

RAINES FELDMAN LLP

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Counsel to Receiver Kathy Bazoian Phelps

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

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

DENARI CAPITAL LLC, TRAVIS
CAPSON, and ARNAB SARKAR,

Defendants.

Case No.: 19-cv-07284-EMC

Assigned to: Hon. Edward M. Chen

**DECLARATION OF KATHY BAZOIAN
PHELPS IN SUPPORT OF SEVENTH
ADMINISTRATIVE MOTION FOR AN
ORDER PURSUANT TO LOCAL RULE 7-11
FOR THE APPROVAL OF FEES AND
EXPENSES FOR RECEIVER, RAINES
FELDMAN LLP, AND MILLER KAPLAN
ARASE LLP FROM JULY 1, 2021 TO
SEPTEMBER 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 Seventh 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, and Miller Kaplan Arase from July 1, 2021 through September 30, 2021 ("Motion").

10 3. Attached hereto as Exhibit "1" is a financial summary of the Receivership Estate for
11 the third quarter 2021, as of September 30, 2021. The financial summary sets forth the cash on hand
12 in the estate.

13 4. Pursuant to my proposal for my appointment, and in recognition of the efficiencies
14 and benefits to the Receivership Estate in my role as Receiver that I can also address legal issues, I
15 have divided my time to date between the following billing categories for the period July 1, 2021
16 through September 30, 2021 (the "Motion Period").

17 Case Administration (B110)

18 Asset Analysis and Recovery (B120)

19 Plan Implementation (B320)

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

21 6. Attached hereto as Exhibit "2" are true and correct copies of the billing statements
22 itemizing my services provided in this case during the Motion Period.

23 Case Administration (B110)

24 7. During the Motion Period, with respect to category B110, I performed 12.70 hours of
25 services for total fees of \$6,032.50.

26 8. Since my appointment, I have worked efficiently and economically to move this case
27 forward. During the Motion Period, I took actions to manage the administration of the case, including
28

1 issues dealing with financial reporting, document management, tax returns, and banking. I managed
2 the funds of the Receivership Estate and handled banking and the accounts at East West Bank.

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

8 Asset Analysis and Recovery (B120)

9 10. With respect to Asset Analysis and Recovery, during the Motion Period, I performed
10 0.20 hours of services for total fees of \$95.00. I had multiple communications regarding a safety
11 deposit box held by one of the Defendants.

12 Plan Implementation (B320)

13 11. With respect to Plan Implementation, during the Motion Period, I performed 3.00
14 hours of services for total fees of \$1,425.00.

15 12. I filed a motion to make a substantial distribution on the remaining cash claims,
16 consulted with my counsel on the drafting of that motion, and reviewed and revised that motion
17 before approving its filing.

18 13. I also supervised the implementation of the distribution and had follow up
19 communications regarding the necessary wire transfers.

20 * * *

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

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

16. I have completed the second interim distribution and intend to hold the remaining cash on hand of approximately \$280,000 as a cash reserve pending the running of the IRS tax audit period. Assuming that no additional tax liability is owed, I intend to make a final distribution at the conclusion of that period. I do not anticipate that any significant further work will take place during this time period. As such and to mitigate any ongoing costs for the receivership estate, I am requesting the discretion to file fee applications and cash disbursement reports less than once per quarter, but in no event less than once per year. I will continue to keep the Court apprised of any significant events that may arise during this time period.

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

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 3rd day of November, 2021 at Los Angeles, California.

/s/ Kathy Bazoian Phelps
Kathy Bazoian Phelps

EXHIBIT 1

Receivership Estate of Denari Capital LLC**Cash Receipts and Disbursements as of September 30, 2021****Checking #0102**

Date	Notes	Deposits	Withdrawals	Balance
7/1/2021	Opening Balance			\$250,010.28
7/1/2021	transfer to ICS		\$10.28	\$250,000.00
7/7/2021	transfer from ICS	\$25.00		\$250,025.00
7/7/2021	maintenance fee		\$25.00	\$250,000.00
7/31/2021	interest	\$10.61		\$250,010.61
8/2/2021	transfer to ICS		\$10.61	\$250,000.00
8/3/2021	transfer from ICS	\$25.00		\$250,025.00
8/3/2021	maintenance fee		\$25.00	\$250,000.00
8/4/2021	transfer from ICS	\$16,695.53		\$266,695.53
8/4/2021	Wire payment of Receiver Fees (DM)		\$2,602.00	\$264,093.53
8/4/2021	Wire payment of Receiver Fees (RF)		\$3,443.53	\$260,650.00
8/4/2021	Wire payment of Diamond McCarthy Fees		\$3,650.00	\$257,000.00
8/4/2021	Wire payment of Raines Feldman fees		\$7,000.00	\$250,000.00
8/5/2021	transfer from ICS	\$1,367.60		\$251,367.60
8/5/2021	Wire payment of Miller Kaplan Fees		\$1,367.60	\$250,000.00
8/24/2021	transfer from ICS	\$163,264.96		\$413,264.96
8/24/2021	Distribution to Claimant 18		\$2,850.00	\$410,414.96
8/24/2021	Distribution to Claimant 3		\$3,000.00	\$407,414.96
8/24/2021	Distribution to Claimant 7		\$11,997.90	\$395,417.06
8/24/2021	Distribution to Claimant 16		\$12,000.00	\$383,417.06
8/24/2021	Distribution to Claimant 5		\$13,875.00	\$369,542.06
8/24/2021	Distribution to Claimant 2		\$14,553.00	\$354,989.06
8/24/2021	Distribution to Claimant 4		\$15,000.00	\$339,989.06
8/24/2021	Distribution to Claimant 8		\$26,658.00	\$313,331.06
8/24/2021	Distribution to Claimant 1		\$30,000.00	\$283,331.06
8/24/2021	Distribution to Claimant 6		\$33,331.06	\$250,000.00
8/31/2021	interest	\$10.62		\$250,010.62
9/1/2021	transfer from ICS	\$14.38		\$250,025.00
9/1/2021	maintenance fee		\$25.00	\$250,000.00
9/14/2021	transfer from ICS	\$339.60		\$250,339.60
9/14/2021	Distribution to Claimant 11 (check 1031)		\$339.60	\$250,000.00
9/22/2021	transfer from ICS	\$1,850.00		\$251,850.00
9/22/2021	Payment to FTB (check 1033)		\$800.00	\$251,050.00
9/22/2021	Payment to FTB (check 1034)		\$1,050.00	\$250,000.00
9/30/2021	interest	\$10.27		\$250,010.27
	Ending Balance			\$250,010.27

ICS Cash Sweep Account #0102

7/1/2021	Opening balance			\$195,790.10
7/2/2021	deposit from checking (interest)	\$10.28		\$195,800.38
7/8/2021	transfer to checking (fees)		\$25.00	\$195,775.38
7/30/2021	interest	\$8.31		\$195,783.69
8/3/2021	deposit from checking (interest)	\$10.61		\$195,794.30
8/4/2021	transfer to checking (fees)		\$25.00	\$195,769.30
8/5/2021	transfer to checking (professional fees)		\$16,695.53	\$179,073.77
8/6/2021	transfer to checking (professional fees)		\$1,367.60	\$177,706.17

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

8/25/2021 transfer to checking (second distribution)		\$163,264.96	\$14,441.21
8/31/2021 Interest	\$6.07		\$14,447.28
9/2/2021 transfer to checking (fees less interest)		\$14.38	\$14,432.90
9/15/2021 transfer to checking (second distribution)		\$339.60	\$14,093.30
9/23/2021 transfer to checking (FTB payments)		\$1,850.00	\$12,243.30
9/30/2021 Interest	\$0.56		\$12,243.86
Ending Balance			\$12,243.86

Sarkar Account 0116

Date	Notes	Deposits	Withdrawals	Balance
7/1/2021	Opening Balance			\$2,999.13
7/31/2021	Interest	\$0.06		\$2,999.19
8/31/2021	Interest	\$0.06		\$2,999.25
9/30/2021	Interest	\$0.06		\$2,999.31
Ending Balance				\$2,999.31

Capson Account #0109

Date	Notes	Deposits	Withdrawals	Balance
7/1/2021	Opening Balance			\$16,061.44
7/31/2021	Interest	\$0.34		\$16,061.78
8/31/2021	Interest	\$0.35		\$16,062.13
9/30/2021	Interest	\$0.33		\$16,062.46
Ending Balance				\$16,062.46

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

Checking		\$250,010.27
ICS Account		\$12,243.86
Sarkar Account		\$2,999.31
Capson Account		\$16,062.46
Total Current Cash Balance		\$281,315.90

Accrued, Upcoming and Unpaid Expenses

Receiver's Fees and Costs - 3Q 2021		\$7,552.50
Legal Fees and Costs - 3Q 2021		\$7,200.00
Accounting Fees and Costs - 3Q 2021		\$3,217.20
Total Outstanding Expenses		\$17,969.70
Cash Ending Balance		\$263,346.20

EXHIBIT 2



RAINESFELDMAN

1800 Avenue of the Stars, 12th Floor
Los Angeles, CA 90067**Invoice Date: 10/14/2021**Kathy 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
07/01/2021	KBP	B110	Telephone conference with counsel regarding closing motion, tax issues	0.20	475.00	95.00
07/03/2021	KBP	B110	Download and review June bank statements	0.30	475.00	142.50
07/09/2021	KBP	B110	Communications with counsel and accountants regarding closing motion, tax reserves	0.30	475.00	142.50
07/12/2021	KBP	B110	Review new FTB claim, email to accountants	0.20	475.00	95.00
07/12/2021	KBP	B110	Review and respond to email from B. Walsh regarding status of closing of case	0.10	475.00	47.50
07/13/2021	KBP	B110	Send follow up email to J. Damasco regarding FTB claim	0.10	475.00	47.50
07/13/2021	KBP	B110	Review final accounting and cash disbursement schedules	0.40	475.00	190.00
07/16/2021	KBP	B110	Telephone conference with accountant and lawyer regarding FTB claim, interim distribution, tax estimates	0.80	475.00	380.00
07/16/2021	KBP	B110	Draft email to B. Walsh regarding 2019 tax return	0.20	475.00	95.00
07/19/2021	KBP	B110	Telephone conference with C. Metzger regarding consent judgment, tax issues, closing case	0.30	475.00	142.50
07/20/2021	KBP	B110	Review and revise fee application and declarations	0.40	475.00	190.00
07/20/2021	KBP	B110	Review and comment on consent judgment	0.40	475.00	190.00
07/21/2021	KBP	B110	Review and revise motion for second interim distribution, add language barring unsubmitted claims	1.00	475.00	475.00
07/21/2021	KBP	B110	Review and respond to email from B. Walsh regarding tax issues	0.10	475.00	47.50
07/21/2021	KBP	B110	Review revised papers regarding distribution and FTB claims, memo to counsel	0.30	475.00	142.50
07/21/2021	KBP	B110	Review comments of B. Walsh to consent judgment	0.10	475.00	47.50
07/22/2021	KBP	B110	Review and suggest revision to Consent order, email to CFTC	0.30	475.00	142.50
07/23/2021	KBP	B110	Tel conf with B. Walsh and defendants regarding distribution, tax issues	0.40	475.00	190.00

07/23/2021	KBP	B110	Telephone conference with J. Damasco regarding tax issues regarding FTB and LLCs	0.50	475.00	237.50
07/23/2021	KBP	B110	Draft memo to counsel regarding substance of motion for distribution	0.20	475.00	95.00
07/26/2021	KBP	B110	Telephone conference with counsel, review figures regarding possible reserve ,payment of claims	0.30	475.00	142.50
07/27/2021	KBP	B110	Tel conference with Defendants' counsel regarding interim distribution, tax issues	0.20	475.00	95.00
07/29/2021	KBP	B110	Communications with accountant regarding motion for second distribution, tax issues	0.20	475.00	95.00
08/03/2021	KBP	B110	Draft instructions re payment of fees	0.20	475.00	95.00
08/04/2021	KBP	B110	Prepare and execute wire instructions re payment of fees	0.20	475.00	95.00
08/05/2021	KBP	B110	Download, review and save monthly bank statements	0.60	475.00	285.00
08/06/2021	KBP	B110	Send follow emails regarding motion for second interim distribution	0.10	475.00	47.50
08/06/2021	KBP	B110	Emails regarding motion for second interim distribution, terminating LLC	0.40	475.00	190.00
08/10/2021	KBP	B110	Review motion and communications with investors regarding distribution	0.30	475.00	142.50
08/18/2021	KBP	B110	Review and approve stipulation to continue hearing	0.10	475.00	47.50
08/23/2021	KBP	B110	Review order regarding distribution, update to website	0.20	475.00	95.00
08/23/2021	KBP	B110	Review and execute wire instructions for second interim distribution	0.50	475.00	237.50
08/24/2021	KBP	B110	Draft email to B. Walsh re tax reporting by defendants	0.10	475.00	47.50
08/27/2021	KBP	B110	Review emails re issues with wires for second distribution	0.10	475.00	47.50
09/03/2021	KBP	B110	Review final state tax return, communications with accountants regarding filing and deadlines	0.40	475.00	190.00
09/03/2021	KBP	B110	Review email from J. Damasco regarding 2020 and 2021 returns for Denari	0.20	475.00	95.00
09/03/2021	KBP	B110	Prepare payment for FTB for 2020 return	0.10	475.00	47.50
09/03/2021	KBP	B110	Download and review monthly bank statements	0.40	475.00	190.00
09/06/2021	KBP	B110	Review and respond to email from J. Damasco regarding tax filings, deadlines	0.20	475.00	95.00
09/07/2021	KBP	B110	Review tax returns, make payments, emails with accountants	0.40	475.00	190.00
09/07/2021	KBP	B110	Review new tax information from accountants, prepare checks for tax payments	0.50	475.00	237.50
09/30/2021	KBP	B110	Review and respond to email regarding tax return filings by Denari	0.10	475.00	47.50
09/30/2021	KBP	B110	Review and forward 2019 Denari tax returns to accountants	0.30	475.00	142.50
				B110		6,032.50
07/29/2021	KBP	B120	Review email regarding safe deposit box, review history, respond	0.20	475.00	95.00
				B120		95.00

07/27/2021	KBP	B320	Review and edit motion, declarations and order regarding second distribution and tax issues	1.20	475.00	570.00
07/28/2021	KBP	B320	Review revised motion for distribution, provide comments	0.30	475.00	142.50
07/29/2021	KBP	B320	Revise motion regarding distribution, declaration, order, draft emails to CFTC and Defendant's counsel regarding motion	0.90	475.00	427.50
08/24/2021	KBP	B320	Instructions to make second cash distribution	0.20	475.00	95.00
08/24/2021	KBP	B320	Tel conf with Adrienne and East West re distribution wires	0.20	475.00	95.00
08/25/2021	KBP	B320	Review communications with investors regarding distribution	0.10	475.00	47.50
09/03/2021	KBP	B320	Review email from interested party regarding distribution to investor	0.10	475.00	47.50

B320	1,425.00
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Sub-total Fees:	\$7,552.50
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Rate Summary

Kathy B. Phelps	15.90 hours at \$475.00/hr	\$7,552.50
Total hours:	15.90	\$7,552.50

Payments

08/04/2021 Payment	Wire In	3,443.53
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Sub-total Payments:	\$3,443.53
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Total Current Billing:	\$7,552.50
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Previous Balance Due:	\$3,443.53
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Total Payments:	(\$3,443.53)
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Total Now Due:	\$7,552.50
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