

1 KATHY BAZOIAN PHELPS (State Bar No. 155564)
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7 *Successor Receiver*

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

11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 v.

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

20 Defendants, and

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

27 Relief Defendants.
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Case No. 3:16-cv-01386-EMC

**DECLARATION OF LESLEY ANNE
HAWES IN SUPPORT OF
ADMINISTRATIVE MOTION BY
RECEIVER KATHY BAZOIAN PHELPS
PURSUANT TO LOCAL CIVIL RULE 7-11
FOR ORDER APPROVING
EMPLOYMENT OF DIAMOND
McCARTHY LLP, AS GENERAL
COUNSEL**

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

1 I, Lesley Anne Hawes, declare as follows:

2 1. I am a partner of Diamond McCarthy, LLP (“Diamond McCarthy”), proposed
 3 general counsel for Kathy Bazoian Phelps, the Successor Receiver (“Receiver”) in the matter of
 4 *Securities and Exchange Commission v. Bivona, et al.* I am duly admitted to practice in the State
 5 of California and before the above-entitled Court. I have personal knowledge of all of the facts in
 6 this declaration and, if called as a witness, could competently testify to these facts.

7 2. Diamond McCarthy has significant experience in the representation of receivers and
 8 trustees - including federal equity receivers, and is competent to perform the requisite legal services
 9 in this case. For almost 18 years I have represented receivers, including federal equity receivers, in
 10 general receivership matters and receivership litigation. Karen K. Diep, an associate who is
 11 anticipated to be another of the attorneys primarily providing legal services to the Receiver, also
 12 has experience in fiduciary representation of bankruptcy trustees. Diamond McCarthy has attorneys
 13 in New York and admitted in New York who are also available to assist the Receiver in matters in
 14 that jurisdiction as well as attorneys with experience in securities matters as the Receiver may
 15 require in implementing the distribution plan,

16 3. A summary of the Diamond McCarthy firm and the biographies of associate Karen
 17 Diep and I, who will be the primary lawyers at Diamond McCarthy working on this matter, are
 18 attached hereto as Exhibit “1.” Attached as Exhibit “2” are the regular hourly rates and rates of
 19 reimbursement for expenses for the firm. Diamond McCarthy has agreed to discount its regularly
 20 hourly rates for the professionals it anticipates will be performing the primary services for the
 21 Receiver as set forth in the following table.

Name	Position	Regular Hourly Rate	Discounted Hourly Rate
Lesley Hawes	Partner	\$595	\$425
Karen Diep	Associate	\$295	\$265
Cathy Burrow	Paralegal	\$220	\$195
Michaela O’Rourke	Administrative Asst.	\$145	\$130

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 28 4. Diamond McCarthy anticipates from time to time it may be appropriate for other

1 professionals at the firm to perform services on this matter. If other professionals work on the
2 case, their rates will be discounted by 20% from their regular hourly rates, with the highest rate
3 charged for any professional being \$425 per hour. To the best of my knowledge, Diamond
4 McCarthy and all of its partners, associates and employees are disinterested persons, and neither
5 Diamond McCarthy nor any partners, associates or employees of Diamond McCarthy are
6 connected with the Defendants, Relief Defendants, investors, or creditors.

7 5. At the Receiver's request, in preparation for the expected appointment of Kathy
8 Bazoian Phelps as successor receiver after the conclusion of the government shut down, and in
9 recognition of the Receiver's immediate need for legal assistance and advice so that she could
10 formulate opinions and comments on the competing distribution plans and be prepared to file
11 notices of the receivership in various district courts across the country pursuant to 28 U.S.C.
12 section 754. Diamond McCarthy began work assisting the Receiver in this matter on February 1,
13 2019, without waiting until its employment was confirmed, understanding and assuming the
14 attendant risks.

15 6. Diamond McCarthy agrees to accept compensation in such sum as the Court may
16 deem reasonable. Diamond McCarthy has not received nor is it seeking any retainer or advance
17 payment of fees.

18 I declare under penalty of perjury that the foregoing is true and correct. Executed at San
19 Francisco, California, on March 15, 2019.

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22 LESLEY ANNE HAWES
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