporting Period, the Receivership Team has continued its efforts to seek information from the Individual Defendants concerning the approximately 8,000 documents they continue to withhold on alleged privilege grounds. Otterbourg 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. The parties are still in discussion. Additionally, Otterbourg obtained from the Individual Defendants an updated privilege log regarding the documents they continue to withhold on claim of privilege, and is reviewing the log. The Receiver believes the parties have made progress in certain respects in resolving certain of the current issues, and expects to file a motion on consent relating thereto.

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<sup>12</sup> 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).

<sup>13</sup> 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).

Additionally, during the Reporting Period, Otterbourg communicated with counsel for the Individual Defendants regarding other issues related to the Receivership Entities' operations and books and records, and reviewed additional documents that were turned over to the Receiver during the Reporting Period by counsel for the Individual Defendants.

#### **F. The Stay Application**

On October 18, 2022, the USAO filed the Stay Application. During the Reporting Period, the Receiver was required to file a response to certain efforts by the Individual Defendants to obtain extensive discovery from the Receiver.

By way of background, the Stay Application did not seek to stay the Receiver's work, and the Receiver consented to the relief sought in the Stay Application. The Court held a conference regarding the Stay Application on October 18, 2022 at which the Receiver and Otterbourg appeared. During the Court conference, the Court stayed this action pending further order of the Court, except with respect to the Receiver's obligations and duties under the Receivership Order which were to be unaffected by the stay.

On October 25, 2022, the Court entered an order regarding a briefing schedule on the Stay Application [Dkt. No. 108], and subsequently entered stipulated orders regarding the briefing schedule [Dkt. Nos. 112, 126, 128, 138]. On December 9, 2022, the SEC filed a response to the Stay Application [Dkt. No. 135] and the Individual Defendants (other than Lachow), filed a memorandum of law in opposition to the Stay Application [Dkt. No. 136] (the "***Individual Defendants' Opposition***"). In the Individual Defendants' Opposition, the Individual Defendants sought extensive discovery from the Receiver concerning the Receivership Team's work product, communications, and analyses. Given the relief requested by the Individual Defendants, on

January 6, 2023, the Receiver filed an objection to the Individual Defendants' Opposition [Dkt. No. 143] (the "*Receiver's Response*").

On January 17, 2023, the Court entered an order denying the relief requested in the Individual Defendants' Opposition and granting the USAO's request to the extend the stay of discovery until February 15, 2023 [Dkt. No. 148]. The stay has since been extended without objection by any parties [Dkt. Nos. 170, 177].

### **G. 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](mailto: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 middle of April 2023, the Receivership Team has received or made over 2,005 individual communications by phone and email with parties-in-interest, including receiving inquiries from over 927 investors and other parties-in-interest.

During the Reporting Period, on March 13, 2023, the Receiver held a Town Hall forum via a Zoom Webinar that was open to the public. The Town Hall was attended by 186 viewers, during which the Receiver provided an update and answered questions with respect to the Receivership.

## H. The Third 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 January 30, 2023, the Receiver filed her Third Quarterly Status Report to the Court [Dkt. No. 150].

### I. *SEC v. Hollender et al.*

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*”). The action relates to the Receivership Entities. 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. The SEC further alleges that the Hollender Defendants

falsely and misleadingly represented that there were no upfront fees associated with their investments and that [Hollender] Defendants would only make money through a fee charged on an investor’s profits after the relevant company went public. In fact, however, Hollender, Migliano, and Vecchio each received upfront commissions of approximately 10 percent on the investments they successfully solicited.

*Id.* The SEC alleges that the Hollender Defendants’ actions were “hallmarks of broker activity” despite not being legally registered as brokers. *Id.* at ¶ 3.

In the *Hollender Complaint*, the SEC asserts three causes of action against the Hollender Defendants: (i) violations of Securities Act Section 17(a); (ii) violations of Exchange Act Section 10(b); and (iii) violations of Exchange Act Section 15(a). *Id.* at ¶¶ 79-87. Additionally, the SEC

requests that the court order the Hollender Relief Defendants to pay all ill-gotten gains by which they were allegedly unjustly enriched. *Id.* at 18.

The Receivership Team will continue to monitor the Hollender Action.

#### **J. Tax Issues**

During the Reporting Period the Receiver and her team addressed issues regarding the Receivership Entities' incomplete records and other pre-Receivership tax issues, and Otterbourg communicated with counsel for the Receivership Entities' previous accountant.

### **III. CASH, EXPENSES, AND UNENCUMBERED ASSETS**

Attached hereto as **Exhibit A** is the Standardized Fund Accounting Report ("***SFAR***") as of March 31, 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 March 31, 2023, the Receivership Entities had approximately \$19,974,386.23 in cash and securities, of which \$14,150,355.52 was comprised of the Escrow Funds held at TCB,<sup>14</sup> \$1,173,134.10 in cash was held in the Receivership Entities' other bank accounts, and \$4,650,209.11 in securities were held in brokerage accounts.<sup>15</sup>

It is estimated that, as of March 31, 2023, approved and unpaid administrative expenses amounted to approximately \$1,750,115.17. This amount includes the approved fees and expenses for the Receiver, Otterbourg, Stout, Stretto, and BRG for the fourth quarter of 2022, in the total amount of \$952,009.79 (net of a holdback of \$404,988.48), which in an effort to conserve

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<sup>14</sup> 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.

<sup>15</sup> The brokerage accounts also hold cash of \$687.50.



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. Additionally, the amount includes 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.

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 \$1,139,900.06. The Receiver will be seeking approval of the fees incurred during the Reporting Period by separate application to the Court.

**i. Cash disbursements and receipts.**

Cash disbursements during the Reporting Period totaled \$35,402.44. This amount consisted of (i) \$13,700 in state tax filing fees; (ii) \$3,684.26 in business expenses (including bank and technology fees, brokerage account fees, subscription fees to QuickBooks and Ooma phone services); and (iii) \$18,018.18 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 \$8,733.85, consisting of interest income of \$8,733.76 from the Escrow Funds money market account and \$0.09 from the Pershing brokerage accounts.

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

**A. Receivership Property**

As of March 31, 2023, the Receivership Property consisted of the following:

- i.** Cash, cash equivalents, and publicly traded securities of approximately \$19,974,386.23;

- ii. Pre-IPO Shares, including holdings in SPVs, forward contracts, economic interest agreements, and direct shares, held either directly or indirectly.

At the time of this Status Report, the Receiver continues to collect and review financial information with respect to StraightPath, including the ownership of Pre-IPO Shares. As reported in the Interim Report, and as further explained below, prior to the Receivership, the Receivership Entities received approximately \$395,901,668 in investor contributions of which they spent \$272,143,367 to acquire a total of 18,611,440 Shares in Pre-IPO Companies and used the balance for payments to the Individual Defendants in the approximate amount of \$75 million and sales agents in the approximate amount of \$54 million, among others. The value of the Receivership Entities' investment portfolio has not yet been independently verified by the Receiver.

#### **B. Information with Respect to Pre-IPO Shares**

The Receivership Order requires the Receiver to report on the following items with respect to StraightPath's holding in Pre-IPO Shares:

- Itemization by SP Fund series of the number of Pre-IPO Shares purchased by each SP Fund series. (Receivership Order, XV.C.)
- Itemization by SP Fund series of the number of investment interests in Pre-IPO Shares sold to investors by each SP Fund series, the SP Fund Manager, or the SP Adviser. (Receivership Order, XV.D.)
- Inventory of the Pre-IPO Shares held by the Receivership Entities. (Receivership Order, XV.E.)

##### **i. Pre-IPO Shares purchased by each SP Fund Series**

As stated in the Interim Report, the Forensic Analysis has identified a total of 213 transactions in which the Receivership Entities purchased Pre-IPO Shares. According to the Private Placement Memorandum that was sent to prospective investors ("**PPM**"), each SP Fund were to be separated into segregated series (each a "**Series**"). (See SPVF 1 PPM, Summary of Terms of the Fund.) However, in fact, the Receivership Entities' purchases of Pre-IPO Shares

were not made on a Fund-by-Fund or Series-by-Series basis but, in many instances, the investors' contributions into the SP Funds were transferred to other Receivership Entities, pooled together, and then used to purchase Pre-IPO Shares, without properly accounting for these transactions. Given the state of the books and records, determining how the Pre-IPO Shares should have been allocated among the SP Funds or Series is an arduous task that might not be capable of success. Compounding this problem, SP Fund Manager also used the pooled funds to pay fees to the Individual Defendants and sales agents without identifying the SP Fund that was obligated to pay the fees or the basis for calculation of the fees.

Moreover, the Receivership Entities generally did not enter into intercompany stock purchase agreements or otherwise document the transfer of funds between or among Receivership Entities for the purchase of Pre-IPO Shares. Although the Receivership Entities engaged in numerous intercompany transactions in which SP Funds transferred investors' contributions to SP Fund Manager or other SP Funds for the purpose of purchasing Shares, the Receivership Team identified only nineteen (19) intercompany stock agreements between SP Fund Manager and any of the SP Funds. Moreover, oftentimes those nineteen (19) agreements, which are all dated between October 2018 and August 2019, are inconsistent with the transactions that actually occurred.

Based on the Forensic Analysis, during the Relevant Period (as defined in the Interim Report) StraightPath<sup>16</sup> acquired the following Shares in Pre-IPO Companies<sup>17</sup>:

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<sup>16</sup> StraightPath Holdings, Inc. ("*SP Holdings*" or "*SPH*") is not part of the Receivership, but this entity was included in the Forensic Analysis because, among other reasons, the funds were moved between SPH and Receivership Entities.

<sup>17</sup> Under the relevant acquisition agreements, Triller Acquisition LLC Shares were purchased by StraightPath. Triller Acquisition LLC ("*AcqCo*") is the parent of Triller Hold Co LLC ("*HoldCo*"), the entity that is expected to "go public." StraightPath acquired a total of 1,449,688 interests in AcqCo. Each interest in AcqCo is convertible into 1.1113 Class A Common Units of HoldCo. Upon conversion, the total shares in HoldCo will increase to 3,581,038 shares.

| Pre-IPO Company     | Stage   | SPVP              | SPH              | SPVF 1         | SPVF 2         | SPVF 7           | SPVF 8         | TOTAL<br>SHARES   |
|---------------------|---------|-------------------|------------------|----------------|----------------|------------------|----------------|-------------------|
| 23andMe             | IPO     | 41,625            |                  |                |                |                  |                | 41,625            |
| AirBnB              | IPO     | 109,696           |                  |                |                | 6,400            |                | 116,096           |
| Automation Anywhere | Pre-IPO | 190,407           |                  |                |                | 57,968           |                | 248,375           |
| Blend               | IPO     | 150,833           |                  |                |                |                  |                | 150,833           |
| Chime               | Pre-IPO | 26,538            |                  |                |                |                  |                | 26,538            |
| Dataminr            | Pre-IPO | 125,000           |                  |                |                |                  |                | 125,000           |
| Eat Just            | Pre-IPO | 268,947           |                  |                |                |                  | 248,627        | 517,574           |
| Flexport            | Pre-IPO | 75,000            |                  |                |                |                  |                | 75,000            |
| GRAB                | IPO     | 736,108           |                  |                |                |                  | 700,000        | 1,436,108         |
| Impossible Foods    | Pre-IPO | 726,338           |                  |                |                | 780,000          |                | 1,506,338         |
| Klarna              | Pre-IPO | 6,962             |                  |                |                |                  |                | 6,962             |
| Kraken              | Pre-IPO | 273,000           |                  |                |                |                  |                | 273,000           |
| Lyft                | IPO     | 32,581            |                  | 7,619          | 18,278         |                  |                | 58,478            |
| Palantir            | IPO     | 5,512,356         |                  | 835,734        | 146,952        |                  |                | 6,495,042         |
| Pinterest           | IPO     | 668,280           |                  |                |                |                  |                | 668,280           |
| Plaid               | Pre-IPO | 20,150            |                  |                |                |                  |                | 20,150            |
| Rubrik              | Pre-IPO | 959,311           |                  |                |                | 15,000           |                | 974,311           |
| Scopely             | Pre-IPO | 332,278           |                  |                |                |                  |                | 332,278           |
| SoFi                | IPO     | 819,418           |                  |                |                | 243,400          |                | 1,062,818         |
| SpaceX              | Pre-IPO | 4,229             |                  |                |                |                  |                | 4,229             |
| Thoughtspot         | Pre-IPO | 115,307           |                  |                |                |                  |                | 115,307           |
| Triller             | Pre-IPO | 1,611,038         | 1,250,000        |                |                | 720,000          |                | 3,581,038         |
| Virgin Hyperloop    | Pre-IPO |                   |                  | 75,507         |                |                  |                | 75,507            |
| Zebra               | Pre-IPO | 506,524           |                  |                |                |                  |                | 506,524           |
| Zipline             | Pre-IPO | 194,029           |                  |                |                |                  |                | 194,029           |
| <b>Total</b>        |         | <b>13,505,954</b> | <b>1,250,000</b> | <b>918,860</b> | <b>165,230</b> | <b>1,822,768</b> | <b>948,627</b> | <b>18,611,440</b> |
| <i>% of Total</i>   |         | <i>72.6%</i>      | <i>6.7%</i>      | <i>4.9%</i>    | <i>0.9%</i>    | <i>9.8%</i>      | <i>5.1%</i>    | <i>100.0%</i>     |

Further, based on the Forensic Analysis, during the Relevant Period (as defined in the Interim Report), StraightPath spent \$272,143,367 to acquire the following Shares in Pre-IPO Companies:

| Pre-IPO Company     | Stage   | SPVP                 | SPH                  | SPVF 1              | SPVF 2              | SPVF 7               | SPVF 8              | TOTAL<br>(\$ USD)    |
|---------------------|---------|----------------------|----------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
| 23andMe             | IPO     | \$ 712,644           |                      |                     |                     |                      |                     | \$ 712,644           |
| AirBnB              | IPO     | 12,812,715           |                      |                     |                     | 672,000              |                     | 13,484,715           |
| Automation Anywhere | Pre-IPO | 5,749,678            |                      |                     |                     | 965,167              |                     | 6,714,846            |
| Blend               | IPO     | 839,665              |                      |                     |                     |                      |                     | 839,665              |
| Chime               | Pre-IPO | 1,592,280            |                      |                     |                     |                      |                     | 1,592,280            |
| Dataminr            | Pre-IPO | 5,400,000            |                      |                     |                     |                      |                     | 5,400,000            |
| Eat Just            | Pre-IPO | 4,487,446            |                      |                     |                     |                      | 3,170,000           | 7,657,446            |
| Flexport            | Pre-IPO | 975,000              |                      |                     |                     |                      |                     | 975,000              |
| GRAB                | IPO     | 4,254,426            |                      |                     |                     |                      | 4,190,000           | 8,444,426            |
| Impossible Foods    | Pre-IPO | 19,932,788           |                      |                     |                     | 16,232,500           |                     | 36,165,288           |
| Klarna              | Pre-IPO | 9,522,563            |                      |                     |                     |                      |                     | 9,522,563            |
| Kraken              | Pre-IPO | 13,346,500           |                      |                     |                     |                      |                     | 13,346,500           |
| Lyft                | IPO     | 1,681,821            |                      | 373,331             | 941,332             |                      |                     | 2,996,484            |
| Palantir            | IPO     | 30,484,021           |                      | 4,540,823           | 793,541             |                      |                     | 35,818,384           |
| Pinterest           | IPO     | 4,390,821            |                      |                     |                     |                      |                     | 4,390,821            |
| Plaid               | Pre-IPO | 20,176,500           |                      |                     |                     |                      |                     | 20,176,500           |
| Rubrik              | Pre-IPO | 28,916,321           |                      |                     |                     | 347,400              |                     | 29,263,721           |
| Scopely             | Pre-IPO | 15,511,668           |                      |                     |                     |                      |                     | 15,511,668           |
| SoFi                | IPO     | 8,936,829            |                      |                     |                     | 2,741,186            |                     | 11,678,015           |
| SpaceX              | Pre-IPO | 1,083,652            |                      |                     |                     |                      |                     | 1,083,652            |
| Thoughtspot         | Pre-IPO | 2,174,486            |                      |                     |                     |                      |                     | 2,174,486            |
| Triller             | Pre-IPO | 11,499,995           | 13,689,500           |                     |                     | 6,004,800            |                     | 31,194,295           |
| Virgin Hyperloop    | Pre-IPO |                      |                      | 200,094             |                     |                      |                     | 200,094              |
| Zebra               | Pre-IPO | 6,739,533            |                      |                     |                     |                      |                     | 6,739,533            |
| Zipline             | Pre-IPO | 6,060,341            |                      |                     |                     |                      |                     | 6,060,341            |
| <b>Total</b>        |         | <b>\$217,281,694</b> | <b>\$ 13,689,500</b> | <b>\$ 5,114,247</b> | <b>\$ 1,734,872</b> | <b>\$ 26,963,053</b> | <b>\$ 7,360,000</b> | <b>\$272,143,367</b> |
| <i>% of Total</i>   |         | <i>79.8%</i>         | <i>5.0%</i>          | <i>1.9%</i>         | <i>0.6%</i>         | <i>9.9%</i>          | <i>2.7%</i>         | <i>100.0%</i>        |

**ii. Itemization by SP Fund Series of the number of investment interests in Pre-IPO Shares sold to investors by each SP Fund Series**

Investors in the SP Funds do not actually own “shares” of specific Pre-IPO Companies, but they own “interests” in one of the SP Funds. Prospective investors in the SP Funds were provided with offering documents, which included, among other things, the PPM. To invest in a Series, Investors would return a completed subscription agreement that identified the Pre-IPO Company in which the Series invested and the price per Share of such investment.<sup>18</sup> Generally, investors were sent a “Welcome Letter,” which identified their percentage interest in the Series, stated that the Series holds a “beneficial interest” in a specific number of Shares of a specific Pre-IPO

<sup>18</sup> In some instances, after a “liquidity event” (i.e., a Pre-IPO Company went public), investments were re-invested (“flipped”), with some or all of the proceeds of the original investments into a different Series.

Company, and that the investor's contribution was "applied to" an investment at a specific price per share and approximate number of Shares of the specific Pre-IPO Company.

Based on the Forensic Analysis, and while subject to change as the analysis continues,<sup>19</sup> it appears that during the Relevant Period \$395,901,668 was contributed by investors into StraightPath for investment into Pre-IPO Companies, as follows.<sup>20</sup>

| Pre-IPO Company     | Stage   | Investor Cash Contribution (#) | Investor Re-investment (#) | Total Investor Shares (#) | Investor Cash Contribution (\$) | Investor Re-investment (\$) | Total Investor Contributions (\$) |
|---------------------|---------|--------------------------------|----------------------------|---------------------------|---------------------------------|-----------------------------|-----------------------------------|
| 23andMe             | IPO     | 31,107                         | -                          | 31,107                    | \$ 675,900                      | \$ -                        | \$ 675,900                        |
| AirBnB              | IPO     | 115,506                        | -                          | 115,506                   | 18,224,668                      | -                           | 18,224,668                        |
| Automation Anywhere | Pre-IPO | 305,274                        | 8,985                      | 314,259                   | 10,981,875                      | 359,385                     | 11,341,260                        |
| Blend               | IPO     | -                              | -                          | -                         | -                               | -                           | -                                 |
| Chime               | Pre-IPO | 24,407                         | 1,618                      | 26,025                    | 1,899,295                       | 137,530                     | 2,036,825                         |
| Dataminr            | Pre-IPO | 78,415                         | 9,988                      | 88,403                    | 4,696,713                       | 649,249                     | 5,345,962                         |
| Eat Just            | Pre-IPO | 577,202                        | 14,836                     | 592,038                   | 12,454,010                      | 489,260                     | 12,943,270                        |
| Flexport            | Pre-IPO | 65,620                         | 6,248                      | 71,868                    | 1,188,965                       | 121,835                     | 1,310,800                         |
| GRAB                | IPO     | 1,438,849                      | -                          | 1,438,849                 | 10,411,745                      | -                           | 10,411,745                        |
| Impossible Foods    | Pre-IPO | 1,545,714                      | 5,756                      | 1,551,470                 | 50,399,188                      | 201,458                     | 50,600,646                        |
| Klarna              | Pre-IPO | 6,171                          | 182                        | 6,353                     | 10,524,069                      | 345,800                     | 10,869,869                        |
| Kraken              | Pre-IPO | 315,988                        | 46,836                     | 362,823                   | 24,690,589                      | 3,462,870                   | 28,153,459                        |
| Lyft                | IPO     | 58,077                         | -                          | 58,077                    | 3,549,999                       | -                           | 3,549,999                         |
| Palantir            | IPO     | 6,517,513                      | -                          | 6,517,513                 | 52,415,826                      | -                           | 52,415,826                        |
| Pinterest           | IPO     | 655,757                        | 6,250                      | 662,007                   | 5,156,219                       | 50,000                      | 5,206,219                         |
| Plaid               | Pre-IPO | 16,157                         | 1,697                      | 17,854                    | 24,020,063                      | 2,717,592                   | 26,737,655                        |
| Rubrik              | Pre-IPO | 995,240                        | 68,061                     | 1,063,301                 | 39,043,044                      | 3,500,404                   | 42,543,448                        |
| Scopely             | Pre-IPO | 315,255                        | 63,589                     | 378,845                   | 20,942,754                      | 4,455,597                   | 25,398,351                        |
| SoFi                | IPO     | 986,558                        | 17,035                     | 1,003,593                 | 14,798,679                      | 266,611                     | 15,065,290                        |
| SpaceX              | Pre-IPO | 4,191                          | -                          | 4,191                     | 1,275,175                       | -                           | 1,275,175                         |
| Thoughtspot         | Pre-IPO | 108,312                        | 5,500                      | 113,812                   | 2,868,535                       | 137,500                     | 3,006,035                         |
| Triller             | Pre-IPO | 2,898,514                      | 343,497                    | 3,242,012                 | 46,797,260                      | 7,026,848                   | 53,824,108                        |
| Virgin Hyperloop    | Pre-IPO | 78,862                         | -                          | 78,862                    | 300,173                         | -                           | 300,173                           |
| Zebra               | Pre-IPO | 382,262                        | 20,987                     | 403,249                   | 8,155,306                       | 461,710                     | 8,617,016                         |
| Zipline             | Pre-IPO | 129,844                        | 1,666                      | 131,510                   | 5,798,081                       | 74,970                      | 5,873,051                         |
| Unknown             |         | -                              | -                          | -                         | 174,920                         | -                           | 174,920                           |
| <b>Total</b>        |         | <b>17,650,796</b>              | <b>622,731</b>             | <b>18,273,527</b>         | <b>\$ 371,443,049</b>           | <b>\$ 24,458,619</b>        | <b>\$ 395,901,668</b>             |

### iii. Inventory of the Pre-IPO Shares held by the Receivership Entities.

As explained above, the Receivership Team is working to continue to inventory StraightPath's holdings in Pre-IPO Shares and intends to provide a report in subsequent status reports.

<sup>19</sup> These findings with respect to investor contributions are subject to change, including because of the Resolution Procedures the Receiver is implementing.

<sup>20</sup> 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, during the Reporting Period, the Receiver filed the motion seeking approval of the Resolution Procedures, which the Court approved on March 30, 2023. The Receiver and her team are currently implementing 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**

The Receiver cannot at this time state when she expects the case to be concluded. The Receiver is making 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: May 1, 2023  
New York, New York

#### **OTTERBOURG P.C.**

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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 01/01/2023 to 03/31/2023 |                |                  | Cumulative Total from 6/14/2022 to 03/31/2023 |                   |                  |  |
|   |   | Detail                                    | Subtotal       | Grand Total      | Detail  | Subtotal          | Grand Total      |  |
| Line 1  | Beginning Period Balance                                  |   |                | \$ 19,433,939.20 |   |                   | \$ -             |  |
|   | Increase in Fund Balance:                                 |   |                |                  |   |                   |                  |  |
| Line 2  | Business Income   | \$ -                                      |                |                  | \$ -  |                   |                  |  |
| Line 3  | Cash and Securities                                       | 567,115.62                                |                |                  | 6,484,731.26                                  |                   |                  |  |
| Line 4  | Interest/Dividend Income                                  | 8,733.85                                  |                |                  | 27,691.88                                     |                   |                  |  |
| 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):                          |   |   | \$ 575,849.47  | \$ 20,009,788.67 |   | \$ 21,700,605.59  | \$ 21,700,605.59 |  |
|   | Decreases in Fund Balance:                                |   |                |                  |   |                   |                  |  |
| Line 9  | Disbursements to Investors                                |   | \$ -           |                  |   | \$ -              |                  |  |
| Line 10   | Disbursements for Receivership Operations                 |   |                |                  |   |                   |                  |  |
| Line 10a  | Disbursements to Receiver or Other Professionals [2]      | -   |                |                  | (1,605,979.94)                                |                   |                  |  |
| Line 10b  | Business Asset Expenses                                   | (20,692.44)                               |                |                  | (94,412.42)                                   |                   |                  |  |
| 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               |   |   | \$ (20,692.44) |                  |   | \$ (1,700,392.36) |                  |  |
| 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 01/01/2023 to 03/31/2023 |                  |                  | Cumulative Total from 6/14/2022 to 03/31/2023 |                   |                   |                  |
|   |   | Detail                                    | Subtotal         | Grand Total      | Detail  | Subtotal          | Grand Total       |                  |
| Line 12                                     | Disbursements to Court/Other:   |   |                  |                  |   |                   |                   |                  |
| Line 12a                                    | Investment Expenses/Court Registry Investment System (CRIS) Fees          |   | \$ (14,710.00)   |                  | \$ (25,827.00)                                |                   |                   |                  |
| Line 12b                                    | Federal Tax Payments  |   | -                |                  | -   |                   |                   |                  |
|   | Total Disbursements to Court/Other:                                       |   |                  | \$ (14,710.00)   |   | \$ (25,827.00)    |                   |                  |
|   |   |   |                  |                  |   |                   |                   |                  |
|   | Total Funds Disbursed (Lines 9 - 11):                                     |   |                  | \$ (35,402.44)   |   | \$ (1,726,219.36) | \$ (1,726,219.36) |                  |
| Line 13                                     | Ending Balance (As of 3/31/2023)  |   |                  |                  |   |                   |                   | \$ 19,974,386.23 |
| Line 14                                     | Ending Balance of Fund - Net Assets:                                      |   |                  |                  |   |                   |                   |                  |
| Line 14a                                    | Cash & Cash Equivalents   |   | \$ 15,324,177.12 |                  | \$ 15,324,177.12                              |                   |                   |                  |
| Line 14b                                    | Investments   |   | 4,650,209.11     |                  | 4,650,209.11                                  |                   |                   |                  |
| Line 14c                                    | Other Assets or Uncleared Funds   |   | -                |                  | -   |                   |                   |                  |
|   | Total Ending Balance of Fund - Net Assets                                 |   |                  | \$ 19,974,386.23 |   |                   | \$ 19,974,386.23  |                  |
| 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 01/01/2023 to 03/31/2023 |          |             |  |  |  | Cumulative Total from 6/14/2022 to 03/31/2023 |          |             |
|                                     |  | 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 Account").  
 As of July 8, 2022, the Escrow Account has 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 Escrow Account.
- [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 \$1,605,979.94 in professional fees and expenses paid through the Reporting Period, \$961,238.42 was paid from the Escrow Account 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 \$1,726,219.36, of which \$1,081,197.84 was paid from the Escrow Account, leaving a balance \$68,802.16 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: May 1, 2023