

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

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SECURITIES AND EXCHANGE COMMISSION, :
 :
Plaintiff, :
 :
-v- :
LEGEND VENTURE PARTNERS LLC, :
 :
Defendant. :
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No. 1:23-cv-05326-LAK

THE RECEIVER’S SECOND QUARTERLY STATUS REPORT TO THE COURT

Melanie L. Cyganowski, the receiver (the “*Receiver*”) for Legend Venture Partners LLC (“*LVP*”), Legend Ventures Fund 1 LLC, Legend Ventures Fund 2 LLC, Legend Ventures Fund 3 LLC, Legend Ventures Fund 4 LLC, Legend Ventures Fund 5 LLC (collectively, the “*LV Funds*”, and together with LVP, the “*Receivership Entities*” or “*Legend*”), by her undersigned counsel, hereby submits this Second Quarterly Status Report, covering the period from October 1, 2023, through and including December 31, 2023 (the “*Reporting Period*”), as required by the Order Appointing Receiver [Dkt. No. 33] (the “*Receivership Order*”),¹ entered on July 7, 2023, which appointed the Receiver for the estate of the Receivership Entities (the “*Receivership Estate*” or “*Receivership*”).²

¹ Capitalized terms used but not defined herein shall have the same meanings ascribed in the Receivership Order.
² The Receiver already reported on a portion of her activities during the Reporting Period in her First Quarterly Status Report to the Court [Dkt. No. 55] dated October 30, 2023. Similarly, as 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.

I. Preliminary Statement

A. Summary of Activities During the Reporting Period

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

- (i) took steps to identify and obtain the Receivership Entities' books and records;
- (ii) reviewed information and documents with respect to the Receivership Entities' historical financial affairs and interactions with investors and creditors;
- (iii) took steps to take inventory and marshal the Receivership Entities' Shares⁴ in specific private companies (each a "*Pre-IPO Company*");
- (iv) analyzed tax issues related to the Receivership;
- (v) communicated with the Receivership Entities' legacy attorneys;
- (vi) communicated with investors and purported creditors of the Receivership Entities; and
- (vii) prepared and filed the *Receiver's First Quarterly Status Report to The Court* [Dkt. 55] (the "*First Quarterly Report*").

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Ownership of Pre-IPO Shares

During the Reporting Period, the Receivership Team took steps to identify the Pre-IPO Shares held by Legend and to determine how the Pre-IPO Shares were acquired and are held.

³ The Receiver's retained professionals include Otterbourg P.C. ("*Otterbourg*") as the Receiver's legal counsel, Stout Risius Ross, LLC ("*Stout*") as the Receiver's financial advisor, and Berkeley Research Group, LLC as her tax advisor ("*BRG*," and along with Otterbourg and Stout, "*Receivership Team*").

⁴ 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. LVP purchased Pre-IPO interests primarily through (i) interests in special purpose vehicles ("*SPVs*"), which are non-Legend entities controlled by third-parties that invested in Pre-IPO Companies; and (ii) forward contracts. Solely for convenience, this Report refers to "Shares" to include all such interests acquired by the Receivership Entities.

Additionally, Otterbourg contacted certain counter-parties concerning the Receivership Entities' purchase of Pre-IPO Shares prior to the Receiver's appointment.

B. The Receivership Entities' Financial and Operational Information

During the Reporting Period, the Receivership Team gathered information pertinent to administration of the estate, including information with respect to the business operations of Legend, the investors in the LV Funds, and Legend's holdings of Pre-IPO Shares. During the Reporting Period, in accordance with the Receivership Order, Otterbourg issued multiple requests to Legend's legacy counsel ("*Legacy Counsel*") for the turnover of certain electronic data (the "*Electronic Data*") that Otterbourg understands may be in Legacy Counsel's possession.

During the Reporting Period, Otterbourg communicated with Legacy Counsel to obtain the Electronic Data but Legacy Counsel, now representing three individuals associated with Legend (Mario Gogliormella, Steve Lacaj, and Adam Ibrahim), from who the Electronic Data may have been collected, has advised that the Electronic Data will not be produced. The Receiver reserves her rights and remedies to obtain the requested Electronic Data.

C. Taxes

On October 6, 2023 notices were received from the State of New York ("*NYS*") asserting that the tax returns filed on September 15, 2023 were filed late (the "*Late Filing Notices*"). In the Late Filing Notices, NYS had assessed penalties against the Receivership Entities in the total amount of \$90,000 for the late filing. *See* First Quarterly Report, at fn. 4. The Receiver has learned that prior to the Receivership, the Receivership Entities' legacy accountant did not file timely extensions with NYS, due on March 15, 2023, to extend the date to file the tax returns to September 15, 2023. BRG has been in communication with the NYS tax authorities to seek to remove the penalties assessed in the Late Filing Notices. The NYS tax authorities have now agreed to remove substantially all of the penalties, and as of December 31, 2023, only two of the Receivership

Entities had remaining balances related to the Late Filing Notices totaling approximately \$8,000 (a reduction of \$82,000).⁵

D. Purported Obligations of the Receivership Entities

The Receiver and her team worked to identify ongoing purported obligations of the Receivership Entities for the purpose of minimizing or eliminating them. The Receiver reserves her right to dispute any of the purported obligations of the Receivership Entities.

E. Plan of Distribution

During the Reporting Period, the Receiver worked on analyzing issues related to a plan of distribution (a “*Plan*”), including considering the timing of a Plan. The Receiver expects to begin drafting plan documents after she has conducted further due diligence, including the investigation of potential causes of action, understanding the assets that are available for distribution, and forming a process for claims of investors and creditors.

F. Communications with Investors and Parties-In-Interest

The Receiver maintains a dedicated email address for inquiries (legendreceivership@stout.com). During the Reporting Period, the Receivership Team responded to phone calls and correspondence from investors and purported creditors and communicated with those parties. As of mid-January 2024, the Receivership Team has received or made over 190 individual communications by phone and email with parties-in-interest, including receiving inquiries from over 110 investors and other parties-in-interest.

⁵ The two entities with remaining balances are LVF 3 and LVF 5.

G. The First Status Report

In accordance with Section XIV of the Receivership Order, during the Reporting Period, the Receiver and members of the Receivership Team drafted a report and accounting of Receivership assets. On October 30, 2023, the Receiver filed the First Quarterly Report.

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

Attached hereto as **Exhibit A** is the Standardized Fund Accounting Report (“*SFAR*”) as of December 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 December 31, 2023, the Receivership Entities had \$0 in cash.

On November 14, 2023, the Receiver, Otterbourg, Stout, and BRG submitted applications for compensation for the Third Quarter 2023 in the total amount of \$199,038.46 [Dkt. Nos. 56, 59, 62], which remain pending before the Court.

The fees and expenses for the Receiver, Otterbourg, Stout and BRG that have been incurred during the Reporting Period total in the amount of \$46,161.49.

B. Cash disbursements and receipts

Cash disbursements during the Reporting Period totaled \$0.

Cash receipts during the Reporting Period totaled \$0.

IV. RECEIVERSHIP PROPERTY AND PRE-IPO SHARES

As of December 31, 2023, the primary assets of the Receivership Estate consisted of Pre-IPO Shares, including holdings in SPVs and forward contracts.

At the time of this report, the Receiver continues to collect and review financial information with respect to the Receivership Entities, including the ownership of the Pre-IPO Shares. As alleged in the Complaint, LVP purchased the Pre-IPO Shares for \$22 million. The current value

of the Receivership Entities' investment portfolio has not been determined and is subject to change based on the market for Pre-IPO Shares.

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

The Receiver is continuing to investigate potential liquidated and unliquidated causes of action, if any held by the Receivership Entities. The Receivership Entities may have causes of action against a number of parties which the Receiver is considering. The Receiver cannot at this time state whether any actions will be commenced and, if commenced, their value or the likelihood of collecting on any judgment that may ultimately be obtained.

VI. CLAIMS ANALYSIS

The Receiver has not yet initiated a formal claims process. As noted, the Receiver has been assembling information with respect to investors and is considering the timing and implementation of a claims process in an effort to make the claims process as efficient as possible.

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 Legend. 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.

VIII. CONCLUSION

The Receiver cannot at this time state when she expects the case to be concluded. The Receiver is working to (i) marshal all of the Receivership Entities' assets for the benefit of

investors and creditors; (ii) gather information related to the Receivership Entities' financial and operational information; and (iii) analyze issues related to a Plan.

Dated: January 30, 2024
New York, New York

OTTERBOURG P.C.

By: /s/ Erik B. Weinick
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*Counsel for Melanie L. Cyganowski,
as Court-Appointed Receiver*

STANDARDIZED FUND ACCOUNTING REPORT for LEGEND RECEIVERSHIP - Cash Basis
 Receivership; Civil Court Docket No. 1:23-cv-05326-LAK
 Reporting Period 10/01/2023 to 12/31/2023

FUND ACCOUNTING (See instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/01/2023):			\$ -
	<i>Increase in Fund Balance:</i>			
Line 2	Business Income	\$ -		
Line 3	Cash and Securities	-		
Line 4	Interest/Dividend Income	-		
Line 5	Business Asset Liquidation	-		
Line 6	Personal Asset Liquidation	-		
Line 7	Third-Party Litigation Income	-		
Line 8	Miscellaneous - Other	-		
	Total Funds Available (Lines 1 - 8):		\$ -	\$ -
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors		\$ -	
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ -		
Line 10b	Business Asset Expenses	-		
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		\$ -	
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	<i>Distribution Plan Development Expenses:</i>			
	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	<i>Distribution Plan Implementation Expenses:</i>			
	1. Fees:			
	Fund Administrator.....	\$ -		
	IDC.....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisors.....	-		
	Tax Advisors.....	-		

STANDARDIZED FUND ACCOUNTING REPORT for LEGEND RECEIVERSHIP - Cash Basis
Receivership; Civil Court Docket No. 1:23-cv-05326-LAK
Reporting Period 10/01/2023 to 12/31/2023

	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	-		
	<i>Total Plan Implementation Expenses</i>	\$ -		
	Total Disbursement for Distribution Expenses Paid by the Fund		\$ -	
Line 12	Disbursements to Court/Other:			
Line 12a	<i>Investment Expenses/Court Registry Investment System (CRIS) Fees</i>	\$ -		
Line 12b	<i>Federal Tax Payments</i>	-		
	Total Disbursements to Court/Other:		\$ -	
	Total Funds Disbursed (Lines 9 - 11):		\$ -	
Line 13	Ending Balance (As of 12/31/2023):			\$ -
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	<i>Cash & Cash Equivalents</i>	\$ -		
Line 14b	<i>Investments</i>	-		
Line 14c	<i>Other Assets or Uncleared Funds</i>	-		
	Total Ending Balance of Fund - Net Assets			\$ -

OTHER SUPPLEMENTAL INFORMATION:

		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	<i>Plan Development Expenses Not Paid by the Fund:</i>			
	1. Fees:			
	Fund Administrator.....	\$ -		
	Independent Distribution Consultant (IDC).....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisors.....	-		
	Tax Advisors.....	-		
	2. Administrative Expenses	-		
	3. Miscellaneous	-		
	<i>Total Plan Development Expenses Not Paid by the Fund</i>		\$ -	
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund:</i>			
	1. Fees:			
	Fund Administrator.....	\$ -		
	IDC.....	-		
	Distribution Agent.....	-		
	Consultants.....	-		
	Legal Advisors.....	-		

STANDARDIZED FUND ACCOUNTING REPORT for LEGEND RECEIVERSHIP - Cash Basis
Receivership; Civil Court Docket No. 1:23-cv-05326-LAK
Reporting Period 10/01/2023 to 12/31/2023

	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	-		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>		\$ -	
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>	\$ -	\$ -	
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			\$ -
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	<i>Investment Expenses/CRIS Fees</i>	\$ -		
Line 16b	<i>Federal Tay Payments</i>	-		
	Total Disbursements to Court/Other Not Paid by the Fund:		\$ -	\$ -
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
	<i># of Claims Received This Reporting Period.....</i>			
	<i># of Claims Received Since Inception of Fund.....</i>			
Line 19	No. of Claimants/Investors:			
	<i># of Claimants/Investors Paid This Reporting Period.....</i>			
	<i># of Claimants/Investors Paid Since Inception of Fund.....</i>			

Receiver:

By: /s/ Melanie L. Cyganowski

(signature)

Melanie L. Cyganowski, as Receiver

(printed name)

Court Appointed Receiver

(title)

Date: January 30, 2024