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*Successor Receiver*

**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

**ADMINISTRATIVE MOTION  
PURSUANT TO LOCAL RULE 7-11  
FOR ORDER APPROVING:**

- (1) EMPLOYMENT OF MADDEN  
LAW LLC AS SPECIAL  
COUNSEL; AND**
- (2) MODIFICATION OF  
EMPLOYMENT OF STRETTO,  
AS CLAIMS AGENT**

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

Kathy Bazoian Phelps, the successor receiver (the “Receiver”) of SRA Management Associates, LLC, SRA I, LLC, SRA II, LLC, SRA III, LLC, SRA Management Associates, Clear Sailing Group IV, LLC, Clear Sailing Group V, LLC, Felix Multi-Opportunity Fund I, LLC, Felix Multi-Opportunity Fund II, LLC, Felix Management Associates, LLC, NYPA Fund I, LLC, NYPA Fund II, LLC, NYPA Management Associates, LLC and Solis Associates Fund LLC, hereby files this Administrative Motion Pursuant to Local Civil Rule 7-11 for Order Approving (1) Employment of Madden Law LLC, as Special Counsel and (2) Modification of Employment of Stretto, as Claims Agent (the “Motion”).<sup>1</sup>

### **I. Introduction and Basis for Motion**

On October 11, 2016, the Court entered an Order appointing Sherwood Partners Inc. as the receiver in this case (Dkt. No. 142) (the “Receiver Order”). On February 28, 2019, the Court entered its Revised Order Appointing Receiver (Dkt. No. 469) and appointed Kathy Bazoian Phelps as the successor receiver. The Receiver Order authorizes the Receiver to retain professionals. Receiver Order, Section II.F.

In this Motion, the Receiver seeks approval of employment of Madden Law LLC (“Madden Law”), as special counsel, and modification of employment of Stretto, as claims agent.

David Madden, Managing Attorney of Madden Law, was employed by Raines Feldman Littrell LLP (“Raines”) until recently. Raines is the Receiver’s court approved general counsel in this case. *See* Dkt. No. 656. Madden had been assisting the Receiver with developing a spreadsheet in support of the recently filed Motion for an Order Authorizing: (1) Final Distribution to Class 3 Unsecured Creditors; (2) Third Interim Distribution to Class 4 Investors; (3) First Interim Distribution to Class 6A and 6B Investors; (4) Allowance of Remaining Failed Investment Claims; and (5) Extension of Time to Complete Distributions (Dkt. No. 761) (“Distribution Motion”). The Receiver continues to need Madden’s

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<sup>1</sup> The Receiver has conferred with counsel for the Securities and Exchange Commission who does not oppose the Motion. 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).

1 assistance in connection with distribution matters and believes that the engagement of  
2 Madden will be more cost effective than starting with a new lawyer, especially given that  
3 Madden's hourly rate is lower at his new firm and lower than another attorney at Raines who  
4 would otherwise take over the distribution matters. In light of his recent change of law firms,  
5 the Receiver is asking the Court to approve Madden's employment, retroactively to April 8,  
6 2025, at his new lower hourly rate of \$385 (as compared to the discounted rate of \$465 while  
7 at Raines). Madden's qualifications are set forth in Exhibit "1" attached to the Declaration of  
8 Kathy Bazoian Phelps.

9 Stretto has also previously been employed in this case, although the Receiver has not  
10 required the services of Stretto in several years. Stretto's employment by the former receiver  
11 as claims administrator was approved by the Court when Stretto was formerly JND  
12 Corporate Restructuring. On March 19, 2019, the Court authorized the Receiver to employ  
13 Stretto as her claims administrator to send out notices and disbursements as requested by the  
14 Receiver (Dkt. No. 476). In addition, the Receiver's Plan of Distribution (Dkt. No. 570-1)  
15 approved by this Court on May 25, 2020 (Dkt. No. 613), defines "Claims Agent" as Stretto.

16 By this Motion, the Receiver asks the Court for authority to modify the employment  
17 of Stretto as claims administrator to assist with the anticipated distributions following the  
18 Court's Order granting the Distribution Motion. The Receiver also requests authority to  
19 engage Stretto to obtain investor tax identification information, if required, and wire  
20 instructions through a secured process. Stretto will charge a flat rate of \$1,000 to setup and  
21 distribute up to 500 payment instruction forms. Stretto will process all incoming forms at  
22 their lowest hourly rate of \$135/hr. Any future distribution management will be charged at  
23 the rates set forth in Exhibit "2" to the Declaration of the Receiver.

24 Stretto's Services Agreement is attached as Exhibit "3" to the Receiver's Declaration.  
25 The Motion seeks approval of the agreement.

**II. The Court Has Broad Supervisory Authority to Approve Employment of the Receiver's Professionals**

The express terms of the Receiver Order authorize the Receiver to employ professionals. Dkt. No. 142, Section II.E. In addition, the Court has broad powers to determine what is necessary for the administration and supervision of an equity receivership. *See SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005) (“[A] district court’s power to supervise an equity receivership and to determine the appropriate action to be taken in the administration of the receivership is extremely broad”); *SEC v. Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986) (same); *see also CFTC v. Topworth Int’l, Ltd.*, 205 F.3d 1107, 1115 (9th Cir. 1999), *as amended* (Mar. 23, 2000) (affording “broad deference” to the district court’s supervisory role and noting the circuit court “‘generally uphold[s] reasonable procedures instituted by the district court that serve th[e] purpose’ of orderly and efficient administration of the receivership for the benefit of creditors”).

**III. Conclusion**

For the foregoing reasons, the Receiver respectfully requests that the Court approve her employment of Madden Law, as special counsel, and modification of employment of Stretto as claims administrator as set forth herein. The Receiver requests all other appropriate relief.

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

Dated: April 18, 2025

RAINES FELDMAN LITTRELL LLP

By: /s/ Kathy Bazoian Phelps  
Kathy Bazoian Phelps  
Successor Receiver