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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.

Case No. 3:16-cv-01386-EMC

**DECLARATION OF KATHY BAZOIAN  
PHELPS IN SUPPORT OF  
ADMINISTRATIVE MOTION BY  
RECEIVER KATHY BAZOIAN PHELPS  
PURSUANT TO LOCAL CIVIL RULE 7-11  
TO (1) EXCUSE DEADLINE RE TAX  
OPINION; AND (2) SHORTEN TIME FOR  
NOTICE ON MOTION TO EMPLOY  
PROFESSIONALS AND FOR  
INSTRUCTIONS**

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

28 I, Kathy Bazoian Phelps, declare:

1. I am the Receiver appointed by this Court for SRA Management Associates, LLC, SRA I LLC, SRA II LLC, SRA III, LLC, Clear Sailing Group IV LLC, Clear Sailing Group V LLC, NYPA Fund I LLC, NYPA II Fund II LLC, NYPA Management Associates LLC, Felix Multi-Opportunity Funds I and II, LLC, and FMOF Management Associates, LLC (collectively,

1 “Receivership Entities”), pursuant to the Revised Order Appointing Receiver entered on February  
2 28, 2019 (“Receiver Order”). I have personal knowledge of the facts set forth in this Declaration,  
3 and, if called to testify, could testify competently thereto.

4 2. I submit this Declaration in support of the Motion of Receiver, Kathy Bazoian  
5 Phelps, to Employ Professionals and for Instructions.

6 3. In accordance with Local Rule 7-11, prior to filing this Administrative Motion, I  
7 conferred with counsel for the Securities and Exchange Commission, John Yun, and counsel for  
8 the SRA Investor Group, Elizabeth Pritzker, who advised that they do not object to the Motion.

9 4. Following the hearing on the Distribution Plan (“Plan”) on June 27, 2019, I have  
10 identified Miller Kaplan as a tax advisor to render the tax opinion requested by the SRA Investor  
11 Group and ordered by the Court. I have been in active discussions with Miller Kaplan since the  
12 hearing on the Plan, and it has become apparent that there two principal approaches to handling  
13 the tax issues: (1) Scenario 1 (the circumstances identified in the Plan) is to treat both IPO Shares  
14 and Pre-IPO Shares as part of the qualified settlement fund (“QSF”), which is the lower risk,  
15 lower cost option but could result in potentially higher taxes; or (2) Scenario 2 (as an alternative  
16 approach to try to mitigate tax liability) is to try to obtain an IRS ruling that the Pre-IPO Shares  
17 are not part of the QSF, which will be higher risk, higher cost, could result in delays and securities  
18 issues, but could potentially result in lower taxes.

19 5. I have also consulted with securities counsel to seek guidance on the securities  
20 ramifications of proceeding under Scenario 1 or 2. I am finalizing terms of engagement with both  
21 Miller Kaplan and securities counsel and intend to file a motion seeking approval of the  
22 employment of these professionals, and to also seek instructions from the Court as to whether to  
23 pursue Scenario 1 or 2. These different Scenarios come with different costs, risks and delays, and  
24 I believe that it is appropriate that both the Court and the interest parties be advised of these issues  
25 before a determination is made as to how to proceed and before I can move forward with  
26 employing a tax advisor to pursue Scenario 2.

27 6. The SRA Investor Group has not yet taken a position on these issues and I believe  
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1 that a noticed motion and hearing are most appropriate to allow the parties to fully consider the  
2 issues and formulate a response (the “Instructions Motion”). I have conferred with both the SEC  
3 and the SRA Investor Group to discuss the timing of the Instructions Motion, and all parties  
4 believe that shortened time for hearing on the Instructions Motion is appropriate so that the case  
5 can move forward as quickly and efficiently as possible.

6 7. The SEC and the SRA Investor Group have agreed to shortened time for hearing  
7 so that the Motion, to be filed no later than August 15, 2019, could be heard on September 12,  
8 2019, with any opposition due on August 29, 2019 and any reply due on September 5, 2019.

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10 I declare under penalty of perjury under the laws of the United States of America that the  
11 foregoing is true and correct. Executed on August 9, 2019, at Los Angeles, California.

12  
13 /s/ Kathy Bazoian Phelps  
14 Kathy Bazoian Phelps, Receiver  
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