

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

COMMODITY FUTURES TRADING COMMISSION,	)	
	)	
<b>Plaintiff,</b>	)	<b>Civil Action No. 22-cv-02465</b>
	)	
v.	)	<b>Honorable Mary M. Rowland</b>
	)	
SAM IKKURTY A/K/A SREENIVAS I RAO, RAVISHANKAR AVADHANAM, AND JAFIA, LLC,	)	<b>Magistrate Judge Jeffrey Cummings</b>
	)	
<b>Defendants,</b>	)	
	)	
IKKURTY CAPITAL, LLC D/BA/ ROSE CITY INCOME FUND I, LP, ROSE CITY INCOME FUND II LP, AND SENECA VENTURES, LLC,	)	
	)	
<b>Relief Defendants.</b>	)	
	)	

**RECEIVER’S FOURTH STATUS REPORT**

James L. Kopecky, not individually, but solely as the Court-appointed Receiver (the “Receiver”) for the Receivership Estate, as defined by the Order Appointing Receiver dated May 11, 2022 (Dkt. 18) (“Receivership Order”), and pursuant to the Minute Order entered July 18, 2022 (Dkt. 38), makes the following report summarizing efforts to marshal and collect assets, administer the Receivership Estate, and otherwise perform the duties mandated by the Receivership Order. The Receiver incorporates his prior reports (Dkt. 36, 75 and 109) for background, and attempts to minimize duplication of those reports herein.

The Receivership Order requires the Receiver to, periodically, as directed by the Court, file with the Court and serve on the parties a report summarizing efforts to marshal and collect assets, administer the Receivership Estate, and otherwise perform the duties mandated by the

Receivership Order. This is the fourth such report.

## **I. Efforts to Marshal and Secure Assets**

Since the Receiver's last status report, the Receiver took steps to investigate whether any investors in the Receivership Entities redeemed their investments for a net profit. The Receiver identified 22 investors who appeared to have received cash distributions resulting from redemptions from one of the Receivership Funds that exceeded the amount of their investments. The Receiver has contacted each of those investors and is collecting information from each of them. In many instances, Defendants forced the investors to redeem their investments from one of the Funds, and invited the investors to reinvest the proceeds of the redemption in Seneca Ventures. Many of the investors who redeemed their investments for cash did, in fact, reinvest those proceeds into Seneca Ventures. Accordingly, the Receiver is compiling documents and information necessary to evaluate the net gains or losses of the investors, and intends to claw back net gains. The Receiver's investigation into this is ongoing, and the Receiver will update his efforts in the next status report.

## **II. Administration of Receivership Estate**

### **1. Liquidation of Cryptocurrency and Digital Assets**

The Receiver continues to consult with subject matter experts, interview trading firms, and evaluate liquidation proposals. The Receiver solicited proposals from a number of trading firms and consultants. The Receiver has narrowed the various proposals to the three proposals that appear most feasible. One proposal involves a liquidation of the digital assets over time; one is a single sale of the digital assets for a lump sum; and the third is a rapid liquidation. The Receiver is in the process of formulating draft contracts with the firms in anticipation of making a final recommendation to the court. The Receiver has solicited input as to liquidation from the CFTC, Defendant Ikkurty and Defendant Avadhanam. The CFTC and Defendant Avadhanam have indicated that neither will take a

position on the Receiver's liquidation proposals. Defendant Ikkurty declined to endorse any of the liquidation proposals. In the near future, the Receiver intends to file a motion seeking approval to retain a trading firm and carry out the liquidation or sale.

**2. Communications with Investors**

As the Court and the investors are aware, the Receiver established a website, [www.rosecityfundreceivership.com](http://www.rosecityfundreceivership.com) to provide information to investors and creditors. The Receiver regularly posts the pleadings in this action to the website, and maintains a list of frequently asked questions and answers relating to the Receivership. The Receiver continues to update this website as significant events unfold. The Receiver also addresses communications from investors, which primarily focus on tax and K-1 issues. The Receiver responds to those communications periodically.

**3. Tax Returns and Accounting**

As previously noted, the Receiver retained Miller Kaplan, a tax and advisory firm, to prepare tax returns for the funds and for the Receivership Qualified Settlement Fund ("QSF"). Miller Kaplan continues to work on investor Form K-1s and tax returns for the 2022 tax year. The Receiver has recently circulated draft K-1s to investors. Miller Kaplan will also prepare a tax return for the QSF.

**4. Defense Petition for Legal Fees**

On April 21, 2023, Court issued an Order (Dkt. 153) on Ikkurty's fee petition. The receiver has paid fees and expenses in accordance with that Order.

**5. Ikkurty's Portland Residence and Safe Deposit Box**

On April 20, 2023, Ikkurty filed a Second Supplemental Status Report and Application for Disbursement of Funds for Living Expenses (Dkt. 150). In that document, Ikkurty reported that the eviction proceedings in Oregon state court have advanced, and that Ikkurty's wife and son have relocated to Phoenix, Arizona. Ikkurty also reported that the physical business records of Jafia LLC remain in the Portland residence. (Dkt. 150, ¶3) The Receiver has subsequently learned that the owner will retake the property in early May 2023. In addition, the Receiver needs to inspect the contents of Ikkurty's safe deposit box in Portland. Accordingly, the Receiver, has made arrangements with counsel for the owner of the Portland residence to retrieve the Jafia business records and preserve them and any other evidence that may be located in Ikkurty's former Portland residence. The Receiver will also inspect the safe deposit box located at a Chase branch in Hillsboro, Oregon. The Receiver has requested Ikkurty's cooperation and authorization in connection with this effort. The Receiver will update the Court with the results of that effort in the next status report.

**6. Accounting / Third Party Subpoenas**

The Receiver has retained StoneTurn to assist with the Receiver's attempt to account for all investor proceeds and the disposition thereof. As part of that process, the Receiver issued subpoenas to six financial institutions seeking account statements that will fill existing gaps in the documents the Receiver currently has, and will assist in StoneTurn's analysis. The Receiver has received the majority of the account statements he requested, and is following up with the financial institutions in instances where the subpoena responses were incomplete.

On April 26, 2023, Ikkurty provided the receiver with information his attorneys represent constitutes an accounting of all management fees Jafia LLC received in connection with its management of all Receivership Entities. The Receiver is analyzing that accounting, as is

StoneTurn. The Receiver will follow up as appropriate.

#### **7. Claims and Distribution Process**

The Receiver is preparing for the claims and distribution process. On April 17, 2023, the Receiver filed a motion (Dkt. 149) seeking approval to retain a professional claims administrator, Stretto, in connection with the claims process. The Receiver also anticipates filing a motion seeking to pool the assets of the Receivership Estate, and establishing a claims bar date as part of the claims and distribution process.

#### **III. Receivership Fees and Expenses**

On April 21, 2023, the Court issued an Order (Dkt. 151) approving the Receiver's Third Request for Reasonable Compensation, with modification. The Receiver has paid the vendors addressed in the Court's Order. The Receiver's next request for reasonable compensation is due on May 15, 2023. The Receiver will also post the compensation request to the Receivership website, which will allow all interested parties an opportunity to be heard and object.

**IV. Conclusion**

In conclusion, the Receiver will continue to preserve assets while investigating the existence of other assets. The Receiver will also work to propose an equitable and efficient claims and distribution process. The Receiver respectfully requests that this Court set a date for the next report to the Court on or before August 1, 2023.

Dated: May 1, 2023

Respectfully submitted,

<p>Daryl M. Schumacher (6244815) Kopecky Schumacher Rosenburg LLC 120 N. LaSalle St., Suite 2000 Chicago, IL 60602 Telephone: (312) 380-6556 dschumacher@ksrlaw.com</p>	<p><u>/s/ Daryl M. Schumacher</u>  <i>Attorney for James L. Kopecky, Receiver for Defendants Jafia, LLC, Sam Ikkurty a/k/a Sreenivas I Rao, Ikkurty Capital LLC d/b/a/ Rose City Income Fund I, Rose City Income Fund II, LP and Seneca Ventures, LLC</i></p>
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**CERTIFICATE OF SERVICE**

I hereby certify that on May 1, 2023, I electronically filed the foregoing Receiver's Fourth Status Report with the Clerk of the Court by using the CM/ECF system, which will provide electronic notice and an electronic link to this document to all counsel of record.

DATED: May 1, 2023

/s/ Daryl M. Schumacher