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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

**THIRTEENTH INTERIM
ADMINISTRATIVE MOTION FOR
AN ORDER PURSUANT TO LOCAL
RULE 7-11 FOR THE APPROVAL
OF FEES AND EXPENSES FOR THE
SUCCESSION RECEIVER, RAINES
FELDMAN LLP, AND MILLER
KAPLAN ARASE LLP, FROM
JANUARY 1, 2022 THROUGH
MARCH 31, 2022**

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

1 Kathy Bazoian Phelps, the successor receiver herein (the “Receiver”) of SRA
2 Management Associates, LLC, SRA I, LLC, SRA II, LLC, SRA III, LLC, SRA Management
3 Associates, Clear Sailing Group IV, LLC, Clear Sailing Group V, LLC, Felix Multi-
4 Opportunity Fund I, LLC, Felix Multi-Opportunity Fund II, LLC, Felix Management
5 Associates, LLC, NYPA Fund I, LLC, NYPA Fund II, LLC, NYPA Management Associates,
6 LLC and Solis Associates Fund LLC, hereby files this Administrative Motion under Local
7 Civil Rule 7-11 for Order approving fees and expenses for the Receiver, Raines Feldman LLP,
8 and Miller Kaplan Arase LLP for the period of January 1, 2022 Through March 31, 2022 (the
9 “Motion”).¹

10 **I. RELIEF REQUESTED**

11 The Receiver seeks approval of compensation and reimbursement of expenses for
12 herself and her professionals for the period of January 1, 2022 Through March 31, 2022
13 (“Motion Period”) in the following amounts:

14 Receiver: Fees \$6,789.00.²

15 Raines Feldman LLP (“Raines Feldman”): Fees \$15,345.00; expenses \$48.40.

16 Miller Kaplan Arase LLP (“Miller Kaplan”): Fees \$2,264.00; expenses \$50.00.

17 This Motion is supported by the Declarations of the Receiver, David Castleman of
18 Raines Feldman, and Julia Damasco of Miller Kaplan.

19 **II. CASE STATUS**

20 The Court approved the Receiver’s Plan of Distribution (“Plan”) on May 25, 2020
21 (Dkt. No. 613). Upon the Plan’s approval, the Receiver began taking the steps necessary to
22

23 ¹ The Notice of Motion, the Motion, and supporting documents will be served on all interested
24 parties pursuant to Civil Local Rule 66-6 and will be posted the papers on the Receivership
25 website at <https://www.raineslaw.com/saddle-river-receiver/>. The Receiver has conferred with
26 counsel for the Securities and Exchange Commission and the Investor Advisory Committee,
27 who each do not oppose the Motion, and with counsel for Progresso Ventures LLC who does
28 not express any comment or opposition in response. A stipulation with all parties was deemed
impractical given, among other things, the entry of judgment against the defendants and
pending bankruptcy of defendant John Bivona. L.R. 7-11(1)(a).

² The Receiver has agreed to a holdback of 20% of this amount (\$1,357.80) and therefore
requests authority to pay \$5,431.20.

1 implement the Plan, including preparing distribution schedules and communicating with
2 investors regarding their account information. The Receiver worked with Miller Kaplan to
3 address the proper manner of calculating the sale and distributions of the publicly traded
4 securities. The Receiver filed a motion seeking Court authority to sell securities to fund the
5 Plan Fund and the Tax Holding Account and to make interim distributions to investors
6 holding allowed claims in eight different publicly traded securities. The motion was approved
7 on July 20, 2020 (Dkt. No. 619), and the Receiver has completed the first interim distributions
8 of publicly traded securities. The Receiver moved the Court in August 2021 to complete the
9 distribution of securities to investors and to hold the necessary administrative reserves as cash,
10 which was approved on August 22, 2021 (Doc. 665). The Receiver and her team completed
11 that distribution in September 2021, and the estate has now either distributed or sold all of its
12 publicly traded securities.

13 The Receiver also sought authority to sell the necessary Palantir shares upon
14 notification of Palantir's direct listing, and the sales process was completed in early October
15 2020, resulting in net proceeds to the Estate of \$9,854,109.90. In November 2020, the
16 Receiver transferred the remaining \$94,419.56 in the money market account into the checking
17 account. The Receiver sought authority to make an interim distribution to Class 3 Claimants
18 in the amount of \$7,721,752.95, which was completed in January 2021.

19 The Receiver also sold or distributed the estate's remaining position in Palantir after
20 the lockup restrictions were lifted, resulting in net proceeds of \$44,042,943.99 for the estate
21 (largely to pay and reserve for taxes), and the distribution or equivalent of nearly 3,000,000
22 shares of Palantir to 240 claimants. In June 2021, the Receiver also sold or distributed the
23 estate's remaining position in Airbnb, selling 8,626 shares resulting in net proceeds of
24 \$1,275,805.29 for the estate and the distribution of the remaining 13,624 shares to claimants.

25 In the fourth quarter 2021, the Receiver liquidated the estate's remaining position in
26 Evernote Corporation ("Evernote") for \$1 per share, upon court approval, generating a
27 substantial tax savings to the estate.

28

1 In the First Quarter 2022, the Receiver continued to evaluate options for disposition of
 2 the remaining three pre-IPO securities, and will continue to do so throughout 2022. The
 3 Receiver and her team are also preparing to move the Court to modify the Plan in light of the
 4 substantial activity in 2020 and 2021 and the realization of the tax benefits for certain of the
 5 Failed Investments. The Receiver and her advisers prepared a tax return for 2021 that will
 6 result in a refund of \$334,322.

7 **III. CASH ON HAND AND ACCRUED EXPENSES**

8 As of March 31, 2022, the receivership estate has cash on hand as follows:

9	Wells Fargo Checking	\$6,176.37
10	Anne Bivona Funds	\$534,536.39
	Plan Fund Account	\$4,489,149.14
11	Tax Holding Account	\$4,755,191.43
12	Palantir Administrative Reserve	\$13,133,561.58
	MongoDB Administrative Reserve	\$350,710.74
13	Airbnb Administrative Reserve	\$118,172.34
	Evernote Reserve	\$96,108.00
14	Total Cash on Hand	\$23,483,605.99

15 There are known accrued expenses and unpaid expenses of \$24,496.40 through March
 16 31, 2022 for first quarter fees and expenses, and holdbacks of \$266,093.47. Attached to the
 17 Declaration of the Receiver as Exhibit "1" is a financial summary showing the cash status of
 18 the estate as of March 31, 2022. Funds in the amount of \$38,963.62 representing fourth
 19 quarter 2021 fees and expenses were disbursed during this period. The Standardized Fund
 20 Accounting Report required by the SEC for the fourth quarter 2021 is attached to the
 21 Receiver's Declaration as Exhibit "2."

22 **IV. PREVIOUS FEE MOTIONS AND HOLDBACKS**

23 Fees and expenses have previously been granted as set forth in Exhibit "3" to the
 24 Receiver's Declaration, filed concurrently herewith. As of March 31, 2022, there are
 25 outstanding fee holdbacks from the prior fee applications for \$266,093.47 as follows: (i)
 26 Sherwood Partners, the former receiver, in the amount of \$144,627.50; (ii) the Receiver in the
 27 amount of \$108,980.07 when she was employed by Diamond McCarthy LLP; and (iii) the
 28 Receiver in the amount of \$12,485.90 since her employment at Raines Feldman.

1 **V. THE RECEIVER'S FEE REQUEST**

2 As detailed in the Declaration of the Receiver, pursuant to the Receiver's proposal for
 3 her appointment, and in recognition of the efficiencies and benefits to the estate, the Receiver
 4 has established separate billing categories for services provided. For services provided with
 5 respect to legal issues, the Receiver has discounted her hourly rate of \$725.00 to \$465.00,
 6 thereby generating significant savings to the estate. The Receiver has agreed to charge
 7 \$160.00 per hour for herself and her assistants for administrative services. The billing
 8 statements itemizing the services provided and expenses incurred are contained in Exhibit "4"
 9 attached to the Declaration of the Receiver. The Receiver performed services for each category
 10 as follows:

Category	Hours	Fees
Case Administration (B110)	11.80	\$5,487.00
Asset Analysis and Recovery (B120)	2.80	\$1,302.00
TOTAL	14.60	\$6,789.00

15 During the Motion Period, the Receiver coordinated with the SEC and with her
 16 advisers and tax counsel in managing the estate and making all necessary tax payments,
 17 communicated with and provided information to claimants, and analyzed the disposition of the
 18 estate's pre-IPO securities.

19 **VI. RAINES FELDMAN'S FEE REQUEST**

20 As detailed in the Declaration of David Castleman, Raines Feldman has established
 21 billing categories for tasks performed and has significantly discounted its billing rates with
 22 senior attorneys capping their hourly rate at \$465.00. Raines Feldman was appointed as
 23 counsel as of April 23, 2021 pursuant to Court order (Doc No. 651). The billing statements
 24 itemizing the services provided and expenses incurred are attached as Exhibit "5" to the
 25 Castleman Declaration. Raines Feldman performed services for each category are as follows:

Category	Hours	Fees
Case Administration (B110)	7.00	\$3,255.00
Asset Disposition (B130)	2.80	\$1,302.00

1	Plan Implementation (B320)	23.20	\$10,788.00
2	TOTAL	33.00	\$15,345.00
3	Expenses		\$48.40

4 During the Motion Period, Raines Feldman assisted the Receiver in responding to
5 numerous questions from claimants, in analyzing the disposition of the estate's pre-IPO
6 securities, and in drafting a substantial proposed revision to the Plan.

7 **VII. MILLER KAPLAN'S FEE REQUEST**

8 As detailed in the Declaration of Julia Damasco and the billing statements attached as
9 Exhibit "6" to her Declaration, Miller Kaplan has incurred \$2,264.00 in fees and \$50.00 in
10 costs in connection with providing tax services to the Receiver. The services performed by
11 Miller Kaplan were necessary in implementing the Plan and in assisting the Receiver to file
12 timely the federal and state tax returns for 2021 and prepare the estate's form 1099s.

13 **WHEREFORE**, the Receiver seeks entry of an order granting this Motion in all respects.

14 Dated: May 13, 2022

RAINES FELDMAN LLP

15 By: */s/ David Castleman*

16 David Castleman

17 *Counsel for Receiver Kathy Bazoian Phelps*