

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION**

In re:

Case No. _____
Chapter 11

JERICO PICTURES, INC.
d/b/a NATIONAL PUBLIC DATA

Debtor /

CHAPTER 11 CASE MANAGEMENT SUMMARY

In compliance with Local Rule 2081-1(B), the Debtor-in-Possession, Jerico Pictures, Inc., files this Chapter 11 Case Management Summary and states:

The following data represents approximations for background information only and the information may represent the Debtor's best estimate in response to some of the ensuing questions.

1. Date of Order for Relief under chapter 11 (filing date of petition if voluntary chapter 11 petition): **9/30/2024**
2. Names, case numbers and dates of filing of related debtors: **NONE**
3. Description of debtor's business:

Debtor is a subscription data service, offering institutional clients an opportunity to perform a rapid background check through an automated online connection. The background checks are specifically designed to support organizations who must prohibit entry of individuals with background issues (like known sexual offenders, etc.) in real time who present to various institutions, as an example a large portion of the Debtor's business serves healthcare institutions. The Debtor also serves a variety of background services.

The Debtor provides an application program interface (API) that can be reached through internet connectivity by the client. The client makes the software based request, and is returned a result determining whether the person has any background issues that would prevent them from visiting.

The market for these services is narrow, and the Debtor maintained a steady relationship with institutions for many years. (Very little sales and marketing was required, and there are no staff members in these roles).

The software infrastructure to provide this service is stable and managed by the owner / operator. The only ongoing efforts are the procedures used to update and maintain the databases used to respond to the customer's query. This process uses a proprietary approach and series of customized utilities to maintain the currency of the firm's data. The data supplements their own data management expertise with the use of external providers as well.

Over the years of operation, the owner has commissioned contract programming resources on an ad hoc basis to develop the tools they use for database maintenance.

4. Locations of debtor's operations and whether the business premises are leased or owned:

The enterprise maintains no dedicated physical offices. The owner / operator maintains the operations of company from his home office, and all infrastructure is housed in independent data centers.

5. Reasons for filing chapter 11:

On or about late December 2023, a well-known and notorious hacker referred to as "USDoD" attempted to violate the firm's security infrastructure and accessed a database containing the Personally Identifiable Information that included millions of records. This hacker has had a great deal of success breaching other institutions including the FBI, Airbus, and TransUnion. The initial attempt was eventually discovered as the start of a substantial penetration, and data has since been identified on "dark web sources".

This data breach caused a massive exposure of this data, and the release of this information is relatively ubiquitous within the hacking community.

Law enforcement, including the FBI and a wide range of state and federal regulatory agencies have responded to the breach in force. Unfortunately, the exposure of this information creates a wide range of liabilities upon the Debtor. These include:

- A. **Class Action Lawsuits by individuals whose information was released. More than a dozen lawsuits have already been filed.**
- B. **Regulatory agencies are currently investigating the Debtor and it is demanding substantial attention and resources to respond.**
- C. **The Reputational impact has driven customers from the Debtor.**
- D. **The Debtor is likely liable through the application of various state laws to notify and pay for credit monitoring for hundreds of millions of potentially**

impacted individuals.

As the debtor's schedules indicate, the enterprise, cannot generate sufficient revenue to address the extensive potential liabilities, not to mention, defend the lawsuits and support the investigations.

The Debtor's insurance has declined coverage.

6. List of officers and directors, if applicable, and their salaries and benefits at the time of filing and during the 1 year prior to filing:

**Salvatore Verini, Jr. (Owner / Operator)
(As the sole member, Verini was paid by direct distribution of dividends.)**

7. Debtor's fiscal or calendar year to date gross income and the debtor's gross income for the calendar or fiscal year prior to the filing of this petition:

**Gross Income 2023 YTD: \$431,044.00 (as of 7/31/2024)
Gross Income 2024 FY: \$1,152,726.00**

8. Amounts owed to various creditors:
- a. Obligations owed to priority creditors including priority tax obligations:
 - **No known current obligations.**
 - **Debtor Faces substantial uncertainty facing regulatory challenges by the Federal Trade Commission and more than 20 states with civil penalties for data breaches.**
 - b. With respect to creditors holding secured claims, the name of and amounts owed to such creditors and a description and estimated value of all collateral of the debtor securing their claims, and
 - **No known current obligations.**
 - c. Amount of unsecured claims:
 - **No known current obligations.**
 - **Debtor Faces substantial uncertainty facing regulatory challenges by the Federal Trade Commission and more than 20 states with civil penalties for data breaches.**
9. General description and approximate value of the debtor's assets:
- **The Debtor has limited physical assets which are comprised of a variety of laptop, desktop and server computers.**
 - **The Debtor also has a variety of video equipment, accessories and lighting.**
 - **The Debtor maintains a variety of databases that may have**

3rd party value.

- **The Debtor has ownership of several TV Show episodes that may have residual value.**
- **The Debtor estimates assets in the range of \$25,000 to \$75,000.**

10. List of all insurance policies, the property covered under the policy, the name of the insurer, the policy number, amount of coverage, whether the premium is current, the date the next premium is due and date the policy expires;

The debtor currently has general liability with HISCOX Insurance.

Policy Number: P100.554.312.11

Policy Period extended between 9/19/2023 to 9/19/2024.

Hiscox Claim No: 100.238.405A

The Carrier has declined coverage for the data breach.

The policy is pending at this time.

11. Number of employees and amounts of wages owed as of petition date:

No other employees beyond the Owner / Operator.

12. Status of debtor's payroll and sales tax obligations, if applicable. This does not eliminate the obligation of chapter 11 debtors (other than individuals not engaged in business) to provide the more detailed payroll tax information required by Local Rule 2081-1(A):

No Payroll and Sales Tax Obligations

13. Anticipated emergency relief to be requested within 14 days from the petition date:
- a. The Debtor does not anticipate any emergency motions.**
 - b. The Debtor does not have any secured creditors, nor does the Debtor have any inventory, and does not anticipate cash collateral issues.**
 - c. The liability associated with the data breach has created complex regulatory issues within multiple jurisdictions. The Debtor has engaged several law firms to address these issues, and applications will be necessary for the court to review these retentions.**

Debtor Representative

Signed by:
X Salvatore Verini
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Salvatore Verini, Jr., President

Counsel for the Debtor

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Attach or file separately a Local Rule 2002-1(F) certificate of service reflecting manner and date of service on all affected parties.