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 8 **UNITED STATES DISTRICT COURT**
 9 **NORTHERN DISTRICT OF CALIFORNIA**
 10 **SAN FRANCISCO DIVISION**

11 SECURITIES AND EXCHANGE
 12 COMMISSION,

13 Plaintiffs,

14 v.

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

17 Defendants, and

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

21 Relief Defendants.

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

**DECLARATION OF KATHY
 BAZOIAN PHELPS IN SUPPORT
 OF ADMINISTRATIVE MOTION
 FOR ORDER:**

**(1) APPROVING SALE AND
 DISTRIBUTION OF
 PUBLICLY TRADED
 SECURITIES PURSUANT
 TO DISTRIBUTION PLAN;
 AND**

**(2) FOR MODIFICATION OF
 THE DISTRIBUTION PLAN**

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

7 2. This declaration is made in support of the Administrative Motion by Receiver
8 Kathy Bazoian Phelps for Order: (1) Approving Sale and Distribution of Publicly Traded
9 Securities Pursuant to Distribution Plan; and (2) for Modification of the Distribution Plan (the
10 “Motion”).

11 3. I have consulted with counsel for the Securities and Exchange Commission and
12 the members of the Investor Advisory Committee, who do not oppose the Motion. I have also
13 advised counsel for Progresso Ventures LLC of the Motion, who does not take a position with
14 respect to the Motion.

15 4. Below is a summary of the cash reserve required with respect to the disposition
16 of the receivership estate’s total position in each of Bloom Energy Corp., Cloudera, Inc.;
17 DropBox, Inc.; Lyft, Inc.; MongoDB, Inc.; Pinterest, Inc.; and Snap, Inc. (collectively, the
18 “Publicly Traded Securities”), and Uber, Inc.:

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20 **Hypothetical Proposed Sale and Distribution (Final Numbers May Vary)**

Security	Remaining Shares in Estate	Price as of 8/6	Shares to Sell for Reserve and Taxes (hypothetical)	Shares to Distribute (hypothetical)
Bloom Energy	12,859	21.68	12,859	0
Cloudera	2,088	15.85	313	1,775
Dropbox	10,913	30.57	4,244	6,669
Lyft	1,065	52.44	138	927
MongoDB	3,465	373.45	724	2,741
Pinterest	2,606	58.78	859	1,747
Snapchat	9,619	75.98	5,085	4,534
Uber	32	44.28	0	32

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1 5. Attached as Exhibits “1” to “6” hereto are six hypothetical distribution
2 schedules that I have prepared with the assistance of my counsel and tax advisors, which reflect
3 the interests of the investors holding claims to the Publicly Traded Securities (except for Bloom
4 Energy, where I propose to liquidate the entirety of the estate’s holdings and for Uber where I
5 propose to distribute all of the remaining shares), based upon the most recent closing price for
6 each security. The total shares distributed to each claimant will depend on the price of the
7 stock when I make the sale for the Tax Holding Account, and thus I will not know the exact
8 amount of shares that will be distributed until I make that sale.

9 6. For Bloom Energy, I have not included a distribution exhibit, as I propose to
10 liquidate the entirety of the estate’s position. To the extent that the reserves are insufficient at
11 any future date, I will make a motion to the Court to supplement the reserves using funds from
12 either the Tax Holding Account or the Plan Fund, subject to any necessary equitable
13 adjustments. Any such proposal will be the subject of a future motion to the Court.

14 7. For MongoDB, I have already created a separate reserve as a result of the Sabrin
15 settlement, in which Sabrin is paying cash to the estate in lieu of MongoDB shares. That
16 reserve currently contains over \$275,000, and I believe it is appropriate to use the majority of
17 it to pay taxes associated with the distribution of MongoDB shares, so that more MongoDB
18 shares may be distributed to claimants.

19 8. Uber has only one claimant, and amount of potential taxes are de minimis. I
20 therefore propose to distribute the Uber remaining shares, and not to maintain a separate Uber
21 cash reserve.

22 9. Each schedule reflects – at the hypothetical share price for that schedule – the
23 Investor Claimants by identification number, the total number of allowed shares for each
24 claimant, the total shares distributed to each claimant in the First Interim Distribution last year,
25 and the total shares in this distribution at the hypothetical price point.

26 10. The share values in each schedule are not the number of shares that will actually
27 be distributed to each claimant, as these are hypothetical scenarios. Once I fix the distribution
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1 based on the price of each security, I will update the schedules with the actual share amounts
2 that the Receivership will use for the distribution. That updated schedule will then be posted
3 on the Receivership's website at www.raineslaw.com/saddle-river-receiver.

4 11. The taxes have been estimated based on the current value of the securities that
5 will be sold and the portion of the securities that will be distributed at this time. The actual
6 figures may vary based on fluctuations in the price of at the exact time of the sale in preparation
7 to distribute. To the extent that the actual sales price for the securities at the time of sale differs
8 from the price set forth in the Schedule, I will adjust the number of shares required to be sold
9 to fund the Tax Holding Account accordingly.

10 12. I have relied on the valuation of the securities as assessed by my valuation
11 professional, Oxis Capital, for the basis of the estate's holdings. I believe it is prudent to hold
12 back a Publicly Traded Security Reserve for each of the Publicly Traded Securities until the
13 final tax liabilities of the receivership may be ascertained. I am advised by my accountants that
14 the tax liability generated from my sale and distribution activities in 2020 and 2021 will not be
15 fixed until the expiration of the tax audit period, which is three years from the date of the filing
16 of the tax return for a given year. As such, my advisors have instructed me to retain a reserve
17 until the tax audit period has expired. At that time, assuming that the tax assessment figures do
18 not change, I will be in a position to make a final distribution, which I will do upon further
19 Court order.

20 13. My proposal to liquidate the administrative reserve and hold it as cash is a slight
21 modification to the Plan. If I hold the administrative reserve in stock, the Receivership is
22 exposed to future stock price fluctuations and the risk that the reserve will be insufficient if
23 those prices decline in value. The estate will also suffer further delays from the final
24 determination of tax liability if I am required to sell and distribute stock in subsequent years,
25 triggering a new three-year audit period. But if I liquidate the reserve now, I eliminate that risk
26 and delay, and as a result I can generally hold substantially smaller administrative reserves,
27 and can distribute shares now instead of years in the future. If the reserves are not ultimately
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1 used to resolve the receivership’s tax liabilities from the distribution of the Publicly Traded
2 Securities, they may be distributed to claimants, meaning that claimants may still benefit from
3 the reserves if they are not needed to satisfy tax obligations.

4 14. The dates of distribution may span several weeks or longer depending on how
5 quickly Wells Fargo Bank processes the transfers and whether investors have provided
6 complete and accurate account information for the transfers.

7 15. If the price of the stock is significantly higher or lower at the time of
8 distribution from the date of the sale for the Tax Holding Account, I may need to make
9 adjustments. If the distribution price is substantially higher due to a stock price increase in the
10 time lag from the sale to the distribution, I may be required to use funds from each Publicly
11 Traded Security Reserve to cover any required taxes.

12 16. The securities are currently held in the receivership estate’s brokerage account
13 at Wells Fargo Bank. I have negotiated the commission structure for the sale of securities which
14 started at 0.5% of the value of each trade and was reduced to 0.25% of the value of the trade.
15 I believe that such a commission structure is within the range of reasonableness.

16 17. I have been advised that the basis information provided to claimants as part of
17 the necessary reporting that occurs attendant to transfers via the Depository Trust Company
18 (“DTC”) system by Wells Fargo is not necessarily the basis that each investor must use (or
19 even the basis for the Qualified Settlement Fund). Each investor’s tax basis is based on the
20 facts and circumstances of their own investment and is distinct from the tax basis of the estate.

21 18. I will serve notice of the Motion and the Motion on all investors holding an
22 interest in the publicly traded securities by email and will also post the papers on the
23 receivership website at www.raineslaw.com/saddle-river-receiver.

24 I declare under penalty of perjury that the foregoing is true and correct. Executed on
25 this 6th day of August 2021 at Los Angeles, California.

26
27 /s/ Kathy Bazoian Phelps

28 Kathy Bazoian Phelps
Successor Receiver

EXHIBIT 1

Cloudera Distribution Schedule (Hypothetical)

Investor ID No.	Total Shares Claimed	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution
147	988	439	502	47
159	1,633	726	830	77
201	450	200	229	21
217	25,872	11,503	13,150	1,219
231	288	128	146	14
257	176	79	89	8
263	294	131	149	14
268	1,667	741	847	79
311	1,000	445	508	47
312	5,000	2,223	2,541	236
318	271	120	138	13
Totals	37,639	16,735	19,129	1,775

Second Distribution

Shares remaining in Account	2,088
Price of Stock (8/6 close of market)	\$15.85
Reserve Needed	\$5,000
Additional Shares to sell for Reserve	315
Additional Tax on Sale or Distribution of Securities	\$0
Additional Shares to sell for Taxes	-
Shares to Distribute in Second Distribution	1,773
Adjustment for Rounding	(2)
Total Shares to sell	313

EXHIBIT 2

Dropbox Distribution Schedule (Hypothetical)

Investor ID No.	Allowed Shares	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution
3	9,771	6,035	2,318	1,418
3	2,245	1,387	532	326
4	180	111	43	26
9	486	300	115	71
23	323	199	77	47
29	1,400	865	332	203
37	438	270	104	64
37	1,166	720	277	169
43	233	144	55	34
50	117	72	28	17
51	389	241	92	56
73	972	600	231	141
79	1,000	618	237	145
81	194	120	46	28
91	389	241	92	56
103	194	120	46	28
107	389	241	92	56
111	613	379	145	89
114	194	120	46	28
116	448	277	106	65
116	194	120	46	28
119	1,347	833	319	195
146	375	232	89	54
157	194	120	46	28
159	389	241	92	56
170	1,167	721	277	169
170	1,943	1,200	461	282
194	451	279	107	65
203	438	270	104	64
209	327	202	78	47
209	194	120	46	28
221	972	600	231	141
223	194	120	46	28
224	97	60	23	14
231	467	288	111	68
231	389	241	92	56
231	194	120	46	28
231	194	120	46	28
235	700	432	166	102
235	291	180	69	42

Dropbox Distribution Schedule (Hypothetical)

Investor ID No.	Allowed Shares	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution	
243	490	303	116	71	
243	194	120	46	28	
246	467	288	111	68	
252	451	279	107	65	
258	667	412	158	97	
260	595	368	141	86	
276	58	36	14	8	
285	722	446	171	105	
297	1,000	618	237	145	
304	933	577	221	135	
304	486	300	115	71	
304	1,961	1,211	465	285	
308	194	120	46	28	
311	194	120	46	28	
312	972	600	231	141	
312	4,083	2,523	968	592	
315	194	120	46	28	
323	389	241	92	56	
327	291	180	69	42	
Totals	45,999	28,421	10,909	6,669	

** 46,000 shares owned by estate (28,422 shares actually sold by estate)*

Second Distribution

Shares remaining in Account	10,913
Price of Stock (8/6 close of market)	\$32.22
Amount needed for reserve	\$100,000
Additional Shares to sell for Reserve	3,112
Additional Tax on Sale or Distribution of Securities	\$36,219
Additional Shares to sell for Taxes	1,127
Shares to Distribute in Second Distribution	6,674
Adjustment for Rounding	5
Total Shares to sell	4,244

EXHIBIT 3

Lyft Distribution Schedule (Hypothetical)

Investor ID No.	Allowed Shares	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution	
8	2,525	688	1,590	247	
37	2,000	545	1,259	196	
37	2,000	545	1,259	196	
94	2,000	545	1,259	196	
223	354	97	223	34	
331	600	164	378	58	
Totals	9,479	2,584	5,968	927	

Second Distribution

Shares remaining in Account	1,065
Price of Stock (8/6 close of market)	\$52.44
Reserve Needed	\$5,000
Additional Shares to sell for Reserve	96
Additional Tax on Sale or Distribution of Securities	\$2,210
Additional Shares to sell for Taxes	43
Shares to Distribute in Second Distribution	926
Shares to sell for rounding adjustment	(1)
Total Shares to sell	138

EXHIBIT 4

MongoDB Distribution Schedule (hypothetical)

Investor ID No.	Allowed Shares	Shares Owned by Estate	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution	
9	24	22	9	10	3	
35	500	451	189	200	62	
37	58	52	22	23	7	
43	12	11	5	5	1	
51	19	17	7	8	2	
56	557	502	210	223	69	
73	49	44	18	20	6	
81	10	9	4	4	1	
91	19	17	7	8	2	
103	10	9	4	4	1	
107	19	17	7	8	2	
114	10	9	4	4	1	
115	1,045	943	395	419	129	
116	10	9	4	4	1	
130	500	451	189	200	62	
146	19	17	7	8	2	
147	873	787	329	350	108	
157	10	9	4	4	1	
159	19	17	7	8	2	
170	97	87	36	39	12	
177	2,500	2,255	944	1,001	310	
177	6,500	5,862	2,452	2,604	806	
195	544	491	206	218	67	
209	10	9	4	4	1	
221	49	44	18	20	6	
223	10	9	4	4	1	
224	5	5	2	2	1	
231	209	189	80	84	25	
231	19	17	7	8	2	
231	10	9	4	4	1	
231	10	9	4	4	1	
235	15	14	6	6	2	
243	10	9	4	4	1	
276	3	3	2	1	0	
303	1,693	1,527	639	678	210	
304	24	22	9	10	3	
308	10	9	4	4	1	
311	500	451	189	200	62	
311	10	9	4	4	1	
312	2,500	2,255	944	1,001	310	
312	3,341	3,013	1,261	1,338	414	
312	49	44	18	20	6	
315	10	9	4	4	1	
323	19	17	7	8	2	
327	15	14	6	6	2	
331	250	225	94	100	31	
Totals	22,175	20,000	8,373	8,886	2,741	

Second Distribution

Shares remaining in Account	3,465
Price of Stock (8/6 close of market)	\$373.45
Excess reserve available for payment of tax	\$250,000
Additional Tax on Sale or Distribution of Securities	\$515,447
Additional Amount needed after use of excess reserves	\$265,447
Additional Shares to sell for Taxes	713
Shares to Distribute in Second Distribution	2,752
Shares to sell for rounding adjustment	11
Total Shares to sell	724

EXHIBIT 5

Pinterest Distribution Schedule (hypothetical)

Investor ID No.	Allowed Shares	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution
5	1,984	717	1,118	149
37	1,022	369	576	77
146	3,968	1,433	2,236	299
189	667	241	376	50
223	365	132	206	27
231	1,766	638	995	133
242	972	351	548	73
268	3,056	1,104	1,722	230
299	397	143	224	30
312	9,009	3,252	5,078	679
Totals	23,206	8,380	13,079	1,747

Second Distribution

Shares remaining in Account	2,606
Price of Stock (8/6 close of market)	\$58.78
Amount needed for reserve	\$10,000
Additional Shares to sell for Reserve	171
Additional Tax on Sale or Distribution of Securities	\$40,253
Additional Shares to sell for Taxes	687
Shares to Distribute in Second Distribution	1,748
Rounding adjustment	1
Total Shares to Sell	859

EXHIBIT 6

Snap Inc. Distribution Schedule (hypothetical)

Investor ID No.	Allowed Shares	Shares sold for Taxes, Plan Fund and Reserves	Shares in First Distribution	Shares in Second Distribution
162	11,430	4,478	5,289	1,663
189	2,000	784	925	291
299	600	235	278	87
312	17,143	6,717	7,933	2,493
Totals	31,173	12,214	14,425	4,534

** Only 31,172 shares owned by estate (12,213 shares actually sold by estate)*

Second Distribution

Shares remaining in Account	9,619
Price of Stock (8/6 close of market)	\$75.98
Amount needed for reserve	\$200,000
Additional Shares to sell for Reserve	2,639
Additional Tax on Sale or Distribution of Securities	\$185,328
Additional Shares to sell for Taxes	2,446
Shares to Distribute in Second Distribution	4,534
Rounding adjustment	0
Total Shares to Sell	5,085