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Sherwood Partners Inc.

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JOHN B. BIVONA; SADDLE RIVER
ADVISERS, LLC; SRA
MANAGEMENT ASSOCIATES, LLC;
FRANK GREGORY MAZZOLA

Defendants.

Case No. 3:16-cv-1386

**NOTICE OF LODGING OF
RECEIVER'S RESPONSE TO
COURT'S ORDER OF
SEPTEMBER 22, 2017,
REQUESTING THE
SUBMISSION OF
ADDITIONAL
INFORMATION IN
SUPPORT OF JOINT
MOTION FOR APPROVAL
OF THE PROPOSED
DISTRIBUTION PLAN**

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

Relief Defendants.

Date: September 28, 2017
Time: 1:30 PM
Courtroom: 5
Judge: Edward M. Chen

1 The Receiver in this matter, Sherwood Partners Inc. by and through its
2 undersigned counsel, hereby lodges as Exhibit A hereto, its responses to this
3 Court's Order of September 22, 2017 requesting responses by the parties to
4 certain questions propounded by the Court.

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7 Dated: September 26, 2017

GARTENBERG GELFAND HAYTON
LLP

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9 By: /s/ John W. Cotton
JOHN W. COTTON

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Exhibit A

**Exhibit A**

1. The projected value of the SRA Funds investment portfolio if it matures as originally intended versus the liquidation value under the Receiver and SEC's proposed plan. The Court appreciates that such projections cannot be made with guarantees or exactness, but the parties should advise the Court to the extent they have information or reasoned expectations. If available, such information may be shared on a company-by-company basis.

Response:

The Receiver, respectfully, is reluctant to provide publicly, any projections of value for the Estate's investment portfolio. The reason for its reluctance is the likely negative impact such a public pronouncement will have upon the ability of the Receiver, or any retained investment banker selected by it, to conduct an arm's length, fair price negotiation with a willing buyer. To suggest that there are mini-max estimates, or company-by-company estimates of portfolio value could severely restrict, if not eliminate, the ability of the Receiver and/or any retained investment banker to negotiate and thereafter secure the best price for the portfolio assets.

The Receiver therefore respectfully recommends that the Court permit the sharing of any projections, or estimates by way of an in-camera presentation, or a filing under seal, to protect the privacy of the Receiver's preliminary views. At the present time the Receiver has not received any written, or oral estimates from any of the investment banking firms that it has interviewed for retention

2. Which three companies in the SRA Fund portfolio have folded and thus no longer have stock value? How many investors had an interest in those companies and what was the magnitude of each such interest?

Response:

- AliphCom, Inc., dba Jawbone

Entity	Deal	Series	Gross Amount of Investment	Net Amount of Investment	Shares Required	Cum. Shares	# of Investors
Jawbone	SRA I LLC	Series FF-1(SA) through Series FF-7(SA)	\$ 595,218	\$ 570,201	86,958	86,958	10
Series X	SRA I LLC	Series X					
Jawbone	SRA I LLC	Series X	\$ 282,464	\$ 282,464	40,352	40,352	32
Jawbone	SRA II LLC	Series FF-1(SB) through Series FF-10(SB)	\$ 632,971	\$ 609,417	71,888	81,888	14
Jawbone	SRA III LLC	Series FF-1(SA3) through Series FF-8(SA3)	\$ 235,500	\$ 233,440	31,011	31,011	10
		TOTAL	\$ 1,746,153	\$ 1,695,521	230,209	240,209	

- Mode Corporation fka Glam Media, Inc.

Entity	Deal	Series	Gross Amount of Investment	Net Amount of Investment	Shares Required	Cum. Shares	# of Investors
Glam	SRA I LLC	Series AA-1(SA)	\$ 10,000	\$ 9,800	1,782	1,782	1
Big TEN	SRA I LLC	Series 10					
Glam Media	SRA I LLC	Series 10	\$ 167,377	\$ 161,987	30,855	30,855	13
Series X	SRA I LLC	Series X					
Glam Media	SRA I LLC	Series X	\$ 895,499	\$ 895,499	162,818	162,818	32
		TOTAL	\$ 1,072,876	\$ 1,067,286	195,454	195,455	



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- Jumio, Inc.

Entity	Deal	Series	Gross Amount of Investment	Net Amount of Investment	Shares Required	Cum. Shares	# of Investors
Jumio, Inc.	Liber Argentum Associates, LLC	Series A	\$ 1,271,000		1,248,190		19
Jumio, Inc.	Liber Argentum Associates, LLC	Series B	\$ 752,039		1,504,078		12
Jumio, Inc.	Liber Argentum Associates, LLC	Series C	\$ 484,691		307,513		10
Jumio, Inc.	NYP A I, LLC	Series U-1(A) through Series U-12(A)	\$ 1,433,153		186,391		15
Jumio, Inc.	NYP A II, LLC	Series U-1 through Series U-29	\$ 4,136,578.77		671,632		27
		TOTAL	\$ 8,077,461.58		3,917,803		

3. Is the nature of every investor's claim currently known (i.e., is there a list of the number of shares claimed by each investor and in which companies)?

Response:

No. The nature of every investor's claim is only partially known to the Receiver due to the inconsistent, incomplete and unreliable records of the Manager. The IM and Receiver relied on information and documents received from Ms. Susan Diamond and the Manager containing lists of all the known investors and their respective investments in the different pre-IPO companies. The IM and Receiver combined all the different lists provided by Diamond and the Manager and created a master list of all the known investors. The IM and Receiver were able to also obtain contact information (i.e. email addresses) for most of the known investors. Subsequently, the IM and Receiver contacted all the known investors via email as provided by Ms. Diamond and the Manager and requested confirmation of their investments. During this confirmation process, some investors responded and provided the requested confirmations. However, some investors did not respond to the confirmation process and therefore, the complete list of every investor's claim will be known to the Receiver, if ever, only at the conclusion of the IM's recommended claim process which includes the publication of a notification in major newspapers to solicit claims by investors and creditors.

4. Is a notice and claims process necessary to determine whether there are any unknown claims (including both claims to an interest in securities and creditor claims) against the Receivership Entities?

Response:

Yes. The Defendants' unreliable and inconsistent record-keeping, as underlined in the IM's Interim Report in May 2016 and thereafter during the Receivership, makes it extremely difficult and close to impossible even under ideal circumstances, to ensure the completeness and accuracy of investors and their securities purchases as well as the creditors and their claims.

Under these circumstances, the Receiver must conduct a formal claims process by publishing a notice in major newspapers to ensure that all investors and creditors of the Receivership Estate are captured and have the opportunity to come forward and file proofs of claim by a set bar date. Only by this means can there be a finality and certitude to the claim process prior to any distribution of assets.



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5. Whether, other than the claimed shortfall of Square and Palantir shares, there are any other known shortfalls in securities interests at this time.

Response:

The Receiver believes that there are other shortfalls in addition to Square and Palantir, namely in Box and Flurry, but the analyses are not yet final.

6. The Receiver's efforts, if any, to recover the mis-distributed Square shares; the feasibility and cost of re-acquiring the mis-distributed shares; and whether the investors to whom Square shares were over-distributed have interest in the pre-IPO securities of other companies.

Response:

There are three parties that need to provide data to the Receiver in order to determine the proper course of recovery to the Estate for the mis-distribution of the Square shares: The SRA Fund, AST and the investors' claims.

As it was reported by the Receiver in the Declaration of Georgiana Nertea on June 23, 2017, subsequently confirmed by the SEC, four investors in Square appear to have received a mis-distribution of 16,808 shares of Square in excess of the amount for which they were entitled. Furthermore, as reported by Nicolas Hernandez in his Declaration of August 30, 2017, the information provided by Diamond reflecting shares due to investors while Mr. Maily of Sherwood acted as IM, differed from the information that was subsequently provided by AST to the Sherwood when it acted as the Receiver. While the gross amount of shares is a constant 391,255, the allocation to four investors was altered between the time of the IM's review and the time that the Receiver received additional information from AST.

The Receiver has not yet heard from the investors in Square that received the mis-distributions. The conclusion that the Estate is entitled to the mis-distributed shares to be returned from the four investors is premature. The Receiver has not had the opportunity to vet the investors and determine liability. The proposed Plan of Distribution calls for a claims process where investors will have an opportunity to provide evidence of the amounts they are due and defend any alleged over distributions. The Receiver plans to establish if the investors are responsible for reclamations to the Estate and thereafter, the Receiver will determine the economic benefits and best courses of action for recovery, including any separate "claw-back" actions and any offsets for claims made by over-distributed Square shareholders seeking recovery on their overall investments in other Estate holdings.

9. If the funds are not liquidated, are there alternative investment managers others than Mr. Cilano? What process would the parties propose for choosing a manger?

Response:

At this time, the Order does not call for the retention of an Alternate Investment Manager ("AIM"). The Receiver is aware that there must be a temporal conclusion to the Receivership. Section K, of The Plan of Distribution, the Completion of the Plan, establishes a two-year window to conclude the liquidation of the assets and wind down the estate. More time can be requested upon application to the Court. If there are un-realized assets that cannot be monetized at an optimum recovery by the Investment Banker, then the Receiver can turn its attention to this problem. Consequently, the qualifications or requirements to locate an AIM have not been addressed by the Receiver at this time.