

1 **RAINES FELDMAN LLP**
David Castleman (State Bar No. 326812)
2 *dcastleman@raineslaw.com*
1800 Avenue of the Stars, 12th Floor
3 Los Angeles, California 90067
Telephone: (310) 440-4100
4 Facsimile: (310) 691-1943

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.
18
19
20
21

Case No.: 19-cv-07284-EMC

Assigned to: Hon. Edward M. Chen

**DECLARATION OF DAVID A.
CASTLEMAN 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, David A. Castleman, declare:

2 1. I am an attorney duly licensed to practice in the State of California, and a partner at the
3 firm of Raines Feldman LLP (“Raines Feldman”), counsel of record for the Receiver Kathy Bazoian
4 Phelps in this case. I have personal knowledge of the matters set forth below and if called as a
5 witness, I would and could testify competently to the matters stated herein.

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

10 3. On February 4, 2020, the Court entered an order (Doc. No. 44) authorizing the Receiver
11 to employ Diamond McCarthy LLP (“Diamond McCarthy”) as the Receiver’s general counsel
12 retroactively to December 4, 2019 (“DM Employment Order”). Diamond McCarthy’s employment
13 was terminated effective April 22, 2021 by order of this Court dated May 10, 2021 (Doc. 104). I was
14 the attorney principally responsible for representing the Receiver while at Diamond McCarthy. I
15 directly supervised the professionals and staff of Diamond McCarthy with respect to this
16 representation.

17 4. On May 10, 2021, the Court entered an order (Doc. No. 104) authorizing the Receiver
18 to employ Raines Feldman as the Receiver’s general counsel retroactively to April 23, 2021 (“RF
19 Employment Order”). I am the attorney principally responsible for representing the Receiver at
20 Raines Feldman. I directly supervise the professionals and staff of Raines Feldman with respect to
21 this representation.

22 5. In recognition of the efficiencies and benefits to the estate, both Diamond McCarthy and
23 Raines Feldman have divided their time among different billing categories:

- 24 Case Administration
- 25 Asset Disposition
- 26 Plan and Disclosure Statement
- 27 Fee Applications/Objections

28

1 6. In the interests of the estate and pursuant to both the DM and RF Employment Orders,
2 both Raines Feldman and Diamond McCarthy have reduced their rates by 20%, and as such my
3 customary rate of \$625.00 per hour has been reduced to \$500.00 per hour, as reflected in the billing
4 statements. Other professionals' rates were similarly discounted. These distinct billing categories
5 enable each firm to monitor its activities and appropriately account for the time expended. Attached
6 hereto as Exhibit "3A" are true and correct copies of the billing statements itemizing the legal
7 services provided in this case by Diamond McCarthy. Attached hereto as Exhibit "3B" are true and
8 correct copies of the billing statements itemizing the legal services provided in this case by Raines
9 Feldman.

10 Case Administration

11 7. Diamond McCarthy performed 2.60 hours of case administration services for total fees
12 of \$1,300.00 from April 1 to 22, 2021 (the "DM Motion Period"). Raines Feldman performed 14.00
13 hours of case administration services for total fees of \$7,000.00 from April 23 to June 30, 2021 (the
14 "RF Motion Period").

15 8. The Case Administration billing category includes all professional services related to
16 general representation of the Receiver in her administration of the Receivership Estate, primarily
17 including assisting the Receiver in preparing the first quarter 2021 financial information during the
18 DM Motion Period.

19 9. During the RF Motion Period, Raines Feldman primarily assisted the Receiver in
20 responding to a letter on behalf of National Gold Mining Company indicating that it had an
21 unresolved claim against the estate. Raines Feldman also began to prepare a closing motion for the
22 Receivership and assisted the Receiver in analysis of tax strategy. Raines Feldman also assisted the
23 Receiver in creating a new website for the receivership.

24 Plan & Disclosure Statement

25 10. Diamond McCarthy performed 1.10 hours of fee applications/objections services for
26 total fees of \$550.00.

27 11. Diamond McCarthy assisted the firm in analysis of issues related to the closing of the
28

1 Sparks property, which closed during the second quarter.

2 Fee Applications/Objections

3 12. Diamond McCarthy performed 3.60 hours of fee applications/objections services for
4 total fees of \$1,800.00.

5 13. During the Motion Period, Diamond McCarthy worked with the Receiver to prepare and
6 file the fifth interim fee request for the Receiver her professionals for the period January 1, 2021
7 through March 31, 2021, by way of an Administrative Motion and supporting declarations.

8 * * *

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

12 15. The fees that Diamond McCarthy has charged are reasonable, necessary, and
13 commensurate with the skill and experience required for the activity performed. Diamond
14 McCarthy's services and time expenditures are reasonable in light of the labor required for the
15 matters for which Diamond McCarthy was retained and the balancing that must be performed to
16 efficiently and effectively represent the Receiver. Diamond McCarthy respectfully submits that it has
17 not expended time unnecessarily and that it has rendered efficient and effective services.

18 16. The fees that Raines Feldman has charged are reasonable, necessary, and commensurate
19 with the skill and experience required for the activity performed. Raines Feldman's services and
20 time expenditures are reasonable in light of the labor required for the matters for which Raines
21 Feldman was retained and the balancing that must be performed to efficiently and effectively
22 represent the Receiver. Raines Feldman respectfully submits that it has not expended time
23 unnecessarily and that it has rendered efficient and effective services.

24 I declare under penalty of perjury that the foregoing is true and correct. Executed on this
25 27th day of July 2021 at Los Angeles, California.

26 */s/ David A. Castleman*

27 _____
David A. Castleman

EXHIBIT 3A

6/15/2021 4:22:21 PM

Diamond McCarthy LLP

Page 1

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

Matter ID: 2818-00011

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.
 Counsel, of Kathy Bazoian Phelps, Receivership for
 Diamond McCarthy LLP
 1999 Avenue of The Stars, Suite 100
 Los Angeles, CA 90067

Bill Format: 9010
 Billing Cycle: M

Re: Case Administration-Denari

Alternate Billing Rules

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	18,450.00	Combined Adv. Deposit Bal.:	0.00
Total Billed Costs:	0.00	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:	18,450.00	Trust Funds 2:	0.00
Last Bill:	04/21/21 1,150.00	Trust Funds 3:	0.00
Last Payment:	05/10/21 1,150.00	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	1,300.00	1,300.00	0.00	0.00	0.00	1,300.00	0.00	0.00	0.00
A/R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals	1,300.00	1,300.00	0.00	0.00	0.00	1,300.00	0.00	0.00	0.00

Fee Recap - Actual Hourly Rate

Timekeeper	Hours	Rate	Amount	On Hold			To Bill		
				Hours	Rate	Amount	Hours	Rate	Amount
DAC	2.60	500.00	1,300.00				2.60	500.00	1,300.00
Total WIP Fees	2.60		1,300.00				2.60		1,300.00
Total WIP			1,300.00			0.00			1,300.00

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
771505	04/08/21	DAC	Reconcile 1st quarter cash disbursements and create cash disbursement log for filing.			1.70	500.00	850.00
771509	04/08/21	DAC	Emails with K. Phelps regarding cash disbursement schedule and cash statements.			0.30	500.00	150.00
771675	04/10/21	DAC	Review and comment on 2020 tax returns.			0.20	500.00	100.00
772861	04/16/21	DAC	Analysis of deficiency amount and related email to K. Phelps.			0.40	500.00	200.00

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Diamond McCarthy LLP

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

Matter ID: 2818-00011

Draft Seq # 1

Fee ID	Date	Atty	Description	Task:Act	Hold Hours	Rate	Amount
				Total Fees	2.60		1,300.00

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Diamond McCarthy LLP

Page 1

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

Matter ID: 2818-00018

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.
 Counsel, of Kathy Bazoian Phelps, Receivership for
 Diamond McCarthy LLP
 1999 Avenue of The Stars, Suite 100
 Los Angeles, CA 90067

Bill Format: 9010
 Billing Cycle: M

Re: Plan and Disclosure Statement-Denari

Alternate Billing Rules

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	17,024.40	Combined Adv. Deposit Bal.:	0.00
Total Billed Costs:	0.00	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:	17,024.40	Trust Funds 2:	0.00
Last Bill:	10/15/20 5,423.20	Trust Funds 3:	0.00
Last Payment:	11/10/20 5,423.20	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	550.00	550.00	0.00	0.00	0.00	550.00	0.00	0.00	0.00
A/R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals	550.00	550.00	0.00	0.00	0.00	550.00	0.00	0.00	0.00

Fee Recap - Actual Hourly Rate

Timekeeper	Hours	Rate	Amount	On Hold			To Bill		
				Hours	Rate	Amount	Hours	Rate	Amount
DAC	1.10	500.00	550.00				1.10	500.00	550.00
Total WIP Fees	1.10		550.00				1.10		550.00
Total WIP			550.00			0.00			550.00

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
771510	04/08/21	DAC	Research regarding Storey County recording requirements and sample forms.			0.40	500.00	200.00
771511	04/08/21	DAC	Emails with K. Phelps regarding recording deed of trust.			0.30	500.00	150.00
771512	04/08/21	DAC	Review deed assignment forms and create exhibit A for assignment form.			0.40	500.00	200.00

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Diamond McCarthy LLP

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

Matter ID: 2818-00018

Draft Seq # 1

Fee ID	Date	Atty	Description	Task:Act	Hold	Hours	Rate	Amount
						1.10		550.00

Total Fees 1.10 550.00

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Diamond McCarthy LLP

Page 1

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

Matter ID: 2818-00017

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.

Bill Format: 9010

Counsel, of Kathy Bazoian Phelps, Receivership for
Diamond McCarthy LLP

Billing Cycle: M

1999 Avenue of The Stars, Suite 100
Los Angeles, CA 90067**Re: Fee Applications/Objections-Denari****Alternate Billing Rules**

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	11,570.80	Combined Adv. Deposit Bal.:	0.00
Total Billed Costs:	0.00	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:	11,570.80	Trust Funds 2:	0.00
Last Bill:	04/21/21 1,900.00	Trust Funds 3:	0.00
Last Payment:	05/10/21 1,900.00	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	1,800.00	1,800.00	0.00	0.00	0.00	1,800.00	0.00	0.00	0.00
A/R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals	1,800.00	1,800.00	0.00	0.00	0.00	1,800.00	0.00	0.00	0.00

Fee Recap - Actual Hourly Rate

Timekeeper	Hours	Rate	Amount	On Hold			To Bill		
				Hours	Rate	Amount	Hours	Rate	Amount
DAC	3.60	500.00	1,800.00				3.60	500.00	1,800.00
Total WIP Fees	3.60		1,800.00				3.60		1,800.00
Total WIP			1,800.00			0.00			1,800.00

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
771506	04/08/21	DAC	Draft fourth quarter fee app and accompanying declarations.			2.40	500.00	1,200.00
771507	04/08/21	DAC	Review and reconcile fee application and billing categories.			0.60	500.00	300.00
771508	04/08/21	DAC	Emails with K. Phelps regarding fee application.			0.20	500.00	100.00
771672	04/09/21	DAC	Revisions to fee application and emails to			0.40	500.00	200.00

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Diamond McCarthy LLP

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

Matter ID: 2818-00017

Draft Seq # 1

Fee ID	Date	Atty	Description	Task:Act	Hold Hours	Rate	Amount
			K. Phelps regarding same.				
					Total Fees	3.60	1,800.00

EXHIBIT 3B



RAINESFELDMAN

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

Federal Tax ID: 20-4515337

Invoice Date: 7/14/2021
Invoice Number: 0

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

4663-001 / Denari Capital Receiver (Attorney file)

Professional Services				Hours	Rate	Amount
4/29/2021	B110	DAC	Check settlement numbers for CFTC and email regarding same.	0.2	500	100
5/3/2021	B110	DAC	Review website filing and email to S. Segovia re same.	0.2	500	100
5/4/2021	B110	DAC	Call with K. Phelps and C. Metzger regarding National Gold matter and closing options	0.5	500	250
5/7/2021	B110	DAC	Draft response letter to Smallhouse re various items and review of the record re same.	2.3	500	1,150.00
5/11/2021	B110	DAC	Revisions to letter to M. Smallhouse regarding claim letter, finalize and send same.	2	500	1,000.00
5/17/2021	B110	DAC	Call with K. Phelps regarding open items.	0.2	500	100
6/16/2021	B110	DAC	Begin drafting motion to close receivership.	1.2	500	600
6/17/2021	B110	DAC	Drafting of Denari closing motion and supporting exhibits.	2.1	500	1,050.00
6/18/2021	B110	DAC	Draft supporting documents to motion to close receivership, including declaration and proposed order.	2.5	500	1250
6/21/2021	B110	DAC	Revisions to closing motion, proposed order, and drafting of Castleman declaration.	2.3	500	1150
6/24/2021	B110	DAC	Call with J. Damasco and K. Phelps regarding tax strategy.	0.5	500	250
				B100		7000
Sub-total Fees:						\$7,000.00

Rate Summary

David A. Castleman	14.00 hours at \$500.00/hr	\$7,000.00
Total hours:	14.00	\$7,000.00

Total Current Billing:	\$7,000.00
Total Now Due:	\$7,000.00