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7 *Temporary Receiver*

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

11 COMMODITY FUTURES TRADING  
12 COMMISSION,

13 Plaintiff,

14 v.

15 DENARI CAPITAL LLC, TRAVIS  
16 CAPSON, and ARNAB SARKAR,

17 Defendants,

Case No. 19-cv-07284-EC

**DECLARATION OF KATHY BAZOIAN  
PHELPS IN SUPPORT OF  
ADMINISTRATIVE MOTION BY  
RECEIVER KATHY BAZOIAN PHELPS  
FOR ENTRY OF AN ORDER APPROVING  
INTERIM DISTRIBUTION TO  
CLAIMANTS**

Date: No Hearing Set  
Time: No Hearing Set  
Judge: Edward M. Chen

1 I, Kathy Bazoian Phelps, declare:

2 1. Pursuant to this Court’s Order entered December 4, 2019, I was appointed as the  
3 temporary receiver (“Receiver”) in this case. I am also an attorney duly licensed to practice in the  
4 State of California and am senior counsel at the firm of Diamond McCarthy LLP (“Diamond  
5 McCarthy”). I have personal knowledge of the matters set forth below and if called as a witness, I  
6 would and could testify competently to the matters stated herein.

7 2. This declaration is made in support of the Motion by Receiver Kathy Bazoian  
8 Phelps for Entry of an Order Approving Interim Distribution to Claimants (the “Motion”).<sup>1</sup>

9 3. I have conferred with counsel for the CFTC and for the Defendants, who each do  
10 not oppose the Motion.

11 4. I received eighteen claims submitted in the ordinary course (one of which was  
12 withdrawn), plus one priority claim from the Franchise Tax Board for \$800. The total allowed  
13 claims were valued at \$3,683,082.

14 5. I have taken possession of \$56,666.83 in funds located in the Wells Fargo account  
15 of URHG pursuant to the court-approved settlement. I have also been paid \$101,445.06 for the  
16 purchase of URHG shares pursuant to the agreement approved by the Court (Dkt. 81).

17 6. Following Court approval of the Distribution Plan on October 5, 2020, I surrendered  
18 the Receivership’s interest in Sierra Gold and received in return 348,000 shares of National Gold,  
19 which I immediately distributed to claimants. On November 3, 2020, I also transferred 157,593  
20 shares of National Gold held directly by the Receivership to a claimant pursuant to the Distribution  
21 Plan. The Receivership is no longer in possession of National Gold shares.

22 7. On November 2, 2020, I completed the distribution of 20,489,492 URHG shares to  
23 claimants pursuant to the Distribution Plan. Also on that date, I completed the transfer of  
24 5,557,918 URHG shares to the purchaser as set forth above. On November 17, 2020, I completed  
25 the transfer of the remaining 4,586,588 URHG shares to the purchaser as set forth above. The

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

1 purchaser has now been delivered all URHG shares to which he is entitled, and the Receivership is  
2 no longer in possession of URHG shares.

3 8. The real estate transaction contemplated in the URHG Settlement required an  
4 additional \$150,000 cash payment to the receivership, and was supposed to close at the end of  
5 October. As of the date of this declaration, that transaction still has not closed. I have been in  
6 regular communication with the counterparties to the URHG Settlement and with the escrow agent  
7 of the applicable real estate transaction, impressing on the need for the transaction to close and for  
8 \$150,000 to be paid to the receivership. I am currently evaluating the estate's options with respect  
9 to this claim, but do not want to delay the entire distribution as a result.

10 9. As of December 16, 2020, the Receivership accounts currently hold \$912,064.49 in  
11 cash.

12 10. The current allowed cash claims are \$1,091,497.08, as set forth in Exhibit "1"  
13 attached hereto. A 50% distribution of those claims (save the Franchise Tax Board Claim), and a  
14 100% distribution on the Franchise Tax Board Claim, will require a cash outlay of \$546,148.54.

15 11. I have conferred with my accountants and they agree that holding \$365,915.95 in  
16 the estate after this interim distribution is made is prudent and sufficient to protect the estate.

17 12. I believe an interim distribution of 50% of the allowed cash claim to claimants is  
18 prudent, consistent with conservative financial management of the receivership estate, and serves  
19 the receivership estate's ultimate goal of providing distributions to claimants.

20 13. I do not anticipate that there will be costs associated with wiring funds to claimants  
21 but in the event there are wire charges assessed by the bank, I request authority to pay those from  
22 the estate.

23  
24 I declare under penalty of perjury that the foregoing is true and correct. Executed on  
25 this 17th day of December 2020 at Los Angeles, California.

26 /s/ Kathy Bazoian Phelps  
27 Kathy Bazoian Phelps

# EXHIBIT 1

**Exhibit 1: Proposed Interim Distribution**

Percentage: 50%

<b>Claimant</b>	<b>Total Cash Claim</b>	<b>Interim Amount</b>	<b>Remaining</b>
1	\$200,000.00	\$100,000.00	\$100,000.00
2	\$97,020.00	\$48,510.00	\$48,510.00
3	\$20,000.00	\$10,000.00	\$10,000.00
4	\$100,000.00	\$50,000.00	\$50,000.00
5	\$92,500.00	\$46,250.00	\$46,250.00
6	\$222,207.08	\$111,103.54	\$111,103.54
7	\$79,986.00	\$39,993.00	\$39,993.00
8	\$177,720.00	\$88,860.00	\$88,860.00
11	\$2,264.00	\$1,132.00	\$1,132.00
16	\$80,000.00	\$40,000.00	\$40,000.00
18	\$19,000.00	\$9,500.00	\$9,500.00
19	\$800.00	\$800.00	\$0.00
Total	\$1,091,497.08	\$546,148.54	\$545,348.54