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7 Attorneys for the SRA Funds Investor Group

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

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 JOHN V. BIVONA; SADDLE RIVER
ADVISORS, LLC; SRA MANAGEMENT
18 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.
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Case No: 3:16-cv-01386-EMC

**THE SRA FUNDS INVESTOR GROUP'S
RESPONSE TO THE RECEIVER'S
OCTOBER 19, 2017 ADMINISTRATIVE
FEE APPLICATION**

Date: N/A
Time: N/A
Courtroom: 5
Judge: Hon. Edward M. Chen

1 The SRA Funds Investor Group (the “Investor Group”) respectfully submits this response
2 to the Receiver’s October 19, 2017 administrative application for the approval of fees for the period
3 April 1, 2017 to June 30, 2017 for the Receiver and its counsel (Dkt. No. 262) (the “Fee
4 Application”). For the reasons set forth below, the Investor Group objects to the approval at this
5 time of any additional fees to be paid to the Receiver and its counsel. The Investor Group requests
6 that the Court defer consideration of the Fee Application until all of the issues raised by various
7 SRA Funds investors have been resolved by the Court and a distribution plan has been approved.

8 At the time of the September 28, 2017 hearing to consider the proposed competing
9 distribution plans, the Receiver was holding approximately \$1.6 million in cash from its sale of
10 certain shares of Square Inc. All of these funds are owed to the SRA Funds investors who purchased
11 Square shares but have not yet received their respective Square distributions. At the September
12 28th hearing, counsel for the Receiver requested that the Receiver and its counsel be paid
13 approximately \$400,000 out of these investor cash funds based on fee applications that had
14 previously been approved by the Court before the Investor Group became involved in the litigation.
15 The Court approved the request at the September 28, 2017 hearing, noting that the Receiver and its
16 counsel were entitled to be paid “at least in part.” Hearing Transcript, Dkt. No. 259 at p. 50.

17 In its objections to the Receiver and the SEC’s Joint Distribution Plan, the Investor Group
18 identified various breaches of fiduciary duty by the Receiver, including the misallocation of certain
19 Square shares, and questioned what value, if any, the Receiver has provided to the SRA Funds
20 investors, either in its receivership work or in its Joint Distribution Plan. *See* Investor Group’s
21 Objections, Dkt. No. 229 at pp. 16-18. The Investor Group requested that the Court reduce the fees
22 to be awarded to the Receiver as a result of the Square misallocation issue, and asked that the Court
23 defer awarding any additional fees to the Receiver and its counsel until all issues raised by various
24 SRA Funds investors have been resolved by the Court and a distribution plan has been approved.
25 *See* Investor Group’s proposed order, Dkt. No. 232 at p. 10.

1 As none of the issues raised by the various SRA Funds investors has been resolved, the
2 Square misallocation issue has not yet been remedied by the Receiver, and no distribution has been
3 approved by the Court, there is no reasonable justification for approving additional fees for the
4 Receiver and its counsel at this time, particularly since these entities very recently were paid
5 approximately \$400,000 out of SRA Funds investor money.

6 Deferring the Receiver’s latest Fee Application would also be consistent with the Court’s
7 order appointing the Receiver, which specifically provides that “[a]ll Quarterly Fee Applications
8 will be interim and will be subject to cost benefit and final reviews at the close of the receivership.”
9 October 11, 2016 Order, Dkt. No. 141 at p. 16.

10 Respectfully, for all of these reasons, the Investor Group ask that the Court defer ruling on
11 the Fee Application until all of the issues raised by various SRA Funds investors have been resolved,
12 including the Investor Group's objections to the Fee Application, and a distribution plan has been
13 approved by the Court.

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DATED: October 23, 2017

Respectfully submitted,

PRITZKER LEVINE LLP

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By: /s/ Jonathan K. Levine

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Elizabeth C. Pritzker

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Bethany Caracuzzo

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