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6 Telephone: (310) 651-2997  
7 *Successor Receiver*

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16 *Counsel for Successor Receiver*

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**UNITED STATES DISTRICT COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**  
**SAN FRANCISCO DIVISION**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

JOHN V. BIVONA; SADDLE RIVER  
ADVISORS, LLC; SRA  
MANAGEMENT ASSOCIATES,  
LLC; FRANK GREGORY  
MAZZOLA,

Defendants, and

SRA I LLC; SRA II LLC; SRA III  
LLC; FELIX INVESTMENTS, LLC;  
MICHELE J. MAZZOLA; ANNE  
BIVONA; CLEAR SAILING GROUP  
IV LLC; CLEAR SAILING GROUP V  
LLC,

Relief Defendants.

Case No. 3:16-cv-01386-EMC

**DECLARATION OF KATHY BAZOIAN  
PHELPS IN SUPPORT OF  
ADMINISTRATIVE MOTION BY  
RECEIVER KATHY BAZOIAN PHELPS  
PURSUANT TO LOCAL RULE 7-11  
FOR ORDER APPROVING EMPLOYMENT  
OF:**

- (1) OXIS CAPITAL, INC. AS  
VALUATION PROFESSIONAL;  
AND**
- (2) MILLER KAPLAN ARASE LLC AS  
TAX PREPARER**

Date: No Hearing Set  
Time: No Hearing Set  
Judge: Edward M. Chen

1 I, Kathy Bazoian Phelps, declare:

2 1. Pursuant to this Court’s Revised Order Appointing Receiver, entered on February 28,  
3 2019, I was appointed as the successor receiver (“Receiver”) in this case. I am also an attorney  
4 duly licensed to practice in the State of California and am senior counsel at the firm of Diamond  
5 McCarthy LLP (“Diamond McCarthy”). I have personal knowledge of the matters set forth below  
6 and if called as a witness, I would and could testify competently to the matters stated herein.

7 2. This declaration is made in support of the Motion by Receiver Kathy Bazoian Phelps  
8 for Order Approving Employment of: (1) Oxis Capital, Inc. as Valuation Professional, and (2)  
9 Miller Kaplan Arase, LLC as Tax Preparer.

10 3. In my reasonable business judgment, I have determined that in order to perform my  
11 duties and obligations as defined by the Court, I require the assistance of a valuation professional  
12 and a tax preparer. I therefore request that the Court approve the employment and compensation of  
13 Oxis Capital, Inc. (“Oxis”) as valuation expert, and Miller Kaplan Arase, LLC (“Miller Kaplan”) as  
14 tax preparer.

15 4. In connection with the process of seeking approval of a distribution plan and  
16 addressing issues raised regarding the tax consequences of a plan, I filed the Motion to (1) Employ  
17 Miller Kaplan as Tax Advisor; (2) Employ Schinner & Shain LLP as Securities Counsel; and (3)  
18 For Instructions (“Motion to Employ and For Instructions”) (Doc. No. 516).

19 5. On February 7, 2020, the Court entered its Order Re Motion By Receiver Kathy  
20 Bazoian Phelps for Instructions Re Tax Matters Re Distribution Plan. (Doc. No. 562) in which the  
21 Court authorized me, among other things, to obtain valuations of the assets of the receivership as of  
22 the date of the commencement of the receivership on October 11, 2016, and to file a motion  
23 seeking approval of the employment of a valuation professional, setting forth the terms of the  
24 engagement.

25 6. As part of my duties and responsibilities as receiver in implementing a distribution  
26 plan, I will need to pay any applicable taxes in connection with the sale or distribution of securities  
27 under the plan. I am advised that the appropriate methodology for tax treatment will require that I  
28 determine the tax basis in the assets of the receivership as of the date of commencement of the

1 receivership or such other date as the assets were brought into the QSF. I will therefore need a  
2 valuation of the assets as of the relevant date. In order to fulfill my duties and obligations under the  
3 terms of the Receiver Order, in my reasonable business judgment, I require the assistance of a  
4 valuation expert to value certain securities in the receivership estate.

5 7. Oxis is a private equity investment firm with substantial experience addressing  
6 valuation issue of the receivership assets at issue, and is well-qualified to serve in the capacity of  
7 valuation expert. During the tenure of the former receiver, the Court approved the employment of  
8 valuation expert Oxis for purposes of conducting the valuation analysis set forth in a report entitled  
9 *2018 1 22 Bivona Report to the Trustee FINAL w/Exhibits* delivered January 23, 2018 to then  
10 receiver, Sherwood, and John Yun of the United States Securities and Exchange Commission.  
11 (Doc.No. 281). Those valuations were slightly later in time than the commencement of the  
12 receivership. Because Oxis has already performed substantial work toward valuation of securities  
13 in the receivership estate, I propose to retain Oxis to update its prior valuation of certain securities  
14 in the receivership estate, and to estimate the value as of October 11, 2016 of seven additional  
15 securities. Oxis has agreed to update its analysis to evaluate the values as of the date of the petition  
16 by looking back in time to see whether the valuations are different. Oxis has also agreed to value  
17 seven additional securities, including three securities not previously valued because they were  
18 publicly traded as of its initial valuation, although they were not public as of the petition date.  
19 Further, Oxis has agreed to value three additional securities as of January 15, 2020 as part of its  
20 engagement.

21 8. Attached hereto as Exhibit "1" is a true and correct copy of Oxis's proposed  
22 engagement letter. As set forth in Exhibit "1," Oxis has a fixed fee structure of \$35,000, with  
23 \$10,000 of that sum to be paid upon Court approval of its employment and the balance to be paid  
24 upon delivery of its written report. Oxis anticipates that the valuation report can be prepared within  
25 60 day of its employment.

26 9. As Oxis requires of all of its engagements, and in keeping with investment banking  
27 standards, Oxis has requested limited indemnity from negligence claims against it for its work,  
28 including the reasonable cost of any attorney needed to defend it from such claims. As in Oxis's

1 prior engagement in this case (*See* Doc. No. 281), and as referenced in Paragraph 8 of the  
2 proposed engagement letter, Oxis has requested that it be granted the same protections while  
3 working as a retained investment banking firm as the Court has extended to “Retained Personnel”  
4 in Section XII of its Order of October 11, 2016. (Doc. No. 142.) Section XII provides, in relevant  
5 part:

6       The Receiver and his agents, acting within scope of such agency (“Retained Personnel”)  
7 are entitled to rely on all outstanding rules of law and Orders of this Court and shall not be  
8 liable to anyone for their own good faith compliance with any order, rule, law, judgment,  
9 or decree. In no event shall the Receiver or Retained Personnel be liable to anyone for  
10 their good faith compliance with their duties and responsibilities as Receiver or Retained  
11 Personnel nor shall the Receiver or Retained Personnel be liable to anyone for any actions  
12 taken or omitted by them except upon a finding by this Court that they acted or failed to  
13 act as a result of malfeasance, bad faith, gross, negligence, or in reckless disregard of their  
14 duties.

15       10. I therefore request authority to employ Oxis pursuant to these terms. I believe it is  
16 appropriate that the Court order that Oxis shall be provided the same limitation on liability that the  
17 Court provided for Retained Personnel in Section XII of its Order of October 11, 2016, and its prior  
18 Order of December 1, 2017 approving the employment of Oxis (Doc. No. 281), and that in the  
19 event of litigation commenced against Oxis relating to the performance of any of its work set forth  
20 in, or implied from its engagement letter, I may (with the Court’s prior approval) retain legal  
21 counsel for the purpose of defending Oxis. Oxis has also requested that, in order for it to more  
22 expeditiously perform its tasks within a short period of time, that the Court, as part of its approval  
23 of Oxis’s retention, include language in its Order that authorizes Oxis to make inquiries on my  
24 behalf of any pre-IPO company issues of securities which are part of the receivership estate, on any  
25 matter relevant to the performance of its work.

26       11. I also believe it is necessary that I evaluate the prior tax returns filed by the predecessor  
27 receiver, and amend them if appropriate, and to prepare QSF tax returns. By its Order of February  
28 7, 2020, the Court authorized me to amend prior tax returns filed by the former receiver, as  
necessary, to obtain a taxpayer ID number for a QSF, and to comply with the tax reporting and  
paying obligations of the QSF, if any. (Doc. No. 562.)

12. Miller Kaplan is an accounting firm that specializes in fiduciary work. The firm has

1 previously been employed as my tax advisor in this case to assist me in evaluating the tax  
2 consequences of a distribution plan, so the firm is extremely familiar with the fact of the case and  
3 the difficult tax issues that arise from the need to sell and distribute securities. The firm has vast  
4 experience in handling tax issues for receivers and is well-equipped to handle the complex tax  
5 issues that may arise in this case due to significant tax penalties and the sale and transfer of  
6 securities. I am mindful of the fact that I previously sought the employment of Grobstein Teeple  
7 LLC, and had contemplated that that firm would handle the tax return preparation. However, the  
8 events that have transpired in the case and complexities that have arisen with respect to the tax  
9 situation have caused me to conclude that the use of Miller Kaplan, which is already quite familiar  
10 with the tax issues in this case, will be a more cost-effective approach to handling tax preparation.  
11 I therefore seek to employ Miller Kaplan for purposes of the tax return preparation and to provide  
12 tax consulting in connection with tax preparation to ensure that I am satisfying all of my  
13 obligations under the Receiver Order.

14 13. Attached hereto as Exhibit "2" is a true and correct copy of the proposed engagement  
15 letter with Miller Kaplan. I believe that the rates proposed to be charged by Miller Kaplan are fair,  
16 reasonable and competitive. The firm has also offered a public service discount on its rates as set  
17 forth in the engagement letter.

18 14. I believe that professionals Oxis and Miller Kaplan are well-qualified to serve as my  
19 valuation professional and tax preparer, respectively, and I will monitor the work of my  
20 professionals to ensure that the services provided are necessary for my administration of this  
21 receivership estate.

22 15. I have conferred with counsel for the Securities and Exchange Commission, for the  
23 Investor Group, and Progresso Ventures, and I am advised that they do not oppose the Motion.

24 I declare under penalty of perjury that the foregoing is true and correct. Executed on this  
25 24th day of February 2020 at Los Angeles, California.

26 */s/ Kathy Bazoian Phelps*

27 \_\_\_\_\_  
Kathy Bazoian Phelps

# Exhibit 1



February 19, 2020

Kathy Bazoian Phelps  
Senior Counsel  
Diamond McCarthy LLP  
1999 Avenue of the Stars, 11th Floor  
Los Angeles, California 90067

Dear Kathy,

In connection with Oxis Capital's proposal to value certain assets (the "Receivership Assets") in the case: SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. JOHN V. BIVONA, et al., I am herewith providing a letter outlining the terms of the engagement to perform the valuation (the "Agreement").

The following sets forth the understanding and agreement between Oxis Capital, Inc. ("Advisor") and the Court appointed receiver, Kathy Bazoian Phelps in connection with the case entitled Securities and Exchange Commission v. John V. Bivona et al, Case No. 3:16-cv-1386 (together with all affiliates, if any, the "Receiver").

#### 1. Engagement

The Receiver hereby retains the Advisor to provide a valuation of selected securities in the Receivership Assets and to present the results of such analysis in a report to the Court (the "Report"). This Agreement and all fees and costs incurred are subject to approval of the District Court. The Receiver shall seek approval of the fees set forth herein and authorization to pay them as set forth herein without further order of the Court. The report shall:

- i. Update the valuation of the private companies valued in the Advisor's 2018 1 22 Bivona Report to the Trustee FINAL w Exhibits delivered January 23rd, 2018 to the then trustee Peter Hartheimer, John Yun of the US SEC, et al. **as of the date October 11th, 2016.**
- ii. Estimate the value **as of October 11<sup>th</sup>, 2016** of the following additional companies:
  - a. Snap (IPO March 2, 2017)
  - b. Cloudera (IPO April 28, 2017)
  - c. MongoDB (IPO October 19, 2017)
  - d. Aliphcom dba Jawbone
  - e. Candi Controls
  - f. Practice Fusion
  - g. Silver Springs Network



iii. Estimate the value *as of January 15<sup>th</sup>, 2020* of the following additional companies:

- Airbnb
- Palantir Technologies, Inc.
- ZocDoc, Inc.

In addition, if requested and at no additional cost, the Advisor will travel to California and appear at a single hearing of up to four hours. The advisor will provide up to 5 hours of telephonic meetings if requested by the parties or by the court. Flight expenses associated with the above travel shall be reimbursed at the lower of \$1,500 per round trip flight or actual costs incurred.

## 2. Term of Engagement

Advisor shall be engaged from the date hereof until this Agreement is terminated in accordance with the terms set forth below. Subject to the provisions of paragraphs 3 through 8, which shall survive any termination of this Agreement and/or the completion of Advisor's engagement hereunder, either party may terminate Advisor's engagement hereunder at any time by giving the other party at least 10 business days prior written notice.

## 3. Compensation

Advisor shall be paid a flat fee of \$35,000 as follows:

- (a) \$10,000 upon the execution of this Agreement and entry of an order of the court, and
- (b) \$25,000 upon delivery by the Advisor of the Report to the Receiver.

Any additional work shall be mutually agreed upon and will be paid at \$600 per hour including travel time over and above the travel described in paragraph 1.

## 4. Expense Reimbursement

Subject to prior Court review and approval, the Receiver shall reimburse Advisor for Advisor's reasonable out-of-pocket expenses arising out of Advisor's activities under this engagement. Reasonable out-of-pocket expenses shall include, but not be limited to, travel and lodging expenses, outside database charges, outside design charges, courier services and other necessary and reasonable expenses.

## 5. Independent Contractor

Advisor will act under this Agreement as an independent contractor with duties solely to the Receiver.





6. Receiver as Party

The Receiver is acting solely in her capacity as the receiver for SRA Management Associates, LLC, SRA I, LLC, SRA II, LLC, SRA III, LLC, SRA Management Associates, Clear Sailing Group IV, LLC, Clear Sailing Group V, LLC, Felix Multi-Opportunity Fund I, LLC, Felix Multi-Opportunity Fund II, LLC, Felix Management Associates, LLC, NYPA Fund I, LLC, NYPA Fund II, LLC, NYPA Management Associates, LLC, and Solis Associates Fund LLC, and their subsidiaries and affiliates, and she has no personal liability whatsoever with respect to this Agreement or the transactions described herein.

7. Advertisements

The Receiver hereby grants to Advisor the right to use its name, logo, and a brief description of its business and this transaction for Advisor's tombstone and other similar advertising. Advisor grants the Receiver the right to use its name, logo, and a brief description of it for the Receiver's website, investor materials and advertising.

8. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of **California**, without regard to conflicts of law principles. The parties hereby irrevocably submit to the jurisdiction of the United States District Court for the Northern District of California presiding over the *Securities and Exchange Commission v. John v. Bivona* litigation over any dispute or proceeding arising out of this Agreement and agree that all claims in respect of such dispute or proceeding shall be heard and determined in such Court. The parties to this Agreement hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may have to the venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute.

9. Entire Agreement; Amendments

The Receiver agrees that (a) the Receiver will seek an order authorizing this retention and will ask the court for an order providing Oxis Capital the same limitation on liability that the court has provided for Retained Personnel in Section XII of its order of October 11, 2016, and an order, in the event that litigation is commenced against the Advisor with respect to its performance under this Agreement Letter, authorizing the Receiver, with the Court's prior approval, to retain legal counsel as an expense of the estate for the purpose of defending the Advisor; (b) The Parties agree that any and all issues, disputes and claims concerning or arising under this Agreement shall be solely brought in the United States District Court for the Northern District of California presiding over the *Securities and Exchange Commission v. John v. Bivona* litigation. This Agreement may be executed via facsimile transmission and may be executed in separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument. This Agreement may not be amended or modified except in writing, except as otherwise provided therein.



Neither MARC WINTHROP NOR OXIS CAPITAL INC have now nor have ever had any connection or contact with John V. Bivona, Frank G. Mazzola, Felix Investments, LLC, Saddle River Advisors, LLC or SRA Management Associates LLC, SRA Funds I, II and III, LLC, FMOF Management Associates, LLC, Felix Multi-Opportunity Funds I and II, LLC, NYPA Management Associates, LLC, NYPA Fund I and II, LLC, Solis Fund Associates LLC, and Clear Sailing Group IV and V, LLC.

If the foregoing correctly sets forth the understanding and agreement between Advisor and the Receiver, please sign in the space indicated below.

MARC WINTHROP

BY:   
PRESIDENT

OXIS CAPITAL, INC

*ACCEPTED AND AGREED TO:*

RECEIVER.

Receivership Assets and Exchange Commission v. John V. Bivona, et al., Civil Action No. 3:16-cv-1386 (U.S. District Court for the Northern District of California)

BY: \_\_\_\_\_

Kathy Bazoian Phelps, solely in her capacity as Receiver

# Exhibit 2



February 18, 2020

Kathy Bazoian Phelps | Senior Counsel  
Diamond McCarthy LLP  
1999 Avenue of the Stars, 11th Floor  
Los Angeles, CA 90067

via AdobeSign – [kphelps@diamonddmccarthy.com](mailto:kphelps@diamonddmccarthy.com)

**Re: SRA Receivership – Qualified Settlement Fund and other Receivership Entity Income Tax Services**

Dear Ms. Phelps,

Thank you for choosing Miller Kaplan to be the accountants, advisors and tax preparers for you solely in your capacity as Successor Receiver for SRA Management Associates, LLC (“SRA Management”), SRA I LLC (“SRA I”), SRA II LLC (“SRA II”), SRA III LLC (“SRA III”) (together, “SRA Funds”), Clear Sailing Group IV LLC and Clear Sailing Group V LLC (together, “Clear Sailing”), Solis Associates Fund, LLC, and third-party affiliated entities NYPA Fund I LLC (“NYPA I”), NYPA II Fund LLC (“NYPA II”) (together, “NYPA Funds”) and NYPA Management Associates LLC (collectively, “NYPA Entities”) and Felix Multi-Opportunity Funds I and II, LLC (“FMOF I and II”) (together, “FMOF Funds”) and FMOF Management Associates, LLC (collectively, “FMOF Entities”) (collectively, the “Receivership Entities”) in the case of Securities and Exchange Commission v. SRA I LLC, et al., U.S.D.C., Northern District of California Case No. 3:16-cv-01386-EMC. This letter is to confirm and specify the terms of our engagement with you and to clarify the nature and extent of the accounting, tax and consulting services we will provide. This agreement and all fees and costs incurred are subject to approval of the District Court.

We will provide tax and consulting services as necessary to determine the income tax reporting requirements applicable to the Qualified Settlement Fund which is being established in this matter and the Receivership Entities, as necessary. We will prepare the annual federal and, if required, state income tax returns. We will provide you with consultation as may be necessary to address any tax issues which come to our attention, including information reporting requirements (Form 1099) as they pertain to payments made by the Settlement Fund, and provide additional tax consulting services in connection with tax preparation as needed to assist the Receiver in fulfilling her obligations. We will assist as requested by performing the tasks necessary to comply with the requirements of the Internal Revenue Code and relevant state tax authority, if any.

Our fees for these services are described in the table below.

#### INCOME TAX COMPLIANCE SERVICES

1. For the Qualified Settlement Fund: prepare annual Federal income tax return and (where required) related state income tax return; or amended returns as necessary.
2. Calculate estimated quarterly tax payments.
3. Prepare annual election for estimated quarterly tax calculation method (IRS Form 8842).
4. Apply for and obtain Employer Identification Number (initial year).
5. Prepare extension of time to file (if required).
6. Calculation of tax reserve required upon distribution of funds.
7. Review of governing documents for relevant tax compliance and reporting services, 1099 reporting related to distributions, etc.
8. Payment facilitation for estimated quarterly tax payments and/or annual tax liabilities.

#### OTHER SERVICES

9. Review and respond to notices from federal and/or state tax authorities.
10. Other tax and consulting services not covered above.
11. Preparation, printing and mailing of 1099s for reportable payments related to distributions.
12. Preparation, printing and mailing of 1099s for payments from QSF for attorney fees, vendor payments and other reportable.

SERVICE	SERVICE TYPE	FEE
Tax Years 2016 – 2017 Income tax returns, items 1-8 <sup>1</sup>	Standard Hourly Rates	Discounted hourly rates and costs
Tax Years 2018 and later Income tax returns, items 1-8 <sup>1</sup>	Standard Hourly Rates	Estimated at \$2,500 (Annually) <sup>2</sup>
Payment facilitation, item 8	Processing Fee	\$50 per installment
Other services, items 9-10 (as required)	Standard Hourly Rates	Discounted hourly rates and costs
Other services, items 11-12	Fixed Fee <sup>3</sup>	Base fee of \$50 for up to 25 forms

<sup>1</sup> Item 1 includes the cost of one annual state income tax return which in most cases will be sufficient. Additional state returns, if required, will be charged at \$375 per return.

<sup>2</sup> Once we have completed the work for 2016 and 2017, we will be in a better position to provide you with a fixed fee for the other tax years, if possible based on the complexity.

<sup>3</sup> Hourly rates may be billed, in addition, with respect to data files or for large and complicated data files.

SERVICE	SERVICE TYPE	FEE
(print, mail & e-file)		for print, mailing & e-filing <sup>4</sup>

All services will be provided at our standard hourly rates, which have been discounted by 20%. A schedule of our regular and discounted hourly rates is attached.

Though our invoices will state that they are due and payable upon presentation and are delinquent if not paid within 30 days of the invoice date, we understand that payment for our firm's services may only be made upon motion to the Court in the receivership proceeding and after entry of an order of the Court approving and authorizing payment of our fees and expenses. We understand that fee motions are generally made by the Receiver on a quarterly basis in accordance with the SEC Billing Guidelines, and that the SEC may request a holdback of 20% of the fees subject to each fee motion, to be reviewed and paid at the conclusion of our engagement in connection with our firm's final fee motion.

We reserve the right to suspend our services or to withdraw from this engagement in the event that any of our invoices are deemed delinquent. In the event that any collection action is required to collect unpaid balances due us, you agree to reimburse us for our costs of collection, including attorneys' fees. If we elect to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our services. You will be obligated to compensate us for all time expended, and to reimburse us for all of our out-of-pocket costs, through the date of termination.

We will use our professional judgment in preparing the returns. Whenever we are aware that applicable tax law is unclear or that there are conflicting interpretations of the law by authorities (e.g., tax agencies and courts), we will explain the possible positions which may be taken. We will adopt any position you request on the returns, consistent with the applicable tax law. If a taxing authority should later contest the position taken, there may be an assessment of additional tax plus interest and penalties. We assume no liability for any such additional assessments. You may appeal any adjustments proposed by the tax authorities.

Other additional services which may be requested would include requests for abatement of penalties. We believe the decision should be made on a case-by-case basis as to whether it is cost effective to request abatement of penalties. So, for those Settlement Funds that have earned interest and have substantial penalties, any loss or reduction in income tax created by the expense of the penalty abatement process would be considered, together with the possibility of the reduction in the penalty amount to determine whether it is economically advisable to proceed.

<sup>4</sup> For years requiring over 25 information return reporting forms, the base fee is \$10, plus \$1.60 per unit for print, mailing & e-filing.

We will prepare the returns from information which you will furnish to us. It is your responsibility to provide all the information required for the preparation of complete and accurate returns. Our services will not include procedures designed to discover irregularities or illegal acts, including fraud or defalcations should any exist. We understand that any information provided to us is of a confidential nature and we will treat such information accordingly.

We use third-party software providers to assist in preparing your return. These service providers will not make decisions concerning the Settlement Fund's returns. While certain information is transmitted to these software providers, we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. By executing this Engagement Letter, you hereby provide your consent to our use of third-party software providers.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

This Engagement Letter shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles. The parties hereby irrevocably submit to the jurisdiction of the United States District Court for the Northern District of California presiding over the *Securities and Exchange Commission v. John v. Bivona* litigation over any dispute or proceeding arising out of this Engagement Letter and agree that all claims in respect of such dispute or proceeding shall be heard and determined in such Court. The parties to this Engagement Letter hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may have to the venue of any such dispute brought in such court or any defense of inconvenient forum to the maintenance of such dispute.

The parties acknowledge that the Receiver is acting solely in her capacity as the receiver for SRA Management Associates, LLC, SRA I, LLC, SRA II, LLC, SRA III, LLC, SRA Management Associates, Clear Sailing Group IV, LLC, Clear Sailing Group V, LLC, Felix Multi-Opportunity Fund I, LLC, Felix Multi-Opportunity Fund II, LLC, Felix Management Associates, LLC, NYPA Fund I, LLC,



NYPA Fund II, LLC, NYPA Management Associates, LLC, and Solis Associates Fund LLC, and their subsidiaries and affiliates, and that she has no personal liability whatsoever with respect to this Agreement or the transactions described herein.

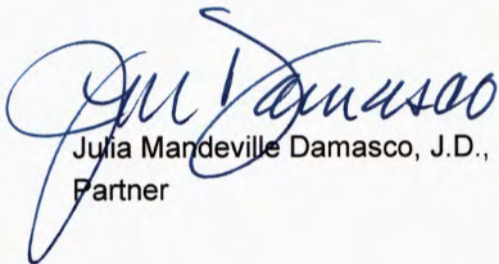
If, after full consideration, you agree to authorize us to prepare the Settlement Fund's income tax returns pursuant to the terms set forth above, please execute this letter on the line below designated for your signature. You should keep a copy of this fully executed letter for your records. If you have any questions concerning our engagement, please call us at (415) 694-7014, Julia Damasco's direct line.

We very much appreciate the opportunity to serve you and trust that our client relationship will be a long and pleasant one.

This Agreement is subject to Court approval. As set forth herein, the Firm understands that, following Court approval of this Agreement, all fees and expenses will be subject to Court approval, except for the annual adjustment of rates each December.

Sincerely,

MILLER KAPLAN ARASE LLP



Julia Mandeville Damasco, J.D., LL.M  
Partner

**ACCEPTED AND AGREED:**

\_\_\_\_\_  
Kathy Bazoian Phelps solely in her capacity as Successor Receiver for SRA I LLC and Other Receivership Entities

**MILLER KAPLAN ARASE LLP**  
**SCHEDULE OF CURRENT FEES**  
**FEES ARE ADJUSTED IN DECEMBER OF EACH YEAR**



<b>STAFF LEVEL</b>	<b>CURRENT RATES PER HOUR</b>	<b>DISCOUNTED RATES</b>
Administrative Staff, SMEs & Project Managers	\$70 – \$180	\$56 – \$144
Accounting Staff	\$100 – \$200	\$80 – \$160
Senior Accounting Staff	\$225 – \$275	\$180 – \$220
Attorney	\$250 – \$350	\$200 – \$280
Partner	\$400 – \$550	\$320 – \$440