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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JOHN V. BIVONA; SADDLE RIVER
ADVISORS, LLC; SRA
MANAGEMENT ASSOCIATES,
LLC; FRANK GREGORY
MAZZOLA,

Defendants, and

SRA I LLC; SRA II LLC; SRA III
LLC; FELIX INVESTMENTS, LLC;
MICHELE J. MAZZOLA; ANNE
BIVONA; CLEAR SAILING GROUP
IV LLC; CLEAR SAILING GROUP V
LLC,

Relief Defendants.

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

~~PROPOSED~~ ORDER RE MOTION BY
RECEIVER KATHY BAZOIAN PHELPS
FOR INSTRUCTIONS RE TAX MATTERS
RE DISTRIBUTION PLAN

Hearing Date: January 30, 2020

Time: 1:30 p.m.

Location: Courtroom 5, 17th Floor

450 Golden Gate Ave.

San Francisco, CA 94102

1 The Court, having reviewed the Motion by Receiver Kathy Bazoian Phelps (the
2 “Receiver”) for Instructions re Tax Matters re Distribution Plan, the Supplement filed thereto
3 (ECF No. 538), the Response of the SRA Fund Investor Group (ECF NO. 549), and the Replies
4 filed by the Receiver and the Securities and Exchange Commission (“SEC”) (ECF Nos. 551 and
5 553, respectively), and having heard the comments of the Receiver and all counsel at the time of
6 hearing,

7 **HEREBY ORDERS AS FOLLOWS:**

8 1. The Receiver is authorized to amend prior tax returns filed by the former Receiver,
9 as necessary, to obtain a taxpayer identification number for the qualified settlement fund (“QSF”),
10 and to comply with the tax reporting and paying obligations of the QSF, if any, including the
11 income tax returns for the stub period of 2016 following October 11, 2016, and for the years
12 2017, 2018, and 2019, and all futures years in which the receivership remains open.

13 2. The Receiver is authorized to ascertain and shall pay estimated tax payments, tax,
14 interest and penalties associated with tax returns, if any, first from the cash on hand in the estate
15 and, if necessary, from the liquidation of assets pursuant to the terms of a Court approved
16 distribution plan or other court order.

17 3. The Receiver is authorized to obtain valuations of the assets of the receivership as of
18 the date of the commencement of the receivership on October 11, 2016, and shall file a motion
19 seeking approval of the employment of a valuation professional setting forth the terms of the
20 engagement. Employment of the professional shall be subject to further Court approval.

21 4. The Receiver shall circulate to the SEC, counsel for the SRA Fund Investor Group,
22 and counsel for Progresso Ventures, Inc., a revised draft of a Distribution Plan that is substantially
23 in the form attached as Exhibit “1” to the Receiver’s Supplement (ECF No. 538, starting at p.33),
24 except that said draft Distribution Plan (a) shall include provisions for an Investor Advisor Group
25 (“IAG”) to be selected from a pool of candidates made up of investors who apply to serve on the
26 IAG or who the SRA Investor Group previously suggested as members for an IAG pursuant to the
27 SRA Funds Investor Group’s Proposed Alternative Distribution Plan [Doc No. 407-1], and that are
28 knowledgeable and available to advise the Receiver concerning the investments remaining in the

1 Receivership Estate; and (b) shall clarify that Joshua Cilano's personal claims against the
2 Receivership Estate remain available to him, subject to a motion to disallow by the Receiver or
3 objection of the Court or interested parties, to the extent based on backend fees and commissions.
4 The Receiver shall meet and confer in good faith with the SEC, counsel for the SRA Fund Investor
5 Group, and counsel for Progresso Ventures, Inc., in an effort to obtain mutual agreement as to the
6 contents of the Receiver's revised Distribution Plan, before filing a motion for final approval of the
7 Distribution Plan on notice to all investors, creditors and interested parties. If the parties do not
8 agree on the draft form of Distribution Plan to be filed by the Receiver for final approval, they may
9 file any appropriate objections in connection with the final hearing on the Plan.

10 IT IS SO ORDERED.

11
12 DATED: February 7, 2020



EDWARD M. CHEN
United States District Judge

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16 SUBMITTED BY:

17 */s/ Kathy Bazoian Phelps*

18 Kathy Bazoian Phelps
19 Receiver

20 APPROVED AS TO FORM AND CONTENT:

21 */s/ Jonathan K. Levine*

22 John S. Yun
23 Marc Katz
24 Attorneys for the Plaintiff Securities and Exchange Commission

25 */s/ Jonathan K. Levine*

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Attorneys for the SRA Funds Investor Group

/s/ Avi Israeli

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Attorneys for Progresso Ventures, LLP