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March 14, 2011

VIA EMAIL (and PACER)

Hon. Judge W. Royal Furgeson, Jr.
United States District Judge
1100 Commerce Street, Room 1359
Dallas, Texas 75242-1001

Re: 3-09CV0988-F; *Netsphere, Inc., et al v. Jeffrey Baron, et al*

Your Honor,

The goal of this letter, a very brief post hearing letter brief, is for your honor to win.

To my take, the direction of the hearing last Friday seemed to shift when Mr. MacPete suggested that terminating the receivership would mean that Jeff would “win”, and implicitly your honor would “lose”.

If such an argument shifts the balance in any decision with this case, it may be time to take a step back.

We want your honor to win.

Your honor **ordered** that a mediation would be held on the attorney fee disputes.

Then, the day the mediation statements from the lawyers were due, Mr. Urbanik filed a motion to stop that. Mr. Urbanik represented in his motion that the bankruptcy judge recommended a receivership if Jeff proceeded *pro se*. Your honor can measure Mr. Urbanik’s representation against the recommendation of the bankruptcy court. The two pieces don’t fit.

Your honor laid out a clear path in the show cause order. When this court terminates the receivership and holds money in ‘escrow’, the fee disputes can be resolved in their normal course— without receivership.

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Today, in addition to the non-exempt cash that has been seized by the receiver, there is approximately \$630,000.00 in additional 'escrow' funds held by Mr. Sherman in the bankruptcy proceedings. There is more than reasonable security for the disputed fees.

If your honor **holds firm to the course laid out in the show cause order**, the issues can be resolved by your honor's existing order to mediate the fee disputes.

Your honor ordered that a mediation would be held on the attorney fee disputes. Terminating the receivership and enforcing your honor's order on mediation, gets us out of the mud, and, puts the case **back on the track your honor set down from the start**. It accomplishes your honor's goal, and your honor wins.

Obviously, if the goal is to empty Jeff's pockets or fill the pockets of the receiver and his firm, then the receivership is the way to "win". It is not surprising that the receiver would argue to extend the receivership— just a little more, and then just a little more.

However, your honor should be aware that from the start our hand has been out offering cooperation, and calling the receiver to walk with us on the path out of receivership.

Attached is an important e-mail exchange from December 15. It tells the story in black and white.

As shown by the December 15, 2010 e-mail, my hand was extended to work with the receiver by cooperation to achieve your honor's goals. Also shown by the e-mail, the receiver slammed the door— rejecting even initial steps for cooperation.

In slapping down the low cost hand of cooperation, the receiver's counsel was determined to take another path, charging forward against his 'foe' who "baits", tells "blatant lies", and is "time-wasting".

The emails are attached and your honor can weigh my words, and the words of the receiver.

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The subject line sitting on top of my letter is “Steps to get there voluntarily”.

The words I used were: “Based on the email tree it looks like we now have our first step to reaching an agreement to stay the receivership. Hopefully we can take more steps and get there voluntarily.”

My hand was out expressly offering full cooperation to take the steps necessary. My hand was fully extended offering cooperation. But cooperation takes two sides.

Your honor can weigh the words of the receiver. The receiver responded to my extended hand by explaining:

“There is no first step to reaching any agreement”.

Again, in the receiver’s own words the receiver’s course was clear, “**There is no first step to reaching any agreement.**”

And the receiver pushed further, taking a clearly offensive, attacking stance in response to an offer to cooperate. The receiver's words “Your declaration contains blatant lies”, “you bait me”, “time-wasting e-mail to discuss it further”.

The mountain of fees generated are built upon a course from the receiver’s side were “there is no first step to reaching any agreement”. Such fees are unnecessary and unreasonable. Each day of the continuing receivership serves no purpose other than to provide the receiver and his firm more opportunity for generating an ever growing mountain of fees.

I believe your honor is well aware of that.

Very truly yours,

/s/ Gary N. Schepps

Gary N. Schepps
Counsel for Jeff Baron

From: GOLDEN, BARRY [mailto:bgolden@gardere.com]

Sent: Wednesday, December 15, 2010 9:35 PM

To: 'Gary Schepps'

Cc: VOGEL, PETER; LOH, PETER; BLAKLEY, JOHN DAVID; 'Urbanik, Raymond'; Corky Sherman; Jeff Baron; 'Jeff Harbin'; 'jamesmeckels'; 'Damon Nelson'; 'Roossien, Dennis'; 'Joshua Cox'; 'tpj@dfwlawyer.com'

Subject: FW: Steps to get there voluntarily - IMMEDIATE ATTENTION REQUIRED

Mr. Schepps,

There is no first step to reaching any agreement to stay the receivership.

To be clear, the decision on managing the Receiver Assets does not belong to you. Nor does it belong to Mr. Harbin, Mr. Jackson, or Mr. Baron. Pursuant to the Receiver Order, it belongs solely to Mr. Vogel. Mr. Vogel may choose to consider the declaration of Mr. Baron; Mr. Vogel may choose not to consider the declaration of Mr. Baron. It is up to him.

Your declaration contains blatant lies, but I will not let you bait me into a time-wasting e-mail to discuss it further. We can all have our say at Friday's hearing.

Barry Golden

Counsel for the Receiver

From: Gary Schepps [mailto:legal@schepps.net]

Sent: Wednesday, December 15, 2010 8:20 PM

To: GOLDEN, BARRY; VOGEL, PETER; LOH, PETER; BLAKLEY, JOHN DAVID

Subject: Steps to get there voluntarily - IMMEDIATE ATTENTION REQUIRED

Gentleman,

Based on the email tree it looks like we now have our first step to reaching an agreement to stay the receivership.

Hopefully we can take more steps and get there voluntarily.

Accordingly, as you all have been requesting, we tender Mr. Baron's declaration as a beneficiary of the trust owning the companies, consenting to the deletion and release this month of the domains as Mr. Harbin directs.

I again stress that my role is limited to the appeal and stay of the receivership order. Please do not attempt to pull me in to matters beyond that narrow scope.

I am not in contact with the Fabulous registrar, I do not represent the LLCs, and I leave it to you to timely notify the registrar to release/delete the November domains as Mr. Harbin directs.

Yours truly,

Gary Schepps