

1 CHRISTOPHER D. SULLIVAN (148083)
csullivan@diamondmccarthy.com
2 DIAMOND MCCARTHY LLP
150 California Street, Suite 2200
3 San Francisco, CA 94111
Phone: (415) 692-5200

4 *Counsel to Temporary Receiver*
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8 **UNITED STATES DISTRICT COURT**
9 **NORTHERN DISTRICT OF CALIFORNIA**
10 **SAN FRANCISCO DIVISION**

11
12 COMMODITY FUTURES TRADING
13 COMMISSION,

14 Plaintiff,

15 v.

16 DENARI CAPITAL LLC, TRAVIS CAPSON,
AND ARNAB SARKAR,

17 Defendants.
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19
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21
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Case No. 19-cv-07284-EC

**DECLARATION OF KATHY BAZOIAN
PHELPS IN SUPPORT OF MOTION BY
RECEIVER KATHY BAZOIAN PHELPS
FOR ENTRY OF AN ORDER UNDER 28
U.S.C. § 2004 FOR APPROVAL OF SALE
OF PUBLICLY TRADED SHARES**

Date: October 1, 2020
Time: 1:30 p.m.
Place: Courtroom: 5
450 Golden Gate Ave
San Francisco, CA
Judge: Edward M. Chen





I, Kathy Bazoian Phelps, declare:

1 Pursuant to this Court’s Order entered December 4, 2019, I was appointed as the
2 temporary receiver (“Receiver”) in this case. I am also an attorney duly licensed to practice in the
3 State of California and am senior counsel at the firm of Diamond McCarthy LLP (“Diamond
4 McCarthy”). I have personal knowledge of the matters set forth below and if called as a witness, I
5 would and could testify competently to the matters stated herein.
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7 2. This declaration is made in support of the Motion by Receiver Kathy Bazoian
8 Phelps for Entry of an Order Under 28 U.S.C. § 2004 for Approval of Sale of Publicly Traded
9 Shares (the “Motion”).¹

10 3. Attached hereto as Exhibit “1” is a copy of the Share Transfer Agreement (the
11 “Transfer Agreement”), subject to the Court’s approval, to transfer and sell 10,144,506 of the
12 URHG Shares (the “Designated Shares”) for \$101,445.06 (*i.e.*, valuing the shares at \$0.01/share).
13 The proposed purchaser Gary R. Bermensolo (the “Purchaser”) is a current URHG shareholder and
14 member of the board of directors of URHG, but he is unrelated to the Receivership Defendants.

15 4. On December 4, 2019, the date of my appointment as Receiver, URHG stock was
16 trading at \$0.06/share. Since then, the URHG shares have fluctuated between \$0.02 and
17 \$0.06/shares on the pink sheets; however, given the volume of shares I control, I have been unable
18 to sell them at a public sale because it would dilute or eliminate the value of the shares. The
19 proposed Transfer Agreement allows me to monetize approximately one-third of the URHG Shares
20 for the benefit of the Receivership Estate, and creates additional cash for distribution to holders of
21 allowed claims.

22 5. I respectfully submit that it is in the best interests of the Receivership Estate for the
23 Court to approve the relief requested in the Motion, because it promotes judicial economy and
24 preserves the Receivership Estate’s assets. I believe in my business judgment, after consulting
25 with my retained professionals, including securities counsel, that the Transfer Agreement is fair,
26 reasonable, and is in the best interest of the Receivership Estate. First, the Transfer Agreement
27

28 ¹ All capitalized terms used but not otherwise defined herein shall have the meanings given to them
in the Motion.



1 allows me to liquidate one-third of the URHG Shares which I cannot sell on the open market as
 2 part of a public sale without further diminishing value. Second, there are limited assets in the
 3 Receivership Estate, and requiring me to comply with the requirements for the sale of real property
 4 as set forth in 28 U.S.C. § 2001 would be very cumbersome and expensive. This would drain the
 5 Receivership Estate's resources and reduce distributions to the investors, and the administrative
 6 costs of such a sale would also significantly diminish returns. I have attempted to administer this
 7 case in an efficient and effective manner, conserving assets for investor claimants. Indeed, I filed a
 8 proposed distribution plan and motion for approval concurrently with this Motion. Third, and
 9 relatedly, the proposed Transfer Agreement provides the Receivership Estate with additional cash
 10 which will enable me to make a more meaningful distribution to investor claimants. I received
 11 other offers for certain URHG Shares, but the consideration offered was other non-cash assets
 12 which I believed would create additional administrative hurdles and would not increase the cash
 13 available for distribution to investor claimants. My ability to satisfy the allowed investor claims
 14 depends, in part, on my ability to generate sufficient cash from the Receivership Estate's non-cash
 15 assets (to the extent investor claimants are unwilling to accept them in lieu of cash). Last, if I am
 16 not permitted to go ahead with this proposed transfer, there is a risk I will not find a willing buyer,
 17 and will be forced to either (i) delay administration of the case to wait for a larger offer for the
 18 Designated Shares or other URHG Shares, or (ii) abandon an asset which could have been
 19 monetized.

20 6. I believe that the price of \$0.01 per share is reasonable given the circumstances.
 21 The URHG shares currently trade over the counter for \$0.05, but the average trading volume for
 22 the last 65 days was just over 12,000 shares.² The sale of over 30,000,000 shares is therefore
 23 approximately 2,500 times the daily volume, which in my considered judgment renders the over
 24 the counter market ineffective as a secondary market in this case. The sale of 30,000,000 shares,
 25 or even 10,000,000 shares, would be even more impractical, and the resulting downward pressure
 26 could drive the price of URHG stock well below \$0.01 per share, even if there were a market for
 27 such a trade.

28 _____
² <https://www.marketwatch.com/investing/stock/urhg>

EXHIBIT 1

SHARE TRANSFER AGREEMENT

THIS SHARE TRANSFER AGREEMENT, dated August 21, 2020 (the “Agreement”) sets out the terms and conditions upon which Kathy Bazoian Phelps, the Court-appointed temporary receiver (the “Receiver”) for Denari Capital, LLC (“Denari”), Travis Capson (“Capson”), and Arnab Sarkar (“Sarkar”) (collectively, the “Receivership Defendants”) in the case of *Commodity Futures Trading Commission v. Denari Capital LLC, Travis Capson, and Arnab Sarkar*, Case No. 3:19-cv-07284-EC (the “Receivership Case”) pending before the U.S. District Court for the Northern District of California (the “District Court”), will transfer certain shares in United Resource Holdings Group, Inc. (“URHG”), a publicly traded company incorporated in Nevada, held by the Receiver and registered in the names set forth below (collectively, the “Transferor”), to Gary R. Bermensolo (the “Transferee”) (together, the “Parties”).

WHEREAS, on December 4, 2019, the District Court entered an order (Doc. No. 37) (“TRO”) appointing the Receiver as temporary receiver and granting her full powers of an equity receiver over all funds, property and assets belonging to, being managed by or in the possession of or control of the Receivership Defendants (the “Receivership Estate”); and

WHEREAS, the Receivership Defendant Denari is the registered owner of the shares of URHG described in Schedule A (the “Shares”); and

WHEREAS, under the TRO, the Receiver is authorized to sell the Shares and to convey all right, title, and interest to the Shares on behalf of the Receivership Estate, subject to approval of that sale by the District Court; and

WHEREAS, the Receiver wishes to sell the Shares to the Transferee, and the Transferee wishes to purchase the Shares from the Receiver, subject to the terms set forth below.

NOW, THEREFORE, in consideration of the promises and the covenants contained herein, the Parties agree, subject to approval by the District Court in the event that the Receiver determines such approval is necessary, as follows:

1. **SALE AND TRANSFER OF SHARES.** The Receiver agrees to sell to the Transferee, and the Transferee agrees to purchase from the Receiver, all right, title and interest in and to the Shares for a price of US\$101,445.06 (the “Purchase Price”) at the Closing (as defined in Section 3), subject to the terms and conditions in this Agreement.
2. **CONDITIONS TO SALE**
 - a. The obligations of the parties to proceed with the purchase and sale of the Shares will be subject to the satisfaction of the following conditions:
 - i. The District Court will have issued a final order approving the sale of the Shares under the terms of this Agreement (the “Sale Order”) and the

period within which the Sale Order may be appealed will have expired without any such appeal having been filed unless such appeal has been dismissed or withdrawn.

- ii. The representations and warranties of each of the Parties set forth in this Agreement will be true and correct as of the date of this Agreement and as of the date set for the Closing (the “Closing Date”).
 - b. A Party may waive a closing condition in Section 2a.ii consisting of a representation and warranty of the other Party by means of a written document executed by that Party. Any such waiver may be granted or withheld in the sole and absolute discretion of that Party. The waiver of any other closing condition must be in writing and signed by both parties in order to be valid.
3. **CLOSING.** The closing of the purchase and sale of the Shares (the “Closing”) will take place at 10:00 am Pacific Time five (5) business days following the expiration of the period for appealing the Sale Order or at such other time as the parties agree. The Closing will be conducted by means of electronic exchange of documents and not at a physical location. At the Closing, the Transferee will deliver to the Receiver payment of the Purchase Price by wire transfer to a financial institution designated by the Receiver in same day available funds. No later than five (5) business days after the Purchase Price funds have cleared with the financial institution, the Receiver will deliver to the Transferee the following: (1) copies of stock certificates identified in Exhibit A representing the Shares, duly endorsed for transfer and accompanied by assignments separate from certificates executed by the Receiver instructing URHG to transfer ownership of the Shares to the Transferee; and (2) letters of instruction to any brokerage firm or financial institution identified in Schedule A holding the Shares to transfer the same to the Transferee; and
4. **FURTHER ASSURANCES.**
 - a. Each Party will execute all documents and take all actions that the other Party reasonably requests to effect the transactions described in this Agreement. In this regard, the Receiver will deliver originals of the stock certificates, stock powers and instruction letters described in Section 3 to the Transferee within ten (10) business days after the Purchase Price funds have cleared and will provide the Transferee, URHG and third parties with such instructions, notices and other communications as the Transferee may reasonably requests to effect the transfer of ownership of the Shares in the records of URHG.
 - b. The Receiver will forward to the Transferee all shareholder communications the Receiver receives from URHG with respect to the Shares following the Closing. If the Receiver receives any such shareholder communications from URHG following the Closing, it will provide instructions to URHG to direct those communications to the Transferee. The foregoing obligation will not apply to any

tax information provided by URHG to the Receiver pertaining to the Receiver's ownership of the Shares for the period prior to the Closing.

- c. If the Receiver receives any dividend or other distribution on the Shares from URHG that was to be paid to shareholders of record of the Company on or after the Closing Date, the Receiver will pay that dividend or other distribution to the Transferee.
5. **COST OF TRANSFER.** The Transferee will pay all costs incurred in registering the transfer of the Shares with URHG.
6. **WARRANTIES OF RECEIVER.** The Receiver represents and warrants that the following are true and correct and will be true and correct as of the Closing:
- a. To the best of the Receiver's knowledge: (i) no person other than the Transferors owns the Shares or any interest in the Shares; (ii) the Transferors are not holding the Shares as nominees or trustees for the benefit of any other person; and (iii) no person other than the Transferors and the Receiver as the duly appointed receiver of the Receivership Estate has any right with respect to the Shares, such as any right to vote the Shares, receive dividends or other distributions, or to acquire the Shares or any interest in the Shares.
 - b. To the best of the Receiver's knowledge, the Shares are not subject to any pledge, security interest, lien or other encumbrance (excepting any obligation to make payment in the case of part paid shares).
 - c. The Receiver has due power and authority to enter into this Agreement, to transfer all right, title and interest in the Shares to the Transferee, and to otherwise perform her obligations set forth in this Agreement, subject to the requirement that the District Court issue the Sale Order and that such Sale Order remain in effect.
 - d. The Receiver is not aware of any matter within her control that might have any negative or adverse effect upon the performance of her obligations under this Agreement.
 - e. Where a representation in this Section 6 is "to the best of the Receiver's knowledge", that statement means that no facts have come to the attention of the Receiver that would make that representation incorrect; however, that representation does not place any obligation on the Receiver to conduct any investigation to verify the accuracy of that representation and the Receiver has not conducted any such investigation.

7. **WARRANTIES OF TRANSFEREE.** The Transferee represents and warrants that the following are true and correct and will be true and correct as of the Closing:
- a. The Transferee has full power and authority to enter into this Agreement, to purchase the Shares, and to perform his other obligations under this Agreement. The Transferee is not required (whether by contract or otherwise) to obtain the consent of any other person to take the actions described in the previous sentence.
 - b. The Transferee warrants that he is acquiring the Shares solely for his own account and not with a view to distributing all or any part thereof. The Transferee has no present intention of selling, granting any participation in or otherwise distributing any of the Shares in a manner contrary to the Securities Act of 1933 (the “Act”) or any applicable state securities law. The Transferee does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person with respect to any of the Shares.
 - c. The Transferee acknowledges that the Shares may fall within the meaning of “penny stock,” as defined in the Securities Exchange Act of 1934 and regulations promulgated thereunder, and that he has chosen to execute this Agreement and purchase the Shares on his own volition and not based on the recommendation of the Receiver or any of her agents.
 - d. The Transferee is a member of the board of directors of URHG and, by virtue of his position with that company, has access to information concerning the business, financial condition and prospects of that company. The Transferee represents that he has conducted such investigation of URHG and the Shares as he has deemed necessary and appropriate and has obtained such informational that he deems satisfactory to make an informed decision to purchase the Shares under the terms in this Agreement. The Transferee represents that he has not relied on any information provided by the Receiver regarding the business, management, financial condition and prospects of URHG and the risks of an investment in URHG.
 - e. The Transferee represents that this investment is suitable for the Transferee based on his investment objectives and financial needs. The Transferee acknowledges that the secondary market for the Shares is extremely limited, that this investment in Shares that are not readily marketable is not disproportionate to Transferee’s net worth, and the Transferee is in a financial position to withstand a complete loss of its investment in the Shares.
 - f. The Transferee, either alone or with the assistance of his professional advisor, is a sophisticated investor, is able to fend for himself in the transactions contemplated by this Agreement, and has such knowledge and experience in

financial and business matters that he is capable of evaluating the merits and risks of an investment in URHG that the purchase of the Shares represents.

- g. The Transferee is not aware of any matter within his control that might have any negative or adverse effect upon the performance of his obligations under this Agreement.

8. **NO LIABILITY OF RECEIVER.** The Parties acknowledge that the Receiver is acting solely in her capacity as the receiver for the Receivership Defendants, which for the avoidance of doubt are Denari Capital LLC, Travis Capson, and Arnab Sarkar, and their subsidiaries and affiliates, and that she has no personal liability whatsoever with respect to this Agreement or the transactions described herein. In the event of any breach of this Agreement by the Receiver, the Transferee's sole remedy for any monetary damages or other relief will be against the Transferors and the Receivership Estate.

9. **TERMINATION**

- a. This Agreement may be terminated at any time prior to the Closing under the following circumstances.
 - i. The Parties may terminate this Agreement by means of a written agreement executed by both Parties.
 - ii. Either Party may terminate this Agreement upon notice to the other Party if any of the representations and warranties of a Party proves to be untrue in any material respect.
 - iii. Either Party may terminate this Agreement upon notice to the other Party if the other Party commits a material breach of this Agreement which that other Party does not cure within fifteen (15) days after receiving notice of that breach from the Party terminating this Agreement.
- b. This Agreement may be terminated by either Party upon notice to the other Party if the District Court issues an order denying approval of this Agreement at any time or does not issue a Sale Order by October 31, 2020.
- c. Upon termination of this Agreement, the obligations of the parties to proceed with the purchase and sale of the Shares will immediately terminate and be of no further effect. The termination of this Agreement will not be the sole remedy available to a Party for a breach of this Agreement nor will the termination of this Agreement constitute a waiver of any right to pursue damages or any other relief against the Party breaching this Agreement.

10. **AMENDMENT.** This Agreement may be not be amended except by means of a written agreement setting forth that amendment that is signed by both Parties. No party will be deemed to have waived any right under this Agreement unless that waiver is set forth in a written document signed by the Party who has purportedly waived that right.
11. **NOTICES.** All communications or requests, if any, contemplated by this Agreement shall be effective (a) if sent by email, as soon as sent to the following email addresses, (b) if sent by overnight mail which can be tracked, as soon as delivery is confirmed, or (c) if sent by first class mail, certified return receipt, two (2) days after placing the notice in the mail:

To the Receiver:

Kathy Bazoian Phelps, solely as Receiver
1999 Avenue of the Stars, Suite 1100
Los Angeles, CA 90067-4402
Email: kphelps@diamondmccarthy.com

With a copy to:

Diamond McCarthy LLP
Attn: Christopher Sullivan
150 California St. Suite 2200
San Francisco, CA 94111
Email: csullivan@diamondmccarthy.com

If to Transferee:

Gary R. Bermensolo


With a copy to:

12. JURISDICTION AND GOVERNING LAW. The Parties agree to submit to the exclusive jurisdiction of the District Court to hear any dispute, claim, or controversy arising in connection with or relating to this Agreement, including, but not limited to the validity, breach, enforcement, or termination thereof. This Agreement shall be governed and construed in accordance with the laws of California other than any conflicts of laws principles of that state that would otherwise apply the laws of any other state.

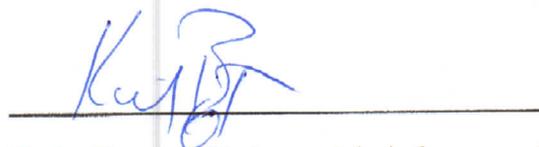
13. GENERAL PROVISIONS

- a. Except if it is clear from the wording of a clause and with regard to the whole of the Agreement that a specific clause is intended to mean otherwise, any words which are in the singular only will be deemed to include the plural (and vice versa) and any words denoted in a specific gender will be deemed to include all genders, and any terms which denote any form of person or people shall be deemed to include both legal persons (such as companies) as well as natural person (and vice versa).
- b. The heading titles contained within in this Agreement are included as a drafting reference only and for ease of reference, they do not comprise part of this Agreement.
- c. This Agreement may be executed in more than one language by agreement between the Parties and if there arises some conflict between the various translation of this Agreement then the English version shall prevail.
- d. In the event that any clause (or any part of any clause) shall be deemed to be illegal or invalid by a competent court or other legal authority, then this shall have the effect of invalidity and striking out only that clause (or any part of any clause) only and shall not invalidate this Agreement in its entirety.
- e. The rights, benefits, liabilities and responsibilities contained within the terms of this Agreement may only be assigned by any Party with the prior written agreement of the other Party.
- f. Any delay or failure to enforce the terms of this Agreement and any delay to act on a breach of its term by any Party does not constitute a waiver of those rights.
- g. Each Party hereby warrants that they will not do any action which might harm, hinder or negatively affect the duties of the other Party set out within this Agreement.

[REMAINDER OF PAGE LEFT BLANK INENTIONALLY.
SIGNATURES APPEAR ON FOLLOWING PAGE.]

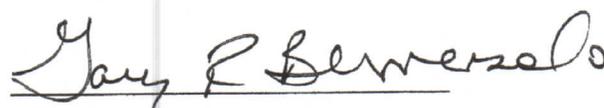
IN WITNESS WHEREOF, the Parties hereto have caused this Share Transfer Agreement to be executed on the dates set forth below.

Dated: ^{Aug} June 21, 2020



Kathy Bazoian Phelps, solely in her capacity
as Receiver

Dated: June ^{7th} 29, 2020



Gary R. Bermensolo

Schedule A

The Shares

The following comprises the Shares:

791,667 shares represented by stock certificate 13031 in name of Denari Capital LLC

1,100,000 shares represented by stock certificate 13030 in name of Denari Capital LLC

333,334 shares represented by stock certificate 13088 in name of Denari Capital LLC

1,282,917 shares represented by stock certificate 13089 in name of Denari Capital LLC

50,000 shares represented by stock certificate 13090 in name of Denari Capital LLC

1,000,000 shares represented by stock certificate 13077 in name of Denari Capital LLC

1,000,000 shares represented by stock certificate 13078 in name of Denari Capital LLC

4,301,531 shares held in TD Ameritrade account #5871 in name of Denari Capital

285,057 shares held in TD Ameritrade account #5789 in name of Denari Capital.