

1 JOHN W. COTTON (SBN 54912)  
Email: JCotton@gghslaw.com  
2 GARTENBERG, GELFAND & HAYTON LLP  
15260 Ventura Blvd., Suite 1920  
3 Sherman Oaks, CA 91403  
4 (213) 542-2100  
(818) 292-0898  
5 Counsel to Receiver Sherwood  
Partners, Inc.  
6

7  
8 **UNITED STATES DISTRICT COURT**  
9 **NORTHERN DISTRICT OF CALIFORNIA**

10 SECURITIES AND EXCHANGE  
COMMISSION,

11 Plaintiff,

12 v.

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

16 Defendants.  
17

Case No. 3:16-cv-1386

**RECEIVER'S  
ADMINISTRATIVE  
APPLICATION FOR AN  
ORDER PURSUANT TO  
LOCAL RULE 7-11 FOR THE  
APPROVAL OF FEES FOR  
THE PERIOD JULY 1 TO  
SEPTEMBER 30, 2017, FOR  
THE RECEIVER AND  
COUNSEL**

Date: N/A  
Time: N/A  
Judge: Edward M. Chen

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21 **I. Background**

22 On October 11, 2016, this Honorable Court issued an Order of  
23 Appointment of Receiver ("the Order") and thereby appointed Sherwood  
24 Partners Inc. ("Sherwood") as Receiver in this matter. The Order also  
25 appointed John W. Cotton ("Cotton") of Gartenberg, Gelfand & Hayton  
26 LLP as Counsel to the Receiver. Previously the Receiver and his counsel  
27 submitted interim applications for fees and expenses for the time

1 periods October 11, 2016 to March 31, 2017 (First Quarterly Fee  
2 Application filed on July 13, 2017 and approved on July 25, 2017); and  
3 April 1, 2017 to June 30, 2017 (Second Quarterly Fee Application filed  
4 on October 19, 2017 and approved, but with a 20% holdback for  
5 Sherwood, on November 16, 2017). The total fees and expenses of the  
6 Receiver approved by the Court and paid to date are \$291,630.14 and  
7 the total fees and expenses of the Receiver's counsel approved by the  
8 Court and paid to date are \$66,446. (The Court ordered a 20% holdback  
9 of all the Receiver's fees to date in the amount of \$72,907.53) The total  
10 fees and expenses of the Receiver being requested in this Third  
11 Quarterly Application (the "Application") are \$118,220 and the total  
12 fees and expenses of the Receiver's counsel requested in this Third  
13 Application, are \$30,455.

14 In this Application, Sherwood through its Senior Vice President  
15 Peter Hartheimer ("Hartheimer"), requests that this Court approve its  
16 Third Quarterly fees and expenses as well as that of its Counsel, for the  
17 time period July 1, 2017 to and including September 30, 2017. The  
18 Application consists of the accompanying Declaration of Peter  
19 Hartheimer, the time records of Sherwood (Exhibit A to the Declaration  
20 of Hartheimer) , a narrative of the work performed by Sherwood  
21 (Exhibit B to the Declaration of Hartheimer) and the SEC's Standard  
22 Fund Accounting Record ("SFAR", Exhibit C to the Declaration of  
23 Hartheimer). The Receiver also requests approval for the fees of his  
24 counsel, John W. Cotton for the current time period. The Declaration of  
25 John W. Cotton with accompanying billing statements from his firm  
26  
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1 (Exhibit A to the Declaration of Cotton) also accompanies this  
2 Application.<sup>1</sup>

## 4 **II. The Fee Application of Sherwood**

5 As the Declaration of Peter Hartheimer of Sherwood sets  
6 forth, the interim period for which it makes this Application is July 1,  
7 2017 to September 30, 2017. During this time period, the personnel  
8 who worked on this matter, and their discounted hourly rates include  
9 Mr. Michael Maily (\$595); Peter Hartheimer (\$510), Georgiana Nertea  
10 (\$295); Nicolas Hernandez (\$ 295) and Alexander Brandtneris (\$195).  
11 Sherwood's total charge for time and disbursements in this interim  
12 Application is \$118,220. This represents a total of 325.2 hours, or 108  
13 hours per month. Hartheimer Decl., at ¶ 3. Sherwood has applied a 15%  
14 reduction to its standard rate and has only used personnel appropriate  
15 to the level of work being undertaken. Hartheimer Decl., at ¶ 3.  
16 Hartheimer has personally reviewed all the time spent by Sherwood  
17 personnel on receivership tasks and has attested to the accuracy and  
18 appropriateness of the time billed and has set forth the major work  
19 categories in which time was spent. Hartheimer Decl., at ¶¶ 3 and 4.  
20 Finally, Hartheimer has prepared the required SEC Standard Fund  
21 Accounting Report, or "SFAR", for the period covered by this  
22 Application. Hartheimer Decl., at ¶ 5.

## 23 **III. The Fee Application of Sherwood's Counsel**

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26 <sup>1</sup> Exhibit A to the Declaration of Hartheimer may contain unilateral fact  
27 characterizations by Sherwood to which defendants reserve their right  
28 to object.

1 As the Declaration of John Cotton of Gartenberg Gelfand & Hayton  
2 (“GG&H”) sets forth, the period for which it makes its third interim fee  
3 application is July1, 2017 to September 30, 2017. All time spent on  
4 Receivership legal matters were undertaken by Cotton alone, at a  
5 reduced billing rate of \$450 an hour. GG &H ’s total charge for time and  
6 disbursements in this Application is \$ 30,455. This represents a total of  
7 64.4 hours, or 22 hours per month. Cotton Decl., at ¶ 3. GG & H has  
8 applied a 15% reduction to its standard rate and has only used  
9 personnel appropriate to the level of work being undertaken. Cotton  
10 Decl., at ¶ 3. Cotton has personally reviewed all the time spent on  
11 receivership tasks and has attested to the accuracy and appropriateness  
12 of the time billed and has set forth the major work categories in which  
13 time was spent. Cotton Decl., at ¶ ¶4 to 6.

14 During the time period of this interim Application, the work  
15 performed by Cotton consisted of the following work categories:  
16 responding to and advising the Receiver (19 hours); responding to and  
17 meeting with the SEC concerning SRA IG investor group concerns and  
18 the Joint Plan of Distribution (6.1 hours); review, preparation of and  
19 filing court documents (37.4 hours); and responding to and attending  
20 investor and Defendants’ counsel calls and related questions  
21 (5.2hours). Cotton Declaration at ¶ 4.

#### 22 **IV. All Parties Have No Objection to this Fee Application**

23 All the parties to this matter have indicated to Sherwood’s counsel  
24 that they do not oppose the Application. The fees and expenses being  
25 requested herein for Sherwood and its counsel were submitted to the  
26 SEC prior to this submission, and the SEC provided several  
27 recommended reductions, which were accepted by Sherwood and  
28

1 resulted in a reduced fee request. All parties received copies of the  
2 modified Sherwood bills showing the SEC's recommended reductions  
3 during a meet and confer exchange, and therefore do not oppose the  
4 Application as presented.

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6 **V. Conclusion**

7 For the forgoing reasons, the Receiver and his counsel request  
8 that the Court approve the Application for Third Quarterly Fees by  
9 signing the attached Proposed Order.

10  
11 Dated: December 21, 2017

GARTENBERG GELFAND HAYTON  
LLP

12  
13 By: /s/ John W. Cotton

14 John W. Cotton  
15 Counsel to the Receiver  
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1 JOHN W. COTTON (SBN 54912)  
Email: JCotton@gghslaw.com  
2 GARTENBERG GELFAND & HAYTON LLP  
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4 (213) 542-2100  
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5 Counsel to Receiver Sherwood  
Partners Inc.

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

10 SECURITIES AND EXCHANGE  
COMMISSION,

11 Plaintiff,

12 v.

13 JOHN V. BIVONA; SADDLE RIVER  
14 ADVISERS, LLC; SRA  
MANAGEMENT ASSOCIATES, LLC;  
15 FRANK GREGORY MAZZOLA

16 Defendants.

) Case No. 3:16-cv-1386

) **DECLARATION OF JOHN  
COTTON IN SUPPORT OF  
RECEIVER'S COUNSEL'S  
THIRD QUARTERLY FEE  
AND EXPENSE  
APPLICATION FOR THE  
PERIOD JULY 1, 2017 TO  
SEPTEMBER 30, 2017**

) Date: No Date  
) Time: No Time  
) Judge: Edward M. Chen

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20 **DECLARATION OF JOHN W. COTTON**

21 I, John W. Cotton, am a partner of Gartenberg, Gelfand & Hayton  
22 LLP, and act as Counsel to the Receiver in the above action. I hereby declare as  
23 follows:

24 1.) I have personal knowledge of the facts set forth herein and if  
25 called as a witness could testify competently thereto.

26 2.) Since on or about October 11, 2016, I have acted as counsel  
27 to Sherwood in assisting it with the proper discharge of its duties set out in  
28 this Court's Order of that same date, appointing Sherwood as Receiver over

1 the corporate defendant entities, and their affiliates, and my firm Gartenberg,  
2 Gelfand & Hayton LLP (“GG&H”) as its counsel.

3 3.) My fees and expenses for the third quarter commencing July  
4 1, 2017 and ending September 30, 2017 total \$30,455. This represents a total  
5 of 67 hours of billable time, or 22 hours per month for the third quarter, at the  
6 rate of \$450 per hour, a courtesy reduction from my standard rate of \$500 per  
7 hour. The total expenses for the time period were \$125.00, chiefly for the  
8 expense of sending overnight copies of proposed orders and pleadings to the  
9 Court. Copies of my bills for the current time period are appended hereto as  
10 Exhibit A to this Declaration.

11 4.) During the three months for which this application is being  
12 submitted, my time has been spent in the following roughly organized task  
13 categories: Responding to and advising the Receiver (19 hours); responding to  
14 and meeting with the SEC concerning SRA IG investor group concerns and  
15 the Joint Plan of Distribution (6.1 hours); review, preparation of and filing  
16 court documents (37.4 hours); and responding to and attending investor and  
17 Defendants’ counsel calls and related questions (5.2hours).

18 5.) During the three months for which this application is being  
19 submitted, the billable time of GG&H was mine alone. I did all of the work  
20 performed, as I was the only attorney in my firm sufficiently informed on this  
21 matter to undertake such work and did so without assistance. None of the  
22 work performed could have been done by any attorney at a lower billing rate  
23 as the assignment called for my personal involvement, my knowledge of this  
24 case, and my experience with prior SEC receiverships.

25 6.) I have carefully reviewed all of the bills being submitted,  
26 and hereby certify that they are accurate and reflect only the necessary time  
27 spent on matters with which the Receiver entrusted me.

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I declare under penalty of perjury under the laws of the United States of America that the forgoing is true and correct.

Dated: December 21, 2017

/s/ John W. Cotton

John W. Cotton



# Exhibit A

**Gartenberg Gelfand Hayton LLP**15260 Ventura Blvd., Suite 1920  
Sherman Oaks, CA 91403(310)  
312-5760**INVOICE SUBMITTED TO:**Mr. Michael Maily  
c/o Sherwood Partners  
1100 La Avenida  
Mountain View CA

August 04, 2017

**In Reference To:** Sherwood/Receivership  
Our File No.: 8026.002

Invoice # 16174

**Professional Services**

			<u>Hrs/Rate</u>	<u>Tax#</u>	<u>Amount</u>
7/6/2017	- JWC	Fees Weekly status conference call with Receiver team.	0.20 450.00/hr		90.00
7/10/2017	- JWC	Fees Emails to and from Sherwood on Ex. A confidentiality restrictions.	0.40 450.00/hr		180.00
7/13/2017	- JWC	Fees Conference call with Receiver team.	0.50 450.00/hr		225.00
7/14/2017	- JWC	Fees Respond to emails from SEC on scheduling and Sherwood on open items.	0.30 450.00/hr		135.00
7/17/2017	- JWC	Fees Emails to and from Nertea, Hartehimer, SEC on Square and plan hearing.	0.40 450.00/hr		180.00
7/18/2017	- JWC	Fees Telephone call from Global Generation owner on the plan of liquidation.	0.30 450.00/hr		135.00
	- JWC	Fees Call with PH and GN on Square interview, discussion on extending response dates and review of investor questions submitted.	0.80 450.00/hr		360.00
	- JWC	Fees Prepare email to SEC on investors and Levine's request for additional time.	0.40 450.00/hr		180.00
	- JWC	Fees Review investor questions and assist in preparation responses for PH for any legal issues.	0.80 450.00/hr		360.00

Mr. Michael Maily

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			<u>Hrs/Rate</u>	<u>Tax#</u>	<u>Amount</u>
7/19/2017	- JWC	Fees Emails to and from SEC on issue of rescheduling plan hearing, email to Sherwood on same.	0.30 450.00/hr		135.00
	- JWC	Fees Conference call with Levine Group on scheduling investor filings.	0.50 450.00/hr		225.00
	- JWC	Fees Levine Square interview of Nertea	0.30 450.00/hr		135.00
	- JWC	Fees Conference call with Levine Group on scheduling investor filings.	0.50 450.00/hr		225.00
	- JWC	Fees Follow up call with P. Hartheimer on plan issues and scheduling issues.	0.30 450.00/hr		135.00
	- JWC	Fees Review of P. Hartheimer's draft answers to investor questions.	0.50 450.00/hr		225.00
7/20/2017	- JWC	Fees Edit and review stipulation changes on briefing from SRA Investor and SEC.	0.40 450.00/hr		180.00
	- JWC	Fees Conference call in preparation for investor call and preparation for same.	0.50 450.00/hr		225.00
7/20/2017-- 7/21/2047	- JWC	Fees Attend investor question call.	0.80 450.00/hr		360.00
7/26/2017	- JWC	Fees Call with SEC and Sherwood on finalization of settlement for Magistrate call.	0.80 450.00/hr		360.00
7/27/2017	- JWC	Fees Bivona weekly call.	0.50 450.00/hr		225.00
	- JWC	Fees Review oppositions to plan filed today.	0.50 450.00/hr		225.00
7/31/2017	- JWC	Fees Call with SEC on reply to oppositions.	0.30 450.00/hr		135.00
	- JWC	Fees Prepare email to Sherwood on opposition discussion with SEC.	0.30 450.00/hr		135.00
8/10/2017	- JWC	Fees Emails to and from Levine on access to Ex. A list of investors.	0.30 450.00/hr		135.00
For professional services rendered			10.90		\$4,905.00

Mr. Michael Maily

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**Additional Charges :**

	<u>Qty/Price</u>	<u>Tax#</u>	<u>Amount</u>
6/29/2017 - Federal Express	1		39.69
Federal Express	39.69		
Total costs			<u>\$39.69</u>
For professional services rendered	<u>10.90</u>		<u>\$4,944.69</u>
Total amount of this bill			\$4,944.69
Previous balance			\$73,106.37
Balance due			<u><u>\$78,051.06</u></u>

10/30/2017  
9:26 AMGartenberg Gelfand Hayton LLP  
ELG Pre-bills

Page 1

Nickname 8026.002 | Sherwood/Rec  
 Full Name Mr. Michael Maily  
 Address c/o Sherwood Partners  
 1100 La Avenida  
 Mountain View CA

Phone 1  
 Phone 3  
 In Ref To Sherwood/Receivership  
 Our File No.: 8026.002

## Notes

Last bill 8/4/2017  
 Last charge 9/28/2017  
 Last payment 10/16/2017 Amount \$40,789.02

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total
8/1/2017 167303	J. Cotton Fees Conference call with Receiver staff on opposition responses.	450.00	1.00	450.00	Billable
8/3/2017 167307	J. Cotton Fees Call from investor counsel Levine on Square shortfall issue.	450.00	0.30	135.00	Billable
8/4/2017 167309	J. Cotton Fees Telephone conference from P. Hartheimer on Square share issue on Diamond discrepancy and Levine request.	450.00	0.20	90.00	Billable
8/4/2017 167310	J. Cotton Fees Review SEC draft reply sections.	450.00	0.40	180.00	Billable
8/7/2017 167313	J. Cotton Fees Weekly staff conference call.	450.00	0.50	225.00	Billable
8/8/2017 167316	J. Cotton Fees Telephone conference from Global Generation counsel on plan and potential issues with same.	450.00	0.80	360.00	Billable
8/8/2017 167318	J. Cotton Fees Prepare email on Global Generation issue to client.	450.00	0.20	90.00	Billable
8/9/2017 167320	J. Cotton Fees Telephone conference from PH on Square share investigation and preparation of email to PH on Global Generation email.	450.00	0.40	180.00	Billable
8/9/2017 167321	J. Cotton Fees Review and edit SEC draft reply and forward same to SEC.	450.00	0.50	225.00	Billable

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total Billable
8/10/2017 167326	J. Cotton Fees Emails to and from SEC/Telesoft counsel; emails to and from Sherwood on open times.	450.00	0.40	180.00	Billable
8/10/2017 167328	J. Cotton Fees Review Harivel objection and send email analysis to clients.	450.00	0.60	270.00	Billable
8/11/2017 167329	J. Cotton Fees Draft insert on DR Harivel opposition for reply.	450.00	0.70	315.00	Billable
8/11/2017 167330	J. Cotton Fees Conference call with SEC and Sherwood on Harivel opposition and reply issues.	450.00	0.50	225.00	Billable
8/14/2017 167333	J. Cotton Fees Review final filing of status report.	450.00	0.30	135.00	Billable
8/14/2017 167334	J. Cotton Fees Emails from Sherwood on Harivel, email to Harivel.	450.00	0.30	135.00	Billable
8/14/2017 167335	J. Cotton Fees Telephone conference to E. Pritzker on Harivel, message left.	450.00	0.10	45.00	Billable
8/15/2017 167336	J. Cotton Fees Telephone conference to P. Hartheimer on Square/AST/Harivel issues.	450.00	0.40	180.00	Billable
8/15/2017 167337	J. Cotton Fees Telephone conference to SEC (M. Katz) on reply draft status.	450.00	0.10	45.00	Billable
8/15/2017 167339	J. Cotton Fees Respond to Gibbs declaration.	450.00	0.10	45.00	Billable
8/15/2017 167341	J. Cotton Fees Read and edit the joint reply and the IP supplemental declaration.	450.00	1.10	495.00	Billable
8/16/2017 167342	J. Cotton Fees Telephone conference with P. Hartheimer on oppen issues with Square, Global Generation and Telesoft requests.	450.00	0.30	135.00	Billable

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total Billable
8/16/2017 167346	J. Cotton Fees Review draft consent and judgment terms with M. Maily and P. Hartheimer.	450.00	0.50	225.00	Billable
8/17/2017 167351	J. Cotton Fees Review Cooley confidentiality agreement and email recommendation to client on signing.	450.00	0.30	135.00	Billable
8/17/2017 167352	J. Cotton Fees Weekly staff call.	450.00	0.50	225.00	Billable
8/17/2017 167353	J. Cotton Fees Global Generation call with counsel by Sherwood; attending same.	450.00	0.50	225.00	Billable
8/17/2017 167354	J. Cotton Fees Respond to Levine email and review materials from Receiver on same.	450.00	0.40	180.00	Billable
8/17/2017 167355	J. Cotton Fees Review final consent and order of permanent injunction of SEC for Receiver.	450.00	0.30	135.00	Billable
8/17/2017 167358	J. Cotton Fees Review final edits to consent to PI and forward to client to sign; return to SEC.	450.00	0.20	90.00	Billable
8/18/2017 167359	J. Cotton Fees Telephone conference with GN and PH on Square analysis from AST confirmation request; discussion of mechanics of SFAR preparation.	450.00	0.60	270.00	Billable
8/22/2017 167375	J. Cotton Fees Telephone conference from PH and GN on Square analysis and preparation of revised declaration.	450.00	0.80	360.00	Billable
8/23/2017 167378	J. Cotton Fees Telephone conference from G. Nertea on edits to revised declaration, prepare lodging notice and transmit same to office for filing.	450.00	0.50	225.00	Billable
8/24/2017 167382	J. Cotton Fees Email and memo from Hartheimer on ABC relationship with Jawbone.	450.00	0.40	180.00	Billable

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total Billable
8/24/2017 167387	J. Cotton Fees Review investor group opposition and email to PH/MM on same.	450.00	0.80	360.00	Billable
8/25/2017 167389	J. Cotton Fees Weekly update call.	450.00	0.50	225.00	Billable
8/25/2017 167390	J. Cotton Fees Telephone call with SEC on 8/30 hearing and preparation for same; response to oppositions by Investors Group discussions.	450.00	0.80	360.00	Billable
8/27/2017 167396	J. Cotton Fees Read and analyze the Levine Investor Group opposition.	450.00	1.30	585.00	Billable
8/28/2017 167397	J. Cotton Fees Prepare memo to SEC on Levine Investor Group opposition.	450.00	0.80	360.00	Billable
8/28/2017 167398	J. Cotton Fees Continue work on issues to SEC from Levine Group opposition.	450.00	0.30	135.00	Billable
8/28/2017 167401	J. Cotton Fees Telephone conference with M. Hogan on his recollection of the Square distribution.	450.00	0.30	135.00	Billable
8/28/2017 167403	J. Cotton Fees Email to Sherwood on call with Hogan on Square.	450.00	0.20	90.00	Billable
8/28/2017 167404	J. Cotton Fees Telephone call with Griffenger, Yun and Katz on Global Generation reply issues.	450.00	0.40	180.00	Billable
8/28/2017 167405	J. Cotton Fees Prepare two (2) memos to Sherwood, one on 8/25 call with the SEC and one on outstanding issues.	450.00	0.60	270.00	Billable
8/28/2017 167406	J. Cotton Fees Prepare memo to Sherwood on what is needed for the upcoming reply brief from them.	450.00	0.50	225.00	Billable



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ELG Pre-bills

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total Billable
8/29/2017 167408	J. Cotton Fees Prepare for 8/30 hearing, review all reply and opposition materials and Telesoft recent filings.	450.00	1.00	450.00	Billable
8/30/2017 167413	J. Cotton Fees Sherwood Hearing on Liquidation Plan, pre hearing meeting with SEC, post hearing meeting with SEC (9:45 A.M. to 11:45 A.M.).	450.00	2.00	900.00	Billable
8/31/2017 167417	J. Cotton Fees Participate in weekly conference call with Sherwood staff.	450.00	0.50	225.00	Billable
8/31/2017 167418	J. Cotton Fees Commence preparation of reply to Investor Group Opposition.	450.00	1.00	450.00	Billable
9/1/2017 168151	J. Cotton Fees Conference call with SEC/Receiver on response to SRA Investor Ground Opposition.	450.00	0.50	225.00	Billable
9/2/2017 168152	J. Cotton Fees Work on draft reply to SRA Investor Group Opposition.	450.00	1.20	540.00	Billable
9/4/2017 168153	J. Cotton Fees Work on draft reply to SRA Investor Group Opposition.	450.00	1.20	540.00	Billable
9/5/2017 168155	J. Cotton Fees Continue to work on draft reply to SRA IG Opposition.	450.00	4.30	1,935.00	Billable
9/6/2017 168156	J. Cotton Fees Prepare Hernandez declaration from memorandum on Square; prepare Hartheimer declaration from reply brief draft.	450.00	2.80	1,260.00	Billable
9/6/2017 168157	J. Cotton Fees Telephone conference with N. Hernandez to go over Square distribution facts and edit proposed declaration.	450.00	1.50	675.00	Billable
9/6/2017 168158	J. Cotton Fees Call with Hartheimer on Reply, declaration and exhibits.	450.00	1.50	675.00	Billable
9/6/2017 168159	J. Cotton Fees Drafting of new Reply sections, editing declarations.	450.00	0.30	135.00	Billable

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total
9/7/2017 168160	J. Cotton Fees Review and edit Reply, send to Sherwood personnel for review.	450.00	1.10	495.00	Billable
9/8/2017 168162	J. Cotton Fees Conference call with Sherwood staff on edits to declarations and Reply draft.	450.00	0.40	180.00	Billable
9/8/2017 168163	J. Cotton Fees Continue to work on reply brief, reword conclusion and Hernandez declaration.	450.00	2.10	945.00	Billable
9/10/2017 168164	J. Cotton Fees Edit reply brief.	450.00	1.20	540.00	Billable
9/11/2017 168165	J. Cotton Fees Emails to and from Sherwood on edits to reply, finish same and cross walk declarations and reply for consistency and calculations.	450.00	1.70	765.00	Billable
9/12/2017 168166	J. Cotton Fees Finalize and file Plan Reply, edit and finalize declarations of Receiver staff.	450.00	0.90	405.00	Billable
9/25/2017 168170	J. Cotton Fees Call with Receiver on recent Court Order requiring responses and assorted scheduling matters.	450.00	0.50	225.00	Billable
9/25/2017 168172	J. Cotton Fees Call with SEC and Sherwood on assignment of response drafts to Order of 9/22.	450.00	0.50	225.00	Billable
9/25/2017 168173	J. Cotton Fees Draft response to Item No. 1 on Court Order.	450.00	0.20	90.00	Billable
9/25/2017 168175	J. Cotton Fees Review Houlihan engagement letter and send cover memo to Sherwood with redline.	450.00	0.70	315.00	Billable
9/26/2017 168177	J. Cotton Fees Review SEC response to Court Order questions.	450.00	0.30	135.00	Billable

10/30/2017  
9:26 AMGartenberg Gelfand Hayton LLP  
ELG Pre-bills

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8026.002:Mr. Michael Maily (continued)

Date ID	User Task	Rate Markup %	Hours DNB Time	Amount DNB Amt	Total Billable
9/26/2017 168179	J. Cotton Fees Review and edit Order response.	450.00	0.50	225.00	Billable
9/26/2017 168180	J. Cotton Fees Conference call on edits to Order response.	450.00	0.30	135.00	Billable
9/27/2017 168181	J. Cotton Fees Conference call with SEC and Receiver on responses to court questions.	450.00	0.50	225.00	Billable
9/27/2017 168184	J. Cotton Fees Emails to and from Sherwood and SEC on Order to file ex parte.	450.00	0.40	180.00	Billable
9/28/2017 168187	J. Cotton Fees Telephone conference to SEC/Sherwood on ex parte submission to Court; draft cover and review and edit attachments.	450.00	1.50	675.00	Billable
9/28/2017 168189	J. Cotton Fees Prepare for hearing in meeting with SEC (11AM-1:30PM) attend court hearing (1:30PM-4:15PM).	450.00	5.20	2,340.00	Billable
TOTAL	Billable Fees		56.50		\$25,425.00

Date ID	User Expense	Price Markup %	Quantity	Amount	Total Billable
8/14/2017 167029	GGHSLLP \$ExpressNetwork Notice of Lodging; Certificate of Service	32.00	1.000	32.00	Billable
9/12/2017 167842	GGHSLLP \$ExpressNetwork Certificate of Service; Declaration	42.50	1.000	42.50	Billable
9/27/2017 168451	GGHSLLP \$ExpressNetwork Certificate of Service, Notice Lodging	51.00	1.000	51.00	Billable
TOTAL	Billable Costs				\$125.50

	Amount	Total
Total of Fees (Time Charges)		\$25,425.00

10/30/2017  
9:26 AM

Gartenberg Gelfand Hayton LLP  
ELG Pre-bills

Page 8

8026.002:Mr. Michael Maily (continued)

	<u>Amount</u>	<u>Total</u>		
Total of Costs (Expense Charges)		\$125.50		
Total new charges		\$25,550.50		
Total Previous Balance		\$78,051.06		
<b>Accounts Receivables</b>				
<u>Date</u>   <u>ID</u>   <u>Type</u>   <u>Description</u>				
10/16/2017 20039	PAY	Wire payment - thank you	(\$40,789.02)	
10/16/2017 20040	WOF	Write off unapproved travel per JC email dated 10/16/17	(\$469.98)	
Total Accounts Receivable				(\$41,259.00)
Total New Balance				\$62,342.56

User Summary

<u>User</u>	<u>Rate</u>	<u>Hours</u>	<u>Charges</u>	<u>Slip Value</u>	<u>Adjustment</u>
JWC	450.00	56.50	\$25,425.00	\$25,425.00	0.00

1 JOHN W. COTTON (SBN 54912)  
Email: JCotton@gghslaw.com  
2 GARTENBERG GELFAND & HAYTON LLP  
15260 Ventura Blvd., Suite 1920  
3 Sherman Oaks, CA 91403  
(213) 542-2100  
4 (818) 292-0898

5 Counsel to Receiver Sherwood  
Partners Inc.

7 UNITED STATES DISTRICT COURT  
8 NORTHERN DISTRICT OF CALIFORNIA  
9

10 SECURITIES AND EXCHANGE  
COMMISSION,

11 Plaintiff,

12 v.

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

16 Defendants.

) Case No. 3:16-cv-1386

) **DECLARATION OF PETER  
HARTHEIMER IN SUPPORT  
OF RECEIVER'S THIRD  
QUARTERLY FEE AND  
EXPENSE APPLICATION  
FOR THE PERIOD JULY 1,  
2017 TO SEPTEMBER 30,  
2017**

) Date: No Date  
Time: No Time  
Judge: Edward M. Chen

17  
18  
19 DECLARATION OF PETER HARTHEIMER

20 I, Peter Hartheimer, am a Senior Vice President of Sherwood  
21 Partners Inc., the Receiver in this action. I hereby declare as follows:

22 1.) I have personal knowledge of the facts set forth herein and if  
23 called as a witness could testify competently thereto.

24 2.) Since on or about October 11, 2016, I have acted as  
25 Sherwood Partners lead team member in the proper discharge of its duties set  
26 out in this Court's Order of that same date, appointing it as Receiver over the  
27 corporate defendant entities, and their affiliates. As such, I have am the person  
28 most knowledgeable about the work performed by the Receiver's firm on this

1 matter, and are therefore in possession of the most knowledge of the  
2 efficiency and accuracy of the time keepers on this matter.

3 3.) Sherwood's fees and expenses for the period July 1, 2017 to  
4 September 30, 2017 total \$118,220, representing fees of \$118,038.59 and  
5 expenses of \$181.98. The fees represent 325.2 professional time hours, or 108  
6 professional time hours per month and 6.0 hours of long distance travel time  
7 (billed at 50% of the normal hourly rate). Sherwood has applied a courtesy  
8 15% discount to its standard fees. At the suggestion of the SEC, Sherwood  
9 also applied a further discount of \$3,323.25 to my time, to account for several  
10 hours of work that were viewed as potentially administrative, requiring less  
11 skill than the rate that was applied. Aside from this reduction, of all other  
12 billed time, personnel at only the appropriate level of ability performed all  
13 required tasks, so as not to over-utilize higher paid staff for duties requiring  
14 less skill. I can also attest that only the appropriate timekeepers were so  
15 assigned. The time billed by Sherwood for the Third Fee Application time  
16 period is attached to this declaration as Exhibit A.

17 4.) During the three months for which this application is being  
18 submitted, Sherwood's time has been spent in the following roughly  
19 organized task categories: Asset management (150.2 hours); Investor relations  
20 (44.9 hours); Records Management (10.1 hours); Case Support and  
21 Administration (103.3 hours); SEC support (9.7 hours) and Claims and  
22 litigation (7.0 hours). I have personally reviewed the bills, and ensured that  
23 only time attributed to this Receivership was billed to its Estate and that all  
24 time reported is accurate. Sherwood's time narrative, outlining in the view of  
25 its personnel where it spent its time, is attached to this declaration as Exhibit  
26 B.

27 5.) Attached to Sherwood's Third Fee Application as Exhibit C  
28 is the SEC required Standardized Fund Accounting Report, or "SFAR", which

1 reflects the current status of the finances of the Receivership for the period of  
2 this fee application, July 1, 2017 to September 30, 2017.

3

4 I declare under penalty of perjury under the laws of the United  
5 States of America that the forgoing is true and correct.

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Dated: December 21, 2017

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Peter Hartheimer

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**EXHIBIT A**



Saddle River Matter - Receiver												
Sherwood Partners, Inc. Billables - Monthly Detail for the 3rd Quarter of 2017												
PROFESSIONAL TIME CHARGES												
Name	Hourly Rate	July-17			August-17			September-17			Total July-September 2017	
		Hours	Total Fees	Hours	Total Fees	Hours	Total Fees	Hours	Total Fees	Total Hours	Total Fees	
Michael Maicy	\$595.00	1.5	\$892.50	4.2	\$2,499.00	1.5	\$892.50	7.2	\$4,284.00			
Peter Hartheimer	\$510.00	33.3	\$16,957.50	57.8	\$29,469.50	22.2	\$11,296.67	113.2	\$57,723.67			
Georgiana Nertea	\$295.00	61.4	\$18,117.92	55.1	\$16,254.50	24.1	\$7,109.50	140.6	\$41,481.92			
Nicolas Hernandez	\$295.00	4.3	\$1,268.50	13.4	\$3,953.00	20.5	\$6,047.50	38.2	\$11,269.00			
Alexander Brandtneris	\$195.00	16.9	\$3,298.75	6.9	\$1,345.50	2.2	\$429.00	26.0	\$5,073.25			
<b>Total Hours and Fees</b>		<b>117.4</b>	<b>\$40,535.17</b>	<b>137.4</b>	<b>\$53,521.50</b>	<b>70.5</b>	<b>\$25,775.17</b>	<b>325.2</b>	<b>\$119,831.84</b>			
TRAVEL TIME CHARGES												
Name	Hourly Rate	July-17			August-17			September-17			Total July-September 2017	
		Hours	Total Travel Fees	Hours	Total Travel Fees	Hours	Total Travel Fees	Hours	Total Travel Fees	Total Hours	Total Travel Fees	
Michael Maicy	\$297.50	-	-	-	-	-	-	-	-	0.0	\$0.00	
Peter Hartheimer	\$255.00	-	-	6.0	\$1,530.00	-	-	-	-	6.0	\$1,530.00	
Georgiana Nertea	\$147.50	-	-	-	-	-	-	-	-	0.0	\$0.00	
Nicolas Hernandez	\$147.50	-	-	-	-	-	-	-	-	0.0	\$0.00	
Alexander Brandtneris	\$97.50	-	-	-	-	-	-	-	-	0.0	\$0.00	
<b>Total Travel Charges</b>		<b>-</b>	<b>-</b>	<b>6.0</b>	<b>\$1,530.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.0</b>	<b>\$1,530.00</b>	
EXPENSE CHARGES												
Month	Mileage	Lodging	Meals	Airfare	Parking	Rental/Tax	Other	Total Expenses July-September 2017				
JULY Expenses	-	-	-	-	-	-	\$0.00	\$0.00				
AUGUST Expenses	-	-	-	-	-	-	\$181.98	\$181.98				
SEPTEMBER Expenses	-	-	-	-	-	-	\$0.00	\$0.00				
<b>Total Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$181.98</b>	<b>\$181.98</b>				
<b>TOTAL BILLABLES AND EXPENSES FOR THE 3RD QUARTER OF 2017:</b>											<b>\$121,543.82</b>	
<b>*DISCOUNT APPLIED, AS AN ADMINISTRATIVE RATE, TO BILLABLES OF PETER HARTHEIMER FOR THE 3RD QUARTER OF 2017:</b>											<b>(\$3,323.25)</b>	
<b>REVISED TOTAL BILLABLES AND EXPENSES FOR THE 3RD QUARTER OF 2017, NET OF DISCOUNT:</b>											<b>\$118,220.57</b>	
TIME BY CLASSIFICATION CODE												
Name	1	2	3	4	5	6	Total Hours					
Michael Maicy	0.0	0.0	0.0	5.7	1.5	0.0	Classifications 1-6					
Peter Hartheimer	48.9	25.4	6.6	25.6	1.6	5.1	7.2					
Georgiana Nertea	98.6	5.1	1.2	31.3	2.5	1.9	113.2					
Nicolas Hernandez	0.0	0.0	0.0	34.7	3.5	0.0	140.6					
Alexander Brandtneris	2.7	14.4	2.3	6.0	0.6	0.0	38.2					
<b>Total Hours by Classification</b>	<b>150.2</b>	<b>44.9</b>	<b>10.1</b>	<b>103.3</b>	<b>9.7</b>	<b>7.0</b>	<b>325.2</b>					







Sherwood Partners, Inc. Billables - 3rd Quarter of 2017					
Date	Timekeeper	Classification	Activity	Description	Time
8/16/2017	PH	6	A	Read and review Bivona settlement	1.0
8/17/2017	PH	1	F	Square share follow up with AST and GN	0.8
8/17/2017	PH	2	PC	Call with Global Generation	0.5
8/17/2017	PH	2	PC	Call and cors with JC re: Telesoft file share	0.8
8/17/2017	PH	4	D	Draft weekly status update for SEC v. Bivona call with PS	1.7
8/17/2017	PH	4	M	Weekly Update call with PS and JC	0.5
8/17/2017	PH	5	PC	Discussing response from Receiver with AIB	0.1
8/18/2017	PH	1	FU	Call and Cors with J. Yun & M. Katz re: Square recast	0.8
8/18/2017	PH	1	FU	Snap: Call with J. Huang re: Medallion cert	0.2
8/18/2017	PH	1	I	Snap: research of medallion cert companies	0.2
8/18/2017	PH	1	FU	Follow up with MAM re: Snap	0.1
8/23/2017	PH	4	PC	Call with P. Schraga (SEC) re: Houlihan Presentation	0.5
8/23/2017	PH	6	PC	Claims call with California Testing Authority	0.2
8/23/2017	PH	1	B	Review and revise RH mark tips	0.8
8/23/2017	PH	2	PC	Investor call	0.3
8/24/2017	PH	1	PC	Call with HL re: IB Interview	1.0
8/25/2017	PH	1	B	Review and respond to the Objection of the Investors Group	2.5
8/25/2017	PH	4	D	Draft agenda of weekly status call update	0.5
8/25/2017	PH	4	M	Weekly status call with PS & JC regarding replies to objections to plan, Meeting with I Bankers, Snap redemptions and quarterly reports; Subsequent follow-up with MAM & NH	0.5
8/25/2017	PH	4	FU	Follow-up with GN re: Monitor's response	0.3
8/28/2017	PH	1	AZ	Con't review and respond to objections to plan of distribution	3.6
8/29/2017	PH	1	B	Administer and organize reply to objections	1.1
8/29/2017	PH	4	B	Review notes for status conference	1.2
8/30/2017	PH	1	PC	Call and email with J. Cotton to discuss IG meeting	0.4
8/30/2017	PH	1	FU	Email follow up with M. Katz, J. Yun re: meeting	0.8
8/30/2017	PH	4	M	Pre-meeting for status conference with JC and NH	1.0
8/30/2017	PH	4	A	Status Conference	1.8
8/30/2017	PH	4	FU	Follow up with NH, JC, M. Katz & J. Chan	0.5
8/30/2017	PH	4	PC	Call with MAM to review hearing	0.2
8/31/2017	PH	1	D	Draft reply to 8-24 objections	1.5
8/31/2017	PH	4	D	Draft Weekly status agenda & circulate to MAM, GN, NH, AJ, JC	1.5
8/31/2017	PH	4	M	Weekly status call and follow up with NH	0.4
8/31/2017	PH	6	FU	Cors with M. Katz re: Square Investors and follow up with GN	0.4
<b>Total Peter Hartheimer-August 2017:</b>					<b>57.8</b>
9/1/2017	PH	1	FU	Reply to IG on Receivers change to disposition method.	0.6
9/1/2017	PH	6	PC	Call with SEC re: Receivers/SEC's responses to opposition	0.5
9/5/2017	PH	1	PC	Reviewing I Bankers with Michael Meldy and Georgiana Morteo	0.4
9/6/2017	PH	1	FU	Forward draft repl re: Delinquent Tax Filing to NH for review	0.1
9/6/2017	PH	1	D	Cors with JC re: Draft Tax Filing	0.3
9/6/2017	PH	1	B	Review and reply to 1st draft of reply from JC	2.0
9/6/2017	PH	1	FU	Cont. review and reply to 1st draft of reply from JC	0.2
9/6/2017	PH	1	FU	Status of IB email to SEC re: Progress to selection of banker	0.9
9/6/2017	PH	1	PC	Call with JC to review Receiver reply to IG objection and Hartheimer Declaration	1.4
9/6/2017	PH	4	FU	Cors with JC to schedule declaration review call	0.3
9/6/2017	PH	4	FU	Reschedule weekly status call	0.1
9/7/2017	PH	1	FU	IB - Cors with SEC re: IB retention	1.3
9/7/2017	PH	1	B	Final review and revise of JC Draft reply	1.7
9/7/2017	PH	1	C	IB - Cors and review final proposal from HL	0.4
9/11/2017	PH	1	D	Prepare and send IB analysis to SEC.	0.4
9/12/2017	PH	1	D	Declaration in reply to objections of 8-24 Final review and revise pre execution	1.1
9/13/2017	PH	1	B	Cors with JC RE: Declaration in reply to objections of 8-24 Final review and execution	1.1
9/13/2017	PH	1	FU	Execution of Declaration and transmittal	1.5
9/19/2017	PH	3	FU	Follow up with PS re: Website update	0.5
9/20/2017	PH	3	FU	Prepare website update for the replies to 8-24 objections	2.0
9/21/2017	PH	3	FU	Follow up on Website update	0.1
9/21/2017	PH	4	D	Draft weekly status update & follow up with PS	0.5
9/22/2017	PH	1	FU	Cors with HL re: Engagement Letter	0.3
9/23/2017	PH	1	FU	Cors with Tenno re: IB decision	1.2
9/26/2017	PH	3	FU	Follow up with PS re: Website update	0.2
9/27/2017	PH	3	D	Prepare website update for the replies to 8-24 objections	2.0
9/28/2017	PH	4	D	Draft weekly status update & follow up with PS	0.5
9/29/2017	PH	1	FU	Cors with HL re: Engagement Letter	0.3
9/29/2017	PH	3	FU	Follow up on Website update	0.1
9/30/2017	PH	1	FU	Cors with Tenno re: IB decision to retain another banker	1.2
<b>Total Peter Hartheimer-September 2017:</b>					<b>22.2</b>
<b>Total Billables for the 3rd Quarter of 2017:</b>					<b>306.2</b>
8/29/2017	PH	T	T	Travel to San Francisco for status hearing	6.0
<b>Total Travel Time during the 3rd Quarter of 2017:</b>					<b>6.0</b>
<b>Total Billables and Travel Time for the 3rd Quarter of 2017:</b>					<b>312.2</b>

\* Indicates the billed time was discounted to an administrative staff hourly rate

Classifications	1: Asset Management
	2: Investor & Creditor Relations
	3: Record Management
	4: Case Support & Administration
	5: Support of and Reporting to the SEC
	6: Claims & Litigation
Activity Types	A: Attend
	AZ: Analyze
	C: Confer
	D: Draft
	FU: Follow Up
	I: Investigate
M: Meet	
PC: Phone Call	
PF: Prepare For	
R: Review	
T: Travel	

Sherwood Partners, Inc. Expenses - 3rd Quarter of 2017										
Saddle River Matter-Receiver										
Date	Description	Mileage	Lodging	Meals	Airfare	Parking	Rental/Taxi	Other	Total	Total
8/4/2017	Expenses incurred noticing taxing authorities re: the POL							\$181.98	\$181.98	\$181.98
	Totals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.98	\$181.98	\$181.98
		Mileage	Lodging	Meals	Airfare	Parking	Rental/Taxi	Other	Total	Total
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$181.98	\$181.98	\$181.98

**EXHIBIT B**



**THIRD FEE APPLICATION OF THE RECEIVER FOR SADDLE RIVER ADVISORS, LLC  
CASE NO. 3:16-cv-1386-EMC FOR THE PERIOD  
JULY 1, 2017 TO SEPTEMBER 30, 2017**

This is the third fee application of Sherwood Partners, Inc. (“Sherwood” or “Receiver”), the Receiver for Saddle River Advisors, LLC’s holding companies, SRA I LLC, SRA II LLC, SRA III LLC, (the “SRA Funds”) and Clear Sailing IV, and Clear Sailing V, (the “Clear Sailing Funds”), which are referred to collectively as the “Defendant Entities” or the “Estate”.

**BACKGROUND**

In late 2013 and during 2014, the Receivership Defendants established the SRA Funds to solicit investors and purchase pre-Initial Public Offering (“IPO”) securities. On March 22, 2016, the Securities and Exchange Commission (“SEC”) filed a complaint (the “Complaint”) in the U.S. District Court, California Northern District (San Francisco) commencing the action styled *Securities and Exchange Commission v. John V. Bivona, et al., Case No. 3:16-cv-1386-EMC*. In the Complaint, the SEC asserts, among other things, several claims for relief against the Defendants based on violations of the Securities Act (sections 5(a), 5(c) and 17(a)), the Exchange Act (sections 10(b) and 15(a)) and the Investment Advisors Act (section 203(f), 206(1), 206(2) and 206(4)). On March 25, 2016 the Court ordered the appointment of Sherwood Partners Inc. (“Sherwood”) as Independent Monitor for Saddle River Advisors, LLC.

On October 11, 2016, this Honorable Court issued an Order of Appointment of Receiver (the “Order”), thereby appointing Sherwood as Receiver in this matter.

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## **NATURE OF WORK PERFORMED**

**FROM JULY 1, 2017 TO SEPTEMBER 30, 2017**

### **I. ASSET MANAGEMENT**

Pursuant to the Order, the Receiver is to marshal the assets of the Estate. In order to do so, the Receiver must determine the nature, location, and value of all Receivership assets, recoverable assets and property interests of the Receivership Entities. Parts of this process that Sherwood has focused on this quarter include: (a) the continuation of the examination of the shortfall found in the Square, Inc. investment, as well as the identification of additional Square share distributions per American Stock Transfer (“AST”), previously unknown to the Receiver; (b) the crafting of a Plan at the direction of the Court, to also address the excess Square, Inc. distributions and any associated shortfalls; (c) the review of opposition papers with alternative distribution plans; (d) the search for an investment banker whose role would be to assist the Receiver with the most profitable sale of the asset portfolio and (e) the preparation of a recommendation for a Claims agent to conduct a Proofs of Claim process. Sherwood has spent 150.2 hours undertaking these tasks. The Receiver continues to monitor these pre-IPO investments, and manages post-IPO activity for any recovery value. At the date of Sherwood’s appointment, the Defendants’ assets consisted of investments in twenty-one (21) companies that are or were pre-IPO and two (2) companies that had already experienced a liquidity event resulting from their IPOs.

The Receiver has requested and received assistance from former officers and employees of the Defendants, including, but not limited to John V. Bivona and Susan Diamond, in order to understand the types and number of investments held by the Defendant entities and stock distributions made to investors after a stock went public.

### **II. INVESTOR RELATIONS AND CREDITORS**

Sherwood has provided continuous information and communication to the investors and creditors of the Estate. In certain cases, Sherwood has been asked to conduct meetings with investors regarding their perceived unique circumstances surrounding investments. During this third fee application period, Sherwood dedicated 44.9 hours addressing the concerns of these constituents, including undertaking the following tasks:

- (a) Conducting a telephonic meeting with investors and creditors, in order to answer questions regarding the proposed plan of liquidation filed on June 27, 2017
- (b) Conducting regular communication with SRA investors via telephone calls and emails; Sherwood maintains a log of these communications along with any additional information investors choose to share with the Receiver. Sherwood has made every effort to provide accurate and concise information on the case status and its progress

- (c) Providing data for and interacting with the Investors' Group (formerly known as the Intervening Creditors) represented by Pritzker Levine, LLP, who has objected to the POL
- (d) Engaging with an accounting firm regarding the preparation of the Receivership entities' tax returns for the years 2015 and 2016
- (e) Attending the September 28th Court Hearing in San Francisco

### **III. RECORDS MANAGEMENT**

Sherwood has spent 10.1 hours managing and maintaining the records of the Estate. At the start of the Receivership, the Receiver has taken custody, control and possession of all known Receivership property and records of the Receivership entities; spent one month at the premises of Saddle River Advisors, LLC in Saddle River, NJ reviewing and gathering the records of the Defendants; and retained temporary staff to assist with inventory and indexing of those hardcopy records. During this third quarter of 2017, the Receiver continued to maintain and update the SRA website and to update investor related records and contact information.

### **IV. CASE SUPPORT AND ADMINISTRATION**

The Receiver has spent 103.3 hours of time administrating the case to ensure compliance with the Order. This relates mainly to the preparation of the Third Quarterly Report of the Receiver dated August 14, 2017; internal communications and updates; noticing of tax authorities.

To date, the Receiver has engaged numerous professionals with the advance approval of this Court to assist the Receiver in carrying out its duties and responsibilities.

The professionals with fees accrued and unpaid to date, are:

1. Allen G. Kadish, Esq. with the law firm DiConza Traurig Kadish LLP in New York, NY whose fees are \$38,011.75;
2. Catherine A. Gaul, Esq. with the law firm Ashby & Geddes, P.A. in Wilmington, DE whose fees are \$1,316.35 and,
3. Brian Crowley, Esq. with the law firm McDonnell Crowley in Red Bank, NJ whose fees are \$2,131.75.

The Receiver's first fee application for the period October 11, 2016 to March 31, 2017 totaling \$221,120.67, representing \$213,315.42 in fees and \$7,805.25 in expenses, had been previously approved by this Court and on September 28 this Court further approved the disbursement of funds from the Receiver's account to pay these outstanding fees. Per the Minute Order dated November 16, 2017, the Receiver's Second Fee Application was approved in the amount of \$143,417. The Court held back 20% of

the cumulative amount of both interim fee applications of the Receiver. Hence, the Court held back 20% of the total of the first two fee applications of the Receiver (20% of the sum of \$364,537.67). The Receiver received \$70,509.47 and the remaining \$72,907.53 were held back for later distribution. The Court also approved the payment and disbursement of funds for the outstanding Monitor fees and expenses in the amount of \$203,925.53.

#### **V. SUPPORT OF AND REPORT TO THE SECURITIES AND EXCHANGE COMMISSION**

As part of the administrative obligations to the Receivership Estate, Sherwood has had regular dialog with the SEC. Sherwood has spent 9.7 hours conducting regular meetings with the SEC and assisting and receiving support with the following activities:

- (a) Providing a preliminary, unfinalized draft analysis regarding Box, Inc. and Flurry, Inc.
- (b) Communicating with the SEC regarding Jumio, Inc.; Pinterest, Inc. and Airbnb, Inc.
- (c) Communicating with the SEC regarding the investment bankers' presentations

#### **VI. CLAIMS AND LITIGATION FOR THE BENEFIT OF THE ESTATE**

In addition to the monetization and recovery of assets, the Receiver will need to pursue remedies, consensual and legal, to recover funds. These funds are compensation due to the Estate as a result of misappropriation. The Receiver has spent 7.0 hours during this third quarter of 2017, in pursuit of these claims. Early in the Receivership, the principal of the Defendant entities, John V. Bivona filed for Chapter 7 bankruptcy in the Southern District of New York, Case#: 16-12961-scc. The Receiver analyzed and addressed issues concerning the impact of his individual bankruptcy, as well as issues pertaining to the preservation of claims and assets of the Receiver's Estate, by working with local counsel.

#### **SUMMARY**

During this billing period, the Receiver and the professional staff working for the Receiver billed 344.4 hours related to the tasks detailed above and 6.0 hours related to travel. The expenses incurred during this quarter relate to a service subscription for conference calls and those incurred in connection with noticing of the tax authorities. The Receiver has provided the Standardized Fund Accounting Report ("SFAR") in compliance with the requirements of the SEC. To manage expenses, the Receiver used the lowest hourly rate staff where possible. A discount was applied to the billable time of Peter Hartheimer for administrative tasks undertaken, in the amount of \$3,323.25. For the reasons set forth above and in concurrence of the other parties to this matter, the Receiver, Sherwood Partners, Inc., respectfully requests the Court to approve the payment of fees and expenses for the period of July 1, 2017 to September 30, 2017 in the amount of \$118,220.57.

**EXHIBIT C**

STANDARDIZED FUND ACCOUNTING REPORT - Cash Basis				
Receivership; Civil Court Docket No. 3:16-cv-01386-EMC				
Reporting Period 07/01/2017 to 12/15/2017				
FUND ACCOUNTING (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 10/11/2016):	\$ -		\$ -
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$ -		
Line 3	Cash and Securities	\$ 1,665,220		\$ 1,665,220
Line 4	Interest / Dividend Income	\$ 7,360		
Line 5	Business Asset Liquidation	\$ 120,010		
Line 6	Personal Asset Liquidation	\$ -		
Line 7	Third-Party Utigation Income	\$ -		
Line 8	Miscellaneous - Other	\$ -		
	<b>Total Funds Available (Lines 1-8):</b>			\$ 1,792,590
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors	\$ 20,000		\$ 20,000
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$ 585,590		
Line 10b	Business Asset Expenses	\$ -		
Line 10c	Personal Asset Expenses	\$ -		
Line 10d	Investment Expenses	\$ -		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$ -		
	2. Litigation Expenses	\$ -		
	<b>Total Third-Party Litigation Expenses:</b>		\$ -	
Line 10f	Tax Administrator Fees and Bonds	\$ -		
Line 10g	Federal and State Tax Payments	\$ -		
	<b>Total Disbursements for Receivership Operations</b>			\$ 585,590
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:			
	Fund Administrator	\$ -		
	Independent Distribution Consultant (IDC)	\$ -		
	Distribution Agent	\$ -		
	Consultants	\$ -		
	Legal Advisors	\$ -		
	Tax Advisors	\$ -		
	2. Administrative Expenses	\$ -		
	3. Miscellaneous	\$ -		
	<b>Total Plan Development Expenses</b>		\$ -	
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:			
	Fund Administrator	\$ -		
	IDC	\$ -		
	Distribution Agent	\$ -		
	Consultants	\$ 25,000		
	Legal Advisors	\$ -		
	Tax Advisors	\$ -		
	2. Administrative Expenses	\$ -		
	3. Investor Identification:			
	Notice / Publishing Approved Plan	\$ -		
	Claimant Identification	\$ -		
	Claims Processing	\$ 1,000		
	Web Site Maintenance / Call Center	\$ -		
	4. Fund Administrator Bond	\$ -		
	5. Miscellaneous	\$ 30		
	6. Federal Account for Investor Restitution			
	(FAIR) Reporting Expenses	\$ -		
	<b>Total Plan Implementation Expenses</b>		\$ 26,030	
	<b>Total Disbursements for Distribution Expenses Paid by the Fund</b>			\$ 26,030
Line 12	Disbursements to Court / Other:			
Line 12a	Investment Expenses / Court Registry Investment	\$ -		
	System (CRIS) Fees	\$ -		
Line 12b	Federal Tax Payments	\$ -		
	<b>Total Disbursements to Court / Other:</b>			\$ -
	<b>Total Funds Disbursed (Lines 9-11):</b>			\$ 631,620
Line 13	Ending Balance (As of 12/15/2017)			\$ 1,160,970
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents	\$ -		
Line 14b	Investments	\$ -		
Line 14c	Other Assets or Uncleared Funds	\$ -		

STANDARDIZED FUND ACCOUNTING REPORT - Cash Basis					
Receivership; Civil Court Docket No. 3:16-cv-01386-EMC					
Reporting Period 07/01/2017 to 12/15/2017					
Total Ending Balance of Fund - Net Assets				\$	1,160,970
<b>OTHER SUPPLEMENTAL INFORMATION:</b>					
<i>Report of Items NOT To Be Paid by the Fund:</i>					
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:				
Line 15a	Plan Development Expenses Not Paid by the Fund:				
	1. Fees:				
		Fund Administrator	\$	-	
		IDC	\$	-	
		Distribution Agent	\$	-	
		Consultants	\$	-	
		Legal Advisors	\$	-	
		Tax Advisors	\$	-	
	2. Administrative Expenses		\$	-	
	3. Miscellaneous		\$	-	
	<i>Total Plan Development Expenses Not Paid by the Fund</i>				
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund:</i>				
	1. Fees:				
		Fund Administrator	\$	-	
		IDC	\$	-	
		Distribution Agent	\$	-	
		Consultants	\$	-	
		Legal Advisors	\$	-	
		Tax Advisors	\$	-	
	2. Administrative Expenses		\$	-	
	3. Investor Identification:				
		Notice / Publishing Approved Plan	\$	-	
		Claimant Identification	\$	-	
		Claims Processing	\$	-	
		Web Site Maintenance / Call Center	\$	-	
	4. Fund Administrator Bond		\$	-	
	5. Miscellaneous		\$	-	
	6. FAIR Reporting Expenses		\$	-	
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>				
Line 15c	<i>Tax Administrator Fees &amp; Bonds Not Paid by the Fund</i>				
	<i>Total Disbursements for Plan Administration Expenses Not Paid by the Fund</i>				
			\$	-	
Line 16	<i>Disbursements to Court / Other Not Paid by the Fund:</i>				
Line 16a	Investment Expenses / CRIS Fees				
			\$	-	
Line 16b	Federal Tax Payments				
			\$	-	
	<i>Total Disbursements to Court / Other Not Paid by the Fund:</i>				
			\$	-	
Line 17	DC & State Tax Payments				
			\$	-	
Line 18	No. of Claims:				
Line 18a	# of Claims Received This Reporting Period				
			0	0	
Line 18b	# of Claims Received Since Inception of Fund				
			0	0	
Line 19	No. of Claimants / Investors:				
	# of Claimants / Investors Paid This Reporting Period				
			0	0	
	# of Claimants / Investors Paid Since Inception of Fund				
			0	0	

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**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

**[PROPOSED] ORDER  
GRANTING THE  
RECEIVER'S  
ADMINISTRATIVE  
APPLICATION FOR AN  
ORDER PURSUANT TO  
LOCAL RULE 7-11 TO PAY  
THE RECEIVER AND HIS  
COUNSEL'S FEES FOR THE  
PERIOD JULY 1, 2017 TO  
SEPTEMBER 30, 2017**

Date: N/A  
Time: N/A  
Judge: Edward M. Chen

The Receiver in the above matter, Sherwood Partners Inc. (“Sherwood”) through its Senior Vice President Peter Hartheimer (“Hartheimer”), requests that this Court approve the Second Fee Application pursuant to L.R. 7-11, for Sherwood’s services for the period of July 1, 2017 to September 30, 2017. The Receiver also requests approval to pay the fees

1 of its counsel, John W. Cotton of Gartenberg, Gelfand & Hayton for the  
2 same period.

3 In support, the Receiver has submitted the Declaration of Peter  
4 Hartheimer, Sherwood's Senior Vice President, in which he states Sherwood  
5 has complied in full with the SEC's "Billing Instructions to Receivers". He  
6 has broken out, and reviewed the time spent on each of the various SEC  
7 activity categories, and stated under oath that each was reasonable and  
8 necessary, and performed by billing personnel of appropriate skill and  
9 experience.

10 The Receiver's Counsel, John W. Cotton, has also submitted his  
11 declaration in which he states that he and his firm have broken out, and  
12 reviewed the time spent on each of the various SEC activity categories, and  
13 stated under oath that each was reasonable and necessary, and performed by  
14 billing personnel of appropriate skill and experience.

15 The SEC, and the defendants' counsel, as well as defendant Frank  
16 Mazzola *in pro per*, have reviewed this Application and the accompanying  
17 declarations and indicated to the Receiver's counsel that they have no  
18 objection to this Court's approval of the requested fee and cost payments.

19 GOOD CAUSE APPEARING, the Court hereby authorizes the  
20 Receiver in this matter, Sherwood Partners Inc., to pay itself for the  
21 requested fees and expenses for the period July 1, 2017 to September 30,  
22 2017, in the amount of \$118,220.57.

23 GOOD CAUSE ALSO APPEARING, the Court hereby authorizes the  
24 Receiver in this matter, Sherwood Partners Inc., to pay Gartenberg, Gelfand  
25 & Hayton for the requested fees and expenses for the period July 1, 2017 to  
26 September 30, 2017 in the amount of \$30,455.



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IT IS SO ORDERED.

DATED: December \_\_, 2017

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Judge Edward M. Chen  
United States District Court

1 JOHN W. COTTON (SBN 54912)  
2 Email: JCotton@gghslaw.com  
3 GARTENBERG GELFAND & HAYTON LLP  
4 15260 Ventura Blvd., Suite 1920  
5 Sherman Oaks, CA 91403  
6 (213) 542-2100  
7 (818) 292-0898

8 Counsel to the Receiver  
9 Sherwood Partners Inc.

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

12 **SECURITIES AND EXCHANGE**  
13 **COMMISSION,**

14 Plaintiff,

15 v.

16 **JOHN B. BIVONA; SADDLE RIVER**  
17 **ADVISORS, LLC; SRA**  
18 **MANAGEMENT ASSOCIATES, LLC;**  
19 **FRANK GREGORY MAZZOLA**

20 Defendants.

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

27 Relief Defendants.  
28

Case No. 3:16-cv-1386

**CERTIFICATE OF SERVICE**

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) and not a party to the within action. My business address is 15260 Ventura Blvd., Suite 1920, Sherman Oaks, California 91403.

On December 26, 2017 I served the following document(s) described as

- **RECEIVER’S ADMINISTRATIVE APPLICATION FOR AN ORDER PURSUANT TO LOCAL RULE 7-11 FOR THE APPROVAL OF FEES FOR THE PERIOD JULY 1 TO SEPTEMBER 30, 2017, FOR THE RECEIVER AND COUNSEL**
- **DECLARATION OF JOHN COTTON IN SUPPORT OF RECEIVER’S COUNSEL’S THIRD QUARTERLY FEE AND EXPENSE APPLICATION FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017**
- **DECLARATION OF PETER HARTHEIMER IN SUPPORT OF RECEIVER’S THIRD QUARTERLY FEE AND EXPENSE APPLICATION FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017**
- **[PROPOSED] ORDER GRANTING THE RECEIVER’S ADMINISTRATIVE APPLICATION FOR AN ORDER PURSUANT TO LOCAL RULE 7-11 TO PAY THE RECEIVER AND HIS COUNSEL’S FEES FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017**

on the interested parties in this action:

**(X)** by serving ( ) the original **(X)** true copies thereof as follows:

Frank Gregory Mazzola 27 Dogwood Hill Drive Upper Saddle River, NJ 07458	Michele J. Mazzola 27 Dogwood Hill Drive Upper Saddle River, NJ 07458
Marc David Katz Securities and Exchange Commission 44 Montgomery Street Suite 2800 San Francisco, CA 94104	

<b>(XX) BY MAIL</b> I caused such envelope to be deposited in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid. I am “readily familiar” with the firm’s practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one (1) day after date of deposit for mailing in affidavit.	<b>( ) BY FACSIMILE TRANSMISSION</b> I caused said document(s) to be transmitted by facsimile transmission to the name(s) and facsimile telephone number(s) of the person(s) named on the attached service list. The facsimile machine telephone number of the sending facsimile machine was (213) 542-2101. A transmission report was issued by the sending facsimile machine confirming that the transmission was completed without error. A true and correct copy of said transmission report is attached hereto.
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(X) FEDERAL I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

(X) EXECUTED on December 26, 2017 at Sherman Oaks, California.

  
\_\_\_\_\_  
*Nicole Salazar*