

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

LONGFIN CORP., et al.

Case No.: 18-cv-2977-DLC

**Notice of Motion and Motion for an  
Order to Transfer Funds for  
Distribution**

**TO ALL PARTIES AND THEIR COUNSEL OF RECORD:**

PLEASE TAKE NOTICE that, upon the accompanying Motion, Memorandum, Declaration, and Proposed Order, and all other related papers and proceedings, Plaintiff, the Securities and Exchange Commission (the “SEC”) will move this Court, at a date and time to be determined by the Court, for an Order to Transfer Funds for Distribution so that the Court-appointed Distribution Agent can distribute the Longfin Fair Fund to investors eligible for a distribution under the Court-approved plan.

**MOTION**

In accordance with the plan of distribution approved by this Court on June 30, 2020 (the “Plan”), Plaintiff, the SEC, respectfully submits this Motion for an Order: (1) directing the SEC, in accordance with directions to be provided by the Distribution Agent, to transfer \$28,214,850.79 to the escrow account established by the Distribution Agent at The Huntington National Bank, N.A; and (2) directing the Distribution Agent to distribute those funds in accordance with the Plan.

The grounds for this Motion are set forth in the accompanying Memorandum and Declaration.

WHEREFORE, the SEC respectfully requests that the Court enter an Order substantially in the form submitted with this Motion.

Dated: August 25, 2022

Respectfully submitted,

s/Catherine E. Pappas  
Catherine E. Pappas  
Admitted Pro Hac Vice, ECF 121  
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Securities and Exchange Commission  
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*Attorney for Plaintiff Securities and  
Exchange Commission*

**CERTIFICATE OF SERVICE**

I hereby certify that, on August 25, 2022, the foregoing Notice of Motion and accompanying papers was served upon the parties to this matter through the CM/ECF system.

In addition, I will send the foregoing filing by:

- first-class mail to (i) Legalinc Corporate Services, Inc., 2035 Sunset Lake Road, Suite B-2, Newark, DE 19702 (Longfin's registered agent); and (ii) McManimon, Scotland & Baumann, LLC, 75 Livingston Avenue, Suite 201, Roseland, NJ 07068, Attn: Michele M. Dudas (Longfin's Assignee for the Benefit of Creditors in Monmouth County, New Jersey); and
- email transmission to Venkata S. Meenavalli at [chairman@longfincorp.com](mailto:chairman@longfincorp.com) and [venkat@stampedecap.com](mailto:venkat@stampedecap.com).

s/Catherine E. Pappas  
Catherine E. Pappas

UNITED STATES DISTRICT COURT  
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SECURITIES AND EXCHANGE  
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LONGFIN CORP.,  
VENKATA S. MEENAVALLI,  
ANDY ALTAHAWI,  
SURESH TAMMINEEDI, and  
DORABABU PENUMARTHI

Case No.: 18-cv-2977-DLC

**Memorandum in Support of Entry of  
an Order to Transfer Funds for  
Distribution**

**I. Introduction**

In accordance with ¶57 of the Court-approved distribution plan<sup>1</sup> (the “Plan”), the Plaintiff, the Securities and Exchange Commission (the “SEC”), respectfully submits this memorandum in support of its Motion for an Order: (1) directing the SEC to transfer \$28,214,850.79 to the Escrow Account<sup>2</sup> established by the Distribution Agent at The Huntington National Bank, N.A. (the “Bank”) pursuant to directions to be provided to the SEC by the Distribution Agent; and (2) directing the Distribution Agent to distribute those funds in accordance with the Plan.

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<sup>1</sup> ECF No. 134.

<sup>2</sup> Capitalized terms not defined herein are used as defined in the distribution plan approved by this Court, available at <https://www.sec.gov/divisions/enforce/claims/docs/longfin-proposed-distribution-plan.pdf>. See ECF No. 134.

## II. Background

### A. *The Captioned Action and the Plan*

By action instituted on April 4, 2018, unsealed on April 6, 2018, the SEC charged Longfin Corp. (“Longfin”), Venkata S. Meenavalli (“Meenavalli”), Amro Izzelden Altahwi, Suresh Tammineedi, and Dorababu Penumarthi with distributing over \$26 million in Longfin securities in violation of Section 5 of the Securities Act of 1933, 15 U.S.C. § 77(e). ECF Nos. 1-6. The Court entered final judgments against all of the defendants, ordering them, in the aggregate, to pay disgorgement of \$22,862,377.23 and civil penalties of \$3,582,941.97, for a total monetary liability of \$26,445,319.20. *See* ECF Nos. 100-102, 117-18. Of this amount, the defendants paid, approximately, \$26.1 million, held in an interest-bearing account at the U.S. Department of Treasury’s Bureau of the Fiscal Service (“BFS”).

On April 15, 2020, the Court established a Fair Fund so that the collected civil penalties can be distributed to harmed investors (the “Longfin Fair Fund”); appointed Miller Kaplan Arase LLP as the tax administrator for the Longfin Fair Fund; and appointed Epiq Class Action & Claims Solutions, Inc. (“Epiq”) as distribution agent to oversee the administration of the Longfin Fair Fund pursuant to the terms of a court-approved distribution plan and related Court Orders. ECF No. 125.

By Order entered June 30, 2020, upon application by the SEC, and after completion of procedures set forth in an Order to Show Cause,<sup>3</sup> the Court approved the Plan.<sup>4</sup>

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<sup>3</sup> ECF Nos. 129, 133.

<sup>4</sup> ECF No. 134.

**B. *The Related Civil Action***

On June 5, 2019, the SEC filed a related action, alleging, among other things, that defendants Longfin and Meenavalli engaged in a scheme to obtain a NASDAQ listing through a fraudulent public offering under Regulation A+ of the JOBS Act. *SEC v. Longfin Corp., et al.*, 19-cv-5296-DLC (S.D.N.Y.) (the “Related Action”). The Related Action was resolved by final judgments ordering, in relevant part, Longfin and Meenavalli, to pay combined disgorgement and prejudgment interest of \$3,532,235 and \$168,000, respectively; and civil penalties of \$3,243,613 and \$232,000, respectively.<sup>5</sup> Upon application of the SEC,<sup>6</sup> and upon the completion of procedures set forth in an Order to Show Cause,<sup>7</sup> this Court established a Fair Fund for collections in the Related Action and ordered the Related Action Fair Fund combined with the Longfin Fair Fund for distribution in accordance with the Plan.<sup>8</sup>

**C. *The Related Administrative Action***

On June 8, 2022, the SEC instituted settled administrative and cease-and-desist proceedings against CohnReznick LLP (the “Administrative Action”).<sup>9</sup> Relevant to this Civil Action, the Commission found that deficiencies in CohnReznick’s system of quality controls led to auditing failures in CohnReznick’s 2017 annual audit of Longfin. The SEC ordered the respondent to pay a civil money penalty of \$1.9 million, established a Fair Fund, and directed the combination of the Fair Fund with the Longfin Fair Fund for distribution to harmed investors in accordance with the Plan.

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<sup>5</sup> Related Action, ECF Nos. 36, 46.

<sup>6</sup> Related Action, ECF No. 53.

<sup>7</sup> Related Action, ECF Nos. 55-56.

<sup>8</sup> Related Action, ECF No. 57.

<sup>9</sup> *In the Matter of CohnReznick LLP*, Admin. Proc. File No. 3-20891 (June 8, 2022).

***D. The Longfin Fair Fund***

As of the end of June 2024, the Longfin Fair Fund held \$28,437,966.57, comprised of the collections in the captioned action, the Related Action, the Administrative Action, and accrued interest. *See* Declaration of Jessie Mahn, Project Manager for the Distribution Agent, Epiq Class Action and Claims Solutions, Inc., attached hereto as Exhibit 1, at ¶13. It resides in an interest-bearing account at the U.S. Department of Treasury’s Bureau of the Fiscal Service.

**III. The Claims Process**

As described below and in the accompanying declaration, Epiq has completed the Claims Process, and an independent, third-party firm has completed agreed-upon procedures in accordance with the Plan. Based on these processes, the Distribution Agent is now ready to distribute the Longfin Fair Fund to Eligible Claimants in accordance with the Plan.

In August 2020, Epiq began mailing the Claims Packet to identified Potential Claimants; established a website, toll-free number, and dedicated email address for contacts with Potential Claimants; published the Summary Notice; and attempted to locate the intended recipients of undelivered Claims Packets. *Id.* at ¶¶3-6. Upon the expiration of the Claims Bar Date, Epiq reviewed all Claim Forms and issued Determination Notices, setting forth its conclusions as to the claims and giving those with deficient or denied claims an opportunity to cure the deficiency or contest the denial. *Id.* at ¶10. Epiq sent Final Determination Notices to all Potential Claimants who responded to the Determination Notice, thereby ending the claims process. *Id.* at ¶10.

Epiq retained EisnerAmper LLP (“Eisner”), an independent third-party accounting firm, to perform a set of agreed-upon procedures, review a statistically significant sample of claims, and ensure that Epiq had accurately and comprehensively applied the Methodology set forth in

the Plan. *Id.* at ¶11. In accordance with the Plan, Epiq provided Eisner’s final report to the SEC. *Id.*

Epiq determined 1,360 of the 2,640 claims received to be potentially eligible for payment in whole or in part, with an aggregate Eligible Loss Amount of \$79,443,541.06. Exhibit 1, ¶ 12. After applying the \$10 *de minimis* amount Epiq determined 1,335 claims eligible to receive a Distribution Payment under the Plan. *Id.* at ¶ 16.

#### **IV. The Distribution and the Requested Relief**

In accordance with the Plan, Epiq has established a reserve of \$222,412.13, leaving a Net Available Fair Fund of \$28,215,554.44. *Id.* at ¶¶ 13-14. It further has established an Escrow Account and Deposit Account at the Bank in accordance with the Plan. *Id.* at ¶18.

Epiq has prepared and submitted to the SEC staff the Payee List, including the names, addresses, and Distribution Payments of all Eligible Claimants. Each Eligible Claimant’s Distribution Payment has been calculated in accordance with the Plan. *Id.* at ¶15. Epiq has also submitted to the SEC staff a “Reasonable Assurances Letter” representing that the Payee List: (a) was compiled in accordance with the Plan; (b) is accurate as to Eligible Claimants’ names, address, and Eligible Loss Amount; and (c) provides all information necessary to make a payment equal to the amount of the applicable Distribution Payment for such Eligible Claimant. *Id.* at ¶16. Pursuant to the Payee List, Eligible Claimants will receive an aggregate payment of \$28,214,773.79, with an additional \$77.00 withheld from certain payments for federal taxes, for a total disbursement of \$28,214,850.79. *Id.* at ¶17. The undersigned SEC Counsel has reviewed and accepted the Payee List and the Reasonable Assurances Letter. In accordance with ¶57 of the Plan, and because all conditions precedent have been completed, the SEC now asks this Court for an Order directing the SEC to transfer the Net Available Fair Fund to the Bank in



accordance with directions to be provided by Epiq, for distribution to Eligible Claimants pursuant to the Plan. In accordance with the Plan, Epiq will use its best efforts to commence mailing Distribution Payment checks or effect wire transfers within fifteen (15) business days of the transfer of the funds to the Bank. Exhibit 1 at ¶19. All funds shall remain in the Escrow Account, separate from Bank assets, until needed to satisfy a presented check or issue a wire. *Id.* at ¶20. All checks presented for payment will be subject to “positive pay” controls before being honored by the Bank. *Id.*

Upon completion of the distribution and any subsequent distribution(s), in accordance with the Plan the SEC will move the Court for an Order, *inter alia*, approving a final accounting, discharging the Distribution Agent, and Terminating the Fair Fund.

**V. Conclusion**

For all of the foregoing reasons, the SEC respectfully requests that the Court issue an Order substantially in the form accompanying the Motion and grant such other relief as the Court deems appropriate.

Dated: August 25, 2022

Respectfully submitted,

s/ Catherine E. Pappas  
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*Attorney for Plaintiff Securities and  
Exchange Commission*

Exhibit 1 (Declaration)

**Exhibit 1**

**(Declaration of Jessie Mahn, Project Manager for the Distribution Agent, Epiq Class Action and Claims Solutions, Inc.)**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE  
COMMISSION,

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v.

LONGFIN CORP.,  
VENKATA S. MEENAVALLI,  
ANDY ALTAHAWI,  
SURESH TAMMINEEDI, and  
DORABABU PENUMARTHI

Case No.: 18-cv-2977-DLC

Declaration of Jessie Mahn, Project  
Manager for the Distribution Agent,  
Epiq Class Action and Claims  
Solutions, Inc.

I, Jessie Mahn, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury as follows:

1. I am a Project Manager for Epiq Class Action & Claims Solutions, Inc., the Court-appointed Distribution Agent for the Longfin Fair Fund (“Epiq” or “Distribution Agent”). I submit this Declaration in support of the Securities and Exchange Commission's (the "SEC") Motion for an Order to Transfer Funds for Distribution.

2. The following statements are based on my personal knowledge and information provided to me by other experienced Epiq employees working under my supervision. If called to testify regarding the facts in this declaration, I could do so competently.

**PREPARATION AND MAILING OF THE CLAIM PACKET**

3. Beginning on August 14, 2020, Epiq mailed 60,142 Claims Packets<sup>1</sup> by United States First-Class Mail to Potential Claimants identified by the Distribution Agent and to the Distribution Agent’s list of banks, brokers, and other nominees (the “Initial Mailing”).

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<sup>1</sup> Capitalized terms not otherwise defined in this declaration are used as defined in the Court-approved distribution plan in this action (the “Plan”). The Plan is available at <https://longfinfairfund.com/>

4. Subsequent to the Initial Mailing, Epiq received an additional 26,369 names and addresses of Potential Claimants from individuals or brokerage firms, banks, institutions, and other nominees; and requests from brokers and other nominee holders for 18,529 Claims Packets to be forwarded by the nominees to their customers. To date, 105,040 Claims Packets have been mailed to Potential Claimants. In accordance with the Plan, Epiq attempted to obtain an updated address for all Claims Packets that were returned by the U.S. Postal Service without a forwarding address. Epiq re-mailed the Claims Packet upon obtaining an updated address.

5. In accordance with ¶ 24 of the Plan, within 45 days of this Court's approval of the Plan, Epiq established a dedicated a toll-free number (1-855-917-3464) and dedicated email address, [info@LongfinFairFund.com](mailto:info@LongfinFairFund.com), and maintained a traditional mailing address to receive inquiries from Potential Claimants. In addition, Epiq established a website dedicated to the Longfin Fair Fund, LongfinFairFund.com. Copies of the Claims Packet and Plan are available on the website.

6. Pursuant to ¶ 25 of the Plan, on August 17, 2020, within five (5) days of the initial mailing of the Claims Packets, Epiq caused the Summary Notice to be published via P.R. Newswire once a week for three consecutive weeks and published in the National Edition of Investor's Business Daily.

#### **PROCEDURES FOLLOWED IN ACCEPTING AND REJECTING CLAIMS**

7. In accordance with the Plan, the Claims Bar Date was set at one hundred twenty days from the initial mailing of the Claims Packet, or January 25, 2021. With the agreement of the SEC staff, this deadline was extended through March 15, 2021 to permit the submission of claims from certain investors who received their Claims Packets late.

8. Epiq received a total of 2,640 Claim Forms by the extended deadline of March 15, 2021.

9. Pursuant to ¶ 5.j of the Plan, Epiq reviewed Claim Forms to ensure that they were not submitted by, or on behalf of, Excluded Parties, to the extent that the identities of such persons or entities were known to Epiq and/or identified through claimants' certifications on submitted Claim Forms.

10. Pursuant to ¶¶ 44-48 of the Plan, upon the expiration of the Claims Bar Date, Epiq reviewed all Claim Forms and issued Determination Notices to all Potential Claimants who filed Claim Forms, setting forth its conclusions concerning their claim and alerting those with deficient or denied claims to the deficiency or basis for denial. Potential Claimants who submitted deficient or denied claims were given thirty days in which to cure the deficiency or seek reconsideration of the denial. The Distribution Agent sent Final Determination Notices to all Potential Claimants who responded to the Determination Notice in an effort to cure a deficiency or to seek reconsideration of a rejected claim.

11. Pursuant to ¶ 50 of the Plan, Epiq engaged EisnerAmper, an independent third-party accounting firm, to perform a set of agreed-upon procedures, review a statistically significant sample of claims, and ensure that Epiq had accurately processed the claims and applied the Plan Methodology. The review process commenced on August 13, 2021, and on April 14, 2022, Epiq provided to the SEC staff the final report.

### **DISPOSITION OF CLAIMS**

12. Of the 2,640 claims received, Epiq determined 1,360 claims potentially eligible for a Distribution Payment, with an aggregate Eligible Loss Amount of \$79,443,541.06. Final

Determinations of eligibility would be made after the application of the *de minimis* Distribution Payment amount.

### **DISTRIBUTION PAYMENTS**

13. The Longfin Fair Fund is comprised of collections in the captioned civil action and in two related proceedings that were directed to the Longfin Fair Fund for distribution in accordance with the Plan: *SEC v. Longfin Corp., et al.*, 19-cv-5296-DLC (S.D.N.Y.); *In the Matter of CohnReznick LLP*, Admin. Proc. File No. 3-20891 (June 8, 2022). As of June 24, 2022, the Longfin Fair Fund held \$28,437,966.57.

14. As of June 24, 2022, the Net Available Fair Fund totals \$28,215,554.44 after offsetting a reserve of \$222,412.13 for administrative fees, expenses, and taxes necessary to complete the distribution (the “Reserve”).

15. Because the aggregate Eligible Loss Amount exceeds the Net Available Fair Fund, each Eligible Claimant will receive a Distribution Payment equal to the Net Available Fair Fund multiplied by the ratio of their Eligible Loss Amount to the aggregate Eligible Loss Amounts of all Eligible Claimants. Eligible Claimants will be compensated for approximately 35.52% of their Eligible Loss Amounts.

16. After applying the \$10 *de minimis* amount Epiq determined 1,335 claims eligible to receive a Distribution Payment under the Plan. In accordance with ¶ 56 of the Plan, Epiq has provided to Commission staff the Payee List, and a Reasonable Assurances Letter stating that the Payee List of 1,335 Eligible Claimants (a) was compiled in accordance with the Plan; (b) is accurate as to Eligible Claimants’ names, address, and Eligible Loss Amount; and (c) provides all information necessary to make a payment equal to the amount of the applicable Distribution Payment for such Eligible Claimant.

17. Pursuant to the Payee List, Eligible Claimants will receive an aggregate payment of 28,214,773.79, with an additional \$77.00 withheld for federal taxes, for a total disbursement of \$28,214,850.79.

18. In accordance with ¶ 52 of the Plan, Epiq has established an Escrow Account and Deposit Account at The Huntington National Bank (the “Bank”).

19. Upon the transfer of the Net Available Fair Fund to the Bank, Epiq will distribute it in accordance with the Plan. Epiq will use its best efforts to commence mailing Distribution Payment checks or effect wire transfers within fifteen (15) business days of the transfer of the funds to the Bank.

20. All funds shall remain in the Escrow Account, separate from Bank assets, until needed to satisfy a presented check or issue a wire. All checks presented for payment will be subject to “positive pay with payee verification” controls before being honored by the Bank.

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

Executed on August 24, 2022

  
\_\_\_\_\_  
Jessie Mahn

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

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**Case No.: 18-cv-2977-DLC**

**v.**

**LONGFIN CORP., et al.**

**(Proposed) Order to Transfer Funds for Distribution**

The Court having reviewed the Securities and Exchange Commission's (the "SEC") Motion for an Order to Transfer Funds for Distribution, the accompanying Memorandum in Support, the Declaration of Jessie Mahn, Project Manager for the Distribution Agent, Epiq Class Action and Claims Solutions, Inc. (the "Distribution Agent"), and any related filings;

**AND** the Distribution Agent having provided to the SEC a Payee List and Reasonable Assurances Letter in accordance with the plan of distribution approved by this Court (the "Plan");

**AND** having considered all arguments presented and for good cause shown;

**IT IS HEREBY ORDERED** that:

1. In accordance with directions to be provided to the SEC staff by the Distribution Agent, the SEC shall transfer \$28,214,850.79 to the escrow account established by the Distribution Agent at The Huntington National Bank; and



2. The Distribution Agent shall distribute those funds to Eligible Claimants in accordance with the Plan.

Dated: \_\_\_\_\_, 2022

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Denise L. Cote  
U.S. District Judge