

Clifford J. White
U S Trustee
20 Massachusetts Ave NW
Suite 8000
Washington, DC 20530

CC: Congressman Sam Johnson

9/19/2012

RE: Request for investigation of fraud by Trustee, Daniel Sherman.

Dear Mr. Clifford J. White,

I am writing to you to launch a formal complaint and request investigation of fraud and other wrongdoing by a trustee under your supervision, Mr. Daniel Sherman¹. I am writing about creditor and equity holder Jeffrey D. Baron. Jeff Baron has been ordered to not hire any legal counsel and has been stripped of his rights to represent himself (see *exhibit A*). Therefore I am bringing the issues to your attention as a private citizen. Please note that this letter presents merely a cursory analysis of what is surely much more serious and far reaching criminal activity by Mr. Sherman and others. It is important to note that in addition to Mr. Sherman, three other individuals closely connected to Mr. Sherman have played a central role: Bankruptcy Judge Stacey Jernigan, District Judge Royal Furgeson and Special Master/Receiver Peter Vogel.

I. Background

In September 2010 Jeff Baron's corporation Ondova Limited Company (the "Debtor") entered a bankruptcy proceeding in Judge Stacey Jernigan's court in the Northern District of Texas. Among the court orders, Sherman was named as Chapter 11 Trustee over the Debtor. At the time of filing, the Debtor was barely insolvent and had no secured creditors. It was made solvent within a few weeks and had very few administrative needs.

During the pendency of the bankruptcy, Jeff Baron entered into a settlement agreement with a third party debtor (Netsphere, Inc.) of both Jeff Baron and the Debtor, in which Jeff Baron agreed to a payment to the Debtor's estate of approximately \$1,700,000. Sherman agreed that these funds would be used to pay off the Debtor's creditors (approximately \$768,000) and the remaining surplus of approximately \$1,000,000 which be given back to the Debtor or the equity holder (see *exhibit "B" and Exhibit "C"-3 documents*).

This agreement was breached by Sherman and fraudulent activities commenced.

¹ For the purpose of this letter, actions described as attributed to Mr. Sherman were taken by himself directly or through his counsel.

II. Complaint of Unlawful Activities Performed by Daniel Sherman

A. Sherman refuses to comply with court orders and Fraudulently diverts funds, refusing to pay creditors

Sherman not only abused his role as trustee of the Debtor's bankruptcy, but he also conducted illegal activities in the case. Instead of fulfilling his fiduciary duties to the creditors and equity holder, he unlawfully exacted approximately \$3,000,000 for himself personally and his firms (*see exhibit "D"*). As explained in this complaint, Sherman orchestrated a dizzying scheme of lies, deceit and fraud to extract this money to the detriment of the Debtor's creditors and equity holder.

Due to Sherman's unlawful mishandling of funds, the Debtor's bankruptcy case, which should have ended after the debtor became solvent and certainly by August of 2010, is still open and generating fees for Mr. Sherman. Sherman kept the Debtor's case going so that he could continue to collect fees for useless work, even though the case should have been closed (*see exhibit "E"*)

Within the Debtor's bankruptcy, there was an underlying case in District Court (*Netsphere v. Onodva, et al.*). A settlement in that case would have ended Sherman's pillaging from the Debtor's funds. Instead of making a bona fide effort to settle the case, Sherman derailed the settlement negotiations in order to continue billing the Debtor for his fees (*see exhibits "F" and "M" page 5*). In fact, Sherman violated the Bankruptcy Judge's Order to engage in ordered settlement discussions, some of which Sherman refused to attend (*see exhibits "G" and "M" page 5*).

When the settlement in the District Court case was finally consummated in the summer of 2010, despite Sherman's continuous impeding, Sherman was obligated, by agreement, to finally file dismissal papers in the District Court, pay the creditors and return the Debtor to its owner, Jeff Baron (*see exhibit "H" and exhibit "S", 2nd sheet*). Sherman did not comply, but instead began to fabricate controversies to justify keeping the bankruptcy case open (*See Exhibit G*).

In the settlement, Jeff Baron agreed, as Sherman demanded, to a payment to the Debtor's estate of approximately \$1.7 Million and further agreed that Sherman would use those funds to pay off Debtor's creditors (approximately \$768 Thousand) and that the remaining surplus of approximately \$1 Million which be given back to the Debtor or the equity holder (*see exhibit "B" and exhibit "C"-3 documents*).

Around August 2010, Sherman received all of his funds in full, as provided in the settlement agreement. At that point, Sherman held approximately 300% of the cash required to pay the creditors in full, approximately \$768K and stated, on 10-18-2010: "*parties are all complying with settlement agreement provisions in terms of payments and other activities, so there has been no problem...we're working on to wind down Ondova's affairs*". In fact, Sherman was not working on winding down the bankruptcy, and he refused to close the bankruptcy (*see exhibit "I"*).

B. Sherman Manipulates the Bankruptcy Court

As of September 2010, the Debtor was solvent. However, Sherman refused to keep his promises of closing down the bankruptcy. Instead, Sherman began implementing a scheme consisting of refusing to move forward with the court orders to pay creditors, while running up legal fees.

To do so, Sherman devised a strategy: 1) He began manufacturing controversies in the court that would allow the bankruptcy to perpetuate; and 2) He blamed the fabricated controversies on Jeff Baron.

Sherman then contacted all of Jeff Baron's former attorneys and solicited them to make claims against Jeff Baron and the Debtor, even after they stated that they had been paid in full. Sherman advised these lawyers to make false claims that their work for Jeff Baron made a "Substantial Contribution" to the Debtor's estate, and he advised them to file these false claims against the Debtor (*see Exhibit "J"*). To the courts, Sherman lied that the lawyers had initiated the contacts with him and were enraged about purported unpaid fees. Sherman further misrepresented to the courts that in the course of the bankruptcy Jeff Baron had hired, then fired 19 different lawyers, and paid none of them. (*see Exhibit AA*). Sherman wholly misrepresented to the judges that Jeff Baron was creating chaos in the bankruptcy by "hiring and firing" lawyers who were, according to Sherman, contacting him, enraged. It was all fabricated. In reality, Sherman was contacting lawyers, attempting to persuade them to file "substantial contribution" claims against the Debtor and blame those "claims" on Jeff Baron (*see Exhibit J*) to further enrage the judge and justify more billings. Sherman was successful in persuading at least two of the lawyers he solicited to file false claims.

Sherman also fabricated other "controversies" that involved false representations that Baron was not complying with the settlement agreement. He also continued to aggressively solicit Jeff Baron's prior counsel to file claims (*see exhibit "J"*). These accusations by Sherman made Judge Jernigan extremely angry with Jeff Baron. By the end of November, Sherman's repeated misrepresentations to the bankruptcy court led Judge Jernigan to state that she may further recommend to the district judge to appoint a receiver over Jeff Baron conditioned on the occurrence of several events, including if Jeff Baron fired his lawyer and if he did not comply with the settlement agreement (*see exhibit "K"*). In her recommendation, Judge Jernigan also recommended to the District Judge that Peter S. Vogel, a personal friend to both Sherman and the District Judge, be paid by Baron to mediate the growing alleged "claims" which Sherman was becoming increasingly successful in obtaining.

Since Sherman refused to end the bankruptcy, on November 19, 2010, Jeff Baron filed an objection in Bankruptcy Court to Sherman's additional billing (*see exhibit "L"*). This triggered incredible retribution by Sherman—On the very same day, Sherman began implementing a plan to permanently remove Jeff Baron's ability to object to any of Mr. Sherman's shenanigans--Sherman began drafting, along with Peter Vogel, an Order to place Jeff Baron in personal receivership and to give all of Jeff Baron's rights in the bankruptcy to Sherman's friend, Mr. Vogel. This is evidenced by Sherman's counsel's own billing records (*see exhibit "O"*).

C. Sherman Manipulates the District Court

Three business days after Jeff Baron's objection to Sherman's fee application, Sherman had ex parte meetings where he conspired with other court officials, including District Judge, W. Royal Furgeson, to cripple Baron in the courts—This too is illustrated in Sherman's counsel's own billing records (*See exhibit "O"*). Sherman misrepresented to the courts that he did not participate in the ex parte meetings. In fact, he stated "there have been no ex parte secret proceedings of any kind" (*see Exhibit "V", page 2*).

First, Sherman requested that Peter Vogel, a personal friend of both Mr. Sherman and the district judge, be appointed receiver over Jeff Baron (*see exhibit "P"*). At the same time, Sherman requested that Jeff Baron be prohibited from hiring any lawyer for any purpose (*See exhibit "P. page 4"*). As stated in his Motion, the only purpose for this tactic was to "remove Baron from control of his assets and end his ability to further hire and fire a growing army of attorneys". If Mr. Sherman could convince the district judge to appoint his friend, Mr. Vogel receiver and prevent Jeff Baron from access to counsel to contest such appointment, Vogel would have the power to mute Jeff Baron's objections to Sherman's fee scam. That's exactly what Sherman set out to do. To do so, Sherman had to make fraudulent representations to the courts as described below.

To the District Judge, Mr. Sherman made the false representations, ex parte, that Martin Thomas, bankruptcy lawyer for Jeff Baron, was not paid and that Jeff Baron had filed a grievance against him (*see exhibit "P", page 2*) . When Sherman told/lied this to the district judge combined with the false assertion that Jeff Baron was not complying with the settlement agreement, the district judge installed Vogel as receiver (*See exhibit Q*). The truth was that Thomas was paid in full, Jeff Baron had not filed a grievance against him (*see exhibit "R"*) and Jeff Baron had complied with the settlement agreement (*see exhibit "I" and exhibit "I" page 2*).

Sherman further misled the District Court into believing that the Bankruptcy Judge recommended a receiver be appointed upon Jeff Baron being pro se (*see exhibit "P", page 2*) . In fact, the Bankruptcy Judge's recommendation merely stated that she would consider a future recommendation for a receiver if Jeff Baron both did not cooperate with the settlement agreement and was pro se. (*see exhibit "K", p 2*).

Sherman moreover misrepresented to the District Judge that Baron was not complying with the Court's Order to mediate the "claims" that Sherman solicited (*See exhibit "P", page 3*). The fact is that the mediation was not even scheduled to commence at the time Sherman claims they had "failed". This point is illustrated by an email from attorney Stanley Broom and testimony from attorney Sidney Chesnin (*see exhibit "S", page 3 and exhibit "T", various pages*).

Based on Sherman's misrepresentations, the District Court entered an Order appointing Peter Vogel receiver over Jeff Baron and all of his possessions, and further ordered that Jeff Baron is prohibited from hiring any legal counsel. The unlawfulness of this action is proven when one examines the chronology of the court documents. The *Order* to appoint Vogel as receiver was actually made and filed BEFORE Sherman finished drafting the *Motion* requesting the judge to issue the same Order (*See exhibit "U"*). In court filings, Mr. Sherman lied about the existence of the ex parte hearing/meeting and

the events surrounding it—He denied they ever happened (*see exhibit "V"*) despite billing thousands of dollars to participate in them (*see exhibit "O"*).

Mr. Sherman went on to make a plethora of additional misrepresentations to the District Court including telling the court that "we never got the settlement completed", Jeff Baron had "nineteen" additional lawyers (in addition to those that had made claims in the bankruptcy against Ondova) contact him about claiming substantial contribution claims that Jeff Baron supposedly didn't pay and that Sherman was somehow going to have to pay, that Jeff Baron acted with contempt for the courts (*see exhibit "Z", page 7 and exhibit "AA"*). Mr. Sherman knew these statements were false when he made them to the court. Mr. Sherman's intention was to prevent Jeff Baron from being able to have counsel defend himself against Sherman's billing machine.

As receiver over Jeff Baron, Mr. Vogel usurped all of Jeff Baron's rights in the bankruptcy including the right to object to Sherman's fees and his improprieties in the bankruptcy. As one of his first acts as receiver for Jeff Baron, Vogel withdrew Jeff Baron's objection to Sherman's fees (*See exhibit "S", 4th page*). Jeff Baron never authorized this withdrawal and completely disagrees with it. Clearly Vogel is not acting with Jeff Baron's best intentions in mind; he is acting in accordance with Sherman's personal requests.

Beginning in November 2011, Sherman had brought in Damon Nelson as an all-purpose expert witness to testify about domain name valuation to justify selling assets at a tiny fraction of their value to select individuals. Nelson admitted, upon cross-examination that his 'expert' opinion was based on nothing more than what he was told by Sherman (*see exhibit "X"*). Further, Sherman has used this 'expert' witness to both fabricate and to suppress evidence in order to attempt to transfer assets through the Bankruptcy Court (*see exhibit "X"*). Sherman had the same witness suppress evidence that assets' value was substantially higher than the private sale price pushed for by Sherman.

Sherman also filed an adversary action, on behalf of the Debtor, against Mike Emke, an individual that jointly owned a corporation with the Debtor. In this action, Sherman billed **approximately \$330,000** prosecuting a virtually worthless claim. The judicial decision from this adversary action is on appeal, enabling Sherman to bill even more.

III. Conclusion

As you see from my cursory analysis, there is substantial evidence that Sherman's pattern of illegal activity and corruption ran rampant throughout this case. As a result, an innocent, private citizen of the United States has been stripped of his constitutional rights (cannot obtain legal counsel, has been held in personal receivership, unlawful search and seizure etc.), has been abused by an appointee of the U.S. Trustee, and frankly, has been living in constant fear. In addition, creditors have been stripped of their financial interests in the entity that Sherman was charged to preserve.

I am aware that this complaint leaves out a great deal but this is the best I can do for now. It will be important that your investigator meet with me **prior to** confronting Trustee Sherman so I can provide more information and put things in better order.

Please do not assign this to the Dallas office of the U.S. Trustee for investigated.

I understand that someone else complained to Nancy Resnick, an employee in your Dallas office, about similar improper activities conducted by Mr. Sherman. The following day a heavy price was paid, after Ms. Resnick apparently spread word of the complaint to Sherman, who in turn spread it to Judge Jernigan, and retaliation ensued. Mr. Sherman has co-opted many others by promising them money through the Estate or from Jeff Baron, through receiver Peter Vogel. Anyone in the court records that has been paid or promised money will not make reliable witnesses for your investigation.

I implore you to investigate these corrupt activities. Impropriety seems to be present in virtually all of Mr. Sherman's actions, which if left uncorrected, is certain to continue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Alan E. Baron', with a stylized, cursive script.

Alan E. Baron
3504 Burnet Dr.
Plano TX 75025
(214)893-9194
alanbaron@tx.rr.com

Table of Exhibits

- A. Email quoting judicial order prohibiting Jeff Baron from hiring Counsel (At Sherman's request)
- B. Global Settlement Agreement – providing the Chapter 11 estate with approximately \$1.7 million and requiring dismissal of all pending court actions.
- C. Transcripts showing 768,000 in claims and excerpt stating that Ondova had a \$1 million surplus
- D. Attorney Fee Report
- E. Appellant's Brief filed 11-21-11, page 17 (Document 00511672923)
- F. Order Denying Sherman's request to Avoid Settlement Discussion Order
- G. Transcript of June 2010 hearing in which Judge Jernigan chastises Sherman for violating her order that he attend settlement conference.
- H. Stipulated Dismissal Provision of Settlement Agreement, requiring Sherman's lawyer to dismiss case
- I. 1) Bankruptcy Hearing Transcripts from 10-28-2010 in which Sherman states that Jeff Baron is complying with the settlement agreement. 2) District Court Hearing Transcript 1-2011
- J. Declarations of attorneys Blake Beckham and Jay Kline explaining that Sherman solicited them to make claims against Baron after telling Sherman that they had been paid in full
- K. Report and Recommendation from Bankruptcy Court – misrepresented by Sherman to the District Judge
- L. Objection to Sherman's fees by Jeff Baron
- M. Motion for Leave to Reconsider Stay Pending Appeal
- N. Motion for Emergency Ruling on Motion to Stay Pending Appeal explaining Sherman's statements to the district court.
- O. Sherman's counsel billing records evidencing ex parte hearings/meetings and drafting receivership motion along with Peter S. Vogel.
- P. Sherman's Emergency Motion of Trustee for Appointment of Receiver over Jeffrey Baron
- Q. Order Appointing Receiver
- R. Email from attorney, Martin Thomas confirming that he had been paid in full
- S. Various Transcript Excerpts (four pages) from District Court Hearing January 4, 2011
- T. 1) emails from Stanley Broome concerning Peter Vogel Mediations; and 2) Testimony from Sid Chesnin (former counsel for Jeff Baron) concerning Peter Vogel Mediations
- U. Affidavit of Gary Schepps concerning the creation time of Sherman's Emergency Motion of Trustee for Appointment of Receiver over Jeffrey Baron
- V. Sherman's court filing, made 2-17-2012, denying the existence of the ex parte hearings
- W. Blank
- X. Sworn Testimony from Damon Nelson explaining that his "expert opinion" was based merely on what what Sherman told him to say
- Y. Sherman Billings for Emke Servers.com
- Z. Transcript, 1-4-2011, of numerous false statements made by Sherman to the District Court regarding Mr. Baron
- AA. Mr. Sherman's statements to the District Court on 12-10-10, misrepresenting a plethora of events and excerpt of response thereof.

Exhibit A

From: GOLDEN, BARRY [mailto:bgolden@gardere.com]
Sent: Thursday, December 02, 2010 8:13 PM
To: 'jeffbaron1@gmail.com'
Cc: VOGEL, PETER; LOH, PETER
Subject: FW: Jeff Baron Receivership

Dear Mr. Baron,

As you know, I am counsel for the Receiver, Peter Vogel. The Receiver forwarded to me your e-mail below.

Judge Furgeson's Order Appointing Receiver ("Receiver Order") provides the Receiver with, among other things, the following powers and duties: (1) "exclusive control over, any and all 'Receivership Parties, which term shall include Jeffrey Baron,'" (2) "exclusive control over any and all 'Receivership Assets', which term shall include . . . accounts . . . and all cash" (the "Receiver Funds"), and (3) exclusive power "[t]o choose, engage, and employ attorneys . . . as . . . the Receiver deems necessary." The Receiver Order further provides that you "shall fully cooperate with and assist the . . . Receiver," and such assistance shall include "providing any information to the Receiver that the Receiver deems necessary."

Based on the powers and duties provided to the Receiver within the Receiver Order, the Receiver has retained me and others at my law firm to serve as counsel. Furthermore, based on the obligations imposed upon you under the Receiver Order, you—and that means you, personally, and not indirectly through any lawyer, agent, or any third party individual—shall cooperate and assist me and others at my law firm and provide us with information that we deem necessary to effectuate the Receiver Order.

The Receiver is furthermore instructing you as follows:

First, you are expressly prohibited from retaining any legal counsel. Should you retain any legal counsel, the Receiver may move the Court to find you in contempt of the Receiver Order.

Second, you are expressly prohibited from disbursing any Receiver Funds provided to you by the Receiver for anything other than the following daily-living expenses for yourself only: local transportation, meals, home utilities, medical care and medicine. Should you disburse any Receiver Funds provided to you by the Receiver (including, without limitation, the \$1,000 check enclosed in the letter I had delivered to you approximately two and a half hours ago) for anything other than the aforementioned daily-living expenses (including, without limitation, retaining an attorney), the Receiver may move the Court to find you in contempt of

the Receiver Order. To be clear, you shall not use any portion of the \$1,000 I sent you today to retain an attorney.

Should you have any questions, please do not hesitate to contact me.

Barry Golden
Counsel for the Receiver
214.999.4746

Exhibit B

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
BEFORE THE HONORABLE STACEY G. JERNIGAN, JUDGE

In Re:) Case No. 09-34784-sgj11
)
)
) FOURTH INTERIM APPLICATION
ONDOVA LIMITED COMPANY,) for COMPENSATION for
) TRUSTEE'S ATTORNEY
Debtor.)
)
) Monday, April 25, 2011
_____) Dallas, Texas

Appearances:

For Chapter 11 Trustee Daniel J. Sherman: Raymond J. Urbanik, Esq.
Richard Hunt, Esq.
Munsch, Hardt, Kopf & Harr PC
500 North Akard Street, Suite 3800
Dallas, Texas 75201-6659

Chapter 11 Trustee: Daniel J. Sherman, Esq.
Sherman & Yaquinto
509 North Montclair Avenue
Dallas, Texas 75208

For Peter S. Vogel, the Receiver: Barry M. Golden, Esq.
Gardere Wynne Sewell LLP
3000 Thanksgiving Tower, 1601 Elm Street
Dallas, Texas 75201

For Creditor Jeffrey Baron: Martin Keith Thomas, Esq.
Thomas & Sobol
Post Office Box 36528
Dallas, Texas 75235

For the Netsphere parties: John MacPete, Esq.
Locke Lord Bissell & Liddell
2200 Ross Avenue, Suite 2200
Dallas, Texas 75201

Fourth Interim Application for Compensation

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1 wrapping – they're trying to do steps to wrap up the
2 receivership. We're going to meet with Mr. Golden tomorrow on
3 trying to wrap up the receivership. So, Your Honor, what we've
4 been doing is working with the receiver as close as we can in
5 trying to wrap up the estate.

6 Just, you know, in terms of my firm and our fees, it's
7 sort of an accommodation. Even though we were allowed to get
8 paid monthly fees under a Court-approved procedures order, we –
9 the last time we got paid was for November 2010. So my firm is
10 owed really from December through, you know, today. And we just
11 sort of held off, because we wanted to see how things were going
12 to progress and how much money would be in the estate. So we've
13 held off and not gotten paid. But today I'm here sort of with
14 my hand out, because I need to get some payment for my firm as
15 we continue to do all the things that, you know, we're talking
16 about here.

17 Your Honor, just to give you a quick status of the
18 bankruptcy case, we've gone through a claims process where we
19 determined which claim should be allowed and which claim should
20 be objected to. And the Court has had that hearing. And at the
21 end of the day it looks like in the Ondova case we have true
22 general unsecured claims of \$767,000.

23 The trustee has commenced suit against a coowner of a
24 valuable domain name, Servers.com. They brought a motion to
25 dismiss, but that litigation is underway.

Fourth Interim Application for Compensation

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1 The trustee is currently evaluating the best way to
2 sell ten or so remaining Ondova names. The trustee has recently
3 sort of completed sort of a mini audit of the big settlement
4 agreement and is has communicating to the parties about some
5 moneys still owed to the estate. It's not much. It's around
6 \$40,000. It's probably something I should have done sooner, but
7 really was distracted by other things.

8 We received our very last River Cruise payment that -
9 the River Cruise settlement was approved in early 2010 and all
10 the payments came in.

11 There's another name that we own, where someone has a
12 trademark on it. And we are evaluating whether we're required
13 to convey that name to that party for free or whether we could
14 obtain some payment.

15 And we're, you know, taking other steps, I think, to
16 wrap things up. Mr. Faulkner and I have been - I'm sorry. Mr.
17 Sherman and I have been talking to Keith Enger of Lain Faulkner
18 about a large tax refund. And this estate may be entitled to a
19 pretty significant tax refund for taxes paid for 2009 and 2010.

20 Currently the estate has \$1,298,000, but that includes
21 the 330,000 that you set aside to compel Mr. Baron's compliance
22 with the settlement. The way the estate looks, Your Honor,
23 right now is that there's the 1,298,000, and we have a potential
24 tax refund of about 350,-. We have filed a motion to get
25 reimbursed some fees in the receivership and that's for

Fourth Interim Application for Compensation

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1 questions.

2 MR. URBANIK: Sure.

3 THE COURT: First I wanted to go through the numbers
4 again, -

5 MR. URBANIK: Yes, Judge.

6 THE COURT: - make sure I heard it right. You said
7 right now the Trustee has on hand \$1,298,000. And that includes
8 the 330,000 that I know was technically owed back to Novo Point
9 or Quantec that at one point I said it's going to stay there
10 segregated as sort of a security deposit against the risk -

11 MR. URBANIK: Risk.

12 THE COURT: - that they don't comply with the
13 settlement order or sanction awards if appropriate, but that -

14 MR. URBANIK: That includes that amount, the million
15 two.

16 THE COURT: - that includes that amount.

17 Then we have, you hope, a \$350,000 tax refund coming,
18 correct?

19 MR. URBANIK: Yes, Judge.

20 THE COURT: And then you said you have filed a request
21 for reimbursement from the receivership of - we either said 397
22 or -

23 MR. URBANIK: Three hundred and -

24 THE COURT: - three and -

25 MR. URBANIK: Three hundred and ninety-seven thousand.

Exhibit C

ARGUMENT & AUTHORITY

REPLY ISSUE 1: THERE WAS NO EMERGENCY OR EXIGENT NEED FOR SHERMAN AND VOGEL TO SEEK SECRET OFF-THE-RECORD *EX PARTE* PROCEEDINGS TO SEIZE ALL OF BARON'S RIGHTS AND ASSETS.

The Ondova Bankruptcy Estate was Flush with a CASH Surplus Exceeding a Million Dollars, and Held \$330,000.00 in Cash Escrow for Baron

Baron is the beneficial owner of Ondova, and in September 2010 Ondova had \$330,000.00 of Baron's cash money in 'escrow' and held more than a **million dollar cash surplus** above all claims and liabilities of the bankruptcy estate. In September 2010 the Ondova bankruptcy estate held:

- (1) \$330,000.00 of Baron's money in 'escrow' to ensure Baron's compliance with the global settlement agreement;
- (2) Nearly \$300,000.00 of cash belonging to Baron that was refunded from a creditor of Ondova on a debt that Baron personally guaranteed, was forced to pay, and overpaid, and for which the overpayment was seized by Ondova;
- (3) Some \$2,000,000.00 in cash and only around \$900,000.00 in claims.

16:29 1 agreement has components that go on for years, including
2 some payments to the estate and Village Trust. So many of
3 the contractual components are complete. The release that
4 we gave the parties and they gave us is now down the
5 drain. We never anticipated hundreds of thousands of
6 dollars of new claims to show up. It gives rise to a new
7 claim by Mr. Sherman against the Baron parties. There was
8 fraud here. There was fraud here because Baron never
9 intended to pay the lawyers. We didn't know we would have
10 hundreds of thousands of dollars coming into our estate.
11 The negotiation was to pay the debts and give the keys
12 back to Mr. Baron. But that didn't happen. From the day
13 of the settlement agreement, Mr. Pronske advised he was
14 resigning because he hadn't been paid, and the other
16:30 15 lawyers weren't paid. So the releases are down the drain,
16 and the road map for the future is very unclear, very
17 cloudy because we have the new substantial contribution
18 state court motion. Five lawsuits against Baron. The
19 mediation process that collapsed, those were all the
20 reasons that we came to this Court for the receivership
21 because we will never end this bankruptcy case if Baron
22 continued what he was doing. There was no way for us to
23 continue. Mr. Sherman has fiduciary duties to his
24 creditors. And then the funds would have been gone. If
25 we had filed a motion giving them fourteen days' notice,

Exhibit D

1 Manila Netsphere?

2 MR. URBANIK: That is correct.

3 THE COURT: 1 million 200 hundred --

4 MR. URBANIK: Fifty thousand dollars.

5 THE COURT: -- 50 thousand.

6 MR. TAUBE: Your Honor, if it'll help the Court, I
7 have the supplemental agreement with all the signatures, and I
8 am happy to deliver it to the counselor right now.

9 THE COURT: Okay. If you would.

10 MR. URBANIK: Mr. Lyon, this is all agreed to? Okay.

11 MR. LYON: (Inaudible.)

12 MR. URBANIK: Okay.

13 Your Honor, that's it. We -- the settlement payment is
14 the only remaining item because all signatures are in, all
15 documents have been signed, all exhibits, the Court order we
16 needed from Judge Furgeson. We are ready to dismiss all those
17 other lawsuits once we receive the Netsphere Manila payment.

18 There is a payment due from The Village Trust today of \$32,000
19 that I haven't seen evidence it's come in yet. The first
20 installment of the deferred payment is due from The Village
21 Trust.

22 THE COURT: The first installment of the \$600,000
23 deferred payment --

24 MR. URBANIK: There is a \$450,000 -- there is a
25 \$450,000 component that goes through Mr. Sherman. And Manila

Exhibit D

<u>Fee App & Date</u>	<u>Fees</u>	<u>Expenses</u>	<u>Fees Awarded</u>	<u>Expenses Awarded</u>	<u>Trustee to Pay MH</u>
First Fee App - 4/27/10	\$301,067.50	\$7,095.48	\$301,067.50	\$7,095.48	\$60,213.50
Second Fee App - 6/21/10	369,904.50	\$6,530.66	\$369,904.50	\$6,530.66	\$73,980.90
Third Fee App - 10/20/10	\$328,605.50	\$6,341.07	\$328,605.50	\$5,656.82	\$65,036.84
Fourth Fee App - 3/25/11	\$425,595.50	\$11,688.73	\$425,595.50	\$11,688.73	\$310,112.47
Fifth Fee App - 7/11/11	\$307,551.00	\$18,427.36	\$307,551.00	\$18,427.35	\$325,978.35
Sixth Fee App - 11/21/11	\$369,499.40	\$9,778.95	\$369,499.50	\$9,778.95	\$175,000.00
Seventh Fee App - 3/23/12	\$229,529.50	\$9,301.76	\$229,529.50	\$9,301.76	\$170,000.00
Eighth Fee App - 6/29/12	182,797.50	\$7,565.68			
<u>TOTAL</u>	\$2,514,550.40	\$76,729.69	\$2,331,753.00	\$68,479.75	\$1,180,322.06

Exhibit E

“[I]f I were going to be entering into this settlement agreement, that once the creditors were paid, that there would be a significant amount of money that was left over, that would come back, that would stay, you know, in a company that I would have at the end of the day. I was told that obviously if you look at the settlement agreement, I individually am not getting any, a penny from it myself. The settlement agreement was that Ondova was going to be able to walk away out of the bankruptcy, after it paid its creditors, with a large amount of cash, and we were thinking maybe even a million dollars.”

SR. v10 p4222 (Baron’s testimony before the Bankruptcy Court on 9/15/2010.)

Sherman should have immediately closed the Ondova bankruptcy in September 2010 when there was the million dollars cash surplus.
Sherman’s counsel has admitted “The negotiation was to pay the debts and give the keys back to Mr. Baron. But that didn’t happen.” R. 4598:11-12. Instead, Sherman kept the bankruptcy open and ran up over \$300,000.00 in additional attorney fees. Baron eventually objected. Within three business days of Baron’s objection², Sherman and Vogel had Baron placed into receivership.

² R. 1577.

Exhibit F

ENTERED

TAWANA C. MARSHALL, CLERK
THE DATE OF ENTRY IS
ON THE COURT'S DOCKET



The following constitutes the ruling of the court and has the force and effect therein described.

Handwritten signature of Stanley H. George
United States Bankruptcy Judge

Signed June 16, 2010

THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE: §
§
ONDOVA LIMITED COMPANY, § Case No. 09-34784-SGJ-11
§
Debtor. §

ORDER DENYING TRUSTEE'S MOTION TO MODIFY ORDER [DE # 351] AND
MOTION FOR EXPEDITED HEARING [DE # 352]

On June 3, 2010, this court entered its Order Continuing Hearing on Trustee's Motion to Convert Case [DE # 317] and Verisign's Motion for Allowance and Payment of Administrative Claim [DE # 316], with Conditions Pertaining to a Settlement (the "June 3, 2010 Order"). The June 3, 2010 Order required, among other things, for the principals of Manilla and Netsphere and Jeff Baron, along with their lawyers and the Chapter 11 Trustee (Daniel Sherman), to appear in the offices of Munsch Hardt, in Dallas, Texas on Monday June 14, 2010 at 12 noon through Monday, June 21, 2010 at midnight, as convened and required by the

Order

Trustee, for further negotiations to resolve the remaining "word smithing" issues that precluded finalization of a global settlement agreement pertaining to this case and related litigation (the court specified that this marathon negotiating session would only be necessary if a settlement agreement was not finalized and filed by the Trustee, with a Rule 9019 Motion, by June 9, 2010). The court issued the June 3, 2010 Order after receiving sworn testimony from Jeff Baron and representations from various counsel in open court that indicated that a settlement in principle had been reached, subject only to "word smithing" of certain specific issues in an approximately 100-page settlement document that had been negotiated among the parties and lawyers for weeks. The court heard details of the settlement in principle. The court heard representations that a settlement agreement would likely be filed before the June 9, 2010 deadline given by the court (i.e., the deadline to avoid the required marathon negotiation session). No settlement agreement was filed by June 9, 2010, despite the positive assurances given by counsel. Then, quite unexpectedly, on June 14, 2010, the Trustee filed a Motion to Modify Order [DE # 351] (the "Motion to Modify"), which sought to modify the June 3, 2010 Order, to eliminate the requirement that the parties and lawyers meet face to face between June 14-21, 2010 to hammer out unresolved word smithing issues, along with a Motion for Expedited Hearing [DE #

352] (the "Motion for Expedited Hearing"). The Motion to Modify represents, essentially, that the marathon negotiating session would appear to be an exercise in futility at this point, as a global settlement no longer seems achievable (this, despite what the court heard in sworn testimony and from officers of the court on or about June 3, 2010).

The court having considered the relief requested in the Motion to Modify and the Motion for Expedited Hearing, finds that the request is not reasonable and there is no good cause to grant either the Motion to Modify or the Motion for Expedited Hearing.
Accordingly, it is hereby

ORDERED that Motion to Modify and Motion for Expedited Hearing are denied. The requirements of the June 3, 2010 Order remain.

###END OF ORDER###

Exhibit G

Re. Exhibit "G"

I am having difficulty in transcribing the audio recording of this hearing. I will get it to your investigator when he/she calls for additional information.

Exhibit H

10. **Abatement and Dismissal of Existing Cases.** The Parties acknowledge that the California Case is closed in that the dismissal was appealed but affirmed on June 3, 2009, by the appellate court via *Manila Industries Inc., et al. v. Ondova Limited Co. d/b/a Compana LLC, et al.*, No. 07-55232 (9th Cir. Ct. of Appeals), and any claims brought pursuant to such case are released pursuant to this Agreement and the terms herein. In such regard, each of the Parties agrees, within two (2) business days after the Transfer Date, to execute and deliver to Munsch Hardt Kopf & Harr, P.C., in escrow for filing, and it shall promptly file, Agreed Orders of Dismissal and/or Joint Stipulations of Dismissal with Prejudice in the Texas Case, VI Case, Phoncards.com Case and Dallas Federal Case in the exact form attached hereto as Exhibits H, I, J and K, respectively.
11. **Bankruptcy Court Approval.** This Agreement, and its validity, (i) is subject to the Bankruptcy Court's entry of the Final Settlement Order pursuant to Federal Rule of Bankruptcy Procedure 9019, and each of the Parties agrees to cooperate in obtaining the same through a motion seeking such approval; (ii) is subject to the delivery of the Cash Payment to the Chapter 11 Trustee on or before the Transfer Date (herein "Funding"); and (iii) notwithstanding anything to the contrary herein, shall not be binding on any of the Parties until the date of the Final Settlement Order and Funding. As used herein:
- A. "Final Settlement Order" shall mean an order approving this Agreement: (1) as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired, and as to which no appeal, petition for certiorari, stay or other proceeding for reargument or rehearing has been sought or ordered; (2) as to which a timely appeal, petition for certiorari, stay, reargument or rehearing thereof has been sought, but such request resulted in one of the following: (a) the request has been withdrawn, (b) the relief requested has been denied, or (c) the Bankruptcy Court's order shall have been otherwise affirmed by the highest court to which such order was appealed, or from which reargument or rehearing was sought, and no further timely request for appeal, reargument or rehearing may be made; or (3) which the Parties unanimously agree in writing, each in their own discretion, to rely upon following the Bankruptcy Court's entry of the order in question, notwithstanding any timely appeal, petition for certiorari, stay, reargument or rehearing sought with respect to such order by any third party.
- B. "Settlement Date" shall mean the day after the date on which the Bankruptcy Court's order approving this Agreement becomes a Final Settlement Order.
- C. Effectiveness. For avoidance of doubt, nothing whatsoever contained in this Agreement shall be binding on the Parties prior to the receipt by the Chapter 11 Trustee of the Cash Payment from Manila; and any provisions of this Agreement which are effective or occur prior to receipt of the Cash Payment are null and void if the Cash Payment is not received by the Chapter 11 Trustee.
12. **Intellectual Property.**
- A. The following shall be referred to as the "Netsphere Software": (a) domain names registered by Netsphere and/or Krishan and/or their privacy service that are not currently registered via Ondova, excluding the Remaining Allocated Names; (b) any search engine software developed in whole or in part by any of the Manila Parties or Manila Related Parties (hereinafter collectively referred to as the "Netsphere Parties"), including, but not limited to, the website, content and search engine software developed for *searchguide.com*, (herein, the "Search Engine Software"), (c) any software used to identify domain names to register developed in whole or in part by any of the Netsphere Parties (the "Registration Software"); (d) any trademark filtering software developed in

EXHIBIT H

Form of Agreed Order of Dismissal/Joint Stipulation in the Texas Case

CAUSE NO. 06-11717-C

ONDOVA LIMITED COMPANY, ET AL,	§	IN THE DISTRICT COURT
PLAINTIFFS,	§	
VS.	§	68th JUDICIAL DISTRICT
	§	
MANILA INDUSTRIES, INC., ET AL,	§	DALLAS COUNTY, TEXAS
DEFENDANTS.	§	

STIPULATED DISMISSAL WITH PREJUDICE

Plaintiffs, Ondova Limited Company d/b/a Compana, LLC and Jeffrey Baron (collectively "Plaintiffs"), filed the Complaint in Cause No. 06-11717-C against Defendants, Munish Krishan, Manila Industries, Inc., Netsphere, Inc., HCB, LLC, Realty Investment Management, LLC, Simple Solutions, LLC, Denis Kleinfeld, Four Points Management, LLLP and Marshden, LLC (collectively "Defendants"). CK Ventures, Inc. d/b/a Hitfarm.com ("Hitfarm") has intervened in this matter and Quantec LLC ("Quantec"), Novo Point LLC ("Novo Point"), and Iguana Consulting LLC ("Iguana") have sought to intervene (Hitfarm, Quantec, Novo Point, and Iguana are herein collectively referred to as the "Intervenors"). Plaintiffs have now agreed upon a resolution of this matter with Defendants and Intervenors prior to a trial on the merits. Plaintiffs, Defendants and Intervenors hereby agree and it is hereby ORDERED, ADJUDGED and DECREED as follows:

1. This Court has jurisdiction over the parties and subject matter of this action.
2. Any and all claims and counter-claims that have been or could have been asserted by Plaintiffs, Defendants and Intervenors are dismissed with prejudice to the right of Plaintiffs, Defendants and Intervenors to file or refile same or any part thereof against any and/or all of the parties herein.
3. Each party shall bear its own costs and attorneys' fees.

EXECUTION VERSION

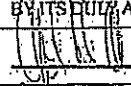
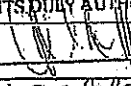

4. This Court shall retain jurisdiction for purposes of enforcing this order.

SO AGREED AND STIPULATED:

<p><i>Jeffrey Baron</i> Jeffrey Baron Date: <u>8/13</u>, 2010</p>	<p>Ondova Limited Company By: <u>Debtors Trust, Managing Member</u> Signed: <i>Daniel J. Sherman</i> Name: <u>DANIEL J. SHERMAN</u> Title: <u>CH 11 Trustee in Bankruptcy</u> Date: <u>8/30</u>, 2010</p>
<p>Ondova Chapter 11 Trustee By: Daniel J. Sherman Signed: <i>Daniel J. Sherman</i> Name: <u>DANIEL J. SHERMAN</u> Title: <u>Ch 11 Trustee</u> Date: <u>8/13</u>, 2010</p>	<p>Quantec LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Novo Point LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Iguana Consulting LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Netsphere, Inc. Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Maula Industries, Inc. Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>

4. This Court shall retain jurisdiction for purposes of enforcing this order.

SO AGREED AND STIPULATED:

<p>_____ <u>Jeffrey Baron</u> Date: _____, 2010</p>	<p>Ondova Limited Company By: Daystar Trust, Managing Member Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Ondova Chapter 11 Trustee By: Daniel J. Sherman Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Quantec LLC ATP NOMINEES LIMITED BY ITS DULY AUTHORIZED OFFICER. Signed:  Name: <u>ANGELA ROWE & JOCELYN KATEWA</u> Title: _____ Date: <u>9th July</u>, 2010</p>
<p>Novo Point LLC ATP NOMINEES LIMITED BY ITS DULY AUTHORIZED OFFICER. Signed:  Name: <u>ANGELA ROWE & JOCELYN KATEWA</u> Title: _____ Date: <u>9th July</u>, 2010</p>	<p>Iguana Consulting LLC ATP NOMINEES LIMITED BY ITS DULY AUTHORIZED OFFICER. Signed:  Name: <u>ANGELA ROWE & JOCELYN KATEWA</u> Title: _____ Date: <u>9th July</u>, 2010</p>
<p>Netsphere, Inc. Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Manila Industries, Inc. Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>

4. This Court shall retain jurisdiction for purposes of enforcing this order.

SO AGREED AND STIPULATED:

<p>_____ <u>Jeffrey Baron</u> Date: _____, 2010</p>	<p>Ondova Limited Company By: Daystar Trust, Managing Member Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Ondova Chapter 11 Trustee By: Daniel J. Sherman Signed: <u>Daniel J. Sherman</u> Name: <u>DANIEL J. SHERMAN</u> Title: <u>Ch 11 Trustee</u> Date: <u>8/13</u>, 2010</p>	<p>Quantec LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Novo Point LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Iguana Consulting LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Netsphere, Inc. Signed: <u>John MacPete</u> Name: <u>John MacPete</u> Title: <u>Attorney for Netsphere</u> Date: <u>26 August</u>, 2010</p>	<p>Manila Industries, Inc. Signed: <u>John MacPete</u> Name: <u>John MacPete</u> Title: <u>Attorney for Manila</u> Date: <u>26 August</u>, 2010</p>


EXECUTION VERSION

4. This Court shall retain jurisdiction for purposes of enforcing this order.

SO AGREED AND STIPULATED:

<p>_____ Jeffrey Baron Date: _____, 2010</p>	<p>Ondova Limited Company By: Daystar Trust, Managing Member Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Ondova Chapter 11 Trustee By: Daniel J. Sherman Signed: <i>[Signature]</i> Name: <u>DANIEL J. SHERMAN</u> Title: <u>Ch 11 Trustee</u> Date: <u>8/13</u>, 2010</p>	<p>Quantec LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Novo Point LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>	<p>Ignana Consulting LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010</p>
<p>Netsphere, Inc. Signed: <i>[Signature]</i> Name: <u>Munish Krishan</u> Title: <u>President</u> Date: <u>8/26</u>, 2010</p>	<p>Manila Industries, Inc. Signed: <i>[Signature]</i> Name: <u>Munish Krishan</u> Title: <u>President</u> Date: <u>8/26</u>, 2010</p>

EXECUTION VERSION

 <u>Munish Krishan</u> Date: <u>8/26</u> , 2010	CK Ventures, Inc. d/b/a Hitfarm.com Signed: _____ Name: _____ Title: _____ Date: _____, 2010
HCB, LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010	Realty Investment Management, LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010
Simple Solutions, ELC Signed: _____ Name: _____ Title: _____ Date: _____, 2010	Four Points Management, LLLP Signed: _____ Name: _____ Title: _____ Date: _____, 2010
Marshden, LLC Signed: _____ Name: _____ Title: _____ Date: _____, 2010	_____ <u>Denis Kleinfeld</u> Date: _____, 2010

EXECUTION VERSION

<p>Munish Krishan</p> <p>Date: _____, 2010</p>	<p>CK Ventures, Inc. d/b/u Hitfirm.com</p> <p>Signed: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____, 2010</p>
<p>HCB, LLC <i>For 31-5 by Marshden</i></p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p><i>By Denis Kleinfeld</i></p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>MANAGER MARSHDEN</u></p> <p>Date: <u>28 Aug</u>, 2010</p>
<p>Simple Solutions LLC <i>For 31-5 by Marshden</i></p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p>Four Points Management, L.L.P. <i>By Marshden</i></p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>
<p>Marshden, LLC</p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p><i>By Denis</i></p> <p>Signed: <i>By Denis</i></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Date: <u>28 Aug</u>, 2010</p>

EXECUTION VERSION

<p><u>Munish Krishan</u></p> <p>Date: _____, 2010</p>	<p>CK Ventures, Inc. d/b/a Kiffarm.com</p> <p>Signed: <u>[Signature]</u></p> <p>Name: <u>CHRIS SKINNER</u></p> <p>Title: <u>DIRECTOR</u></p> <p>Date: <u>31 August</u>, 2010</p>
<p>HCB, LLC <u>By [Signature] / Munishden</u></p> <p>Signed: <u>[Signature]</u></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p>Realty Investment Management, LLC</p> <p>Signed: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Date: _____, 2010</p>
<p>Simple Solutions LLC <u>By [Signature] / Munishden</u></p> <p>Signed: <u>[Signature]</u></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p>Four Points Management, LLC</p> <p>Signed: <u>[Signature]</u></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager Marshden</u></p> <p>Date: <u>28 Aug</u>, 2010</p>
<p>Marshden, LLC</p> <p>Signed: <u>[Signature]</u></p> <p>Name: <u>Denis Kleinfeld</u></p> <p>Title: <u>Manager</u></p> <p>Date: <u>28 Aug</u>, 2010</p>	<p><u>[Signature]</u></p> <p><u>Denis Kleinfeld</u></p> <p>Date: <u>28 Aug</u>, 2010</p>

EXECUTION VERSION

SO ORDERED:

Signed _____, 2010.

HONORABLE DISTRICT COURT JUDGE
MARTIN HOFFMAN

Exhibit I

10/28/10 Bankruptcy Hearing

6

1 motion of VeriSign for an allowance of an administrative
2 expense claim or, in the alternative, to compel assumption or
3 rejection or relief from stay to terminate their agreement
4 with Ondova. We have set the trustee's motion for
5 determination of pricing with respect to domain name
6 registration agreement, and then we've got a continued setting
7 on the show cause matter that we've had set many times now
8 where we have expressed concerns about compliance with
9 obligations under the settlement agreement by Mr. Baron, is
10 there a hundred percent compliance or not, and what do we need
11 to do about it, if not.

12 So with that, Mr. Urbanik, can you start by reporting
13 where we are in the continuing saga of settlement agreement
14 implementation, as well as tell me where we are with the
15 VeriSign issue and transferring the domain names out of the
16 estate issue?

17 MR. URBANIK: Thank you, yes, Your Honor. Good
18 morning. The current status is that parties are all complying
19 with settlement agreement provisions in terms of payments and
20 other activities, so there has been no problem. Some payments
21 aren't yet due. Some payments aren't due yet from the
22 Netsphere/Manila parties. There are other parties that need
23 to come to the estate from the Village Trust, but they are
24 being sort of made a part of a separate agreement we're
25 working on to wind down Ondova's affairs. I have the docket

Exhibit D

1 Manila Netsphere?

2 MR. URBANIK: That is correct.

3 THE COURT: 1 million 200 hundred --

4 MR. URBANIK: Fifty thousand dollars.

5 THE COURT: -- 50 thousand.

6 MR. TAUBE: Your Honor, if it'll help the Court, I
7 have the supplemental agreement with all the signatures, and I
8 am happy to deliver it to the counselor right now.

9 THE COURT: Okay. If you would.

10 MR. URBANIK: Mr. Lyon, this is all agreed to? Okay.

11 MR. LYON: (Inaudible.)

12 MR. URBANIK: Okay.

13 Your Honor, that's it. We -- the settlement payment is
14 the only remaining item because all signatures are in, all
15 documents have been signed, all exhibits, the Court order we
16 needed from Judge Furgeson. We are ready to dismiss all those
17 other lawsuits once we receive the Netsphere Manila payment.

18 There is a payment due from The Village Trust today of \$32,000
19 that I haven't seen evidence it's come in yet. The first
20 installment of the deferred payment is due from The Village
21 Trust.

22 THE COURT: The first installment of the \$600,000
23 deferred payment --

24 MR. URBANIK: There is a \$450,000 -- there is a
25 \$450,000 component that goes through Mr. Sherman. And Manila

k

LYON - DIRECT - BARRETT

33

09:52 1 A Ondova Limited Company.

2 Q So you weren't involved in Ondova?

3 A Yes, sir.

4 Q And in fact were you also -- Were you also
5 ordered at some point to attend a mediation subsequent to
6 that?

7 A I do not recall being ordered to attend a
8 mediation, no, sir.

9 Q You don't recall that?

10 A No, sir.

11 Q Did the settlement agreement, in fact, require
12 agreed orders of dismissal of the case be executed within
13 two days after the transfer date?

14 A Yes, sir.

09:53 15 Q And in fact, was that transfer date
16 approximately August 5th, 2010?

17 A I don't recall the date.

18 Q Okay. And to your knowledge, did Jeff Baron
19 comply with that?

20 A To my knowledge, he did.

21 Q And that was the only stipulation in the
22 settlement agreement that he complied with, correct?

23 A He also was required to sign as trustee of the
24 Day Star Trust which he was. We also negotiated a
25 settlement where he was to sign for the -- There is

Exhibit J

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., Et. Al.
Plaintiffs,

vs.

JEFFREY BARON, Et. Al.
Defendants

§
§
§
§
§
§


Civil Action No. 3-09CV0988-F

DECLARATION OF BLAKE BECKHAM

1. My name is Blake Beckham. The facts stated in this declaration are within my personal knowledge and are true and correct. I have personal knowledge of the stated facts that I learned from participating in the events set out below.
2. In or about September 2010, Ray Urbanik called me, unsolicited, and invited me to make a claim for attorney’s fees against Jeff Baron. Mr. Urbanik was representing Daniel Sherman, the Trustee of the Ondova bankruptcy estate.
3. I was told by Mr. Urbanik, in substance, that the Trustee wanted to make sure that all attorneys who had represented Jeff Barron or his entities were paid in full. He indicated that I could make a claim, despite the fact that I informed Mr. Urbanik I was not owed any money by Jeff.
3. I was also asked to provide names of any other attorneys who might make a fee claim against Jeff Baron.
4. I declined Mr. Urbanik’s invitation to file a claim against Jeff Baron, as Mr. Baron owed no fees.
5. I have practiced law since 1986, am AV rated by Martindale-Hubbell, have been recognized as a “Texas Super Lawyer” (2005-2011) and am a fellow of the Texas Bar Association. I am competent and qualified to make this declaration.

I declare under penalty of perjury that the foregoing is true and correct.

Signed this 8th day of August, 2012, at Dallas, Texas.


BLAKE BECKHAM

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., Et. Al.
Plaintiffs,

vs.

JEFFREY BARON, Et. Al.
Defendants

§
§
§
§
§
§

Civil Action No. 3-09CV0988-F

DECLARATION OF JAY KLINE

1. My name is Jay Kline. The facts stated in this declaration are within my personal knowledge and are true and correct. I am an attorney licensed to practice law in the State of Texas since 1988. I am competent and qualified in all respects to make this declaration.

2. On or about September 2010, Mr. Blake Beckham, former litigation counsel for Ondova, Inc. and colleague of mine, informed me that the Trustee in the Ondova bankruptcy, who I now know to be Daniel Sherman, had encouraged him to make a claim for attorney fees against Jeff Baron personally, and to encourage any other lawyers involved with Mr. Baron to do the same.

3. Jeff Baron did not owe me any money, and I declined to make any claims against him.

I declare under penalty of perjury that the foregoing is true and correct.

Signed this 6th day of August, 2012, at Dallas, Texas.



JAY KLINE

Exhibit K

U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS
ON THE COURT'S DOCKET
TAWANA C. MARSHALL, CLERK

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
ONDOVA LIMITED COMPANY,	§	Case No. 09-34784-SGJ-11
DEBTOR.	§	
<hr/>		
	§	
NETSPHERE, INC., ET AL.,	§	
PLAINTIFFS,	§	
	§	
VS.	§	Civil Action No. 3-09CV0988-F
	§	
JEFFREY BARON, ET AL.,	§	
DEFENDANTS.	§	

REPORT AND RECOMMENDATION TO DISTRICT COURT
(JUDGE ROYAL FURGESON):

THAT PETER VOGEL, SPECIAL MASTER, BE
AUTHORIZED AND DIRECTED TO MEDIATE ATTORNEYS FEES ISSUES

The undersigned bankruptcy judge makes this Report and Recommendation to the Honorable Royal Furgeson, who presides over litigation related to the above-referenced bankruptcy case styled *Netsphere v. Baron*, Case # 3-09CV0988-F (the "District Court Litigation"). The purpose of this submission is: (a) to report the status of certain matters pending before the bankruptcy court, that are related to the District Court Litigation; and (b)

without ever intending to pay them the full amounts that they charge, and then terminating them when they demand payment, this court is troubled that there are possibly criminal implications for Jeffrey Baron.

The bankruptcy court has announced that it will not allow this pattern to occur any further in these proceedings, and Jeffrey Baron will not be allowed to hire any additional attorneys. Mr. Baron has been told that he can either retain Gary Lyon and Martin Thomas through the end of the bankruptcy case (which this court does not expect to last much longer) or he can proceed *pro se*. The bankruptcy court has further warned Mr. Baron that if he chooses to proceed *pro se* and does not cooperate in connection with final consummation of the Global Settlement Agreement, he can expect this court to recommend to His Honor that he appoint a receiver over Mr. Baron, pursuant to 28 U.S.C. §§ 754 & 1692, to seize Mr. Baron's assets and perform the obligations of Jeffrey Baron under the Global Settlement Agreement.¹¹

III. RECOMMENDATION.

As alluded to above, the bankruptcy court's concerns over the above hiring and firing of lawyers by Mr. Baron is multi-faceted (e.g., Rule 11 implications; frustration of the Global

¹¹ The bankruptcy court is concerned that it would not have the power to appoint a receiver over Mr. Baron, due to language in section 105(b) of the Bankruptcy Code.

Exhibit L

Gary G. Lyon
Oklahoma State Bar No. 005585
Post Office Box 1227
Anna, Texas 75409
Attorney for Jeffrey Baron

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

IN RE:

ONDOVA LIMITED COMPANY,

Debtor.

§
§
§
§
§

**CASE NO. 09-34784 sgj-11
CHAPTER 11**

**JEFFREY BARON'S LIMITED OBJECTION TO THE
THIRD INTERIM FEE APPLICATION OF MUNSCH HARDT KOPF & HARR**

TO THE HONORABLE JUDGE OF THE BANKRUPTCY COURT:

COMES NOW, Jeffrey Baron (hereinafter "Baron"), a creditor in the above styled matter, the former principal of the Debtor, and for his limited Objection to the Third Interim Fee Application of Munsch Hardt Kopf & Harr, P.C. (hereinafter "Munsch Hardt") and in support of the limited objection states:

1. In little over one year, Munsch Hardt, as attorneys for the trustee, has been approved for and received over \$670,000 from the estate of the Debtor and now, by application, seeks an additional \$328,605.50 for the months of June through September 30, 2010.
2. Munsch Hardt in its fee application at pp.7-8 correctly cites the relevant case law for award of fees. A Bankruptcy Court is within its rights to conduct an evidentiary hearing on a fee application. *In Re Fibermark, Inc.*, 2005 WL 3242678, Bkrptcy D.Vt. 2005
3. Munsch Hardt has interspersed its timesheets with blanked out entries. Baron

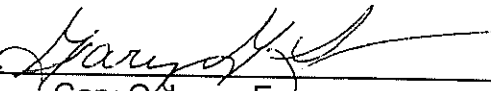
- would request a copy of the privilege log to back up, ascertain and verify the assertion of privilege.
4. During the pendency of the time period billed, Munsch Hardt assigned 3 partners and 2 associates to handle the bankruptcy of the Debtor company consisting of 1 full time employee and three leased computer servers.
 5. The Trustee has recently concluded that the Debtor could not be economically or effectively reorganized in light of the magnitude of administrative claims, consisting of primarily legal fees.
 6. The underlying controversies were substantially settled in early summer, 2010 with occasional flare ups over the next month or so. Nonetheless Munsch Hardt's third interim fee bill does not seem to indicate a corresponding reduction and lessening of activity thereafter.
 7. To determine whether Munsch Hardt's fee application is reasonable, Baron requests leave to depose Ray Urbanik on the subject of the fee application for a maximum of one and one-half hour.
 8. Upon initial review, it appears that the work performed on the bankruptcy matter has been somewhat over-reaching, but that information obtainable from Mr. Urbanik in the proposed deposition would be able to substantiate the necessity of and the amount of work performed by Munsch Hardt.

WHEREFORE, Jeffrey Baron lodges this, his limited objection to the Third Interim Fee Application of Munsch Hardt and requests that the Court order production of a privilege log, order the deposition of Ray Urbanik as set forth above, and continue the hearing on the Third Interim Fee Application subject to the completion of the requested

deposition, and for such other and further relief as the Court may deem necessary and appropriate.

Dated: November 19, 2010

Jeffrey Baron

By: 

Gary G. Lyon, Esq.
Oklahoma State Bar Number 005585
Attorney at Law
Post Office Box 1227
Anna, TX 75409
(972) 977-7221 (telephone)
(214) 831-0411 (facsimile)
E-mail: . . .

CERTIFICATE OF SERVICE

I certify that on 11-19-10, I electronically filed the foregoing document with the Clerk of the Court for the U.S. Bankruptcy Court for the Northern District of Texas, Dallas Division, using the electronic case filing system of the Court. The electronic case filing system will sent a "Notice of Electronic Filing" to all attorneys of record who have consented in writing to accept the Notice as service of this document by electronic means.



GARY G. LYON

Exhibit M

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

NETSPHERE, INC., Et. Al.	§	
<i>Plaintiffs,</i>	§	
vs.	§	Civil Action No. 3-09CV0988-F
	§	
JEFFREY BARON, Et. Al.	§	
<i>Defendants</i>	§	

MOTION FOR LEAVE TO RECONSIDER STAY PENDING APPEAL

TO THE HONORABLE ROYAL FURGESON, SENIOR U.S. DISTRICT JUDGE:

Defendant Jeff Baron moves for leave for the Court, pending appeal, to stay or partially stay the Vogel receivership order, based on new material which materially changes the facts considered by this Court in denying Baron's original Fed.R.App.P. 8 motion, as follows:

1. Movant understands the court does not want to retread water it has already passed over. However, the rules contemplate that sometimes, in the interest of justice, a case should be looked at anew. *Cf.* Fed.R.Civ.P. 60.

2. Attorneys have started to come forward and reveal information that was previously hidden. As the Court is aware, in September 2010 after the global settlement was completed Sherman had enough funds in the bank to pay all the creditors in full and still have around a Million Dollar cash surplus. What the Court is likely **unaware** is that instead of immediately closing the Bankruptcy, as was his duty under the global settlement agreement, Sherman **actively worked to**

generate claims to 'justify' his further involvement and putting off closing the case.

3. Recently, multiple attorneys came forward. One attorney was willing to provide a sworn statement regarding Sherman's solicitation. Then, another attorney was willing to provide a sworn statement to corroborate those facts. These corroborated sworn statements are attached as Exhibits "A" and "B" for the Court's consideration and attention.

4. As testified to by the attorneys, in September, 2010, Sherman, used his counsel Urbanik to actively and vigorously solicit attorneys to make claims against Baron. It appears, moreover, that Sherman and Urbanik attempted to actively and aggressively solicit every attorney they could find, seeking 'referrals'— names of other attorneys they could solicit to make more claims against Baron.

5. Further, as testified to in the attached exhibits, on Sherman's behalf **Urbanik solicited that claims for fees be filed, even when told that Baron did not owe any money.** See Exhibit "A".

6. New material has also been found that also materially changes the facts considered by this Court in denying Barons' FRAP 8 motion. The Court may recall (a review of the Court's order [DOC 268] denying FRAP 8 motion may refresh the Court's recollection if necessary) that the key *specific instance* which convinced the Court that Baron was firing lawyers **for the purpose of delay** was Baron's letter to his Bankruptcy Counsel Keiffer on September 1, 2009. On

September 1, Keiffer received a letter informing him he was fired and asking him to seek delay of the hearing (set that same day!). Taken at face value, that event certainly does make Baron look like he was abusively firing his counsel for delay. It clearly looked that way to the Bankruptcy Judge who the following day entered a Show Cause order to appoint a Trustee. See Exhibit "N".

7. As the Court is well aware, the undersigned is still unpaid as appellate counsel and can only work as time allows on matters outside of the appeal of this case, in order that the undersigned may work on paying cases and in turn pay his own bills. The undersigned has no funding for staff to go over the volumes of material related to the multiple matters involved in the underlying fact issues of this case. However, the undersigned does go over a few more pages as time permits, doing some of things that paid trial counsel (or their support staff) would do if Baron were allowed to hire such legal counsel. Thus, what might take a couple weeks for a paid trial lawyer with funding for staff to do the work, has taken the undersigned months, maybe years. As unpaid appellate counsel it is the best the undersigned is able to offer. The pace is slow but diligent. That diligence has paid off. The Court may be **shocked** to hear the facts disclosed by Exhibit "E".

8. As evidenced by Exhibit "E", Baron did not desire to fire Keiffer nor do so of his free will. Rather, Baron was **threatened** by Friedman. On August 31, 2009, Friedman threatened Baron that this Court would confine Baron in prison and fine him if Baron did not *immediately* sign letters Friedman had prepared to

fire Keiffer. Friedman told Baron that he was at grave risk for being thrown in jail unless he did as Friedman demanded. Baron believed he had no choice, and complied. See Exhibit "P". Baron signed the letter Friedman prepared as Friedman demanded. Keiffer received it the next day, apparently from Friedman, and **because of that the Bankruptcy Court issued its show cause order for appointing a Trustee.** See Exhibit "N".

9. This Honorable Court placed the receivership over Baron based on the belief that Baron had abusively fired Keiffer to delay the September 1 hearing. The evidence attached as Exhibit "E" establishes that is not the case and that it was Freedman who was responsible.

10. Notably, there was no notice prior to the FRAP 8 hearing that Keiffer's firing was an issue. To the best of the undersigned's recollection, Keiffer was not mentioned before or at the FRAP 8 hearing. However, the Court clearly relied in denying stay upon the Keiffer firing as well as the appointment of a chapter 13 trustee that resulted out of the Keiffer firing. In light of the evidence offered as Exhibits "A", "B", and "E", reconsideration of allowing a stay or partial stay at this point will serve the interests of justice.

11. As discussed above, beginning immediately after the global settlement was reached and there was no work left other than closing the bankruptcy case, Sherman and Urbanik became a claim generation engine, vigorously attempting to generate claims to be made against Baron. All of this, of course, was going on behind the scenes. See Exhibits "A" and "B".

12. Sherman's action of generating a cloud of 'chaos' instead of closing the bankruptcy appears to be a pattern. The Court may take notice that when the "global settlement" was just about completed, literally hours away from agreement, Sherman refused to participate in the final settlement talks and filed a motion with the Bankruptcy Court to order the talks cancelled. The Bankruptcy Judge was surprised, and in a rare admonishment of Sherman, called his request "**unreasonable**". See Exhibit "C". Sherman was then ordered to continue to participate in the settlement negotiations. The global settlement was reached shortly thereafter. A copy of the Bankruptcy Judge's finding and order is attached as Exhibit "C".

13. A copy of the Hall contract has also been located and is attached as exhibit "L". No discovery was allowed Baron in objecting to the attorney 'claims', and Hall's contract was withheld by Hall at that time. As can be seen from the written contract, Hall's flat fee was \$10,000.00 per month, an amount he acknowledged was paid, for ten full months. According to Hall, some months more money was paid, although not called for in the written contract, and in total, Hall was paid over \$100,000.00. Hall's "claim", typical of the other claimants, is that the last month he was *only* paid the \$10,000.00 **called for in his written contract**. Hall's claim, like almost every other claim made against Baron, **came after Sherman**, behind the scenes, **solicited** attorneys to make claims against Baron. Notably, Sherman sought attorneys to make claims even after being told that Baron didn't owe them any money. See Exhibit "A".

14. The Court has extensive experience in the law, and can form an opinion as to whether in state court summary judgment against Hall would be entered on his claim based on a written contract with a merger clause setting the monthly rate at \$10,000.00, (See Exhibit “L”) and the attorney’s admission he was paid at least that amount every month.

15. At this point, in light of all the facts that have come to light since the receivership order was issued, the question is whether there really is cause to continue to subject Baron to what is truly sub-human treatment-- denying him (A) the right to possess his own property, (B) the right to engage in business transactions, (C) the right to personal privacy in his private affairs, (D) the right to work, (E) earn money, and (F) retain hired counsel, (G) etc.

16. Vogel and Sherman will blame Baron-- this is the well-grooved pattern in these proceedings-- and the Court may believe them. The undersigned notes that Baron still does not have a functional vehicle and is still trapped in an apartment with no air conditioning or heat. Vogel has refused to release funds for either of these. The undersigned has done all he can as unpaid appellate counsel to resolve the issues. At this late date, ordering Vogel to do this or that specific act is not the solution. Staying the receivership, or partially staying it, is called for.

17. In case the Court is influenced by the underlying allegations that the plaintiff had originally alleged against Baron, (i.e., that Baron ‘hijacked’ the plaintiff’s domains), Exhibit “M” is attached. As seen from the exhibit, the plaintiff’s allegations should not be afforded credibility-- The plaintiff is a convict

with a **string of felony indictments** for crimes of dishonesty including fraud and **forgery**.

18. Further, to make clear the relationship between the attorney claimants, their purpose and intent, and Mr. Baron, Exhibit "G" is attached for the Court's consideration. The exhibit is Mr. Garrey's email to Baron with a copy of the receivership order, and what appears to be a clear admission that Garrey played a concerted role in its issuance. Garrey's email to Baron states sarcastically "Happy Thanksgiving" and attached a copy of the receivership order.

19. Finally, attached for the Court's consideration are the following: (1) As Exhibit "F" are Emails showing that MacPete was not hired by the plaintiff's after Baron allegedly 'hijacked' domains as MacPete has represented to the Court. Rather, MacPete was hired by the Plaintiff and Baron jointly, and 'took sides' well prior to the joint breakup, and then 'took sides' with the plaintiff; (2) As Exhibit "H" are record transcripts making clear that Baron was not in breach of the global settlement agreement; (3) As Exhibit "I", an email showing Vogel's intention to liquidate **all** of the receivership assets (in case the Court was not aware of this); (4) As Exhibit "J", Pronske's testimony from the September Bankruptcy hearing showing the threat to 'move assets offshore' was actually the 'threat' to change the trustee of the Village Trust, as agreed to by all parties and approved by the Bankruptcy Court, and required under the global settlement agreement; As Exhibit "K", a docket sheet from the Bankruptcy court showing that Baron did not 'flood' the court with new counsel and only two (2) substantial contribution

claims were filed, not the “nineteen” represented by Urbanik on behalf of Sherman; As Exhibit “N”, the Bankruptcy Court’s show cause order that shows, contrary to the representations to this Court, the order was not imposed based on any finding (or even consideration) that Ondova filed bankruptcy so that Baron could avoid or delay a contempt hearing on discovery; and as Exhibit “O” the notice informing Baron that there would not be a hearing on the contempt motion, which Baron received *prior* to Ondova’s filing for bankruptcy. The Court had apparently forgotten that the contempt motion was not set to be heard, and erroneously believed that Baron took Ondova bankruptcy to avoid the contempt hearing set on July 7, 2009. The exhibit shows that Baron did not take Ondova Bankruptcy to avoid the contempt hearing—the opposite, Baron only took Ondova into bankruptcy after he was informed that there would not be a contempt hearing.

WHEREFORE, Jeff Baron moves this Court to grant leave, and to stay, or partially stay the Vogel receivership order.

Respectfully submitted,

/s/ Gary N. Schepps

Gary N. Schepps
Texas State Bar No. 00791608
(972) 200-0000
(972) 200-0535 fax
Drawer 670804
Dallas, Texas 75367
E-mail: legal@schepps.net

**APPELLATE COUNSEL
FOR JEFFREY BARON**

CERTIFICATE OF SERVICE

This is to certify that this document was served this day on all parties who receive notification through the Court's electronic filing system.

CERTIFIED BY: /s/ Gary N. Schepps
Gary N. Schepps

Exhibit N

Mr. Urbanik further seeks adjudication on serious allegations including:

9. Whether Mr. Urbanik's attorneys fees in the bankruptcy court are legitimate and attributable to Mr. Baron's obstructive tactics, (or conversely, if not, were unreasonable, improper, unjustified, and excessive),
10. That Mr. Baron has acted with contempt for the court,
11. Whether Mr. Baron has incurred debts without regard to the financial implication of doing so,
12. Whether Mr. Baron has engaged in fraud and is attempted to fraudulently insolate himself from judgment,

These allegations were not made in the motion to appoint receiver, and by their timing appear clearly to be in retaliation for Mr. Baron's objection to Mr. Urbanik's fees in the bankruptcy court.

Mr. Baron is currently unable to retain counsel to defend or even object to the motion raised by Mr. Urbanik because his money has been seized and this Court has ordered him not to retain any counsel to represent him in this Court. Moreover, Mr. Baron's personal papers have been seized as well as **the materials of his prior counsel**. Unless the receivership is stayed and his money, right to retain and consult with counsel, and his and his lawyer's papers are immediately

Exhibit O

25 BARON RECEIVERSHIP

Date	Init	Description	Hours	Amount
11/19/10	RJU	Conference with L Pannier regarding preparation of motion to appoint a receiver (.30).	0.30	\$142.50
11/19/10	LJP	Prepare motion for court to recommend appointment of receiver over Baron (2.3).	2.30	\$598.00
11/22/10	JMM	Conference with D. Sharp regarding Receivership issues; conference with R. Urbanik regarding same.	0.70	\$252.00
11/22/10	RJU	Confer with attorneys J McGee and D Roossien on possible appointment of receiver over Mr Baron (.80); work on receiver motion (.60);	1.40	\$665.00
11/23/10	RJU	Work on motion regarding receiver over Mr Baron (1.2);	1.20	\$570.00
11/24/10	RJU	Work on motion for receiver (1.0); calls with Messrs Sherman, Vogel and conference call with J. Wielebinski in attendance regarding appointment of receiver (2.0); confer with D Nelson regarding issues concerning security / protecting domain names (1.0); confer and work with D Roossien regarding preparation of order (2.0); attend hearing with Judge Ferguson (1.0); <u>following hearing, work with P Vogel and other counsel regarding order, service of order and notice to parties - including ICANN, Verisign, Cook Islands Trusts etc (3.0);</u>	10.00	\$4,750.00
11/24/10	JJW	Several conferences with R. Urbanik on background/status of case, possible emergency action and assessment of the situation and options available (.40); conference call with C. Sherman and P. Vogel to discuss receiver appointment (.30); follow-up call with same to discuss options and strategies and develop go forward plan (.60); assist R. Urbanik with preparation of order and Court's directive on presenting motion (.20); update on results of the hearing and entry of order (.10).	1.60	\$920.00
11/24/10	JMM	Telephone conferences and correspondence with Devon Sharp regarding receivership issues (.30); research receivership issues (1.70).	2.00	\$720.00
11/24/10	DLR	Assist preparation of motion for receiver and	2.40	\$924.00

Date	Init	Description	Hours	Amount
		proposed order (.70); attend court hearing (1.10); confer with counsel regarding next steps (.60).		
11/24/10	DS	Research regarding receivership over Jeff Baron's interest in Ondova (1.30). Conferences with Jim McGee and Dennis Roossien regarding same (.70). Finish preparing memo with results of research (2.10).	4.10	\$1,004.50
11/24/10	LJP	Finalize receivership motion and otherwise assist with appointment of receiver over Baron, including participating at emergency hearing on that motion (4.3).	4.30	\$1,118.00
11/26/10	JMM	Telephone conferences and review correspondence with R. Urbanik and B. Golden regarding receivership issues (.40); research receivership issues under Section 754 (2.60).	3.00	\$1,080.00
11/26/10	RJU	Correspondence with and calls with Mr Vogel and Mr Golden regarding receivership issues including provisions related to transfer of names (1.2); several calls with J McGee regarding receivership issues raised by Verisign and ICANN concerning transfer of names (1.5);	2.70	\$1,282.50
11/27/10	RJU	Correspondence and calls with parties and counsel (P Vogel, B Golden, D Sherman) regarding receivership issues and participate in 10 am conference call (2.5);	2.50	\$1,187.50
11/27/10	JMM	Telephone conference with B. Golden and R. Urbanik (.80); review correspondence from ICANN and Versign (.40); review Section 754 notice (1.00).	2.20	\$792.00
11/28/10	RJU	Work with Mr Golden and Mr Vogel on issues related to receivership and participate in 9 am call with Mr Schnabel (2.5);	2.50	\$1,187.50
11/29/10	RJU	Review email correspondence and correspondence to / from various attorneys including Mr Vogel, Golden, Schanbel, Sherman and others regarding receivership matters and in particular related to the stay of transfer of names to Fabulous.com (2.0); conference call with Messrs Vogel and other attorneys regarding	3.00	\$1,425.00

Date	Init	Description	Hours	Amount
		receivership issues (1.0);		
11/29/10	DLR	Confer with Mr. McGee regarding status and proposed course of action.	0.30	\$115.50
11/30/10	JJW	Meeting with R. Urbanik on status on the appointment of receiver and possible assistance on select matters; response from third parties (.20).	0.20	\$115.00
11/30/10	MPB	Review receivership list and prepare list of missing entities. Telephone conference with Ray Urbanik, Peter Vogel and Barry Golden regarding same. Provide entity chart and related analysis.	0.80	\$280.00

Total For 2547.50 \$19,129.00

Exhibit P

Raymond J. Urbanik, Esq.
Texas Bar No. 20414050
Lee J. Pannier, Esq.
Texas Bar No. 24066705
MUNSCH HARDT KOPF & HARR, P.C.
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ATTORNEYS FOR DANIEL J. SHERMAN,
CHAPTER 11 TRUSTEE

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., ET AL.,
PLAINTIFFS

v.

JEFFREY BARON, ET AL.,
DEFENDANTS.

§
§
§
§
§
§
§

Case No. 3:09-CV-0988-F

**EMERGENCY MOTION OF TRUSTEE FOR
APPOINTMENT OF A RECEIVER OVER JEFFREY BARON**

TO THE HONORABLE ROYAL FURGESON, U.S. DISTRICT COURT JUDGE:

COMES NOW Daniel J. Sherman (the "Trustee"), the duly-appointed Chapter 11 trustee of Ondova Limited Company ("Ondova"), and files his *Emergency Motion of Trustee for Appointment of a Receiver over Jeffrey Baron* (the "Motion"), respectfully stating as follows:

I. BACKGROUND

1. On October 13, 2010, the United States Bankruptcy Court for the Northern District of Texas (the "Bankruptcy Case") entered its *Report and Recommendation to District Court (Judge Royal Furgeson): That Peter Vogel, Special Master, Be Authorized and Directed to Mediate Attorneys Fees Issues* [Docket No. 484] (the "Bankruptcy Court's Report and Recommendation") in the bankruptcy case of Ondova, styled *In re Ondova Limited Company*, Case No. 09-34784 (the "Bankruptcy Case"). A copy of the Bankruptcy Court's Report and Recommendation is attached hereto as Exhibit "A." On the same day, the Bankruptcy Court

filed its Report and Recommendation with this Court. On October 19, 2010, this Court adopted the Bankruptcy Court's Report and Recommendation in its entirety.

2. The Bankruptcy Court's Report and Recommendation addressed Mr. Jeffrey Baron's continuing and disturbing pattern of hiring and firing attorneys. In the Bankruptcy Court's Report and Recommendation, the Bankruptcy Court stated that it would no longer tolerate such behavior and that it would not allow Mr. Jeffrey Baron ("Baron") to hire any additional lawyers. In fact, the Bankruptcy Court gave Baron two options: (1) retain Gary Lyons and Martin Thomas through the end of the Bankruptcy Case, or (2) proceed *pro se*. If Baron chose the latter opinion, the Bankruptcy Court advised Baron that it would recommend to this Court that it appoint a receiver over Mr. Baron and all of his assets.

II. RECENT DEVELOPMENTS

3. At a hearing on Wednesday, November 17, 2010, Martin Thomas advised the Bankruptcy Court that he was terminating his legal representation of Mr. Baron. Mr. Thomas advised the Bankruptcy Court that he had not been paid, that Mr. Baron had filed a grievance against him and that Mr. Baron had committed to attend the hearing on November 17, 2010 but failed to show up. The failure of Mr. Baron to show up on November 17, 2010 was disruptive for several reasons including that Mr. Baron was advised by Mr. Thomas that he needed to attend in order to raise objections to the Trustee's Motion for Authority to Reject Executory Contracts with The Internet Corporation for Assigned Names and Numbers ("ICANN") filed by the Trustee ("ICANN Motion") in the Bankruptcy Case, at Mr. Baron's request, on November 3, 2010. Mr. Thomas had advised Mr. Baron that he was withdrawing and would not make the objections Mr. Baron was requesting be made to the ICANN Motion. Mr. Thomas has recently advised the Trustee that he himself has had to engage counsel to handle matters with Mr. Baron.

4. Additionally, on November 19, 2010, one of Mr. Baron's other attorneys, Gary Lyon, advised the undersigned counsel for the Trustee that Baron has hired a new attorney to represent Baron in connection with matters pertaining to the Bankruptcy Case. That attorney is

Sydney Chisnen. This new attorney may have assisted Mr. Lyon in the pleading filed on November 19, 2010 entitled: Jeffrey Baron's Limited Objection to the Third Interim Fee Application of Munsch Hardt Kopf & Harr, P.C.

5. On November 22, 2010, the undersigned counsel received by email a copy of a lawsuit brought by a new attorney for Mr. Baron named Robert J. Garrey. A true and correct copy of Mr. Garrey's First Amended Petition filed in Collin County, Texas, 366th Judicial District Court is attached as Exhibit "B". Mr. Garrey's lawsuit raises serious allegations against Mr. Baron.

6. Finally, undersigned counsel has been contacted by two attorneys participating in the mediation efforts regarding unpaid attorney fees incurred by Baron. One attorney has advised that Baron and his legal team have failed to communicate with him regarding the mediation procedure. That particular attorney has also advised the Trustee that Stan Broome, an attorney who Baron hired to participate for Baron with respect to the attorney fee mediations, has resigned effective November 22, 2010. Mr. Broome has advised other parties that he has not been paid for his services. A copy of the motion filed by Mr. Broome to withdraw in the adversary proceeding is attached as Exhibit "C".

7. Another former Baron attorney, who is owed a smaller amount of attorney fees, has contacted counsel for the Trustee frustrated that Mr. Baron's attorneys are not being responsive to him in efforts in trying to settle the legal fee claim without participating in the mediation sessions with Peter Vogel. It is clear that Baron is not cooperating in the process outlined by this Court in its Order of October 13, 2010 regarding the mediation process. Attorneys who may otherwise seek to participate in the mediation process are reluctant to do so because they believe Mr. Baron will not fully cooperate, will delay mediation efforts by engaging new attorneys unfamiliar with the background of matters and will be generally uncooperative.

8. Mr. Baron is continuing to hire and fire attorneys. The Trustee believes that Mr. Baron has hired new attorneys who act as personal counsel to interfere with Mr. Martin and Mr.

Lyon who are Mr. Baron's attorneys in the Bankruptcy Case.

9. The Trustee believes that Baron's behavior will continue and will delay the wind down of the bankruptcy estate of Ondova and the Bankruptcy Case, which will, in turn, delay and, depending on the administrative costs of continuing to fight Baron and the Trusts, potentially reduce distributions to the Ondova's creditors

III. RELIEF REQUESTED

10. In accordance with the Bankruptcy Court's Report and Recommendation, the Trustee respectfully requests the appointment of a receiver over Jeffery Baron and all of his assets – including all the entities and trusts that he either controls or is a beneficiary of – pursuant to Rule 66 of the Federal Rules of Civil Procedure and 28 U.S.C. §§ 754 and 1692.

11. Admittedly, the appointment of a receiver is an extraordinary remedy. However, this Court has broad discretion to analyze the circumstances at hand and, if appropriate, to appoint a receiver even if there is no allegation of fraud. *See, e.g., Aviation Supply Corp. v. R.S.B.I. Aerospace, Inc.*, 999 F.2d 314, 317 (8th Cir. 1993) (court's decision to appoint a receiver is discretionary and does not require proof of fraud as support); *Citronelle-Mobile Gathering, Inc. v. Watkins*, 934 F.2d 1180, 1184 (11th Cir. 1991).

12. As set forth above, Baron has continually disregarded the Bankruptcy Court's warnings and orders and has continued to hire and fire lawyers at an alarming rate. Such actions have, and will continue, to frustrate the administration of the Bankruptcy Case and the bankruptcy estate of Ondova. Furthermore, Baron's actions will also continue to place Ondova's bankruptcy estate (and, thus, recoveries to its rightful creditors) at risk due to a continued stream of Baron's attorneys' making claims against Ondova and its bankruptcy estate.

13. Therefore, the appointment of a receiver is necessary under the circumstances in order to remove Baron from control of his assets and end his ability to further hire and fire a growing army of attorneys.

14. The Trustee recommends to this Court that Peter Vogel, currently the Special Master in this case, be appointed receiver in light of his involvement and experience in this case.

IV. PRAYER

WHEREFORE, PREMISES CONSIDERED, the Trustee respectfully requests that the Court appoint a receiver over Baron and all of his assets, effective immediately.

Respectfully submitted this 24th day of November, 2010.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Raymond J. Urbanik
Raymond J. Urbanik, Esq.
Texas Bar No. 20414050
Lee J. Pannier, Esq.
Texas Bar No. 24066705
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rurbanik@munsch.com
lpannier@munsch.com

**ATTORNEYS FOR DANIEL J. SHERMAN,
CHAPTER 11 TRUSTEE**

CERTIFICATE OF SERVICE

I hereby certify that, on November 24, 2010, a true and correct copy of the foregoing document was sent to all parties requesting electronic service through the Court's ECF system as well as the following parties via e-mail:

Gary G. Lyon
P.O. Box 1227
Anna, TX 75409
glyon.attorney@gmail.com

Martin Thomas
P.O. Box 36528
Dallas, TX 75235
thomas12@swbell.net

/s/ Raymond J. Urbanik
Raymond J. Urbanik

Exhibit Q

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE INC.,
MANILA INDUSTRIES, INC.; and
MUNISH KRISHAN

Plaintiffs,

vs.

CIVIL ACTION NO. 3-09CV0988-F

JEFFREY BARON and
ONDOVA LIMITED COMPANY,

Defendants

§
§
§
§
§
§
§
§
§

ORDER APPOINTING RECEIVER

The Court hereby appoints a receiver and imposes an ancillary relief to assist the receiver as follows:

APPOINTMENT OF RECEIVER

IT IS HEREBY ORDERED that Peter S. Vogel is appointed Receiver for Defendant Jeffrey Baron with the full power of an equity receiver. The Receiver shall be entitled to possession and control over all Receivership Assets, Receivership Parties and Receivership Documents as defined herein, and shall be entitled to exercise all powers granted herein.

RECEIVERSHIP PARTIES, ASSETS, AND RECORDS

IT IS FURTHER ORDERED that the Court hereby takes exclusive jurisdiction over, and grants the Receiver exclusive control over, any and all "Receivership Parties", which term shall include Jeffrey Baron and the following entities:

- Village Trust, a Cook Islands Trust
- Equity Trust Company IRA 19471
- Daystar Trust, a Texas Trust
- Belton Trust, a Texas Trust
- Novo Point, Inc., a USVI Corporation
- Iguana Consulting, Inc., a USVI Corporation
- Quantec, Inc., a USVI Corporation
- Shiloh, LLC, a Delaware Limited Liability Company
- Novquant, LLC, a Delaware Limited Liability Company

Exhibit R

From: MRTN THMS,NL, SBL,LNDA [mailto:thomas12@swbell.net]
Sent: Friday, February 04, 2011 3:40 PM
To: BLAKLEY, JOHN DAVID; VOGEL, PETER; Corky Sherman; rurbanik@munsch.com
Cc: jeffbaron1@gmail.com; Shawn Phelan; legal@schepps.net; sbroome@broomelegal.com
Subject: Re: Netsphere v. Baron, Cause No. 3:09cv988, US District Court, ND Texas-Jeff Baron Receivership

Mr. Blakely,

Thank you for your concern about my client relationship. However, I have no intention of presenting a "claim" for fees to the Receiver. Although tardy, Jeff Baron had paid all my fees as of the appointment of the Receiver. My relationship with my client is my business and not something that should be presented to the Receiver. I do not need assistance from the Receiver in managing my client relationship. I actually question the jurisdiction supporting the Receiver's consideration of attorney claims. It is regrettable that other attorney's allowed their client relationship to get so far out of control.

I know it was well intentioned but the Receiver now seems to be acting as the small claims court for all attorney claims against Mr. Baron and I really don't understand the basis for that. In my 27 years of practice I have never seen anything like the "system" under which the Receiver is operating. Perhaps I'm just not smart enough to understand it but, for whatever reason, I do not understand it and will not participate in it.

I find Judge Ferguson immensely intelligent, experienced and willing to attempt to solve a very unpleasant problem. But, I'm not sure he had an accurate picture of the problem when he appointed the Receiver. Had I been called to testify, I would have rebutted much of the testimony of the other attorney witnesses.

I do note that since the receiver was appointed, the receiver has not supported my withdrawal as Mr. Baron's bankruptcy counsel. As a result, I have been required to attend every hearing. So, it would seem that the Receiver (not Mr. Baron) owes me \$5,000 per month beginning December 1, 2010.

Martin Thomas

Exhibit B

From: "BLAKLEY, JOHN DAVID" <jblakley@gardere.com>
To: "thomas12@swbell.net" <thomas12@swbell.net>

Sent: Wed, February 2, 2011 4:43:15 PM

Subject: Netsphere v. Baron, Cause No. 3:09cv988, US District Court, ND Texas-Jeff Baron

USCA5 4097

Counsel:

On January 24, 2011, counsel for Peter S. Vogel, Receiver over Jeffrey Baron and Receivership Parties, sent you the attached letter via e-mail. In the letter, the Receiver requested that you complete the form declaration included at the bottom of the letter regarding your potential claim for fees against Mr. Baron and/or Receivership Party(ies) *no later than February 1, 2011.*

The Receiver has not received the requested declaration from you. Therefore, the Receiver requests that you send either (1) your declaration or (2) a response to this e-mail making clear your plans for sending such declaration (i.e., whether you intend to send such declaration, whether you need a further extension, and/or an estimate of when the Receiver can expect to receive the declaration), *no later than 5:00 p.m. Friday, February 4, 2010.*

You may send your declaration electronically.

Thank you.

John David Blakley
Gardere Wynne Sewell LLP

1601 Elm Street, Suite 3000 | Dallas, TX 75201
214.999.4753 direct
214.999.3753 fax
[Gardere](#) | [Bio](#) | [vCard](#)

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Exhibit S

k

LYON - DIRECT - BARRETT

33

09:52 1 A Ondova Limited Company.
2 Q So you weren't involved in Ondova?
3 A Yes, sir.
4 Q And in fact were you also -- Were you also
5 ordered at some point to attend a mediation subsequent to
6 that?
7 A I do not recall being ordered to attend a
8 mediation, no, sir.
9 Q You don't recall that?
10 A No, sir.
11 Q Did the settlement agreement, in fact, require
12 agreed orders of dismissal of the case be executed within
13 two days after the transfer date?
14 A Yes, sir.
09:53 15 Q And in fact, was that transfer date
16 approximately August 5th, 2010?
17 A I don't recall the date.
18 Q Okay. And to your knowledge, did Jeff Baron
19 comply with that?
20 A To my knowledge, he did.
21 Q And that was the only stipulation in the
22 settlement agreement that he complied with, correct?
23 A He also was required to sign as trustee of the
24 Day Star Trust which he was. We also negotiated a
25 settlement where he was to sign for the -- There is

11:38 1 and I was convinced he wouldn't. I called Mr. Vogel, who
2 indicated that he was not charging for preparation time,
3 and he would be charging fifteen hundred dollars for half
4 of a day mediation divided by two sides. I indicated that
5 we were interested in participating and would be awaiting
6 further documentation to assist us in getting into the
7 process.

8 The second time I sent him an e-mail which I
9 have provided to you, but I can't remember specifically.
10 If you have it, I would like to look at it. I believe I
11 sent two e-mails.

12 THE COURT: Mr. Chesnin, let me make sure I
13 understand. You called him once and e-mailed him twice.
14 That's the extent of your communication with him?

11:39 15 THE WITNESS: Yes.

16 BY MR. BARRETT:

17 Q Let me just ask you, did he ever reply to those
18 e-mails?

19 A He replied not at all to any of my
20 communications. My first e-mail, I indicated I was
21 awaiting the list of claims that was coming in. I
22 understood they would be coming in by the 22nd of
23 November, and I would be interested in getting on board
24 for the mediation. The second e-mail I had been informed
25 by Gerritt Pronske that there was a mediation scheduled

10:14 1 A That's correct. I was successful in stopping
2 one of them, and one of them Gerritt Pronske stopped.

3 Q So in both cases Mr. Baron actually wanted to
4 lodge objections, correct?

5 A That's true.

6 Q As to whether or not the work was reasonable,
7 necessary or comparable to other cases, you didn't have
8 any evidence to present, did not present any evidence on
9 those points contrary to Exhibit 50. Is that right?

10 A Not at that time.

11 Q And then when you were at the hearing and the
12 receiver piped up that he himself didn't have an objection
13 to the application, had you at that point withdrawn
14 Mr. Baron's own objection?

10:15 15 A I had not withdrawn it. At that time, I felt my
16 objection was taken over by the receiver. At that point,
17 I had no more authority to represent Mr. Baron on that
18 particular motion, nor did I have the authority to
19 represent him on the motions in limine that are still
20 pending over there in that court.

21 Q Very good. Thank you. When you put together
22 this particular objection, did you put forward the
23 strongest objection that you felt you reasonably could
24 under the circumstances bearing in mind the rules of the
25 court?

Exhibit T

From: Stan Broome [mailto:SBroome@broomelegal.com]
Sent: Tuesday, November 16, 2010 2:25 PM
To: jeffbaron1@gmail.com
Cc: MRTN THMS,NL, SBL,LNDA; james eckels
Subject: Peter Vogel

Just got off the phone with Vogel. He says he will not have any hard answers on costs or scheduling until he hears from the lawyers on Nov. 22.

Stan Broome

Broome Law Firm, PLLC | 105 Decker Court, Suite 850, Irving TX 75062

Phone: (214) 574-7500 | Fax: (214) 574-7501

www.BroomeLegal.com | SBroome@BroomeLegal.com

Exhibit A

11:38 1 and I was convinced he wouldn't. I called Mr. Vogel, who
2 indicated that he was not charging for preparation time,
3 and he would be charging fifteen hundred dollars for half
4 of a day mediation divided by two sides. I indicated that
5 we were interested in participating and would be awaiting
6 further documentation to assist us in getting into the
7 process.

8 The second time I sent him an e-mail which I
9 have provided to you, but I can't remember specifically.
10 If you have it, I would like to look at it. I believe I
11 sent two e-mails.

12 THE COURT: Mr. Chesnin, let me make sure I
13 understand. You called him once and e-mailed him twice.
14 That's the extent of your communication with him?

11:39 15 THE WITNESS: Yes.

16 BY MR. BARRETT:

17 Q Let me just ask you, did he ever reply to those
18 e-mails?

19 A He replied not at all to any of my
20 communications. My first e-mail, I indicated I was
21 awaiting the list of claims that was coming in. I
22 understood they would be coming in by the 22nd of
23 November, and I would be interested in getting on board
24 for the mediation. The second e-mail I had been informed
25 by Gerritt Pronske that there was a mediation scheduled

11:40 1 with Joyce Lindauer separate and apart from the mediation
2 in front of Mr. Vogel.

3 I asked Mr. Vogel whether or not the mediations
4 that had been separately scheduled -- namely Gerritt
5 Pronske and David Pacione -- were to be handled through
6 him or the other mediators, and I got no reply.

7 Q All right.

8 THE COURT: We'll mark those Baron whatever you
9 wish.

10 MR. BARRETT: I am going to mark them as Baron
11 Exhibits 1 and 2.

12 THE COURT: That's fine.

13 BY MR. BARRETT

14 Q I'll ask you if those are the e-mails that you
11:41 15 are talking about.

16 A The first one is an e-mail dated November 18th,
17 2010 to Peter Vogel, and the second one is an e-mail dated
18 November 23 to Peter Vogel.

19 Q Are those the e-mails you are speaking of?

20 A Yes, they are actually somewhat different than
21 my recollection. You know, if you want to get them
22 admitted.

23 MR. BARRETT: May I show them to counsel?

24 THE COURT: Yes, please do.

25 MR. BARRETT: I move to admit, your Honor.

11:43 1

THE COURT: Any objection?

2

MR. MACPETE: No, your Honor.

3

MR. GOLDEN: No, your Honor.

4

THE COURT: Baron 1 and 2 are admitted.

5

BY MR. BARRETT

6

Q In any event, Mr. Chesnin, is it your belief

7

that Peter Vogel was uncooperative in the mediation

8

effort?

9

A No, just unresponsive.

10

Q Unresponsive, is that fair to say?

11

A He did not respond to me.

12

Q Is it fair to say that basically the next thing

13

you knew Peter Vogel was a receiver in the case?

14

A He was appointed the receiver the day after my

11:44 15

last e-mail to him.

16

Q So he goes from mediator in the case to a day

17

later receiver in the case?

18

A Yes.

19

Q Are you familiar as counsel for the mediation --

20

are you at least familiar with the lawyers that claim that

21

they didn't get paid in this case?

22

A I am only familiar with a limited number of them

23

because I was dealing with those that were in the state

24

court or federal court system.

25

Q Can I just ask you generally, generally

Exhibit U

Interlocutory Appeals of
Orders in Receivership on Appeal

From the United States District Court
Northern District of Texas, Dallas Division
Civil Action No. 3-09CV0988-F
Hon. Judge William R. Furgeson Presiding

“1. My name is Gary Schepps. I am the appellate counsel for Jeff Baron, Novo Point, LLC., and Quantec, LLC. I am competent to make this declaration. The facts stated in this declaration are within my personal knowledge and are true and correct. I have knowledge of the stated facts, which I learned in my role as appellate counsel in the above entitled appeals.

“2. The following is a true and accurate screen clip from Adobe Acrobat 9 showing the creation date of Document 123 filed in Case 3:09-cv-00988-F on 11/24/10, the “EMERGENCY MOTION OF TRUSTEE FOR APPOINTMENT OF A RECEIVER OVER JEFFREY BARON”. The file shows that it was created at 2:07 PM on 11/24/2010:

Title:	Microsoft Word - 2952343_2.DOC
Author:	lpannier
Subject:	
Keywords:	
Created:	11/24/2010 2:07:19 PM
Modified:	11/24/2010 2:07:19 PM
Application:	PScript5.dll Version 5.2.2
Advanced	
PDF Producer:	Acrobat Distiller 9.3.0 (Windows)
PDF Version:	1.5 (Acrobat 6.x)

“3. The following is an e-mail record of ICANN, the international internet registry, showing that Raymond Urbanik, counsel for Sherman, informed ICANN that the District Court appointed Vogel as receiver at 1:15 pm on 11/24/2010.

From: Urbanik, Raymond
Sent: Wednesday, November 24, 2010 3:54 PM
To: 'Samantha Eisner' <Samantha.Eisner@icann.org>
Cc: Erin Brady; Amy Stathos; 'schnabel.eric@dorsey.com';
mallard.robert@dorsey.com
Subject: RE: Approval of Termination of Accreditation and Bulk Transfer

Sam, Erin, Amy, Eric, Robert

A receiver was appointed over Mr Baron today at 1:15 pm Central time by Senior United States Federal District Court Judge Royal Ferguson.

Exhibit V

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	§	
ONDOVA LIMITED COMPANY,	§	Bankruptcy Case No. 09-34784-SGJ
	§	(Chapter 11)
Debtor.	§	
<hr/>		
PETFINDERS, LLC and	§	
NOVO POINT, LLC	§	
	§	
Appellants	§	
	§	
v	§	District Court Appeal Case No.
	§	3:12-cv-00387-B
	§	
DANIEL J. SHERMAN,	§	
CHAPTER 11 TRUSTEE	§	
	§	
Appellee	§	

**APPELLEE'S REPLY IN SUPPORT OF
REQUEST TO TRANSFER CASE**

Daniel J. Sherman (the "Trustee"), the duly-appointed Chapter 11 Trustee of Ondova Limited Company ("Ondova" or "Debtor") in the above-captioned bankruptcy case (the "Bankruptcy Case"), files this Reply in Support of Request to Transfer Case as follows:

1. The statement in paragraph 1 of Appellant's Response is completely incorrect. The stay to which the Appellant refers concerns Case Number 3:09-cv-00988-F, not this appeal or any other similar appeal. In fact, two other appeals from orders in the underlying bankruptcy have already been transferred to Judge Ferguson for disposition.¹

2. This is not forum shopping, but a request that all related matters be consolidated in one court for efficiency in their disposition.

¹ Case No. 3:12-cv-0244, an appeal from an adversary proceeding, and 3:12-cv-0367, another of Mr Schepps' appeals.

3. The statements in paragraph 3 of the Response are also false. There is no "special relationship" between Judge Ferguson and the Trustee, and there have been no ex parte secret proceedings of any kind.

4. Mr. Schepps, the attorney who filed this appeal, has filed dozens of papers in the Bankruptcy Court, the District Court and the Fifth Circuit Court of Appeals in which he repeats these and other lies. They are all part of a strategy by which Mr. Schepps and his client, Jeffrey Baron, are attempting to interfere with the administration of justice and continue a series of frauds on the courts that has been in progress for at least six years, the highlights of which are described below

5. On February 4, 2011 Judge Ferguson entered his order confirming the appointment of a receiver for all of Jeffrey Baron's assets, finding that Baron had engaged in fraud and vexatious litigation conduct over a period of many years. (Docket No. 268 in Case Number 3 09-cv-00988-F).

6. On June 27, 2011 the Fifth Circuit Court of Appeals denied one of several Motions to Stay filed by Mr. Schepps on behalf of Mr. Baron and cautioned him that further frivolous filings might lead to the imposition of sanctions. (Order of June 27, 2011 in Consolidated Appeals 10-11202 and 11-10113),²

7. During a hearing before Bankruptcy Judge Jernigan held on December 5, 2011, Mr. Schepps refused to answer questions about his deliberately obstructive conduct, pleading the Fifth Amendment. A few of the questions and his answers allow the Court to infer, as Judge Jernigan inferred, that Mr. Schepps' conduct was and is in deliberate defiance of the orders of the court and done with the worst possible motives:

² The Court should note that these appeals are part of Mr. Schepps efforts to create confusion and delay. At present Mr. Schepps has filed seven appeals from more than 60 orders entered in Case No. 3:09-cv-00988-F. He files a notice of appeal for every order, no matter what its substance in that case. More recently Mr. Schepps began filing appeals from orders in the Bankruptcy -- this is one of six such appeals. Three were struck by Judge Ferguson because Mr. Schepps had no authority to file them. One of the remaining three has already been transferred to Judge Ferguson. The other was only recently docketed and the Trustee has not yet filed a Motion to Transfer, though a motion will be filed shortly.

Exhibit W

Exhibit X

1 right?

2 A That is correct.

3 Q And you also testified that you work for the Receiver; is
4 that right?

5 A I work as manager in the -- of the entities Quantec and
6 Novo Point.

7 Q And the Receiver -- is it true that the Receiver has made a
8 request from the Fifth Circuit to pay you approximately \$18,000
9 a month for the last five months?

10 A I don't know the exact numbers.

11 Q Would that be a fair number?

12 A It's close.

13 Q And you didn't write the algorithm for EstiBot, did you?

14 A Nope.

15 Q And you don't know how the algorithm works, do you?

16 A I know it's based on certain keyword valuations. They
17 don't share their algorithm, and Google doesn't share their
18 algorithm for search, either.

19 Q Can you disclose to the Court today the facts that underlie
20 your opinion that Petfinders.com is worth \$25,000?

21 A That's what somebody has offered for it.

22 Q What are the facts that underlie your opinion that allowed
23 you to conclude that Petfinders.com is worth \$25,000?

24 A That's what I've been told, that there's an offer on the
25 table for \$25,000.

1 Q So you didn't make an independent analysis that it's worth
2 \$25,000; that's what you were told by somebody, that there was
3 an offer for \$25,000. Is that correct?

4 A I was told there was an offer for \$25,000.

5 Q So then somebody told you to testify to \$25,000 as the
6 value. Is that right?

7 A I don't believe I said \$25,000 is the value. I said that's
8 an offer on the domain name.

9 Q But you've testified in your opinion that it was worth
10 \$25,000; isn't that right?

11 A I testified earlier that EstiBot had a value of \$500 for
12 it, and at \$25,000 --

13 MR. SCHEPPS: Objection. Nonresponsive.

14 THE COURT: Overruled.

15 BY MR. SCHEPPS:

16 Q But you didn't write the EstiBot program, right?

17 A That's correct.

18 Q And so you don't have any facts today that you can tell the
19 Court that allowed you to conclude and to testify that \$25,000
20 is a fair market -- fair price for Petfinders.com?

21 A I don't have any facts to say that it's less or more than
22 \$25,000.

23 Q Other than what somebody told you, right?

24 A Other than what I've been told by the Trustee's counsel.

25 Q And you work for the three different people: you work for

1 the Trustee and you work for Novo Point and you work for
2 Quantec and you work for the Receiver. Correct?

3 A That's correct.

4 Q So who are you here testifying for today? Which one of
5 those three entities, or those three people?

6 A I was asked by the Trustee to come up here and testify --

7 MR. GOLDEN: Objection. Calls for a legal conclusion.

8 THE COURT: Overruled.

9 BY MR. SCHEPPS:

10 Q So you're conflicted, aren't you?

11 MR. LOH: Objection.

12 THE WITNESS: No, sir.

13 THE COURT: Overruled

14 MR. SCHEPPS: Okay. Pass the witness.

15 THE COURT: All right. Any redirect?

16 MR. URBANIK: No, Your Honor.

17 (Counsel confer.)

18 THE COURT: All right.

19 MR. GOLDEN: Your Honor, sort of a housekeeping issue.

20 One of the motions that we've been talking about is Petfinders.

21 A separate one is Servers.com.

22 THE COURT: Right.

23 MR. GOLDEN: And we're going to want testimony from

24 Damon Nelson on Servers.com. So I don't know if you were

25 thinking that you were going to -- would prefer to handle these

Exhibit Y

Exhibit Z

09:21 1 Court's favor.

2 THE COURT: I appreciate that.

3 MR. URBANIK: Your Honor, as you probably are
4 aware, the bankruptcy approved the big settlement
5 agreement, the one that ended four years of litigation and
6 seven lawsuits on July 28. Judge Jurnigan scheduled a
7 conference to implement and make sure parties are
8 cooperating four times in August and four times in
9 September to make surely the parties were cooperating.
10 The reason this litigation was not dismissed was because
11 Judge Jurnigan wanted all the parties to complete all the
12 parts of the settlement agreement. And if anything was
13 not completed, the settlement agreement would collapse,
14 and we would be back in front of you in the original
09:22 15 lawsuit filed May 28, 2009 by Mr. MacPete. We never got
16 the settlement completed. Baron didn't pay his lawyers,
17 and they started coming to us for money. We settled for a
18 certain amount. We didn't settle for a certain amount
19 plus the legal fees for nineteen lawyers. So Judge
20 Jurnigan with her consent we didn't dismiss this case
21 because we thought we might very well be up here, and here
22 we are. The special master was terminated. Some of the
23 hearings where the Judge Jurnigan warned Mr. Baron were
24 September 15, September 22, September 30, October 8, and
25 then she issued her report and recommendation October 12.

Exhibit AA

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., et al.,

§
§
§
§
§

v.

Case No. 3:09-CV-00988-F

JEFFREY BARON, et al.

**RESPONSE TO MOTION TO VACATE OR STAY
APPOINTMENT OF RECEIVER**

TO THE HONORABLE ROYAL FURGESON, SENIOR U.S. DISTRICT COURT JUDGE:

COMES NOW Daniel J. Sherman (the "Trustee"), the duly-appointed Chapter 11 trustee of Ondova Limited Company ("Ondova"), and responds to the *Emergency Motion to Vacate Order Appointing Receiver and, in the alternative, Motion for Stay Pending Appeal, and Brief in Support* (Dkt. 137) ("Motion to Vacate") filed by Jeffrey Baron ("Baron"), respectfully stating:

Summary

1. The law supports the order appointing receiver. First, it is well-established that federal courts have inherent equitable power to protect the judicial system from vexatious litigants. District courts have discretion to impose appropriate sanctions in order to punish abuse of the judicial process and prevent future misconduct, including taking steps to limit access to the federal courts. The Supreme Court has made it clear that the power underlying those decisions is such that a district court should enter a sanction that will effectively address the situation. Second, with regard to the use of a receiver, Article III of the Constitution grants this Court all powers "at law and in equity," which includes the broad authority of the chancery courts, meaning the very power of the chancellor to the English crown. These courts created the position of receiver in order to go out from the court and carry out its orders when the court was concerned that otherwise the order would be ignored. Still today, federal courts appoint

receivers when it becomes necessary restrain a person bent upon an illegal course of action. For example, federal courts routinely use receivers to halt ongoing violations of federal law, such as securities fraud, when the record shows a reasonable likelihood that the wrongful conduct law will continue. The need for flexibility and hands-on management is another basis for the appointment of a receiver, and indeed federal courts place receivers in charge of carrying out their directives when judgment and management are necessary in order to do what must be done, and a court would otherwise be left to manage a situation by motion practice.

2. The appointment of a receiver was the only reasonable sanction. By latest count, Baron changed lawyers 17 times, just in this Court and the Bankruptcy Court alone, and he also ignored the Preliminary Injunction in this Court, violated discovery rules, violated Bankruptcy Code requirements, and so obstructed the efforts to employ a mediator that the claims that he has created cannot be resolved without court action. He violated the Preliminary Injunction even though it carried substantial monetary penalties. The task here is to halt the ongoing abuse of the judicial process, sort out the damage, prevent assets from being transferred further into Baron's complex asset protection structure, and advise both this Court and the Bankruptcy Court as to the proper application of those assets to the claims. Given Baron's demonstrated impunity to lesser sanction, and the nature of the task, a receiver is a natural choice. It is also the only solution presented by any of the parties. While Baron raises a number of legal challenges to the appointment, which are addressed below, he identifies no lesser sanction that would be effective to address the situation that he has created. The reasonableness of the appointment is also attested by a bankruptcy judge and bankruptcy trustee who are intimately familiar with Baron, by a special master who has attempted to mediate the claims at issue, and by the Court's own first-hand experience with Baron.

3. More than enough evidence of the subject conduct existed in the public record when the Court originally acted. Even so, the Trustee has compiled in an appendix a set of transcripts and court filings, and recounted the litigation history, including the many appearances and withdrawals of counsel. To the extent that the Court wishes to hear a response to Baron's declaration with regard to post-appointment developments, the Trustee is prepared to offer evidence at the scheduled hearing.

4. The Trustee has accordingly prepared draft findings and conclusions for the Court's consideration, and prays that the Court adopt the same and uphold the order.

Facts

5. As noted above, Baron has changed counsel at least 17 times just in this Court and the Bankruptcy Court, ignored this Court's orders and the rules of procedure here and in the bankruptcy proceedings, and consistently acted to delay and obstruct these proceedings however he could. The conduct has caused significant collateral damage to the other involved parties and the courts. It has become a litigation tactic. It is an abuse of the liberty otherwise afforded to civil litigants.

6. When this Court became involved in the interrelated string of proceedings on May 28, 2009, there were already six lawsuits pending in three jurisdictions concerning the original controversy, and Baron was then in the midst of attempting to escape a settlement that had not lived long enough to be documented beyond an MOU format.

7. This Court issued a number of early orders in an effort to compel compliance by Mr. Baron of that settlement. Baron demonstrated to the Court a lack of cooperation with those orders. Consistently, his conduct as a witness set new standards for an inability or unwillingness to respond to the question posed.

8. One of the more vexing of Baron's obstructive tactics has been his serial hiring and firing of counsel, which he uses to create delay and to drive up the cost for any party that seeks to obtain judicial relief. By the time that this action was transferred up from the Dallas County state court, Baron had already gone through at least five sets of lawyers there.

9. In this Court, Baron quickly changed counsel several more times, and ultimately nine times altogether.

10. Then, in an effort to evade a contempt sanction ordered by this Court on July 8, 2009, Baron created a further delay placing Ondova into a Chapter 11 Bankruptcy Case on July 27, 2009 ("Bankruptcy Case") [Case No. 09-34784-56J-11].

11. Not long after, on September 17, 2009, Baron's misconduct caused the Bankruptcy Court to appoint Mr. Sherman as Chapter 11 Trustee.

12. As the Trustee worked to once again resolve the complex multi-jurisdiction litigation that Baron had reignited, Baron continued the pattern of changing personal counsel in the bankruptcy proceedings. In those proceedings, Baron ultimately changed counsel eight more times, bringing the total to twenty-two if one includes the state court proceedings. Even once the Trustee finally once again attained terms of settlement acceptable across the board, Baron continued to obstruct the consummation of the settlement and the process of winding down the Ondova bankruptcy estate. One problem that seemed unresolvable was the fact that as Baron ran through counsel and continued to refuse to pay for services rendered, those counsel began to seek compensation from the bankruptcy estate, thus creating a renewable source of claims. The bankruptcy court attempted to resolve the situation by ordering an effort to mediate all of the legal fee claims against Baron. But, Baron could not or would not stick to the same counsel in order even to complete the mediations, and soon the Bankruptcy Court had three motions