

**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 FIRST QUARTERLY STATUS REPORT 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 First Quarterly Status Report, covering the period from July 7, 2023, through and including September 30, 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 the letter to the Court [Dkt. No. 46] dated August 2, 2023, in which the Receiver requested an extension of time for the Receiver to file this first status report, from August 7, 2023 to October 30, 2023. On August 3, 2023, the Court approved the Receiver’s requested extension [Dkt. No. 47]. 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.

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 team:

- (i) took control of the Receivership Entities' pre-existing bank and financial accounts;
- (ii) prepared and filed the applications to retain Otterbourg P.C. ("**Otterbourg**") as her legal counsel [Dkt. No. 44], Stout Risius Ross, LLC ("**Stout**") as her financial advisor [Dkt. No. 45], and BRG as her tax advisor [Dkt. No. 51] ("**BRG**", and along with Otterbourg and Stout, the "**Receivership Team**");
- (iii) took steps to identify and take control of the Receivership Entities' books and records and ascertain information about the Receivership Entities;
- (iv) travelled to the office space that was maintained by the Receivership Entities, located at 90 Broad Street New York, New York (the "**New York Office**"), to inspect the space, and take control of hard copy documents and electronic devices;
- (v) reviewed information and documents with respect to the Receivership Entities' historical financial affairs and interactions with investors and creditors;
- (vi) filed the Receivership Order in accordance with 28 U.S.C. § 754 in certain United States District Courts in the United States;
- (vii) took steps to take inventory and control of the Receivership Entities' Shares³ in specific private companies (each a "**Pre-IPO Company**");

³ 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.

- (viii) analyzed tax issues related to the Receivership;
- (ix) communicated with the Receivership Entities' legacy attorneys and tax accountant;
- (x) prepared and filed 2022 tax returns and issued 2022 Schedule K-1s, which were not filed as of the time of the Receiver's appointment;
- (xi) reviewed pending litigation against the Receivership Entities; and
- (xii) communicated with investors and purported creditors of the Receivership Entities.

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Control of Receivership Entities' Bank Accounts

With the assistance of her professionals, during the Reporting Period, the Receiver took control of the Receivership Entities' bank accounts that existed as of her appointment (the "*Legacy Accounts*"). The Receivership Order at Exhibit A identifies six Legacy Accounts that are listed as being maintained at Flagstar Bank N.A. f/k/a Signature Bank ("*Flagstar*"). Immediately upon the Receiver's appointment, the Receiver and her professionals took steps to contact Flagstar, provided it with written notice of the Receivership Order, and obtained online access to the Legacy Accounts. At the time that the Receiver was appointed, the Legacy Accounts had (and continue to have) a zero balance.

B. The Receivership Entities' Financial and Operational Information

At the Receiver's direction immediately after her appointment, the Receivership Team took steps to gather information pertinent to administration of the estate. On July 8, 2023, the Receivership Team sent Legend's legacy counsel an initial written request for information (the "*Initial Request*"), including information with respect to the investors in the LV Funds and the Pre-IPO Share holdings of each LV Fund. The Receivership Team has received certain financial information from Legend's legacy counsel.

Additionally, during the Reporting Period, the Receivership Team has communicated with Legend's legacy accountant. The legacy accountant has provided the Receiver with certain documents and information regarding Legend's books and records, including among other things backup copies of Legend's QuickBooks records and copies of Legend's bank statements.

The Receivership Team changed the Receivership Entities' mailing address on file with the United States Postal Service, to facilitate forwarding of the Receivership Entities' mail to the Receiver.

C. Books and Records and Control of Data Systems

During the Reporting Period, the Receiver was provided credentials for the Receivership Entities' pre- Receivership public-facing website (which is now inactive), Google Drive, and Microsoft 365. Further, and as discussed below, the Receiver has retrieved hard copy documents located at the Receivership Entities' office in New York, New York, as well as three laptop computers.

D. The New York Office Space

Prior to the appointment of the Receiver, on February 9, 2023, LVP leased the New York Office, at a monthly cost of \$1,200. During the Reporting Period, members of the Receivership Team inspected the space and took control of hard copy documents and electronic devices (including two computers) located there. The leasing agent has advised the Receivership Team that prior to the Receiver's appointment, LVP terminated the lease effective as of July 31, 2023. During the Reporting Period, the Receivership Team vacated the New York Office and returned keys and building access cards to the leasing agent. The leasing agent has further advised the Receivership Team that there is \$1,200 owed for past rent, and that the leasing agent is holding a \$1,200 security deposit.

E. Ownership of Pre-IPO Shares

Based on submissions in this action, over 90% of Legend's ownership interests in Pre-IPO Shares are held through membership interests in SPVs that are managed by an entity known as Midway Venture Partners, LLC (*See* Declaration of Patrick Power [Dkt. No. 23]). The Receiver has been in contact with Midway Venture Partners, LLC, concerning Legend's ownership interests and these discussions are ongoing.

F. 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, including, for example, credit cards. The Receiver confirmed that the credit card account has no outstanding balance and is closed. The Receiver reserves her right to dispute any of the purported obligations of the Receivership Entities.

G. Taxes

Members of the Receivership Team communicated with the Receivership Entities' legacy tax accountant to understand the Receivership Entities' tax situation, obtain financial documents and understand the services that the accountant provided to the Receivership Entities.

Additionally, members of the Receivership Team prepared the Receivership Entities' 2022 tax returns that were filed on September 15, 2023 and the 2022 Schedule K-1s that were issued to investors on or about that date.⁴

⁴ The Receiver learned on October 6, 2023, when it received certain notices from the State of New York ("*NYS*"), that NYS asserts that the tax returns filed on September 15, 2023 were filed late (the "*Late Filing Notices*"). In the Late Filing Notices, NYS has assessed penalties against the Receivership Entities in the total amount of \$90,000 for the late filing. The Receiver has learned that prior to the Receivership, the Receivership Entities 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 (the "*NY Extensions*"). The Receiver has learned that the Receivership Entities' legacy accountant had prepared NY Extensions but due to an unexplained error, the NY Extensions were not filed by the legacy accountant. The Receiver has been in communication with the NYS tax authorities to seek to remove the penalties assessed in the Late Filing Notices.

H. Retention of Professionals

After the Court entered the Receivership Order, the Receiver filed an application to retain Otterbourg as her counsel [Dkt. No. 41], an application to retain Stout as her financial advisor [Dkt. No. 43] and an application to employ BRG as her tax advisor [Dkt. No. 49]. The Court approved the retentions by Orders dated on July 31, 2023 [Dkt. Nos. 44 and 45] and September 11, 2023 [Dkt. No. 51].

I. Filing of Receivership Order in the United States District Courts and Notice to the IRS of the Receiver's Appointment

In accordance with 28 U.S.C. § 754, the Receiver filed copies of the Complaint and the Receivership Order in United States District Courts in districts where the Receiver believes Receivership Property (as defined in the Receivership Order) is most likely to be located.

The Receivership Team prepared the necessary forms to be sent to the IRS with written notice of the Receiver's fiduciary appointment over each of the Receivership Entities.

J. Pending Litigation Against the Receivership Entities

The Receivership Order provides for a stay, with certain exceptions, of civil legal proceedings against the Receivership Entities, including explicitly staying the action styled *Meyer, et al., v. Legend Venture Partners LLC, et al.* 23 Civ. 960-JPO (S.D.N.Y.) (the "***Meyer Action***"). (Receivership Order, Sec. IX).

In the Meyer Action, nine (9) plaintiffs (the "***Meyer Plaintiffs***") commenced an action in the United States District Court for the Southern District of New York by filing a complaint (the "***Meyer Complaint***") against, among others, LVP, Steven Lacaj, and Robert Davy Savage. The Meyer Complaint asserts five causes of action, including violations of the Exchange Act and the Securities Act, and claims concerning Respondeat Superior and Successor Liability.

On July 17, 2023, the Meyer Plaintiffs filed a letter in the Meyer Action, informing the Meyer Court that the Receivership Order stays the Meyer Action subject to further order of the Court in this action [Meyer Action, Dkt. 47].

K. Communications with Investors and Parties-In-Interest

During the Reporting Period, the Receivership Team worked to identify names and contact information for 308 investors in the LV Funds. On August 1, 2023, the Receiver sent these investors introductory correspondence (either by email or USPS) together with notice of the Receivership Order.⁵

The Receiver created 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-October 2023, the Receivership Team has received or made over 100 individual communications by phone and email with parties-in-interest, including receiving inquiries from over 88 investors and other parties-in-interest.

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

Attached hereto as **Exhibit A** is the Standardized Fund Accounting Report (“*SFAR*”) as of September 30, 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 September 30, 2023, the Receivership Entities had \$0 in cash, although they did maintain bank accounts at Flagstar.

⁵ After contacting the 308 investors, the Receiver identified approximately 12 additional investors and has communicated with those investors.

The estimated fees and expenses for the Receiver, Otterbourg, Stout and BRG that have been incurred during the Reporting Period total in the amount of \$202,279.93.

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 September 30, 2023, the primary assets of the Receivership Estate consisted of Pre-IPO Shares, including holdings in SPVs and forward contracts.

The Receivership Order requires the Receiver to report on an inventory of the Pre-IPO Shares held by the Receivership Entities. As described above, the Receiver continues to collect and review financial information with respect to Legend's ownership of Pre-IPO Shares.

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

The Receiver is continuing to investigate potential claims, if any, held by the Receivership Entities. The Receivership Entities may have causes of action against a number of parties 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

The Receiver has not yet initiated a formal claims process. Thus, no claims proceedings have yet been commenced. As noted, the Receiver has been assembling information with respect to investors.

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 expeditiously working to marshal all of the Receivership Entities' assets for the benefit of investors and creditors.

Dated: October 30, 2023
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 07/07/2023 to 09/30/2023

FUND ACCOUNTING (See instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/07/2023):			\$ -
	<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 07/07/2023 to 09/30/2023

	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 MM/DD/YYYY):				\$ -
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 07/07/2023 to 09/30/2023

	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 Tax Payments</i>	-		
	Total Disbursements to Court/Other Not Paid by the Fund:		\$ -	\$ -
Line 17	DC & State Tax Payments			
Line 18	No. of Claims:			
	# of Claims Received This Reporting Period.....			
	# of Claims Received Since Inception of Fund.....			
Line 19	No. of Claimants/Investors:			
	# of Claimants/Investors Paid This Reporting Period.....			
	# of Claimants/Investors Paid Since Inception of Fund.....			

Receiver:

By: /s/ Melanie L. Cyganowski
 (signature)

Melanie L. Cyganowski, as Receiver
 (printed name)

Court Appointed Receiver
 (title)

Date: 10/30/2023