

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

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

RECEIVER’S SEVENTH 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”), 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. Nos. 36, 75, 109, 157, 199 and 295) 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 seventh such report.

I. Administration of Receivership Estate

a) Communications with Investors

As the Court and the investors are aware, the Receiver established a website, www.rosecityfundreceivership.com, to provide information to investors and creditors. The Receiver regularly posts the material documents 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, in the last quarter, related primarily to the claim process. The Receiver responds to those communications as he receives them.

b) Tax Returns and Accounting

For the tax year 2023, only the Qualified Settlement Fund will file tax returns. In October 2023, the individual funds filed final tax returns. Accordingly, there will be no K-1s issued to investors and Miller Kaplan will prepare one tax return for the Qualified Settlement Fund. The Receiver has been working with Miller Kaplan and is on track to timely file the 2023 tax year return on March 15, 2024.

c) Claims and Distribution Process

The Receiver has done extensive work in preparing a proposed claims and distribution process. On July 31, 2023, the Receiver filed a motion seeking Court approval of that process. (See, Dkt. 195). The Receiver's proposed distribution plan contemplates pooling the assets and liabilities of the Receivership Entities and distributing the assets of the Receivership Estate to approved Claimants pursuant to a rising tide distribution method. Details of the proposal are contained in the motion at Dkt. 195. The Court approved the claims process. (Dkt. Nos. 278 and

299)

The claims process is being administered through Stretto, and information about filing a claim form is located on the Receivership website (www.rosecityfundreceivership.com), with links to a portal through which investors can submit claim forms and supporting documents to Stretto electronically. Investors can also mail claim forms and supporting documents to Stretto. Stretto updates the Receiver on a periodic basis with information about the number of filed claims and the total value of claims submitted. To date, about 120 investors have submitted claim forms for a total of approximately \$40 million in claims. The deadline to file claim forms is March 4, 2024.

In an effort to ensure that all investors are aware of the claims process and the March 4, 2024, deadline to file claims, the Receiver has sent reminder emails (through the Receiver's receivership email address) to the investors that have provided their email addresses to the Receiver through the receivership website. To date, the Receiver has sent emails to more than 350 potential investors. The Receiver is also monitoring the claims process and making efforts to ensure that investors who have not yet submitted claims are aware of the claims process and the March 4, 2024, deadline.

To date, Stretto has received completed claims forms from 123 claimants seeking approximately \$40 million dollars. Stretto also received claims from non-investor, or potential creditors claims. The Receiver is investigating those claims.

d) Cryptocurrency in the Receivership Estate

In his last Status Report (Dkt. 295), the Receiver summarized the status of the cryptocurrency tokens in the Receivership Estate. In connection with the transfer of the cryptocurrency out of the Receivership Estate, the Court conducted a series of hearings. On November 6, 2023, the Court entered an Order: (i) imposing sanctions on Mr. Ikkurty in the amount of \$13,817,000 and a \$1,000 per day fine for each day that Mr. Ikkurty does not pay the fine or return the assets. The Court required Mr. Ikkurty to pay the fine by the close of business on November 6, 2023. Mr. Ikkurty has not paid that fine and stands in violation of that Order.

e) Corporate Filings

The Receiver filed various reports, paid annual filing fees and taxes, and extended and/or secured registered agents for Fund I, Fund II, and Seneca Ventures. The Receiver filed these reports and paid the taxes to keep the entities in good standing in their respective states of incorporation and/or organization.

f) Potential Violations of the Asset Freeze

Mr. Ikkurty retained new counsel who appeared on his behalf in this matter on December 26, 2023. The Receiver issued a subpoena to Mr. Ikkurty's attorneys, and learned that Mr. Ikkurty paid, or caused to be paid, more than \$150,000 to those attorneys. The Receiver issued a subpoena to Mr. Ikkurty seeking documents relating to his assets generally, as well as the source of the payments to counsel. Mr. Ikkurty through counsel, refused to accept service of that subpoena. On January 24, 2024, the Receiver filed a motion with the Court seeking an Order allowing service of the subpoena on Mr. Ikkurty through alternative means. The Court has scheduled a hearing on that Motion on March 1, 2024, at 1:00 p.m. Central time. On January 25, 2024, the CFTC filed a motion seeking an Order allowing the CFTC to conduct discovery as to

the source of the funds used to pay Mr. Ikkurty's counsel. The Receiver believes that Mr. Ikkurty's possession of the funds he used to pay counsel (regardless of the source of those funds) constitutes a violation the asset freeze the Court imposed on May 11, 2022.

In addition, Mr. Ikkurty is in violation of the Court's Order requiring Mr. Ikkurty to provide an accounting to the Receiver and to cooperate with the Receiver. The Court froze all of Mr. Ikkurty's assets on May 11, 2022. (Dkt. 17) The Court's May 11, 2022, Order Appointing the Temporary Receiver required Mr. Ikkurty to, "Provide the Temporary Receiver with a full detailed accounting of all funds, records, and assets, including the assets inside and outside of the United States that are held by each Defendant and Relief Defendant, for their benefit, or under their direct or indirect control, whether jointly or singly." (Dkt. 18, p. 6) Despite multiple requests, Mr. Ikkurty has not provided the Receiver with the "full detailed accounting" of his assets that the Court previously Ordered. Indeed, the Receiver repeatedly demanded that accounting from Mr. Ikkurty's prior counsel. Mr. Ikkurty failed to comply with those requests, forcing the Receiver to seek those documents via the above-described subpoena. Despite the Court-ordered accounting, Mr. Ikkurty remains steadfast in his refusal to comply with the accounting Order.

II. Receivership Fees and Expenses

The Qualified Settlement Fund currently holds approximately \$8,590,088.67 in cash, and digital assets which the website www.zapper.xyz values at approximately \$50,000. During the period November 1, 2023, through January 31, 2024, the Receivership incurred approximately \$77,939 in expenses, including tax, accounting, legal, claims processing and website fees.

On January 9, 2024, the Court issued an Order (Dkt. 325) approving in part, and denying in part, the Receiver's Sixth Request for Reasonable Compensation. The Receiver has paid the

vendors in accordance with the Court's Order. The Receiver's next request for reasonable compensation is due on February 15, 2024. 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.

III. Conclusion

In conclusion, the Receiver will continue to preserve assets while investigating the existence of other assets. The Receiver respectfully requests that this Court set a date for the next report to the Court on or before May 1, 2024.

Dated: February 1, 2024

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 February 1, 2024, 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: February 1, 2024

/s/ Daryl M. Schumacher