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10
 11 UNITED STATES DISTRICT COURT
 12 NORTHERN DISTRICT OF CALIFORNIA
 13 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,
 15
 Plaintiff,
 16 v.
 17 JOHN V. BIVONA; SADDLE RIVER
 ADVISORS, LLC; SRA MANAGEMENT
 18 ASSOCIATES, LLC; FRANK GREGORY
 MAZZOLA,
 19
 Defendants, and
 20
 SRA I LLC; SRA II LLC; SRA III LLC;
 21 FELIX INVESTMENTS, LLC; MICHELE
 J. MAZZOLA; ANNE BIVONA; CLEAR
 22 SAILING GROUP IV LLC; CLEAR
 SAILING GROUP V LLC,
 23
 Relief Defendants.

Case No. 3:16-cv-1368

DECLARATION OF ELLEN CHEN

I, Ellen Chen, declare pursuant to 28 U.S.C. § 1746, as follows:

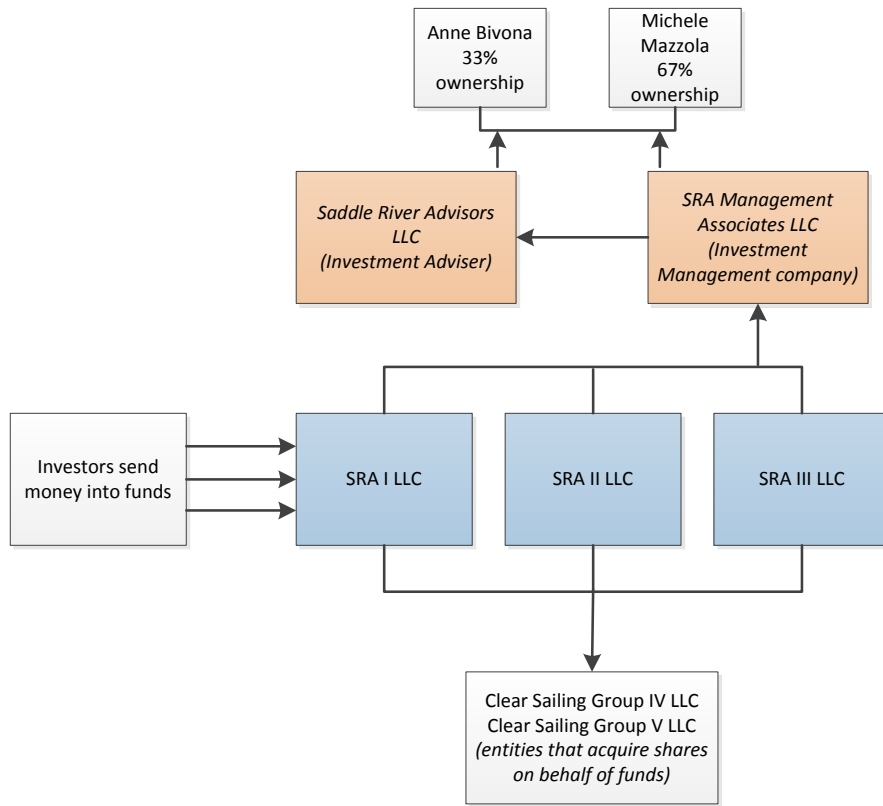
1. I have personal knowledge of the facts set forth below and, if called as a witness, I could and would competently testify to the facts stated herein.

2. I am a Certified Public Accountant licensed by the State of California and a Certified Fraud Examiner. I am currently employed as an Accountant by the Securities and Exchange Commission (“SEC” or “Commission”), Division of Enforcement, in the San Francisco Regional Office. I have been a practicing accountant for 11 years, with my work focusing on financial statement audits, forensic and investigative accounting, and litigation support.

I. Organization Chart of SRA Entities and Related Entities

3. The following sections refer to several individuals and entities. I reviewed the produced operating agreements for the SRA Funds to determine the relationships between the SRA Entities and created the following figure below to illustrate the expected flow of money.

Figure 1: Organization Chart and Related Entities¹



¹The arrow directions in the flowchart represent the expected flows of money based on agreements produced by Saddle River Advisors LLC and does not represent actual flow of money among entities.

II. SRA Entities QuickBooks Accounting Records

4. On or about January 23, 2015 and November 24, 2015, Saddle River Advisors produced, pursuant to a Commission subpoena, QuickBooks accounting records for SRA I, LLC (“SRA I”), SRA II, LLC (“SRA II”), SRA III, LLC (“SRA III”) (collectively “SRA Funds”), as well as (“Saddle River Advisors”), and SRA Management, LLC (“SRA Management”) (altogether with Saddle River Advisors and the SRA Funds, “SRA Entities”).

5. I relied on the set of QuickBooks accounting records produced on or about November 24, 2015 to analyze the transactions herein as it appeared to be more complete and contained additional entries from prior productions. The QuickBooks accounting records I analyzed for the SRA Entities included transactions from October 8, 2013 through November 19, 2015. Saddle River Advisors produced QuickBooks accounting records through April 28, 2015. Although the Commission subpoena required Saddle River Advisors to produce records after April 28, 2015, it failed to produce them and explained there were no additional records. However, the Saddle River Advisors bank statements and supporting documentation showed transactions subsequent to April 28, 2015.

6. Among the QuickBooks accounting records that I reviewed and analyzed for the SRA Entities were profit and loss statements, balance sheets, transaction detail reports and journal entries extracted from the native QuickBooks files produced. The produced QuickBooks account records contained transactions for the period October 8, 2013 through November 19, 2015. Attached as Exhibits 1 to 5 are true and correct copies of the SRA Entities’ profit and loss statements and balance sheets for 2013 and 2014, as extracted from the QuickBooks accounting records.

7. I analyzed monthly bank statements to reconcile the SRA Entities’ cash balances contained in the QuickBooks accounting records and to verify completeness. As such, I relied on the cash account transactions in the QuickBooks accounting records in the many analyses and calculations herein².

² Due to the voluminous nature of the many bank statements that support this and the following sections, I have only provided the relevant pages herein for the Court. However, I can provide the full statement for each instance if necessary.

8. Saddle River Advisors did not properly maintain its accounting records. For instance, the Saddle River Advisors' profit and loss statement for the period ended December 31, 2014 included amounts "Payable to SRA Fund I" and "Payable to SRA Fund II" under the expense section (Exhibit 1). Rather, these payables should have been classified under the liabilities section on the balance sheet. The same profit and loss statement also included "Profit" and "Profit Distribution" amounts under the expense section that should have been classified under income. See Figure 2 below for an extract of the profit and loss statement for the period ended December 31, 2014.

Figure 2: Extract of Saddle River Advisors Profit and Loss Statement for the Period Ended December 31, 2014

	<u>Jan - Dec 14</u>
Income	
40000 · Advisory Fees	
40100 · Advisory Fees - SRA I	6,347.00
40200 · Advisory Fees - SRA II	94,000.00
40000 · Advisory Fees - Other	<u>408,034.17</u>
Total 40000 · Advisory Fees	508,381.17
41000 · Due Diligence Income	149,942.95
42400 · Commission Income	161,061.99
49000 · Backend Profit	<u>48,317.18</u>
Total Income	867,703.29
Expense	
Administrative and Overhead exp	-220,000.00
Administrative Costs	-62,720.00
Contribution	5,000.00
Loan	3,400.00
Miscellaneous Expense	-58,644.98
Partial Payment to FB Mgt.	88,000.00
Partial Payment to SRA II	10,000.00
Payable to SRA Fund I	-115,025.00
Payable to SRA Fund II	-134,435.00
Profit	-115,000.00
Profit Distribution	-67,000.00
Reimbursement	-20,000.00
51000 · Commission Expense	128,007.90
52500 · Payroll Expenses	380,400.89

9. The SRA Management QuickBooks accounting records as of November 19, 2015 showed amounts payable to the SRA Funds, in the "25000 · Due To Other Funds" section of the transaction detail report. As of November 19, 2015, the SRA Management QuickBooks accounting

1 records reflect a total of \$1,093,780 due to the SRA Funds from SRA Management, with \$796,780
2 due to SRA I and \$297,000 due to SRA II (Exhibit 6).

3 **III. No Financial Statements Have Been Produced**

4 10. On or about November 5, 2015, the Commission's staff issued a subpoena to Saddle
5 River Advisors, which requested, among other things, that Saddle River Advisors produce the 2013
6 and 2014 audited financial statements for the SRA Entities. On or about December 10, 2015, counsel
7 for Saddle River Advisors responded that there were no responsive documents to this request.

8 11. On or about November 20, 2015, the Commission's staff issued a subpoena to Saddle
9 River Advisors, which requested, among other things, each "Annual Report" that has been sent to
10 investors of SRA I, SRA II, and SRA III as required by the Operating Agreements of the SRA Funds
11 at Article XII, 12.2. On or about December 30, 2015, counsel for Saddle River Advisors responded
12 that there were no responsive documents to this request.

13 **IV. None of the SRA Entities Have Made Any Profits in 2013 or 2014**

14 12. I generated profit and loss statements from the QuickBooks accounting records for the
15 SRA Entities. For the years ending 2013 and 2014, those profit and loss statements did not show a
16 profit. Rather, the statements for both years showed a loss for the SRA Entities (Exhibits 1-5). For
17 example, Saddle River Advisor's profit and loss statement for the year ended December 31, 2014
18 reflected a net loss of \$120,507.95 and balance sheet as of December 31, 2014 reflected a negative
19 equity of \$938,561.69. SRA Management's profit and loss statement and balance sheet for the same
20 years reflected a net loss of \$539,007.91 and negative equity of \$1,060,412.91.

21 **V. A Total of \$53,377,958 Has Been Raised from the SRA Entities**

22 13. Pursuant to subpoenas issued by the Commission, Saddle River Advisors produced
23 investor lists on or about June 9, 2014, November 14, 2014, February 20, 2015, and November 19,
24 2015. I relied on the November 19, 2015 produced investor lists for my analyses because they were
25 more complete and included receipt of investor money from September 6, 2013 until November 4,
26 2015. Attached as Exhibits 7-9 are true and correct copies of excerpts of those spreadsheets. The
27 investor lists were used to calculate the total amount raised from investors in the SRA Funds, both
28

1 gross and net of fees. Certain investments were excluded to avoid duplications from my calculation
 2 if (1) there was a redemption or exchange for another series; (2) there was a transfer to another fund;
 3 or (3) the investment was purportedly returned due to various reasons.

4 14. A total of \$53,377,958 has been raised from SRA Funds' investors since the SRA
 5 Funds' inception.

6 15. I also calculated the amount of money raised by the SRA Funds during the period
 7 from March 10, 2014, when a district court entered permanent injunctions against Frank Mazzola, to
 8 August 29, 2014, when Frank Mazzola resigned from Saddle River Advisors. A total of \$14,595,608
 9 was raised during this period.

10 **Table 1: Total SRA Funds Raised**

Series	Gross Amount of Investment	Net Amount of Investment (after front-end fees)
Addepar, Inc. ("Addepar")	519,218	510,070
Airbnb, Inc. ("Airbnb")	842,654	834,351
Alibaba Group Holding Ltd. ("Alibaba")	2,570,639	2,487,020
Badgeville, Inc. ("Badgeville")	1,480,097	1,428,777
Big Ten	1,673,768	1,619,867
Bloom Energy Corporation ("Bloom")	46,002	43,001
Box, Inc. ("Box")	994,983	969,081
Candi Controls, Inc. ("Candi Controls")	744,984	736,984
Check, Inc. ("Check")	126,500	121,480
Cloudera, Inc. ("Cloudera")	370,523	364,740
Dropbox, Inc. ("Dropbox")	923,080	905,140
Evernote Corporation ("Evernote")	1,179,964	1,155,844
Flurry, Inc. ("Flurry")	389,956	372,208
Mode Media, Inc. fka Glam Media, Inc. ("Glam")	10,000	9,800
AliphCom, Inc. dba Jawbone ("Jawbone")	1,439,689	1,389,057
Lookout, Inc. ("Lookout")	1,976,853	1,920,441
Lyft, Inc. ("Lyft")	197,695	194,454
MongoDB, Inc. ("MongoDB")	973,326	957,592
Palantir Technologies, Inc. ("Palantir")	20,720,859	19,898,788
Pinterest, Inc. ("Pinterest")	212,000	209,900
Practice Fusion, Inc. ("Practice Fusion")	3,005,536	2,949,825
Series X	6,793,000	6,793,000
Square, Inc. ("Square")	4,425,618	4,264,287
Twitter, Inc. ("Twitter")	1,761,015	1,753,255
Total	\$ 53,377,958	\$ 51,888,962

1 16. The total amount raised from investors, based on the bank statements and QuickBooks
2 accounting records, does not reconcile with the total raised based on the produced investor lists.
3 There were a number of investors in the investor lists which could not be traced to a receipt of cash
4 into one of the SRA Funds' bank accounts. Likewise, there was \$1,164,359 in investor money from
5 10 investors received into the SRA Funds that was traced to bank statements and supporting
6 documentation, but not included in the produced investor lists (Exhibit 10).

7 **VI. Bank Account Summary**

8 17. I reviewed the account statements for numerous bank accounts relating to the SRA
9 Entities and related entities and individuals. In the following paragraphs, I describe information
10 learned from reviewing those bank records. The following Table 2 lists each account, the time period
11 the information covers for each of the accounts, and the authorized signatories. Among the account
12 information described, or used as the basis for the summaries, are account statements, account
13 opening documents, signature cards, wire transfers, deposit slips and copies of deposited items,
14 withdrawal slips, check disbursements, bank account transfers, and electronic payment information
15 (collectively "bank statements and supporting documentation").

16 **Table 2: Summary of Bank Accounts**

	Account Name	Financial Institution	Account Abbreviation	Time Period Covered by Production	Account Signatory
1					
2	JOHN V BIVONA ESQ ATTORNEY'S ESCROW FBO FUNDS	VALLEY NATIONAL BANK	"JBivona-VNB-0187"	01/01/13 - 04/29/15	John Bivona
3	JOHN V BIVONA ESQU ATTORNEYS ESCROW ACCT FBO FUNDS	TD BANK	"JBivona-TDBank-6793"	04/06/15 - 11/17/15	John Bivona
4	JOHN V BIVONA ESQ ATTORNEY'S ESCROW	VALLEY NATIONAL BANK	"JBivona-VNB-0179"	01/01/13 - 04/29/15	John Bivona
5	JOHN V BIVONA ESQ ATTORNEYS ESCROW ACCOUNT	TD BANK	"JBivona-TDBank-6785"	04/06/15 - 11/20/15	John Bivona
6	JOHN V BIVONA ESQ	VALLEY NATIONAL BANK	"JBivona-VNB-0160"	01/01/13 - 04/30/15	John Bivona
7	JOHN V BIVONA, ESQ	TD BANK	"JBivona-TDBank-6777"	04/06/15 - 11/17/15	John Bivona
8	JOHN V BIVONA	VALLEY NATIONAL BANK	"JBivona-VNB-5134"	12/22/12 - 04/30/15	John Bivona
9	JOHN V BIVONA	TD BANK	"JBivona-TDBank-6769"	04/06/15 - 11/23/15	John Bivona
10	JOHN V BIVONA ESQ	VALLEY NATIONAL BANK	"JBivonaSB-VNB-5756"	04/27/14 - 12/03/14	John Bivona
11	JOHN V BIVONA F/B/O SILVERBACK FUND				
12	SILVERBACK FUND I SPC	BERMUDA COMMERCIAL BANK LIMITED	"SBI-BermudaBank-7701"	06/01/14 - 10/14/15	Carsten Klein
13	SILVERBACK FUND I SPC CLASS C	BERMUDA COMMERCIAL BANK LIMITED	"SBI-BermudaBank-7704"	06/01/14 - 10/14/15	Carsten Klein
14	SILVERBACK FUND I SPC CLASS E	BERMUDA COMMERCIAL BANK LIMITED	"SBI-BermudaBank-7706"	06/01/14 - 10/14/15	Carsten Klein
15	SILVERBACK FUND I SPC - EVERNOTE	BERMUDA COMMERCIAL BANK LIMITED	"SBI-BermudaBank-7709"	06/01/14 - 10/14/15	Carsten Klein
16	SILVERBACK MANAGEMENT LTD	BERMUDA COMMERCIAL BANK LIMITED	"SBMgmt-BermudaBank-8101"	07/01/14 - 10/14/15	Not Found
17	SILVERBACK FUND II LIMITED	BERMUDA COMMERCIAL BANK LIMITED	"SBII-BermudaBank-2201"	10/01/14 - 10/14/15	Carsten Klein
18	SILVERBACK II LTD SERIES BADGEVILLE	BERMUDA COMMERCIAL BANK LIMITED	"SBII-BermudaBank-2205"	10/01/14 - 10/14/15	Carsten Klein
19	SILVERBACK II LTD - BLOOM ENERGY	BERMUDA COMMERCIAL BANK LIMITED	"SBII-BermudaBank-2207"	10/01/14 - 10/14/15	Carsten Klein
20	SILVERBACK II LTD - LOOKOUT	BERMUDA COMMERCIAL BANK LIMITED	"SBII-BermudaBank-2206"	10/01/14 - 10/14/15	Carsten Klein
21	SILVERBACK II LTD - SERIES E PALANTIR	BERMUDA COMMERCIAL BANK LIMITED	"SBII-BermudaBank-2202"	10/01/14 - 10/14/15	Carsten Klein
22	SADDLE RIVER ADVISORS LLC	VALLEY NATIONAL BANK	"SRA-VNB-6264"	10/25/13 - 05/01/15	John Bivona, Susan Diamond
23	SADDLE RIVER GENERAL ACCOUNT LLC	TD BANK	"SRA-TDBank-8846"	04/28/15 - 11/27/15	John Bivona
24	SRA MANAGEMENT ASSOCIATES LLC	VALLEY NATIONAL BANK	"SRAM-VNB-6183"	11/19/13 - 04/29/15	John Bivona, Susan Diamond
25	SRA MANAGEMENT ASSOCIATES LLC	TD BANK	"SRAM-TDBank-8771"	04/20/15 - 01/31/16	John Bivona, Stephen Soler
26	SRA I LLC	VALLEY NATIONAL BANK	"SRAI-VNB-6191"	10/01/13 - 04/28/15	John Bivona, Susan Diamond
27	SRA I LLC	TD BANK	"SRAI-TDBank-8804"	04/01/15 - 01/31/16	John Bivona, Stephen Soler
28	SRA FUND I LLC	RBC WEALTH MANAGEMENT	"SRAI-RBC-5042"	05/01/14 - 10/31/14	John Bivona
29	SRA II LLC	VALLEY NATIONAL BANK	"SRAII-VNB-6175"	01/01/14 - 04/28/15	John Bivona, Susan Diamond
30	SRA II LLC	TD BANK	"SRAII-TDBank-8797"	04/01/15 - 01/31/16	John Bivona, Stephen Soler
31	SRA FUND II LLC	RBC WEALTH MANAGEMENT	"SRAII-RBC-5424"	09/01/14 - 10/31/14	John Bivona
32	SRA III LLC	VALLEY NATIONAL BANK	"SRAIII-VNB-5691"	07/14/14 - 04/28/15	John Bivona
33	SRA III LLC	TD BANK	"SRAIII-TDBank-8789"	04/01/15 - 01/31/16	John Bivona, Stephen Soler
34	SRA III	PERSHING LLC	"SRAIII-Pershing-9130"	01/15/15 - 01/31/15	John Bivona
35	CLEAR SAILING GROUP V LLC	VALLEY NATIONAL BANK	"CSGV-VNB-0952"	01/01/13 - 04/29/15	David Jurist
36	CLEAR SAILING GROUP IV LLC	TD BANK	"CSGIV-TDBank-9076"	04/01/15 - 01/31/16	John Bivona, David Jurist
37	CLEAR SAILING GROUP V LLC	TD BANK	"CSGV-TDBank-2096"	04/01/15 - 01/31/16	David Jurist
38	CLEAR SAILING GROUP V LLC	PERSHING LLC	"CSGV-Pershing-9734"	02/26/15 - 04/30/15	John Bivona
39	ATTN JOHN V BIVONA				
40	CLEAR SAILING GROUP IV LLC	RBC WEALTH MANAGEMENT	"CSGIV-RBC-3356"	03/01/13 - 11/30/14	David Jurist
41	CLEAR SAILING GROUP V LLC	RBC WEALTH MANAGEMENT	"CSGV-RBC-4524"	04/01/14 - 11/30/14	David Jurist
42	FELIX INVESTMENTS	HAVEN SAVINGS BANK	"Felix-HSB-0534"	01/01/13 - 10/31/15	John Bivona, Susan Diamond

Account Name	Financial Institution	Account Abbreviation	Time Period Covered by Production	Account Signatory
NYPA FUND I LLC C/O JOHN V BIVONA	VALLEY NATIONAL BANK	"NYPAI-VNB-0365"	01/31/13 - 04/30/15	John Bivona, Susan Diamond
NYPA FUND II LLC C/O JOHN V BIVONA	VALLEY NATIONAL BANK	"NYPAILI-VNB-0381"	01/31/13 - 04/30/15	John Bivona, Susan Diamond
NYPA FUND I LLC	TD BANK	"NYPAI-TDBank-7543"	11/16/15 - 01/31/16	John Bivona
NYPA FUND II LLC	TD BANK	"NYPAILI-TDBank-7551"	11/16/15 - 01/31/16	John Bivona
ANNE BIVONA	HAVEN SAVINGS BANK	"ABivona-HSB-0076"	12/19/12 - 01/25/16	John Bivona, Anne Bivona, Rosemary Mazzola
ANNE BIVONA	HAVEN SAVINGS BANK	"ABivona-HSB-5824"	01/05/13 - 01/27/16	John Bivona, Anne Bivona
FRANK MAZZOLA	WELLS FARGO BANK	"FMazzola-WFB-9095"	12/19/13 - 09/30/14	Frank Mazzola
FRANK MAZZOLA	WELLS FARGO BANK	"FMazzola-WFB-9130"	12/19/13 - 09/30/14	Frank Mazzola
FRANK MAZZOLA	WELLS FARGO BANK	"FMazzola-WFB-5073"	06/04/13 - 07/31/14	Frank Mazzola
FRANK MAZZOLA	WELLS FARGO BANK	"FMazzola-WFB-5090"	01/01/13 - 12/31/13	Frank Mazzola
FRANK MAZZOLA	WELLS FARGO BANK	"FMazzola-WFB-3000"	12/07/12 - 06/06/13	Frank Mazzola
FRANK MAZZOLA	PNC BANK	"FMazzola-PNC-0254"	12/08/12 - 06/07/13	Frank Mazzola (note 1)
FRANK MAZZOLA	COR CLEARING	"FMazzola-COR-6684"	10/01/13 - 11/30/15	Frank Mazzola
MICHELE MAZZOLA	PNC BANK	"MMazzola-PNC-6025"	01/09/14 - 11/06/15	Michelle Mazzola
MICHELE MAZZOLA	PNC BANK	"MMazzola-PNC-6017"	10/08/13 - 11/06/15	Michelle Mazzola
MICHELE MAZZOLA	PNC BANK	"MMazzola-PNC-6033"	09/01/14 - 10/31/15	Michelle Mazzola
Note 1: No account opening documents were found to confirm authorized signers. However, based on the account name, copies of deposited checks and transfer slips, it appears that Frank Mazzola was the authorized signatory.				

18. According to bank statements as of January 29, 2016, the SRA Entities had \$205,358 left in the five bank accounts. See table below and Exhibit 11.

Table 3: Ending Balances of SRA Entities as of January 29, 2016

Account	Abbreviation	Amount
SADDLE RIVER GENERAL ACCOUNT LLC	SRA-TDBank-8846	49,247
SRA MANAGEMENT ASSOCIATES LLC	SRAM-TDBank-8771	69
SRA I LLC	SRAI-TDBank-8804	1,732
SRA II LLC	SRAII-TDBank-8797	152,174
SRA III LLC	SRAIII-TDBank-8789	2,136
Total as of January 29, 2016		\$ 205,358

19. Of the \$205,358 left in the five bank accounts, \$150,000 was deposited into SRAII-TDBank-8797 by a purported investor in Palantir, based on the bank statement and wire details. Because this money should have been used to purchase Palantir shares, if it is deducted from the total, only \$55,358 remains in the SRA Entities bank accounts (Exhibit 11). Based on the investor

1 lists, this purported Palantir investor also had previous investments in SRA II of Palantir and Practice
2 Fusion.

3 **VII. \$1,918,731 is the Estimated Total Saddle River Advisors and SRA Management May**
4 **Be Entitled To**

5 20. Based on my review of the operating agreements and private placement memoranda
6 for the SRA Funds, it is my understanding that Saddle River Advisors and SRA Management were
7 entitled to certain front-end, back-end and quarterly management fees for managing the SRA Funds.
8 I calculated a total of \$1,918,731 as the estimated total, which Saddle River Advisors and SRA
9 Management would have been entitled to as fees.

10 21. I calculated the amount of front-end fees, which included a management fee, due
11 diligence fee, and expense fee, using the produced investor lists. The fees were negotiated with each
12 investor and varied from zero to eight percent. The total front-end fees can be calculated as the
13 difference between the gross amount of investment and the net amount of investment, as listed in
14 Table 1. As such, the total of front-end fees I calculated for the SRA Funds that Saddle River
15 Advisors and SRA Management would be entitled to is \$1,488,996. See Table 4 below.

Table 4: Summary of Entitled Fees from SRA Funds

Series	Total Front-End Fee	Total Carried Interest Fee	Estimated Quarterly Management Fee (after first anniversary)	Total
Addepar	9,148		-	9,148
Airbnb	8,303		-	8,303
Alibaba	83,619	147,850	25,706	257,175
Badgeville	51,320			51,320
Big Ten	53,901		6,479	60,380
Bloom	3,001			3,001
Box	25,902	-	6,324	32,226
Candi Controls	8,000			8,000
Check	5,020	170,834	-	175,854
Cloudera	5,783			5,783
Dropbox	17,940			17,940
Evernote	24,119			24,119
Flurry	17,748	-	4,374	22,122
Glam	200			200
Jawbone	50,632			50,632
Lookout	56,412			56,412
Lyft	3,241			3,241
MongoDB	15,734			15,734
Palantir	822,071			822,071
Pinterest	2,100			2,100
Practice Fusion	55,711			55,711
Series X	-		31,993	31,993
Square	161,331		31,775	193,106
Twitter	7,760	4,400	-	12,160
Total	\$ 1,488,996	\$ 323,084	\$ 106,651	\$ 1,918,731

Table 5: Summary of Entitled Fees by Saddle River Advisors and SRA Management

Fund	Total Front-End Fee	Total Carried Interest Fee	Estimated Quarterly Management Fee (after first anniversary)	Total
SRA I	526,883	203,616	68,182	798,681
SRA II	699,445	106,323	33,414	839,182
SRA III	262,668	13,145	5,055	280,868
Total	\$ 1,488,996	\$ 323,084	\$ 106,651	\$ 1,918,731

1 22. Based on my review of the operating agreements and private placement memoranda
2 for the SRA Funds, it is my understanding that back-end fees would have included a carried interest
3 fee and a performance bonus fee (See Chan Declaration Exhibits M, N & O). Because I saw no
4 calculations or accounting entries related to the performance bonus fee in produced documents, I only
5 included the carried interest fee in my calculations. The carried interest fee was calculated to be 20%
6 of proceeds, after investors recover their original capital contribution.

7 23. I estimated a total of \$323,084 in carried interest for the SRA Funds that Saddle River
8 Advisors and SRA Management would have been entitled to, given known distribution events since
9 the inception of the SRA Funds. Distributions events included the IPO of Twitter, Inc., the
10 acquisition of Check, Inc. by Intuit, Inc., the acquisition of Flurry, Inc. by Yahoo! Inc., the IPO of
11 Alibaba Group Holding Ltd., the IPO of Box, Inc., and the IPO of Square, Inc. The methodology I
12 used to estimate carried interest fees is described below.

13 a) Twitter IPO on November 7, 2013: Carried interest fees from the Twitter
14 distribution were calculated by Saddle River Advisors and totaled \$4,400. Attached as
15 Exhibit 12 is a summary of that spreadsheet³. Twitter distributions appeared to be mostly sent
16 to investors from SRAI-RBC-5042 from June 3, 2014 through June 26, 2014 (Exhibit 13). I
17 was unable to locate entries in the SRA I QuickBooks accounting records pertaining to the
18 calculated carried interest.

19 b) Check acquisition by Intuit, Inc. on May 27, 2014: Carried interest fees from
20 the Check distribution were calculated by Saddle River Advisors and totaled \$170,834
21 (Exhibit 14). Check distributions appeared to be mostly sent to investors from SRAI-RBC-
22 5042 from July 28, 2014 through August 20, 2014 (Exhibit 15). I was unable to locate entries
23 in the SRA I QuickBooks accounting records pertaining to the calculated carried interest.
24
25

26 ³ The produced file included a formulaic calculation, which was based on the date the file was opened. The produced file
27 on February 20, 2015, resulted in total carried interest of \$3,490. However, if the date of May 12, 2014, which was static
28 on the "PipioI" tab and appears to be the date of the original calculation, the total carried interest is \$4,400. As the
number of distributed shares as of May 12, 2014 was traced to SRAI-RBC-5042, the total based on this date was used.

1 c) Flurry acquisition by Yahoo! Inc. on August 25, 2014: Distributions were paid
2 to Flurry investors from December 9, 2014 to October 15, 2015, based on the QuickBooks
3 accounting records. Based on the produced document listing all Flurry investors, along with
4 the QuickBooks accounting records and bank statements and supporting documentation, it
5 appears that the \$ 757,278.56 received from the distribution event to SRAIII-VNB-5691 on
6 October 31, 2014 did not result in an investment gain to investors (Exhibit 16). Thus, it
7 appears that no carried interest fees would have been received.

8 d) Alibaba IPO on September 19, 2014: There were no produced documents
9 related to the Alibaba distribution. Since the distribution had to have occurred after the 180
10 lock-up period expired subsequent to an IPO on March 18, 2015, the highest price from
11 March 18, 2015 until December 31, 2015 was \$93.88 on May 21, 2015. The range of prices
12 sold to investors was from \$55 to \$70, so I used the highest price of \$93.88 to estimate the
13 maximum potential carried interest fees collected upon distribution. According to the
14 produced investor lists, the agreed upon carried interest fees ranged from none to the full
15 20%. Based on the carried interest fee comments within the investor lists, I estimated
16 \$147,850 in carried interest fees.

17 e) Box IPO on January 23, 2015: While there were no produced documents
18 related to the Box distribution, the investor purchase price of \$35 was greater than any price
19 of the stock since its IPO, January 32, 2015 until December 31, 2015. So it appears no carried
20 interest fees would have been received.

21 f) Square IPO on November 19, 2015: There were also no produced documents
22 related to the Square distribution. Square investors, except for two individuals, bought shares
23 at a price ranging from \$15 to \$20, which were both higher than the price of the stock since
24 IPO, November 23, 2015 until the most recent comparison on February 9, 2016. Thus, the
25 amount of carried interest fees received from those investors who had investment gains would
26 have been minimal from this distribution event.

1 24. No produced documents showed earned management fees, subsequent to a series
2 closing date. As such, I calculated the estimated amount of management fees based on the SRA
3 Funds' operating agreements, private placement memoranda and investor lists. Based on my review
4 of the operating agreements and private placement memoranda (See Chan Declaration Exhibits M, N
5 & O), management fees were calculated as two percent (2%) of the investor capital contributions, or
6 one-half percent (.5%) per quarter. While the first year's fees were paid in advance and at the time of
7 the investment (and included in the front-end fees in Table 5 above), subsequent management fees
8 would be calculated and accrued starting the first quarter following the first anniversary of a series
9 closing date. The management fees would be due and payable upon a distribution event. The series
10 closing dates ranged from October 23, 2013 to the date of the last series closed on November 16,
11 2015. My estimated calculation for those series with a distribution event, discussed above from 23a
12 through 23f, was \$106,651.

13 a) I estimated the management fees by calculating the number of quarters
14 between the first anniversary of a series closing date and December 31, 2015, rounding up to
15 the greatest number of quarters, and applying it against one-half percent (.5%) of the investor
16 capital contributions. The exceptions are described below.

17 b) For all series except for Twitter, Check, and Flurry the method above was used
18 to estimate management fees. I used the latest distribution dates for these three instances to
19 calculate estimated management fees as described in the paragraphs above.

20 25. I calculated the total expenses for the SRA Entities and paid from the SRA Entities to
21 be \$4,225,807. The expenses included payments for accounting and tax services, legal, broker
22 commissions, payroll, rent, and other overhead expenses. Expenses were included if they appeared to
23 be for the benefit of the SRA Entities and were based on information from the SRA Entities'
24 QuickBooks accounting records and bank statements and supporting documentation. A summary of
25 the expenses included in each category is attached as Exhibit 17⁴.

26 _____
27 ⁴ Due to the voluminous nature of the many bank statements and supporting documentation that support this, I have only
28 provided the summary pages herein for the Court. However, I can provide the full support for each instance if necessary.

Table 6: Total SRA Entities Expenses Paid

Category	Incoming Cash	Outgoing Cash	Net Expense Payments	Footnote
Accounting & Tax	-	(219,187)	(219,187)	5
Commissions	1,268,202	(1,832,357)	(564,155)	6
Consulting	15,000	(405,172)	(390,172)	7
Legal Fees	52,500	(785,299)	(732,799)	8
Other monthly overhead expenses	448	(349,041)	(348,593)	9
Payroll	30,743	(1,864,304)	(1,833,561)	10
Rent		(274,680)	(137,340)	11
Total Expenses Paid	1,366,893	(5,730,040)	(4,225,807)	

26. The \$4,225,807 in total expenses from the SRA Entities deducted from \$1,918,731, the total estimated that Saddle River Advisors and SRA Management would be entitled to, results in \$2,307,076 in expenses greater than the estimated entitled fees.

VIII. A Total of \$1,975,499 Was Paid to a Law Firm With Money Sourced from SRA Funds

27. In addition, there were other legal payments to law firms and attorneys throughout the QuickBooks accounting records and bank statements with many sourced from and traced to the SRA Funds' bank accounts. From October 8, 2013 through January 29, 2016, a total of \$1,975,499 for legal expenses, sourced from and traced to the SRA Funds, was paid for the benefit of other entities

⁵ Expenses were for accounting and tax services.

⁶ Expenses were for commissions paid to brokerage firms.

⁷ Expenses were for consultants and related expenses for personnel not on payroll.

⁸ Expenses were for legal services. Legal expenses from Sichenzia Ross Friedman Ference LLP were excluded as services appeared to be not for the benefit of the SRA Funds. See Section VIII.

⁹ Monthly overhead expenses included regulatory filing fees, office supplies, dues and subscriptions, telephone and computer bills, and other expenses. Many of these expenses were recurring monthly and appeared to be overhead.

¹⁰ Payroll expenses included pay, taxes, expenses, commissions, and payroll related fees for ten Saddle River Advisors LLC employees, according to produced payroll records (See Exhibit 17f for a true and correct excerpt of the payroll record listing the ten employees). Payments to Andrea Figliolo were also included, as according to Bivona's March 19, 2015 testimony, she helped with the QuickBooks accounting records (Bivona Tr. at 13:15-18). See Chan Declaration Exhibit L.

¹¹ Expenses were for office rental space for the SRA Entities. The suite number 205 was traced to documents such as the General Business Resolution form filled with TDBank with the Saddle River Advisors' address (Exhibit 17g). 50% of the total rent expense paid from the SRA Entities was deducted because, according to the QuickBooks accounting records and bank statements and supporting documentation, half the rent payments appeared to be for suite number 201 and not for the benefit of the SRA Entities.

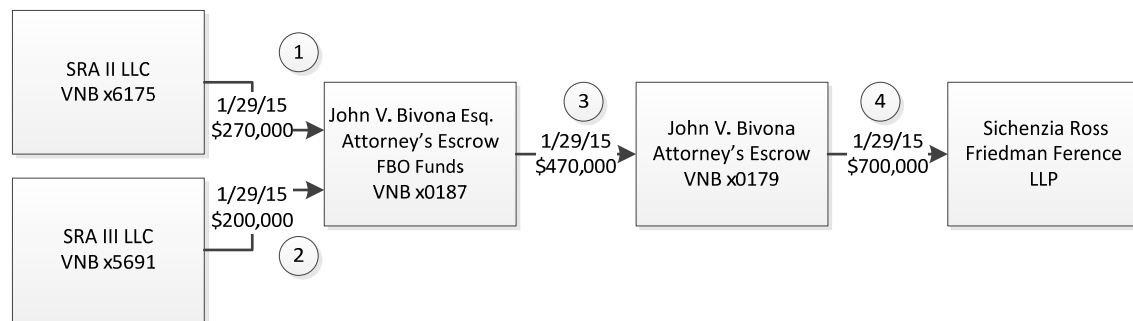
1 and individuals. This amount was excluded from the \$4,225,806 in total expenses described in the
2 previous section.

3 28. On or about November 5, 2015, the Commission's staff issued a subpoena to Saddle
4 River Advisors, which requested, among other things, all engagement letters relating to one of the
5 law firms, Sichenzia Ross Friedman Ference LLP. On or about January 15, 2016, Saddle River
6 Advisors produced three engagement letters (See Chan Declaration Exhibits Y, Z, & AA).

7 29. None of these engagement letters appeared to identify any of the SRA Funds as a
8 client for whom legal services will be rendered. From October 8, 2013 through January 29, 2016, a
9 total of \$2,722,024 was paid to Sichenzia Ross Friedman Ference LLP from John Bivona's and
10 Saddle River Advisors' accounts. According to my review of the QuickBooks accounting records
11 and bank statements and supporting documentation, \$1,975,499 of this amount originated from the
12 SRA Funds. A summary of the extracted expenses sourced from SRA Funds and traced to bank
13 statements and supporting documentation is attached as Exhibit 18.

14 30. The flowchart below illustrates an example of how investor money was diverted to
15 pay a law firm (Exhibit 19).

16 **Figure 3: Investor Money Used to Pay Legal Fees Unrelated to SRA Funds**

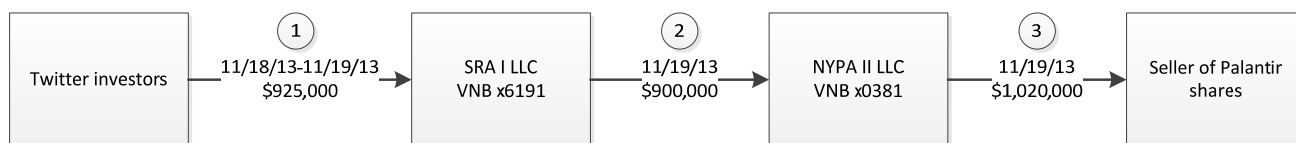


22 **IX. \$2,012,805 Was Transferred from SRA Funds to Unrelated Funds from October 8,**
23 **2013 through September 15, 2014**

24 31. From October 8, 2013 through September 15, 2014, NYPA I, LLC ("NYPA I"),
25 NYPA II, LLC ("NYPA II"), and NYPA Management, LLC, received a net total of \$2,012,805 from
26 the SRA Funds, with \$1,772,955 from SRA I and \$239,850 from SRA II.
27
28

32. Between the period of October 8, 2013 through December 31, 2013, SRA I transferred a net of \$1,413,300 to NYPA II. Two examples of transfers, described below in Figures 4 & 5, amount to \$1,308,300 of the total during that time period.

Figure 4: SRA I Funds Transferred to NYPA II to Purchase Pre-IPO Shares in Palantir

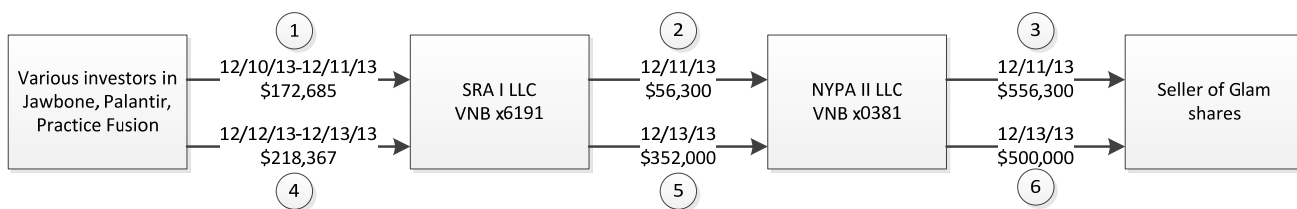


33. Transaction 1: From November 18, 2013 to November 19, 2013, \$925,000 from two Twitter investors was wired into SRAI-VNB-6191 (Exhibit 20).

34. Transaction 2: On November 19, 2013, \$900,000 was transferred from SRAI-VNB-6191 to NYPA II's bank account ("NYPAIL-VNB-0381"). According to the SRA I QuickBooks accounting records, the purpose of the transfer was "purchase of palantir from GCM LLC" and recorded as a receivable from NYPA II. NYPA II's bank balance on November 18, 2013, prior to the transfer from SRA I, was \$323,672. The transfer increased the balance to \$1,223,672. (Exhibit 21)

35. Transaction 3: On November 19, 2013, \$1,020,000 was wired to a seller of Palantir shares. According to the NYPA II QuickBooks accounting records, the purpose of the transfer was "to fully purchase palantir shares" (Exhibit 21). Without the transfer from SRA I, there would not have been sufficient funds for payment to the seller.

Figure 5: SRA I Funds Transferred to NYPA II to Purchase Pre-IPO Shares in Glam



36. Transaction 1: From December 10, 2013 to December 11, 2013, \$172,685 from five investors in Palantir and Jawbone was wired or deposited into SRAI-VNB-6191 (Exhibit 22).

37. Transaction 2: On December 11, 2013, \$56,300 was transferred from SRAI-VNB-6191 to NYPAIL-VNB-0381. According to the SRA I QuickBooks accounting records, the purpose

1 of the transfer was a “loan to buy Glam shares” and recorded as a receivable from NYPA II. This
2 transfer increased NYPA II’s bank balance to \$557,442 (Exhibit 23).

3 38. Transaction 3: On December 11, 2013, NYPAII-VNB-0381 wired \$556,300 to a seller
4 of Glam shares. According to the NYPA II QuickBooks accounting records the payment was “to
5 complete Glam purchase” (Exhibit 23). Without the “loan” from SRA I, NYPA II would not have
6 had sufficient funds to pay the seller.

7 39. Transaction 4: Between December 12, 2013 and December 13, 2013, \$218,367 was
8 wired or deposited from two investors in Jawbone (\$50,000) and Practice Fusion (\$168,367) into
9 SRAI-VNB-6191 (Exhibit 22). Subsequent to the investor wire and deposit, SRAI-VNB-6191 had
10 an ending balance of \$353,122.

11 40. Transaction 5: On December 13, 2013, \$352,000 was transferred from SRAI-VNB-
12 6191 to NYPAII-VNB-0381. According to the SRA I QuickBooks accounting records, the purpose
13 of the transfer was “to buy Glam shares” and recorded as a receivable from NYPA II. This transfer
14 increased NYPA II’s bank balance to \$497,264 (Exhibit 23).

15 41. Transaction 6: On December 13, 2013, a \$4,000 transfer from NYPA Management
16 into NYPAII-VNB-0381 further increased the balance to \$501,264. \$500,000 was then wired to the
17 same seller of Glam shares. According to the NYPA II QuickBooks accounting records the payment
18 was “to finish buying 210,000 of glam” (Exhibit 23).

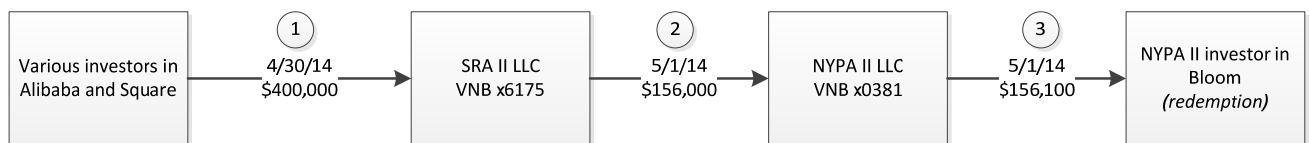
19 42. As of December 31, 2013, while \$4,739,096 had been received from investors into
20 SRA I, only \$1,911,015 of investor money had been allocated to closed series in Palantir and Twitter
21 (Exhibit 24). So, \$2,828,081 of investor money received to purchase shares in pre-IPO companies
22 appeared to have been diverted for other uses. As of December 31, 2013, only \$34,682 remained in
23 the SRA I bank account (Exhibit 23).

24 43. According to the NYPA II QuickBooks accounting records, a total of \$1,102,500 was
25 wired to the seller of Glam shares to purchase 210,000 shares (Exhibit 25). Of the total purchase
26 price, it appears SRA I transferred \$408,300 to NYPA II (37% of the total), and should have received
27 a proportionate share of at least 77,771 shares. As of December 31, 2013, a total of 30,855 shares
28

1 had been purchased by Big 10 investors in SRA I and should have been covered by the amount
 2 previously transferred to NYPA II (Exhibit 7). The Big 10 series would not close for another few
 3 months until February 4, 2014, likely until the other pre-IPO shares in the series had been obtained.

4 44. Below is another example of a transfer between SRA II and NYPA II. During the
 5 month of May 2014, SRA II transferred \$156,000 to NYPA II to pay for a NYPA II investor's
 6 redemption of prior investments¹². The transfer is described below in Figure 6.

7 **Figure 6: SRA II Funds Transferred to Pay for NYPA II Redemptions**



11 45. Transaction 1: On April 30, 2014, two investors wired a total of \$400,000 into SRAII-
 12 VNB-6175 to purchase shares of Alibaba (\$50,000 from one investor and \$250,000 from the other)
 13 and Square (\$100,000 from one investor) (Exhibit 26). One of the investors' money was traced to
 14 investments in Square and Alibaba in the SRA II investor list. The other investor's \$250,000 Alibaba
 15 investment appeared to have been later returned and was no longer included in the produced investor
 16 list (Exhibit 8).

17 46. Transaction 2: On May 1, 2014, \$156,000 is transferred from SRAII-VNB-6175 to
 18 NYPAII-VNB-0381. Although there was no purpose stated in the SRA II QuickBooks accounting
 19 records, transfer was recorded as a receivable due from NYPA II. According to the NYPA II
 20 QuickBooks accounting records, the purpose of the transfer was for a "loan" and recorded as a
 21 payable due to SRA II (Exhibit 27).

22 47. Transaction 3: On May 1, 2014, \$156,100 was wired out to a NYPA II investor in
 23 Bloom (\$106,100) and ZocDoc (\$50,000) who appeared to have entered into redemption of his prior
 24 investments (Exhibit 27). His Bloom investment was made January 8, 2013 and the ZocDoc, Inc.
 25 investment was made March 20, 2013. See Exhibit 28 for a true and correct copy of excerpts from
 26 the NYPA II investor list.

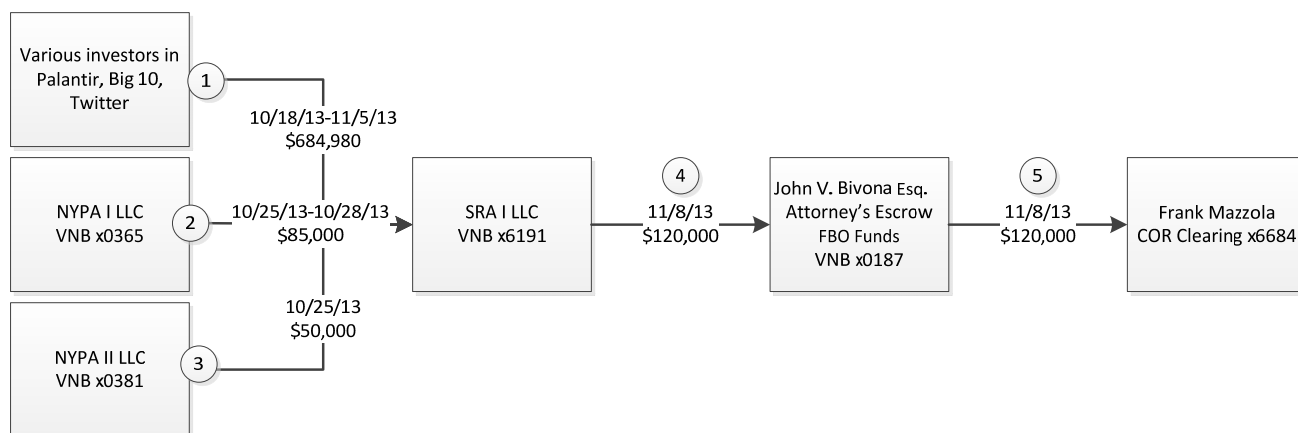
27 ¹² I did not find supporting documentation to explain the purpose of the investor's redemption of shares from NYPA II.
 28

**X. Payments to Frank Mazzola from October 29, 2013 Through December 31, 2013
 Totaled At Least \$363,773**

48. The three flowcharts below illustrate the various sources of money used to pay Frank Mazzola from October 29, 2013 to December 31, 2013. QuickBooks accounting records and bank statements and supporting documentation were used to trace the transactions. In total, the money originated from SRA I investors and totaled \$363,773 (Exhibit 29). When these payments were made to Mazzola, I calculated that SRA Management had only been entitled to receive \$14,660 in front-end fees from the sale of securities in the Twitter and Palantir series in SRA I, based on the series close dates from October 23, 2013 through December 31, 2013, based on the produced SRA I investor list (Exhibit 24).

49. As of December 31, 2013, the SRA I QuickBooks accounting records showed \$119,450 due from Saddle River Advisors and \$230,780 due from SRA Management (Exhibit 30).

Figure 7: SRA I Funds Transferred to Mazzola on Behalf of Prior Fund Pipio Associates I, LLC (“Pipio”)



50. Transaction 1: From October 18, 2013 through November 5, 2013, \$684,980 from seven investors was wired or deposited into SRAI-VNB-6191. They invested in pre-IPO shares of Palantir (\$65,000), Big 10 Fund (\$604,980), and Twitter (\$15,000) (Exhibit 31).

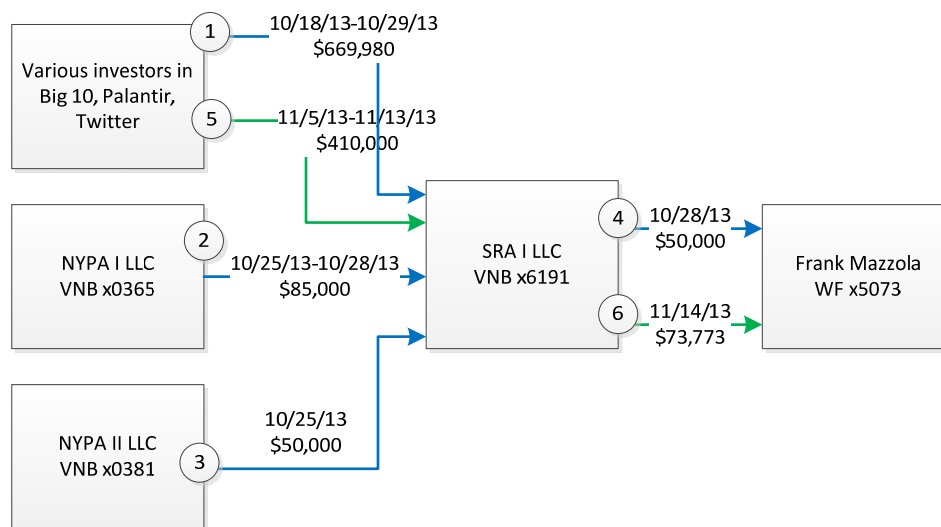
1 51. Transaction 2: From October 25, 2013 through November 4, 2013, \$85,000¹³ was
 2 transferred from NYPA I, LLC's bank account ("NYPAI-VNB-0365") to SRAI-VNB-6191.
 3 According to the SRA I QuickBooks accounting records and SRA I investor list, these investors were
 4 moving into the SRA I fund (Exhibit 31).

5 52. Transaction 3: On October 25, 2013, \$50,000 was transferred from NYPAII-VNB-
 6 0381 to SRAI-VNB-6191. According to the SRA I QuickBooks accounting records and SRA I
 7 investor list, the investor was moving into the SRA I fund (Exhibit 31).

8 53. Transaction 4: On November 8, 2013, \$120,000 was transferred out of SRAI-VNB-
 9 6191 and into JBivona-VNB-0187. According to the SRA I QuickBooks accounting records this was
 10 sent to "Pipio Associates" and the purpose was "for Twitter backends" and recorded as a receivable
 11 from Pipio (Exhibit 31).

12 54. Transaction 5: On November 8, 2013, the \$120,000 transferred from SRA I was wired
 13 from JBivona-VNB-0187 into FMazzola-COR-6684 (Exhibit 32).

14 **Figure 8: SRA I Investor Money Diverted to Frank Mazzola**



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24 55. Transaction 1: The earliest SRA I investors deposited or wired money into SRAI-
 25 VNB-6191 from October 18, 2013 through October 29, 2013 totaling \$669,980. This was comprised

26
27 ¹³ There were entries recorded in the SRA I QuickBooks accounting records on November 4, 2013 of two investors that
 28 also moved from NYPA I to SRA I. However, the bank statements show the funds did not transfer until November 22,
 2013 so the transfers are excluded from the total here.

1 of five Big 10 investors for \$604,980 and three Palantir investors for \$65,000, according to the SRA I
2 investor list, QuickBooks accounting records and bank statements and supporting documentation.
3 The Big 10 series consisted of the shares of ten pre-IPO companies including Badgeville, Bloom,
4 Box, DropBox, Glam, Palantir, Square, and Twitter (Exhibit 31).

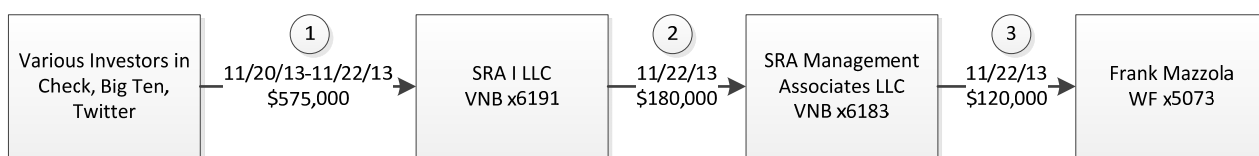
5 56. Transaction 2: From October 25, 2013 through October 28, 2013, another fund, NYPA
6 Fund I LLC (“NYPA I”) transferred \$85,000 into SRAI-VNB-6191 to move two Twitter investors
7 into SRA I, according to the SRA I investor list, QuickBooks accounting records and bank statements
8 and supporting documentation (Exhibit 31).

9 57. Transaction 3: On October 25, 2013 another fund NYPA II also transferred \$50,000
10 into SRAI-VNB-6191 to move another Twitter investor into SRA I, according to the SRA I investor
11 list, QuickBooks accounting records and bank statements and supporting documentation (Exhibit 31).

12 58. Transaction 4: On October 28, 2013, SRAI-VNB-6191 wired \$50,000 to FMazzola-
13 WFB-5073 for “sale of Badgeville shares” according to the QuickBooks accounting records (Exhibit
14 33). The payment originated from SRA I investor money and was traced to QuickBooks accounting
15 records and bank statements and supporting documentation. The payment to Mazzola was recorded
16 in the SRA I QuickBooks accounting records to a Badgeville securities account, to reflect the
17 purchase of Badgeville shares. I have not seen additional documentation to support that SRA I
18 received the shares purchased as noted in the QuickBooks accounting records.

19 59. Transaction 5: From November 5, 2013 through November 13, 2013, \$410,000 from
20 six investors in Twitter and Big 10 was deposited or wired into SRAI-VNB-6191, according to the
21 SRA I investor list, QuickBooks accounting records and bank statements and supporting
22 documentation (Exhibit 34).

23 60. Transaction 6: On November 14, 2013, \$73,773 is wired out of SRAI-VNB-6191 to
24 FMazzola-WFB-5073 as a “distribution to managers” according to the QuickBooks accounting
25 records (Exhibit 35). This payment was also recorded in QuickBooks as a receivable from Saddle
26 River Advisors.

Figure 9: SRA I Investor Money Diverted to Frank Mazzola

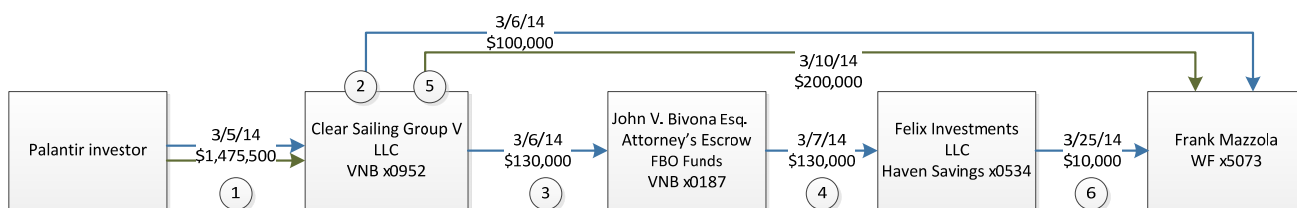
61. Transaction 1: From November 20, 2013 to November 22, 2013, \$575,000 from four investors in Check, Big 10, and Twitter was deposited or wired into SRAI-VNB-6191, according to the SRA I investor list, QuickBooks accounting records and bank statements and supporting documentation (Exhibit 36).

62. Transaction 2: On November 22, 2013, SRAI-VNB-6191 transferred \$180,000 to SRAM-VNB-6183 “from sale of Badgeville,” according to the SRAI QuickBooks accounting records and bank statements and supporting documentation. SRA Management’s accounting records described the transfer as “for sale of Badgeville shares” (Exhibit 36 & 37).

63. Transaction 3: On November 22, 2013, SRAM-VNB-6183 wired \$120,000 to FMazzola-WFB-5073 for the “sale of Badgeville shares” according to SRA Management’s QuickBooks accounting records and bank statements and supporting documentation. The \$120,000 payment was sourced from the \$180,000 transferred from SRAI-VNB-6191 (Exhibit 37).

XI. Payments to the Mazzolas Totaled \$795,000 during March 2014

64. The flowcharts below illustrate various sources of money diverted through Clear Sailing Group IV, LLC (“Clear Sailing Group IV”) and Clear Sailing Group V, LLC (“Clear Sailing Group V”) (together, “Clear Sailing Companies”) and Saddle River Advisors to pay the Mazzolas \$795,000 from March 6, 2014 to March 25, 2014. I calculated a total of \$75,000 sourced from SRA Funds investor money paid to Frank Mazzola and \$420,000 paid to Michele Mazzola, for a total of \$495,000. QuickBooks accounting records, if available, and bank statements and supporting documentation were used to trace the transactions. When these March 2014 payments were made to Mazzola, I calculated there had only been \$207,631 in front-end fees from SRA I and SRA II, based on the series close dates from October 23, 2013 through March 25, 2014, in the produced investor lists.

Figure 10: Clear Sailing Companies Money Diverted to Frank Mazzola

65. Transaction 1: On March 5, 2014, a Palantir investor wired \$1,475,000 into CSGV-VNB-0952¹⁴. That same day, \$1,022,000 is also wired to a seller of Palantir shares. Prior to the deposit from the investor, the bank account had a balance of \$426. At the end of March 5, 2014 after both transactions, the bank account had a balance of \$453,881 (Exhibit 38).

66. Transaction 2: On March 6, 2014, \$100,000 was wired out from CSGV-VNB-0952 to FMazzola-WFB-5073. The reason for the wire is unknown as there were no QuickBooks accounting records for the Clear Sailing Companies and the wire details did not specify a reason (Exhibit 39).

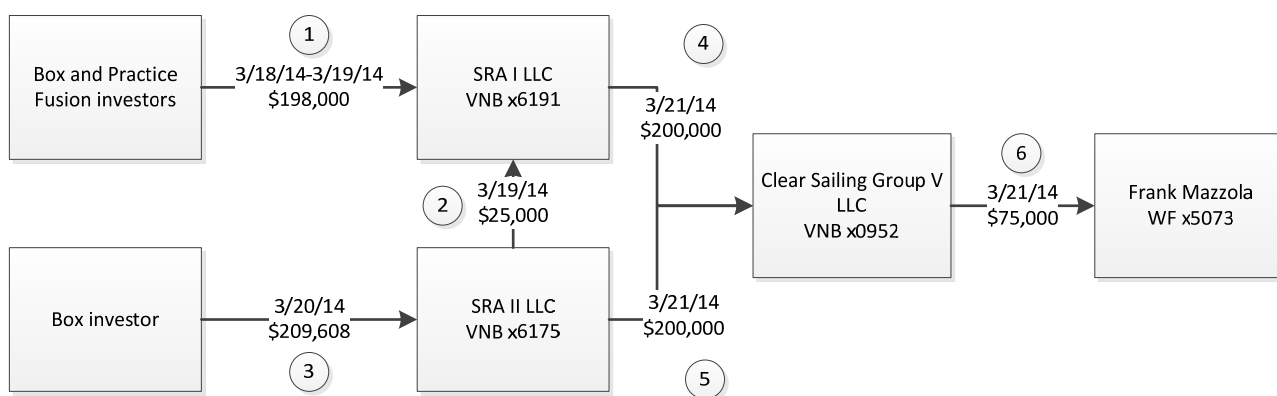
67. Transaction 3: On March 6, 2014, \$130,000 was transferred from CSGV-VNB-0952 into JBivona-VNB-0187 (Exhibit 40). The reason for the transfer is unknown as there were no produced QuickBooks accounting records for the Clear Sailing Companies or Bivona's accounts.

68. Transaction 4: On March 7, 2014, the same \$130,000 is wired out from JBivona-VNB-0187 to Felix-HSB-0534 (Exhibit 40). The reason for the transfer is unknown as there were no produced QuickBooks accounting records for the Bivona's accounts or Felix Investments LLC.

69. Transaction 5: On March 10, 2014, \$200,000 was wired out from CSGV-VNB-0952 to FMazzola-WFB-5073 (Exhibit 39). The reason for the wire is unknown as there were no QuickBooks accounting records for the Clear Sailing Companies and the wire details did not specify a reason.

70. Transaction 6: On March 25, 2014, \$10,000 was wired out from Felix-HSB-0534 to FMazzola-WFB-5073 (Exhibit 41).

¹⁴ According to an email from the Palantir investor to Mazzola, Bivona, and Stephen Soler dated April 7, 2014, the investor confirmed the information from an earlier held phone call. This included confirmation of Palantir shares held by Clear Sailing Group IV. The investor name was traced to the March 5, 2014 incoming wire to CSGV-VNB-0952 on the bank statement and supporting documentation (Exhibit 38).

Figure 11: Clear Sailing Companies Money Diverted to Frank Mazzola

71. Transaction 1: During the time period from March 18, 2014 through March 19, 2014, \$198,000 from three investors was wired or deposited into SRAI-VNB-6191 (Exhibit 42).

72. Transaction 2: On March 19, 2014, SRAII-VNB-6175 transferred \$25,000 into SRAI-VNB-6191 to transfer the money of a Jawbone investor into SRA I, according to the SRA I investor list, QuickBooks accounting records, and bank statements and supporting documentation (Exhibit 42). Subsequent to the daily transactions including the \$25,000 transfer out, the ending balances as of March 19, 2014 was \$11,030 in SRAII-VNB-6175 and \$276,217 in SRAI-VNB-6191 (Exhibit 42 & 43).

73. Transaction 3: On March 20, 2014, \$209,608 was wired into SRAII-VNB-6175 from a Box investor. As of the end of the day, the bank account had a balance of \$288,743 (Exhibit 43).

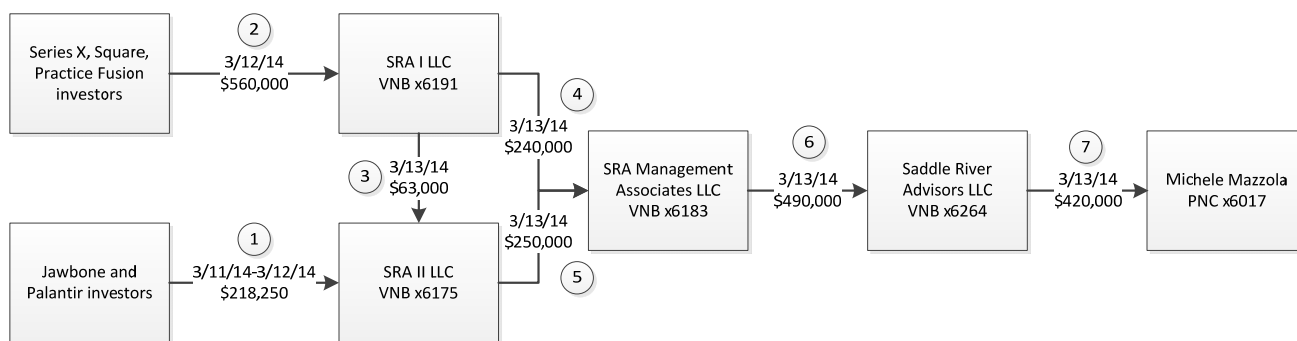
74. Transaction 4: On March 21, 2014, \$200,000 was transferred out from SRAI-VNB-6191 into CSGV-VNB-0952. The purpose of the transfer was not provided in the SRA I QuickBooks accounting records. The entry was recorded to unallocated securities so it appeared SRA I bought securities from the Clear Sailing Companies. No additional entries were recorded subsequently in the SRA I QuickBooks accounting records to determine if the shares were received and how they were allocated (Exhibit 42).

75. Transaction 5: On March 21, 2014, \$200,000 was transferred out from SRAII-VNB-6175 into CSGV-VNB-0952. According to the SRA II QuickBooks accounting records, the transfer was “for purchase of stock” and was recorded as a receivable from Clear Sailing Group (Exhibit 43).

1 Prior to the two \$200,000 transfers from SRAI-VNB-6191 and SRAII-VNB-6175, the ending balance
2 for CSGV-VNB-0952 was \$3,821 on March 20, 2014 (Exhibit 44).

3 76. Transaction 6: On March 21, 2014, the same day the two transfers were received into
4 the account, \$75,000 was wired out of CSGV-VNB-0952 to FMazzola-WFB-5073 (Exhibit 44).

5 **Figure 12: SRA Funds Investor Money Diverted to Michele Mazzola**



12 77. Transaction 1: Between March 11, 2014 and March 12, 2014, \$218,250 from three
13 Palantir investors and one Jawbone investor was wired or deposited into SRAII-VNB-6175 (Exhibit
14 45). All investors were traced to the SRA II investor list.

15 78. Transaction 2: On March 12, 2014, \$560,000 from two investors in Series X, Square,
16 and Practice Fusion was wired into SRAI-VNB-6191 (Exhibit 46). Both were traced to the SRA I
17 investor list.

18 79. Transaction 3: On March 13, 2014, \$63,000 from two investors transferred from
19 SRAI-VNB-6191 into SRAII-VNB-6175. \$25,000 from one of the investors subsequently
20 transferred back to SRA I March 19, 2014 (Exhibit 46). Both were traced to the SRA I or SRA II
21 investor lists.

22 80. Transaction 4: On March 13, 2014, SRAI-VNB-6191 transferred \$240,000 to SRAM-
23 VNB-6183. Neither set of QuickBooks accounting records provided the purpose of the transfer.
24 However, the transfer was recorded as a receivable from SRA Management in the SRA I QuickBooks
25 accounting records (Exhibit 46).

26 81. Transaction 5: On March 13, 2014, SRAII-VNB-6175 transferred \$250,000 to SRAM-
27 VNB-6183. Neither set of QuickBooks accounting records provide the purpose of the transfer.

1 However, the transfer was recorded as a receivable from SRA Management in the SRA II
2 QuickBooks accounting records (Exhibit 45).

3 82. Transaction 6: On March 13, 2014, SRAM-VNB-6183 transferred \$490,000, sourced
4 from SRAI-VNB-6191 and SRAII-VNB-6175, to SRA-VNB-6264. According to the SRA
5 Management QuickBooks accounting records, the transfer was recorded as management fee expense.
6 The bank balance of SRA-VNB-6264 was overdraft by \$2,137 the day before, March 12, 2014, so
7 had it not been for the transfers in, the \$490,000 payment could not have been made (Exhibit 47).

8 83. Transaction 7: On March 13, 2014, SRA-VNB-6264 wired \$420,000 to MMazzola-
9 PNC-0617. According to the SRA QuickBooks accounting records, the purpose of the payment to
10 Michele Mazzola was a distribution to managers (Exhibit 47). The \$420,000 received by Michele
11 Mazzola was sourced from investor money based on the transactions above.

12 **XII. The Mazzolas Received at Least \$4,901,912 in Payments to Themselves or for Their**
13 **Benefit**

14 84. Based on my analysis of the QuickBooks accounting records and bank statements and
15 supporting documentation for all of the bank accounts held in John Bivona's name (including his
16 attorney trust accounts), the SRA Entities, Felix Investments and the Clear Sailing Companies listed
17 in Table 2, the Mazzolas received at least \$4,901,912 in payments from the period October 7, 2013
18 through January 26, 2016. Of the \$4,901,912 in payments to the Mazzolas, at least \$2,679,918 was
19 sourced from the SRA Funds and traced to QuickBooks accounting records and bank statements and
20 supporting documentation. Summaries of the expenses included in each category and those expenses
21 sourced from the SRA Funds are attached as Exhibit 48 and Exhibit 49¹⁵.

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27 ¹⁵ Due to the voluminous nature of the many bank statements and supporting documentation that support this, I have only
28 provided the summary pages herein for the Court. However, I can provide the full support for each instance if necessary.

Table 7: Payments to Mazzolas or for the Benefit of Mazzolas

Category of Funds Received	Sum of Incoming Cash	Sum of Outgoing Cash	Net Cash Received	Total Sourced from the SRA Funds	Footnote
Payments for Car Loans	11,551	(121,945)	(110,394)	11,938	16
Payments for Mortgage	-	(161,999)	(161,999)	30,913	17
Payments for Taxes	-	(118,494)	(118,494)	22,190	18
Payments to/from Michele Mazzola	9,200	(2,571,690)	(2,562,490)	1,800,000	19
Payments to Frank Mazzola	15,685	(1,149,330)	(1,133,645)	604,773	20
Payments to Financial Institutions	-	(155,678)	(155,678)	4,944	21
Payments to John Bivona	-	(22,500)	(22,500)		22
Payments for SEC Fine	-	(100,000)	(100,000)		22

¹⁶ Car loan payments included were based on an email dated July 27, 2014 (Exhibit 48a) from Pamela Rockley of Compliance Directives to Susan Diamond asking for explanations of highlighted transactions from a Felix Advisors LLC QuickBooks extract. The transactions were payments to AC Hann and booked in the QuickBooks accounting records as "Employee Advance- Frank Mazzola." As such, payments made to AC Hann were included in the calculation above as for the benefit of the Mazzolas. To calculate the total, \$109,450 in car loan payments was offset by \$11,551 in returned checks. Exhibit 48a was excerpted from Exhibit 76 of Susan Diamond's testimony dated January 7, 2015.

¹⁷ Mortgage payments to William and/or Robert Kennedy were included based on John Bivona's testimony dated March 19, 2015, stating the payments were for the Mazzolas Jersey shore house mortgage (Bivona Tr. at 46:11-47:3, 61:13-63:4). See Chan Declaration Exhibit L. Many of the deposited check copies also had notations of "FM" or "MM" on the memo line.

¹⁸ Various tax payments were included based on notation of Frank Mazzola and/or Michele Mazzola's social security number, as traced to bank account opening documents. A payment to Township of Brick was also included based on John Bivona's testimony dated March 19, 2015 noting the payment was "the taxes for the house" and that he paid on the Mazzola's behalf (Bivona Tr. at 61:23-62:3). See Chan Declaration Exhibit L.

¹⁹ Payments to Michele Mazzola were traced to bank statements and supporting documentation including wire confirmation details. All payments were wires sent to MMazzola-PNC-6017. The \$2,571,690 in payments was reduced by a \$9,200 check deposited to JBivona-TDBank-6769 from Michele Mazzola.

²⁰ Payments to Frank Mazzola were traced to bank statements and supporting documentation. Payments included wires and payments deposited to FMazzola-COR-6684 and FMazzola-WFB-5073. The \$1,149,330 in payments to Frank Mazzola was offset by \$15,685 from a returned check due to non-sufficient funds in the issuing bank account and a \$10,685 check from Frank Mazzola deposited into JBivona-VNB-5134.

²¹ Payments to financial institutions such as insurance companies and credit card companies were included based on the analysis of bank statements and supporting documentation, including deposited check copies and electronic pay detail information that noted the account number and the Mazzolas name on the account. Other payments and associated account numbers were also traced to prior transactions in the bank statements of FMazzola-WFB-5073. Payments were also included if the deposited check copies included notations of "FM" or "MM" on the memo line.

²² Payments to John Bivona, the Commission, others, and those paid to cash were included if the deposited check copies had notations of "Mazzola", "FM" or "MM" on the memo line. Payments to others for the benefit of the Mazzolas, including Sheldon Miller (Bivona Tr. at 60:12-61:12), Borano, and West Essex (Bivona Tr. at 62:4-62:9) were included based on John Bivona's testimony dated March 19, 2015. See Chan Declaration Exhibit L.

Category of Funds Received	Sum of Incoming Cash	Sum of Outgoing Cash	Net Cash Received	Total Sourced from the SRA Funds	Footnote
Payments to Others	-	(441,212)	(441,212)	205,160	22
Payments to Cash	-	(13,500)	(13,500)		22
Payment for Rent	-	(42,000)	(42,000)		22
Payment to/from Lynch for Loan	500,000	(440,000)	(40,000)		23
Grand Total	\$ 536,436	\$ (5,338,348)	\$ (4,901,912)	\$ 2,679,918	

85. Based on the analysis above, I calculated that the Mazzolas received at least \$4,901,912 in payments from the period October 7, 2013 through January 26, 2016. According to Frank Mazzola's separation agreement from Felix Investments, LLC dated March 10, 2014, \$1,842,680 was owed to him from work performed prior to his separation. Given this, Mazzola received at least \$3,059,232 over the amount he claimed Felix Investments owed him.

XIII. Anne Bivona received at least \$999,667 in payments sourced from the SRA Funds

86. Based on the bank statements and supporting documentation of all accounts listed in Table 2 from the period October 8, 2013 through January 29, 2016, Anne Bivona received at least \$999,667 that can be sourced and traced back to SRA Funds' investor money. A summary of the payments sourced from the SRA Funds is attached as Exhibit 50.

XIV. John Bivona Authorized Transfers of Investor Money between the SRA Funds and to Non-Related Funds

87. I used the bank statements and supporting documentation to analyze the sources and uses of investor money in the paragraphs that follow.

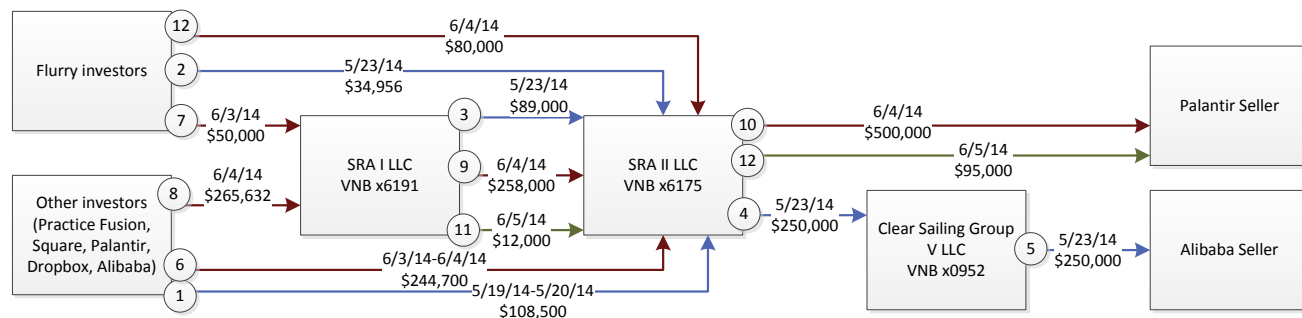
88. Based on my review of the SRA Entities' QuickBooks accounting records and bank statements and supporting documentation, money was transferred from the SRA Funds to each other, to related entities, and to unrelated entities. The balances in each of the SRA Funds' bank accounts

²³ Payments included as wire supporting documentation noted repayments were per instructions of Michele Mazzola and appears to be multiple transactions of \$100k in loans and \$110k in repayments. In total, \$500k was wired in from the Lynch's with a total of \$440k repaid. Payments received by the Mazzolas or made for their benefit from the loans were individually captured in other categories. The table above includes the \$10k repayment as a benefit to the Mazzolas, totaling \$40k. It appeared the fifth repayment of \$110k had not yet been made as of the latest produced bank statements, so the 10k repayment was not included in the calculation above.

often dipped to \$1,000, and investor money was transferred from one account to another to cover payments. The figures below are examples of these transfers.

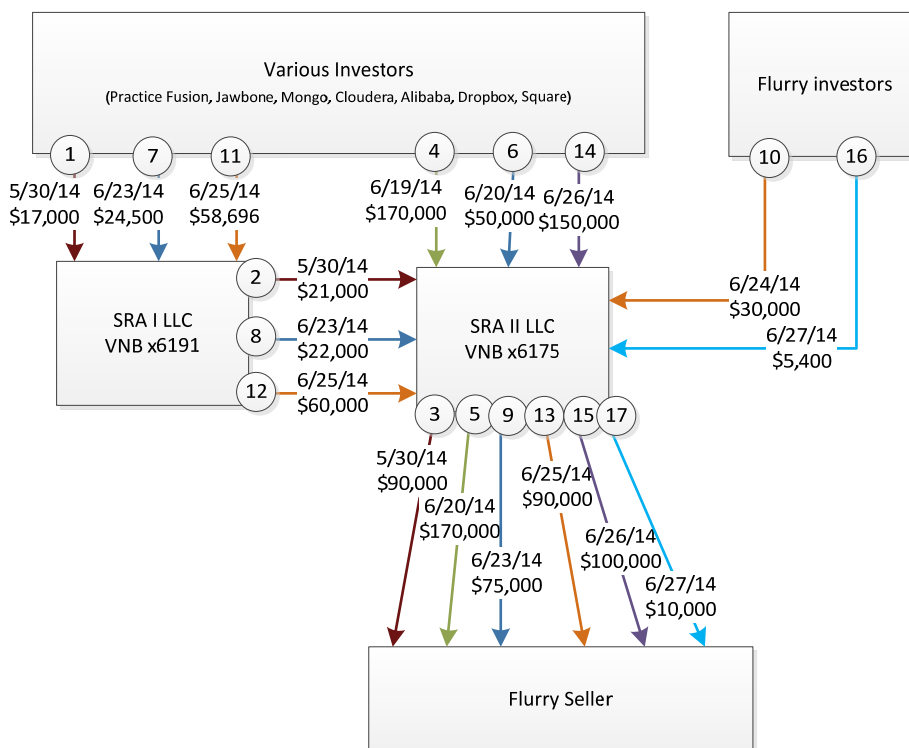
89. Figure 15a below illustrates that at least \$164,956 in Flurry investor money was used to purchase other pre-IPO shares, specifically Palantir and Alibaba, rather than for the intended purpose of purchasing Flurry pre-IPO shares.

Figure 15a: Uses of Investor Money Intended to Purchase Flurry Shares to Purchase Shares of Different Pre-IPO Companies



90. A stock transfer agreement was entered on April 30, 2014 between Clear Sailing Group IV and a Flurry Seller. While payment was due to the Flurry Seller on April 30, 2014, no payment was received so the Flurry Seller’s counsel sent correspondence to Clear Sailing Group IV on multiple dates between May 2014 and June 2014 with the most recent dated June 18, 2014 to inquire about payment (Exhibit 51). The figure below illustrates the flow of money among the SRA Funds and other entities in order to pay the Flurry Seller. Transactions were traced to QuickBooks accounting records, if available, bank statements and supporting documentation and investor lists.

Figure 15b: Movement of Money between SRA Funds and Uses of Investor Money to Purchase Flurry Pre-IPO Shares



91. Transaction 1: On May 30, 2014, \$17,000 from a Practice Fusion investor was wired into SRAI-VNB-6191 and increased the SRA I bank balance from \$7,535 to \$24,535 (Exhibit 52).

92. Transaction 2: On the same day, May 30, 2014, \$21,000 was transferred out of SRAI-VNB-6191 into SRA II-VNB-6175, which increased the SRAII-VNB-6175 cash balance to \$91,859 and decreased the SRAI-VNB-6191 cash balance down to \$3,520. There was no explanation for the transfer in the SRA I QuickBooks accounting records while the SRA II QuickBooks accounting records noted the transfer as a “deposit” and dated the transfer May 29, 2014 (Exhibit 52).

93. Transaction 3: On the same day, May 30, 2014, a first payment of \$90,000 was wired to the Flurry Seller from SRAII-VNB-6175. Without the transfer of \$21,000 from SRAI-VNB-6191, this account would not have had sufficient money to wire payment to the Flurry Seller. Subsequent to this payment, the SRAII-VNB-6175 cash balance decreased to \$1,829. On this day, the cash balance of SRAI-VNB-6191 was \$3,520. Both bank accounts were low in cash balances (Exhibit 52).

1 94. No additional payments were made to the Flurry Seller until after the letter dated June
2 18, 2014 was received from the seller's counsel (Exhibit 51). As of June 18, 2014, the cash balances
3 of SRAI-VNB-6191 and SRAII-VNB-6175 were \$1,337 and \$4,997, respectively. Both bank
4 accounts were low in cash balances (Exhibits 53 & 54).

5 95. Transaction 4: On June 19, 2014, an Alibaba investor wired \$170,000 into SRAII-
6 VNB-6175 increasing the cash balance to \$174,982 (Exhibit 53).

7 96. Transaction 5: The next day, on June 20, 2014, the same \$170,000 from the Alibaba
8 investor was wired out from SRAII-VNB-6175 to pay the Flurry Seller. Subsequent to this payment,
9 the SRAII-VNB-6175 cash balance decreased to \$4,952 (Exhibit 53).

10 97. Transaction 6: That same day, June 20, 2014, another investor wired \$50,000 for
11 Dropbox and Practice Fusion to SRAII-VNB-6175. Subsequent to this investor, the SRA II-VNB-
12 6175 cash balance increased to \$54,937 (Exhibit 53).

13 98. Transaction 7: On June 23, 2014, a Jawbone investor wired \$24,500 into SRAI-VNB-
14 6191. Subsequent to this deposit, the cash balance increased to \$25,822 (Exhibit 54).

15 99. Transaction 8: The same day, June 23, 2014, \$22,000 of the \$24,500 from the
16 Jawbone investor was transferred out of SRAI-VNB-6191 to SRAII-VNB-6175. The SRA I
17 QuickBooks accounting records did not have the purpose for the transfer, while SRA II's
18 QuickBooks accounting records stated it was a "deposit" from SRA I. This transfer increased the
19 cash balance of SRAII-VNB-6175 to \$76,937 (Exhibit 54).

20 100. Transaction 9: Subsequently on the same day, June 23, 2014, \$75,000 was wired out
21 of SRAII-VNB-6175 to the Flurry Seller. As of the end of June 23, 2014, the cash balances of SRAI-
22 VNB-6191 and SRAII-VNB-6175 were \$3,822 and \$1,907, respectively (Exhibit 53 & 54).

23 101. Transaction 10: On June 24, 2014, a Flurry investor wired \$30,000 into SRAII-VNB-
24 6175. Subsequent to this deposit, the cash balance increased to \$31,892 (Exhibit 53).

25 102. Transaction 11: On June 25, 2014, an investor in Cloudera and MongoDB wired
26 \$58,696 into SRAI-VNB-6191 which increased the cash balance to \$62,503 (Exhibit 54).

1 103. Transaction 12: On the same day, June 25, 2014, \$60,000 was transferred out from
2 SRAI-VNB-6191 into SRAII-VNB-6175. The SRA I QuickBooks accounting records did not have
3 the purpose for the transfer, while SRA II's QuickBooks accounting records stated it was a "deposit"
4 from SRA I. Subsequent to this transfer, the SRAII-VNB-6175 cash balance increased to \$91,892
5 (Exhibit 53).

6 104. Transaction 13: On June 25, 2014, the same day the cash balance increased to
7 \$91,892, \$90,000 was wired out of SRAII-VNB-6175 to the Flurry Seller. The payment included
8 \$30,000 from the Flurry investor in Transaction 10. Subsequent to the payment, the cash balance of
9 SRAII-VNB-6175 decreased to \$1,862. The cash balance of SRAI-VNB-6191 was \$2,503. Both
10 bank accounts were low in cash balances (Exhibit 53).

11 105. Transaction 14: A day later, on June 26, 2014, another investor wired \$150,000 for
12 Jawbone, Dropbox and Square into SRAII-VNB-6175. Subsequent to this transfer, the SRAII-VNB-
13 6175 cash balance increased to \$151,847 (Exhibit 53).

14 106. Transaction 15: The same day, \$100,000 was again wired out from SRAII-VNB-6175
15 to pay the Flurry Seller. This payment, along with another transfer of \$30,000 to SRAM-VNB-6183,
16 resulted in the SRAII-VNB-6175 cash balance decreasing to \$21,817 (Exhibit 53).

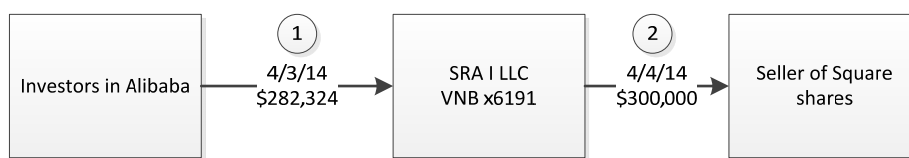
17 107. Transaction 16: On June 27, 2014, \$5,400 from a Flurry investor was deposited into
18 SRAII-VNB-6175 (Exhibit 53).

19 108. Transaction 17: On June 27, 2014, subsequent to Transaction 16, the final \$10,000
20 payment was wired to the Flurry Seller from SRAII-VNB-6175 (Exhibit 53).

21 109. Figure 16a and 16b below illustrates the uses of investor money transferred to
22 purchase another fund's pre-IPO shares. The transactions below are all based on the bank statements
23 and supporting documentation, QuickBooks accounting records, and investor lists.

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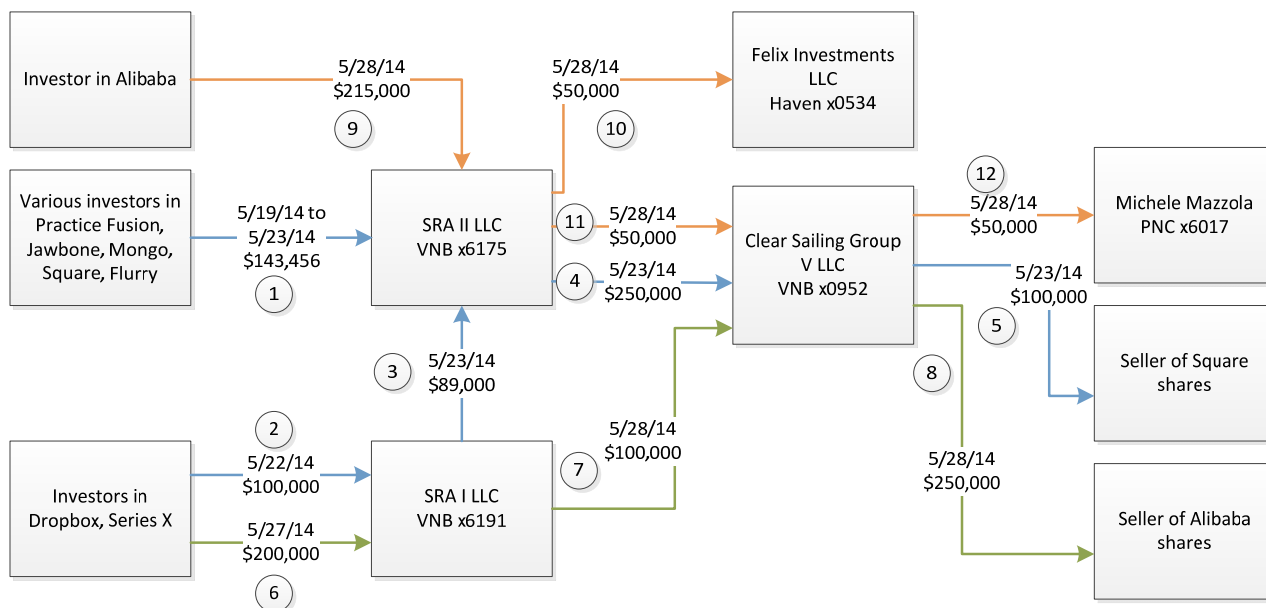
Figure 16a: Use of Investor Money Intended to Purchase Shares of Alibaba



110. Transaction 1: On April 3, 2014, \$282,324 from two Alibaba investors was wired into SRAI-VNB-6191. Both investors were traced to the SRA I investor lists, but it appears one of the investors ultimately had half of their Alibaba investment returned. Subsequent to the receipt of the investor money, SRAI-VNB-6191 had a balance of \$345,946 (Exhibit 55).

111. Transaction 2: On April 4, 2014, \$300,000 was wired out of SRAI-VNB-6191 to a seller of Square shares, a different company than what the investors intended their money to be used for (Exhibit 55). Had it not been for the receipt of Alibaba investor money the day before, the \$300,000 payment from SRAI-VNB-6191 to purchase Square shares could not have been made.

Figure 16b: Use of Investor Money to Purchase Shares of a Different Pre-IPO Company and Wire to Michele Mazzola



112. Transaction 1: Between May 19, 2014 and May 23, 2014, \$143,456 from four investors was wired or deposited into SRAII-VNB-6175. According to the investor lists, they wanted

1 to acquire pre-IPO shares in Jawbone (\$33,500), MongoDB (\$25,000), Practice Fusion (\$25,000),
2 Square (\$25,000) and Flurry (\$34,956). (Exhibit 56)

3 113. Transaction 2: On May 22, 2014, \$100,000 from a Dropbox investor was wired into
4 SRAI-VNB-6191. Subsequent to the wire, the account balance of SRAI-VNB-6191 increased to
5 \$111,770 (Exhibit 57).

6 114. Transaction 3: On May 23, 2014, SRAI-VNB-6191 transferred \$89,000 into SRAII-
7 VNB-6175. According to the SRA I QuickBooks accounting records, no purpose was stated for the
8 transfer but was recorded as a receivable to SRA I from SRA II (Exhibit 57). Subsequent to this
9 transfer, the balance of SRAII-VNB-6175 increased to \$251,797.

10 115. Transaction 4: On May 23, 2014, SRAII-VNB-6175 transferred \$250,000 of its
11 \$251,797 balance to CSGV-VNB-0952, leaving a balance of \$1,797 in SRAII-VNB-6175 (Exhibit
12 56).

13 116. Transaction 5: On May 23, 2014, CSGV-VNB-0952 wired \$100,000 to purchase
14 shares from a Square seller²⁴ (Exhibit 58).

15 117. Transaction 6: On May 27, 2014, \$200,000 from a Series X investor was wired into
16 SRAI-VNB-6191. Subsequent to the wire, the account balance of SRAI-VNB-6191 increased to
17 \$222,755. (Exhibit 57)

18 118. Transaction 7: On May 28, 2014, SRAI-VNB-6191 transferred \$100,000 to CSGV-
19 VNB-0952. The SRA I QuickBooks accounting records did not state the purpose for the transfer, but
20 was recorded as a receivable from Clear Sailing Companies (Exhibit 57). The transfer increased the
21 balance of CSGV-VNB-0952 to \$253,599 (Exhibit 58).

22 119. Transaction 8: On May 28, 2014, subsequent to the \$100,000 transfer from SRAI-
23 VNB-6191, \$250,000 was wired out from CSGV-VNB-0952 to purchase shares from an Alibaba
24 seller²⁵ (Exhibit 58).

25 _____
26 ²⁴ Wire payee was determined to be a seller of Square shares based on wire information detail from a subsequent wire
dated May 28, 2014 (Exhibit 58).

27 ²⁵ Wire payee was determined to be a seller of Alibaba shares based on wire information detail from a previous wire dated
28 May 16, 2014 (Exhibit 58).

1 120. Transaction 9: On May 28, 2014, \$215,000 from an Alibaba (\$120,000) and Jawbone
2 (\$95,000) investor was wired into SRAII-VNB-6175 (Exhibit 56). Although the investor wired
3 money into SRA II, the investor and the pre-IPO companies invested in were found and traced to the
4 SRA III investor list.

5 121. Transaction 10: On May 28, 2014, SRAII-VNB-6175 wired \$50,000 to Felix-HSB-
6 0534. The SRA II QuickBooks accounting records do not state a purpose for the wire, but recorded it
7 as a receivable from Felix Investments LLC (Exhibit 56).

8 122. Transaction 11: On May 28, 2014, SRAII-VNB-6175 transferred \$50,000 to CSGV-
9 VNB-0952. The SRA II QuickBooks accounting records do not state a purpose for the transfer, but
10 recorded it as a receivable from Clear Sailing Companies (Exhibit 56).

11 123. Transaction 12: On May 28, 2014, the \$50,000 transferred from SRAII-VNB-6175
12 was wired out of CSGV-VNB-0952 to MMazzola-PNC-6017 (Exhibit 58).

13 124. It appeared that none of the \$658,456 of investor money wired or deposited into the
14 SRA Funds was used for their intended investments. Rather the money was used to purchase other
15 pre-IPO shares and to pay other entities or individuals such as Felix Investments LLC and Michele
16 Mazzola. The \$50,000 sourced from the Alibaba investor and transferred from SRAII-VNB-6175 to
17 CSGV-VNB-0952 in transaction 11 could have been used in part to pay the Alibaba seller as all
18 transactions would have cleared the bank at the end of the same day.

19 **XV. At Least \$7,667,888 Was Diverted From the SRA Funds to Pay Unrelated Funds or**
20 **to Pay the Mazzolas, Anne Bivona, and Legal Services Not For the Benefit of the**
21 **SRA Funds**

22 125. From October 7, 2013 through January 29, 2016, at least \$7,667,888 was diverted
23 from the SRA Funds. While the Mazzolas received at least \$4,901,912 in payments to themselves or
24 for their benefit, at least \$2,679,918 of that amount was sourced and traced directly from the SRA
25 Funds. Bivona and his wife Anne Bivona received at least \$999,667 in payments sourced from the
26 SRA Funds. In addition, a total of \$1,975,499 for legal expenses, sourced from and traced to the
27 SRA Funds was diverted from the SRA Funds to pay a law firm not for the benefit of the SRA Funds.
28

1 Further, another \$2,012,805, net, appears to have been transferred out of the SRA Funds to unrelated
2 funds. Given the \$1,918,731 in estimated fees Saddle River Advisors and SRA Management may be
3 entitled to, at least \$5,749,157 was still diverted from the SRA Funds that exceeded estimated entitled
4 fees, excluding the \$4,225,807 in expenses in paragraph 26.

5 **XVI. Updated Bank Statements Show SRA Entities Have Received Money from a New**
6 **Fund, Fortuna Fund I LLC**

7 126. Based on the SRA Entities' bank statements and supporting documentation through
8 January 29, 2016, at least one of the accounts is receiving transfers from other funds to help pay for
9 expenses. From December 21, 2015 through January 29, 2016, SRA-TDBank-8846 received at least
10 \$50,000 from Fortuna Fund I LLC ("FortunaI-TDBank-9315") to help cover monthly expenses, such
11 as payroll and rent. In the same period, SRA-TDBank-8846 received at least \$93,409 from Cerus
12 Advisors LLC to help cover monthly expenses, such as payroll. See Exhibit 59 for my summary of
13 the Saddle River Advisors' transactions as extracted from the bank statements and supporting
14 documents. Further, on January 22, 2016, SRAII-TDBank-8797 received \$24,500 from FortunaI-
15 TDBank-9315, which was then transferred to CSGIV-TDBank-9076 on January 25, 2016 (Exhibit
16 60).

17
18 I declare under penalty of perjury under the laws of the United States of America that the
19 foregoing is true and correct.

20
21 Executed in San Francisco, California on March 21, 2016.

22
23
24 

25 Ellen Chen
26
27
28