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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

THIRTY-FIRST AND FINAL MOTION FOR AN ORDER APPROVING:

(1) FEES AND EXPENSES FOR THE SUCCESSOR RECEIVER, MILLER KAPLAN ARASE LLP, SCHINNER & SHAIN LLP, AND MADDEN LAW LLC FROM JULY 1, 2026 THROUGH SEPTEMBER 30, 2026;
(2) ALL INTERIM FEE AWARDS ON A FINAL BASIS;
(3) PAYMENT OF ALLOWED HOLDBACKS FOR SHERWOOD PARTNERS
(4) MODIFICATION OF PLAN TO SUBORDINATE RECEIVER'S FEES TO CLASS 5;
(5) ADJUSTMENT OF RECEIVER'S HOURLY RATE;
(6) CONVERSION OF RECEIVER'S HOLDBACK AND ADJUSTED HOURLY RATE TO CONTINGENT PAYMENT FROM RESERVE

Date: December 3. 2026
Time: 1:30 p.m.
Judge: Edward M. Chen

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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 Motion for approval of (1) fees and expenses for the Successor Receiver, Miller Kaplan Arase LLP, Schinner & Shain LLP, and Madden Law LLC from July 1, 2026 through September 30, 2026; (2) all interim awards for all professionals on a final basis; (3) payment of allowed holdbacks for Sherwood Partners; (4) modification of Plan to subordinate Class 1 Receiver fees to Class 5; (5) adjustment of Receiver's hourly rate; and (6) conversion of Receiver's Holdback and adjusted fees to contingent payment from the reserve. release of holdbacks for Receiver (the "Motion").[1]

I. CASH ON HAND AND ACCRUED EXPENSES

As of September 30, 2026, the receivership estate has cash on hand as follows:

Anne Bivona Funds	$44,362.90
Plan Fund Account	$2,700,530.01
Evernote Reserve	$437,762.26
Addepar Reserve	$1,587,378.67
Lookout Reserve	$390,930.99
ZocDoc Reserve	$159,411.20
Total Cash on Hand	**$5,320,376.03**

There are known accrued and unpaid expenses of the holdbacks of $344,436.60. Attached to the Declaration of the Receiver as Exhibit "1" is a financial summary showing the cash status of the estate as of September 30, 2026. Funds in the amount of $40,272.00 representing second quarter 2026 fees were disbursed during this period.

The Standardized Fund Accounting Report required by the SEC for the third quarter 2026 ("SFAR") is attached to the Receiver's Declaration as Exhibit "2." This report shows

[1] The Notice of Motion, the Motion, and supporting documents will be served on all interested parties pursuant to Civil Local Rule 66-6 and will be posted on the Receivership website at https://www.raineslaw.com/saddle-river-receiver/. The Receiver has conferred with counsel for the Securities and Exchange Commission who does not oppose the Motion.

the amount of interest each of the above accounts earned during the third quarter 2026 starting at Line 4. The estate has continued to earn substantial interest on the funds in the reserve accounts and Plan Fund.

II. APPROVAL OF 2026 THIRD QUARTER FEES AND EXPENSES

The Receiver seeks approval of compensation and reimbursement of expenses for herself and her professionals for the period of April 1, 2026 through September 30, 2026 (the "Motion Period") in the following amounts:

Receiver: Fees $42,408.00.[2]

Miller Kaplan Arase LLP ("Miller Kaplan"): Fees $1,428.80.

Madden Law LLC ("Madden"): Fees $500.50.

This Motion is supported by the Declarations of the Receiver, Nicholas Sanchez of Miller Kaplan, and David Madden of Madden Law.

A. The Receiver's Request

As detailed in the Declaration of the Receiver and the billing statements attached to her Declaration as Exhibit "3," pursuant to the Receiver's proposal for her appointment, and in recognition of the efficiencies and benefits to the estate, the Receiver has established separate billing categories for services provided. The Receiver has discounted her hourly rate of $935.00 to $465.00, thereby generating significant savings to the estate. The billing statements itemizing the services provided and expenses incurred are contained in Exhibit "1" attached to the Declaration of the Receiver. The Receiver performed services for each category as follows:

Category	Hours	Fees
Case Administration (B110)	91.20	$42,408.00

During the Motion Period, the Receiver continued to take actions to manage the administration of the case, coordinated with the SEC and with her advisers and tax counsel in managing the estate and tax payments, prepared the status report for the second quarter of

[2] The Receiver has not provided for a holdback from the third quarter fees based upon the final nature of this fee request.

2026, finalized distribution issues, managed the banking for the new funds, and continued to communicate with investors. The Receiver obtained disbursement instructions from each investor entitled to further distribution and prepared the schedules for the final distribution. She also communicated with the SEC regarding the final distribution.

B. Miller Kaplan's Fee Request

As detailed in the Declaration of Nicholas Sanchez and the billing statement attached as "1" to his Declaration, Miller Kaplan has incurred fees at discounted rates in the amount of $1,428.80 during the period July 1, 2026 through September 30, 2026 in connection with providing tax services to the Receiver. The services performed by Miller Kaplan were necessary in assisting the Receiver with preparing to make the final distribution and paying estimated taxes.

The Receiver also requests approval to pay Miller Kaplan a flat fee of $7,500 fee to winddown this matter inclusive of remaining quarterly estimate calculations (if necessary), final 2026 Federal and California tax returns, information reporting, a review of all IRS account transcripts to confirm no balances due and no refunds outstanding (and resolution if there is an outstanding issue), and a request for prompt assessment.

C. Madden Law's Fee Request

As detailed in the Declaration of David Madden and the billing statement attached as Exhibit "1" to his Declaration, Madden Law has incurred fees in the amount of $500.50 during the Motion Period in connection with providing services to the Receiver as special counsel. Madden has provided critical services in calculating the distributions to investors and updating the spreadsheets and work papers regarding the approved and anticipated distribution. The services performed by Madden Law were necessary in assisting the Receiver in connection with the distributions to be made pursuant to the Plan.

III. FINAL APPROVAL OF ALL PRIOR INTERIM AWARDS

The Receiver requests final approval of all interim fee awards during the duration of her receivership as follows:

Order on First Interim Motion (Dkt. 485): Receiver fees of $46,287.00 (subject to 20% hold back) and costs of $3,033.33 and Diamond McCarthy fees of $16,802.80 and costs of $524.67 (fees subject to 20% hold back).

Order on Second Interim Motion (Dkt. No. 515): Receiver fees of $85,735.50 (subject to 20% hold back) and costs of $185.93 and Diamond McCarthy fees of $30,625.00 and costs of $1,924.16 (fees subject to 20% hold back).

Order on Third Interim Motion (Dkt. No. 537): Receiver fees in the amount of $40,349.40 (subject to 20% hold back) and costs of $542.73 and Diamond McCarthy fees of $4,450.90 and costs of $131.35 (fees subject to 20% hold back).

Order on Fourth Interim Motion (Dkt. No. 567): Receiver fees in the amount of $50,187.30 (subject to 20% hold back) and costs of $27.00 and Diamond McCarthy fees of $12,550.00 (fees subject to 30% holdback); Miller Kaplan fees of $42,465.60 and Schinner fees of $5,044.96 (fees subject to 20% holdback).

Order on the Fifth Interim Motion (Dkt. No. 615): Receiver fees in the amount of $75,058.00 (subject to 20% hold back) and costs of $145.00 and Diamond McCarthy fees of $32,454.00 (fees subject to 20% holdback); Schinner fees of $2,450.00 and costs of $622.06.

Order on Sixth Interim Motion (Dkt. No. 621): Receiver fees in the amount of $43,904.00 (subject to 20% hold back) and costs of $388.39, Diamond McCarthy fees of $29,398.90 and costs of $919.78, and Miller Kaplan fees of $16,399.20 (subject to 20% holdback); Schinner fees of $900.

Order on Seventh Interim Motion (Dkt. No. 633): Receiver fees in the amount of $83,732.00 (subject to 20% hold back) and costs of $388.39 (fees subject to 20% holdback), Diamond McCarthy fees of $82,500.50 and costs of $508.60, Miller Kaplan fees of $25,996.40; and Schinner fees of $11,371.50. The Order further authorized the payment of the following holdbacks: $26,511.32 for Diamond McCarthy, $11,772.96 for Miller Kaplan, and $3,761.24 for Schinner.

Order on Eighth Interim Motion (Dkt. No. 636): Receiver fees in the amount of

$32,571.50 (subject to 20% holdback), Diamond McCarthy fees of $43,559.20 and costs of $9.60, and Miller Kaplan fees of $3,555.60 and costs of $99.30.

Order on Ninth Interim Motion (Dkt. No. 651): Receiver fees in the amount of $57,434.00 (subject to 20% holdback) and costs of $222.18, Diamond McCarthy fees of $84,931 and costs of $39.59, Miller Kaplan fees of $6,720.60 and costs of $50.00, Schinner fees of $828.00.

Order on Tenth Interim Motion (Dkt. No. 662): Receiver fees in the amount of $19,596.00 (subject to 20% holdback) and costs of $55.50, Diamond McCarthy fees of $4,149.60 and costs of $178.39, Raines Feldman fees of $12,090.00, and Miller Kaplan fees of $6,227.40.

Order on Eleventh Interim Motion (Dkt. No. 669): Receiver fees in the amount of $29,155.50 (subject to 20% holdback), Raines Feldman fees of $37,894.65, Miller Kaplan fees of $1,332.00, and Schinner fees of $3,053.25.

Order on Twelfth Interim Motion (Dkt. No. 677): Receiver fees in the amount of $18,228.00 (subject to 20% holdback), Raines Feldman fees of $18,335.50 and costs of $46.42, Miller Kaplan fees of $1,453.20, and Schinner fees of $1,707.75.

Order on Thirteenth Interim Motion (Dkt. No. 680): Receiver fees in the amount of $6,789.00 (subject to 20% holdback), Raines Feldman fees of $15,345.00 and costs of $48.40, and Miller Kaplan fees of $2,264.00 and costs of $50.00.

Order on Fourteenth Interim Motion (Dkt. No. 683): Receiver fees in the amount of $12,183.00 (subject to 20% holdback), Raines Feldman fees of $22,659.00 and costs of $24.90, and Miller Kaplan fees of $1,918.40.

Order on Fifteenth Interim Motion (Dkt. No. 689): Receiver fees in the amount of $12,694.50 (subject to 20% holdback), Raines Feldman fees of $18,463.20, and Miller Kaplan fees of $710.40.

Order on Sixteenth Interim Motion (Dkt. No. 694): Receiver fees in the amount of $11,160.00 (subject to 20% holdback) and costs of $110.00, Raines Feldman fees of

$16,732.17, and Miller Kaplan fees of $1,631.00.

Order on Seventeenth Interim Motion (Dkt. No. 702): Receiver fees in the amount of $7,068.00 (subject to 20% holdback) and Raines Feldman fees of $5,068.80.

Order on Eighteenth Interim Motion (Dkt. No. 711): Receiver fees in the amount of $19,902.00 (subject to 20% holdback), Raines Feldman fees of $32,155.20, and Schinner fees of $3,334.50.

Order on Nineteenth Interim Motion (Dkt. No. 722): Receiver fees in the amount of $17,298.00 (subject to 20% holdback) and Raines Feldman fees of $21,859.20.

Order on Twentieth Interim Motion (Dkt. No. 738): Receiver fees in the amount of $15,763.50 (subject to 20% holdback), Raines Feldman fees of $15,800.40, and Miller Kaplan fees of $9,030.40 and costs of $50.00.

Order on Twenty-First Interim Motion (Dkt. No. 741): Receiver fees in the amount of $15,298.50 (subject to 20% holdback), Raines Feldman fees of $19,602.00, and Miller Kaplan fees of $2,430.80 and costs of $50.00.

Order on Twenty-Second Interim Motion (Dkt. No. 747): Receiver fees in the amount of $5,859.00 (subject to 20% holdback), Raines Feldman fees of $5,583.60, and Miller Kaplan fees of $3,163.20.

Order on Twenty-Third Interim Motion (Dkt. No. 751): Receiver fees in the amount of $23,622.00 (subject to 20% holdback), Raines Feldman fees of $12,038.40, Miller Kaplan fees of $2,367.60, and Schinner fees of $3,219.75.

Order on Twenty-Fourth Interim Motion (Dkt. No. 758): Receiver fees in the amount of $34,921.50 (subject to 20% holdback), Raines Feldman fees of $37,988.10 and costs of $10.20, Miller Kaplan fees of $2,899.60, and Schinner fees of $3,402.00.

Order on Twenty-Fifth Interim Motion (Dkt. No. 769): Receiver fees in the amount of $22,087.50 (subject to 20% holdback), Raines Feldman fees of $25,724.40, and Miller Kaplan fees of $2,841.60 and costs of $50.00.

Order on Twenty-Sixth Interim Motion (Dkt. No. 772): Receiver fees in the amount of

$29,155.50 (subject to 20% holdback), Raines Feldman fees of $32,471.20 and costs of $6.00, Miller Kaplan fees of $1,930.40, Madden Law fees of $3,580.50, and Stretto fees of $12,702.00 and costs of $181.80.

Order on Twenty-Seventh Interim Motion (Dkt. No. 776): Receiver fees in the amount of $64,030.50 (subject to 20% holdback), Raines Feldman fees of $91,191.30 and costs of $1,075.08, Miller Kaplan fees of $1,746.50, Schinner fees of $378.00, Madden Law fees of $6,506.50, and Stretto fees of $1,797.00.

Order on Twenty-Eighth Interim Motion (Dkt. No. 784): Receiver fees in the amount of $21,576.00 (subject to 20% holdback), Raines Feldman fees of $12,157.20, Miller Kaplan fees of $1,450.80, Schinner fees of $2,457.00, and Stretto fees of $6,750.00 and costs of $1,034.93.

Order on Twenty-Ninth Interim Motion (Dkt. No. 787): Receiver fees in the amount of $29,248.50 (subject to 20% holdback), Raines Feldman fees of $11,048.40 and costs of $1,147.24, Miller Kaplan fees of $3,430.40, Schinner fees of $5,184.00, and Madden Law fees of $731.50.

Order on Thirtieth Interim Motion (Dkt. No. 793): Receiver fees in the amount of $43,059.00 (subject to 20% holdback), Miller Kaplan fees of $2,744.80, and Madden Law fees of $3,080.00.

The Receiver requests final approval of all interim fee awards on the basis that all such fees and costs were reasonable and necessary to the administration of this estate and that they provided a substantial benefit to the investors and creditors. The Receiver and her professionals have liquidated all available assets, all unsecured creditors have received a 100% distribution and most investors have received a 100% distribution. The Receiver and her professionals' efforts will also result in distributions to the subordinated creditors in Class 5 of over 50%. The Receiver and her team have had to negotiate very complex tax issues and competing interests in this case and were able to develop and implement a Plan that treated the different classes of claimants in an equitable manner. The fees and costs have been

substantially less than interest earned on the funds that the Receiver managed in multiple sweep accounts in which she sought to maximize interest, minimize cost, and protect the estate from risk of loss. Accordingly, the Receiver believes that approval of all prior fees and costs paid to her and her professionals in this case is appropriate.

IV. REQUEST TO RELEASE HOLDBACKS

As of September 30, 2026, there are outstanding fee holdbacks from the prior fee applications for $344,436.60 as follows: (i) Sherwood Partners, the former receiver, in the amount of $144,627.50 (the "Sherwood Holdbacks"); (ii) the Receiver in the amount of $108,980.07 when she was employed by Diamond McCarthy LLP; and (iii) the Receiver in the amount of $90,829.10 for her employment at Raines Feldman (the "Receiver Holdbacks").

A. The Sherwood Holdbacks

Sherwood Partners has advised of its intent to concurrently file its own final fee application and its intent to request payment of its holdbacks in the amount of $144,627.50 (the "Sherwood Holdbacks"). The Receiver requests authority to pay the amount allowed by the Court of the Sherwood Holdbacks upon receipt of Court authority to do so.

B. The Receiver Holdbacks

The Receiver requests that the Court approve all prior holdbacks of the Receiver in the total amount of $199,809.17, $108,980.07 of which is allocable to her time while employed at Diamond McCarthy LLP and $90,829.10 of which is allocable to her time while employed at Raines Feldman Littrell LLP (collectively, the "Receiver Holdbacks"). The timing and certainty of payment of the Receiver Holdbacks, however, is dependent on the other requests for relief in this Motion. If the Court approves the Receiver's other requests as set forth herein, the Receiver would not pay the Receiver Holdbacks at this time but would instead distribute that sum to the Class 5 claimants, taking the risk that there would be insufficient funds in the Tax Reserve to pay the holdbacks at the end of the case. If the relief requested herein relating to the Receiver's fees is not approved, the Receiver requests authority to pay the Receiver Holdbacks at this time. The impact of this distinction on the amount of the final distribution is

set forth below.

V. CASE STATUS AND IMPACT OF FEE AWARD ON FINAL DISTRIBUTION

The Receiver's efforts in the third quarter 2026 have been centered around finalizing the distribution schedule and communicating with investors regarding their distribution instructions. The Receiver is prepared to make the final distribution but files this Motion to obtain a determination regarding fees which will impact the amount of the distribution to be made to Class 5 creditors.

The Receiver is unable to file her final tax return until all distributions to creditors and investors are complete, and cannot obtain final tax clearance until that return is filed, as discussed further in Section VI below. The Receiver must therefore make the final distribution from the available cash net of a tax reserve that she must withhold to close out the case. The amount of that tax reserve as calculated by her accountants is $1,050,138 (the "Tax Reserve"), allocated as follows:

Addepar		$915,350.00
Evernote		$45,840.00
Lookout		$9,740.00
ZocDoc		$79,208.00
	Total	**$1,050,138.00**

Without a request for prompt assessment, the tax review periods for federal and state will extend all the way to 2030. The Receiver does not believe it is appropriate to make the investors wait another four years for their final distributions. If this Motion is not granted, the Receiver will withhold from distribution approximately $400,000 as set forth below for administrative fees.

However, if this Motion is approved, the Receiver can add the approximately $400,000 to the distribution to be made to the subordinated Class 5 claimants, increasing their percentage distribution from approximately 53% to 67%.

A summary of the two competing calculations for distributions to Class 5, depending on whether the Receiver's Holdbacks and fee reserve are paid now to the Receiver or are

instead contributed to Class 5 is as follows, with the figures calculated through September 30, 2026 and subject to adjustment if additional interest accrues in the accounts prior to distribution, which will be distributed to claimants:

Option 1: Fee Payments to Receiver Now:

Plan fund balance	$ 2,700,503.91
Add Disgorgement funds	$ 44,262.82
Less reserve for Addepar tax, fees - Class 2	$(598,590.99)
Less reserve for future fees - Class 1	$(200,000.00)[3]
Less reserve for holdbacks	$(344,436.67)
Less Miller Kaplan flat fee	$(7,500.00)
less Q3 fees	$(44,337.30)
Amount to distribute to Class 5	**$1,550,644.59**
Percentage Distribution to Class 5	53%

Option 2: Receiver Holdback and Fee Reserve Paid to Class 5:

Plan fund balance	$2,700,503.091
Add Disgorgement funds	$44,262.82
Less reserve for Addepar tax, fees - Class 2	$(597,874.27)
No reserve for future fees - Class 1	-
Less reserve for holdbacks	$($144,627.50)
Less Miller Kaplan flat fee	$(7,500.00)
Less Q3 fees	$(44,337.30)
Amount to distribute to Class 5	**$1,950,453.76**
Percentage Distribution to Class 5	67%

If the Receiver contributes the Fee Reserve and the Receiver Holdback amount to Class 5, she will be significantly modifying the distribution priorities in the Plan and putting Class 5 subordinated claimants ahead of her Class 1 administrative fees. Class 2 will remain protected by the Tax Reserve. To justify this change in priorities, the Receiver believes that the relief requested in this Motion provides incentive for her to subordinate her Class 1 claims to allow for a larger distribution to Class 5.

This Motion is fashioned as a final motion so that the amounts of all prior fee awards are fixed, so that the amount of holdbacks to be paid is fixed, and so that the Court can determine whether converting any future fee award for the Receiver to essentially a contingent

[3] This reserve (the "Fee Reserve") was approved in the Order granting the Receiver's Motion for approval to make a final distribution.

fee arrangement while allowing for modification of her rate to be adjusted to her market rate is appropriate. The Receiver recommends Option 2 above to maximize the distribution to Class 5 claimants. In exchange for her subordination of her claim, as set forth in more detail below, the Receiver proposes that the Receiver's rate shall be adjusted retrospectively to be converted to her regular hourly rate and payment be allowed from the Tax Reserve only if there remains a balance in the Tax Reserve when the tax review period ends sufficient to pay both the Receiver Holdback and her adjusted fees as set forth below.

VI. REQUEST TO MODIFY RECEIVER'S HOURLY RATE, CONVERT TO CONTINGENT ARRANGEMENT TO AND PAY ADJUSTMENT FROM TAX RESERVES ONLY IF FUNDS REMAIN AVAILABLE

This case presents an unusual fact pattern that is tied to the pre-IPO nature of the assets in the case, and the rules of taxation of a qualified settlement fund that was created the date the receivership was created. The Receiver valued the pre-IPO securities in the case as of the date of the receivership, and the Receiver has administered this case conservatively to remain mindful of tax issues, seeking to maximize returns to investors while protecting the estate from any additional tax liability. Because the Receiver must wait for the tax review periods to close before the tax liability of the estate is fixed with absolute certainty, she has had to wait three years for federal and four years for state prior to distributing funds arising from the liquidation and distribution of the securities. To fully protect the estate, she must continue to hold the Tax Reserve of $1,050,138 until 2030 before all funds can be distributed.[4]

As an alternative, the Receiver has explored the possibility of making a final distribution now, before the tax review periods close, but maintaining the Tax Reserve to pay administrative costs as set forth herein. The Receiver cannot file a final tax return seeking a

[4] The Receiver notes that there remains an unresolved tax claim of New York State Department of Taxation and Finance which the Receiver does not believe is appropriately asserted against the estate. She has requested abatement of such claim and, if it is not consensually withdrawn, the Receiver intends to file an objection to the claim. She believes the claim does not exceed $35,000 and that the Tax Reserve will adequately protect the estate for payment of this claim in the event it cannot be eliminated.

prompt assessment (which is still another 18 months) unless all distributions to creditors have been completed, and cannot obtain final tax clearance until that return is filed. The Receiver must therefore make the final distribution before filing her final tax return, and must hold the Tax Reserve until all tax review periods have closed.

To maximize the distributions that the Receiver can make, the Receiver is willing to subordinate payment of the Receiver Holdbacks and all future fees to payment to Class 1 and 2 claimants on the condition that the adjustment to her hourly rates as requested herein is approved. The Receiver is thus reversing the priority of payment to the classes in the Plan and taking the risk of nonpayment of her fees to be able to make a larger distribution to Class 5 claimants if the fee modification proposed herein is approved. This essentially converts the Receiver's administrative claim into a contingent claim, only to be paid if there is a balance left in the Tax Reserve following closure of the tax review period.

Instead of reserving and paying the Receiver Holdbacks and the $200,000 fee reserve previously approved, the Receiver will contribute the total sum of $399,809.17 to the Class 5 distribution. This would increase the Class 5 recovery from approximately 53% to 67%.

A spreadsheet showing the distribution waterfall for Class 5 subordinated creditors under two alternatives is attached to the Phelps Declaration as Exhibit "4."

In exchange, the Receiver's rates, which have been substantially discounted since February 2019, would be adjusted to her then market rates throughout this case. A schedule showing the difference between her discounted and market rates is attached to the Phelps Declaration as Exhibit "5," which reflects a difference of $724,169.50, of which $352,210.50 is attributable to fees incurred while the Receiver was employed by Diamond McCarthy LLP and $371,959.00 was attributable to her time employed by Raines Feldman Littrell ("Adjusted Fees") through the third quarter 2026. The Receiver proposes that the Receiver Holdback and the Adjusted Fees be paid from the Tax Reserve once the tax review periods have closed and assuming there are funds remaining in the Tax Reserve to pay these fees. The Tax Reserve cannot otherwise be used to make a distribution to the claimants because the final tax returns

will have been filed and the tax review periods will be closed. The amount to be paid from the Tax Reserve for both the Receiver Holdbacks and Adjusted Fees would total $923,978.67, which are contingent in nature as they would only be paid if funds remain. The SEC does not oppose the Receiver's proposal.

The Receiver anticipates that she may also incur substantial additional fees in making the final distribution, preparing her final report and her motion to close the case ("Supplemental Fees"). The Receiver reserves the right to seek payment of those supplemental fees in connection with approval of her final report. If such request is made, the Receiver will file a request for Supplemental Fees, including all time records, in connection with her motion to close the case. No further fee applications shall otherwise be filed.

VII. APPROVAL OF PLAN MODIFICATION AND FEE ADJUSTMENT IS APPROPRIATE

A district court's power to supervise an equity receivership, including the compensation of the receiver and the priority and timing of distributions, is "extremely broad." *SEC v. Capital Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). The "primary purpose of equity receiverships is to promote orderly and efficient administration of the estate by the district court and for the benefit of the creditors," *SEC v. Hardy*, 803 F.2d 1034, 1038 (9th Cir. 1986), and the court exercises "wide discretion" in administering that vehicle for equitable relief, affording "broad deference" to the measures the court adopts to serve that purpose. The relief requested here, adjustments to the Receiver's compensation structure that are expressly conditioned on accelerating and increasing the recovery available to creditors, falls squarely within that discretion.

Courts assessing the reasonableness of a receiver's compensation in SEC enforcement receiverships consider (1) the complexity of the receiver's tasks, (2) the fair value of the receiver's time, labor, and skill measured by conservative business standards, (3) the quality of the work performed, including the results obtained and the benefit to the receivership estate, (4) the burden the receivership estate may safely be able to bear, and (5) the Commission's

opposition or acquiescence, and opposition or acquiescence by the SEC to a fee application is given great weight, *SEC v. Fifth Ave. Coach Lines*, 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973). Each factor supports the adjustment requested here.

The Receiver's work in administering a Qualified Settlement Fund holding pre-IPO securities, structuring an orderly liquidation, and now finalizing a complex tax-driven distribution has been substantial, and the discounted rates she has billed throughout the case, well below her market rate, have conserved the estate's resources. The estate has the practical ability to bear the adjustment because it is proposed to be funded, if at all, only from a surplus remaining in the Tax Reserve after the tax review periods close and all creditor distributions are complete; it imposes no cost on the estate's current, distributable cash.

Most significantly, the SEC has conferred with the Receiver and does not oppose the Motion, including the rate adjustment and contingent payment structure described herein.

The Receiver's proposal to subordinate her own compensation, converting what would otherwise be a Class 1 administrative claim into a claim payable only on a contingent basis from any balance remaining in the Tax Reserve after the tax review periods close is a voluntary assumption of risk by the Receiver that directly and exclusively benefits creditors. By foregoing immediate payment of the Receiver Holdbacks and future fee awards, the Receiver is able to add approximately $400,000 to the distribution made to the subordinated Class 5 claimants now, increasing their recovery from approximately 53% to 67%, while Class 2 claimants remain protected by the Tax Reserve itself. There is no unfairness to any class in according this treatment to the Receiver's compensation, because the Receiver, not the creditors, bears the downside risk if the Tax Reserve proves insufficient. Miller Kaplan is protected if its proposed flat fee is approved and paid, no further services are to be provided by Raines Feldman or Schinner & Shain, and while there may be some nominal fees incurred by Madden Law, those are not likely to exceed $5,000, which can be paid from interest earned on the Tax Reserve if there are not otherwise funds available. The Receiver would also ensure that Madden Law were paid ahead of her claims for fees in any event.

Courts have recognized that unused reserve funds remaining at the close of a receivership are ultimately turned over to the United States Treasury, *see SEC v. Schooler*, No. 12-CV-2164-GPC-JMA, 2021 WL 4486428 (S.D. Cal. Sept. 30, 2021) (ordering the receiver to turn over to the United States Treasury any balance remaining 120 days after the final distribution to approved claimants). Absent the relief requested here, the roughly $400,000 difference between the Receiver's discounted and market rates would simply remain idle in the Tax Reserve for the multi-year duration of the federal and state tax review periods and, if unneeded for tax liabilities, would ultimately revert to the government rather than reach the creditors for whose benefit this receivership exists. Because the Receiver cannot file her final tax return, and therefore cannot obtain a prompt assessment that would shorten the review period, until all distributions to creditors are complete, and the final distribution in turn cannot be made without first setting aside the Tax Reserve, the ordinary sequence of this case otherwise requires creditors to wait years longer than necessary for funds that would, in the absence of this Motion, likely never reach them at all. Allowing the adjustment to be paid, if at all, only from an identified surplus that would otherwise sit unused and eventually escheat is a fair and reasonable outcome on these facts: it carries no risk to creditors, it is supported by the SEC, and it is the mechanism that permits a larger and more immediate distribution rather than a smaller distribution deferred for years.

For these reasons, approval of the Receiver's proposed rate adjustment and the related modification of distribution priorities, each payable only on a contingent basis from a residual Tax Reserve surplus, is a reasonable and equitable exercise of the Court's broad authority over this receivership, is unopposed by the SEC, and serves the receivership's core purpose of maximizing recovery to creditors.

VIII. CONCLUSION

The Receiver seeks entry of an order granting this Motion and approving:

1. The fees and expenses of the Receiver, Miller Kaplan Arase LLP, and Madden Law LLC for the period of April 1, 2026 through September 30, 2026, as set forth herein, without

holdback;

2. The flat fee of $7,500 for Miller Kaplan to prepare the final tax returns and all associated tax work with closing the case;

3. All prior interim fee awards described herein on a final basis;

4. Release of the outstanding holdbacks described herein, including authority to pay the allowed amount of the Sherwood Holdbacks; and

5. The modification of the Receiver's hourly rate and authority to pay the resulting Adjusted Fees and the Receiver Holdbacks from the Tax Reserve, on a contingent basis, as set forth herein.

Dated: October 19, 2026

RAINES FELDMAN LITTRELL LLP

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