

**MICHAEL I. GOLDBERG, RECEIVER**

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May 30, 2024

Dear BKCoin Investors:

You are receiving this communication as you have been identified as a potential investor in (i) BKCoin Multi-Strategy Fund, LP; (ii) BKCoin Multi-Strategy Fund Ltd.; (iii) BKCoin Multi-Strategy Master Fund Ltd.; (iv) BKCoin Management LLC; (v) BKCoin Capital LP; (vi) BK Offshore Fund; and (vii) Bison Digital LLC (collectively, the “Receivership Entities”).

I am writing to provide you with the enclosed Receiver's Fifth Interim Report that was filed on May 21, 2024. This report covers the period of January 1, 2024 up to and including March 31, 2024.

As detailed in prior correspondence, please continue to gather all documents you have with respect to the Receivership Entities that evidence your investment, including transfers of assets (cryptocurrency, cash, etc.) made to or for your benefit. You can upload the documents in a zip file to the following link: <https://firm.akerman.com/#!/sendthisfile>.

Should you have any questions, the [BKCoin@akerman.com](mailto:BKCoin@akerman.com) email address will remain open as a resource to address any investor questions and concerns that you may have pertaining to the receivership proceeding.

Thank you for your cooperation, my team and I will continue to keep you apprised of further developments in the receivership.

Sincerely,



Michael Goldberg, Receiver

Enclosures (1)

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

Securities and Exchange Commission,

Plaintiff,

vs.

Case No. 23-20719-Civ-SCOLA

BKCoin Management, LLC  
and other Defendants.

**RECEIVER'S FIFTH INTERIM REPORT**

Michael I. Goldberg, the Court-appointed receiver (the "Receiver") respectfully files this *Fifth Interim Report* covering the period from January 1, 2024 up to and including March 31, 2024 (the "Reporting Period").

**I. BACKGROUND**

On February 23, 2023, the Securities and Exchange Commission (the "SEC") filed its *Complaint for Injunctive and Other Relief* (ECF No. 1) (the "Complaint") together with its *Motion and Memorandum of Law for Appointment of Receiver* (ECF No. 4) (the "Motion to Appoint Receiver"). The Complaint seeks relief against BKCoin Management LLC and one of its managing members, Min Woo Kang (a/k/a "Kevin Kang") (the "Defendants") and against BKCoin Capital, LP, BK Offshore Fund, Ltd., BKCoin Multi-Strategy Master Fund, Ltd., BKCoin Multi-Strategy Fund, LP, BKCoin Multi-Strategy Fund, Ltd., and Bison Digital LLC (the "Relief Defendants").

As further detailed in the Complaint, from October 2018 through September 2022, BKCoin Management, LLC served as general partner for and investment manager of the following five funds formed to generate profits mainly through investments in cryptocurrency assets: BKCoin Capital, LP (the "Legacy Fund"), BK Offshore Fund, Ltd. (the "Offshore

Fund”), and BKCoin Multi-Strategy Master Fund, Ltd., and its two feeder funds, BKCoin Multi-Strategy Fund, LP (“Multi-Strat Domestic”) and BKCoin Multi-Strategy Fund, Ltd. (“Multi-Strat Offshore”) (collectively, the “Multi-Strat Funds”). Complaint, ¶ 1. The Defendants allegedly raised nearly \$100 million from at least 55 investors, who invested in one or more of the funds or through a separately managed account (“SMA”) managed by the Defendants. *Id.* ¶ 2. A sixth cryptocurrency fund, Bison Digital LLC (“Bison Digital”) received \$12 million from BKCoin Management LLC and the other Relief Defendants for no apparent or legitimate reason. *Id.* ¶ 3.

The SEC filed suit to prevent further fraud and misappropriation of investor money by the Defendants, alleging that Defendants had made false and materially misleading statements to their investors in the course of their offerings, that Defendants had comingled investor assets, made Ponzi-like payments to fund investors in lieu of redemptions, and that assets of the funds were improperly diverted to or for the personal benefit of Defendant Kevin Kang. *Id.* ¶ 2-3. Based on these assertions, the SEC sought the appointment of a receiver over BKCoin Management LLC and the Relief Defendants (collectively, the “Receivership Entities”) as well as entry of order freezing the assets of the Defendants and the Relief Defendants.

On February 24, 2023, the Court entered its *Order of Appointment* (ECF 8) (the “Order of Appointment”), granting the SEC’s Motion to Appoint Receiver and appointing Michael I. Goldberg as Receiver over BKCoin Management, LLC and the Relief Defendants. The Court also entered its *Order Granting Plaintiff Securities and Exchange Commission’s Ex Parte Emergency Motion for Asset Freeze and Other Relief* (ECF No. 9) (the “Freeze Order”).

## **II. ADMINISTRATION OF THE RECEIVERSHIP ESTATES**

### **A. Determination of the Receivership Estate**

Pursuant to the Order of Appointment, the Receiver has the duty to use reasonable efforts to determine the nature, location, and value of all property interests of the Receivership

Defendants and Relief Defendants, including, but not limited to, monies, funds, securities, cryptocurrencies, crypto assets, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly (“Receivership Property” or, collectively, the “Receivership Estates”). Order of Appointment, ¶ 6(A).

The Receiver has determined the nature, location, and value of the following Receivership Property as of the filing of this Fifth Interim Report.

1. Cash On Hand

As required, the Receiver has established a custodial account at a federally insured bank to receive and hold all Receivership Funds. Order of Appointment, ¶ 33. As of the end of Reporting Period, the (i) aggregate amount of Receivership Funds recovered totaled \$6,897,617.28; and (ii) the aggregate amount of cash on hand totaled \$6,325,606.70.<sup>1</sup>

<b>Summary of Cash Assets Transferred to Receivership Estate <sup>2</sup></b>		
<b>Where held</b>	<b>Entity</b>	<b>Amount</b>
BitGo Prime <sup>3</sup>	BK Offshore Fund LTD	\$125,978.45
	<i>Subtotal</i>	<i>\$125,978.45</i>
Circle	BKCoin Multi-Strategy Master Fund LTD (-9315)	\$2,168.00
	BK Offshore Fund LTD (-7629)	\$3,532.00
	<i>Subtotal</i>	<i>\$5,700.00</i>
Bittrex	BKCoin Capital LP	\$675.00
	<i>Subtotal</i>	<i>\$675.00</i>
Gemini	BKCoin Capital LP	\$32,192.48
	<i>Subtotal</i>	<i>\$32,192.48</i>
Silvergate Bank	BKCoin Multi-Strategy Master Fund Ltd. (-5270)	\$1,769,665.75
	BKCoin Multi-Strategy Fund Ltd. (-7060)	\$17,822.71

<sup>1</sup> A consolidated reconciliation of all receipts and disbursements to date is attached hereto and incorporated herein as **Exhibit A**.

<sup>2</sup> Cash balances remain at the following financial institutions: FTX Trading (BK Offshore Fund – \$74,949.44) and Kraken (BK Offshore Fund – \$231.88).

<sup>3</sup> Prior to the Receivership, BitGo Prime liquidated the collateral it held as part of a loan agreement with BK Offshore Fund, generating \$125,978.45 of net excess collateral.

	BKCoin Multi-Strategy Fund Ltd. (-7409)	\$1,000.00
	BKCoin Management LLC (-5478)	\$1,479.99
	BKCoin Capital LP (-5452)	\$8,525.53
	BK Offshore Fund LTD (-5445)	\$1,585.17
	BK Offshore Fund LTD (-5437)	\$726.45
	BK Offshore Fund LTD (-5429)	\$6,521.27
	<i>Subtotal</i>	<i>\$1,807,326.87</i>
TD Bank	BKCoin Management LLC (-9821)	\$2,214.22
	<i>Subtotal</i>	<i>\$2,214.22</i>
Signature Bank	BKCoin Capital LP	\$7,311.41
	BK Offshore Fund LTD	\$10,000.00
	<i>Subtotal</i>	<i>\$17,311.41</i>
Interactive Brokers	BKCoin Management LLC	\$200,434.71
	BKCoin Management LLC	\$127.78
	BKCoin Capital LP	\$205.13
	<i>Subtotal</i>	<i>\$200,767.62</i>
Standard Custody/ Coinbase <sup>4</sup>	BKCoin Multi-Strategy Master Fund Ltd	\$0
	BKCoin Multi-Strat Master FTX	\$686,245.61
	BK Offshore Fund Quant Funding Account	\$0
	DeFi	\$63.63
	GP (Management LLC)	\$2,378,101.35
	Legacy – Class C	\$113,270.50
	MXP – SMAs	\$0
	<i>Subtotal</i>	<i>\$3,177,681.09</i>
Sale of Condominium	Proceeds net of closing costs and tax withholdings	\$1,525,970.14
	<i>Subtotal</i>	<i>\$1,525,970.14</i>
	<b>Grand Total</b>	<b>\$6,895,817.28</b>

## 2. Digital Assets

The Receiver has identified digital assets held at various exchanges as well as digital assets held in a hardware wallet. As of the filing of this Fifth Interim Report, the hardware wallet and its secret key are under Defendant Kang's possession and control. The chart below reflects the quantity and USD value of digital assets contained in three of the Receivership Entity wallets that remain under Defendant Kang's possession and control.

<sup>4</sup> Organized by the Standard Custody vault names. These funds were liquidated through Coinbase after the Court authorized the Receiver to enter into the Coinbase Prime Broker Agreement (ECF No. 76) and pursuant to the Court's *Order Authorizing Liquidation of Cryptocurrency* (ECF No. 42) for a total of \$3,177,681.09 net of fees charged by Standard Custody and Coinbase.

Hardware Wallet Assets		
Wallet Address	Token	USD Value (3/31/2024)
0x70E	aWETH	\$4,906.14
	cETH	\$1,479,618.54
	DAI	\$5.84
	ETH	\$1,707.96
	USDC	\$26,756.37
	USDT	\$3,558.23
	<i>Subtotal</i>	<b><i>\$1,516,553.07</i></b>
0xA32	ETH	\$167.65
	USDT	\$14.10
	<i>Subtotal</i>	<b><i>\$181.75</i></b>
0x7Ac	CREAM	\$34.88
	ETH	\$2,079.82
	NU	\$7,513.04
	USDC	\$0.27
	USDT	\$8.04
	<i>Subtotal</i>	<b><i>\$9,636.04</i></b>
<b>Total</b>		<b>\$1,526,370.86</b>

Additionally, the following chart contains a detailed breakdown of all identified digital assets as of the filing of this Fifth Interim Report. Unless otherwise noted, the Receiver is still in the process of repatriating and liquidating these assets.

Summary of All Cryptocurrency Assets			
Financial Institution	Receivership Entity	Crypto Balance	
<b>Binance</b>	BK Offshore Fund	BTC: 0.00918844	
		ETH: 4.4955	
		USDT: 230,408.240193	
		SOL: 14.985	
		ETHW: 4.49552	
		BNB: 29.17346498	
		MASK: 0.074305	
		WBTC: 0.014920	
		BUSD: 0.32761	
		DOGE: 49,480.156811	
		NFT: 60,414.307925	
		ALGO: 312.865132	
		XVG: 1036748.80	
		LSK: 0.02490	
		SXP: 2.24962212	
		DOT: 99.90000000	
		LUNC: 79.920	
		LINK: 99.90	
			<b>Margin Balance:</b>
			MATIC: 0.06729284
	NEAR: 0.06429111		
	BTC: 1.34865168		
	ONE: 0.08052732		
	MANA: 0.98400206		
	ROSE: 0.06010913		
	SOL: 0.00314133		
	DAR: 0.0940		
	BNB: 0.00001893		
	ETH: 0.00003882		
	NEO: 0.00614998		
	LRC: 0.55621764		
	VET: 0.08410262		
	USDT: 20,109.806357		
	BNX: 0.00017591		
	DASH: 0.00035865		
	LTC: 0.00051489		

		VTHO: 2,649.72671572 BTTC: 5,981,098.90 ENJ: 699.30 LUNA: 24.80917478 <b>Futures Balance:</b> USDT: 104,073.67657374	CRV: 0.07305969 ALICE: 0.00796073 LINK: 0.00779002 FIL: 0.00897096 GALA: 0.19073618 BAT: 0.68012375
<b>BlockFi</b> (in bankruptcy)	BK Offshore Fund	BTC: 0.00056626 ETH: 2.03351546	GUSD: 14,168.553567
<b>Cboe Digital**</b>  **liquidated by Receiver	BKCoin Capital LP	BTC: 0.25304 BCH: 108.23054448  <i>Total Proceeds from Liquidation: \$ 79,600.63 USD          Pending transfer from Coinbase to Receiver's accounts</i>	LTC: 149.66064
<b>Celsius Network</b> (in bankruptcy)	BKCoin Capital LP (listed on schedules under Defendant Kang's name)	<b>Earn Account:</b> BTC 0.00078108225996545 CEL 1.14914830074319 USDC 0.310460141970784	
<b>Delta Exchange</b>	BK Offshore Fund	DETO: 854	
<b>FTX Trading</b> (in bankruptcy)	Multi-Strategy Master Fund Ltd	USDT: 0.0000000075388725	
	BK Offshore Fund	BTC: 0.0115662253075486 USDT: 10,770.4214367904 MOB: 300,605.91912	
<b>Galaxy Digital</b>	BKCoin Management LLC	BTC: 4.85	
<b>Hedera</b>	BKCoin Capital LP	HBAR: 10,183,195.6904716	
<b>Matrixport</b>	BK Offshore Fund	BTC: 46.009858	
<b>OKx</b>	BK Offshore Fund Ltd.	TUSD: 0.0001184 EOS: 0.00004308 BSV: 0.0000088 XRP: 0.000194 ETH: 0.00027449 MCO: 0.00087 GUSD: 0.00086185 FLR: 00002931243 USDT: 34.03889943 BCH: 0.00007025 USDC: 0.00081001 LTC: 0.0059866 BTC: 1.35882982 ETHW: 0.00027449	
	BK Offshore Fund Ltd. (sub-account)	USDT: 494.325925 BTC: 0.225273621 KNC: 0.0000000971385949	
	Multi-Strategy Master Fund Ltd	USDT: 98.99	
<b>Standard Custody**</b>	BKCoin Multi-Strat Master FTX	USDC: 686,193.75 ETH: 0.033	

(by vault name)  <i>**liquidated by Receiver</i>	DeFi	ETH: 0.0373
	GP (Management LLC)	BTC: 59.047686 ETH: 490.565788
	Legacy – Class C	BTC: 3.2198 SOL: 1,999.99

### 3. Real Property

The real property identified to date as belonging to the Receivership Estate is a condominium located at 76 Madison Avenue, Apartment 3A, New York, New York, 10016 (the “Condominium”). The sale of the Condominium closed on November 16, 2023 for a sale price of \$2,230,000. The cash proceeds of the sale net of tax withholdings<sup>5</sup> currently available to the Receivership Estate is \$1,525,970.14.

<b>Summary of All Real Property</b>		
<b>Entity</b>	<b>Address</b>	<b>Sale Price</b>
BKCoin Offshore Fund, Ltd.	76 Madison Avenue, Apartment 3A, New York, New York, 10016	\$2,230,00.00
<b>Total</b>		<b>\$2,230,00.00</b>

### 4. Other Assets

The following chart contains a detailed breakdown of other assets identified as belonging to the Receivership Estate as of the filing of this Fifth Interim Report. The Receiver is unable to ascribe a market value to this subset of Receivership Property at this time.

<b>Summary of Other Property</b>		
<b>Entity</b>	<b>Address</b>	<b>Estimated Value</b>
Bison Digital LLC	\$351,000 Skybridge Kraken Subscription	unknown market value
	\$250,000 Digital Prime DLCC class A units	unknown market value
	\$100,000 “I Got It” common stock	unknown market value
	\$100,000 investment in Margin.Io	unknown market value
	\$100,000 RareMint SAFT	unknown market value

<sup>5</sup> As discussed in Section III(A), in addition to standard closing costs, the Condominium was subject to a 21% tax withholding under the Foreign Investment in Real Property Tax Act (“FIRPTA”) because the Condominium was titled in the name of BK Offshore Fund, a BVI entity.



	\$75,000 subscription in Arca NFT Fund	unknown market value
	\$50,000 SAFE token	unknown market value
	\$50,000 preferred series A stock in TheTie	unknown market value
	\$50,000 in series B stock in CoinRoutes	unknown market value
	<b>Total</b>	<b>unknown market value</b>

**B. Custody, Control and Possession of all Receivership Property and Records.**

Pursuant to the Order of Appointment, the Receiver has the duty “to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto.” Order of Appointment, ¶ 6(B).

1. Receivership Property and Records

The Receiver and his professionals continue to review documents received from third parties in an effort to understand the operations of the Receivership Entities and corresponding flow of funds and in order to identify, freeze, and preserve all Receivership Property, and obtain corresponding records from third parties with whom it is believed the Receivership Entities possess either active or historical account(s). The Receiver’s efforts have resulted in the identification of the Receivership Property detailed above in Section A, as well as an understanding of the nature and extent of the alleged fraud perpetrated in connection with the operation of the Receivership Entities.

The Receiver continues to maintain the Google Workspace used to store the books and records for six of the seven Receivership Entities. However, the Receiver has been unable to secure access to the Google Workspace containing books and records for Bison Digital, the seventh Receivership Entity, as the login information and administrative access are presently under Defendant Kang’s control. Nor has the Receiver been able to obtain the hardware wallet or secret keys described above in Section A. Defendant Kang claims that his Fifth Amendment privilege affords him the right to refuse to provide the Bison Digital login information for the [kevin@bisondigital.io](mailto:kevin@bisondigital.io), [ops@bisondigital.io](mailto:ops@bisondigital.io), and [carlos@bisondigital.io](mailto:carlos@bisondigital.io) accounts; the possession

of the hardware wallet used in the course of the Receivership Entities' business; and the hardware wallet's secret key, which provides access to the funds affiliated with wallet addresses affiliated with the hardware wallet.

## 2. Corporate Organization of and Investors in the Receivership Entities

BKCoin Management LLC is a Delaware limited liability company with its principal place of business in Florida. BKCoin Management employed several employees whose services were terminated in 2022.<sup>6</sup> Carlos Betancourt and Kevin Kang are its founding principals and served as its managing members. Each owned 47.5% of the equity in the company. Peter Dzuba and Brandon Esposito possess the remaining 5% ownership interest, each owning 2.5%.

BKCoin Management, in turn, serves as the general partner of Multi-Strat Domestic<sup>7</sup> and the Legacy Fund<sup>8</sup> and as investment manager for (i) various SMAs, (ii) the Multi-Strat Funds (consisting of Multi-Strat Domestic, Multi-Strat Offshore<sup>9</sup>, and Multi-Strat Master<sup>10</sup>); (iii) the Legacy Fund; and (iv) the Offshore Fund. Betancourt and Kang are sole directors and beneficial owners of both Multi-Strat Master and Multi-Strat Offshore. BKCoin Management is a registered shareholder in possession of 100 Class M Shares, which, per each respective Memorandum of Association, entitles BKCoin Management (and thus, in turn Carlos Betancourt and Kevin Kang) to exclusive control of the Multi-Strat, Legacy, and Offshore Funds.

State Street Corporation ("State Street") served as fund administrator for the Multi-Strat Funds and Formidium Corporation f/k/a Sudrania Fund Services ("Formidium") served as fund

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<sup>6</sup> The Receiver is in the process of identifying and interviewing all former employees and agents.

<sup>7</sup> Multi-Strat Domestic is a Delaware Limited Liability Company organized under the laws of the State of Delaware with its principal place of business in the State of Florida.

<sup>8</sup> BKCoin Capital (the Legacy Fund) is a Delaware limited partnership with its principal place of business in Florida.

<sup>9</sup> Multi-Strat Offshore is a British Virgin Islands company limited by shares, with its principal place of business in British Virgin Islands.

<sup>10</sup> Multi-Strat Master is a British Virgin Islands company limited by shares, with its principal place of business in British Virgin Islands.

administrator for the Legacy Fund and the Offshore Fund.

To date, based upon information provided from the foregoing fund administrators the Receiver has identified: (i) 2 limited partners and 3 shareholders invested in the Multi-Strat Funds; (ii) 44 limited partners invested in the Legacy Fund; and (iii) 7 shareholders invested in the Offshore Fund. The Receiver has also identified from receivership records 6 SMAs entered into by and between various third parties and BKCoin Management.

**C. Engage and Employ Persons**

The Order of Appointment provides that the Receiver is authorized to solicit persons and entities to assist him in carrying out his duties and responsibilities, subject to the approval of the Court. *See* Order of Appointment, ¶¶ 6(F), 56-57.

During the Reporting Period, the Receiver engaged forensic cryptocurrency experts from Coherent Economics to assist with cryptocurrency tracing and accounting in order to properly compute creditor claims, to support potential litigation contemplated by the Receiver, and to provide the Court with the required reporting in administration of the case. ECF Nos. 102 and 105. This is in addition to the attorneys at Akerman LLP who assist the Receiver as counsel in performing ordinary and necessary legal services required in the general administration of this case (ECF Nos. 56 and 61) as well as YIP Associates to assist him in performing ordinary and necessary accounting, forensic accounting, and tax services required in the general administration of this case (ECF Nos. 57 and 62).

With respect to the sale of the Condominium, the Receiver obtained Court approval of the employment of Justin Rubenstein of Compass RE NY, LLC d/b/a Compass for the listing, marketing, and sale of the Condominium and authorization to enter into the attendant listing agreement. ECF Nos. 63 and 66. The Court also approved the Receiver's employment of Kwast Law, PLLC as New York transactional real estate counsel to assist the Receiver in the sale of the

Condominium. ECF. No. 88.

**D. Actions Necessary to Preserve and Prevent Dissipation of Receivership Property**

Given the extreme volatility of the cryptocurrency market, the Receiver's practice has been to transfer cryptocurrency assets of the Receivership Estate to a cryptocurrency depository. Through the second reporting period, the Receiver's process was to transfer the cryptocurrency to Standard Custody & Trust Company, LLC. With the focus now on liquidating cryptocurrency, the Receiver sought and obtained the Court's authority to enter into the Coinbase Prime Broker Agreement, allowing the Receiver to transfer cryptocurrency from Standard Custody to Coinbase for liquidation. ECF No. 76. With respect to cryptocurrency still sitting on exchanges, the Receiver filed the *Uncontested Motion for Clarification* (the "Clarification Motion"), which seeks an order clarifying that the Receiver is exempt from the Court's Asset Freeze Order and can transfer (or instruct third parties to transfer) cryptocurrency from domestic and offshore exchanges to the Receiver's accounts for liquidation. ECF No. 122. The Court granted the Receiver's Clarification Motion on January 11, 2024, ECF No. 126, and the Receiver has been coordinating with exchanges to facilitate the return of cryptocurrency. The cash proceeds from liquidation are transferred to an account at a federally insured bank to receive and hold all Receivership Funds established by the Receiver pursuant to the Order of Appointment, ¶ 33. Additionally, the Receiver anticipates filing motions to compel turnover of Receivership funds in the upcoming reporting period with respect to any uncooperative financial institutions.

**E. Pursue, Resist and Defend all Suits, Actions, Claims and Demands**

1. Crypto Bankruptcies

The Receivership Entities have claims in several crypto-related bankruptcies. The Receiver and his professionals have filed proofs of claim in those proceedings where required and continue to monitor developments and correspond with debtors' counsel.

a. In re BlockFi Inc., et al.

On November 28, 2022, BlockFi Inc. and 8 affiliated debtors (collectively, the “BlockFi Debtors”) each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (Trenton).<sup>11</sup> The Receiver and his counsel have made contact with counsel for the BlockFi Debtors and have timely filed a proof of claims. However, BlockFi objected to all 9 of the Receivership Entities’ claims, which were valued at roughly \$16,000 total while BlockFi claims that it is owed over \$1,000,000 from the Receivership Entities. Based upon the de minimis amount involved, the Receiver decided not to dispute the determination, which would have cost more than the recovery.

b. In re FTX Trading, Ltd., et al.

On November 11, 2022 and November 14, 2022, FTX Trading Ltd. and 101 affiliated debtors (collectively, the “FTX Debtors”) each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.<sup>12</sup> The Receiver and his counsel have made contact with counsel for the FTX Debtors and timely filed proofs of claim preserving any claims the Receivership Entities might have against the FTX Debtors.

c. In re Celsius, et al.

On July 13, 2022, Celsius Network LLC and certain of its affiliates (collectively, the “Celsius Debtors”) filed voluntary petitions for relief under Chapter 11 of the United States

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<sup>11</sup> The cases are pending before the Honorable Michael B. Kaplan and are jointly administered under Case No. 22-19361.

<sup>12</sup> On February 13, 2023, an order was entered dismissing the cases of Debtors, SNG Investments Yatirim Ve Danismanlik Anonim Sirketi (Case No. 22-11093) and FTX Turkey Teknoloji Ve Ticaret Anonim Sirketi (Case No. 22-11170). The remaining cases are pending before the Honorable John T. Dorsey and are jointly administered under Case No. 22-11068.

Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York.<sup>13</sup> The Receiver and his counsel have made contact with counsel for the Celsius Debtors regarding the claim held against the Celsius Debtors.

2. *Canto v. BKCoin Management, LLC et al.*

A former investor, Alejandro Canto, filed suit in the United States District Court for the Southern District of New York, Case No. 22-cv-08858-JPO. The case is styled *Canto v. BKCoin Management, LLC et al.* and names BKCoin Management, Carlos Betancourt and Kevin Kang as defendants. Mr. Canto alleged claims of breach of fiduciary duty, with allegations arising from the purported mismanagement of Mr. Canto's investment by BKCoin Management and its two principals. The District Court for the Southern District of New York entered an Order staying its case on March 30, 2023. The Receiver's counsel and counsel for the other parties coordinated to prepare Joint Status Reports, the first of which was filed October 3, 2023, and the second was filed April 1, 2024. Additionally, Alejandro Canto filed his Renewed Motion to Intervene and to Lift Stay of Litigation Against Carlos Betancourt on March 21, 2024. ECF No. 135.

3. *Kevin Kang v. Michael Goldberg, et al.*

On May 2, 2023, Mr. Kang, through counsel commenced an action in the United States District Court for the Southern District of New York, Case No. 23-cv-03692-JMF, styled *Kang v. BKCoin Management LLC, et al.*, naming BKCoin Management LLC, BKCoin Capital LP, and Michael I. Goldberg in his capacity as Receiver. Mr. Kang's action sought a declaratory judgment and an order compelling Mr. Goldberg to advance legal fees to Mr. Kang under

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<sup>13</sup> On December 7, 2022, GK8 Ltd., GK8 UK Limited, and GK8 USA LLC (collectively, the "GK8 Debtors," ) filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. The cases of the Celsius Debtors and the GK8 Debtors are pending before the Honorable Martin Glenn in the U.S. Bankruptcy Court for the Southern District of New York, and are being jointly administered under Case No. 22-10964.

BKCoin Management LLC's partnership agreement with BKCoin Capital LP, one of the seven Receivership Entities. Mr. Kang filed a Notice of Voluntary Dismissal on May 10, 2023, which was signed by Judge Jesse M. Furman on May 11, 2023.

Also on May 10, 2023, Mr. Kang filed an action the seeking identical relief in the State of New York Supreme Court for New York County, styled *Kang v. BKCoin Management LLC, et al.*, No. 652280/2023. On May 11, 2023, counsel for Mr. Kang requested that Mr. Goldberg accept service on behalf of himself as Receiver and for Defendants BKCoin Management LLC and BKCoin Capital LP. The Receiver declined to accept service, informing counsel for Mr. Kang of the stay of litigation imposed in the Order of Appointment. The following day, May 12, 2023, Mr. Kang filed a Notice of Voluntary Discontinuance of the case.

On November 7, 2023, Mr. Kang filed his *Notice of Motion for a Limited Lift of the Stay of Litigation Against the Receiver, BKCoin Management, LLC, and BKCoin Capital LP or in the Alternative, For an Order Requiring the Receiver to Advance and Indemnify Defendant Kang*. ECF Nos. 107 & 109 (initially filed on November 7, 2023, then refiled again on November 13, 2023) (the "Kang Fee Motion"). The Receiver filed his response in opposition to Mr. Kang's motion on November 21, 2023, arguing that (1) the plain language of the limited partnership agreement limits the assets that can be used for indemnification and the Receiver does not possess any such assets; (2) Mr. Kang is not entitled to an advancement of fees under Delaware law and public policy; and (3) Mr. Kang does not satisfy the three-part test for lifting stays against Receiverships. ECF No. 113.

On March 20, 2024, Mr. Kang filed a Notice of Supplemental Authority regarding his motion to lift the stay against the Receiver or indemnity and advancement of fees. ECF No. 134. Magistrate Goodman issued the Report & Recommendation on Defendant Kang's Motion for a Limited Lift of the Stay of Litigation on March 27, 2024, recommending that the Court deny Mr.

Kang's motion.

4. Investigation of all Other Claims

The Receiver is in the process of investigating claims against parties who dealt with the Receivership Entities prior to the Receivership who may be liable for their conduct. Towards that end, the Receiver has engaged outside counsel on a contingency basis to investigate and potentially prosecute claims against third parties against whom the Receiver believes he may have claims. If it is determined that any such lawsuits should be commenced, the Receiver will file a motion with the Court seeking to formally retain counsel and approve the contingency fee arrangement prior to the filing of any such lawsuit(s).

**III. ACTIONS TAKEN BY THE RECEIVER DURING THE REPORTING PERIOD**

The Receiver continues to utilize the skills of his professionals, including his general counsel Akerman LLP and forensic accountants YIP Associates and Coherent Economics.

**A. Sale of the Condominium**

The Receiver received a \$2,230,000 offer for the Condominium and the Court authorized the sale on August 8, 2023. ECF No. 88. The Receiver allowed Defendant Kang to remain in the Condominium while it was listed for sale on the condition that Defendant Kang remain current on the building's maintenance fees. Upon receiving a non-contingent contract on the Condominium, the Receiver requested that Defendant Kang vacate the Condominium by November 15, 2023. The Condominium sale closed on November 16, 2023.

Additionally, because the titleholder of the Condominium is BK Offshore Fund, Ltd., a BVI entity, the sale was subject to the Foreign Investment in Real Property Tax Act and required paying the IRS 21% of the sale price in addition to standard closing costs and taxes. The Receiver's tax professionals believe that the Receiver has a basis to obtain a refund of this money and the Receiver has instructed his accountants to move forward with attempting to do so.



**B. Recovery and Liquidation of Assets**

Some financial institutions still hold Receivership digital assets, including international exchanges. These assets remain frozen pursuant to the Freeze Order. After extensive discussions with these financial institutions, the Receiver filed the Clarification Motion seeking the entry of an order that will facilitate the transfer of cryptocurrency from domestic and offshore exchanges to the Receiver's cryptocurrency account. ECF No. 122. The Court granted the Receiver's Clarification Motion on January 11, 2024. ECF No. 126.

The Receiver and his professionals continue to coordinate with those financial institutions to transfer the funds as quickly as possible. Once transferred to the Receiver's accounts, the digital assets are liquidated and the proceeds are transferred to the federally insured bank account established by the Receiver.

**C. Ongoing Communications with Investors**

The Receiver and his professionals have spent considerable time communicating with government officials, former employees, creditors, investors, and other interested parties. The Receiver continues to respond to detailed government official and investor inquiries, primarily through video and audio calls. Additionally, the Receiver continues to respond to investor inquiries regarding the K-1s that were distributed during the prior reporting period. The Receiver's tax professionals are now working to prepare tax returns and the 2023 K-1s, which are due September 15, 2024, and will be distributed to investors later this year.

The Receiver and his professionals have established a comprehensive investor contact list for coordinated communication. The Receiver has likewise established an email address for general inquiries [BKCoin@akerman.com](mailto:BKCoin@akerman.com) to provide up to date information for investors and interested parties.

**D. Discovery Production**

The Receiver received document requests from the SEC and Defendant Kang and his professionals have prepared document productions in response to these requests. The Receiver produced a voluminous document production in the beginning of January 2024 and has produced additional documents as requested throughout the Reporting Period.

**E. Forensic Professionals**

The Receiver recognizes the importance of accounting and blockchain forensics in this matter, the results of which will afford all investors with an understanding of the flow of cash and digital assets and may assist in the recovery of misappropriated funds. The Receiver likewise understands the importance of identifying, securing, and monitoring, where appropriate, wallets of interest. The Receiver retained YIP Associates to assist him in performing ordinary and necessary accounting, forensic accounting, and tax services required in the general administration of this case. *See* ECF Nos. 57 and 62. YIP Associates has commenced their analysis of all cash accounts. The Receiver has also retained Coherent Economics to assist with cryptocurrency tracing and accounting in order to properly compute creditor claims, support potential litigation contemplated by the Receiver, and provide the Court with the required reporting in administration of the case. *See* ECF Nos. 102 and 105. Akerman has been working with YIP Associates and Coherent Economics to provide necessary documents for their analysis. Coherent Economics has prepared a database of the trading activity and transfers of digital assets across the cryptocurrency exchanges used by the Receivership Entities. This database continues to be supplemented as financial institutions continue to produce critical documents in response to the Receiver's requests. During the upcoming reporting period, the Receiver's professionals plan to file subpoenas and/or move to compel uncooperative financial institutions to turnover outstanding account data regarding Receivership Entity accounts in order to complete this

project. YIP and Coherent have also built an investor database to determine amounts and timing of capital contributions and redemptions to determine investors' capital balances. Both databases will be used in conjunction with the Receiver's Liquidation Plan discussed below.

#### **F. Liquidation Plan**

The Receiver filed the *Proposed Liquidation Plan* (the "Liquidation Plan") on December 21, 2023. ECF No. 123. The Liquidation Plan outlines the Receiver's plan to accumulate assets and distribute them, with the Court's authorization, on a *pro rata* basis to all creditors with an allowed claim. The assets to be distributed to creditors are the "numerator" and, except for potential litigation recoveries, the numerator is now known. *Id.* at 2. The Receiver and his professionals continue to work to bring these assets in to the Receiver's accounts so that they can be safeguarded and eventually distributed to creditors. The "denominator" – the amount of total claims and each creditor's individual percentage of the claims – is a much more complicated analysis and requires analyzing the "inflows" of funds transferred to the Receivership Entities by creditors versus "outflows" paid by the Receivership Entities back to creditors. *Id.* at 2-3. The Receiver will use the analysis prepared by Coherent Economics to determine when the business went "sideways," thereby establishing a cutoff after which "outflows" to investors are no longer based on legitimate trading gains and ultimately finalizing the "denominator." *Id.* at 3.

Coherent Economics continues to supplement the database as more trading data is received. The Receiver anticipates supplementing the Liquidation Plan during the upcoming reporting period.

#### **G. Receiver's Recommendations**

The Receiver anticipates taking the following actions during the next reporting period: (i) continue to obtain, secure, and liquidate (where appropriate) all assets and documents of the Receivership Entities; (ii) subpoena and/or file motions to compel uncooperative financial

institutions to turnover account data and remaining cryptocurrency belonging to the Receivership Entities; (iii) continue to review and analyze all trading and transaction history of the Receivership Entities; (iii) supplement the Liquidation Plan with the allowed claims; (iv) respond to inquiries from investors, creditors, government officials and interested parties; (v) provide updates through regular communication to investors; and (vi) investigate and commence claims against parties who may be liable to the Receivership Entities or may have assisted the Receivership Entities in the perpetration of any actionable claims in an attempt to recover money for the Estate's creditors.

Dated: May 21, 2024.

Respectfully submitted,

By: /s/ Michael I. Goldberg  
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*Court Appointed Receiver*

# EXHIBIT A

Total Funds Recovered To Date	\$6,897,617.28
Cash Received from Interest Earned on Funds Recovered	\$141,590.38
<i>Total Cash On Hand</i>	<i>\$7,039,207.66</i>
<b>Total Cash on Hand Net of All Costs Paid</b>	<b>\$ 6,325,606.70</b>

Date	Description	Amount	Cumulative Total
1/24/2023	Legal Fees and Costs in State Court Receivership	189,804.50	189,804.50
3/7/2023	Northern District of California - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	189,853.50
3/7/2023	Central District of California - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	189,902.50
3/7/2023	Southern District of California - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	189,951.50
3/7/2023	District of New Jersey - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	190,000.50
3/7/2023	District of Wyoming - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	190,049.50
3/7/2023	Northern District of Texas - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	190,098.50
3/7/2023	Western District of North Carolina - Miscellaneous Filing Fee pursuant to 28 U.S.C. Sec. 754 Securities & Exchange Commission v. BKCoin Management, LLC - Case No.: 23-20719-CIV-SCOLA	49.00	190,147.50
7/20/2023	Invoice Date: June 30, 2023; Invoice #: 8996281696-10011; Description: Payment of Custody Service Fees from March 2023 through June 2023. \$2,500.00 monthly fee x 4 months.	10,000.00	200,147.50
8/10/2023	Contract # DM0263280; Invoice # 238652; Description: 2023 July FTAC - Email collection and preservation storage drive set	702.50	200,850.00
8/10/2023	Contract # DM0265453; Invoice # 239219; Description: 2023 July Project Hosting and Data Processing	4,907.50	205,757.50
10/17/2023	Contract # DM0267738; Invoice # 241339; Description: 2023 August Hosting - Project Management	367.50	206,125.00
10/17/2023	Contract # DM0270117; Invoice # 243108; Description: 2023 September Project Hosting, Data Processing, and PST Creation	2,392.10	208,517.10
11/29/2023	Client No.: 2191075990; Invoice No.: 219108720428; Invoice Date: 11/14/2023; BK Coin Management LLC - Renewal of Receiver's Bond (Effective Date: 11/09/23-11/09/24)	100.00	208,617.10
12/18/2023	Contract # DM02724637; Invoice # 244801; Description: 2023 October Project Management	250.00	208,867.10

1/19/2024	Payment of Professional Fees for First Fee Application Awarded by the Court	86,609.00	295,476.10
1/19/2024	Payment of Professional Fees for Second Fee Application Awarded by the Court	56,794.40	352,270.50
1/19/2024	Wire to AR Payment of Receiver's First Application for Allowance and Payment of Professionals' Fees and Reimbursement of Expenses for February 24, 2023 – June 30, 2023	207,628.69	559,899.19
1/19/2024	Wire to AR Payment of Receiver's Second Application for Allowance and Payment of Professionals' Fees and Reimbursement of Expenses for July 1, 2023 – September 30, 2023	152,951.77	712,850.96
2/2/2024	Contract # DM0274878; Invoice # 246967; Description: 2023 November Monthly Storage Fees	250.00	713,100.96
2/13/2024	Contract # DM0274878; Invoice # 250645; Description: 2024 January Monthly Storage Fees	250.00	713,350.96
2/13/2024	Contract # DM0274878; Invoice # 249215; Description: 2023 December Monthly Storage Fees	250.00	713,600.96