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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN FRANCISCO DIVISION  
11

12 SECURITIES AND EXCHANGE COMMISSION,  
13 Plaintiff,  
14 v.  
15 JOHN V. BIVONA; SADDLE RIVER  
ADVISORS, LLC; SRA MANAGEMENT  
16 ASSOCIATES, LLC; FRANK GREGORY  
MAZZOLA,  
17 Defendants, and  
18 SRA I LLC; SRA II LLC; SRA III LLC;  
19 FELIX INVESTMENTS, LLC; MICHELE J.  
MAZZOLA; ANNE BIVONA; CLEAR  
20 SAILING GROUP IV LLC; CLEAR  
SAILING GROUP V LLC,  
21 Relief Defendants.  
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Case No. 3:16-cv-01386-EMC  
**SUPPLEMENTAL JOINT STATUS  
REPORT**  
Date: August 16, 2018  
Time: 10:30 am  
Courtroom: 5  
Judge: Edward M. Chen

**SUPPLEMENTAL JOINT STATUS REPORT**

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2 In accordance with the Court's Amended Minutes Order (ECF 375), dated July 16, 2018,  
3 plaintiff Securities and Exchange Commission (the "SEC" or "Commission"), the Receiver and  
4 interested parties the SRA Funds Investor Group ("Investor Group"), Global Generation Group, LLC  
5 ("Global Generation") and Progresso Ventures, LLC ("Progresso") jointly submit this Status Report  
6 in anticipation of the Case Management Conference on August 16, 2018.

**BRIEFING SCHEDULE ON AMENDED DISTRIBUTION PLANS*****Procedural Background:***

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9 In response to the Court's February 8, 2018 minute order (ECF 309), the SEC and Receiver  
10 submitted their Amended Proposed Joint Distribution Plan on March 15, 2018, ("Amended Joint  
11 Plan"). ECF 318. On the same day, the SEC submitted a brief that supported the Amended Joint  
12 Plan. ECF 317. The SEC's brief responded to the questions posed by the Court in its February 8,  
13 2018 minute order regarding the proposed amended distribution plan (ECF 309). The Investor  
14 Group's response was due on March 22, 2018, with a hearing on April 5, 2018. ECF 313. On March  
15 21, 2018, before the Investor Group's response was due to be filed, the Court denied the SEC's and  
16 Receiver's motion without prejudice and vacated the April 5 hearing date because the claims process  
17 was not complete. ECF 320.

18 The questions raised by the Court in its February 8, 2018 minute order to be answered in the  
19 parties' submissions in connection with their proposed distribution plans include: (i) how each  
20 claimant's interest in the recovery should be valued (i.e., based on the amount originally invested or  
21 based on the value of their investment caused by subsequent market events or some hybrid formula);  
22 (ii) how to handle rescissionary claims by investors who believed they were investing in a company  
23 that subsequently failed but whose investment money was actually used to purchase other securities  
24 interests that still retain value; and (iii) whether a partial portfolio sale was feasible if there were  
25 investors or creditors that did not want to wait for an IPO or other liquidity event. In addition, the  
26 Court directed the parties to meet and confer and submit a stipulation with respect to the retention of  
27 an investment banker to determine the feasibility of a partial portfolio sale.

1 On July 30, 2018, the Court issued its Order Re SEC's Motion for Order Establishing  
2 Shortfalls and Request for Recognition of Claim by Progresso Ventures, LLC and Global Generation  
3 LLC (the "July 30 Order"). ECF 385. In the July 30 Order, the Court directed the parties to address  
4 in proposed distribution plans, the possibility that there will be (i) a share shortfall of a varying  
5 magnitude; and (ii) a cash shortfall to satisfy outstanding monetary judgments and the claims of  
6 Square investors. ECF 385 at 2. In addition, the Court identified specific issues that will be informed  
7 by supplemental briefing in connection with proposed distribution plans, including: (i) whether  
8 Global Generation may elect between a creditor or investor claim (ECF 385 at 6); and (ii) whether the  
9 Court has equitable authority to either reduce the amount of Progresso's claim or to alter its priority,  
10 either in whole or in part, as to other investors or creditors. ECF 385 at 14. Lastly, the Court directed  
11 that the parties provide for several contingencies which may arise due to the unresolved dispute with  
12 EAC and the outstanding issue regarding the treatment of Global Generation's claim. ECF 385 at 15-  
13 16.

14 ***The Parties' Proposed Briefing Schedule:***

15 The parties propose the Court's adoption of the following schedule for the filing of amended  
16 distribution plans with the Court, and to address the questions from the February 8, 2018 minute  
17 order and the July 30 Order:

18 August 31, 2018. The SEC, Receiver, Investor Group and other interested parties  
19 shall submit any amended proposed distribution plans.

20 September 4 to 21, 2018. The SEC, Receiver, Investor Group and other interested  
21 parties shall meet and confer in an effort to determine areas of agreement on an amended distribution  
22 plan and areas of agreement regarding the open issues in the February 8, 2018 minute order and the  
23 July 30 Order and any other issues that the Court asks the parties to address during the August 16,  
24 2018 case management conference.

25 September 28, 2018. The SEC, Receiver, Investor Group and other interested parties  
26 submit any further amendments to proposed distribution plans as well as initial or amended responses  
27 to the Court's questions in the February 8, 2018 minute order, the parties' position regarding the  
28 retention of an investment banker, any additional briefing the Court requires regarding the questions

1 in the July 30 Order, and responses to any other issues that the Court asks the parties to address  
2 during the August 16, 2018 case management conference. In addition, the parties shall submit  
3 responses and objections to competing distribution plans or, if there is agreement, the parties shall  
4 submit an agreed-upon proposed joint distribution plan by this date.

5 October 11, 2018. Hearing on motions to approve amended distribution plan to the  
6 extent that the parties have not been able to reach agreement on proposed terms and on open issues in  
7 the February 8, 2018 minute order, in the July 30 Order, and from the August 16, 2018 case  
8 management conference that still need to be addressed.

### 9 **NEGOTIATIONS WITH EAC AND MongoDB SHAREHOLDER**

10 The Receiver's counsel on July 25, 2018 sent additional written correspondence to counsel for  
11 Equity Acquisition Corporation ("EAC") in an effort to resolve some or all of the pending issues  
12 relating to the transfer of pre-IPO shares or interests in shares which had been stalled since April.  
13 The Receiver's counsel received on August 1, 2018, a response from EAC's counsel suggesting areas  
14 for future discussions between counsel, assuming agreement on certain ground rules could be  
15 established. The Receiver's counsel is preparing a response to the August 1<sup>st</sup> letter in an attempt to  
16 meet the ground rules. Assuming that is accomplished, the Receiver will attempt to conduct such  
17 discussions, and then advise the Court of the results.

18 The Receiver's counsel has also made repeated efforts to contact Mr. Ben Sabrin regarding  
19 the MongoDB shares owed to the receivership. Although Mr. Sabrin provided one email response  
20 suggesting a telephone call on Friday, August 3, 2018, to discuss his transfer of the MongoDB shares,  
21 Mr. Sabrin did not respond to the Receiver's request to confirm a time for such a call and did not  
22 participate in the arranged call. Mr. Sabrin then failed to communicate further with the Receiver's  
23 counsel. The Receiver and the Commission are considering appropriate next steps.

Dated: August 9, 2018

Respectfully submitted,

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