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5 *Successor Receiver*

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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;  
19 FELIX 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 PURSUANT TO LOCAL  
RULE 7-11 TO SHORTEN TIME FOR  
NOTICE ON MOTION FOR AN  
ORDER AUTHORIZING: (1) SALE  
PURSUANT TO 28 U.S.C. § 2004 OF  
SHARES OF LOOKOUT, INC.; AND (2)  
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 on  
3 February 28, 2019, I was appointed as the successor receiver (“Receiver”) in this case. I am  
4 also an attorney duly licensed to practice in the State of California and am partner at the firm  
5 of Raines Feldman Littrell LLP (“Raines Feldman”). I have personal knowledge of the  
6 matters set forth below and if called as a witness, I would and could testify competently to  
7 the matters stated herein.

8 2. This declaration is made in support of the Administrative Motion  
9 (“Administrative Motion”) under Local Civil Rule 7-11 for Order to Shorten Time for  
10 Hearing on Motion for an Order Authorizing: (1) Sale Pursuant to 28 U.S.C. § 2004 of  
11 Shares of Lookout, Inc. (“Lookout”); and (2) Modification of the Distribution Plan (the  
12 “Lookout Motion”).

13 3. I have consulted with counsel for the Securities and Exchange Commission,  
14 the Investor Advisory Committee, and Equity Acquisition Company Ltd. (“EAC”) who each  
15 do not oppose the Lookout Motion. A stipulation with all parties was deemed impractical  
16 given, among other things, the entry of judgment against defendants and pending bankruptcy  
17 of defendant John Bivona.

18 4. I have filed the Lookout Motion concurrently herewith in which I seek  
19 authority to sell the Receivership Estate’s economic interest in 106,237 shares of Lookout  
20 Preferred Stock and 106,237 shares of Lookout Common Stock (the “Lookout Shares”) and  
21 to modify the Distribution Plan approved by this Court (Dkt. No. 613) (the “Plan”) only as  
22 necessary to sell the Lookout Shares and to hold the proceeds in a separate account for the  
23 benefit of the Lookout investors, subject to all other terms of the Plan. I propose to sell the  
24 Lookout Shares pursuant to 28 U.S.C. § 2004 at a price of \$0.11 per share for the economic  
25 interest in the Lookout Preferred Stock and \$0.09 per share for the economic interest in the  
26 Lookout Common Stock.

27 5. I am advised there will be a tax loss of approximately \$2.1 million associated

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1 with this sale, and that this tax loss will offset the tax consequences from the sale of the  
2 Addepar, Inc. shares that took place in 2024 as well, with a combined tax savings of  
3 approximately \$358,000. In the Lookout Motion, I propose to allocate the amount of savings  
4 from this tax loss to the Lookout investors and seek to modify the Plan to do so.

5 6. My accountants have advised me of the positive tax consequences to the sale  
6 of the Lookout Shares if the sale is able to close prior to the end of 2024. Oxis Capital, the  
7 valuation experts previously retained by me pursuant to the Order dated March 9, 2020 (Dkt.  
8 No. 577), estimated the value of the Lookout Shares as of the date of the commencement of  
9 the Receivership to be \$10 per share. Since the sale will be at \$0.11 per share for the  
10 economic interest in the Lookout Preferred Stock and \$0.09 per share for the economic  
11 interest in the Lookout Common Stock, I am advised there will be a tax loss of  
12 approximately \$2.1 million associated with this sale. I propose to allocate the amount of  
13 savings from this tax loss to the Lookout investors and seeks to modify the Plan to do so.

14 7. I contemplate segregating the net proceeds of the sale of the Lookout Shares  
15 for the benefit of the Lookout Investors and to allocate the benefit to the estate from the tax  
16 loss to the Lookout Investors, who are designated as Class 4G in the Distribution Plan. Any  
17 further modification of the Plan with respect to the distribution of the Lookout sale proceeds  
18 will be the subject of a separate motion, including any issues relating to any Plan Fund  
19 contribution and applicability of deficiency claims.

20 8. The Administrative Motion requests that the Court shorten the time for notice  
21 on the Lookout Motion because I am concerned about the end of the year quickly  
22 approaching and closing out the sale before year end so that the taxable transactions can be  
23 reported on the 2024 return in order to obtain the tax benefit. Additionally, I seek to close  
24 this transaction before year end to trigger the commencement of the tax review period earlier,  
25 thereby enabling distribution to investors sooner. I therefore request shortened notice on the  
26 Lookout Motion that I have filed concurrently herewith.

27 9. In an effort to maximize returns for the investors, I believe that proceeding on  
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1 a shortened time basis is in the best interest of all interested parties. I am not aware of any  
2 opposition to the proposed sale transaction and do not believe that any interested party will  
3 suffer any prejudice from shortened time.

4 10. I suggest a hearing date of December 5 or 12, 2024 on the Lookout Motion,  
5 which was filed on November 27, 2024. I suggest the following schedule relating to the  
6 Lookout Motion but defer to the Court's discretion on the timing of the hearing and briefing  
7 schedule:

- 8 a. Any opposition to the Lookout Motion must be filed and served not more than  
9 5 days prior to the hearing date.
- 10 b. Any reply to any opposition to the Lookout Motion shall be submitted at the  
11 time of hearing on the Lookout Motion.

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13 I declare under penalty of perjury that the foregoing is true and correct. Executed on  
14 this 27th day of November 2024 at Los Angeles, California.

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16

/s/ Kathy Bazoian Phelps

Kathy Bazoian Phelps

Successor Receiver

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