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RAINES FELDMAN LLP
David Castleman (State Bar No. 326812)
dcastleman@raineslaw.com
1800 Avenue of the Stars, 12th Floor
Los Angeles, California 90067
Telephone: (310) 440-4100
Facsimile: (310) 691-1367

Counsel to Receiver Kathy Bazoian Phelps

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiffs,

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

**DECLARATION OF DAVID
CASTLEMAN IN SUPPORT OF
TENTH INTERIM
ADMINISTRATIVE MOTION FOR
AN ORDER PURSUANT TO
LOCAL RULE 7-11 FOR THE
APPROVAL OF FEES AND
EXPENSES FOR THE SUCCESSOR
RECEIVER, RAINES FELDMAN
LLP, DIAMOND MCCARTHY
LLP, AND MILLER KAPLAN
ARASE LLP, FROM APRIL 1, 2021
THROUGH JUNE 30, 2021**

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

1 I, David Castleman, declare:

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

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

11 3. On March 20, 2019, the Court entered an order authorizing the Receiver to
12 employ Diamond McCarthy LLP (“Diamond McCarthy”) as the Receiver’s general counsel
13 retroactively to February 1, 2019 (“DM Employment Order”). While at Diamond McCarthy,
14 I was one of the attorneys principally responsible for representing the Receiver. I directly
15 supervised the professionals and staff of Diamond McCarthy with respect to this
16 representation. On May 10, 2021, the Court entered an order authorizing the Receiver to
17 employ Raines Feldman as the Receiver’s general counsel retroactively to April 23, 2021 and
18 terminating Diamond McCarthy’s employment as of April 22, 2021 (the “RF Employment
19 Order”). I directly supervise the professionals and staff of Raines Feldman with respect to
20 this representation.

21 4. In recognition of the efficiencies and benefits to the estate, Diamond
22 McCarthy divided its time among different billing categories. For the period of April 1, 2021
23 through April 22, 2021 (“DM Motion Period”), Diamond McCarthy performed services
24 between the following three billing categories:

25 2622-00011 – Case Administration

26 2622-00013 – Plan Implementation

27 In the interests of the estate and pursuant to the DM Employment Order, I capped my
28

1 hourly rate at \$425. The hourly rates of paralegals have also been discounted. Expenses are
2 billed under 2622-00014. Attached hereto as Exhibit “4A” are true and correct copies of the
3 billing statements itemizing the legal services provided and the costs incurred by Diamond
4 McCarthy in this case.

5 5. In similar recognition of the efficiencies and benefits to the estate, Raines
6 Feldman divided its time among different billing categories. For the period of April 23, 2021
7 through June 30, 2021 (“RF Motion Period”), Raines Feldman performed services between
8 the following two billing categories:

9 B110 – Case Administration

10 B320 – Plan Implementation

11 In the interests of the estate and pursuant to the RF Employment Order, I capped my
12 hourly rate at \$465. The hourly rates of paralegals have also been discounted. Expenses are
13 billed separately. Attached hereto as Exhibit “4B” are true and correct copies of the billing
14 statements itemizing the legal services provided and the costs incurred by Raines Feldman in
15 this case.

16 2622-00011 / B110 – Case Administration

17 6. As set forth in Exhibit 4A, during the DM Motion Period, Diamond McCarthy
18 performed 3.60 hours for total fees of \$1,344.60. Diamond McCarthy assisted the Receiver
19 in finalizing a status report for the First Quarter 2021, along with the accompanying cash
20 disbursement schedules and SFAR report. That report was filed with the Court on April 20,
21 2021 (Dkt. No. 648).

22 7. As set forth in Exhibit 4B, during the RF Motion Period, Raines Feldman
23 performed 6.00 hours for total fees of \$2,790.00. Diamond McCarthy assisted with the
24 Receiver in formulating tax strategy and making the estimated tax payments and with
25 responding to questions from investors and other parties regarding the status of the
26 receivership.

27 2622-00013 / B320 – Plan Implementation

28

1 correct and complies with the Billing Instructions for Receivers in Civil Actions Commenced
2 by the U.S. Securities and Exchange Commission.

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

10 15. Diamond McCarthy has not included in the amount for which reimbursement
11 of costs is sought, amortization of the cost of any equipment, investment or capital outlay.

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

19 17. Raines Feldman has not included in the amount for which reimbursement of
20 costs is sought, amortization of the cost of any equipment, investment or capital outlay.

21

22 I declare under penalty of perjury that the foregoing is true and correct. Executed on
23 this 26th day of July 2021 at New York, New York.

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25

/s/ David A. Castleman
David A. Castleman

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EXHIBIT 4A

6/15/2021 4:19:27 PM

Diamond McCarthy LLP

Page 1

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

Matter ID: 2622-00011

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.

Bill Format: 9010

Counsel to K. Phelps, Receiver re: SEC v. Saddle R

Billing Cycle: M

Diamond McCarthy LLP

1999 Avenue of The Stars

Suite 100

Los Angeles, CA 90067

Re: Case Administration**Billing Comments****Internal Comments**See orig. agrmnt rates assigned, all others at 20%
disc standard rates!**Alternate Billing Rules**

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	49,826.50	Combined Adv. Deposit Bal.:	0.00
Total Billed Costs:	2,248.67	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:	52,075.17	Trust Funds 2:	0.00
Last Bill: 04/08/21	5,865.00	Trust Funds 3:	0.00
Last Payment: 05/10/21	5,865.00	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	1,522.99	1,344.60	178.39	0.00	0.00	1,453.39	69.60	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	1,522.99	1,344.60	178.39	0.00	0.00	1,453.39	69.60	0.00	0.00

Fee Recap - Actual Hourly Rate

Timekeeper	Hours	Rate	Amount	On Hold			To Bill		
				Hours	Rate	Amount	Hours	Rate	Amount
DAC	3.00	425.00	1,275.00				3.00	425.00	1,275.00
ERS	0.60	116.00	69.60				0.60	116.00	69.60
Total WIP Fees	3.60		1,344.60				3.60		1,344.60

Disbursement Recap by Code

Code	Amount	On Hold	To Bill
RESE On-Line Research	178.39		178.39
Total WIP Costs	178.39		178.39
Total WIP	1,522.99	0.00	1,522.99

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Diamond McCarthy LLP
Draft for Work-In-Process Through 4/30/2021

Page 2

Matter ID: 2622-00011

Draft Seq # 1

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
772303	03/26/21	ERS	Finalize and file Stipulation for Stay of Proceedings.			0.60	116.00	69.60
771500	04/07/21	DAC	Review revised tax return and related research regarding QSF and SALT deduction.			1.40	425.00	595.00
771503	04/08/21	DAC	Revisions to 2021 1Q status report, cash disbursement report, and SFAR, and related emails.			1.50	425.00	637.50
771674	04/10/21	DAC	Revisions to 2021 1Q status report and related emails.			0.10	425.00	42.50

Total Fees	3.60	1,344.60
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Disbursement Detail

Cost ID	Date	Description/Payee	Task:Act	Hold	Amount
169103	04/30/21	On-Line Research; Westlaw, April 2021			178.39

Total Disbursements	178.39
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Diamond McCarthy LLP

Page 1

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

Matter ID: 2622-00013

Draft Seq # 1

Billing Attorney: 48 - Phelps, Kathy B.
 Counsel to K. Phelps, Receiver re: SEC v. Saddle R
 Diamond McCarthy LLP
 1999 Avenue of The Stars
 Suite 100
 Los Angeles, CA 90067

Bill Format: 9010
 Billing Cycle: M

Re: Plan Implementation

Alternate Billing Rules

Imaging: Print images based on rules

Billing & Payment Recap

Total Billed Fees:	215,990.00	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:	215,990.00	Trust Funds 2:	0.00
Last Bill: 04/09/21	75,097.50	Trust Funds 3:	0.00
Last Payment: 05/10/21	75,057.50	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	2,805.00	2,805.00	0.00	0.00	0.00	2,805.00	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	2,805.00	2,805.00	0.00	0.00	0.00	2,805.00	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	6.60	425.00	2,805.00				6.60	425.00	2,805.00
Total WIP Fees	6.60		2,805.00				6.60		2,805.00
Total WIP			2,805.00			0.00			2,805.00

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
771497	04/01/21	DAC	Communications with Wells Fargo, claimants and representatives regarding Palantir distribution.			0.70	425.00	297.50
771498	04/01/21	DAC	Communications with Wells Fargo and claimants regarding Palantir distribution.			0.60	425.00	255.00
771499	04/06/21	DAC	Communications with Wells Fargo and			0.80	425.00	340.00

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Diamond McCarthy LLP

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

Matter ID: 2622-00013

Draft Seq #

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Fee ID	Date	Atty	Description	Task:Act Hold	Hours	Rate	Amount
			claimants regarding Palantir distribution.				
771501	04/07/21	DAC	Communications with Wells Fargo and claimants regarding Palantir distribution.		0.20	425.00	85.00
771502	04/08/21	DAC	Communications with Wells Fargo and claimants regarding Palantir distribution.		1.10	425.00	467.50
771671	04/09/21	DAC	Distribution processing and related communications with Wells Fargo, claimants and representatives regarding Palantir distribution.		0.80	425.00	340.00
772860	04/15/21	DAC	Communications with claimants regarding distribution questions.		0.60	425.00	255.00
772862	04/19/21	DAC	Draft letter for distribution instruction and communications with Wells Fargo and claimants regarding distribution issues.		1.30	425.00	552.50
772863	04/19/21	DAC	Analysis of remaining distribution and reconciliation of tax account numbers.		0.40	425.00	170.00
772864	04/20/21	DAC	Communications with claimant's bank regarding distribution questions.		0.10	425.00	42.50
				Total Fees	6.60		2,805.00

EXHIBIT 4B



RAINESFELDMAN

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

Federal Tax ID: 20-4515337

Invoice Date: 7/13/2021
Invoice Number: 0

Kathy Bazoian Phelps - SRA Management Assoc LLC
 1800 Avenue of the Stars
 12th Floor
 Los Angeles, CA 90067

4665-001 / SRA Management Receiver (Attorney file)

Professional Services				Hours	Rate	Amount
4/28/2021	DAC	B110	Email with claimant regarding Bloom distribution	0.2	465	93
4/28/2021	DAC	B110	Research regarding deductibility of distribution to IRA under QSF rules and email response to claimant regarding same	0.2	465	93
4/29/2021	DAC	B110	Review and comment on new informational website	0.8	465	372
5/3/2021	DAC	B110	Review change of address and website update filing and email to S. Segovia regarding same	0.3	465	139.5
5/4/2021	DAC	B110	Email with claimant regarding status of claim	0.2	465	93
5/5/2021	DAC	B110	Email claimant regarding status of claim and related search of records regarding same	0.3	465	139.5
5/17/2021	DAC	B110	Call with K. Phelps regarding open items	0.2	465	93
6/2/2021	DAC	B110	Analysis of Palantir tax basis and estimated tax payment	1.4	465	651
6/10/2021	DAC	B110	Email J. Damasco and others regarding tax questions	0.1	465	46.5
6/11/2021	DAC	B110	Analysis of estimated tax payment and emails with J. Damasco and client regarding same	0.6	465	279
6/21/2021	DAC	B110	Revisions to closing motion, proposed order, and drafting of Castleman declaration	0.4	465	186
6/21/2021	DAC	B110	Emails regarding QSF tax situation and related issues raised by claimant	2.3	465	1069.5
6/24/2021	DAC	B110	Communication with claimant regarding tax issues	0.5	465	232.5
6/24/2021	DAC	B110	Analysis of receivership tax issues	0.5	465	232.5
6/24/2021	DAC	B110	Call with J. Damasco and K. Phelps regarding tax strategy	0.3	465	139.5
					B110	3859.5

6/30/2021	DAC	B120	Draft motion for second distribution of publicly traded securities and related exhibits	2.9	465	1348.5
				B120		1348.5
4/22/2021	DAC	B130	Emails with Wells Fargo and claimant regarding US Bank issue	0.3	465	139.5
4/26/2021	DAC	B130	Communications with claimant concerning distribution, allocation of shares, and taxation issues	0.7	465	325.5
4/28/2021	DAC	B130	Review and comment on new informational website	1	465	465
4/28/2021	DAC	B130	Call with former Felix employee regarding release to claimants	0.1	465	46.5
4/29/2021	DAC	B130	Emails with claimant and Wells Fargo regarding distribution of Palantir	0.2	465	93
5/11/2021	DAC	B130	Call with K. Phelps and M. Labouisse regarding Airbnb share transfer and follow up email regarding same	0.4	465	186
5/14/2021	DAC	B130	Create Airbnb distribution model and research and communications regarding same	1.5	465	697.5
5/20/2021	DAC	B130	Analysis of distribution of Airbnb shares and create exhibits regarding same	0.5	465	232.5
5/20/2021	DAC	B130	Emails with claimants regarding Airbnb distribution	1.2	465	558
5/21/2021	DAC	B130	Draft motion to distribute Airbnb shares and supporting documents and email client regarding same	2.9	465	1348.5
5/22/2021	DAC	B130	Revisions to Airbnb distribution motion	1	465	465
5/27/2021	DAC	B130	Emails with various claimants regarding Airbnb distribution motion	0.7	465	325.5
5/27/2021	DAC	B130	Finalize Airbnb Distribution motion	0.4	465	186
5/28/2021	DAC	B130	Emails with claimant, K. Phelps, and Wells Fargo regarding tax basis issues	0.8	465	372
6/7/2021	DAC	B130	Finalize distribution of Airbnb stock to claimants and communications with Wells Fargo regarding same	1.8	465	837
6/8/2021	DAC	B130	Emails with Wells Fargo regarding Airbnb distribution	0.2	465	93
6/16/2021	DAC	B130	Emails with C. Klein regarding sale of Addepar	0.2	465	93
6/22/2021	DAC	B130	Call with C. Klein regarding sale of nonpublic securities	0.5	465	232.5
6/30/2021	DAC	B130	Email with K. Phelps regarding second distribution of publicly traded securities	2.4	465	1116
6/30/2021	DAC	B130	Analysis of 2020 Tax Return and potential tax benefits of individual stock dispositions	0.3	465	139.5
				B130		7951.5

Sub-total Fees: \$13,159.50

Rate Summary

David A. Castleman	28.30 hours at \$465.00/hr	\$13,159.50
Total hours:	<u>28.30</u>	<u>\$13,159.50</u>

Total Current Billing: \$13,159.50

Total Now Due: \$13,159.50

Payment Terms: Net 30 days

Payment Options:

Pay Online:

Bill.com: <https://app.bill.com/p/rainesfeldmanllp>

Credit Card: <https://secure.lawpay.com/pages/rainesfeldman/operating>

Pay by Wire/ACH:

Boston Private Bank
Routing No: 011002343
Account No: 0943497140
BIG/Swift Code: BPTCUS33
Client Name & Invoice #

Pay by Check via Mail:

Raines Feldman
Department 900
PO Box 4106
Woburn, MA 01888-4106