

1 **RAINES FELDMAN LLP**
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5 *Counsel to Receiver Kathy Bazoian Phelps*

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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.
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Case No.: 19-cv-07284-EMC

Assigned to: Hon. Edward M. Chen

**DECLARATION OF KATHY BAZOIAN
PHELPS IN SUPPORT OF SIXTH
ADMINISTRATIVE MOTION FOR AN
ORDER PURSUANT TO LOCAL RULE 7-11
FOR THE APPROVAL OF FEES AND
EXPENSES FOR RECEIVER, RAINES
FELDMAN LLP, DIAMOND MCCARTHY
LLP, AND MILLER KAPLAN ARASE LLP
FROM APRIL 1, 2021 TO JUNE 30, 2021**

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 Revised Order Appointing Receiver, entered on February 28,
3 2019, I was appointed as the successor receiver (“Receiver”) in this case. I am also an attorney duly
4 licensed to practice in the State of California and am a partner at the firm of Raines Feldman LLP
5 (“Raines Feldman”). I have personal knowledge of the matters set forth below and if called as a
6 witness, I would and could testify competently to the matters stated herein.

7 2. This declaration is made in support of the Sixth Administrative Motion for an Order
8 Pursuant to Local Rule 7-11 for the Approval of Fees and Expenses for the Receiver, Raines Feldman
9 LLP, Diamond McCarthy LLP, and Miller Kaplan Arase from April 1, 2021 through June 30, 2021
10 (“Motion”).

11 3. Attached hereto as Exhibit “1” is a financial summary of the Receivership Estate for the
12 second quarter 2021, as of June 30, 2021. The financial summary sets forth the cash on hand in the
13 estate.

14 4. Pursuant to my proposal for my appointment, and in recognition of the efficiencies and
15 benefits to the Receivership Estate in my role as Receiver that I can also address legal issues, I have
16 divided my time to date between the following billing categories.

17 Case Administration (B110)

18 Asset Disposition (B130)

19 5. The detailed time entries reflecting the time spent in each of these categories for the
20 second quarter is attached hereto as Exhibit “2A” for the time I was at Diamond McCarthy LLP
21 (“Diamond McCarthy”), from April 1 to 22, 2021 (the “DM Motion Period”), and as Exhibit “2B”
22 for the time I have been at Raines Feldman, from April 23 to June 30, 2021 (the “RF Motion Period”).

23 6. My standard hourly rate is \$675.00, but I have discounted my hourly rate to \$475.00.

24 Case Administration

25 7. As set forth in Exhibit 2A, during the DM Motion Period, with respect to category B110,
26 my assistants and I performed 6.00 hours of services for total fees of \$2,602.00. As set forth in
27 Exhibit 2B, during the RF Motion Period, with respect to category B110, my assistants and I

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1 performed 6.60 hours of services for total fees of \$3,301.03.

2 8. Since my appointment, I have worked efficiently and economically to move this case
3 forward. During the DM and RF Motion Periods, I have taken actions to manage the administration
4 of the case, including issues dealing with financial reporting, document management, tax returns,
5 and banking. I managed the funds of the Receivership Estate and handled banking and the accounts
6 at East West Bank.

7 9. During the DM and RF Motion Periods, I have continued to communicate with investors
8 who had inquiries on a number of matters including the status of the case and the Receivership Estate,
9 claims, and distribution issues, maintained the website I created for them to easily access necessary
10 information related to the case and their claims. I was in regular communication with the CFTC by
11 email and telephone as well as the Receivership Defendants and their counsel concerning the case.

12 Asset Disposition

13 10. With respect to Asset Disposition, during the RF Motion Period, I performed 0.30 hours
14 of services for total fees of \$142.50. I had multiple communications regarding closing of the Sparks
15 Property, which has since closed. I arranged for the preparation and execution of a release of lien and
16 the deposit of the settlement sum.

17 * * *

18 11. I have read the Motion and the billing statements attached to my declaration. To the best
19 of my knowledge, information and belief formed after reasonable inquiry, all the fees and expenses
20 requested in the attached billing statements are true and correct.

21 12. The fees that I and my staff have charged are reasonable, necessary, and commensurate
22 with the skill and experience required for the activity performed. I respectfully submit that neither I
23 nor my staff has expended time unnecessarily and that I have rendered efficient and effective
24 services.

25 13. I have conferred with counsel for the CFTC and counsel for the Defendants, and I am
26 advised that they do not oppose the Motion.

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1 I declare under penalty of perjury that the foregoing is true and correct. Executed on this 27th
2 day of July, 2021 at Los Angeles, California.

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4 /s/ Kathy Bazoian Phelps
5 Kathy Bazoian Phelps
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EXHIBIT 1

Receivership Estate of Denari Capital LLC
Cash Receipts and Disbursements as of June 30, 2021

Checking #0102

Date	Notes	Deposits	Withdrawals	Balance
4/1/2021	Opening Balance			\$250,020.17
4/1/2021	transfer to ICS		\$20.17	\$250,000.00
4/21/2021	Wire in (payment of Sparks lien)	\$150,000.00		\$400,000.00
4/21/2021	transfer to ICS		\$150,000.00	\$250,000.00
4/30/2021	interest	\$19.52		\$250,019.52
5/3/2021	transfer to ICS		\$19.52	\$250,000.00
5/5/2021	transfer from ICS	\$3,941.00		\$253,941.00
5/5/2021	maintenance fee		\$25.00	\$253,916.00
5/5/2021	Receiver Fees (check 1027)		\$3,916.00	\$250,000.00
5/11/2021	transfer from ICS	\$3,050.00		\$253,050.00
5/11/2021	Diamond McCarthy Fees (check 1028)		\$3,050.00	\$250,000.00
5/13/2021	transfer from ICS	\$677.60		\$250,677.60
5/13/2021	Schinner Shain Fees (check 1029)		\$627.60	\$250,050.00
5/13/2021	Schinner Shain Costs (check 1030)		\$50.00	\$250,000.00
5/31/2021	interest	\$13.70		\$250,013.70
6/1/2021	transfer to ICS		\$13.70	\$250,000.00
6/2/2021	transfer from ICS	\$25.00		\$250,025.00
6/2/2021	maintenance fee		\$25.00	\$250,000.00
6/30/2021	interest	\$10.28		\$250,010.28
	Ending Balance			\$250,010.28

ICS Cash Sweep Account #0102

4/1/2021	Opening balance			\$53,409.84
4/2/2021	deposit from checking (interest)	\$20.17		\$53,430.01
4/21/2021	deposit from checking (Sparks lien)	\$150,000.00		\$203,430.01
4/30/2021	interest	\$4.04		\$203,434.05
5/2/2021	deposit from checking (interest)	\$19.52		\$203,453.57
5/5/2021	transfer to checking (fees)		\$3,941.00	\$199,512.57
5/11/2021	transfer to checking (fees)		\$3,050.00	\$196,462.57
5/13/2021	transfer to checking (fees)		\$677.60	\$195,784.97
5/31/2021	Interest	\$8.39		\$195,793.36
6/2/2021	deposit from checking (interest)	\$13.70		\$195,807.06
6/3/2021	transfer to checking (fees)		\$25.00	\$195,782.06
6/30/2021	Interest	\$8.04		\$195,790.10
	Ending Balance			\$195,790.10

Sarkar Account 0116

Date	Notes	Deposits	Withdrawals	Balance
4/1/2021	Opening Balance			\$2,998.87
4/30/2021	Interest	\$0.11		\$2,998.98
5/31/2021	Interest	\$0.08		\$2,999.06
6/30/2021	Interest	\$0.07		\$2,999.13
	Ending Balance			\$2,999.13

Receivership Estate of Denari Capital LLC
Cash Receipts and Disbursements as of June 30, 2021

Capson Account #0109

Date	Notes	Deposits	Withdrawals	Balance
4/1/2021	Opening Balance			\$16,060.09
4/30/2021	Interest	\$0.59		\$16,060.68
5/31/2021	Interest	\$0.43		\$16,061.11
6/30/2021	Interest	\$0.33		\$16,061.44
	Ending Balance			\$16,061.44

Cash Position of Receivership Estate of Denari Capital LLC
As of June 30, 2021

Cash

Checking	\$250,010.28
ICS Account	\$195,790.10
Sarkar Account	\$2,999.13
Capson Account	\$16,061.44
Total Current Cash Balance	\$464,860.95

Accrued, Upcoming and Unpaid Expenses

Payment of FTB Claim (approved 4Q 2020)	\$800.00
Additional FTB Claims (evaluating)	\$1,775.96
Second Interim Distribution (30% of remaining claims)	\$163,604.56
Receiver's Fees and Costs - 2Q 2021	\$6,045.53
Legal Fees and Costs (Diamond McCarthy) - 2Q 2021	\$3,650.00
Legal Fees and Costs (Raines Feldman) - 2Q 2021	\$7,000.00
Accounting Fees and Costs - 2Q 2021	\$1,367.60
Total Outstanding Expenses	\$184,243.65

Cash Ending Balance **\$280,617.30**

EXHIBIT 2A

6/15/2021 4:20:51 PM

Diamond McCarthy LLP

Page 1

Draft for Work-In-Process Through 4/30/2021

Matter ID: 2817-00011

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.

Bill Format: 9010

Kathy Bazoian Phelps, Receivership for CFTC

Billing Cycle: M

Diamond McCarthy LLP

1999 Avenue of The Stars, Suite 100

Los Angeles, CA 90067

Re: Case Administration-Denari**Alternate Billing Rules**

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	158,246.60	Combined Adv. Deposit Bal.:	0.00
Total Billed Costs:	616.34	Fee Adv. Deposit Bal.:	0.00
Total Billed Interest:	0.00	Cost Adv. Deposit Bal.:	0.00
Total Billed Retainer:	0.00	Trust Funds 1:	0.00
Total Collected:	133,152.94	Trust Funds 2:	0.00
Last Bill:	04/21/21 3,916.00	Trust Funds 3:	0.00
Last Payment:	02/19/21 616.34	Trust Funds 4:	0.00
Last Write-Off:			

WIP & A/R Aging

As of 4/30/2021	Total	Fees	Cost	Interest	Retainer	Aging			
						0-30	31-60	61-90	91+
WIP	2,602.00	2,602.00	0.00	0.00	0.00	2,602.00	0.00	0.00	0.00
A/R	25,710.00	25,710.00	0.00	0.00	0.00	0.00	3,916.00	0.00	21,794.00
Totals	28,312.00	28,312.00	0.00	0.00	0.00	2,602.00	3,916.00	0.00	21,794.00

Fee Recap - Actual Hourly Rate

Timekeeper	Hours	Rate	Amount	On Hold			To Bill		
				Hours	Rate	Amount	Hours	Rate	Amount
KBP	5.20	475.00	2,470.00				5.20	475.00	2,470.00
HDN	0.60	145.00	87.00				0.60	145.00	87.00
VC	0.20	225.00	45.00				0.20	225.00	45.00
Total WIP Fees	6.00		2,602.00				6.00		2,602.00
Total WIP			2,602.00			0.00			2,602.00

Billing Instructions

Bill Fees: _____ Write off Fees: _____ Bill Costs: _____ Write off Costs: _____
 Do Not Bill: _____ Apply Advance Deposit: All _____ or Other Amount _____ Send Statement Only: _____

Fee Detail

Fee ID	Date	Atty	Description	Task:Act	Hold	Hours	Rate	Amount
772712	04/01/21	KBP	Review and respond to email from G. Bermensolo re payment for Sparks property	B110:		0.10	475.00	47.50
772731	04/06/21	KBP	review and respond to email from G. Bermensolo re release of lien on Sparks property	B110:		0.20	475.00	95.00

6/15/2021 4:20:51 PM

Diamond McCarthy LLP

Page 2

Draft for Work-In-Process Through 4/30/2021

Matter ID: 2817-00011

Draft Seq #

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Fee ID	Date	Atty	Description	Task:Act	Hold	Hours	Rate	Amount
772732	04/06/21	KBP	Draft memo re reconveyance of Sparks lien	B110:		0.20	475.00	95.00
772755	04/08/21	KBP	Review and respond to email from C. Metzger re claim amounts; analyze amounts	B110:		0.30	475.00	142.50
772761	04/08/21	KBP	Draft email to G. Bermensolo re release of lien when Sparks funds are paid	B110:		0.10	475.00	47.50
772774	04/09/21	KBP	Review and approve fee application, exhibits, send to CFTC and B. Walsh for approval	B110:		0.50	475.00	237.50
772778	04/09/21	KBP	Review and respond to investor re status of distributions	B110:		0.10	475.00	47.50
772782	04/10/21	KBP	review tax returns from accountants, draft memo in response	B110:		0.40	475.00	190.00
772783	04/10/21	KBP	Communication with counsel and accountants re tax return	B110:		0.20	475.00	95.00
772786	04/12/21	KBP	Communications with accountant re 2020 and final tax returns	B110:		0.20	475.00	95.00
772807	04/15/21	KBP	Finalize fee app for filing	B110:		0.20	475.00	95.00
772808	04/15/21	KBP	Draft email to G. Bermensolo re payment of funds on Sparks transaction	B110:		0.10	475.00	47.50
772811	04/15/21	KBP	Draft memo to G. Bermensolo re closing of Sparks transaction	B110:		0.10	475.00	47.50
772819	04/15/21	KBP	Website management re new court filings	B110:		0.20	475.00	95.00
772820	04/15/21	KBP	Review email inquiry from investors re status of distributions, responses	B110:		0.20	475.00	95.00
773455	04/15/21	HDN	Review KBP request to upload 5 documents to the Denari filings page; download and save filings to database; upload filings to webpage and create links. Check live site for functionality and errors; correspondence to KBP regarding updates.	B110:		0.60	145.00	87.00
774131	04/15/21	VC	Print, label and serve by mail Motion for and Order pursuant to Local Rule 711, along with Declarations.	B110:		0.20	225.00	45.00
772824	04/16/21	KBP	Tel conf with CFTC re status, final issues, restitution order and payment	B110:		0.30	475.00	142.50
772826	04/16/21	KBP	Analyze deficiency claims, communication with counsel to get information to CFTC re restitution	B110:		0.50	475.00	237.50
772830	04/16/21	KBP	Draft email to C. Metzger re accounting of deficiency	B110:		0.20	475.00	95.00
772841	04/18/21	KBP	Review and comment on Consent Order from CFTC	B110:		0.50	475.00	237.50
772848	04/19/21	KBP	Draft email to G. Bermensolo re closing re Sparks	B110:		0.10	475.00	47.50
772852	04/20/21	KBP	Review and respond to email from J. Holt re payment of funds on Sparks property, documentation for lien release	B110:		0.30	475.00	142.50

6/15/2021 4:20:51 PM

Diamond McCarthy LLP

Page 3

Draft for Work-In-Process Through 4/30/2021

Matter ID: 2817-00011

Draft Seq # 1

Fee ID	Date	Atty	Description	Task:Act	Hold	Hours	Rate	Amount
772879	04/21/21	KBP	Review email and wire information from J. Holt re Sparks	B110:		0.10	475.00	47.50
772880	04/21/21	KBP	Draft email to counsel re closing motion, payment of Sparks funds	B110:		0.10	475.00	47.50
Total Fees						6.00		2,602.00

EXHIBIT 2B



RAINESFELDMAN

1800 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067

Federal Tax ID: 20-4515337

Invoice Date: 7/15/2021
Invoice Number: 0Kathy Bazoian Phelps
1800 Avenue of the Stars
12th Floor
Los Angeles, CA 90067**4663-002 / Denari Capital Receiver (Receiver file)**

Professional Services			Hours	Rate	Amount	
4/24/2021	B110	BC	Revise Motion to Employ Raines Feldman and supporting pleadings and exhibits.	0.8	293.25	234.6
4/26/2021	B110	BC	Revise and finalize Motion to Employ Raines Feldman and related supporting pleadings and exhibits.	0.6	293.25	175.95
4/27/2021	B110	BC	Finalize Motion to Employ Raines Feldman.	0.2	293.25	58.65
4/28/2021	B110	KBP	Review and revise webpages for new website.	0.3	475	142.5
4/29/2021	B110	KBP	Review email from CFTC regarding form of consent judgment.	0.2	475	95
4/29/2021	B110	KBP	Review and respond to email from CFTC, confirm figures for consent.	0.4	475	190
4/29/2021	B110	KBP	Review letter from M. Smallhouse and forward to CFTC for review.	0.4	475	190
4/30/2021	B110	KBP	Review and respond to email re stipulation regarding CMC.	0.1	475	47.5
5/2/2021	B110	BC	Calendar deadline for Defendants to answer; Calendar Initial Case Management Conference and related deadlines.	0.1	293.25	29.33
5/2/2021	B110	KBP	Review entered order regarding continued CMC.	0.1	475	47.50
5/4/2021	B110	KBP	Telephone conf. with CFTC regarding letter regarding National Gold.	0.5	475	237.50
5/4/2021	B110	KBP	Obtain notarization on reconveyance deed, draft letter to J. Holt.	0.6	475	285.00
5/7/2021	B110	KBP	Review communication with investor regarding status.	0.1	475	47.50
5/10/2021	B110	KBP	Review and revise response to Smallwood regarding accusations regarding National Gold.	0.5	475	237.50
5/11/2021	B110	KBP	Review and approve letter to Smallhouse regarding NGMC.	0.2	475	95.00
6/1/2021	B110	KBP	Telephone conference with B. Walsh regarding status, closing motion and interim distribution	0.1	475	47.50
6/2/2021	B110	KBP	Download and review May bank statements.	0.3	475	142.50

6/18/2021	B110	KBP	Review and comment on closing motion, order, relief required.	1.2	475	570.00
6/18/2021	B110	KBP	Review and respond to B. Walsh regarding status, closing case.	0.1	475	47.50
6/18/2021	B110	KBP	Communications with counsel and accountants regarding final tax return.	0.2	475	95.00
6/24/2021	B110	KBP	Telephone confwith J. Damasco and counsel regarding tax closing issues.	0.4	475	190.00
6/24/2021	B110	KBP	Review and approve CTFC request to extend deadlines.	0.1	475	47.50
6/28/2021	B110	KBP	Review order on new CMC date.	0.1	475	47.50
					B110	3301.03
4/25/2021	B130	KBP	Review and respond to email from G. Bermensolo regarding closing of Sparks transaction.	0.1	475	47.5
4/26/2021	B130	KBP	Review and respond to email regarding reconveyance of Sparks Deed.	0.2	475	95
					B130	142.5

Rate Summary

Bambi Clark	1.70 hours at \$293.25/hr	\$498.53
Kathy B. Phelps	6.20 hours at \$475.00/hr	\$2,945.00
Total hours:	7.90	\$3,443.53

Total Current Billing: \$3,443.53
Total Now Due: \$3,443.53