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

14  
 15 SECURITIES AND EXCHANGE COMMISSION,

16 Plaintiff,

17 v.

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

20 Defendants, and

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

24 Relief Defendants.  
 25  
 26  
 27  
 28

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

**SUPPLEMENTAL DECLARATION OF M.  
 MONICA IP, CPA**

Date: August 30, 2017  
 Time: 10:0 a.m.  
 Courtroom: 5  
 Judge: Edward M. Chen

**SUPPLEMENTAL DECLARATION OF M. MONICA IP, CPA**

I, M. Monica Ip, declare as follows:

I have personal knowledge of the matters stated herein. If called and sworn as a witness, I could and would competently testify under oath thereto.

**I. Assignment**

On 6/28/17, I issued a declaration in support of the Securities Exchange Commission's ("SEC") Motion for Approval of the Receiver's Distribution Plan in the SEC v. John V. Bivona, et al. litigation. Subsequently, I have been asked by the SEC to analyze the following two additional issues:

1. The sources of funds used by Clear Sailing Group IV, LLC ("CSG IV") to acquire 1,500,000 shares of Palantir (which includes 375,000 shares associated with stock certificate # 35) in February 2012.
2. How the \$1,475,500 provided by TeleSoft Capital, LLC ("TeleSoft") on 3/5/14 was utilized.

**II. In February 2012, CSG IV utilized investor funds intended for Facebook and Twitter to acquire 1,500,000 shares of Palantir.**

1. We located four Palantir-related stock transfer agreements dated 2/22/12. In each agreement, the seller agreed to sell 375,000 shares of Palantir to CSG IV for \$937,500 (or \$2.5 per share).<sup>1</sup> In aggregate, CSG IV acquired 1,500,000 shares of Palantir for \$3,750,000. The stock certificates associated with these shares are as follows:<sup>2</sup>

<u>Certificate</u>	<u>Issuance Date</u>	<u># of Shares</u>
CSA-31	02/24/12	166,250
CSA-32	02/24/12	208,750
CSA-33	02/24/12	375,000
CSA-34	02/24/12	375,000
CSA-35	02/24/12	<u>375,000</u>
		<u><u>1,500,000</u></u>

<sup>1</sup> PAL-0000007, PAL-0000024, PAL-0000042, PAL-0000060

<sup>2</sup> PAL-0000003, PAL-0000005, PAL-0000022, PAL-0000048, PAL-0000060

- 1
- 2 2. According to the bank records, CSG IV wire-transferred \$3,746,250 and \$3,750 to
- 3 Gunderson Dettmer Trust on 2/24/12, for a total of \$3,750,000. In the four stock transfer
- 4 agreements discussed above, Gunderson Dettmer Trust is identified as the recipient of the
- 5 wire transfer from CSG IV.
- 6 3. According to the same bank records, Felix Multi-Opportunity Fund II, LLC (“FMOF II”)
- 7 wire-transferred \$3,750,000 to CSG IV on 2/23/12, which was used to finance CSG IV’s
- 8 acquisition of the 1,500,000 Palantir shares on 2/24/12.
- 9 4. A review of FMOF II’s general ledger, bank statement and investor list shows that the
- 10 \$3,750,000 provided by FMOF II to CSG IV was funded with amounts from investors
- 11 who had subscribed to invest in Facebook and Twitter, rather than Palantir (See Exhibit
- 12 1).<sup>3</sup>
- 13 5. As seen in Exhibit 1, when FMOF II received investor funds intended for Facebook, it
- 14 recorded the transaction by debiting cash (an asset account) and crediting IF-Facie Libre
- 15 (investor fund, a liability account). It appears that FMOF II and the Facie Libre entities
- 16 may have comingled their funds.

17 **III. Funds provided by TeleSoft on 3/5/14 were used by CSG IV to acquire 200,000 shares of**

18 **Palantir.**

- 19 6. According to CSG IV’s bank records, it received a wire transfer in the amount of
- 20 \$1,475,500 from TeleSoft on 3/5/14.<sup>4</sup> On the same day, CSG IV wire-transferred
- 21 \$1,022,000 to a seller of Palantir shares.<sup>5</sup> The stock transfer agreement states that CSG
- 22 IV had acquired 200,000 shares of Palantir at \$5.11 per share.<sup>6</sup> According to

23 \_\_\_\_\_

24 <sup>3</sup> The investor or wire originator names in the Exhibit 1 have been redacted to protect the privacy of

25 the investors and originators. An unredacted exhibit will be sent directly to counsel and the Mazzolas

26 by the Commission.

26 <sup>4</sup> SEC-VNB-P-0000374.

27 <sup>5</sup> SEC-VNB-P-0000374.

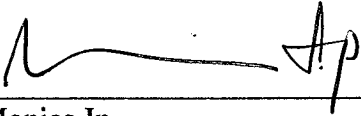
28 <sup>6</sup> NF003506

1 confirmation provided by Palantir, stock certificate CSA-435 for 200,000 shares was  
2 issued on 3/6/14.<sup>7</sup> A copy of this Stock Transfer Agreement between Nicholas Miyake  
3 and CSG IV for the purchase of these 200,000 Palantir shares is attached to my  
4 Supplemental Declaration as Exhibit 2.

5 7. In a 4/4/14 email to Frank Mazzola, John Bivona and Stephen Soler, the manager of  
6 TeleSoft, Arjun Gupta, attempted to confirm his understanding that 227,000 shares of  
7 Palantir from stock certificate CSA-35 had been “allocated solely to the Series G.  
8 TeleSoft Capital, LLC is and will continue to be the sole member of the Series G.”<sup>8</sup>  
9 However, according to Palantir’s confirmation, stock certificate CSA-35, for 375,000  
10 shares, was issued on 2/24/12. A copy of this stock certificate CSA-35 is attached to my  
11 Supplemental Declaration as Exhibit 4. As such, the funds provided by TeleSoft were  
12 used to acquire shares in CSA-435 and not shares in CSA-35.

13 8. It should be noted that according to the Palantir share shortage analysis discussed in my  
14 6/28/17 declaration, the Receivership Entities had a shortage of Palantir shares both before  
15 and after TeleSoft made its investment (See Exhibit 1 to my 6/28/17 declaration).

16 I declare under penalty of perjury under the laws of the United States of America that the  
17 foregoing is true and correct, and that this declaration was executed on the 15th day of August,  
18 2017, at Redwood City, California.

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20 \_\_\_\_\_  
21 M. Monica Ip

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25 \_\_\_\_\_  
26 <sup>7</sup> PAL-1 - FOIA Confidential Treatment Requested by Palantir Technologies Inc.xlsx

27 <sup>8</sup> FII002127-2130. A copy of this April 2014 email is attached to my Supplemental Declaration as  
28 Exhibit 3, at paragraph No. 2 on FII002128.