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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  
16 RIVER ADVISORS, LLC; SRA  
17 MANAGEMENT  
18 ASSOCIATES, LLC; FRANK  
19 GREGORY MAZZOLA,

20 Defendants, and

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

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 FOR ORDER  
APPROVING SETTLEMENT WITH  
EQUITY ACQUISITION COMPANY  
LTD.**

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

1 I, Kathy Bazoian Phelps, declare:

2 1. I am the Receiver appointed by this Court for SRA Management  
3 Associates, LLC, SRA I LLC, SRA II LLC, SRA III, LLC, Clear Sailing Group IV  
4 LLC, Clear Sailing Group V LLC, NYPA Fund I LLC, NYPA II Fund II LLC,  
5 NYPA Management Associates LLC, Felix Multi-Opportunity Funds I and II, LLC,  
6 and FMOF Management Associates, LLC (collectively, “Receivership Entities”),  
7 pursuant to the Revised Order Appointing Receiver entered on February 28, 2019  
8 (“Receiver Order”). I have personal knowledge of the facts set forth in this  
9 Declaration, and, if called to testify, could testify competently thereto.

10 2. I submit this Declaration in support of the Motion of Receiver, Kathy  
11 Bazoian Phelps, for Approval of Settlement with Equity Acquisition Company, Ltd.  
12 (“EAC”) and Carsten Klein (“Klein”).

13 3. In accordance with Local Rule 7-11, prior to filing this Administrative  
14 Motion, I conferred with counsel for the Securities and Exchange Commission,  
15 John Yun, and counsel for Progresso Ventures LLC, Avi Israeli, who each advised  
16 that they do not object to the settlement. I have met and conferred with counsel for  
17 the SRA Funds Investor Group, Jonathan Levine, in the past regarding terms of  
18 settlement with EAC and Klein and sought to confer regarding the final terms of  
19 settlement, however, Mr. Levine advised that the SRA Investor Group was not  
20 taking a position on the settlement.

21 4. A true and correct copy of the Settlement Agreement with EAC and  
22 Klein is attached hereto as Exhibit “1.”

23 5. I believe in my business judgment that the Agreement is fair,  
24 reasonable and is in the best interest of the receivership estate. The Agreement  
25 provides for the return to the receivership estate of shares for which it paid but were  
26 titled in the name of EAC, and for the estate to similarly return shares to EAC that  
27 the estate is holding but that were paid for by EAC. The Agreement also provides  
28 for a substantial reduction in the asserted claims of two investors of EAC and the

1 claim of Klein for past due commissions.

2 6. With respect to the allocation of shares, the Agreement will result in  
3 the estate reallocating the shares it holds to amounts that approximate or bring the  
4 figure closer to the number of shares claimed by the SRA investors. A chart of the  
5 net impact of the reallocation of shares is as follows:

6 <b>Company</b>	7 <b>Pre- Agreement Securities</b>	8 <b>Reallocation from Agreement</b>	9 <b>New Total</b>	10 <b>Shares Claimed by Investors</b>
11 Addepar, Inc.	1,029,298	(33,789)	995,509	995,509
12 Airbnb	0	11,125	11,125	11,125
13 Bloom Energy Inc.	90,667	(2,349)	147,429	139,583
14 Cloudera, Inc.	45,038	(7,399)	37,639	37,639
15 Dropbox, Inc.	46,000		46,000	46,000
16 Evernote Corp.	100,000	(3,892)	96,108	88,287
17 Lookout, Inc.	212,476	(37,676)	174,800	171,797
18 Lyft, Inc.	0	9,479	9,479	9,479
19 MongoDB Inc.	20,000	6,250	26,250	22,171
20 Palantir Inc.	5,422,600	317,649	5,740,249	5,895,853
21 Pinterest, Inc.	0	23,206	23,206	23,206
22 Snap, Inc.	31,172		31,172	31,173
23 Uber Inc.	0	500	500	500
24 ZocDoc, Inc.	20,104	1,495	21,599	21,598
25	<i>unconfirmed</i>			

26 7. With respect to the three subordinated claims to be allowed in the  
27 Agreement, although none of those claims were timely filed against the estate, they  
28 were known to the Receiver and interested parties, and the Agreement provides that  
they be treated as subordinated claims, only to be paid after all other claims are paid  
in full. The Agreement therefore will not have any negative impact on the investors  
and unsecured creditors as a result of the allowance of the subordinated claims.

8. I believe that the Agreement resolves disputed issues that would have  
been extremely costly to litigate. EAC is a Bermuda company that made clear its

1 intent to challenge jurisdiction in the United States. Additionally, EAC asserted  
2 defenses to the estate's claims and counterclaims for fees and other advances that it  
3 claimed were not paid to it by the Receivership Entities. EAC and Klein also  
4 intended to strenuously assert the claims of the two investors and of Klein in any  
5 litigation that I might have commenced. I evaluated the likely cost of litigation and  
6 success and determined that the terms of the Agreement were resulted in a much  
7 better outcome than the likely result if the matter had been litigated. Additionally,  
8 EAC and Klein would only enter in a settlement if all of the issues were globally  
9 resolved, so an agreement that only related to the share allocation was not possible  
10 without resolution on the amounts and treatment of the three claims to be allowed  
11 as subordinated claims under the Agreement.

12  
13 I declare under penalty of perjury under the laws of the United States of  
14 America that the foregoing is true and correct. Executed on January 9, 2020, at Los  
15 Angeles, California.

16  
17 /s/ Kathy Bazoian Phelps  
18 Kathy Bazoian Phelps, Receiver  
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