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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ZACHARY J. HORWITZ; and 1inMM
CAPITAL, LLC,

Defendants.

Case No. 2:21-cv-02927-CAS-PD

**QUARTERLY REPORT OF
RECEIVER MICHELE VIVES
(THIRD QUARTER 2023)**

Judge: Hon. Christina A. Snyder
Courtroom: 8D

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1 Michele Vives, the duly appointed permanent receiver (the “Receiver”) of
 2 1inMM Capital, LLC and its subsidiaries and affiliates (“1inMM”), and over assets
 3 that are attributable to funds derived from investors or clients of the above-captioned
 4 defendants (“Defendants”) or were fraudulently transferred by the Defendants
 5 (collectively, the “Estate”), pursuant to Local Rule 66-6 and the *Order on*
 6 *Appointment of a Permanent Receiver* (“Order of Appointment”) entered on January
 7 14, 2022, hereby submits this quarterly report (the “Report”) for the period July 1,
 8 2023 through September 30, 2023 (the “Third Quarter 2023”). This Report details
 9 the Receiver’s principal activities during the Third Quarter 2023 to protect and
 10 administer the Estate and to identify new assets, and lays out the Receiver’s general
 11 strategy to maximize the recovery for the benefit of investors harmed by the Ponzi
 12 scheme perpetrated by Defendants (the “1inMM Ponzi Scheme”).

13 **I. GENERAL RECEIVERSHIP UPDATE**

14 **A. Settlement Activity During the Third Quarter 2023**

15 The Receiver previously reported that, during the First and Second Quarters
 16 2023, she reached three major settlements that, if approved by the Court, would yield
 17 a total of \$14.35 million in settlement value for the Estate, before payment of certain
 18 administrative claims. These settlements are with the former principals of JJMT
 19 Capital, LLC (“JJMT”) (which consist of two separate settlement agreements), and
 20 a law firm that represented 1inMM, the name of which the Receiver agreed to keep
 21 confidential (the “Law Firm”). As discussed below, the Court has since approved all
 22 three of those settlements, and two new settlements are in advanced states of
 23 documentation.

24 All five of these settlements are significant because they simultaneously
 25 resolve pending or threatened litigation by groups of net losing investors in 1inMM.
 26 Although the Receiver has addressed the existing settlements in greater detail in the
 27 motions for their approval, the Receiver now explains how these hard-fought
 28 compromises came about, summarizes their basic terms and provides an update of

1 their status through the Third Quarter 2023. She also previews the terms of the two
2 new settlements that came about during the Third Quarter 2023.

3 **1. Settlement of JJMT-Related Claims**

4 *a. The Investor Claims and the Receiver Claims*

5 As the Receiver discussed in each of her prior quarterly reports, several
6 1inMM investors commenced numerous lawsuits in courts across the country
7 alleging claims associated with Defendants’ fraudulent scheme (defined in the first
8 quarter 2022 report as the “Investor Actions”). It quickly became apparent to the
9 Receiver that the Investor Actions against JJMT and its organizers—all of which
10 were pending in federal and state courts in Chicago—were the most numerous,
11 complex and in need of immediate attention. The principals of JJMT are Joseph
12 deAlteris (“deAlteris”), Jacob Wunderlin (“Wunderlin”) and Matthew Schweinzger
13 “Schweinzger,” and collectively with deAlteris and Wunderlin, “JJ&M”) and Tyler
14 Crookston (“Crookston”).¹

15 The plaintiffs in the Investor Actions (collectively, the “Investor Plaintiffs”)
16 claimed tens of millions of dollars in damages on various legal theories generally
17 asserting that JJ&M and Crookston are liable to them in connection with the 1inMM
18 Ponzi Scheme (collectively, the “Investor Claims”). Crookston and JJ&M
19 vigorously defended the Investor Actions, and asserted several defenses to the
20 Investor Claims that, if sustained, may have resulted in the Investor Plaintiffs taking
21 nothing. The Receiver, meanwhile, asserted that she may avoid and recover certain
22 transfers of money from 1inMM to JJ&M and Crookston as fraudulent transfers
23 under the California Uniform Voidable Transactions Act, Cal. Civ. Code § 3439 et
24 seq. (“UVTA”) (the “Receiver Claims”).

25
26
27
28 ¹ The Receiver addresses JJ&M and Crookston separately because they had separate counsel and their settlements are structured differently.

1 Early on, counsel for the Investor Plaintiffs sought to work with the Receiver
2 to the extent she had claims against the same defendants, and the Receiver entered
3 into common interest agreements with them. At the same time, JJ&M and Crookston
4 expressed interest in settling the Receiver’s potential claims against them, but only
5 so long as the Receiver could somehow concurrently resolve or eliminate the
6 Investor Actions. The Receiver pursued a collaborative approach, spending several
7 months working with the lawyers for all of those parties about ways she might help
8 coordinate and resolve them.

9 *b. The JJMT Mediation*

10 Ultimately, the result was that the Receiver and those litigants agreed to
11 participate in a formal mediation process with the goal of reaching a global
12 settlement of all claims in the Investor Actions as well as any claims the Receiver
13 may have against the same defendants (the “JJMT Mediation”). The parties selected
14 the mediator to be Hon. Sidney I. Schenkier, United States Magistrate Judge for the
15 Northern District of Illinois (retired), and now a neutral with JAMS. The JJMT
16 Mediation occurred in Chicago on January 30-31, 2023, and was successful.

17 To prepare for the JJMT Mediation, the Receiver and her professional staff
18 had to review and analyze tens of thousands of banking transactions and hundreds
19 of financial records associated with 1inMM, JJMT, JJ&M, Crookston and Horwitz
20 covering a several-year period, and then verify those transactions against the 1inMM
21 financial transactions and banking records already in the Receiver’s possession. The
22 verification step ensured that the final net-profit liability numbers were the product
23 of fully vetted records that reflected no material discrepancies. The Receiver’s
24 forensic accounting analysis also required a lot of back-and-forth with counsel for
25 JJ&M and Crookston to request banking documents, wire detail and other
26 information. Fortunately, JJ&M, Crookston and their respective counsel were
27 cooperative and responsive throughout and provided the Receiver with the
28 documents necessary for her to complete this analysis.

1 The Receiver submitted lengthy mediation statements to Judge Schenkier that
2 included a detailed discussion of the applicable legal principles under UVTA and
3 explained why, in the Receiver’s view, JJ&M and Crookston had several million
4 dollars of liability to the estate under UVTA.

5 *c. Settlement with Tyler Crookston*

6 In the week preceding the JJMT Mediation, the Receiver and the Investor
7 Plaintiffs opened negotiations with Crookston (through his counsel) in an attempt to
8 reach a pre-mediation settlement. Those discussions—while hard-fought and
9 sometimes tense—were ultimately successful.

10 As the Receiver described in her motion to approve the settlement with
11 Crookston [ECF #218], Crookston agreed to pay the \$3.85 million to the Estate to
12 resolve the Investor Claims and the Receiver Claims, as well as all potential claims
13 that could be filed against him arising out of or relating to the 1inMM Ponzi Scheme.
14 Even though part of the settlement consideration is to settle the Investor Claims, the
15 Investor Plaintiffs agreed that the entire settlement consideration should be paid into
16 the Estate for the benefit of all creditors. A critical component of the settlement
17 consideration is that the Court enters a “bar order” in Crookston’s favor—essentially
18 a permanent injunction barring any other person or entity from suing him on any
19 claim pertaining to the 1inMM Ponzi Scheme, which is a common component of
20 these sorts of settlements. Any such claim that an allegedly aggrieved 1inMM
21 investor might have would be channeled to the claim process that the Receiver will
22 in the future ask this Court to approve.

23 On May 26, 2023, the Receiver filed a motion to approve the settlement with
24 Crookston. [ECF #218] The Securities & Exchange Commission (“SEC”) filed a
25 notice of non-opposition to the Crookston settlement motion [ECF #227], and on
26 July 5, 2023, the Receiver filed a report that, following service of the Crookston
27 settlement motion on the known creditors of the Estate, no creditor objected to the
28 Crookston settlement [ECF #228]. On July 5, 2023, the Court entered an order

1 approving the settlement with Crookston. [ECF #230]. That order is now final and
2 unappealable. Crookston has paid the entire settlement amount to the Estate.

3 *d. Settlement with JJ&M*

4 The Investor Plaintiffs, the Receiver and JJ&M mediated their respective
5 claims with Judge Schenkier over two marathon in-person mediation sessions in
6 Chicago on January 30 and 31, 2023. Due in no small part to Judge Schenkier's
7 persistence and wisdom, as well as the parties' creativity and willingness to
8 compromise, the JJMT Mediation was a success.

9 Again as a result of her team's searching and thorough forensic accounting
10 analysis, the Receiver determined that JJ&M received net profits (including
11 commissions) as a result of the 1inMM Ponzi Scheme, which are transfers from
12 1inMM subject to avoidance under UVTA, in the following approximate amounts:
13 \$6.63 million (Schweinzger); \$8.30 million (deAlteris); and \$9.35 million
14 (Wunderlin), for a total of about \$24 million. JJ&M vigorously challenged the
15 Receiver Claims against them on multiple grounds, raising complex and serious
16 issues principally about the Receiver's legal ability to recover the transfers from
17 them on a "mere conduit" theory and the potential expiration of the applicable statute
18 of limitations, among other defensive positions. JJ&M also sharply contested their
19 liability to the Investor Plaintiffs for a multitude of reasons. The basic terms of the
20 settlement with JJ&M follow.

21 As a result of the JJMT Mediation, JJ&M jointly agreed to pay the \$9 million
22 to the Estate to resolve the Investor Claims and the Receiver Claims, as well as all
23 potential claims that could be filed against them arising out of or relating to the
24 1inMM Ponzi Scheme, which is more than JJ&M would have paid to resolve only
25 the Receiver Claims. Consistent with the Crookston settlement, the Investor
26 Plaintiffs again agreed that the entire \$9 million of settlement consideration should
27 be paid into the Estate for the benefit of all creditors. So the Receiver agreed to seek
28 approval to pay certain negotiated amounts to counsel for the Investor Plaintiffs in

1 recognition of their assistance in creating a common fund in the Estate. In exchange,
2 the parties will exchange mutual general releases, and the Receiver will ask this
3 Court to enter a bar order enjoining any person or entity from commencing or
4 continuing any claim against JJ&M arising out of or relating to the 1inMM Ponzi
5 Scheme.

6 During the Second and Third Quarters 2023, counsel for the Receiver, the
7 Investor Plaintiffs and JJ&M worked on drafting the settlement agreement and
8 related documentation. On July 31, 2023, the Receiver filed a motion to approve the
9 settlement with JJ&M. [ECF #235] The SEC filed a notice of non-opposition to the
10 JJ&M settlement motion [ECF #236], and on September 6, 2023, the Receiver filed
11 a report that, following service of the JJ&M settlement motion on the known
12 creditors of the Estate, only one creditor objected to the JJ&M settlement [ECF
13 #260]. That creditor filed an objection and a supplemental objection to the JJ&M
14 settlement motion [ECF #260-1, #268], in response to which the Receiver filed
15 replies [ECF #262, #269]. On September 27, 2023, the Court entered an order
16 overruling the creditor's objections and approving the settlement with JJ&M. [ECF
17 #273]. That order is now final and unappealable. JJ&M will make their first
18 installment of settlement payment to the Estate during the fourth quarter 2023.

19 **2. *Settlement with the Law Firm***

20 As the Receiver previously reported, during the First Quarter 2023, she and
21 certain net losing investors in 1inMM (represented by Loftus & Eisenberg, Ltd.
22 ("L&E"), of Chicago, Illinois, the same lawyers who also represented certain
23 Investor Plaintiffs in the JJMT litigation discussed above) (the "Claimant
24 Investors"), jointly reached a settlement with the Law Firm that will result in a
25 payment of \$1.5 million to the Estate. A critical component of this settlement is the
26 Receiver's agreement to keep the identity of the Law Firm strictly confidential, so
27 the Receiver must keep her public comments about this settlement general and brief.

28 The Law Firm represented 1inMM for approximately one year. The Claimant

1 Investors asserted—in private correspondence with the Law Firm as well as its
2 malpractice insurer—that the Law Firm is liable for their losses on theories of
3 malpractice, negligence and aiding and abetting the 1inMM Ponzi Scheme. They
4 threatened legal action against the Law Firm if the parties did not settle. Although
5 the Receiver did not threaten to sue the Law Firm, the Law Firm opened negotiations
6 with the Receiver about the Claimant Investors’ potential litigation, as the Law Firm
7 made clear that any settlement must include a bar order enjoining any similar actions
8 against it. Discussions between the Law Firm, its insurer and the Claimant Investors
9 continued for the better part of a year. The parties eventually agreed to mediate
10 before Bruce Friedman, a JAMS neutral located in Los Angeles. The mediation with
11 Mr. Friedman took place in Los Angeles on March 15, 2023, and was successful.

12 The essential terms of the settlement are that the Law Firm will pay \$1.5
13 million to the Estate to settle both the Claimant Investors’ asserted claims as well as
14 any claims that the Estate may have against the Law Firm, in exchange for mutual
15 general releases and a bar order. The bar order would enjoin any person or entity
16 from commencing or continuing any claim against the Law Firm arising out of or
17 relating to the 1inMM Ponzi Scheme. And, as with the JJMT-related settlements
18 discussed above, because the Claimant Investors have agreed that the entire amount
19 of the settlement consideration should be paid to the Estate for the benefit of all
20 creditors, the Receiver agreed to seek approval to pay certain negotiated amounts to
21 L&E, as counsel for the Claimant Investors, in recognition of their assistance in
22 creating a common fund in the Estate.

23 During the Second Quarter 2023, counsel for the Receiver, the Claimant
24 Investors and the Law Firm worked on drafting the settlement agreement and related
25 documentation. On September 1, 2023, the Receiver filed an application for leave to
26 file under seal the motion approving the settlement with the Law Firm. [ECF #255].
27 On September 22, 2023, the Court held a hearing on the application [ECF #272], and
28 on September 27, 2023 entered an order granting it [ECF #274]. The following week

1 the Receiver filed the motion to approve the settlement, which was pending at the
2 end of the Third Quarter 2023. The Receiver will address subsequent developments
3 in her report covering the fourth quarter 2023.

4 **3. Settlement with the Professional Services Firm**

5 During the Second Quarter 2023, the Receiver reached a settlement with a
6 professional services firm that worked with 1inMM, the name of which the Receiver
7 also agreed to keep confidential (the “Professional Services Firm”). The settlement
8 with the Professional Services Firm, if approved, would yield additional cash for the
9 Estate.

10 The Receiver, the Claimant Investors and the Professional Services Firm
11 agreed to a mediation, which took place in Chicago on May 3, 2023 before Judge
12 Schenkier of JAMS. This mediation was successful as well. As part of the settlement,
13 it was critical to the Professional Services Firm that the Receiver keep its identity
14 confidential, and that she agree not to disclose any of the settlement’s specific
15 financial terms in a quarterly report. Rather, the Receiver will disclose the details of
16 this settlement in a motion for its approval. During the Second and Third Quarters
17 2023, counsel for the Professional Services Firm, the Receiver and the Claimant
18 Investors worked on the basic settlement documentation. During the fourth quarter
19 2023, the Receiver expects to file an application for leave to file under seal the
20 settlement motion with the Professional Services Firm.

21 **4. Settlement with Breakout SPE LLC**

22 During the Third Quarter 2023, the Receiver also reached a settlement with a
23 sub-aggregator of JJMT, Breakout SPE LLC, as well as its managing members,
24 Duncan Davis and Brandon Labrum (collectively, “Breakout”).

25 Settling with Breakout was particularly complicated and took much of 2023
26 for the Receiver to achieve. Breakout’s principals were not only liable to the Estate
27 for having received transfers from 1inMM that were subject to avoidance and
28 recovery under UVTA as fraudulent transfers, but Breakout was also embroiled in

1 contentious litigation pending in Illinois state court with Nalpak I LP, Nalpak II LP,
2 Nalpak Enterprises LLC and Peter Xilas (collectively, the “Nalpak Investors”), an
3 investor group that had lost about \$9 million in the 1inMM Ponzi Scheme. On top
4 of all that, the Claimant Investors also threatened Breakout with contributing to their
5 losses as part of the 1inMM Ponzi Scheme. So, Breakout presented yet another three-
6 way dispute with which the Receiver had to contend.

7 The Nalpak Investors—the largest net losing creditors of the Estate—were
8 intent on vindicating their rights against Breakout and thus were not all that inclined
9 to compromise their claims as part of a larger settlement. Confident in their claims,
10 the Nalpak Investors preferred to continue with their litigation against Breakout to
11 judgment. At the same time, however, Breakout was unwilling to settle with the
12 Receiver unless she either simultaneously brokered a settlement with the Nalpak
13 Investors or agreed to ask the Court to enter a bar order that would terminate the
14 Nalpak Investors’ litigation *and* enjoin any litigation that the Claimant Investors
15 might commence. Those seemingly diametrically opposed objectives and interests
16 made a settlement elusive for most of 2023, despite two separate mediation sessions
17 with Judge Schenkier.

18 Fortunately, and after several months of negotiations, the parties’ creativity
19 and persistence resulted in a settlement. Under the proposed settlement, Breakout
20 will pay a total of \$1,900,000 of cash consideration, with \$1,060,000 to the Nalpak
21 Investors and \$840,000 to the Estate. The payment to the Estate represents about
22 67% of the total transfers that the Receiver could have sued to avoid and recover
23 under UVTA and also resolves the Claimant Investors’ claims. Breakout will make
24 its payment to the Nalpak Investors directly (i.e., outside of the Estate), so that aspect
25 of the settlement will not require this Court’s approval.

26 Considering, however, that the Nalpak Investors will receive that \$1,060,000
27 outside of the Estate on account of their 1inMM Ponzi Scheme losses, the Receiver
28 made sure that the Nalpak Investors would not double recover in a receivership

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1 claims process. The Receiver did that by requiring the Nalpak Investors to reduce
2 their claim against the Estate on a dollar-for-dollar basis. In other words, the face
3 amount of the unsecured claim that the Nalpak Investors will eventually file against
4 the Estate for its 1inMM Ponzi Scheme losses will be reduced by the same amount
5 they are receiving from Breakout—\$1,060,000.

6 Finally, as with the settlements discussed above, because the Claimant
7 Investors have agreed that the entire amount of the settlement consideration should
8 be paid to the Estate for the benefit of all creditors, the Receiver agreed to seek
9 approval to pay certain negotiated amounts to L&E, as counsel for the Claimant
10 Investors, in recognition of their assistance in creating a common fund in the Estate.

11 During the Third Quarter 2023, the parties came to terms on the settlement
12 and worked on the basic documentation. The Receiver expects to file a motion to
13 approve the Breakout settlement during the fourth quarter 2023.

14 **B. Avoidance and Recovery of Transfers to Net Winners**

15 ***1. Overview***

16 Through the Receiver’s forensic accounting, the Receiver has identified
17 investors who were significant net winners (receiving payments far in excess of the
18 amounts they invested) as well as various persons and entities who were transferred
19 very large sums from 1inMM but do not appear to have been investors in the 1inMM
20 Ponzi Scheme. By identifying these recipients, the Receiver has been able to
21 determine potential fraudulent transfers to both investors and non-investors alike,
22 thereby increasing the pool of potential recovery to the Estate. Settlements that the
23 Receiver reaches with such transferees have been very significant estate assets. The
24 Receiver and her professional staff have, therefore, devoted considerable time and
25 attention to reviewing and analyzing tens of thousands of banking transactions and
26 associated records associated with 1inMM and Horwitz to identify those persons and
27 entities who may have received transfers that are subject to avoidance and recovery.

28 As of this Report, the Receiver and her team have identified approximately

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1 100+ net winners from the 1inMM Ponzi Scheme. The Receiver has been reviewing
2 the financial details of these identified net winners and anticipates initiating
3 settlement conversations and sending settlement demand letters to most of them.

4 Exact details of the Receiver’s negotiations with these net winning transferees
5 obviously must remain confidential for the time being so as not to jeopardize these
6 good-faith settlement discussions. However, once the Receiver reaches a proposed
7 settlement, she will petition the Court to approve any agreement. Should the
8 Receiver determine that a lawsuit is necessary to recoup fraudulent transfers, the
9 Receiver will proceed appropriately.

10 **2. Specific efforts**

11 During the Third Quarter 2023, the Receiver began preliminary settlement
12 discussions with two aggregators of the 1inMM Ponzi Scheme. The Receiver’s
13 forensic accounting analysis indicates that the insiders of those aggregators are
14 significant net winners, and thus liable to the Estate under UVTA for receiving
15 fraudulent transfers.

16 One of those aggregators and its insiders have agreed to a mediation with the
17 Receiver and the Claimant Investors before Judge Schenkier, which the Receiver
18 expects to take place in the first quarter 2024. The Receiver is engaged in more
19 informal settlement discussions with the other aggregator, which the Receiver
20 expects will continue in the fourth quarter 2023 and the first quarter 2024.

21 **C. Forensic Accounting Background and Update**

22 Throughout the duration of the Ponzi scheme, 1inMM engaged in tens of
23 thousands of transactions totaling over \$1 billion (receipts and disbursements). As
24 there were no accounting records, the Receiver has had to reconstruct 1inMM’s
25 transaction history from scratch. To do so has required a continuous forensic
26 accounting analysis that has thus far involved the review of over 2,965 bank
27 statements and encompassed over 24,800 transactions. These numbers are
28 anticipated to increase as the Receiver collects new data. The Receiver and her team

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1 continue to analyze additional records as she uncovers more detail behind the Ponzi
2 scheme and identifies other potential sources of recovery.

3 The forensic accounting analysis is a fundamental element of maximizing the
4 Estate’s recovery, as it enables the Receiver to determine who may be liable to the
5 Estate for receiving fraudulent transfers, and to identify previously unknown assets
6 and obtaining information about 1inMM’s investors.

7 During the Third Quarter 2023, the Receiver and her team continued to obtain
8 and analyze additional bank records from aggregators and sub-aggregators (i.e.,
9 investment feeder funds that invested into other aggregators) which provided further
10 data down to the individual investor level. The process continues to help identify
11 both net winners and net losers, and will thus potentially help with the recovery of
12 additional dollars and assist the Receiver’s team for the claims process. To date, the
13 Receiver has identified a total of 586 investors. The Receiver and her team are
14 continuing to evaluate each of their net loss or net winning positions.

15 The forensic accounting project is in the final phase and is approximately 95%
16 complete. The Receiver and her staff believe that they have mapped nearly all
17 transactions of importance, and they have begun to reconcile and verify amounts
18 invested by certain investors. This will assist with the investor claims process that is
19 anticipated to take place later on in the receivership.²

20 **D. Asset Updates**

21 In addition to the cash on hand detailed in Section II.C. (below), the
22 receivership assets, not including litigation claims, currently consist of: (1) Rogue
23 Black, LLC (“Rogue Black”), (2) LayJax Ventures, LLC (“LayJax”), (3)
24 investments made into sixteen entities of an investor (“Additional Investments”) and
25

26
27
28 ² The Receiver will, at the appropriate time, propose a claims filing, reconciliation, allowance and
payment process for the Court’s consideration and approval.

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1 (4) investments made in potentially eight additional films. The updated details to
2 each of these is outlined below.

3 **1. *Rogue Black***

4 Rogue Black was a film finance and production company in which Horwitz
5 owned a membership interest and invested using 1inMM funds. Ultimately, 1inMM
6 invested approximately \$20 million with Rogue Black, which went on to produce
7 and complete a total of eight films (collectively, the “Produced Films”). The
8 Receiver continues to collect monies owed to Rogue Black in relation to the
9 Produced Films and pursue monies that are owed but have not yet been paid. As
10 noted below, potential further recoveries may be obtained through an eventual sale
11 of the film library.

12 **a. *Payment Dispute and Demand for Arbitration***

13 Through an investigation, the Receiver discovered that Rogue Black is owed
14 a significant amount of money related to distribution rights on one of its films. The
15 Receiver attempted to resolve the issue through discussions with the relevant parties
16 which include Iervolino & Lady Bacardi Entertainment S.p.A. (“ILBE”) and Orion
17 Releasing LLC (“Orion”). However, when it became apparent those discussions
18 were not progressing, the Receiver demanded arbitration pursuant to the applicable
19 agreement between the relevant parties. The Receiver decided it was best to assign
20 the legal work associated with this project to Katten Muchin Rosenman LLP lawyers
21 resident in its Century City office who practice in the area of entertainment law.

22 The parties selected an arbitrator, and attended the first arbitration
23 management conference with the arbitrator on July 17, 2023. Subsequently, the
24 parties have exchanged documents they intend to rely on in connection with the
25 forthcoming hearing. Orion served document requests on both the Receiver and
26 ILBE, to which both parties have responded. The discovery deadline has been set
27 for December 8, 2023, and the hearing is currently set for February 6, 2024.

28 //

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1 for potential opportunities to generate recoveries. The Receiver will provide
2 additional updates as new or meaningful activity occurs.

3 ***3. The Additional Investments***

4 As a part of the Receiver's forensic accounting analysis, the Receiver
5 identified investments of more than \$5.6 million made by ZJH Enterprises, LLC
6 ("ZJH") or 1inMM into Additional Investments, sixteen (16) investment vehicles.
7 ZJH's sole source of funding came from 1inMM. The entities comprising the
8 Additional Investments are each investment vehicles made for the sole purpose of
9 investing into third party start-up companies. Importantly, however, the Additional
10 Investments are all managed or controlled by a principal of one of the aggregators.
11 On September 8, 2022, the Receiver's professional staff issued a letter to the
12 managing member requesting various documents such as financial statements,
13 agreements, and other supporting documents relating to the Additional Investments.

14 In reviewing the production of records from this request, the Receiver
15 discovered that ZJH was the largest investor in the Additional Investments.
16 According to bank records, ZJH invested over \$5.6 million ("Invested Funds") into
17 the Additional Investments. Additional questions remain, compelling the Receiver
18 to continue her investigation into these entities and make additional document and
19 information requests.

20 ***4. Additional Film Investments***

21 As a result of the Receiver's forensic accounting investigation, the Receiver
22 and her staff identified five additional entities that received more than \$13.1 million
23 from 1inMM, which appear to have funded the production of an additional eight
24 films. The Receiver continues to investigate these entities, films and the best avenue
25 to efficiently maximize the recovery from these investments. The Receiver has
26 begun to shift more resources to this potential asset and, pending additional
27 investigation, continues to believe it prudent not to include any additional details on
28 these entities and films in this report so as not to impede, jeopardize or hamper her

1 investigation.

2 **E. Potential Litigation and Engagement of Conflicts Counsel**

3 As noted in previous reports, the Receiver moved the Court to authorize her
4 to engage Raines Feldman as conflict counsel, and the Court granted that motion on
5 January 3, 2023. [ECF #166]

6 The Receiver continues to explore identifying potential causes of action
7 whereby the Receiver may seek to recover funds or assets for the benefit of the
8 estate. To that end, the Receiver has issued subpoenas to investigate potential
9 litigation claims. A subpoena respondent filed a motion to quash the Receiver’s
10 subpoena [ECF #195]. After briefing and argument [ECF #202, #203, #206],
11 Magistrate Judge Patricia Donahue ultimately granted the motion to quash [ECF
12 #250]. On August 28, 2023, the Receiver filed a motion asking this Court to review
13 Judge Donahue’s order [ECF #251], which was being briefed as of the end of the
14 Third Quarter 2023.

15 **II. ACCOUNTING OF RECEIPTS AND DISBURSEMENTS**

16 Attached as Exhibit “A” is a copy of the Standard Fund Accounting Report.
17 Below is a summary of the cash receipts and disbursements from the estate on a cash
18 accounting basis.

19 **A. Cash Receipts**

20 During the Third Quarter 2023, the receivership estate had cash receipts of
21 \$4,567,156. These cash receipts were comprised of (i) \$3,850,000 representing the
22 settlement funds paid by Tyler Crookston, and (ii) \$24,183 related to interest
23 income.

24 **B. Cash Disbursements**

25 During the Third Quarter 2023, cash disbursements totaled \$1,290,279. These
26 disbursements were comprised of (i) \$600,000 paid to Loftus & Eisenberg as part of
27 the agreement in the Tyler Crookston settlement, ii) \$300,422 of Receiver’s fees, iii)
28 \$278,492 of fees paid to Katten Muchin, the Receiver’s counsel, iv) \$100,000 paid

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CHICAGO, IL 60661
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1 to Armstrong and Teasdale, LLP, as part of the agreement in the Tyler Crookston
2 settlement, v) \$4,706 of administrative expenses, vi) \$2,840 of forensic account
3 software costs, and vii) \$215 of bank and other miscellaneous charges.

4 **C. Cash on Hand**

5 As of September 30, 2023, the receivership estate held an ending balance of
6 \$3,276,877.

7 **III. CONCLUSION**

8 The Receiver respectfully requests that the Court grant the motion to approve
9 this Report and award the related relief requested therein.

10 Dated: November 3, 2023

Respectfully submitted,

11 By: */s/Michele Vives*
12 Michele Vives, Receiver

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PROOF OF SERVICE

STATE OF ILLINOIS, COUNTY OF COOK

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Cook, State of Illinois. My business address is 525 W. Monroe St., Chicago, IL 60661.

On November 3, 2023, I served the following document(s) described as:

QUARTERLY REPORT OF RECEIVER MICHELE VIVES (THIRD QUARTER 2023)

as follows:

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed above and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Katten Muchin Rosenman LLP practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

BY E-MAIL OR ELECTRONIC TRANSMISSION: I caused the document(s) to be sent from e-mail address terence.banich@katten.com to the persons at the e-mail addresses listed above. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

BY OVERNIGHT MAIL (FedEx): I enclosed said document(s) in an envelope or package provided by FEDEX and addressed to the persons at the addresses listed above. I placed the envelope or package for collection and overnight delivery at an office or a regularly utilized drop box of FEDEX or delivered such document(s) to a courier or driver authorized by FEDEX to receive documents.

BY PERSONAL SERVICE: I caused said document to be personally delivered the document(s) to the person at the addresses listed above by leaving the documents in an envelope or package clearly labeled to identify the attorney being served with a receptionist or an individual in charge of the office.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

I declare under penalty of perjury under the laws of the State of Illinois that the foregoing is true and correct.

Executed on November 3, 2023, at Winnetka, Illinois.

/s/Terence G. Banich
Terence G. Banich

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STANDARDIZED FUND ACCOUNTING REPORT (CASH BASIS) for
ZACHARY J. HORWITZ; and 1inMM CAPITAL, LLC
RECEIVERSHIP; CIVIL COURT DOCKET NO. 2:21-CV-02927-CAS
REPORTING PERIOD from July 1, 2023 through September 30, 2023

FUND ACCOUNTING (See Instructions):			
	DETAIL	SUBTOTAL	GRAND TOTAL
Line 1	Beginning Balance of the Fund as of July 1, 2023		\$692,973
	<i>Increases in Fund Balances:</i>		
Line 2	Business Income (Receipts)		
Line 3	Cash and Securities		0
Line 4	Interest / Dividend Income		24,183
Line 5	Business Asset Liquidation		
Line 6	Personal Asset Liquidation		
Line 7	Third-Party Litigation		0
Line 8	Miscellaneous - Other		3,850,000
	Total Funds Available (Lines 1-8)		4,567,156
	<i>Decreases in Fund Balance:</i>		
Line 9	Disbursements to Investors		0
Line 10	Disbursements for Receivership Operations		
Line 10a	<i>Disbursements to Receiver or Other Professionals</i>	307,968	0
Line 10b	<i>Business Asset Expenses</i>	3,388	
Line 10c	<i>Personal Asset Liquidation</i>		
Line 10d	<i>Investment Expenses</i>	431	
Line 10e	<i>Third-Party Litigation Expenses</i>		
	1. Attorney Fees	978,492	
	2. Litigation Expenses	0	
	<i>Total Third-Party Litigation Expenses</i>		
Line 10f	<i>Tax Administrator Fees and Bonds</i>	0	
Line 10g	<i>Federal and State Tax Payments</i>		
	Total Disbursements for Receivership Operations	978,492	1,290,279
Line 11	Disbursements for Distribution Expenses Paid by the Fund:		
Line 11a	<i>Distribution Plan Development Expenses:</i>		
	1. Fees:		
	Fund Administrator	0	
	Independent Distribution Consultant (IDC)	0	
	Distribution Agent	0	
	Consultants	0	
	Legal Advisors	0	
	Tax Advisors	0	
	2. Administrative Expenses	0	
	3. Miscellaneous	0	
	<i>Total Plan Development Expenses</i>	0	
Line 11b	<i>Distribution Plan Implementation Expenses:</i>		
	1. Fees:		
	Fund Administrator	0	
	Independent Distribution Consultant (IDC)	0	
	Distribution Agent	0	
	Consultants	0	
	Legal Advisors	0	
	Tax Advisors	0	
	2. Administrative Expenses	0	
	3. Investor Identification:		
	Notice/Publishing Approved Plan	0	
	Claimant Identification	0	
	Claims Processing	0	
	Web Site Maintenance / Call Center	0	
	4. Fund Administrator Bond	0	
	5. Miscellaneous	0	
	6. Fair Account for Investor Restitution (FAIR) Reporting Expenses	0	
	<i>Total Plan Implementation Expenses</i>	0	
	Total Disbursements for Distribution Expenses Paid by the Fund		0
Line 12	Disbursements to Court / Other:		
Line 12a	<i>Investment Expenses / Court Registry Investment System (DRIS) Fees</i>	0	
Line 12b	<i>Federal Tax Payments</i>	0	
	Total Disbursements to Court / Other		0
	Total Funds Disbursed (Lines 9-12)		1,290,279
Line 13	Ending Balance of the Fund as of September 30, 2023		\$3,276,877
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>		\$3,276,877
Line 14b	<i>Investments</i>		0
Line 14c	<i>Other Assets or Uncleared Funds</i>		0
	Total Ending Balance of Fund - Net Assets		\$3,276,877

**STANDARDIZED FUND ACCOUNTING REPORT (CASH BASIS) for
ZACHARY J. HORWITZ; and 1inMM CAPITAL, LLC
RECEIVERSHIP; CIVIL COURT DOCKET NO. 2:21-CV-02927-CAS
REPORTING PERIOD from July 1, 2023 through September 30, 2023**

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		\$0	
	Independent Distribution Consultant (IDC)		0	
	Distribution Agent		0	
	Consultants		0	
	Legal Advisors		0	
	Tax Advisors		0	
	2. Administrative Expenses		0	
	3. Miscellaneous		0	
	<i>Total Plan Development Expenses Not Paid by the Fund</i>			\$0
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund</i>			
	1. Fees:			
	Fund Administrator		0	
	Independent Distribution Consultant (IDC)		0	
	Distribution Agent		0	
	Consultants		0	
	Legal Advisors		0	
	Tax Advisors		0	
	2. Administrative Expenses		0	
	3. Investor Identification:			
	Notice/Publishing Approved Plan		0	
	Claimant Identification		0	
	Claims Processing		0	
	Web Site Maintenance / Call Center		0	
	4. Fund Administrator Bond		0	
	5. Miscellaneous		0	
	6. FAIR Reporting Expenses		0	
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>			0
Line 15c	<i>Tax Administrator Fees & Bonds Not Paid by the Fund</i>			0
	Total Disbursements for Plan Administration Expenses Not Paid by the Fund			\$0
Line 16	Disbursements to Court / Other Not Paid by the Fund:			
Line 16a	<i>Investment Expenses / CRIS Fees</i>		\$0	
Line 16b	<i>Federal Tax Payments</i>		0	
	Total Disbursements to Court / Other Not Paid by the Fund:			\$0
Line 17	DC & State Tax Payments			\$0
Line 18	Number of Claims:			
Line 18a	Number of Claims Received This Reporting Period			0
Line 18b	Number of Claims Received Since Inception of Fund			0
Line 19	Number of Claimants / Investors:			
Line 18a	Number of Claimants / Investors Paid This Reporting Period			0
Line 18b	Number of Claimants / Investors Paid Since Inception of Fund			0

Receiver:

By: Michele Vives
(signature)

Michele Vives
(printed name)

Date: 11/1/2023