

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

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| COMMODITY FUTURES TRADING COMMISSION, |) | |
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| Plaintiff, |) | Civil Action No. 22-cv-02465 |
| |) | |
| v. |) | Honorable Mary M. Rowland |
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| SAM IKKURTY A/K/A SREENIVAS I RAO, RAVISHANKAR AVADHANAM, AND JAFIA, LLC, |) | Magistrate Judge Cummings |
| |) | |
| Defendants, |) | |
| |) | |
| IKKURTY CAPITAL, LLC D/BA/ ROSE CITY INCOME FUND I, LP, ROSE CITY INCOME FUND II LP, AND SENECA VENTURES, LLC, |) | |
| |) | |
| Relief Defendants. |) | |
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RECEIVER’S TENTH 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, 295, 336, 355 and 377) 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 tenth such report.

I. Administration of Receivership Estate

a) Claims and Distribution Process

The claims process is being administered through Stretto with assistance from Kopecky Schumacher Rosenberg, LLC (“KSR”). On or about October 24, 2024, KSR sent claims determination letters via email¹ and U.S. Mail to every investor who submitted a claim. The Receiver approved 170 claims in their entirety, issued partial rejection letters regarding 180 claims, and denied 51 claims in their entirety. Since that mailing, the Receiver and his claims team have been fielding numerous telephone and email inquiries regarding a host of issues. The majority of the inquiries involve investors who did not receive their determination letter and often that is because the email went to their junk or spam folders, and the postal copy is still in transit. The Receiver has posted guidance on the claims process to the Receivership website. The Receiver is encouraging claimants to check their spam and junk folders and to communicate through the receivership email address such that the claims team can monitor and maintain accurate records. The claims team is addressing those inquiries as they are received. Full details of the claims process are set forth in the Receiver’s motion to approve the claims process, (Dkt. 195) which the Court subsequently approved. (See, Dkt. Nos. 278 and 299.) Investors have 90 days from the receipt of a partial or wholesale rejection letter to seek reconsideration of the Receiver’s determination.

b) Profitable Investors

The Receiver is taking steps to recoup the “net profits” from certain investors (i.e., those investors who redeemed their investments for more than their principal investment prior to the

¹ Certain investors did not provide email addresses. Claims determination letters were sent to those investors via U.S. Mail only.

Court-imposed asset freeze). The Receiver initially contacted the profitable investors concerning their improper gains in May of 2023. Upon the finding of liability against Mr. Ikkurty and the other Defendants, the Receiver began taking additional steps to collect those amounts.

Specifically, the Receiver is currently in discussions with an attorney who is considering representing the Receiver in lawsuits against the profitable investors on a contingency basis. If those discussions continue to progress, the Receiver will provide the Court with the details of the proposed engagement and seek the Court's approval to retain counsel for that purpose.

c) Pending Investor Class Actions

As reported in the Receiver's Ninth Status Report (Dkt. 377), the Receiver continues to cooperate with the law firm retained on behalf of certain investors to pursue claims against financial institutions that held investor funds controlled by Mr. Ikkurty. The lawsuit generally alleges that several commercial banks which held accounts for the Funds and their principals violated state securities laws and aided and abetted breaches of fiduciary duty. If successful, the funds recovered will be contributed to the Qualified Settlement Fund ("QSF"). Information about that lawsuit, and the attorneys handling that lawsuit, can be found on the Receiver's website: www.rosecityfundreceivership.com. The Receiver's attorney is monitoring that lawsuit.

d) Communications with Investors

The Receiver regularly posts the material documents in this action to the www.rosecityfundreceivership.com 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. In addition, the Receiver established an email account for the Receivership to communicate with investors. Many investors communicate through the email and others email the Receiver and his attorneys directly. Recent communications relate primarily

to the claims determination letters. The Receiver and/or his claims team responds to those communications as they are received.

e) Tax Returns and Accounting

As previously reported, there will be no individual K-1s issued to investors for 2023 or any subsequent years. The assets are held in the QSF. Miller Kaplan has been timely filing the quarterly tax returns and obtained an extension to file the QSF's final tax returns for tax year 2023. On October 14, 2024, the Receiver caused tax year 2023 income tax returns to be filed with the State of Illinois and with the Internal Revenue Service for the United States. The returns showed a net operating loss of \$87,774. Together with the net operating loss from tax year 2022, the Qualified Settlement Fund retains a carry-over net operating loss of \$187,422.00.

f) Liquidation of Digital Assets

Upon the CFTC's recovery of the stolen digital assets in August 2024, the Receiver retained a consulting firm, Ankura, to replace Project B and advise the Receiver on best practices for securing and liquidating the digital assets. After consultation, the Receiver opened an account with Coinbase Prime and transferred the recovered assets into that account. The Receiver brought a Motion to Liquidate Digital Assets (Dkt. No. 409) which the Court granted on October 17, 2024. (Dkt. No. 408) On October 23, 2024, with the assistance of the Coinbase Trading Desk, the Receiver liquidated approximately \$18 million dollars in digital assets. The liquidation took place over the course of 4 hours, and the digital assets were successfully sold in exchange for U.S. dollars without negatively affecting the market price for the digital assets. The Receiver then transferred the funds to the previously established bank account for the QSF. The Receiver continues to hold a *de minimis* amount of digital assets that require additional steps to be performed prior to liquidation. The Receiver is in the process of liquidating those remaining digital

assets.

g) Attorneys' Fees Returned to Receivership Estate

On October 3, 2024, the Court Ordered that Mr. Ikkurty, Jafia, LLC, Vadim Glozman, and Nishay Sunan return \$100,000 in fees paid to Messrs. Glozman and Sunan. (Dkt. No. 401) Mr. Glozman delivered a check in the amount of \$100,000 in satisfaction of the Court's Order on October 15, 2024. The Receiver has deposited those funds into the bank account for the QSF.

II. Receivership Fees and Expenses

The QSF currently holds approximately \$ 26,458,386.52 in cash. During the period August 1, 2024, through October 31, 2024, the Receivership incurred approximately \$51,133.75 in expenses, including tax, accounting, legal, claims processing, and website fees that will be provided with more detail in the Receiver's Request for Reimbursement of Fees and Expenses. In addition to those expenses, the Receiver personally paid \$28,250.00 to Rhino.fi, the platform that assisted the CFTC with the recovery of the stolen digital assets, to compensate it for fees and expenses it incurred freezing and recovering the assets. The Receiver also personally paid for the assistance of Ankura Consulting in planning for the recovery and securing of the digital assets. The Receiver will not seek reimbursement of those expenses.

On September 16, 2024, the Court issued an Order (Dkt. 390) approving the Receiver's Ninth Request for Payment of 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 November 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 with efforts 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 February 1, 2025. Finally, the Receiver will promptly post this status report to the receivership website.

Dated: November 1, 2024

Respectfully submitted,

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| <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></p> <p><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 November 1, 2024, I electronically filed the foregoing Receiver's Tenth 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: November 1, 2024

/s/ Daryl M. Schumacher