EXHIBIT 29

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

NETSPHERE, INC., ET AL. (Number 3: 09-CV-0988-F
Plaintiff, (
(
vs. (
(
(
(
JEFFREY BARON, ET AL. (
(
Defendant. (July 1, 2009

Status Conference
Before the Honorable Royal Furgeson

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09:51 to get our business back from under the finger on the nuclear button.

THE COURT: How do you think that's best done?

MR. MACPETE: I have heard from Mr. Krause that he's going to insure that those portions of the preliminary injunction get complied with, and maybe, as I naively told the court two Fridays ago, that I thought he would obey a federal court order -- I guess I still have some belief he's going to do what he needs to do. I suppose if he doesn't, we'll be back dealing with that. I'm hopeful that your Honor is going to take up the process issue today and do something about the willful violations of your order that maybe in the future we could have more confidence he's going to obey.

09:52 THE COURT: Well, as far as the willful violations of my order, I need a motion, and I don't have a motion on that. But I am terribly concerned. That's the reason I didn't continue the hearing. I'm very concerned that no matter what I do, Mr. Baron is not going to pay attention.

MR. KRAUSE: Can I address the Court on two points?

THE COURT: Yes.

MR. KRAUSE: We do need a motion. I think we could have been better prepared today if we had a motion.

09:52 I have to address one point because I think it's impugning my integrity. There was a discussion about extensions yesterday. The price for that extension was almost $30,000. My client would not do that. I'd like to know these Funnynames -- We have had testimony about this. Is this a deleted name, one of the names you need to evaluate to determine whether or not you want to restore it?

MR. MACPETE: No. The Funnyvideos and games are not names which were deleted. We're using them to exemplify for the Court that he has log-ins and pass codes for names at his registrar which he has not turned over.

MR. KRAUSE: Those issues have passed with the entry of the preliminary injunction. We split the names. Friday in an e-mail -- I don't have it with me. I'll

09:53 provide it to the Court today. I said, "John, why do we have to have this hearing? We'll get you whatever discovery you need. But give us until after we comply with the order. What do you need now?" That's what I said and "We will work to make sure this order is complied with." I can't do it myself.

THE COURT: I actually feel that you will if you are here at the next hearing.

MR. KRAUSE: Yes.

THE COURT: And the problem is --

MR. KRAUSE: Sort of a receiver, why don't we

set up a conference call with the Court every day and head these issues off. I want to head these issues off. I still feel like I'm in ambush mode.

THE COURT: What I think you are in is you're in catch-up mode, and I do appreciate that problem. You may step down, Mr. Baron, for right now.

MR. MACPETE: Your Honor, I have his e-mail if you would like to look at it.

THE COURT: Let me tell you what I think we need to do. The reason I had this hearing is that I am very uncertain that I am going to get done what needs to get done in this case, and I think there have been too many judges that have said somebody else has jurisdiction or control. I have the jurisdiction of the parties. They are in my court.

First of all, I need to make sure that you stay in the case. I don't want a ninth set of lawyers in the case. I need money put in your trust account by Mr. Baron. And I'll tell you how much money I need in your trust account. I need $50,000 in your trust account, and that is nonrefundable. That's nonrefundable. When that runs out, I need another $50,000 in your trust account, and again that's nonrefundable. And I need that done, and I need an order, and Mr. Krause, you prepare a very short order for me that it is ordered that the

09:56 defendant put $50,000 into the trust account -- Give me your name again.

MR. KRAUSE: Friedman and Figer.

THE COURT: Friedman and Figer. And it's nonrefundable, and of course, your hourly rates are to be applied against that fund, and when that account is diminished by your rate, another $50,000 is to go in, and when that is diminished, another fifty thousand must go in until the matter is resolved. I don't want anymore lawyers in this case, and I do think it's instructive that you worked out the preliminary injunction. I do feel that shows I've got lawyers who at least understand the problems. But that $50,000 needs to go into your account on July 6th. It needs to be replenished and always
09:57 nonrefundable.

By the way, you are not getting out of this case. So I don't want to see any motion to withdraw. And I am going to keep that trust account of yours replenished until we get this done. So I need that order. You can just put it on -- put that motion and order on CM/ECF, and I'll sign it. It ought to be done this afternoon or in the morning.

Also, I need the preliminary injunction to be amended to give more time -- And by the way, you are reaching the end of my patience here. Because I may put a

EXHIBIT 30

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

NETSPHERE, INC., ET AL. Plaintiff,	Number 3: 09-CV-0988-F
vs.	
JEFFREY BARON, ET AL. Defendant.	July 9, 2009

Status Conference
Before the Honorable Royal Furgeson

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up to?

MR. LURICH: Candidly, your Honor, I don't know the aspects of everything. I have some e-mail communications with him.

MR. KRAUSE: I do think -- and I reported on the call Monday -- he has been hired by Mr. Baron as a general counsel. I think he primarily is involved in helping Mr. Baron on business aspects, and I did not know that he apparently helped Jeff send out these e-mails last night. I don't believe there was a five o'clock deadline yesterday, by the way. I believe they were sent pursuant to the order.

THE COURT: Why did Mr. Kline take it upon himself to send an e-mail that was different from the one agreed to?

MR. KRAUSE: I don't know the answer to that, but I think the differences are minor. I think what they sent -- When I woke up this morning, I had twenty-five e-mails on my Blackberry. I can't read those on the Blackberry. Earlier in the day when I sent Mr. MacPete the first e-mail draft, I think that's what they used. But any differences can be resolved. John and I knew that we were going to get feedback from these people and have to talk to them. If there is any concerns that need to be addressed, we can do that.

09:16 THE COURT: Do you have his number?
MR. KRAUSE: I don't.
THE COURT: What is Mr. Kline's name.
MR. KRAUSE: Jay Kline, Jr.
MR. LURICH: I believe he practices with Kline and Kline. His father is a lawyer as well.
MR. MACPETE: Your Honor, the key factor in that --
THE COURT: I've got one in larger print. Is that the one agreed to.
MR. MACPETE: That's the one agreed to, your Honor.
THE COURT: Okay.
MR. MACPETE: The one in smaller print, the way
09:23 the letter was sent out, the PDF was unable to respond. So I was unable to print it. So I had to do the print-screen thing. So I apologize for it being so small. That's the only way I could print it out.
The first letter basically says, We have a contract with you, and any names under that contact, any money you get for names under that contract, you need to pay in this way. So it essentially eliminates the wiggling, if you will, that Mr. Baron has been doing about what he thinks is at issue versus what the lawyers think is at issue.

09:23 The first one, by Mr. Kline deletes the sentence we have about the contract, and then it says just monies related to the Simple Solutions and Manassas portfolios, and I have no idea what those are, and I don't know whether that's Mr. Baron again, his personal opinion about the names which are at issue in this lawsuit versus what's actually at issue, and that's the problem I'm having between the two letters, aside from the fact that he sent out a letter I didn't agree to, I hadn't even seen.

MR. KRAUSE: Your Honor, I think this is easily fixed. What we heard from one of these folks that wants to see the order -- That's one of the things we need to talk about. I don't think any of these people are going to comply with that request without seeing the order, and 09:24 we now have the e-mail addresses we can send from the lawyers -- send a clarification e-mail today to resolve this.

MR. MACPETE: That issue did come up last night. Unfortunately, I happened to be sitting in front of my computer when this all came out, and I don't know if Mr. Kline is aware the preliminary injunction is sealed. So I immediately responded to the third-party company that said we'd like to see a copy of the order and said You can't, but you are getting the direction from your client. You don't need to see the order. Your client is telling you

this is how they want the money paid out. The fact that he's been told to do that by the Court is not really relevant for your purposes. So I disagree with Mr. Krause that we need to be showing the order around. That was the whole idea behind Mr. Baron would be the one sending out the notices, coming from the customer.

THE COURT: Do we have Mr. Kline's phone number

MR. LURICH: The third-party imaging companies are not our clients. We're trying to assist in that process with the remote servers. They wanted to see the orders.

MR. MACPETE: We're talking about the monetization company.

MR. LURICH: The order we want to send is to the servers.

MR. MACPETE: No, you have mixed it up.

MR. KRAUSE: Different issues. I think one problem is that not all of these monetization companies have contracts with my client, and we're going to have to show something to them. The order I think is the only thing that can do that to get them to comply with the order.

THE COURT: Well, we can work on this a minute. Ms. Casey has the number. What is his number?

9-7-2-2-1-7-2-3-9-4.

09:27 THE COURT: Mr. Kline, this is Judge Furgeson from federal court. I'm calling you to tell you you may be under some confusion representing Ondova and Mr. Baron, but anything that involves litigation in my Court should be coordinated through Mr. Lurich and Mr. Krause. An e-mail was sent out this last night to we think monetization firms that was not agreed to by the parties, and so I've got to put you in touch with Mr. Lurich and Mr. Krause as soon as possible. If you have any questions about how this is to be arranged or done, we can have a hearing in my court this afternoon or in the next several days so that I can give you clear instructions about what you are supposed to do. But you are not to do anything in regard to the pending litigation.

09:28 I tell you --

MR. KRAUSE: I think he got the point.

THE COURT: Why don't you guys try to call? I may have to enter an order on Mr. Kline or advisory.

MR. MACPETE: Your Honor, I don't have any problem with Mr. Kline. I think what's happened here is there is a demonstrated track record of playing games with lawyers, and I think this is a situation where Mr. Kline got bamboozled by Mr. Baron who knew very well he was not supposed to send out the letter he wrote and knew it was not supposed to go to Google and Oversee, and he worked a

lawyer unfamiliar with the facts. That's what I'm complaining about. I think Mr. Kline in this case was probable an innocent dupe.

THE COURT: Well, I'm not going to make any judgments.

MR. LURICH: Voice mail, your Honor.

MR. KRAUSE: I would add from my knowledge of what happened is he was providing help to Mr. Baron sending out the e-mails, and I do doubt that he understood that there were two versions of the e-mail. I don't have any doubts about that.

THE COURT: Well, I don't need a lot of chefs in the kitchen. That's my goal. I want to keep you guys as the chefs. I want you guys to keep trying to talk to Mr. Kline. If he has any questions, I will be glad to meet him in court and clarify his instructions. But he may be certainly innocent. He may be being helpful. We just have got to get this straightened right away.

Now, Mr. Lurich, what do you have to tell me?

MR. LURICH: I'd like to address some of the things counsel informed the Court with respect to the progress of the preliminary injunction. We certainly dispute that there was any noncompliance with respect to the passwords and log-ins. That information was provided by 5:00 p.m. on Friday, July 3rd. As the order says, if

EXHIBIT 31

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

NETSPHERE, ET AL.	(	Number 3: 09-CV-0988-F
Plaintiff,	(	
vs.	(	
	(	
ONDOVOA, ET AL.	(	
Defendant.	(	July 28, 2009

18:00

18:00

Status Conference
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in Judge Hoffman's court?

MR. LURICH: No, but he did enter a stay. So all matters in Judge Hoffman's court have been put on hold depending on this Court and obviously the bankruptcy.

THE COURT: Did your firm file the bankruptcy or did another firm?

MR. FRIEDMAN: Can I address that, your Honor?

THE COURT: Sure.

MR. FRIEDMAN: For the record, Larry Friedman. I didn't find out about the bankruptcy until about ten o'clock last night when I checked my e-mails and saw an e-mail that indicated that this bankruptcy had been filed. So we had no knowledge. My firm didn't file it. I notice today in the court there is an attorney, J. Kline, who was working as an assistant to Mr. Baron at the office doing some transactional work, and I understand it was either Mr. Kline's decision or it was Mr. Kline motivated the filing of this bankruptcy.

Now, this is the second time Mr. Kline has interfered with my stewardship of this case. The first time he called Mr. Giovanni (phonetic), who called Mr. MacPete, and Mr. MacPete reported that to the Court. I had a conversation with Mr. Kline, and I reported to Mr. Kline this Court's order that no lawyer would participate in this case on behalf of this side without this Court's

permission. And I not only reported that order to Mr. Kline, I got Mr. Kline's commitment as an attorney that he wouldn't meddle in this case. Obviously, that didn't happen because apparently he went to his buddy last night, Paul Keiffer, and behind my back put Ondova into bankruptcy. Not only do I think that's a bad idea for my clients, but it's discourteous to me, Mr. Lurich, Mr. Krause, who have been working diligently on this case, and discourteous to the Court as to how it happened. And since Mr. Kline is here maybe he has an explanation for all of this.

THE COURT: Okay. Thank you, Mr. Friedman. In just a minute I will ask Mr. Kline to bring us up to date.

MR. FRIEDMAN: As to Mr. Baron, I will say this. Since I have met Mr. Baron, I have kind of grown to like Mr. Baron. He's an unusual type of person. Kind, shy, kind of sheepish. But I do think since Mr. Lurich took over and Mr. Krause took over, they have Mr. Baron pretty much on the right track. He works by himself. He doesn't have any staff. He's overwhelmed with the work that's required of him. He's working seven days a week, working eighteen hours a day. I don't know that what is occurring is perfect, but I do think that he's doing the best he can. I do think he's doing the best he can to comply with the Court order, and I do think we're materially in line

with the Court's order and making substantial progress. And I thought up until last night that we were headed towards full compliance with the Court's order.

The only issue that we really had was the cost and expense of going forward. And as I know the big picture, what the purpose is -- Because as I look at the big picture as a businessman, these people need to part ways. It's either these people buy the Baron side out or the Baron side buys those people out. But in either case one side or the other winds up with everything. So my suggestion to the Court this morning -- And of course, we defer to your good judgment -- is to at the right time appoint us to a mediator or mediation, and maybe we can expedite the process of one side or the other winding up with the whole thing.

THE COURT: Well, I do believe your firm, Mr. Friedman, has been very constructive in the way you have handled this matter from the absolute outset, and I do appreciate how your firm has come up to speed and how diligent you have been. And I think it's good judgment you have used in directing your client to try to work his way out of this matter. One way or the other, these parties do need to be separated and go on their way, and certainly that's a worthy goal. I am concerned that we're talking about what appears to be in the range of $150,000

to $175,000 to finish up with this imaging company. And at some point, you know, we need to consider what the overall expense of this project is going to be. Because my goal also is that the parties are able to enjoy the fruits of their labor and that we not spend the money unproductively. So I'm concerned about that. There may be no other way to do this, and I'm not making a comment, and that's why Mr. Vogel is here because I do seek some assistance from him. But I do think your firm from the outset has taken a very constructive approach to your counsel to Mr. Baron and his companies. I do know he's under -- I'm sure -- a lot of stress. But the goal here is to end this matter in a way that's fair to both sides so that they can go on about their business. So I do want the record to reflect that I have been impressed by your firm's efforts in this matter.

MR. FRIEDMAN: Thank you.

THE COURT: I think that's all I have, Mr. Friedman, for you and Mr. Lurich. Maybe we can hear from Mr. Kline, and then I'd like Mr. Vogel to give me some input as well.

Mr. Kline.

MR. KRAUSE: Jay Kline. I'm an attorney working with Ondova. I'm sorry Mr. Friedman characterized my participation in this case the way he did. My

participation has been helpful, and to my understanding we were working well with counsel. Towards the beginning of last week, I took a look at his financial situation, and it was clear it wasn't going to be able to pay its debts. So the company engaged bankruptcy counsel to examine the situation and to give it advice, and I wasn't that counsel. But my participation in this has been to aid the company in whatever way possible. I stepped into this case, your Honor, the day the imaging started, and I have been working with Mr. Baron 16, 20 hours a day approximately to comply with this Court's orders, and I can tell you from my prospective, your Honor, we have worked as hard as we can possibly do to comply. The bankruptcy is not a subterfuge of this Court in any manner. It's for the company to survive. At least from my prospective, your Honor, the company needed this rehabilitation. It's in Judge Jernigan's court here, and we anticipate to comply with everything the Court orders. And does your Honor have any questions of me?

THE COURT: Well, Mr. Baron -- perhaps because of his lack of sophistication or his lack of understanding of legal processes or the way lawyers work or whatever -- has gone through enormous numbers of lawyers at great expense to himself and a lack of continuity to his representation and I think to his detriment. So my goal

after this case was filed and people began appearing in my Court -- In fact, Mr. Friedman and Mr. Lurich and Mr. Krause were -- came into my court as the second lawyers in my Court. And then I guess Ms. Aldous and Mr. Rasansky came in, and they had been lawyers for Mr. Baron. And I had understood from the proceedings that there had been four or five other lawyers. It was like serial representations where no lawyer could ever get into the case in a sufficient way to figure out what was going on. So my goal was to stop the musical chairs. I was very impressed, as I said, by Mr. Krause, Mr. Lurich and Mr. Friedman and their good judgment in representing Mr. Baron, and I wanted them to be lead counsel, as they have been designated, and continue as lead counsel so that we can prevent this musical chairs and prevent what I consider to be a great detriment to Mr. Baron. So I have been unable to reach you. I think I left a message on your cell phone, but my goal was that if you were going to have any role to play with Mr. Baron that you coordinate everything with Mr. Friedman, Mr. Lurich and Mr. Krause so again that there could be a unity of representation and a thoughtfulness of representation. I will tell you I am disappointed apparently that this bankruptcy was filed without notice or input from Mr. Friedman, Mr. Lurich, Mr. Krause, who are here in this Court representing Ondova and

Mr. Baron. And so you know they wake up one night and there is a bankruptcy pending and they don't know anything about it. They don't know why it was done. No one consulted with them. And my concern is that again rather than trying to resolve issues that face Ondova and Mr. Baron, this is going to delay the matter. I can't see that it's going to create any added value to the case, and if there were concerns about the financial liability of Ondova, it seems to me that was a matter that Mr. Friedman and Mr. Lurich and Mr. Krause could have worked on, consulted with you and considered it and figured out the best way to go. We're creating a second and third layer of expense, costs, and as I said, I don't know what value is going to be added to this. Mr. Baron's problem is he's way over litigious with way too many lawyers. From all appearances in my Court, he happened on three very good lawyers in Mr. Krause, Mr. Lurich and Mr. Friedman whose performance in this Court has been I think of the highest order and whose performance has shown not only legal skill but good judgment and good common sense, and now I'm sitting here with a bankruptcy stay that's occurred without any input at all.

MR. KLINE: Your Honor, I was informed that Mr. Friedman was informed on Thursday of last week.

THE COURT: Informed? Did anybody sit down and

say this is where Ondova is? Let's have a meeting? Let's talk about this and see if this is the best way to proceed? You are telling me that occurred with Mr. Friedman? This is what Ondova's situation is, this is the best route to follow, and he gave his full blessing to this? Is that what happened?

MR. KLINE: That's not what happened. I don't believe that occurred.

THE COURT: Why wouldn't that have been a good idea?

MR. KLINE: I guess I'm not prepared to answer that question. I wanted to be here this morning to be sure that somebody was here to answer. I was afraid I was going to be attacked again, and I think if we had an evidentiary hearing the doubt that's been cast on my role and the compliance of Mr. Baron, we would hear differently, and I was not at liberty to discuss with Mr. Friedman what was occurring last week, your Honor. I'm not sure what you would like me to say. I understand the Court's concerns, and I have read the transcripts. I have tried in every manner to comply with it. I'm not trying to replace Mr. Friedman. It's not my intent to do anything like that. I thought we had a good relationship. The focus is easy to put on me here. That's what I'm saying, and if the Court could allow us to present our

case at the proper time, I think you may have a different viewpoint on this.

THE COURT: Well, I will certainly allow you to do that. I'm just expressing my concerns to you. It's also unclear to me why you were the person who was helping Mr. Baron comply with the orders that had been issued from this Court when I actually thought that was the job of Mr. Krause, Mr. Lurich and Mr. Friedman, and I tried to make it clear that everything in this Court should be handled by these lawyers. So probably at the end we're going to have to come down and figure out why all of this has happened the way it has. I think if we can get the bankruptcy matter clear and resolved, I am going to issue an order that you and bankruptcy counsel appear before me, and we make sure that everybody understands who's in charge in this Court for Mr. Baron and for Ondova. I'm certainly going to let you have your say on that, but I want it to be real clear while we're here together today that any compliance of any order that has been issued by this Court for the defendants is going to be the sole responsibility and of Mr. Friedman and Mr. Lurich. And I don't want anyone else that would come into this Court and ask to be involved through leave of Court. I don't want anyone else doing anything to help the defendants meet the requirements of the Court orders. So I want to be real

clear about that. I don't know what your role is.

MR. KLINE: May I address that, your Honor?

THE COURT: Yes, sir.

MR. KLINE: I was there physically with Mr. Baron. They were in their office. I was helping him work, collecting things. Tremendous amount of information to cipher through, and that's what I was doing. I was physically with Mr. Baron.

THE COURT: I would have thought -- And again, I'm not clear where everything has happened here, but I would have thought that working with Mr. Baron for compliance, working with him to make sure he complied would be the job of Mr. Krause or Mr. Lurich or Mr. Friedman. And if there is some confusion about that today, I don't want there to be any confusion about it tomorrow. Anything that Mr. Baron or Ondova or anyone else has to do in complying with the Court orders, I want them to direct him, not you.

MR. KLINE: Yes, sir.

THE COURT: And that's a directive of the Court. And I know you will follow that directive without any question.

MR. KLINE: Yes, sir.

THE COURT: So anything to do with this case is in the hands of these lawyers, and no one is to be

involved in anything to do with this Court unless I give leave, and the only people I give leave to is Mr. Krause and Mr. Lurich and Mr. Friedman. So you are clear about that, right?

MR. KLINE: Yes, sir.

THE COURT: Now, it will be necessary that at some point in these proceedings I am going to have to have you and bankruptcy counsel here. Of course, I'm deferring to the bankruptcy court, and I know I'm not in any way going to do anything that interferes with the stay that's entered in the bankruptcy court. I'm not going to do that at all. But I do know that I'm sure Mr. MacPete for the plaintiffs and Mr. Friedman, Lurich and Krause for the defendants will be seeking guidance from the bankruptcy court, and hopefully that will be received very shortly.

As I say, my concern is that Mr. Baron -- and I don't know why -- continues to complicate his legal problems by just layering lawyer upon lawyer upon lawyer into his activities. And I'm not for sure what benefit anybody is getting from that. I do agree -- I don't know if I agree with Mr. Friedman's solution. But I do agree with Mr. Friedman's ultimate view that Mr. Baron and his companies and Netsphere and their operations need to be separated in a fair and thoughtful way. And that's my goal.

EXHIBIT 32

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

NETSPHERE, ET AL	(	Number 3: 09-CV-0988-F
Plaintiffs,	(	
vs.	(	
JEFFREY BARON, ET AL.	(	
Defendants.	(	August 18, 2009

Status Conference
Before the Honorable Royal Furgeson

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18:00

Reported by:

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entire bankruptcy case was the result of forum shopping and litigation tactics by Mr. Ondova. The purpose of bankruptcy is to afford the honest debtor a fresh start. I don't think we have that. Here, we have Mr. Baron's attempt to evade this Court's orders and find himself a new forum in which he can pursue this lawsuit for all intents and purposes and try to undue the settlement agreement or whatever he intends to do in the bankruptcy case.

THE COURT: As I look at Mr. Baron, I think he's a desperate man. I think he's a nice man, but a desperate man, and he keeps looking for the pot at the end of the rainbow. I think this is a litigation tactic. There is no one in this courtroom that can look at this and think it's anything other than an effort to get out from under my jurisdiction. That's what it is.

MS. HAYWARD: That's my point. And Judge Jernigan recognized that in an hour and a half of the motion to lift the stay and said so on the record.

So back to the withdrawal of reference and the reference itself, there is two provisions under which this Court could withdraw the reference to the extent it refers it to the bankruptcy court, the mandatory one we discussed that has trademark law being law that affects interstate commerce, and permissively this court may withdraw the

EXHIBIT 33

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

NETSPHERE, ET AL	(	Number 3: 09-CV-0988-F
Plaintiffs,	(	
vs.	(	
JEFFREY BARON, ET AL.	(	
Defendants.	(	September 10, 2009

Status Conference
Before the Honorable Royal Furgeson

A P P E A R A N C E S:

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MR. LURICH: Your Honor.

MR. MACPETE: May I finish?

MR. LURICH: This is highly disputed evidence. I have e-mails. What Mr. MacPete is going to say is he was unaware of certain companies having an employee. I have e-mails prior to the lawsuit where Mr. MacPete was notified by --

THE COURT: Let me cut you have off. I think we're going to hire criminal counsel for Mr. Baron. I think Mr. Baron is very close to sustaining criminal liability. He's in a bankruptcy court under the most unusual of circumstances that could create liability. He has obligations to not obstruct justice in this Court. And so I will tell you, Mr. Lurich, I want you to go get him a criminal lawyer. He needs criminal counsel, and that needs to be done, and it will be paid out of your trust funds. But I want Mr. Baron to receive counsel from a reputable criminal lawyer. I'm understanding that you have the ability to do that. Before you do that, I want you to coordinate with the special master, just to let him know who it is. I want him informed. I have thought about this for some time now, and I think Mr. Baron really cannot go forward any longer without criminal representation, and so you need to get him a good criminal defense lawyer.

EXHIBIT 34

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

In Re:	**Case No. 09-34784-sgj-11**
ONDOVA LIMITED COMPANY,	
Debtor.	Dallas, Texas Wednesday, August 5, 2009 2:00 p.m. Calendar
	EMERGENCY MOTION FOR RELIEF FROM STAY [Docket #21]

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE STACEY G.C. JERNIGAN,
UNITED STATES BANKRUPTCY JUDGE.

APPEARANCES:

For the Debtor:	Edwin Paul Keiffer WRIGHT GINSBERG BRUSILOW, PC 1401 Elm Street, Suite 4750 Dallas, TX 75202 (214) 651-6517
For Manila Industries, Inc. and Netsphere, Inc.:	Melissa S. Hayward FRANKLIN SKIERSKI LOVALL HAYWARD LLP 10501 N. Central Expressway, Suite 106 Dallas, TX 75231 (214) 789-9977
For Manila Industries, Inc. and Netsphere, Inc.:	John MacPete LOCKE LORD BISSELL & LIDDELL LLP 2200 Ross Avenue, Suite 2200 Dallas, TX 75201 (214) 740-8662
Court Recorder:	Dawn E. Harden UNITED STATES BANKRUPTCY COURT 1100 Commerce Street, 12th Floor Dallas, TX 75242 (214) 753-2046

Court finds cause under Section 362 of the Bankruptcy Code and rules this way for several reasons.

First, while this Court has exclusive jurisdiction over property of the bankruptcy estate, the property of the estate allegedly implicated here is certainly remote. The record and positions of the parties indicate that the Debtor had no ownership of domain names, ever, but only some right while it had them registered to some future income stream, but that property right has been limited or diminished prepetition. The domain names had been deleted, and then it was agreed to by the Debtor and ordered by the federal District Court that the names would be restored and transferred.

As far as this Court is concerned, what was left to be accomplished with regard to restoration and transfer of the domain names was ministerial. To hold that the Debtor had a meaningful property right at this point because it had some right of redemption, allegedly, before it agreed to the injunction is disingenuous to the Court. The point is the Debtor agreed to the injunction, and the injunction was issued.

Moreover, it appears to this Court to be an affront to what has already transpired after many weeks or months before the District Court, of much wrangling, analysis and litigation. If the Debtor wants out of the preliminary injunction, it can ask Judge Furgeson to set it aside, or

appeal Judge Furgeson to the Fifth Circuit.

In fact, the Court is lifting the stay for all of these purposes in that litigation. The Debtor is free to do that. But this Court will not allow, essentially, a re-do in this Court or attempt to preempt Judge Furgeson. The Court believes, with all due respect to the Debtor's fine bankruptcy counsel here, that there was some forum-shopping going on, and this was mostly a litigation tactic.

This Debtor can certainly attempt to reorganize in this Court. The Bankruptcy Courts are here for the honest but unfortunate debtor who is wanting to get a respite from creditors, streamline litigation, have an orderly claims allowance process, preserve value for creditors, preserve jobs, preserve contributing corporate citizens. But be that as it may, the Court would view it to be a preemption of Judge Furgeson's hard work and role in this already to essentially transfer litigation disputes with Netsphere to this Court at this juncture.

So, the Court does not believe it would be in the interests of justice or judicial economy or anything else worthwhile to step in the middle of all this.

The Court notes that Judge Furgeson has had a special master to help him understand the technical issues. Again, the testimony or record is that there were almost-weekly hearings for several weeks.

EXHIBIT 35

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

IN RE:	)	BK. NO: 09-34784-SGJ-11
	)	
ONDOVA LIMITED COMPANY	)	
D E B T O R	)	

* * * * * * * * * * *

TRANSCRIPT OF PROCEEDINGS

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(Redacted Transcript)

BE IT REMEMBERED, that on the 1st day of September, 2009, before the HONORABLE STACEY G. JERNIGAN, United States Bankruptcy Judge at Dallas, Texas, the above styled and numbered cause came on for hearing, and the following constitutes the transcript of such proceedings as hereinafter set forth:

If I may approach the Court with that filing in the U.S. District Court?

THE COURT: You may.

MR. MacPETE: May I have a copy of that?

Thank you very much.

MR. KEIFFER: In particular, Your Honor, in this first paragraph it states, Unbeknownst to Friedman & Feiger, L.P., Jay, our client, hired E.P. Keiffer with a law firm who put Ondova into bankruptcy.

The voluntary petition contains Mr. Baron's signature, as does his engagement letter with the firm. Now, I don't know what's happening here. I'm not sure. I don't know what more I can say, other than refute that specific point. We were hired. Mr. Baron signed the voluntary petition and he signed the engagement, Mr. Klein did not. Mr. Klein is not a representative of the debtor. I wouldn't start a case based upon somebody else's statement that I'm hired.

So I'm -- if the Court requires me to go forward, I will go forward and press the case. I'm ready on the case. But I would prefer the debtor have his choice. The debtor gets what he asks for.

THE COURT: Well, let me just say at the outset, I am not going to tolerate a game of musical lawyers in this case. I have heard at prior hearings what has happened in the district court, a little bit of what's

happened in the district court. Part of what I heard was that Mr. Baron and/or Ondova changed counsel, what, seven or eight times?

MR. KEIFFER: I don't know that it was particularly in the district court, but matters leading up to and were ultimately involved in the same point, there had been. I think there was only one change, maybe two at the district court level. The 68th Judicial District there had been many others that had been changed, but not at the U.S. District Court. But the history in the dispute --

THE COURT: Mr. MacPete, how many lawyers has Ondova had in the litigation upstairs?

MR. MacPETE: There are eight total, if you include Mr. Keiffer, seven if you do not include Mr. Keiffer.

MR. KEIFFER: But those weren't all at the U.S. District Court level.

MR. MacPETE: No. There were two at the U.S. District Court level and five at the -- five or six at the state court level.

MR. KEIFFER: That's what I was saying.

MR. MacPETE: The state court case and the district court case overlapped. So there's a total -- if Mr. Pronske were approved, there would now be a total of nine counsel on behalf of Ondova. And, frankly, Your Honor, this is the third Court in which this tactic has been employed. I

can't put my hands on the transcript right now, but Judge Hoffman in the 68th State District Court has said some very harsh things from the bench about Mr. Baron's proclivity to change counsel on the eve of a hearing in order to get a continuance. And that he's not tolerating it in his court.

THE COURT: Well, I'm surely not going to tolerate it where I have a debtor in possession. You know, it shouldn't be tolerated by any litigant as a tactic or strategy. But when you are in this Court as a Chapter 11 debtor, you have fiduciary duties and suddenly it becomes a more serious issue.

MR. KEIFFER: Your Honor, as you could understand, I received this letter this morning. And in many respects to disobey the request of the letter would be, in a sense, a breach of attorney/client obligations. I realize as counsel for the debtor that I'm something more. That's why I wrote it in the manner that I wrote it so that the Court would understand what was happening. I am obliging my client the request. There is -- I have my own personal views on this which I don't now if it wold necessarily matter at this juncture.

I have views that are bound by attorney/client privilege that unless and until or if circumstances warrant that the Court says, You are free from that, or other circumstances warrant, I will discuss those. But right now I

am at, in a sense, the mercy of the direction of the client. I can basically -- didn't even have time to file a motion to withdraw indicating functionally my concerns with this. All I did was comply with the request of the party.

To the extent that a motion to withdraw would make it more clear as to somewhat the nature of the conflict and the issues that this Court may draw whatever inferences it wants to from it. I will follow it. But I'm not here to -- I'm ready to proceed and defeat -- not defeat, but to show that the other parties can't meet their burden under 363(p)(2) today. If the Court wishes us to proceed, then I will proceed. I understand my duties as counsel for the debtor.

THE COURT: Okay. Well, your motion mentioned Pronske & Patel.

MR. KEIFFER: Yes, Your Honor, that is correct.

THE COURT: And I happen to see Mr. Pronske sitting out there. Mr. Pronske, can you speak to what is going on here?

MR. PRONSKE: Good morning, Your Honor.

THE COURT: Good morning.

MR. PRONSKE: I'm Gerrit Pronske and have been proposed as counsel for the debtor.

Your Honor, I was contacted by voicemail for the first time on Saturday. I was not able to speak to anybody until

late Sunday evening, very little, and some yesterday. So I'm very new to the situation. We were -- our firm was interviewed, I guess you would say, or we discussed the filing of the case prior to I think Mr. Keiffer being involved and had maybe a couple of meetings. But I don't really know much about the case.

My understanding is that there are significant differences between counsel and the client that would require seeking a termination of the counsel and we've been asked to take over. What we have proposed is an arrangement and we're not -- we intend to file an application, if the Court allows us to do so, we intend to file an application to be employed. We have to make determinations of various things such as conflicts and we've done our own conflict's check and we don't have a conflict, but to make sure that there's no issues or problems with sources of retainers and things that would obviously require disclosure to this Court and approval of this Court.

But subject to those things and subject to actually getting involved in the case and meeting with the client and understanding what's going on, we're prepared to move forward. The -- it is my understanding that the client is requesting the continuance is because they don't want this to go forward with -- at an important juncture in the case, the use of cash collateral, with Mr. Keiffer moving forward this

morning. For whatever reason that conflict between the client and Mr. Keiffer has risen. It is, as the Court knows, the debtor's motion for -- to use cash collateral. And I understand it's a great inconvenience to this Court, which has set aside a substantial amount of time today for that hearing. But the request is that there be a continuance and we be able to get up to speed. And I don't think it would take us too long. I think probably three or four days is all we would need to get up to speed enough, at least initially, to go forward with an application to employ and before moving forward with the cash collateral.

I, too, am aware of issues relating to changing of counsel before and I have inquired about that. That's always a red flag, as the Court knows when counsel have been changed. I have -- I cant' tell you that I've done all of the due diligence tat I need to do, but I can you that there are two sides to the story. And although the number of counsel that have been involved in the case is unusual, there appear to be some facts that warranted those changes of counsel.

I can't tell you I know, you know, definitively what happened from -- but I can tell you that there are two sides to that story. And we've convinced ourself enough to move forward with the application to employ.

I'm not sure I'm in a position to ask for a continuance

since I'm not involved in the cas yet. but I think that the request, if we were to get involved in the case, the request would be appropriate and we could be up to speed very quickly.

MR. KEIFFER: Your Honor, could I make one continued response?

The indication of conflicts with Mr. Baron is new. We've basically not filed anything without Mr. Baron's approval. We've had some disagreement as to tactics and to how things should or shouldn't be done and in what regard they haven't been done. But this was the first by the letter that was delivered from -- well, counsel at the district court level delivered the letter to us electronically this morning. That was the first time that I've heard of a conflict between myself and the representative of the debtor. But there's a conflict with regard to how or what should be done in the case. There have been, again, some difficult or some harsh words there in the middle of the representation, but ultimately nothing is done unless the client specifically agreed to it.

If the client had required me to do something that I felt was inappropriate, I would have withdrawn. So the statement that there's a conflict here is I think a bit disingenuous. I think I know the source of the conflict and I don't know that it's Mr. Baron, but there is a source of

conflict there.

And I don't know what -- I don't envy your position here, Your Honor. I'm ready to go. Whatever you tell me I need to do.

THE COURT: Mr. MacPete.

MR. MacPETE: Thank you, Your Honor.

I think the one piece of this picture maybe that you're missing is on Saturday -- the reason I had the call with Mr. Keiffer yesterday in which I told him that there was discussion about firing him was a courtesy to counsel. It wasn't a tactic. And I knew about that because I received a call at about 9:30 in the morning on Saturday morning from Mr. Friedman, who is the counsel in the district court litigation, who indicated that he was going to be meeting with Mr. Baron and he was going to be attempting to convince Mr. Baron to fire Mr. Keiffer. And then he asked me what I wanted in order to agree to a continuance of this hearing.

I told him at that time I didn't think that I could agree to continue this hearing because it was my understanding that the Court wanted to have this hearing and wanted to hear the testimony of the debtor. I also indicated that even to the extent he and I could reach an agreement that there was another objector, Mr. Rasansky and wasn't sure that he could get agreement from Mr. Rasansky. And, of course, all of that assumed that the Court would even go

along with that. That was the extent of my discussion with Mr. Friedman on Saturday. Then again last night I received a call from Mr. Friedman's office and I talked to a lawyer from his office again about please tell us what you would like in order to avoid this hearing tomorrow because we don't want our client to testify.

So what this is about is absolutely for delay. It is because their client does not want to testify under oath. And he has continually dodged the ability to get his deposition or other testimony under oath in the life of this case. And that's what this is about. It's not about that there's a Keiffer, a dispute with Mr. Keiffer. It's not about whether Mr. Pronske is an excellent bankruptcy attorney. This is about we don't want Jeff Baron on the stand being cross-examined by Mr. MacPete. That's what this is about. And it is clearly a delay tactic and we would urge the Court not to fall for it.

And in addition, I would let you know, Your Honor, that my clients are located in California and I have flown a possible rebuttal witness out here at thousands of dollars of expense based on this hearing being set for today. And now if this gets continued, essentially that's money wasted. And it's money that's continually wasted because we've had all kinds of situations in the district court with discovery before the preliminary injunction where Mr. Baron's

deposition was scheduled and then he wouldn't sit for his deposition. My clients flew out for that. They flew out to give their own depositions. All of that was, again, continued by changes in counsel and other attempts at reaching agreements. So this is a constant theme in this case and costs my clients a lot of money and it's not fair. So we would just ask the Court to hold the hearing today. Mr. Keiffer has indicated he's prepared to go forward. And Mr. Baron should give his testimony under oath.

Thank you, Your Honor.

THE COURT: Here's what we're going to do. It's 5 until 10. The Court is going to take a 5 minute break. And during that 5 minutes I hope that Mr. Baron will talk to his and Ondova's various counsel about the two choices I am laying out there right now. The two choices are, that we either go forward in five minutes with this continued cash collateral hearing, or the Court is going to exercise its sua sponte power under Section 105 of the Bankruptcy Code which the lawyers in the room can explain to Mr. Baron, and who is it, Mr. Nelson, is he the -- the Court will exercise its sua sponte powers to appoint a Chapter 11 Trustee for cause. And I will issue the specific findings that I think constitute cause when we come back out here. And that will mean that a Chapter 11 Trustee will be essentially the executive in charge of Ondova, will get its

cash, and will handle the Ondova bankruptcy and company strategy going forward in this Chapter 11 case. So we have at least two good bankruptcy lawyers on this side of the room. I don't know if there are other lawyers in the room. But between Mr. Keiffer and Mr. Pronske and anyone else here that might be here on Mr. Baron or Ondova's behalf, they can explain the choice I have set forth here. Again, we either go forward in five minutes, or I'm going to sua sponte appoint a Chapter 11 Trustee.

All right. We'll take a five minute break.

(Brief recess ensued.)

THE COURT: All right. Please be seated.

We are going back on the record in Ondova Limited, case number 09-34784.

Mr. Keiffer, it would appear as though you all are ready to go forward with the cash collateral motion?

MR. KEIFFER: Yes, Your Honor, it appears as such.

THE COURT: All right. Mr. Baron, we're going to go ahead and re-swear you in. So if you could stand up, raise your right hand, and face the court reporter.

(The witness was sworn by the courtroom deputy.)

MS. HAYWARD: Your Honor, I'm sorry. Before we proceed, there are a lot of people in this courtroom. And I believe at some point we're going to be discussing the

business is so therefore we can assess the reasonable business needs for the cash, and then hear a little bit about do other people have a potential interest that might be found valid in an adversary proceeding later on down the road so that, therefore, they get some adequate protection if I let you use the cash. Okay?

So is everyone clear? Is everyone clear? And just to make the lawyers clear, I will not be whipsawed. Judge Ferguson will not be whipsawed. I think he made it clear with his order the way he envisions this going forward. And Mr. Lurich, I'm going to give you the benefit of the doubt that your conversation with Mr. MacPete was not aimed at something more sinister than what can we offer you as far as adequate protection in exchange for using the cash. But I'm a little bit worried. Okay? So you all need to work hard to get me unworried about things like that I hear in the future. And I'm going to give you the benefit of the doubt on your motion you filed before Judge Ferguson this morning that you weren't, once, again, whipsawing us. And it was concern about his prior statements and his prior order, you felt like you needed to kind of go through the traps with him, as well as filing the 327 application before me. But I still remain confused, because I think his order of August 28th is pretty clear about how he envisions this all playing. He keeps the action and, you know, unless things develop at that status

Q. And if I want to get to judgejernigan.com, that is a name which is registered at Ondova, and the way I'm going to get there is through the name server information which Ondova provides, correct?

A. That is, I think, a simplistic way of saying a bunch of more things that actually happened. There's, I think, a lot more than happens than what you're saying.

Q. And, in effect, since Ondova is the one who has the computers and the information to change the name server information, Ondova can control where a query for judgejernigan.com goes; isn't that right?

A. It has participation in that, but it wouldn't be -- you've stated it as an absolute. It would have an influence on it, but I don't quite agree with the way you said it.

Q. Well, I'm not talking about authority now. I'm talking about the physical ability. The physical ability to direct where judgejernigan.com is going to land when somebody queries it on the internet. Is it strictly within the control of Ondova based on the information that you provide in your Who Is and to Verisign; isn't that right?

A. I think you've added some things in there that make what you said not right.

THE COURT: Mr. Baron, we are not going to be here -- well, we're probably going to be here all day. But we're not going to be here beyond today. We're going to

finish today one way or another. And in order to finish, you're going to have to give more direct and complete answers. Okay? I know this stuff is complicated, but I think you can do a much better job explaining it than you are. Okay?

Remember my little speech about transparency and fishbowl and open in bankruptcy?

THE WITNESS: Yes, I do.

THE COURT: You're going to have to help us with that. Okay?

THE WITNESS: Okay.

THE COURT: You're the guy in charge of the debtor. And if we can't get a picture of how your business works, we're going to have to put someone else in charge. That's the idea of the Chapter 11 Trustee this morning. You know, I just -- I will have no choice if I don't have someone speaking for the debtor that I can understand and parties in interest can understand. Okay?

THE WITNESS: Sure. Yes, Your Honor. I'd just like to say that I have some programming background, but I don't do the programming. And a lot of these things are extremely technical that do have to deal with issues that I may in general know, but I'm not someone on a day-to-day basis does all of the engineering. So I -- some of the things that he's asking is a lot more technical than I can

get it.

THE COURT: That doesn't mean you're going to get it. Just so your client understands, I have 5,000 bankruptcy cases and I can't afford to spend this much time on all of them. So there are other people -- there have been emergency requests going on like crazy back there today that I'm going to spend the next few hours looking at. Okay.

MR. KEIFFER: I understand.

THE COURT: That's why I can't guarantee you I'm going to say, yes.

MR. KEIFFER: Understood, Your Honor.

THE COURT: Any way --

MR. KEIFFER: I had to discharge my obligation.

THE COURT: All right. Thank you.

Now for the other housekeeping matters. So we have the hearing on the 11th at 9:30 to finish this once and for all. I'm expecting an agreed order to allow emergency cash expenditures between now and the 11th. Other than that, the debtor has no permission to use its cash.

But here is what I'm also going to do. I am going to issue an show cause order in this case as to why a Chapter 11 Trustee should not be appointed and we're going to set that for hearing, also on September 11th at 9:30. And here is why I feel the need to do that.

I've given a couple of lectures already in hearings in this case about how Chapter 11 is supposed to work, but I guess I feel the need to do it one more time. The goal of Chapter 11 is -- I think the way I typically phrase it is to give the honest but unfortunate debtor a respite from his creditor collection problems and other problems causing financial distress and use that respite to come up with a strategy to either reorganize, and that would be in the case of a viable worthwhile business, or if we don't have a viable worthwhile business, give the debtor a respite, again, the honest but unfortunate debtor with creditor problems and financial distress problems a chance to have a soft landing of his business and do an orderly liquidation.

So, again, Chapter 11, it might be about reorganizing a viable business, or it might be about getting a debtor a chance to have a, what we call soft landing, an orderly liquidation, whichever is going to make sense.

Whichever of those strategies ends up making sense, reorganization or liquidation, the paramount goal is to preserve value for creditors and ultimately equity holders if you get all of your creditors paid off in full. And -- so that is what Chapter 11 is about.

I have concerns, as I've said before, is that what the end goal of this Chapter 11 is really about, preserving a viable business, or giving a soft landing to a business in

liquidation, to preserve value for creditors, or is this really about just yet another forum to re-litigate issues with Netsphere? And I also have concern are we focused on preserving the entity, Ondova, and value in that entity, or protecting Jeff Baron?

So that's one thing I'm very concerned about and why I feel the need to do a show cause order to consider whether we need to have a Chapter 11 Trustee. I need to perhaps have an independent third party tell me, do we have a viable business here, or do we have a company that we need to orderly wind down and the Chapter 11 forum is what really makes sense.

The other reason I'm thinking about a Chapter 11 Trustee is we do sort of have the classic situation, as I know Mr. Keiffer will tell his client, where we sometimes appoint a Trustee. And what I mean is we have, for lack of a better term, quite a mess to sort through. We have pre-petition transactions that perhaps an independent fiduciary needs to look at. Perhaps there are assets in other entities that have been wrongfully conveyed out of Ondova. I don't know.

But then we also -- besides having that classic situation that we like to have an independent fiduciary look into and examine, we have an officer here, Mr. Baron, a principal here who I'm concerned just doesn't appreciate the role he is supposed to play as a principal of a Chapter 11

debtor. Again, I've lectured about this a lot and I suspect Mr. Keiffer has too. But, again, the fishbowl analogy, the open kimono analogy, life is different. Chapter 11 is serious business. It's being forthcoming. And we don't play hide the ball. And Mr. Baron has a tendency to give answers on the witness stand while under oath that seem a little cagey and less than forthcoming. And I understand he has medical issues. And I understand he's not a lawyer and doesn't communicate exactly the way some of us in the room do. He's a technical type. But we can't spend hours and hours and hours in every Chapter 11 hearing in this case.

And part of the reason this is going on so long is because of the way Mr. Baron answers questions. It's not what we are used to in this Court. We are used to officers who come clean. This is the first day of the rest of their life. Things have gotten very messed up before the bankruptcy filing either because of financial crisis or litigation or other business disruptions. But, guess what, now we come clean. We get to business. And we're just not getting to business in this court the way we need to in a Chapter 11 case.

I'm also worried about his medical condition he's talked about. Maybe that's hampering him from playing the role he needs to play as the principal of a Chapter 11 debtor. If it is, again, maybe we need a Chapter 11 Trustee.

Last but not least, the attorney/client privilege issue. Remember, Mr. MacPete, I said I was going to come back to this. That's another classic issue that arises sometimes in Chapter 11 that ultimately begs for a Trustee. A Trustee can decide to waive that the attorney/client privilege. And we trust him as an independent fiduciary to make those judgment calls. You know, it's about the creditors now. I ain't hiding anything. I'll just waive the privilege. And when we have a Chapter 11 officer who wants to assert the attorney/client privilege or does not want to free up his lawyers from speaking candidly, it just invites the prospect of a Trustee who will frankly waive it in a heartbeat to protect the interest of the economic stakeholders.

So the Court is going to issue a show cause order on whether a Chapter 11 Trustee should be appointed. Just so Mr. Baron understands, if that happens, it will be the new he or she, the new Chapter 11 Trustee would be the new officer in charge of Ondova. Would get control of whatever assets Ondova has an interest in. Would get the cash. Would get the contracts. Would get control of the litigation. And I'm telling you, that seems like it might be the right solution here. But, again, I'm going to give you some due process.

I think I have the authority under the second sentence of Section 105 of the Bankruptcy Code to do it sua sponte

EXHIBIT 36

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

Signed September 2, 2009 **United States Bankruptcy Judge**

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 FOR DEBTOR TO APPEAR AND SHOW CAUSE WHY: (A) A CHAPTER 11 TRUSTEE SHOULD NOT BE APPOINTED, OR ALTERNATIVELY, (B) THE CASE SHOULD NOT BE CONVERTED TO A CASE UNDER CHAPTER 7 AND A CHAPTER 7 TRUSTEE APPOINTED

On August 26, 2009, and again on September 1, 2009, this court held hearings on the Debtor's Emergency Motion Asserting: (i) No Perfected Lien on Debtor's Cash or Accounts; and (ii) Ability to Utilize Such Property of the Estate [DE # 10] (hereinafter, the "Section 363 Cash Usage Motion"). It soon became apparent to the court that Ondova Limited Company ("Ondova" or the "Debtor") was seeking (through a *motion*, rather

than through an *adversary proceeding*) a ruling that: (a) the cash held by the Debtor in a debtor-in-possession bank account (over $461,000), (b) any cash that the Debtor might receive henceforth during the case (from revenue from the registration and/or renewal of domain names, and/or from monetization companies, and/or from other sources), and (c) possibly other cash that may have been transferred prepetition by the Debtor to certain of its attorneys was all "property of the bankruptcy estate" (11 U.S.C. § 541), unencumbered by any lien, claim or interests of third parties. Noting the procedural problem with this (*i.e.*, the court's inability to make a declaratory judgment without an adversary proceeding, where all parties-in-interest have been named as defendants and served with a complaint, summons, and given a chance to answer, take discovery and have an evidentiary trial on reasonable notice; see Bankr. Rule 7001)—and at the same time recognizing that the Debtor may have a genuine and urgent need to use cash—the court indicated that it would treat the Section 363 Cash Usage Motion as, essentially, a "typical cash collateral motion," pursuant to which the Debtor could put on evidence of such relevant things as: (a) what cash the Debtor had on hand now and expected to receive in the near-term; (b) how such cash was and would be derived; (c) what the

Debtor's budgeted expenses and other cash needs were expected to be during the next few weeks of the Chapter 11 case; (d) the reasonableness and necessity of the Debtor's budgeted expenses (which would entail evidence regarding what the Debtor was doing; what the Debtor's business model was at this juncture; how many employees and how much overhead the Debtor has); and (e) what the Debtor would offer as "adequate protection" (11 U.S.C. §§ 361 & 363) to parties who might have an interest in the cash. The court would also let objecting parties who claim an interest in the Debtor's cash (NetSphere, Inc. and lawyers Mr. Rasansky and Ms. Aldous) put on evidence concerning their alleged interests in the cash that might be entitled to "adequate protection." *See* 11 U.S.C. § 363(p).

During the hearings on the Section 363 Cash Usage Motion, which still have not concluded (the court setting the next hearing on the Section 363 Cash Usage Motion for September 11, 2009 at 9:30 a.m.), the court became concerned about whether it is appropriate to allow Ondova to remain on as a debtor-in-possession in this bankruptcy case. Among the things driving this concern are the following. First, the hearing on September 1, 2009 began with an attempt by the Debtor to terminate its bankruptcy counsel and seek a continuance of the hearing on the

Section 363 Cash Usage Motion (in light of a desire to retain new bankruptcy counsel). The court noted that it was especially troubled with this development-given that the Debtor has a long prepetition history of playing "musical lawyers" in litigation with NetSphere, Inc. Second, the court has been troubled at both the August 26, 2009 and September 1, 2009 hearings, with: (a) an apparent lack of forthcomingness on the part of the Debtor's principal, Mr. Barron; (b) an inability on Mr. Barron's part to concisely answer straightforward questions about the Debtor's business; and (c) the assertion of the attorney-client privilege by the Debtor in situations where such an assertion may not be consistent with the fiduciary duties of a debtor-in-possession (*i.e.*, in situations where, surely, a Bankruptcy Trustee would see fit to waive the privilege in the interests of creditors and in the interests of the efficient administration of the bankruptcy estate). The court also perceives that the goal of Ondova in this Chapter 11 case (while under the direction of Mr. Barron and the current management team) may not be centered around reorganizing a viable company (or providing a soft landing to a financially-stressed company), for the benefit of creditors and other parties-in-interest, but more geared toward protecting the personal interests of Mr. Barron and his affiliates, and/or

attempting to relitigate issues already decided or settled in other fora. Finally, the court is concerned about complex, prepetition transactions among various companies in which Mr. Barron has some interest or control, which transactions may affect the Debtor (and the value available/reachable for creditors), that need investigating by an independent fiduciary.

The court, therefore, has decided to issue this show cause order, pursuant to 11 U.S.C. § 105, setting a hearing to hear evidence and argument on whether Ondova should continue on as a debtor-in-possession. Accordingly, based upon the foregoing, it is hereby

ORDERED that **Ondova and Jeff Barron (and their counsel) shall appear before this court on Friday, September 11, 2009, at 9:30 a.m., for a hearing, and show cause at such hearing why** a Chapter 11 Trustee should not be appointed in Ondova's case or, alternatively, the case should not be converted to a case under Chapter 7 and a Chapter 7 Trustee appointed. Other parties-in-interest may attend and present evidence and argument.

###END OF ORDER###

EXHIBIT 37

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

IN RE:	)	BK. NO: 09-34784-SGJ-11
	)	
ONDOVA LIMITED COMPANY	)	
D E B T O R	)	

* * * * * * * * * * *

TRANSCRIPT OF PROCEEDINGS

* * * * * * * * * * *

BE IT REMEMBERED, that on the 11th day of September, 2009, before the HONORABLE STACEY G. JERNIGAN, United States Bankruptcy Judge at Dallas, Texas, the above styled and numbered cause came on for hearing, and the following constitutes the transcript of such proceedings as hereinafter set forth:

appoint a specific Chapter 11 Trustee over this case. That Chapter 11 Trustee can decide if conversion to Chapter 7 makes sense and maybe he will if, in fact, there is not much of an operating company at this juncture. But the Court believes that for now we should keep it in Chapter 11, to the extent a Trustee would need authority to take certain actions to maintain business operations and contracts for now to preserve value in the entity.

The Court believes there is cause under Section 1104, the applicable statute, for appointment of a Chapter 11 Trustee; including the mismanagement of the affairs of this estate by the debtor in possession while under the direction of Mr. Baron. And, also, cause being the lack of candor and cooperation of Mr. Baron as a representative of the debtor in possession.

The Court also finds that a Chapter 11 Trustee is in the best interest of all creditors and parties in interest as it brings to one central forum, under one captain, the Chapter 11 Trustee, all issues as to what is property of the estate, what are claims against the estate, and what causes of action or possible avoidance actions might be pursued to benefit people with claims against Ondova. As Mr. Keiffer has alluded to, the Bankruptcy Code gives very powerful tools to a Chapter 11 Trustee or a Chapter 7 Trustee, for that matter, to herd into the estate any assets that rightfully

EXHIBIT 38

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	)	Case No. 09-34784-sgj11
	)	Chapter 11
	)	
ONDOVA LIMITED COMPANY,	)	
	)	Courtroom 1
	)	1100 Commerce Street
Debtor.	)	Dallas, Texas 75242-1496
	)	
	)	April 7, 2010
	)	10:00 A.M.

TRANSCRIPT OF APPLICATION TO EMPLOY
LAIN FAULKNER & CO., P.C. (DOCKET 245).
MOTION FOR 2004 EXAMINATIONS (DOCKETS 272, 273, 274, 275).
BEFORE HONORABLE JUDGE STACEY G. C. JERNIGAN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For Daniel J. Sherman, Chapter 11 Trustee:	Munsch, Hardt Kopf & Harr PC By: RAYMOND J. URBANIK, ESQ. 500 North Akard Street, Suite 3800 Dallas, TX 75201-6659
For Netsphere:	Franklin Skierski Lovall Hayward, LLP By: MELISSA HAYWARD, ESQ. 10501 N. Central Express, Suite 106 Dallas, Texas 75231 Locke Lord Bissell Liddell By: JOHN MacPETE, ESQ. 2200 Ross Avenue, Suite 2200 Dallas, Texas 75201
ECRO:	**Jennifer A. Womack**
TRANSCRIPTION SERVICE:	**TRANSCRIPTS PLUS, INC.** **435 Riverview Circle** **New Hope, Pennsylvania 18938** **Telephone: 215-862-1115** **Facsimile: 215-862-6639** **e-mail CourtTranscripts@aol.com**

Proceedings recorded by electronic sound recording, transcript produced by transcription service.

to go forward. And then maybe we can pick up settlement some other time when he's more serious about actually reaching an agreement.

THE COURT: All right. Here's how the Court is going to rule. The Court is going to grant all of these motions to take 2004 examinations. But the Court is going to order that the examinations not occur before April 30th, and shall occur no later than May 15th.

First, under Rule 2004, I think these examinations are warranted. There's good cause. This clearly relates to the administration of the estate, and potentially money or property that could be acquired by the debtor in the case, or for formulation of a plan.

The Court is going to call you back for a status conference regarding all of the 2004 motions, these and the others that are out there that have not taken place. And we're going to have a specific -- if there's not a settlement, and 2004 exams have not otherwise occurred by mutual agreement by April 30th, we're going to set up a very vigorous schedule between April 30th and May 15th to get it all done.

If I have to make space available here at the courthouse in a conference room with a U.S. Marshal babysitting the process, I will. And I say that mostly for Mr. Baron's sake. That's what I'm inclined to do at that point. If on April 30th, we don't have a settlement, and we haven't

otherwise had examinations of Mr. Baron and material progress, I'm inclined to set up his deposition, or order it to occur here in a conference room with a U.S. Marshal standing by ready to intervene as necessary.

This is very, very frustrating. And I know that everyone pretty much shares my frustration. But I'm frustrated that Mr. Baron is an obstacle here, and maybe nothing short of testifying and facing a holding cell if he doesn't cooperate and testify is going to get him to budge in this.

I'm also concerned about lawyers and -- nondebtor parties and lawyers worried more about their own personal exposure and liability in this. And this estate just doesn't have time for that anymore.

So, again, if we don't have resolution by the 30th, maybe it's time to just, one-by-one, have these depositions. Let everyone start airing their dirty laundry. And if we have to go to DEFCON 3, or whatever that expression is, at that point, we will.

But, again, agreed orders are fine with regard to going ahead and doing a deposition on April 21st, or 16th, or whatever. But if we show up here at the status conference on the 30th, and we don't have a settlement, and we don't have any 2004 exams having taken place by then by agreement, we're going to set them all up the first two weeks of May. Everybody's. Not just these Diamond Key, Manassas, Taylor, and Sheridan.

EXHIBIT 39

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

IN RE:	)	BK. NO: 09-34784-SGJ-11
	)	
ONDOVA LIMITED COMPANY	)	
D E B T O R	)	

* * * * * * * * * * *

TRANSCRIPT OF PROCEEDINGS

* * * * * * * * * * *

BE IT REMEMBERED, that on the 12th day of July, 2010, before the HONORABLE STACEY G. JERNIGAN, United States Bankruptcy Judge at Dallas, Texas, the above styled and numbered cause came on for hearing, and the following constitutes the transcript of such proceedings as hereinafter set forth:

have him in place. The issue of Taube's firm's attorney's fees, or the Village Trust attorney's fees for June and July, whether they are or are not capped at $100,000. And the issue of the 10 to 12,000 domain names that have trademark issues that we may or may not be able to find a privacy service for. Plus the wordsmithing of paragraph (6)(c).

Are you agreeing to be bound by this settlement agreement?

MR. BARON: As long as the version we're talking about is the version that we all agree to, plus these changes, yes. I just want to make sure there haven't been other things snuck in, if you will. But if nothing has been snuck in, then there's not a problem.

THE COURT: Wait. What do you mean by that, Snuck in? To the version on June 22nd?

MR. BARON: Right.

THE COURT: But you have had ten days to read that and you have two attorneys involved.

MR. BARON: There was one -- I'm just trying to think about it as you're asking me.

THE COURT: Okay. I -- I'm beyond frustrated. And I'm thinking about my contempt powers right now. That's how frustrated I am. And ask your attorney during the break what I mean by that, if you don't understand.

When did the topic of resignation of the Trustee and

Mr. Baron is receiving about a $75,000 gift because the fees are actually $250,000 that we are reducing to $175,000. So the Court would not have to hear all of the testimony --

THE COURT: Okay. We're done. We're done. I told you what I was prepared to do before lunch. That I thought you had more or less capped yourself at $100,000, subject to some fudge room. Okay. You are wasting this Court's time. You're wasting everybody's time. So are you, Mr. Baron.

All right. We're done here. Here's what we're going to do.

MR. PRONSKE: Your Honor, may I have just 30 seconds with Mr. Baron? May I approach?

THE COURT: You may.

MR. PRONSKE: Your Honor, I'm going to reduce my fee to Mr. Baron by $12,000, which is the amount of that, so we'll agree to pay it.

THE COURT: All right. So what does that mean?

MR. PRONSKE: It means we have an agreement to pay it.

THE COURT: You know what, I am tired of these short explanations that end up getting bogged down and then we don't have a deal in three days. Let's be explicit on the record of what the deal is.

EXHIBIT 40

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	:	CASE NO. 09-34784
ONDOVA LIMITED COMPANY	:	Chapter 11
	:	
	:	

Transcript of proceeding regarding
Status Conference, Motion to Withdraw as Attorney
Before the Honorable Stacey G. C. Jernigan
United States Bankruptcy Judge

15 SEPTEMBER 2010

Transcribed by: Richard Simpson
1120 Hallmark Dr.
Shreveport, LA 71118
318-688-1860
Proceedings recorded by electronic sound recording FTR;
transcript produced by transcription service.

we'll go into these attorney issues.

But I'll just give you a little preview. I am more than a little concerned about the "musical attorneys." And if anyone thinks that anything is going to happen to this settlement agreement at this point, think again. I'll hear what you say, Mr. Urbanik, but no one is going to get out of this settlement agreement. And I cannot figure out why, for the life of me, we have the "musical lawyers" going on, but it's going to stop today. And we will discuss details of how and why it's going to stop.

All right. Mr. Urbanik?

MR. URBANIK: Thank you, Your Honor. We appreciate your remarks because that is the trustee's concern. The settlement agreement has been progressing well until, I'd say a few days ago, maybe a week ago when some issues became more -- issues became -- we became aware of.

Settlement agreement is at a very delicate place right now. And our goal is to get this settlement consummated. And whatever it takes, we are going to try to get this settlement consummated.

THE COURT: It's going to be. It's going to be.

MR. URBANIK: The Court approved this settlement on July 28. And right after that date, we began working with parties. And for the most part, Your Honor, there was cooperation among the parties, including the Manila, Netsphere

These three item -- the two items that need addressed need to be addressed very, very promptly. Mr. Baron has a history of changing lawyers to delay and disrupt. It's un-, un-, you know, -contested. It's a demonstrated history. We can go through the names, we can talk to Judge Furgeson, Judge Hoffman, all the lawyers in this room --

THE COURT: I know. There are no more lawyers going to be allowed. The question is: Whether any are going to be released; is he going to be pro se; or is he going to have lawyers? Or, you know, I am even noodling 28 U.S.C. Section 754 and 1692.

MR. URBANIK: Well, Your Honor, this demonstrated --

THE COURT: You know what I am talking about?

MR. URBANIK: I would need to get the Code.

THE COURT: No. Does anyone know what I'm talking about?

UNIDENTIFIED SPEAKER: No.

THE COURT: That's the federal receiver statute.

MR. URBANIK: I understand.

THE COURT: I'm thinking of making a Report & Recommendation to Judge Furgeson, maybe he just appoints a receiver over Mr. Baron and his assets and let that receiver implement the settlement agreement.

MR. URBANIK: Well, Your Honor, we --

THE COURT: Less extraordinary situations have

trying to delay getting that resolved. And that was the impetus for filing the lawsuit today. Mr. Pronske said he wanted to go to state court. We took it to state court. Within about two hours, it was back in this court.

We're happy to let anyone -- Mr. Baron is happy to let anybody reasonably consider that as long as his rights on that issue are preserved.

And I'm a little surprised at the removal. But we're happy to talk about all those issues. And there's plenty of mechanisms here I believe that Mr. Baron will agree to, to protect Mr. Pronske and others and to see that this settlement is implemented. That was the -- when it started developing further, then he started turning to me on the settlement issue. And I'm not, I'm not familiar with that, although in all honesty, I don't hear a lot of major issues still out there to be done, so I don't know why a new lawyer can't resolve that. I certainly understand the Court's concern that there be no delay. And Mr. Baron will agree that any new counsel will not be for the purpose of delay and there will be no delay related to it.

And I say, Your Honor, I am not a disruptive lawyer. If he were coming to hire a disruptive lawyer, it wouldn't have been me. I think you know that.

THE COURT: I know you're not, Mr. Thomas. And I don't mean any disrespect to you. But there is zero chance Mr.

Baron is getting a new lawyer. Zero. Zero. Okay?

40-something lawyers. 40-something lawyers.

MR. THOMAS: Even, Your Honor, for the end game, the plan, et cetera, he needs representation. Mr. Pronske is gone.

THE COURT: He's had very able representation.

MR. THOMAS: I don't disagree with that.

THE COURT: Like I said, right now --

MR. THOMAS: I understand that.

THE COURT: -- he either keeps who he's got, he goes it pro se, or maybe I recommend that a receiver be appointed if I don't have confidence that he can do what he is required to do pro se.

MR. THOMAS: Again, I just urge one more time that you allow him to retain me for that purpose and to assist any other lawyers that are on the case already.

THE COURT: Okay.

MR. THOMAS: Thank you, Your Honor.

THE COURT: All right. Mr. Broome, how much have you been paid?

MR. BROOME: Your Honor, I have been retained on an hourly rate, and there has been a retainer placed with my firm in the amount of $4,000.

If I could just very quickly address a couple of the things that Mr. Pronske said. And that's my role here as a very limited --

Trust. Curan Wagstaff. Kevin Demoore. Lackey Hershman. Law offices of Dennitt West & LeJune. Law Offices of Graham Taylor. Law Offices of Rajiv Jain. Mateer & Shaffer. Ness Motly. Newman & Newman. Owens, Clary, Akin. Reed Smith, L.P. Ronnie Palter. Rowe, Gotham & Associates. Thompson & Knight. And apparently I've left off some, because that's 30-something.

You know, is it Rule 11 sanctionable? Is it gamesmanship? Is it obvious improper purpose to delay? Or is it Texas Penal Code theft of services?

You know, I am just so troubled for so many reasons. But these are the things that are going through my mind during this 5-minute break. Baron can go forward with who he has with us putting mechanisms in place to make sure those attorneys get paid. He can go forward pro se, in which case I'm likely to suggest Judge Furgeson appoint a receiver. I may order that a big chunk of money be put in the registry of the court. But I am going to do what I feel needs to be done to get this settlement agreement implemented.

And so, Mr. Lyons, I'll let you kind of talk that over with Mr. Baron during a 5-minute break. And then we'll come back and hear testimony --

MR. TAUBE: Your Honor, I apologize for interrupting the Court. I just wanted to make sure that I clarified. I may have misled the Court. In terms of the actual assets that Bill through up to The Village Trust, it is my understanding it

EXHIBIT 41

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.	§	
	§	
	§	
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)

to recommend that His Honor appoint Peter Vogel, Special Master in the District Court Litigation, to mediate issues relative to attorneys fees that are further described below.

I. BACKGROUND.

The bankruptcy court has held four status conferences in recent weeks in connection with the above-referenced bankruptcy case (on September 15, 22, and 30, 2010 and October 8, 2010). The bankruptcy court has heard reports and evidence at each status conference regarding the extent to which the so-called "Global Settlement Agreement" has been consummated. The "Global Settlement Agreement" refers to the Mutual Settlement and Release Agreement approved by the bankruptcy court on July 28, 2010 [*see* Order at Docket No. 394][1], involving, among other things: (a) dozens of parties, but primarily the Ondova bankruptcy estate (through Chapter 11 Trustee, Daniel Sherman), Jeffrey Baron, the Manilla/NetSphere parties, the Village Trust, the MMSK Trust, and various United States Virgin Island entities; (b) a split of a portfolio of internet domain names; (c) certain payments to the Ondova bankruptcy estate by Manilla/NetSphere and the Village Trust; (d) the settlement of more than a half-dozen lawsuits involving Ondova and/or Jeffrey Baron; and (e) a broad release of claims. While the bankruptcy court has heard positive statements

[1] All docket number references herein refer to the docket entry numbers on the PACER/ECF docket maintained in the *In re Ondova Limited Company* ("Ondova") bankruptcy case (Case No. 09-34784-sgj-11).

from the Chapter 11 Trustee indicating that there has been substantial consummation of the Global Settlement Agreement (*i.e.*, payment of more than one million dollars of settlement funds to the Ondova bankruptcy estate by Manilla/NetSphere; payment of certain additional settlement funds to the Ondova bankruptcy estate from the Village Trust; dismissals of all lawsuits except for the District Court Litigation;[2] appointment of a successor Trustee and Protector over the Village Trust; steps toward transferring the so-called "Odd Names Portfolio" portion of the internet domain names to a new Registrar away from Ondova), the bankruptcy court has had lingering concerns at each of the status conferences regarding Jeffrey Baron's commitment to completing his obligations under the Global Settlement Agreement, and possibly taking actions to frustrate the Global Settlement Agreement. Part of the bankruptcy court's concerns in this regard have been fueled by the fact that Jeffrey Baron has continued to hire and fire lawyers for himself and certain entities that are parties to the Global Settlement Agreement (*e.g.*, Quantec), and has instructed such lawyers to file pleadings—even after entry into the Global Settlement Agreement—

[2] The District Court Litigation, as well as the bankruptcy case of Ondova, remain open, so that there will be fora in which the parties can seek relief to enforce or interpret the Global Settlement Agreement. Additionally, there is remaining case administration needed in the Ondova bankruptcy case (namely, resolution and payment of claims—now that there are funds to pay creditors).

as though the matters resolved in the Global Settlement Agreement are far from over.

But the concern over the hiring-and-firing of lawyers is even more problematic than what the bankruptcy court mentions above. The bankruptcy court has had a growing concern that Jeffrey Baron's actions ***may be exposing the Ondova bankruptcy estate to possible administrative expense claims*** for amounts owed to attorneys that ***Jeffrey Baron should pay or entities with which he is connected (Quantec, Village Trust, etc.) should rightfully pay***. To further explain, the court summarizes below some of what has occurred before and after the Global Settlement Agreement was reached.

II. THE CAVALCADE OF ATTORNEYS.

When Jeffrey Baron started hiring and firing lawyers shortly after the Global Settlement Agreement was reached, the bankruptcy court took judicial notice (at a September 15, 2010 status conference) that Jeffrey Baron and Ondova have had ***dozens of sets of lawyers*** in the past four years, since the litigation with Manilla/NetSphere and other parties commenced. At least the following lawyers have served as former counsel to Ondova and/or Jeffrey Baron in the litigation with Manilla/NetSphere that started in the state district court in Dallas County (before the next phase of litigation between the parties started in the District Court Litigation): (i) Mateer & Schaffer; (ii)

Carrington Coleman Sloman & Blumenthal; (iii) Bickel & Brewer; (iv) The Beckham Group; (v) The Aldous Law Firm; (vi) The Rasansky Law Firm; (vii) Fee Smith Sharp & Vitullo; and (viii) Friedman & Feiger.

Additionally, far more than a dozen attorneys' names were listed in Ondova's Bankruptcy Schedules (Schedule F—the list of pre-bankruptcy unsecured creditors of Ondova) as being owed significant sums of money by Ondova (not the least of which was the Carrington Coleman law firm, that filed a claim for $224,233.27, and Bickel & Brewer which is scheduled as being owed $42,500).

Fast forwarding to the post-bankruptcy time period, at least the following lawyers have become engaged by Jeff Baron or entities he directs (or is the ultimate owner/beneficiary of) ***since*** the Ondova bankruptcy case was filed: (i) Paul Keiffer (Wright, Ginsburg & Brusilow) for Ondova;[3] (ii) Gerrit Pronske (Pronske & Patel) for Jeffrey Baron individually;[4] (iii) Steven

---

[3] Mr. Keiffer and his firm filed an application to be employed by Ondova on July 29, 2009 [Doc. No. 5], which application was granted by this court [Doc. No. 57]. Then, Mr. Keiffer moved to withdraw just a month-and-a-half later, on September 11, 2009 [Doc. No. 83], which the court granted on October 1, 2009 [Doc. No. 108].

[4] Pronske & Patel moved to withdraw from representing Jeffrey Baron on September 7, 2010, after representing Mr. Baron for many months in the bankruptcy case [Doc. No. 419], citing nonpayment of more than $200,000 of fees during the Ondova bankruptcy case, conflicts of interest—as Jeffrey Baron has now sued them—and also a concern that Jeffrey Baron may be engaging in fraudulent transfers. This request to withdraw was granted by the bankruptcy court [Doc. No. 449].

Jones for Jeffrey Baron individually;[5] (iv) Gary Lyon for Jeffrey Baron individually;[6] (v) Dean Ferguson for Jeffrey Baron individually;[7] (vi) Martin Thomas for Jeffrey Baron individually;[8] (vii) Stanley Broome for Jeffrey Baron individually;[9] and (viii) James Eckles for Quantec.[10] Several

---

[5] Mr. Jones made a brief cameo appearance as criminal counsel to Mr. Baron during the Ondova bankruptcy case on September 11 and 28, 2009.

[6] Attorney Gary Lyon, who has been representing Jeffrey Baron individually for many months in the bankruptcy court and District Court, recently requested to have attorney Martin Thomas substituted in his place or approved as co-counsel with him [*see, e.g.*, Doc. No. 458]. For the first time, Mr. Lyon announced in September 2010 that he is only admitted to practice law in the State of Oklahoma, although admitted in the courts in the Northern District of Texas, and Mr. Lyon felt this was an ethical problem unless he associated with co-counsel (here, suggesting Martin Thomas).

[7] Dean Ferguson appeared for Jeffrey Baron individually at one hearing in the Ondova bankruptcy case (on September 15, 2010) and said he had been representing Jeffrey Baron for some time in connection with out-of-court negotiations relating to the Ondova bankruptcy case, but he would not be seeking to go forward because of non-payment of fees.

[8] Attorney Martin Thomas (who has newly filed a notice of appearance in the bankruptcy case) [Doc. No. 37, filed on September 14, 2010] seeks to be primary counsel now to Jeffrey Baron individually. The court signed an order on October 12, 2010 allowing Martin Thomas to represent Mr. Baron (with Gary Lyon) in the bankruptcy case.

[9] Attorney Stanley Broome (who has newly sued Pronske & Patel for Jeffrey Baron in September 2010) has filed a notice of appearance for Jeffrey Baron in the bankruptcy case [Doc. No. 438, filed September 15, 2010].

[10] Attorney James Eckles filed a notice of appearance for Quantec, LLC on September 21, 2010 [Doc. No. 450]. He has already filed a request that the court interpret part of the Global Settlement Agreement in a way that the court found unsupportable. His request was stricken. It appears to the bankruptcy court that Mr. Eckles is acting primarily for Mr. Baron, individually. He admitted that he had

lawyers have appeared for the Virgin Island entities of which Jeffrey Baron is the beneficiary including (i) Eric Taube (Hohmann, Taube & Summers), (ii) Hitchcock Everitt LLP, (iii) Craig Capua (West & Associates, LLP), and (iv) Shrurig Jete Becket Tackett.

Jeffrey Baron's habit of hiring and then firing lawyers, in many cases after they have incurred significant fees on his or Ondova's behalf (or on behalf of other entities he controls or is beneficiary of), has grown to a level that is more than a little disturbing. As the court noted in court on September 15, 2010, at the very least, it smacks of the possibility of violating Rule 11 (*i.e.*, it suggests a pattern of perhaps being motivated by an improper purpose, such as to harass, cause delay, or needlessly increase the cost of litigation for other parties). Still more troubling is the possibility to the court that Jeffrey Baron may be engaging in the crime of theft of services. *See* Texas Penal Code §§ 31.01(6) & 31.04 ("A person commits theft of service if, with intent to avoid payment for service that he knows is provided only for compensation: (1) he intentionally or knowingly secures performance of the service by deception, threat, or false token"; "services" includes "professional services"). This crime can be a misdemeanor or a felony—depending on the amount involved. If Jeffrey Baron is constantly engaging lawyers

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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

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[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.

Settlement Agreement; possible criminal theft of services, *etc.*). But, at this juncture, the bankruptcy court is perhaps most concerned about the risk that the bankruptcy estate has and will be exposed to administrative expense claims as a result of Mr. Baron's behavior (*e.g.*, claims occurring during the post-bankruptcy time period, with regard to which payment may be sought from the Ondova bankruptcy estate, and which claims would "prime" pre-bankruptcy unsecured claims). For example, the Pronske & Patel law firm has taken the position that they are owed and have not been paid approximately $200,000 incurred representing Mr. Baron. Pronske & Patel may seek a "substantial contribution" administrative expense claim against the Ondova bankruptcy estate (*see* 11 U.S.C. §503(b)(3)(D) & (4), which contemplate that an administrative expense claim may be allowed for a creditor or professional for a creditor who makes a "substantial contribution" in a case under chapter 9 or 11 of this title). Pronske & Patel have already filed a counterclaim against Mr. Baron in an adversary proceeding Mr. Baron has filed against them. Similarly, certain law firms who have represented the Virgin Island entities of which Jeffrey Baron is the beneficiary (specifically, Hohmann, Taube & Summers, Hitchcock Everitt LLP, West & Associates, LLP, and Shrurig Jete Becket Tackett) have filed a Motion for Allowance of Attorneys Fees Pursuant to the Supplemental Settlement Agreement in the Ondova

bankruptcy case [Doc. No. 452, on September 21, 2010], which represents that they have incurred approximately $150,000 in fees, after the execution of the Global Settlement Agreement, as a result of status conferences and Show Cause hearings involving Mr. Baron and his entities and that there are specific provisions of certain settlement documents that may permit them to seek a court order allowing these to be paid. If the Ondova bankruptcy estate is imposed with administrative expense claims from these or other attorneys (the risk of which appears to be genuine), then it should be entitled to a claim for reimbursement against Mr. Baron or the entity that incurred the fees. It was because of this risk—and also because of the risk that the bankruptcy court believed it might ultimately find Jeffrey Baron in contempt of the bankruptcy court's order approving the Global Settlement Agreement—that the court ordered on September 16, 2010 [Doc. No. 441] that the Village Trust be instructed by Jeffrey Baron to immediately remit $330,000 to the Ondova Bankruptcy Trustee as a "security deposit" against these risks. Bankruptcy Trustee Daniel Sherman currently holds this $330,000 of funds, pending further orders of the court.

The bankruptcy court now recommends that His Honor appoint his Special Master, Peter Vogel, to conduct a global mediation among Daniel Sherman, Jeffrey Baron, and the various attorneys who may make a claim to this $330,000 of funds or otherwise may

assert an administrative expense claim against the Ondova bankruptcy estate, in respect of attorneys fees they incurred postpetition for services provided to Jeffrey Baron or entities he controls or is the beneficiary of, and which services may have provided a substantial contribution to the estate. This court has subject matter jurisdiction to make this recommendation, as there could conceivably be an impact on the Ondova bankruptcy estate, if attorneys who represented Jeffrey Baron and his related entities go unpaid and make "substantial contribution" claims against the bankruptcy estate. The bankruptcy court believes that some of these "substantial contribution" claims could be meritorious.

The bankruptcy court has been informed that Mr. Vogel agrees to perform a mediation and that he and Bankruptcy Trustee Sherman are prepared to recommend a format and structure for the mediation and for the participants. The bankruptcy court would defer to Mr. Vogel, Mr. Sherman, and His Honor with regard to the details of the mediation.

Dated: October 12, 2010

Respectfully submitted,

Stacey G. C. Jernigan
United States Bankruptcy Judge

EXHIBIT A

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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.	§	Case No. 3:09-CV-0988-F
JEFFREY BARON, ET AL., DEFENDANTS.	§	

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*
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Texas Bar No. 20414050
Lee J. Pannier, Esq.
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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 "A"

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.	§	
	§	
	§	
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)

to recommend that His Honor appoint Peter Vogel, Special Master in the District Court Litigation, to mediate issues relative to attorneys fees that are further described below.

I. BACKGROUND.

The bankruptcy court has held four status conferences in recent weeks in connection with the above-referenced bankruptcy case (on September 15, 22, and 30, 2010 and October 8, 2010). The bankruptcy court has heard reports and evidence at each status conference regarding the extent to which the so-called "Global Settlement Agreement" has been consummated. The "Global Settlement Agreement" refers to the Mutual Settlement and Release Agreement approved by the bankruptcy court on July 28, 2010 [*see* Order at Docket No. 394][1], involving, among other things: (a) dozens of parties, but primarily the Ondova bankruptcy estate (through Chapter 11 Trustee, Daniel Sherman), Jeffrey Baron, the Manilla/NetSphere parties, the Village Trust, the MMSK Trust, and various United States Virgin Island entities; (b) a split of a portfolio of internet domain names; (c) certain payments to the Ondova bankruptcy estate by Manilla/NetSphere and the Village Trust; (d) the settlement of more than a half-dozen lawsuits involving Ondova and/or Jeffrey Baron; and (e) a broad release of claims. While the bankruptcy court has heard positive statements

[1] All docket number references herein refer to the docket entry numbers on the PACER/ECF docket maintained in the *In re Ondova Limited Company* ("Ondova") bankruptcy case (Case No. 09-34784-sgj-11).

from the Chapter 11 Trustee indicating that there has been substantial consummation of the Global Settlement Agreement (*i.e.*, payment of more than one million dollars of settlement funds to the Ondova bankruptcy estate by Manilla/NetSphere; payment of certain additional settlement funds to the Ondova bankruptcy estate from the Village Trust; dismissals of all lawsuits except for the District Court Litigation;[2] appointment of a successor Trustee and Protector over the Village Trust; steps toward transferring the so-called "Odd Names Portfolio" portion of the internet domain names to a new Registrar away from Ondova), the bankruptcy court has had lingering concerns at each of the status conferences regarding Jeffrey Baron's commitment to completing his obligations under the Global Settlement Agreement, and possibly taking actions to frustrate the Global Settlement Agreement. Part of the bankruptcy court's concerns in this regard have been fueled by the fact that Jeffrey Baron has continued to hire and fire lawyers for himself and certain entities that are parties to the Global Settlement Agreement (*e.g.*, Quantec), and has instructed such lawyers to file pleadings—even after entry into the Global Settlement Agreement—

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[2] The District Court Litigation, as well as the bankruptcy case of Ondova, remain open, so that there will be fora in which the parties can seek relief to enforce or interpret the Global Settlement Agreement. Additionally, there is remaining case administration needed in the Ondova bankruptcy case (namely, resolution and payment of claims—now that there are funds to pay creditors).

as though the matters resolved in the Global Settlement Agreement are far from over.

But the concern over the hiring-and-firing of lawyers is even more problematic than what the bankruptcy court mentions above. The bankruptcy court has had a growing concern that Jeffrey Baron's actions ***may be exposing the Ondova bankruptcy estate to possible administrative expense claims*** for amounts owed to attorneys that ***Jeffrey Baron should pay or entities with which he is connected (Quantec, Village Trust, etc.) should rightfully pay***. To further explain, the court summarizes below some of what has occurred before and after the Global Settlement Agreement was reached.

II. THE CAVALCADE OF ATTORNEYS.

When Jeffrey Baron started hiring and firing lawyers shortly after the Global Settlement Agreement was reached, the bankruptcy court took judicial notice (at a September 15, 2010 status conference) that Jeffrey Baron and Ondova have had ***dozens of sets of lawyers*** in the past four years, since the litigation with Manilla/NetSphere and other parties commenced. At least the following lawyers have served as former counsel to Ondova and/or Jeffrey Baron in the litigation with Manilla/NetSphere that started in the state district court in Dallas County (before the next phase of litigation between the parties started in the District Court Litigation): (i) Mateer & Schaffer; (ii)

Carrington Coleman Sloman & Blumenthal; (iii) Bickel & Brewer; (iv) The Beckham Group; (v) The Aldous Law Firm; (vi) The Rasansky Law Firm; (vii) Fee Smith Sharp & Vitullo; and (viii) Friedman & Feiger.

Additionally, far more than a dozen attorneys' names were listed in Ondova's Bankruptcy Schedules (Schedule F—the list of pre-bankruptcy unsecured creditors of Ondova) as being owed significant sums of money by Ondova (not the least of which was the Carrington Coleman law firm, that filed a claim for $224,233.27, and Bickel & Brewer which is scheduled as being owed $42,500).

Fast forwarding to the post-bankruptcy time period, at least the following lawyers have become engaged by Jeff Baron or entities he directs (or is the ultimate owner/beneficiary of) ***since*** the Ondova bankruptcy case was filed: (i) Paul Keiffer (Wright, Ginsburg & Brusilow) for Ondova;[3] (ii) Gerrit Pronske (Pronske & Patel) for Jeffrey Baron individually;[4] (iii) Steven

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[3] Mr. Keiffer and his firm filed an application to be employed by Ondova on July 29, 2009 [Doc. No. 5], which application was granted by this court [Doc. No. 57]. Then, Mr. Keiffer moved to withdraw just a month-and-a-half later, on September 11, 2009 [Doc. No. 83], which the court granted on October 1, 2009 [Doc. No. 108].

[4] Pronske & Patel moved to withdraw from representing Jeffrey Baron on September 7, 2010, after representing Mr. Baron for many months in the bankruptcy case [Doc. No. 419], citing nonpayment of more than $200,000 of fees during the Ondova bankruptcy case, conflicts of interest—as Jeffrey Baron has now sued them—and also a concern that Jeffrey Baron may be engaging in fraudulent transfers. This request to withdraw was granted by the bankruptcy court [Doc. No. 449].

Jones for Jeffrey Baron individually;[5] (iv) Gary Lyon for Jeffrey Baron individually;[6] (v) Dean Ferguson for Jeffrey Baron individually;[7] (vi) Martin Thomas for Jeffrey Baron individually;[8] (vii) Stanley Broome for Jeffrey Baron individually;[9] and (viii) James Eckles for Quantec.[10] Several

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[5] Mr. Jones made a brief cameo appearance as criminal counsel to Mr. Baron during the Ondova bankruptcy case on September 11 and 28, 2009.

[6] Attorney Gary Lyon, who has been representing Jeffrey Baron individually for many months in the bankruptcy court and District Court, recently requested to have attorney Martin Thomas substituted in his place or approved as co-counsel with him [*see, e.g.*, Doc. No. 458]. For the first time, Mr. Lyon announced in September 2010 that he is only admitted to practice law in the State of Oklahoma, although admitted in the courts in the Northern District of Texas, and Mr. Lyon felt this was an ethical problem unless he associated with co-counsel (here, suggesting Martin Thomas).

[7] Dean Ferguson appeared for Jeffrey Baron individually at one hearing in the Ondova bankruptcy case (on September 15, 2010) and said he had been representing Jeffrey Baron for some time in connection with out-of-court negotiations relating to the Ondova bankruptcy case, but he would not be seeking to go forward because of non-payment of fees.

[8] Attorney Martin Thomas (who has newly filed a notice of appearance in the bankruptcy case) [Doc. No. 37, filed on September 14, 2010] seeks to be primary counsel now to Jeffrey Baron individually. The court signed an order on October 12, 2010 allowing Martin Thomas to represent Mr. Baron (with Gary Lyon) in the bankruptcy case.

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III. RECOMMENDATION.

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The bankruptcy court now recommends that His Honor appoint his Special Master, Peter Vogel, to conduct a global mediation among Daniel Sherman, Jeffrey Baron, and the various attorneys who may make a claim to this $330,000 of funds or otherwise may

assert an administrative expense claim against the Ondova bankruptcy estate, in respect of attorneys fees they incurred postpetition for services provided to Jeffrey Baron or entities he controls or is the beneficiary of, and which services may have provided a substantial contribution to the estate. This court has subject matter jurisdiction to make this recommendation, as there could conceivably be an impact on the Ondova bankruptcy estate, if attorneys who represented Jeffrey Baron and his related entities go unpaid and make "substantial contribution" claims against the bankruptcy estate. The bankruptcy court believes that some of these "substantial contribution" claims could be meritorious.

The bankruptcy court has been informed that Mr. Vogel agrees to perform a mediation and that he and Bankruptcy Trustee Sherman are prepared to recommend a format and structure for the mediation and for the participants. The bankruptcy court would defer to Mr. Vogel, Mr. Sherman, and His Honor with regard to the details of the mediation.

Dated: October 12, 2010

Respectfully submitted,

Stacey G. C. Jernigan
United States Bankruptcy Judge

EXHIBIT "B"

CAUSE NO. 366-04714-2010

ROBERT J. GARREY,	**IN THE DISTRICT COURT**
Plaintiff	
v.	**COLLIN COUNTY, TEXAS**
JEFFREY HARBIN, JEFFREY BARON, THE VILLAGE TRUST, QUANTEC LLC, AND NOVO POINT LLC,	
Defendants.	**366 JUDICIAL DISTRICT**

PLAINTIFF'S FIRST AMENDED PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff files this lawsuit against Defendants Jeffrey Harbin, Jeffrey Baron, The Village Trust, Quantec LLC, Novo Point, LLC, as follows:

PARTIES

1. This lawsuit should be governed by Level II.

2. Plaintiff is a resident of Collin County Texas. Jurisdiction and venue are proper in the Court.

3. Defendant Harbin is a resident of Dallas County, Texas, and may be served where he is found or at his residence 6503 Camille Ave., Dallas, Texas 75252.

4. Defendant Baron is a resident of Dallas County, Texas, and may be served where he is found or at his residence 2200 E. Trinity Mills Road, Carrollton, Texas 75006.

5. Defendant The Village Trust, is a Cook Islands trust acting by and through its sole beneficiary, Baron. The "nominal" Trustee of the Trust is Mr. Brian Mason who is located at Asia Trust Ltd, Level 2, BCI House, P.O Box 822, Rarotonga, Cook Islands. Corporate

FILED
10 NOV 19 PM 2:53
HANNAH KUNKLE
DISTRICT CLERK
COLLIN COUNTY, TEXAS
BY

formalities have been ignored such that service on Defendant Baron, the sole beneficiary of the trust and the person directing its activities, is sufficient to constitute service of citation on The Village Trust. In addition, the Trust has consented to jurisdiction of the State of Texas by participating in legal proceedings in Texas, maintaining an office in Texas, and allowing Baron to manipulate the form of the Trust as part of his scheme to defraud creditors of the bankruptcy of one of his companies, Ondova Limited.

6. Quantec LLC is one of the shell entities controlled by Baron and, upon information and belief, is used as a shell entity to hide assets from Baron's creditors and creditors of Baron's former company, Ondova Limited. Quantec LLC is managed by Defendant Harbin. Corporate formalities have been disregarded and Baron directs and controls the activities of Quantec by and through Harbin, such that service on Harbin, the "Managing Agent" of Quantec LLC is sufficient to constitute service of citation on Quantec LLC.

7. Novo Point LLC is one of the shell entities controlled by Baron and, upon information and belief, is used as a shell entity to hide assets from Baron's creditors and creditors of Baron's former company, Ondova Limited. Novo Point LLC is managed by Defendant Harbin. Corporate formalities have been disregarded and Baron directs and controls the activities of Novo Point LLC by and through Harbin, such that service on Harbin, the "Managing Agent" of Novo Point LLC is sufficient to constitute service of citation on Novo Point LLC.

FACTS

8. Defendant Baron is a liar, cheat and thief. For more than three years he has embarked upon a plan and scheme to use shell companies and The Village Trust to defraud creditors and to circumvent orders from federal District Court and Bankruptcy Court judges.

Specifically, Baron-through his shell companies Quantec LLC and Novo Point LLC and the Village Trust- and with the assistance of Harbin routinely hire attorneys to represent their illegal interests then promptly refuse to pay them for the services rendered. Baron has been noted as a vexatious litigant by more than one Court, he has been accused of seeking to defraud creditors in a pending bankruptcy and he has violated court orders restricting his further ability to hire more lawyers. At the present time more than 15 lawyers and law firms are seeking recovery of money, ordered to be set aside by court order, for legal services rendered to Baron and The Village Trust and other entities controlled by Baron.

9. Baron, acting on his own behalf and on behalf of the entities he controls, and Harbin as the "Managing Agent" for Quantec LLC, and Novo Point, LLC hired Plaintiff as General Counsel for a minimum 3 month engagement. Defendants made promises to Plaintiff that he would be paid, that sufficient cash resources existed for him to be paid and that the operation Baron was running was adequately funded and presented an ongoing, viable business opportunity. However, none of that was true. Moreover, Defendants concealed from Plaintiff the true objective of their enterprise which was to circumvent court orders, continue a pattern of theft of legal services, and seek to disregard and flaunt court orders from federal District Court and Bankruptcy Court Judges. Based upon the promises made and without the benefit of the information withheld from him, Plaintiff left his law firm position and began work for Defendants on November 1, 2010. Before doing so, Plaintiff negotiated and the parties agreed to an engagement agreement with a minimum three month term.

10. Immediately upon reporting to work on November 1, 2010, Defendants changed the scope of Plaintiff's assignments. Instead of performing services as General Counsel for Quantec and Novo Point, Plaintiff was instructed by Baron to violate court orders, engage in

numerous questionable, if not fraudulent, transactions, and specifically assist him as he sought to steal legal services from private attorneys working for him directly and for his shell companies. The primary objective of Baron's conspiracy was to leverage the stolen legal services from *current* attorneys to pay as little money as possible to *previous* attorneys who were making claims against him and his shell companies in related litigation.

11. The second, and perhaps more egregious objective of Baron's conspiracy was the fact that Baron, upon information and belief, operated his shell companies- with the assistance of Harbin- as a common enterprise; moving money from one entity to another and directing the activities of all of the entities solely for his personal best interests in an attempt to emerge with ample financial resources from the shell entities to reconstitute his bankrupt company, Ondova Limited.

12. Once Plaintiff started to work for Defendants, Harbin became unavailable to Plaintiff. Harbin refused to take Plaintiff's calls or respond to emails. Also, Harbin refused to formally sign the engagement agreement that had been negotiated and agreed to by all parties.

13. The first payment due Plaintiff was due on November 15, 2010, and Harbin refused to pay it. His refusal is without cause or justification. Defendants refused to pay Plaintiff because he was advocating for the payment of all attorneys rendering services to Defendants and he was not in favor of violating court orders and refused to do so. All conditions precedent to the payment obligation have been performed. Indeed, in hindsight it appears very clear that Baron and Harbin's actions were part of an overall plan and conspiracy to steal legal services, perpetrate a fraud on Plaintiff and on various courts, in addition to breaching the agreement with Plaintiff.

CAUSES OF ACTION

7. Defendants entered into an agreement with Plaintiff pursuant to which Plaintiff was to provide legal services as General Counsel for Defendants for a minimum 3 month period of time. Plaintiff started work on November 1, 2010. The first payment was due Plaintiff on or before November 15, 2010. Defendants failed to pay Plaintiff as required. Thus, Defendants have breached the engagement agreement by failing and refusing to pay Plaintiff the sums agreed upon despite Plaintiff's work for Defendant. In the alternative, Plaintiff has provided services to Defendants for which he has not been paid and recovery, via quantum meruit is appropriate.

8. Defendant Harbin, acting individually and on behalf of the entities he managed, and Baron, acting individually and on behalf of the entities he controlled: The Village Trust, Quantec LLC and Novo Point LLC, made numerous false and misleading statements intended to induce Plaintiff to leave his law firm position to take the position of General Counsel for Defendants' various companies. At the time Defendants made such representations, they knew or should have known such statements were false, that they had no intention of following through with any of them, including, but not limited to payment to Plaintiff for services provided. In fact, Defendants expressly concealed from Plaintiff their pattern and practice of regularly hiring attorneys, requiring them to perform a great deal of work in a short period of time, and refusing to pay for such services, or their plan to seek to circumvent federal court orders. ***Defendants regularly lie, cheat and steal professional services!*** Plaintiff has suffered actual and consequential damages as a result of Defendants' fraud.

9. Defendants' actions were carried out intentionally, with malice and a specific intent to deceive. As a result the imposition of punitive damages is warranted.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Plaintiff respectfully requests that this Court, after final trial award: actual damages for breach of contract, attorneys fees and court costs, all actual damages resulting from Defendants' fraud, and an appropriate sum for punitive damages to punish and deter Defendants from continuing their fraudulent practices. Total damages sought will be no less than $1,000,000.00.

Respectfully submitted,

By: _____

Robert J. Garrey , P.C.
State Bar No. 07703420

114 Salsbury Cir.
Murphy, Texas 75094
(214) 478 9625 (Telephone)
bgarrey@gmail.com

EXHIBIT "C"

Stanley D. Broome
BROOME LAW FIRM, PLLC
105 Decker Court, Suite 850
Irving, TX 75062
214-574-7500 – Telephone
214-574-7501 – Facsimile
Email: SBroome@Broomelegal.com

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

In re:	§	**CASE NO. 09-34784-sgj-11**
	§	**Chapter 11**
ONDOVA LIMITED COMPANY,	§	
	§	
Debtor.	§	**CIVIL ACTION NO.**
	§	
	§	**ADV. NO. 10-03281-sgj**
JEFF BARON	§	
	§	
Plaintiff,	§	
	§	
vs.	§	
	§	
GERRIT PRONSKE, INDIVIDUALLY and PRONSKE & PATEL, P.C.	§	
	§	
Defendants.	§	

STANLEY D. BROOME'S MOTION TO WITHDRAW AS ATTORNEY OF RECORD

(FILED SUBJECT TO MOTION TO REMAND)

Stanley D. Broome asks this court to allow him to withdraw as attorney in charge for Plaintiff, Jeff Baron.

1. This motion is filed subject to the pending motion to remand and while the case is abated pending an agreed mediation.

2. Plaintiff is Jeff Baron. Defendant is Gerrit Pronske, Individually and Pronske & Patel, P.C.

3. Plaintiff sued Defendant in State Court for unconscionable fee, failure to agree upon the terms in advance, failure to properly handle the legal representation and full disgorgement of fees.

4. There is good cause for this court to grant the motion to withdraw because Plaintiff has not paid the movant's attorney's fees as agreed.

5. This case is currently abated pending a decision on the previously filed motion to remand and an agreed mediation. Jeff Baron and Defendant have agreed to mediate this dispute before an agreed mediator, Joyce Lindauer, on December 3, 2010. Ms. Lindauer's office information is 8140 Walnut Hill Lane, Suite 301, Dallas, TX 75231, telephone 972-503-4033 and facsimile 972-503-4034. Movant has made Jeff Baron and his new counsel, Sid Chesnin, aware of this date and served them with a copy of this pleading. There are no other pending deadlines.

6. Counsel for the Plaintiff has delivered a copy of this motion to Plaintiff Jeffrey Baron and his new counsel, Sid Chesnin, and has notified them in writing of the right to object to the motion.

7. Jeff Baron and his new counsel, Sid Chesnin, were provided a copy of this motion in advance and object to the motion.

CONCLUSION

8. Stanley D. Broome is requesting that this Court allow him to withdraw as attorney in record for Plaintiff due to the fact that the Plaintiff has failed to pay movant's legal fees in this matter. For this reason, Stanley D. Broome asks this court to grant his Motion to Withdraw as attorney in charge for Plaintiff.

Respectfully submitted,

BROOME LAW FIRM, PLLC

/s/ Stanley Broome
Stanley Broome
State Bar No. 24029457

Broome Law Firm, pllc
105 Decker Court, Suite 850
Las Colinas TX 75062
214-574-7500 Telephone
214-574-7501 Facsimile
Attorney for Plaintiff Jeff Baron

CERTIFICATE OF CONFERENCE

I hereby certify that counsel for the movant and Gerrit Pronske, counsel for the Defendants, conducted a conversation on November 17, 2010 and there is no objection to this Motion to Withdraw.

/s/ Stanley Broome
Stanley Broome

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Notice of Hearing was served on 23rd day of November 2010 on all counsel of record via the Court's ECF System and in the manner shown below:

VIA REGULAR MAIL AND ELECTRONIC MAIL

To: Gerrit Pronske
Pronske & Patel, P.C.
2200 Ross Avenue, Suite 5350
Dallas, Texas 75201

And by CM RRR and E-Mail to:

Jeff Baron (**CM RRR 7008 1140 0002 5072 1767**)
2828 Trinity Mills Road, Ste 130
Carrollton, TX 75006

Sid Chesnin (**CM RRR 7008 1140 0002 5072 1774**)
Attorney for Jeff Baron
4841 Tremont Street, Ste 9
Dallas, TX 75246

Joyce Lindauer **(CM RRR 7008 1140 0002 5072 1781)**
Mediator
8140 Walnut Hill Lane, Ste 301
Dallas, TX 75231

/s/ Stanley Broome
Stanley Broome

EXHIBIT B

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

Manassas, LLC, a Texas Limited Liability Company
Domain Jamboree, LLC, a Wyoming Limited Liability Company
ID Genesis, LLC, a Utah Limited Liability Company

and any entity under the direct or indirect control of Jeffrey Baron, whether by virtue of ownership, beneficial interest, a position as officer, director, power of attorney or any other authority or right to act. The Court hereby enjoins any person from taking any action based upon any presently existing directive from any person other than the Receiver with regard to the affairs and business of the Receivership Parties, including but not limited to proceeding with the transfer of a portfolio of internet domain names ("Domain Names") for which Ondova Limited Company ("Ondova") acted as registrar. Specifically, but without limitation, VeriSign Inc and The Internet Corporation for Assigned Names and Numbers ("ICANN"), and any other entity connected to the transfer of the Domain Names, shall immediate cease such efforts and shall terminate any movement of the Domain Names.

IT IS FURTHER ORDERED that the Court hereby takes exclusive jurisdiction over, and grants the Receiver exclusive control over, any and all "Receivership Assets", which term shall include any and all legal or equitable interest in, right to, or claim to, any real or personal property (including "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," or "notes" (as these terms are defined in the Uniform Commercial Code)), lines of credit, chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and all cash, wherever located, and further including any legal or equitable interest in any trusts, corporations, partnerships, or other legal entities of any nature, that are:

1. owned, controlled, or held by, in whole or in part, for the benefit of, or subject to access by, or belonging to, any Receivership Party;

2. in the actual or constructive possession of any Receivership Party; or

3. in the actual or constructive possession of, or owned, controlled, or held by, or subject to access by, or belonging to, any other corporation, partnership, trust, or any

other entity directly or indirectly owned, managed, or controlled by, or under common control with, any Receivership Party, including, but not limited to, any assets held by or for any Receivership Party in any account at any bank or savings and loan institution, or with any credit card processing agent, automated clearing house processor, network transaction processor, bank debit processing agent, customer service agent, commercial mail receiving agency, or mail holding or forwarding company, or any credit union, retirement fund custodian, money market or mutual fund, storage company, trustee, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind, either within or outside of the State of Texas.

IT IS FURTHER ORDERED that the Receiver shall be entitled to any document that any Receivership Party is entitled to possess as of the signing of this order ("Receivership Documents").

IT IS FURTHER ORDERED that all persons who receive actual notice of this Order by personal service or otherwise are hereby restrained and enjoined from:

A. Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any Receivership Assets.

B. Opening or causing to be opened any safe deposit boxes, commercial mail boxes, or storage facilities titled in the name of any Receivership Party, or subject to access by any Receivership Party or under any Receivership Party's control, without providing the Receiver prior notice and an opportunity to inspect the contents in order to determine that they contain no assets covered by this Section;

C. Cashing any checks or depositing any payments from customers or clients of a Receivership Party;

D. Incurring charges or cash advances on any credit card issued in the name, singly or jointly, of any Receivership Party; or

E. Incurring liens or encumbrances on real property, personal property, or other assets in the name, singly or jointly, of any Receivership Party or of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Receivership Party.

F. The funds, property, and assets affected by this Order shall include both existing assets and assets acquired after the effective date of this Order.

IT IS FURTHER ORDERED that any financial institution, business entity, or person maintaining or having custody or control of any account or other asset of any Receivership Party, or any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Receivership Party, which is served with a copy of this Order, or otherwise has actual or constructive knowledge of this Order, shall:

A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal of any of the assets, funds, documents, or other property held by, or under its control:

1. on behalf of, or for the benefit of, any Receivership Party;

2. in any account maintained in the name of, or for the benefit of, or subject to withdrawal by, any Receivership Party; and

3. that are subject to access or use by, or under the signatory power of, any Receivership Party.

B. Deny any person other than the Receiver or his designee access to any safe deposit boxes or storage facilities that are either:

1. titled in the name, individually or jointly, of any Receivership Party; or

2. subject to access by any Receivership Party.

C. Provide the Receiver an immediate statement setting forth:

1. The identification number of each account or asset titled in the name, individually or jointly, of any Receivership Party, or held on behalf thereof, or for the benefit thereof, including all trust accounts managed on behalf of any Receivership Party or subject to any Receivership Party's control;

2. The balance of each such account, or a description of the nature and value of such asset;

3. The identification and location of any safe deposit box, commercial mail box, or storage facility that is either titled in the name, individually or jointly, of any Receivership Party, whether in whole or in part; and

4. If the account, safe deposit box, storage facility, or other asset has been closed or removed, the date closed or removed and the balance on said date.

D. Immediately provide the Receiver with copies of all records or other documentation pertaining to each such account or asset, including, but not limited to, originals or copies of account applications, account statements, corporate resolutions, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

E. Immediately honor any requests by the Receiver with regard to transfers of assets to the Receiver or as the Receiver may direct.

DUTIES OF DEFENDANTS REGARDING ASSETS AND DOCUMENTS

IT IS FURTHER ORDERED that Defendants shall:

A. Within three business days following service of this Order, take such steps as are necessary to turn over control to the Receiver and repatriate to the Northern District of Texas all Receivership Documents and Receivership Assets that are located outside of the Northern District of Texas and are held by or for the Receivership Parties or are under the Receivership Parties' direct or indirect control, jointly, severally, or individually;

B. Within three business days following service of this Order, provide Plaintiff and the Receiver with a full accounting of all Receivership Documents and Receivership Assets wherever located, whether such Documents or Assets held by or for any Receivership Party or are under any Receivership Party's direct or indirect control, jointly, severally, or individually, including the addresses and names of any foreign or domestic financial institution or other entity holding the Receivership Documents and Receivership Assets, along with the account numbers and balances; and

D. Immediately following service of this Order, provide Plaintiff and the Receiver access to Defendants' records and Documents held by Financial Institutions or other entities, wherever located.

POWERS AND DUTIES OF RECEIVER

IT IS FURTHER ORDERED that the Receiver shall immediately present a sworn statement that he will perform his duties faithfully and shall post a cash deposit or bond in the amount of $1,000.

IT IS FURTHER ORDERED that in addition to all powers granted in equity to receivers, the Receiver shall immediately have the following express powers and duties:

A. To have immediate access to any business premises of the Receivership Party, and immediate access to any other location where the Receivership Party has conducted business and where property or business records are likely to be located.

B. To assume full control of the Receivership Party by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee or agent of the Receivership Party, including any Defendant, from control of, management of, or participation in, the affairs of the Receivership Party;

C. To take exclusive custody, control, and possession of all assets and documents of, or in the possession, custody or under the control of, the Receivership Party, wherever

situated, including without limitation all paper documents and all electronic data and devices that contain or store electronic data including but not limited to computers, laptops, data storage devices, back-up tapes, DVDs, CDs, and thumb drives and all other external storage devices and, as to equipment in the possession or under the control of the Receivership Parties, all PDAs, smart phones, cellular telephones, and similar devices issued or paid for by the Receivership Party.

D. To act on behalf of the Receivership Party and, subject to further order of the Court, to have the full power and authority to take all corporate actions, including but not limited to, the filing of a petition for bankruptcy as the authorized responsible person as to the Receivership Party, dissolution of the Receivership Party, and sale of the Receivership Party.

E. To divert mail.

F. To sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Party and other persons or entities whose interests are now held by or under the direction, possession, custody or control of the Receivership Party.

G. To investigate, conserve, hold, and manage all Receivership Assets, and perform all acts necessary or advisable to preserve the value of those assets in an effort to prevent any irreparable loss, damage or injury to consumers or to creditors of the Receivership Party including, but not limited to, obtaining an accounting of the assets, and preventing transfer, withdrawal or misapplication of assets.

H. To enter into contracts and purchase insurance as advisable or necessary.

I. To prevent the inequitable distribution of assets and determine, adjust, and protect the interests of creditors who have transacted business with the Receivership Party.

J. To manage and administer the business of the Receivership Party until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which include retaining, hiring, or dismissing any employees, independent contractors, or agents.

K. To choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists (collectively, "Professionals"), as each Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order.

L. To make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order.

M. To institute, compromise, adjust, defend, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that each Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Party or that each Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order, including but not limited to, the filing of a petition for bankruptcy.

N. To conduct investigations and to issue subpoenas to obtain documents and records pertaining to, or in aid of, the receivership, and conduct discovery in this action on behalf of the receivership estate.

O. To consent to the dissolution of the receivership in the event that the Plaintiff may compromise the claim that gave rise to the appointment of the Receiver, provided, however, that no such dissolution shall occur without a motion by the Plaintiff and service provided by the Plaintiff upon all known creditors at least thirty days in advance of any such dissolution.

LIMITATION OF RECEIVER'S LIABILITY

IT IS FURTHER ORDERED that except for an act of gross negligence, the Receiver and the Professionals shall not be liable for any loss or damage incurred by any of the Receivership Parties, their officers, agents, servants, employees and attorneys or any other person, by reason of any act performed or omitted to be performed by the Receiver and the Professionals in connection with the discharge of his or her duties and responsibilities. Additionally, in the

event of a discharge of the Receiver either by dissolution of the receivership or order of this Court, the Receiver shall have no further duty whatsoever.

PROFESSIONAL FEES

IT IS FURTHER ORDERED that each Receiver and his professionals, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, which compensation shall be derived exclusively from the assets now held by, or in the possession or control of, or which may be received by the Receivership Party or which are otherwise recovered by the Receiver, against with the Receiver shall have a first and absolute administrative expense lien. The Receiver shall file with the Court and serve on the parties a fee application with regard to any compensation to be paid to professionals prior to the payment thereof.

COOPERATION WITH RECEIVER

IT IS FURTHER ORDERED that the Defendants and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver. This cooperation and assistance shall include, but not be limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic account, or digital file or telephonic data in any medium; turning over all accounts, files, and records including those in possession or control of attorneys or accountants; and advising all persons who owe money to the Receivership Party that all debts should be paid directly to the Receiver. Defendants are hereby temporarily restrained and enjoined from directly or indirectly:

A. Transacting any of the business of the Receivership Party;

B. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Party including, but not limited to, books, records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other papers of any kind or nature;

C. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Party or the Receiver;

D. Drawing on any existing line of credit available to Receivership Party;

E. Excusing debts owed to the Receivership Party;

F. Failing to notify the Receiver of any asset, including accounts, of the Receivership Party held in any name other than the name of any of the Receivership Party, or by any person or entity other than the Receivership Party, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody or control of such assets;

G. Doing any act that would, or failing to do any act which failure would, interfere with the Receiver's taking custody, control, possession, or management of the assets or documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Party; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any Order of this Court; and

H. Filing, or causing to be filed, any petition on behalf of the Receivership Party for relief under the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 (2002), without prior permission from this Court.

IT IS FURTHER ORDERED that:

A. Immediately upon service of this Order upon them, or within such period as may be permitted by the Receiver, Defendants or any other person or entity shall transfer or deliver possession, custody, and control of the following to the Receiver:

1. All assets of the Receivership Party, including, without limitation, bank accounts, web sites, buildings or office space owned, leased, rented, or otherwise occupied by the Receivership Party;

2. All documents of the Receivership Party, including, but not limited to, books and records of accounts, legal files (whether held by Defendants or their counsel) all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents, and other papers;

3. All of the Receivership Party's accounting records, tax records, and tax returns controlled by, or in the possession of, any bookkeeper, accountant, enrolled agent, licensed tax preparer or certified public accountant;

4. All loan applications made by or on behalf of Receivership Party and supporting documents held by any type of lender including, but not limited to, banks, savings and loans, thrifts or credit unions;

5. All assets belonging to members of the public now held by the Receivership Party; and

6. All keys and codes necessary to gain or secure access to any assets or documents of the Receivership Party including, but not limited to, access to their business premises, means of communication, accounts, computer systems or other property;

B. In the event any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Paragraph, the Receiver may file ex parte an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable

writs requested by the Receivers. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the asset, document or other thing and to deliver it to the Receivers.

IT IS FURTHER ORDERED that, upon service of a copy of this Order, all banks, broker-dealers, savings and loans, escrow agents, title companies, leasing companies, landlords, ISOs, credit and debit card processing companies, insurance agents, insurance companies, commodity trading companies or any other person, including relatives, business associates or friends of the Defendants, or their subsidiaries or affiliates, holding assets of the Receivership Party or in trust for Receivership Party shall cooperate with all reasonable requests of each Receiver relating to implementation of this Order, including freezing and transferring funds at his or her direction and producing records related to the assets of the Receivership Party.

STAY OF ACTIONS

IT IS FURTHER ORDERED that:

A. Except by leave of this Court, during the pendency of the receivership ordered herein, all other persons and entities aside from the Receiver are hereby stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, the Receivership Party, any of their partnerships, assets, documents, or the Receiver or the Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

1. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;

2. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody or control of any asset;

attempting to foreclose, forfeit, alter or terminate any interest in any asset, whether such acts are part of a judicial proceeding or are acts of self-help or otherwise;

3. Executing, issuing, serving or causing the execution, issuance or service of, any legal process including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether specified in this Order or not; and

4. Doing any act or thing whatsoever to interfere with the Receiver taking custody, control, possession, or management of the assets or documents subject to this receivership, or to harass or interfere with the Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Party;

B. This Order does not stay:

1. The commencement or continuation of a criminal action or proceeding; and

2. Except as otherwise provided in this Order, all persons and entities in need of documentation from the Receiver shall in all instances first attempt to secure such information by submitting a formal written request to the Receiver, and, if such request has not been responded to within 30 days of receipt by the Receiver, any such person or entity may thereafter seek an Order of this Court with regard to the relief requested.

JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

SO ORDERED, this 24th day of November, 2010

Royal Furgeson
JUDGE PRESIDING

EXHIBIT C

INDEX

I. INTRODUCTION

David J. Sherman is the bankruptcy trustee ("Trustee" or "Bankruptcy Trustee") appointed in September 2009 to operate Ondova Limited Company ("Ondova" or "Debtor"), a business formerly managed by Baron. Mr. Sherman faced a monumental task when he was appointed. That task was to end seven lawsuits pending in jurisdictions around the United States and settle very large claims filed in the Ondova bankruptcy case itself.

Mr. Sherman was successful.

The settlement, approved by the Bankruptcy Court in late July, 2010, settled: (a) litigation pending in this Court; (b) two lawsuits pending in Virgin Islands District Court; (c) one suit pending in Federal District Court for the Central District of California (Los Angeles) (d) one suit pending in the Superior Court of the State of California (Los Angeles); and (e) two lawsuits pending in the 68th Judicial District Court of Dallas County, Texas. The settlement also resolved sizable claims asserted by various parties in the Bankruptcy case itself.

The lawsuits Mr. Sherman settled had been ongoing since 2006. The lawsuits were so complex that they are hard to summarize in this pleading. They involved five principal parties — Baron, Munish Krishan ("Krishan") of Newport Beach, California, certain Virgin Islands entities established in 2005 as part of a structure created by Baron and Mr. Krishan to take advantage of favorable tax benefits offered by the Virgin Islands Economic Development Authority and certain entities from the Cook Islands created by Baron and Krishan to protest their assets and reduce U.S. taxes. The fifth party was Mr. Sherman himself, representing the creditors of Ondova, the entity he was trustee over. The Ondova creditors were in two categories: (1) attorneys Mr. Baron hired and fired and never paid, and (2) companies who sued Mr. Baron because he infringed on trademarks.

The Trustee learned early in his fiduciary capacity that Baron had retained over twenty different attorneys to handle litigation matters prior to Ondova's bankruptcy. Most of these attorneys only stayed on for mere weeks or months. Lawyers representing other parties approached the Trustee after his appointment to advise him that Baron's hiring and firing of lawyers was a litigation tactic used to delay and disrupt the various lawsuits. These other lawyers who approached the Trustee noted that this type of activity, never before seen by these very experienced lawyers, was driving the costs of the litigation up and causing unbreakable litigation gridlock. The hiring and firing of lawyers could be documented through the docket sheets and pleadings of these various other cases.

Notwithstanding these types of challenges and the complexity of the litigation, Mr. Sherman and undersigned counsel, embarked on months and months of non-stop settlement discussions with all of the parties, and with the guidance of this Court, and the Bankruptcy Court, a settlement was finally reached in late June, 2010. The global settlement was approved by the Bankruptcy Court on July 28, 2010. Mr. Sherman successfully implemented the complex settlement in August and September 2010. Almost immediately after the settlement was approved and as Mr. Sherman was consummating its various provisions, Baron was unhappy with the lawyer who had assisted him for almost a year in settlement negotiations, Gerrit Pronske. Mr. Pronske, unpaid, promptly sought to withdraw as counsel. Mr. Pronske's departure disrupted a number of post-settlement issues and further resulted in a huge pile-up of Baron attorneys coming and going. Following Mr. Pronske's departure, eight (8) new lawyers appeared for Baron (Ferguson, Thomas, Broome, Garrey, Eckels, Cox, Chesnin and Schepps). Although some of these lawyers have different roles, they all operate at the instruction of Mr. Baron. Four of these new lawyers have quit since September, 2010 due to non-payment.

The hiring and firing of lawyers has caused disruption and delay in the Trustee's efforts to wind down the bankruptcy case. The appointment of a receiver over Mr. Baron was first addressed

by this Court in July 2009. The creation of a receivership was frequently publicly considered an option by both this Court and the Bankruptcy Court. Both the District Court and the Bankruptcy Court witnessed first hand the delay and disruption caused by Baron's tactics. Both courts issued orders regarding Baron's conduct however Baron failed to get the message. The hiring and firing of lawyers continues to this day.

II. HISTORICAL BACKGROUND OF LITIGATION

The Receivership being challenged was created by a Court which had been dealing with Jeffrey Baron for a significant period of time. The District Court Litigation was initially filed in May, 2009. The District Court Litigation stems from a fairly common occurrence -- a soured joint venture between two business partners. But when this joint venture went bad, so much money was at stake that the litigation that ensued was staggering. Lawsuits in Texas, California and the Virgin Islands were filed and litigated aggressively and with little regard for cost. Six separate lawsuits were ongoing simultaneously around the United States costing parties a fortune and wasting judicial resources. Not until the District Court and Bankruptcy Court stepped in, did a resolution of the mind-blowing and gridlocked litigation appear possible. As a result of the Trustee's efforts, in the summer of 2010, the litigation was settled in the Bankruptcy Case. Since then, the Trustee has been diligently working towards wrapping up the Ondova bankruptcy estate but the hiring and firing of lawyers by Mr. Baron continues. The hiring and firing has caused delays and disruption.

Ondova was a domain name registrar started by Jeffrey Baron in May, 2000. Ondova acted as a registrar for parties seeking to register domain names on the internet. Its principal, Baron, had accumulated a large number of internet domain names during the early days of the internet.

In 2005, Mr. Baron and Krishan decided to join their businesses to form a joint venture. Krishan also operated an internet domain name registration and monetization business. Through his

companies, Manila Industries, Inc. ("Manila") and Netsphere, Inc., ("Netsphere") Mr. Krishan had developed a successful business in domain monetization as well as operating websites.

In 2005, Baron and Krishan began the process of establishing a joint venture in which they would utilize their respective assets and business skills to build a profitable domain name business. Baron and Krishan envisioned an operating business owning one million internet domain names. These domain names earn revenues from advertising pages similar to the advertising revenue earned by Google, Inc. Many of the domain names were created using complex mathematical and algorithm formulas in order to generate the highest possible revenue. Included in the joint venture were certain domain names created by Baron during the early days of the internet, called the "Blue Horizons" names. These names have both high revenue potential and can be sold individually — sometimes for in excess of $1 million a piece.

In the course of planning for their partnership, Baron and Krishan sought advice for creation of a tax efficient structure for their business and personal assets to minimize tax risk and liability. In 2005, Baron and Krishan agreed to establish their joint venture in the United States Virgin Islands through an economic development program structure then offered by the Virgin Islands. They created the necessary corporate entities to take advantage of the low tax rates offered by United States Virgin Islands Economic Development Program Structure ("USVI Structure") and the newly formed joint operation was to begin business on January 1, 2006.

The structure that was developed by Baron and Krishan also involved the creation of Virgin Island entities and certain trusts domiciled in the Cook Islands. This structure was complex and involved the creation of approximately fifteen entities. A chart showing the structure created by Baron and Krishan is attached as Exhibit 1. The entities that controlled and operated the domain names included The Village Trust, HCB LLC, Realty Investment Management, LLC, and

Blue Horizon Limited Liability Company. There were a number of other entities above those three businesses which held and controlled the internet domain names.

Almost immediately after its inception, disputes developed between Baron and Krishan regarding operation of the new business. There were accusations that revenue generated by the domain names was not being equally divided. Based on information obtained by the Bankruptcy Trustee, the internet domain names earned a large amount of income. Although the Trustee does not have all of the information regarding revenue earned, one chart produced during the pendency of the case reflected $29 million in revenue from January, 2006 through October, 2009.

The litigation which began in November, 2006 occurred as a result of a transfer, or repossession, of the internet domain names by Baron. Specifically, on November 13, 2006, without Krishan's permission, Baron changed the IP addresses and the name servers for the internet domain names to a new entity under the control of Baron. As a result, Mr. Krishan and his entities no longer had any control of the web pages or the revenue generated therefrom. On November 15, 2006, Mr. Krishan and his related entities filed a complaint in the United States District Court for the Central District of California entitled Manila Industries, Inc. v. Ondova Limited Company, Case No. SAC-06-1105-AG.

On November 14, 2006, Ondova commenced an action in the 68th Judicial District Court of Dallas County, Texas entitled Ondova Limited Company v. Manila Industries, Inc., Case No. 06-11717. The two cases were later consolidated in the 68th Judicial District Court before Judge Martin Hoffman.

The litigation pending before 68th District Court Judge Martin Hoffman went on for several years. The docket sheet for the case pending before Judge Hoffman is attached hereto as Exhibit 2. In addition to case pending in Dallas before Judge Hoffman, several other lawsuits were filed

related to: (a) the domain names including interpleader suits where monetization companies (such as Oversee.net) filed interpleader actions; (b) the Virgin Islands entities; (c) a joint venture called Phonecards.com; and (d) many other matters. The other lawsuits include:

a. On September 27, 2007, Simple Solutions filed a civil cause against Ondova in the District Court of the Virgin Islands, Division of St. Thomas & St. John, styled Simple Solutions, LLC vs. Ondova Limited Co, LLC d/b/a Compana, LLC, No. 3:07-CV-123.

b. On February 12, 2007, HCB and Simple Solutions filed a civil cause against Oversee.net in the District Court of the Virgin Islands, Division of St. Thomas-St. John, styled HCB, LC and Simple Solutions, LLC, v. Oversee.net, Case No. 3:07-CV-00029-CVG.

c. On November 6, 2009 Oversee.net filed a claim for breach of contract and fraud against Simple Solutions, LLC, a USVI limited liability company, HCB, LLC, a Delaware Limited Liability Company and Does 1 to 10 in the United States District of California, Case No. CV09-08154-OOW (RZx).

d. On November 12, 2009, Manila and Netsphere filed a civil cause against Oversee.net and Doe 1 through Doe 10 in the Superior Court of the State of California, styled Manila Industries, Inc. a California corporation; Netsphere, Inc., a Michigan corporation vs. Oversee.net, a California corporation; and DOE 1 through DOE 10, inclusive, Case No. BC425821.

e. On November 2, 2008, Equity Trust Company, f/k/a Mid Ohio Securities, Custodian FBO IRA 19471 and Jeffrey Baron as Beneficiary of Equity Trust Company FBO IRA 19471 filed a civil case in the 68th Judicial District, Dallas County, Texas, against Rohit Krishan, Individually and d/b/a Callingcards.com, Munish Krishan and Manoj Krishan, styled Equity Trust Company, f/k/a Mid Ohio Securities, Custodian FBO IRA 19471 and Jeffrey Baron As Beneficiary of Equity Trust Company FBO IRA 19471 vs. Rohit Krishan, Individually and d/b/a Callingcards.com, Munish Krishan and Manoj Krishan, Cause No. DC08-13925-C.

These five lawsuits, as well as the cases before this Court and Judge Martin Hoffman, resulted in colossal litigation gridlock seemingly impossible to resolve. During this litigation, Mr. Baron routinely hired and fired lawyers. There were a number of mediation attempts both formal and informal. The formal mediations were with mediators Ted Akin, Sid Stahl, Cynthia Sauls and Hesha Abrams.

At a mediation which took place in Dallas, Texas, before Hesha Abrams resulted in a settlement reached on April 26, 2009. This settlement was called the Memorandum of Understanding ("MOU"). Pursuant to the MOU, the internet domain names were to be divided between the Baron parties and the Krishan parties which division was to be determined through a specific procedure set forth in detail in the MOU. The division of domain names was to occur no later than May 10, 2009, 14 days after execution of the MOU. Although Mr. Krishan and his entities timely performed under the MOU, Baron and Ondova refused to cooperate. There were certain other requirements of the MOU, however, Baron and Ondovoa failed to adhere to those requirements. A copy of the MOU is attached as Exhibit 3.

As a result of their breach of the MOU, Mr. Krishan, Netsphere Inc. and Manila Industries, Inc. commenced this action ("District Court Litigation") on May 28, 2009, docketed as Court Case, Case No. 3-09-CV-0988-M.

III. EVENTS LEADING TO THE ONDOVA BANKRUPTCY CASE AND APPOINTMENT OF TRUSTEE

Ondova filed its Chapter 11 bankruptcy case in Dallas, Texas, on July 27, 2009. It appears to have been filed by Baron to evade a significant contempt sanction about to be imposed by the District Court related to Baron's breach of an Amendment to Preliminary Injunction.

The District Court Litigation began in May, 2009, and was brought by Munish Krishan and his related entities, Netsphere and Manila, as a result of Baron's failure to comply with an April 2009 settlement agreement commonly referred to as the MOU. The MOU ended six lawsuits and years of contentious litigation regarding the ownership of internet domain names.

Although initially Baron performed a few obligations under the MOU, he promptly breached and the District Court Litigation was therefore filed on May 28, 2009. The District Court entered a number of orders earlier in the case including a Preliminary Injunction on June 26, 2009, and an

Amendment to the Preliminary Injunction on July 8, 2009. In the Amendment to the Preliminary Injunction, the District Court indicated that if Baron and his related entities failed to comply with any provision of the Amendment to the Preliminary Injunction, there would be a fine of $50,000 per day per violation. A copy of the Amended Preliminary Injunction is attached as Exhibit 4.

Baron continued to disobey provisions of the Preliminary Injunction and the Amended Preliminary Injunction and as a result of his bad faith related to discovery matters, violations of a Temporary Restraining Order and certain other orders of the Court, Netsphere and Manila filed a Motion for Contempt. The Motion for Contempt was filed on July 21, 2009, and was scheduled to be heard on July 28, 2009, at 9:30 a.m. The day before that hearing, on July 27, 2009, Ondova filed its voluntary petition under chapter 11 commencing the Ondova Bankruptcy Case. A copy of this Motion for Contempt is attached as Exhibit 5.

The Bankruptcy Case began a new chapter in the long saga of the disputes between Baron, Munish Krishan, the Virgin Islands entities and Cook Islands entities. A blizzard of pleadings was filed at the beginning of the Bankruptcy Case including an Objection to the Use of Cash Collateral, a Motion to Dismiss the Case and a Motion for Termination of the Stay in Order to allow the District Court litigation to proceed. There were several emergency hearings in the Bankruptcy Court including hearings where Baron was required to testify. A copy of the Motion for Relief from the Automatic Stay to Restore and Transfer Domain Names Pursuant to Preliminary Injunction order filed by manila and Netsphere on August 3, 2009 and which describes the violations of Court orders by Baron is attached hereto as Exhibit 6.

The Trustee (not yet appointed) has learned that after the Bankruptcy Case was filed, Mr. Baron apparently continued his tactics to avoid responsibilities under the Preliminary Injunction and Amended Preliminary Injunction. The Bankruptcy Court granted Krishan, Netsphere and Manila, partial relief from the automatic stay to effectuate certain provisions of the preliminary

injunctions. With respect to one motion regarding whether the debtor could use cash collateral, an examination of Mr. Baron as a witness commenced on August 26, 2009. That hearing did not conclude and therefore the Bankruptcy Court continued the hearing to September 1, 2009, so that Mr. Krishan and his entities Netsphere and Manila, could conduct a cross-examination of Mr. Baron. However, one hour prior to the continued hearing, an emergency motion was filed to continue the hearing because new counsel was being employed by Mr. Baron.

In light of these developments, the Bankruptcy Court provided Mr. Baron with two options: (1) he could go forward with the hearings; or (2) the Court would exercise its powers under Section 105 of the Bankruptcy Code and appoint a Chapter 11 Trustee. Mr. Baron subsequently took the stand and provided testimony on direct and cross-examination. At the conclusion of that hearing, the Bankruptcy Court continued the hearing until September 11, 2009, at which point it advised Mr. Baron that it was entering a show cause order regarding why a Chapter 11 trustee should not be appointed. A true and correct copy of the Bankruptcy Court's Order of August 26, 2009, is attached hereto as Exhibit 7.

On September 11, 2009, the Bankruptcy Court conducted a hearing and at that hearing it appointed a chapter 11 trustee to oversee the Ondova Bankruptcy Case. The Order (1) Denying the Motion to Dismiss Bankruptcy Case Filed by Netsphere, Inc., and Manila Industries, Inc.; (2) The Appointment of a Chapter 11 Trustee; (3) Continuing Certain Hearings; (4) Setting Hearing on Emergency Motion to Withdraw as Counsel for the Debtor; and (4) Setting a Status Conference" is attached hereto as Exhibit 8.

In their Order, the Court noted a number of important matters. First, Jeffrey Baron invoked his Fifth Amendment right against self-incrimination and therefore failed to answer questions on cross-examination. The Court also stated that cause existed under 11 U.S.C. § 1104 to appoint a Chapter 11 trustee for cause including the Debtor's mismanagement and a lack of candor of

the Debtor's representative. The Court found that a Chapter 11 trustee would be in the best interest of the bankruptcy estate.

Daniel J. Sherman was later appointed Chapter 11 Trustee pursuant to an order of the Bankruptcy Court entered on September 15, 2009. Following the appointment of Mr. Sherman as Chapter 11 trustee, Mr. Sherman began administering the Ondova Bankruptcy Estate. On October 14, 2009, Mr. Sherman employed counsel to represent him, the law firm of Munsch Hardt Kopf & Harr, P.C. The employment of Munsch Hardt was approved by order entered on November 17, 2009.

IV. THE SETTLEMENT OF THE LITIGATION

After Munsch Hardt's employment, Munsch Hardt, Mr. Sherman and the special master appointed in the District Court Litigation, Peter Vogel (now Receiver), began a series of settlement negotiations in order to start the process of settling the long running litigation pending between Baron, Mr. Krishan, his entities and the other litigating parties. Unfortunately, those efforts were unsuccessful. In fact, following the conclusions of those initial settlement meetings, it appeared that the parties continued to be in unbreakable gridlock. The parties did agree however, that certain trademark litigation disputes pending against Ondova and Mr. Baron needed to be resolved. The Trustee then immediately began efforts to settle the third-party trademark lawsuits. Settlements were worked out with the University of Texas and Liberty Media Corporation and the resolution of these trademark lawsuits enabled the parties to remove what were viewed as major obstacles to the settlement talks. During the first few months after his employment, the Trustee addressed other matters including routine operational issues concerning Ondova, matters regarding executory contracts and collection of certain assets.

The Trustee began a second phase of settlement discussions on February 23, 2010. Those settlement talks, urged by the Bankruptcy Court and the District Court, went on virtually daily for

several months and finally settlement was reached in mid-June, 2010. The progress of these settlement talks were monitored both by the Bankruptcy Court and the District Court. In fact, observing a lack of progress, the District Court in May, 2010, ordered the parties (with principals in attendance) to attend a mandatory mediation with U.S. District Magistrate Judge Paul D. Stickney. Judge Stickney served as a mediator for several days in May and early June 2010. The litigation was not resolved under Judge Stickney's watch however some progress was made. Unfortunately, Judge Stickney could not continue to serve as a mediator and the parties continued settlement negotiations throughout June. Finally, in late June, 2010, after months of non-stop settlement meetings including numerous weekend meetings, a resolution was reached on approximately June 22, 2010. The Trustee's Motion to Compromise Controversy was filed on July 2, 2010 ("Settlement Motion"). A copy of the Settlement Motion is attached as Exhibit 9.

Approval of the Settlement Motion required three hearings during July, 2010. Those hearings took place on July 12, July 14th and July 22nd, 2010. Even though the Settlement Motion was pending and the settlement hearings were taking place, there still were numerous rancorous issues that needed to be ironed out. The Settlement Motion was finally approved by Order entered on July 28, 2010, a copy of which is attached as Exhibit 10.

The Settlement Motion sought approval for a settlement agreement referred to as the Mutual Settlement and Release Agreement ("Settlement Agreement"). The Settlement Agreement required the signatures of 51 parties and resolved nine (9) pending lawsuits. It provided for payments to be made by certain parties to the Ondova Bankruptcy Estate and also resulted in the waiving of numerous large claims against the Ondova bankruptcy estate. Most importantly, all claims and causes of action between the fifty-one settling parties were finally settled and waived.

The Settlement Agreement resolved a lawsuit not even connected in any way to the Ondova bankruptcy case. The Settlement Agreement settled the case commonly referred to as Phonecards.com case commenced on November 2, 2008 in the 68th Judicial Court of Dallas County, Case no. DC-08-3925-C.

A true and correct copy of the fully executed Settlement Agreement is attached hereto as Exhibit 11.

The Settlement Agreement resolved nine separate litigation matters. It ended the years of contentious litigation between Baron and his entities, Munish Krishan and his entities, Virgin Islands entities, the Cook Islands entities, and later the Trustee, representing the interest of Ondova.

Commencing with his initial appointment, the Trustee was urged by all parties that there needed to be an end to the expensive long-running litigation. Both the Bankruptcy Court and the District Court, both of which had become intimately familiar with the combative litigation between the parties, made it known their strong preference that the litigation finally end.

The Trustee believed that settlement of the litigation was the only reasonable approach for the bankruptcy estate. The Trustee analyzed all of the risks and rewards of the litigation and determined that settlement was the best option for the bankruptcy estate. Had the Trustee continued litigation on behalf of Ondova, there would likely be continued protracted litigation between the parties and it may not have resolved litigation between the Netsphere parties and Baron regarding the enforceability of the MOU. Litigation to enforce the MOU would be expensive, contentious and would cause extended delays. The expense involved to continue with litigation would have been enormous. The Trustee estimates that to enforce the MOU, the time involved could easily have been 2-3 years. Those long delays would prolong the Ondova bankruptcy case. Under the settlement that was approved by the Bankruptcy Court, the

creditors will receive an earlier return on their claims and will not be burdened by the additional delay and risk of litigation.

During September, 2010, the Trustee continued efforts to consummate the various portions of the Settlement Agreement and efforts to wind down the Ondova bankruptcy estate. During this time period however, Mr. Baron had employed certain new lawyers and his prior lawyers began asserting claims in the bankruptcy case and in state court against Mr. Baron. One law firm filed a motion for substantial contribution and thereafter two other law firms filed similar motions. This type of motion is a concern to the Trustee because these lawyers could seek and be awarded attorneys fees from the Ondova bankruptcy estate for their work for Mr. Baron. If this occurs, the Trustee will end up having a contribution or indemnity claim against Mr. Baron – which opens the door to additional litigation. To resolve this dilemma, the Bankruptcy Court issued an Order on October 12, 2010 directing Peter Vogel, then the Special Master, to be a mediator of the attorney fee disputes. A copy of Judge Jernigan's Order is attached as Exhibit 12. A copy of Judge Ferguson's Order accepting Judge Jernigan's Order is attached hereto as Exhibit 13.

Shortly thereafter, mediator Peter Vogel wrote to the various unpaid lawyers recommending that they submit to him information regarding their attorney fee claims by November 22, 2010. A number of attorneys contacted Mr. Vogel and indicated that they do not believe that the mediation will be successful because Mr. Baron does not settle any matters and refuses to pay lawyers. Those lawyers indicated that they do not wish to participate. Adding to the confusion was the fact that Baron had changed lawyers so many times that no one was representing him with respect to the legal fee mediation issues and therefore no progress was being made and Baron was not cooperating with Judge Ferguson or Judge Jernigan's Orders.

As a result of these developments, it became apparent that Mr. Baron had once again succeeded in causing delay and disruption in the administration of the case. As a result of Baron's hiring and firing of lawyers and his conduct inconsistent with Court Orders, he was causing delay and disruption to the Ondova bankruptcy estate. The mediation efforts were stalemated because Baron refused to cooperate in the process.

These events led to the Trustee's filing his Emergency Motion

V. BARON AND HIS LAWYERS

Mr. Baron's pattern of hiring and firing lawyers goes back to the beginning of his legal disputes against Mr. Krishan in 2006. Mr. Baron's pattern of hiring and firing lawyers has caused delay, disruption and additional expense of the lawsuits that Mr. Baron has been involved in.

Many of the lawyers that are no longer representing Baron have since sued him because they have not been paid outstanding legal fees. Many of the lawyers have confidentially advised the Trustee they quit because Mr. Baron would not listen to the sound legal advice that they were providing. There is clearly a pattern or a course of conduct engaged in by Mr. Baron to hire and fire lawyers in order to engage in vexatious litigation. The number of lawyers hired and fired by Mr. Baron is jaw dropping. Attached are Exhibits 14 through 17 which demonstrate the following:

(a) Attorneys of Ondova that Mr. Baron refund to pay that filed claim in the Ondova bankruptcy case [Exhibit 14]

(b) Attorneys employed by Baron after the Ondova bankruptcy case that Baron has refused to pay [Exhibit 15];

(c) Attorneys who have sued Mr. Baron post-bankruptcy filing of Ondova [Exhibit 16];

(d) Attorneys of Mr. Baron who have filed Motions in the Bankruptcy Court pursuant to 11 U.S.C. § 503(b) [Exhibit 17]

Copies of the lawsuits filed against Mr. Baron are attached hereto as Exhibit 18 through 22. Copies of motions seeking payment of legal fees owed by Mr. Baron are attached hereto as Exhibits 23 to 25. Although the list of Baron lawyers is constantly changing and frequently needs to be updated, at this time, the Trustee notes that the following attorneys have represented Mr. Baron and his related entities.

For Baron and Ondova (for Ondova during prebankruptcy period only):

Dan Altman
Gary Tucker
Christy Motley with Nace & Motley
Jeanne Crandall with Reyna, Hinds & Crandall
Randy Schaffer with Mateer & Shaffer
David Coales, Carrington Coleman
John Bickel, Bickel & Brewer
Blake Beckham, Jose Portela of The Beckham Group
Graham Taylor, Seyfarth Shaw
Jerry Mason of Martin, Mason & Stutz
Jeff Rasansky
Charla Aldous
Brian Lidji of Lidji, Dorey Hooper
Lenny Vitullo, Fee Smith Sharp and Vitullo, LLP
James Bell, Bell and Weinstein
Caleb Rawls
Lawrence Friedman, Ryan K. Lurich and James Krause of Friedman & Feiger, LLP
Jay Klein
Paul Keiffer of Wright Ginsberg & Brusilow
Steven Jones, Jones, Otjen & Davis
Kevin Thomason, Thompson Knight
Mark Taylor, Powers Taylor, LLP
Jeffrey T. Hall
David L. Pachione
Gerrit M. Pronske, Pronske & Patel
Michael B. Nelson
Stanley Broome, Broome Law Firm, PLLC
Gary Lyon
Dean Ferguson
Martin Thomas
Robert J. Garrey
Sidney Chesnin
Gary N. Schepps

Mr. Baron through his Trusts and related entities:

Elizabeth Schurig of Schurig, Jetel, Bekett, Tackett
Craig Capua and Royce West of West & Associates

Eric Taube of Hohmann, Taube & Summers
John Cone, Hitchcock Everett, LLP
James M. Eckels
Joshua Cox

During the most recent phase of the Bankruptcy case, following the approval of the Settlement Agreement, Judge Jernigan was growing increasingly frustrated by Baron's hiring and firing of lawyers. Attached as an exhibit to the Trustee's Motion is the Report and Recommendation to District Court (Judge Royal Ferguson): That Peter Vogle, Special Master, Be Authorized and Directed to Mediate Attorney Fee Issues (see Exhibit 12). In this report and recommendation, Judge Jernigan had admonished Baron and indicated that Baron's hiring and firing lawyers "has grown to a level that is more than a little disturbing".

> As the Court noted in court on September 15, 2010, at the very least, it smacks of the possibility of violating Rule 11 (i.e., it suggests a pattern of perhaps being motivated by an improper purpose, such as to harass, cause delay or needlessly increase the cost of litigation for the parties). Still, more troubling is the possibility to the Court that Jeffrey Baron may be engaging in the crime of theft of services. See Texas Penal Code Sections 31.01(6) and 31.01(4). (A person commits theft of services if, with intent to avoid payment for services that he knows is provided only for compensation: (1) "he intentionally or knowingly secures performance of the service by deception, threat or false token"; (2) "services" includes professional services"). "This crime can be a misdemeanor or a felony - depending on the amount involved."

VI. THE COURTS HAVE REPEATEDLY WARNED BARON THAT HIS CONDUCT IS VEXATIOUS AND SANCTIONABLE

THE DISTRICT COURT CASE

On May 28, 2009, this lawsuit was filed against Baron and Ondova. Anthony L. Vitullo was the first lawyer to appear for Mr. Baron. He filed a Motion to Dismiss on June 18, 2009.[1] The next day, Caleb Rawls of Godwin Pappas & Ronquillo and James Bell of Bell & Weinstein entered an appearance on behalf of Baron at the first status conference. Already familiar with some of the procedural history the Court gave counsel this warning at the June 19 status conference:

> "So I'll tell you what. I am going to stay in this case through the preliminary injunction, and there is an order entered. Nobody can violate it. Anybody violates it, you are all paying big dollars. Not only corporately but personally also. You want to challenge the court order, I have the marshals behind me. I can come to your house, pick you up, put you in jail. I can seize your property, do anything I need to do to enforce my orders. I'm telling you don't screw with me. You are a fool, a fool, a fool, a fool to screw with a federal judge, and if you don't understand that, I can make you understand it. I have the force of the Navy, Army, Marines and Navy behind me. There is a lot of playing games. Both sides are probably completely complicit. But it's time to resolve this. If you don't want to resolve it, I can put you in jail. I can hold you six months, twelve months, eighteen months, and I can do that, and if you want me to do it, I will be glad to do it, but you need to be serious about this. There is a problem here that I do not understand. It's really beyond my comprehension, and I actually am not a completely dumb person. So you need to get this resolved. (Distr. Dkt. 26, p. 49, lines 15-25; p. 50, lines 1-11: Exhibit 26).
>
> "...once the Court steps in, that's it, and I've got this case, and I'm keeping it. So you want to screw with me, have at it. But I can put you in jail, and I will do it, and I can also take all of your money away from you. I can look at all of your financial statements. I can take every penny you've got if I think you are doing stuff that's unlawful, illegal, fraudulent and whatever. So let's don't test me here. And at the same time if you think you are right, litigate it. Litigate it to the cows come in, but don't screw with the courts." (Distr. Dkt. 26, p. 52, lines 1-11: Exhibit 26)

[1] The Court has recognized on numerous occasions that Mr. Baron had hired and fired no less than five previous attorneys in the underlying litigation leading up to this present matter. *See e.g.* (Distr. Dkt. 38-2, p. 54, lines 16-18).

Three days later Mr. Baron fired all of these lawyers and hired Lawrence Friedman, James Krause, Ernest Leonard, and Ryan Lurich (Friedman & Feiger, L.L.P.), who filed their notice of appearance on June 23, 2009. (Distr. Dkt. 15 and 18: Exhibits 27 and 28).

On June 26, 2009, this Court entered a Preliminary Injunction. By July 1, 2009, when the Court convened another Status Conference, there were already allegations that Preliminary Injunction had been violated. The Court addressed the already rapid turnover of counsel. The Court said: "First of all, I need to make sure that you [Mr. Krause] stay in the case. I don't want a ninth set of lawyers in the case." (Distr. Dkt. 38-2, p.54, lines 16-18: Exhibit 29). The Court then ordered Baron place $50,000, nonrefundable funds, in trust for the payment of attorneys' fees, with such funds to be replenished in $50,000 increments upon depletion. (Distr. Dkt. 38-2, p.54, lines 19-25; p.55, lines 1-22: Exhibit 29). Having provided for secure payment to the new lawyers the Court then warned them not to withdraw: "[b]y the way, you [Friedman and Feiger] are not getting out of this case. So I don't want to see any motion to withdraw." (Distr. Dkt. 38-2, p.55, lines 16-22: Exhibit 29). Even with these orders, the Court expressed some doubt about their effectiveness against Baron. "I'm very concerned that no matter what I do, Baron is not going to pay attention." (Distr. Dkt. 38-2 p. 52, lines 18-20: Exhibit 29).

A third Status Conference was held on July 9, 2009. At that conference Mr. Baron's counsel informed the Court that Mr. Baron had hired yet another lawyer, Jay Kline, Jr., to act as "general counsel." (Distr. Dkt. 39-2, p. 14, lines 5-9: Exhibit 30). The Court telephoned Mr. Kline during the hearing to advise him to avoid interfering in the litigation:

> Mr. Kline, this is Judge Furgeson from federal court. I'm calling you to tell you you maybe under some confusion representing Ondova and Mr. Baron, but anything that involves litigation in my Court should be coordinated through Mr. Lurich and Mr. Krause. An e-mail was sent out this last night to we think monetization firms that was not agreed to by the parties, and so I've got to put you in touch with Mr. Lurich and Mr. Krause as soon as possible. If you have any questions about how this is to be arranged or done, we can have a hearing in my court this afternoon or in the

> next several days so that I can give you clear instructions about what you are supposed to do. But you are not to do anything in regard to the pending litigation. (Distr. Dkt. 39-2, p.18, lines 1-14: Exhibit 30).

The Court's reason was clear: "I don't need a lot of chefs in the kitchen." (Distr. Dkt. 39-2, p. 19, lines 12-13: Exhibit 30).

On July 21, 2009 the Plaintiffs filed their Motion for Sanctions and Contempt (Distr. Dkt. 41). Just six days later, the day before the hearing on that Motion, Ondova filed a Chapter 11 bankruptcy proceeding (Distr. Dkt. 48).

At the July 28, 2009 hearing Baron's then counsel Larry Friedman informed Judge Furgeson that Ondova had filed the bankruptcy without notice to him in violation of the Court's requirement that no action was to be taken without the Court's approval. (Distr. Dkt. 52, p. 12, lines 9-25; p.13, lines 1-11: Exhibit 31). The Court observed that Baron had "gone through enormous numbers of lawyers at great expense to himself and a lack of continuity to his representation and I think to his detriment" (Distr. Dkt. 52, p. 16, lines 23-25: Exhibit 31) and that Baron was "way over litigious with way too many lawyers," (Distr. Dkt. 52, p.18, lines 14-15: Exhibit 31), and that his litigation approach "continues to complicate his legal problems by just layering lawyer upon lawyer into his activities." (Distr. Dkt. 52, p. 22, lines 16-19: Exhibit 31).

Because Mr. Baron was present at an August 18, 2009 Status Conference, the Court warned him personally that the tactic of changing lawyers and changing forums was regarded by the Court as an abuse of the justice system: "I think this is a litigation tactic. There is no one in this courtroom that can look at this and think it's anything other than an effort to get out from under my jurisdiction." (Distr. Dkt. 66, p. 66, lines 13-16: Exhibit 32).

Two weeks later at a September 10, 2009 Status Conference, the Court again warned Mr. Baron, through his counsel, that his conduct might have criminal consequences. "I think we're

going to hire criminal counsel for Mr. Baron. I think Mr. Baron is very close to sustaining criminal liability. He's in a bankruptcy court under the most unusual of circumstances that could create liability. He has obligations to not obstruct justice in this Court." (Distr. Dkt. 68, p. 28, lines 8-25: Exhibit 33).

In defiance of the Court's statements concerning the number of counsel he had hired, Baron moved on October 17, 2009 to hire additional counsel, Jeffrey T. Hall, to assist with the civil litigation. On January 26, 2010, Friedman & Feiger filed its Motion to Withdraw as Counsel for Baron, citing "irreconcilable conflict of interest" between it and Mr. Baron on April 19, 2010, Jeffrey T. Hall filed his Motion to Withdraw as Counsel for defendants, citing Baron's refusal in fulfilling his financial obligations to the lawyer, and that his continued representation of Baron would impose an unreasonable financial burden on the lawyer. Later the Motion was withdrawn and re-filed as a Motion to Withdraw and to Substitute Gary Lyon as primary counsel. Gary Lyon filed his Notice of Appearance on August 26, 2010. According to the Court's count Mr. Lyon was Mr. Baron's eleventh lawyer in the Netsphere litigation.

THE BANKRUPTCY CASE

From the early stages of the Bankruptcy Case, the Bankruptcy Court found reason to question Baron's tactics and motives. During only the second hearing in the Bankruptcy Case on August 5, 2009, the Bankruptcy Court questioned whether the bankruptcy filing was merely "an affront to what has already transpired after many weeks or months before the District Court, of much wrangling, analysis and litigation." (Bankr. Dk. 38, p. 80 line 21 – 24: Exhibit 34). The Bankruptcy Court concluded that it "believes, with all due respect to the Debtor's fine bankruptcy counsel here, that there was some forum-shopping going on, and this [case] is mostly a litigation tactic." (Bankr. Dk. 38, p. 81 line 5 – 8: Exhibit 34). Before the substance of a Cash Collateral Hearing even began on September 1, 2009, Baron's tactics caused the Bankruptcy

Court to ponder whether it needed to exercise its *sua sponte* powers to appoint a Chapter 11 Trustee for cause. (Bankr. Dk. 126, p. 16 line 11 – p. 17 line 9: Exhibit 35.)

After Baron took the stand on September 1, 2009 during the Cash Collateral Hearing and repeatedly failed to answer most questions directly or completely and was unable to adequately and transparently discuss the Debtor's business and his role therewith, (Bankr. Dk. 126, p. 120 line 23 – p. 121 line 18: Exhibit 35) the Bankruptcy Court's frustrations with Baron led to the issuance of a show cause order as to why a Chapter 11 Trustee should not be appointed over the Debtor. (Bankr. Dk. 126, p. 227 line 21 – 25: Exhibit 35.) The bases for the Bankruptcy Court's show cause order are as follows:

> "During the hearings on the Section 363 Cash Usage Motion, which still have not concluded (the court setting the next hearing on the Section 363 Cash Usage Motion for September 11, 2009 at 9:30 a.m.), the court became concerned about whether it is appropriate to allow Ondova to remain on as a debtor-in-possession in this bankruptcy case. Among the things driving this concern are the following. First, the hearing on September 1, 2009 began with an attempt by the Debtor to terminate its bankruptcy counsel and seek a continuance of the hearing on the Section 363 Cash Usage Motion (in light of a desire to retain new bankruptcy counsel). The court noted that it was especially troubled with this development– given that the Debtor has a long prepetition history of playing "musical lawyers" in litigation with NetSphere, Inc. Second, the court has been troubled at both the August 26, 2009 and September 1, 2009 hearings, with: (a) an apparent lack of forthcomingness on the part of the Debtor's principal, Mr. Barron [sic]; (b) an inability on Mr. Barron's [sic] part to concisely answer straightforward questions about the Debtor's business; and (c) the assertion of the attorney-client privilege by the Debtor in situations where such an assertion may not be consistent with the fiduciary duties of a debtor-in-possession (i.e., in situations where, surely, a Bankruptcy Trustee would see fit to waive the privilege in the interests of creditors and in the interests of the efficient administration of the bankruptcy estate). The court also perceives that the goal of Ondova in this Chapter 11 case (while under the direction of Mr. Barron [sic] and the current management team) may not be centered attempting to relitigate issues already decided or settled in other fora. Finally, the court is concerned about complex, prepetition transactions among various companies in which Mr. Barron [sic] has some interest or control, which transactions may affect the Debtor (and the value available/reachable for creditors), that need investigating by an independent fiduciary." (Bankr. Dk. 56: Exhibit 36.)

At the September 11, 2009 hearing on the Bankruptcy Court's show cause order, among other matters, the Bankruptcy Court ruled that cause existed to appoint a Chapter 11 Trustee:

> "including the mismanagement of the affairs of this estate by the debtor in possession while under the direction of Mr. Baron. And, also, cause being the lack of candor and cooperation of Mr. Baron as a representative of the debtor in possession." (Bankr. Dk. 112, p. 36 line 9 – 15: Exhibit 37.)

Even after the Trustee was appointed to remove Baron from control of the Debtor, Baron continued to frustrate the Bankruptcy Court and stand in the way of the administration of the Bankruptcy Case. For example, Baron repeatedly attempted to duck his deposition. At the April 7, 2010 hearing on the Motions for 2004 Examination, the Bankruptcy Court voiced its displeasure with Baron and his tactics:

> "This is very, very frustrating. And I know that everyone pretty much shares my frustration. But I'm frustrated that Mr. Baron is an obstacle here, and maybe nothing short of testifying and facing a holding cell if he doesn't cooperate and testify is going to get him to budge in this." (Bankr. Dk. 298, p. 38 line 5 – 9: Exhibit 38.)

Baron's tactics resulted in the Bankruptcy Court making ready to use whatever power it had to obtain the cooperation of Baron:

> "If I have to make space available here at the courthouse in a conference room with a U.S. Marshal babysitting the process, I will. And I say that mostly for Mr. Baron's sake." (Bankr. Dk. 298, p. 37 line 21 – 24: Exhibit 38).

In concluding the hearing, the Bankruptcy Court warned that "if we have to go to DEFCON 3, or whatever that expression is, at that point, we will." (Bankr. Dk. 298, p. 38 line 16 – 18: Exhibit 38.)

At a July 12, 2010 on the Trustee's Settlement Motion, Baron exasperated the Bankruptcy Court yet again – this time, by waffling on whether he approved the settlement agreement:

> "Okay. I -- I'm beyond frustrated. And I'm thinking about my contempt powers right now. That's how frustrated I am. And ask your attorney during the break what I mean by that, if you don't understand." (Bankr. Dk. 412, p. 112 line 21 – 24: Exhibit 39.)

In fact, the Bankruptcy Court admonished both Baron and his attorney for wasting everyone's time, stating plainly, "You are wasting this Court's time. You're wasting everybody's time. So are you, Mr. Baron." (Bankr. Dk. 298, p. 154 line 7 – 9: Exhibit 38.)

By the September 15, 2010 Status Conference, Mr. Baron had been through multiple attorneys in and outside the Bankruptcy Case and the Bankruptcy Court was exasperated by Baron's gamesmanship:

> "I am more than a little concerned about the 'musical attorneys' . . . And I cannot figure out why, for the life of me, we have the "musical lawyers" going on, but it's going to stop today (Bankr. Dk. 470, p. 6 line 2 – 9: Exhibit 40). . . There are no more lawyers going to be allowed." (Bankr. Dk. 470, p. 15 line 7 – 8: Exhibit 40).

The Bankruptcy Court ruled that Mr. Baron was finished with his games of changing counsel and postulated which sanction would best fit the circumstances he created:

> ". . . there is zero chance Mr. Baron is getting a new lawyer. Zero. Zero. Okay? 40-something lawyers. 40-something lawyers. (Bankr. Dk. 470, p. 53 line 25 – p. 54 line 2: Exhibit 40) . . . You know, is it Rule 11 sanctionable? Is it gamesmanship? Is it obvious improper purpose to delay? Or is it Texas Penal Code theft of services? You know, I am just so troubled for so many reasons." (Bankr. Dk. 470, p. 60 line 7 – 10: Exhibit 40.)

Reaching its capacity for Baron's tactics, on October 12, 2010, the Bankruptcy Court filed its *Report and Recommendation to District Court (Judge Royal Furgeson): That Peter Vogel, Special Master, Be Authorized and Directed to Mediate Attorneys Fees Issues* (the "Report and Recommendation"). (Bankr. Dk. 484: Exhibit 41). Through the Report and Recommendation, the Bankruptcy Court seriously questions whether Baron's habit of hiring and then firing lawyers rises to criminal conduct under the Texas Penal Code. (Bankr. Dk. 484: Exhibit 41.) The Bankruptcy Court also clearly states that "Baron will not be allowed to hire additional attorneys" and will "either retain Gary Lyon and Martin Thomas through the end of the bankruptcy case . . . or he can proceed *pro se*." (Bankr. Dk. 484: Exhibit 41.) If Baron elects to proceed *pro se*, the Bankruptcy Court warns that if Baron fails to cooperate, "he can expect this court to recommend [to Judge Furgeson] that he appoint a receiver over Mr. Baron . . . ." (Bankr. Dk. 484: Exhibit 41.)

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.	§	

DECLARATION OF RAYMOND J. URBANIK

I, Raymond J. Urbanik., hereby declare and state the following:

1. I am counsel of record for Daniel J. Sherman, in his capacity as the Chapter 11 Trustee for Ondova Limited Company, and the following is based upon my personal knowledge and is true and correct.

2. Except for Exhibit 1, all of the exhibits in the Appendix of which this Declaration is a part are true and correct copies of public records that I have compiled from court records and/or from transcripts prepared by court reports.

3. I also have in my possession voluminous records with regard to the asset structure that Jeffrey Baron has established for his assets. Attached hereto as Exhibit 1 is a chart that was created from those records which accurately summarizes those voluminous records. These records were obtained from Jeffrey Baron and his related entities and are therefore available for use to contradict this chart if it is inaccurate in any way.

4. Immediately subsequent to the appointment of the Receiver, steps had to be taken to stop the transfer of valuable property, including 300,000 internet domain names, to a foreign entity outside of the jurisdiction of the federal courts. In addition, we had learned that Baron or entities controlled by him, had funds in the United States that could be transferred to the Cook Islands if a Receivership had not been created. Mr. Baron's assets are substantially located in the Cook Islands – a location notorious for asset protection and non-compliance with United States

law. Since the filing of the Receivership, the entities located in the Cook Islands and controlled by Baron have advised the Receiver that they will not comply with the Receiver or the Receivership Order.

5. If the Order Appointing Receiver were dissolved, Jeffrey Baron would be free to transfer assets to the offshore entities in the Cook Islands and elsewhere.

6. During the course of the District court case and the Bankruptcy court case, from my personal experience, and from a review of Court records, Baron, for himself, has used a total of seventeen attorneys, three of whom did not formally enter an appearance. In addition, through his related entities, Baron has hired and fired numerous attorneys since the Trustee's appointment.

7. I hereby declare under penalty of perjury that the forgoing is true and correct.

Executed on: December 10, 2010

R. Urbanik

Raymond J. Urbanik

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

NETSPHERE, INC.,	§	
MANILA INDUSTRIES, INC. AND	§	
MUNISH KRISHAN	§	
	§	
PLAINTIFFS,	§	
	§	
v.	§	CIVIL ACTION NO. 3:09-CV-0988-F
	§	
JEFFREY BARON AND	§	
ONDOVA LIMITED COMPANY,	§	
	§	
DEFENDANTS.	§	

NOTICE OF APPEARANCE

PLEASE TAKE NOTICE that Quantec, LLC and Novo Point, LLC, by and through the undersigned, hereby file this Notice of Appearance and request that copies of all correspondence, notices and pleadings hereafter given or filed in this case be given and served on them by serving:

Joshua E. Cox
PO BOX 2072
Keller TX 76244
682.583.5918 telephone
j.cox.email@gmail.com

Dated: December 10, 2010

Respectfully submitted,

By: */s/ Joshua E. Cox*
Joshua E. Cox
Texas Bar No. 24038839
PO BOX 2072
Keller TX 76244
682.583.5918 telephone
j.cox.email@gmail.com

ATTORNEY FOR QUANTEC, LLC AND
NOVO POINT, LLC

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2010, a true and correct copy of the foregoing was sent to all parties requesting electronic service through the Court's ECF system.

/s/ Joshua E. Cox
Joshua E. Cox

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

NETSPHERE, INC.,	§	
MANILA INDUSTRIES, INC. AND	§	
MUNISH KRISHAN	§	
	§	
PLAINTIFFS,	§	
	§	
v.	§	CIVIL ACTION NO. 3:09-CV-0988-F
	§	
JEFFREY BARON AND	§	
ONDOVA LIMITED COMPANY,	§	
	§	
DEFENDANTS.	§	

RESPONSE AND OBJECTION OF QUANTEC, LLC AND
NOVO POINT, LLC TO RECEIVER'S MOTION TO CLARIFY THE RECEIVER ORDER

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

Quantec, LLC and Novo Point, LLC (collectively, the "Cook Islands LLCs") by and through their undersigned counsel hereby file this *Response and Objection of Quantec, LLC and Novo Point, LLC to Receiver's Motion to Clarify the Receiver Order*, and in support thereof would show the Court as follows:

1. On November 24, 2010, Daniel J. Sherman, acting in his capacity as Chapter 11 Trustee (the "Chapter 11 Trustee") in the bankruptcy case *In re Ondova Limited Company*, Case No. 09-34784-SGJ-11, pending in the United States Bankruptcy Court for the Northern District of Texas, filed herein an *Emergency Motion for Appointment of a Receiver over Jeffrey Baron*. [Docket #123].

2. On November 24, 2010, the Court granted the Trustee's Motion and issued an order appointing Peter S. Vogel as the Receiver for Defendant Jeffrey Baron (the "Receiver Order"). [Docket #124.]

3. The Receiver Order defines "Receivership Parties" as Jeffrey Baron and Village Trust, Equity Trust Company IRA 19471, Daystar Trust, Belton Trust, Novo Point, Inc., Iguana Consulting, Inc., Quantec, Inc., Shiloh, LLC, Novquant, LLC, Manassas, LLC, Domain Jamboree, LLC, and ID Genesis, LLC. [Id. at p. 1.] The Receiver Order further defines Receivership Parties as "any entity under the direct or indirect control of Jeffrey Baron, whether by virtue of ownership, beneficial interest, a position as officer, director, power of attorney or any other authority to act." [Id. at p. 2.].

4. On December 3, 2010, the Receiver filed his *Motion to Clarify Receiver Order* [Docket #139], alleging that the definition of Receivership Parties contained in the Receivership Order (set forth above) has always included Novo Point, LLC and Quantec, LLC, and requesting the Court enter an order to such effect.

5. The Cook Islands LLCs object to the Receiver's *Motion to Clarify Receiver Order* on the following non-exclusive grounds:

a. The Chapter 11 Trustee is not a proper party to request a receivership over the Cook Islands LLCs because the Chapter 11 Trustee does not have or claim any interest in or to the Cook Islands LLC.

b. The receivership has seriously interfered with the Cook Islands LLCs' property rights by ousting the Cook Islands LLCs from control without good cause.

c. The Chapter 11 Trustee has failed to show clear necessity in seeking the receivership in order to protect the Chapter 11 Trustee's interests in the Cook Islands LLCs.

d. The Chapter 11 Trustee has failed to show good cause as to why the receivership should be granted *ex parte* and without notice to the Cook Islands LLCs.

e. The Chapter 11 Trustee has failed to show that the Cook Islands LLCs engaged in fraudulent conduct warranting establishment of the receivership over the Cook Islands LLCs.

f. The Chapter 11 Trustee has failed to show that there exists an imminent danger of loss of property in which the Chapter 11 Trustee claims an interest with regard to the Cook Islands LLCs.

g. The Chapter 11 Trustee has failed to show the inadequacy of legal remedies as to the Cook Islands LLCs.

h. The Chapter 11 Trustee has failed to show harm is likely to the Chapter 11 Trustee if the receivership over the Cook Islands LLCs is denied.

i. The Chapter 11 Trustee has failed to show that Jeffrey Baron, the subject of the receivership,

i. Has direct or indirect control over the Cook Islands LLCs;

ii. Has an ownership interest in the Cook Islands LLCs;

iii. Has a beneficial interest in the Cook Islands LLCs;

iv. Holds a position as an officer or director of the Cook Islands LLCs;

v. Has a power of attorney with respect to the Cook Islands LLCs; or,

vi. Has any authority whatsoever to act with respect to the Cook Islands LLCs.

j. The Cook Islands LLCs reserve any and all other objections they may have at law or in equity for a trial of this matter.

WHEREFORE, PREMISES CONSIDERED, Quantec, LLC and Novo Point, LLC respectfully request that the Court DENY the Receiver's *Motion to Clarify Receiver Order* and pray for such other and further relief to which they may be entitled.

Respectfully submitted,

By: */s/ Joshua E. Cox*
Joshua E. Cox
Texas Bar No. 24038839
PO BOX 2072
Keller TX 76244
682.583.5918 telephone
j.cox.email@gmail.com

ATTORNEY FOR QUANTEC, LLC AND
NOVO POINT, LLC

CERTIFICATE OF SERVICE

I hereby certify that on December 10, 2010, a true and correct copy of the foregoing was sent to all parties requesting electronic service through the Court's ECF system.

/s/ Joshua E. Cox
Joshua E. Cox

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

NETSPHERE INC.,	§	
MANILA INDUSTRIES, INC.; and	§	
MUNISH KRISHAN	§	
Plaintiffs,	§	
	§	**CIVIL ACTION NO.: 3-09-CV-0988-F**
v.	§	
	§	
JEFFREY BARON and	§	
ONDOVA LIMITED COMPANY,	§	
Defendants.	§	

OBJECTION TO SUBPOENA & MOTION TO QUASH SUBPOENA

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

COMES NOW QUANTEC, L.L.C. and NOVO POINT, L.L.C. and file this Objection to Subpoena & Motion to Quash Subpoena and in support would show the Court the following:

1. On Friday, December 10, 2010, Jeff Harbin, the Manager of QUANTEC, L.L.C. and NOVO POINT, L.L.C. was subpoenaed in his individual capacity to appear at Movants' bank at 9:00 a.m. on Monday, December 13, 2010, to transfer funds from Movant's bank accounts as instructed by the attorney for receiver. He was not served in his capacity as the Manager or as an officer of Movants.

2. To the Extent the subpoena attempts to appropriate Movants' monetary resources for the receiver, QUANTEC, L.L.C. and NOVO POINT, L.L.C. object to the time of appearance being unreasonable inasmuch as the subpoena commands an appearance by Movant's Manager within six business hours of the service of the subpoena and constitutes unreasonable notice.

3. Movants further object and move the Court to Quash the subpoena for the reason that Movants are not properly before the Court, having not been served with process herein. Prior to the Receiver attempting to seize Movants' bank accounts, Movants are entitled to due process.

4. Movants further move the Court to Quash the subpoena for the reason that the Court has set for Friday, December 17, 2010, an expedited hearing as to whether Movants are the alter ego of Jeff Baron and whether Movants are subject to the Receivership Order. The hearing as to the propriety of the entire receivership is the reason that the U.S. Court of Appeals for the 5th Circuit did not take up the matter and denied the Emergency Motion to Stay Receivership without prejudice (see attached). The receivership is an attempt to improperly front run the Courts hearing by placing Mr. Harbin in jeopardy of contempt unless he cooperates to grant the receiver the relief the receiver seeks and that, upon completion of the hearing of December 17, 2010, may be denied.

5. On December 10, 2010, at approximately 3:00 p.m. the undersigned discussed this matter with Peter Loh, one of the attorneys for the receiver. Although the undersigned offered to freeze the accounts the subject of the subpoena, Mr. Loh refused that offer or to lift the subpoena.

WHEREFORE, PREMISES CONSIDERED, QUANTEC, L.L.C. and NOVO POINT, L.L.C. requests that Plaintiff's objection be sustained, and that the subpoena be quashed and for such other and further relief, at law or in equity, to which it may be entitled.

Respectfully submitted,

/s/ Thomas P. Jackson
Thomas P. Jackson
State Bar No. 10496600
Law Office of Thomas P. Jackson
4835 LBJ Freeway, Suite 450
Dallas, Texas 75244
(972) 387-0007 - Telephone
(972) 387-8707 - Facsimile

ATTORNEY FOR QUANTEC, L.L.C.
And NOVO POINT, L.L.C.

Certificate of Conference

The undersigned counsel for QUANTEC, L.L.C., and NOVO POINT, L.L.C. attempted to discuss the substance of the foregoing Motion with Peter Loh on December 10, 2010, prior to the filing of this Motion, and he is opposed to this Motion. Therefore this matter is submitted to the Court for determination.

/s/ Thomas P. Jackson
Thomas P. Jackson

Certificate of Service

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

/s/ Thomas P. Jackson
Thomas P. Jackson

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

NETSPHERE, INC., MANILA INDUSTRIES, INC., and MUNISH KRISHAN, Plaintiffs.	§	Civil Action No. 3-09CV0988-F
v.	§	MOTION FOR **EMERGENCY RELIEF**
JEFFREY BARON, and ONDOVA LIMITED COMPANY, Defendants.	§	

MOTION FOR EMERGENCY RULING ON MOTION TO STAY PENDING APPEAL

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

COMES NOW, Jeffrey Baron, Appellant, and in light of Mr. Urbanik's motion filed Friday [Doc. 151] moving this Court to consider evidence and adjudicate newly raised claims and factual issues, requests the Court to rule today on [Doc. 137] Mr. Baron's Motion to Stay.

Appellate Counsel for Mr. Baron has been retained strictly with respect to appeal of the order appointing receiver entered by this Court now on appeal to the Fifth Circuit. Mr. Baron is in need of an attorney to file proper legal objections to the timing and form of the relief requested by Mr. Urbanik, to object to the standing of Mr. Urbanik to request such relief, as well as seek a more definite statement of the relief sought.

Mr. Baron needs experienced and specialized counsel to conduct discovery and prepare to defend the very serious new charges Mr. Urbanik brings in his motion. As Mr. Urbanik has maneuvered his motion to be a part of the hearing set only 4 days from now, Mr. Baron needs an attorney to represent him on these matters *immediately*.

The limited scope of Appellate Counsel's representation is strictly limited to matters of appeal and does not cover defense of Mr. Urbanik's newly raised claims, nor any other matter in the district court beyond staying the order appointing receiver pending appeal, or declaring that order void.

Mr. Urbanik's motion seeks determination of matters including whether:

1. Mr. Baron is in breach of an injunction order,
2. Mr. Baron is violation of Federal Rule of 13 (sic),
3. Mr. Baron engaged in a bad faith bankruptcy filing,
4. Mr. Baron refused to testify, and
5. Mr. Baron is the owner of Ondova.

Mr. Urbanik also seeks the determination of substantive rights between Mr. Baron and former attorneys and judicial determination:

6. Declaring Mr. Baron a vexatious litigant,
7. Finding Mr. Baron in breach of the settlement agreement,
8. Determining Mr. Baron's liability to attorneys for fees.

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

returned to him, Mr. Baron will be irreparably harmed in his defense of Mr. Urbanik's motions set only 4 days from now.

Accordingly Mr. Baron seeks an immediate stay of the receivership so that he may retain counsel to properly object and defend the very serious motion filed by Mr. Urbanik.

Mr. Urbanik has refused to withdraw his motion. Short of an order from this Court striking Mr. Urbanik's motion or expressly removing it from the docket Friday, his motion necessitates immediate stay of the receivership order.

Respectfully submitted,

/s/ Gary N. Schepps
Gary N. Schepps
State Bar No. 00791608
Drawer 670804
Dallas, Texas 75367
(214) 210-5940
(214) 347-4031 Facsimile

APPELLATE COUNSEL FOR JEFFREY BARON

CERTIFICATE OF SERVICE

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

/s/ Gary N. Schepps
Gary N. Schepps

CERTIFICATE OF CONFERENCE

This is to certify that the undersigned conferred with Mr. Raymond J. Urbanik, attorney for DANIEL J. SHERMAN, Trustee for ONDOVA LIMITED COMPANY, and they opposed the motion.

/s/ Gary N. Schepps
Gary N. Schepps

ORIGINAL

09 988

PROOF OF SERVICE

	DATE	PLACE
SERVED	12/10/2010 10:17AM	6503 Camille Avenue Dallas, Texas 75252

SERVED ON (PRINT NAME)	MANNER OF SERVICE
Jeffrey Harbin	Personal

SERVED BY (PRINT NAME)	TITLE
Adil Tadli	Private Process Server SCH1206

DECLARATION OF SERVER

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on 12/10/2010
DATE

SIGNATURE OF SERVER

5470 LBJ. Freeway
ADDRESS OF SERVER

Dallas, TX 75240

Rule 45(c)-(d) of the Federal Rules of Civil Procedure:

(c) PROTECTING A PERSON SUBJECT TO A SUBPOENA.

(1) Avoiding Undue Burden or Expense; Sanctions. A party or attorney responsible for issuing and serving a subpoena must take reasonable steps to avoid imposing undue burden or expense on a person subject to the subpoena. The issuing court must enforce this duty and impose an appropriate sanction — which may include lost earnings and reasonable attorney's fees — on a party or attorney who fails to comply.

(2) Command to Produce Materials or Permit Inspection.

(A) Appearance Not Required. A person commanded to produce documents, electronically stored information, or tangible things, or to permit the inspection of premises, need not appear in person at the place of production or inspection unless also commanded to appear for a deposition, hearing, or trial.

(B) Objections. A person commanded to produce documents or tangible things or to permit inspection may serve on the party or attorney designated in the subpoena a written objection to inspecting, copying, testing or sampling any or all of the materials or to inspecting the premises — or to producing electronically stored information in the form or forms requested. The objection must be served before the earlier of the time specified for compliance or 14 days after the subpoena is served. If an objection is made, the following rules apply:

(i) At any time, on notice to the commanded person, the serving party may move the issuing court for an order compelling production or inspection.

(ii) These acts may be required only as directed in the order, and the order must protect a person who is neither a party nor a party's officer from significant expense resulting from compliance.

(3) Quashing or Modifying a Subpoena.

(A) When Required. On timely motion, the issuing court must quash or modify a subpoena that:

(ii) requires a person who is neither a party nor a party's officer to travel more than 100 miles from where that person resides, is employed, or regularly transacts business in person — except that, subject to Rule 45(c)(3)(B)(iii), the person may be commanded to attend a trial by traveling from any such place within the state where the trial is held;

(iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or

(iv) subjects a person to undue burden.

(B) When Permitted. To protect a person subject to or affected by a subpoena, the issuing court may, on motion, quash or modify the subpoena if it requires:

(i) disclosing a trade secret or other confidential research, development, or commercial information;

(ii) disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by a party; or

(iii) a person who is neither a party nor a party's officer to incur substantial expense to travel more than 100 miles to attend trial.

(C) Specifying Conditions as an Alternative. In the circumstances described in Rule 45(c)(3)(B), the court may, instead of quashing or modifying a subpoena, order appearance or production under specified conditions if the serving party:

(i) shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship; and

(ii) ensures that the subpoenaed person will be reasonably compensated.

(d) DUTIES IN RESPONDING TO SUBPOENA.

(1) Producing Documents or Electronically Stored Information. These procedures apply to producing documents or electronically stored information:

(A) Documents. A person responding to a subpoena to produce documents must produce them as they are kept in the ordinary course of business or must organize and label them to correspond to

(i) fails to allow a reasonable time to comply;

(ii) requires a person who is neither a party nor a party's officer to travel more than 100 miles from where that person resides, is employed, or regularly transacts business in person, except that, subject to Rule 45(c)(3)(B)(iii), the person may be commanded to attend a trial by traveling from any such place within the state where the trial is held;

(iii) requires disclosure of privileged or other protected matter, if no exception or waiver applies; or

(iv) subjects a person to undue burden.

(B) When Permitted. To protect a person subject to or affected by a subpoena, the court for the district where compliance is required may, on motion, quash or modify the subpoena if it requires:

(i) disclosing a trade secret or other confidential research, development, or commercial information;

(ii) disclosing an unretained expert's opinion or information that does not describe specific occurrences in dispute and results from the expert's study that was not requested by a party; or

(iii) a person who is neither a party nor a party's officer to incur substantial expense to travel more than 100 miles to attend trial.

(C) Specifying Conditions as an Alternative. In the circumstances described in Rule 45(c)(3)(B), the court may, instead of quashing or modifying a subpoena, order appearance or production under specified conditions if the serving party:

(i) shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship; and

(ii) ensures that the subpoenaed person will be reasonably compensated.

(d) Duties in Responding to a Subpoena.

(1) Producing Documents or Electronically Stored Information. These procedures apply to producing documents or electronically stored information:

(A) Documents. A person responding to a subpoena to produce documents must produce them as they are kept in the ordinary course of business or must organize and label them to correspond to the categories in the demand.

(B) Form for Producing Electronically Stored Information Not Specified. If a subpoena does not specify a form for producing electronically stored information, the person responding must produce it in a form or forms in which it is ordinarily maintained or in a reasonably usable form or forms.

(C) Electronically Stored Information Produced in Only One Form. The person responding need not produce the same electronically stored information in more than one form.

(D) Inaccessible Electronically Stored Information. The person responding need not provide discovery of electronically stored information from sources that the person identifies as not reasonably accessible because of undue burden or cost. On motion to compel discovery or for a protective order, the person responding must show that the information is not reasonably accessible because of undue burden or cost. If that showing is made, the court may nonetheless order discovery from such sources if the requesting party shows good cause, considering the limitations of Rule 26(b)(2)(C). The court may specify conditions for the discovery.

(2) Claiming Privilege or Protection.

(A) Information Withheld. A person withholding subpoenaed information under a claim that it is privileged or subject to protection as trial-preparation material must:

(i) expressly make the claim; and

(ii) describe the nature of the withheld documents, communications, or tangible things in a manner that, without revealing information itself privileged or protected, will enable the parties to assess the claim.

(B) Information Produced. If information produced in response to a subpoena is subject to a claim of privilege or of protection as trial-preparation material, the person making the claim may notify any party that received the information of the claim and the basis for it. After being notified, a party must promptly return, sequester, or destroy the specified information and any copies it has; must not use or disclose the information until the claim is resolved; must take reasonable steps to retrieve the information if the party disclosed it before being notified; and may promptly present the information to the court under seal for a determination of the claim. The person who produced the information must preserve the information until the claim is resolved.

Issued by the

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF TEXAS

NETSPHERE, INC., MANILA INDUS., INC., and MUNISH KRISHAN

SUBPOENA IN A CIVIL CASE

V.

JEFFREY BARON and ONDOVA LIMITED COMPANY

Case Number:[1] **No. 3:09-CV-0988-M**

TO: **Jeffrey Harbin**
6503 Camille Ave.
Dallas, Texas 75252

☐ YOU ARE COMMANDED to appear in the United States District court at the place, date, and time specified below to testify in the above case.

PLACE OF TESTIMONY	COURTROOM
	DATE AND TIME

☐ YOU ARE COMMANDED to appear at the place, date, and time specified below to testify at the taking of a deposition in the above case.

PLACE OF DEPOSITION	DATE AND TIME

☒ YOU ARE COMMANDED to produce and permit inspection and copying of the following documents or objects at the place, date, and time specified below (list documents or objects):

Documents and materials sufficient to 1) initiate a wire transfer from the designated BBVA Compass Bank Accounts to Comerica Bank and 2) establish Peter L. Loh, Counsel for Receiver as a signatory on the same accounts.

PLACE	DATE AND TIME
BBVA Compass Bank **2301 Cedar Springs Road** **Dallas, Texas 75201.**	**December 13, 2010** **9:00 a.m.**

☐ YOU ARE COMMANDED to permit inspection of the following premises at the date and time specified below.

	DATE AND TIME

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf, and may set forth, for each person designated, the matters on which the person will testify. Federal Rules of Civil Procedure, 30(b)(6).

ISSUING OFFICER'S SIGNATURE AND TITLE (INDICATE IF ATTORNEY FOR PLAINTIFF OR DEFENDANT)	DATE
Attorney for Peter S. Vogel, Receiver for Defendant Jeffrey Baron	**December 9, 2010**

ISSUING OFFICER'S NAME, ADDRESS AND PHONE NUMBER

Peter L. Loh, Attorney for Peter S. Vogel, Receiver for Defendant Jeffrey Baron
Gardere Wynne Sewell LLP, 3000 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas, 75201-4761
Telephone: 214.999.3000

(See Rule 45, Federal Rules of Civil Procedure, Parts C & D on next page)

[1] If action is pending in district other than district of issuance, state district under case number.

13-10696.2182

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

pending on the legal claims and the mediation process that had been ordered was not being implemented.

13. On October 13, 2010, an exasperated Bankruptcy Judge sua sponte issued an order entitled Report and Recommendation to District Court Recommending that a Receiver be Appointed over Mr. Baron (attached as Exhibit B to Emergency Motion).[1] She pointed out that Baron had reached the point of violating criminal law by retaining lawyers with no intention of payment, and had clearly exceeded a tolerable level of abuse of the process through the various delay tactics including his personal favorite of repeatedly changing counsel.

14. As the Court is familiar with most of these facts, the Trustee will proceed to discuss the applicable law. A more complete history of the facts and background continues, however, in the Appendix to this Response (Exhibit C).

Argument and Authorities

I. THE APPOINTMENT SHOULD STAND.

15. The Court's order remains well-founded and necessary, and is not likely to be overturned on appeal. The Court has broad inherent authority to address vexatious litigants, and the appointment of a receiver to address such misconduct is within the Court's equitable powers and an appropriate remedy here.

16. With regard to Baron's assertions, the authorities he presents do not stand for the proposition that receivers may only handle insolvencies, nor do they hold that his Fifth Amendment due process rights trump those of the rest of the participants in the judicial system,

1 The Trustee accordingly filed his Emergency Motion of Trustee for Appointment of a Receiver Over Jeffrey Baron ("Emergency Motion") on November 24, 2010, in this Court (Dkt. 123). This Court approved the Emergency Motion and appointed Peter Vogel as receiver for Baron on that same day (Dkt. 130). An additional copy of the Emergency Motion is attached hereto as Exhibit A. Judge Jernigan's order was attached thereto, and is included in Exhibit A hereto. An additional copy of the order appointing Mr. Vogel as receiver is attached hereto as Exhibit B.

nor do they hold that the Fourth Amendment prevents the Court from acting ex parte to appoint a receiver, something that is commonly done.

The Court Has Broad Discretion to Address Vexatious Litigants

17. The equitable power of the Court to enjoin a vexatious litigant is an ancient one that is inherent to an Article III court. *In re Hartford Textile Corp.*, 681 F.2d 895, 897 (2d Cir. 1982); *In re Martin-Trigona*, 763 F.2d 140, 141 (2d Cir. 1985) ("Federal courts have both the inherent power and the constitutional obligation to protect their jurisdiction from conduct which impairs their ability to carry out Article III functions."). The power has also been affirmed by Congress in the All Writs Statute, which provides that "The Supreme Court and all courts established by Act of Congress may issue all writs necessary in aid of their respective jurisdictions and agreeable to the usages and principles of law." 28 U.S.C. § 1651(a); *In re Hartford Textile*, 681 F.2d at 897; *Harrelson v. U.S.*, 613 F.2d 114, 116 (5th Cir. 1980).

18. The use of this power is entrusted to the district court's sound discretion. *Harrelson v. U.S.*, 613 F.2d at 116 (applying abuse of discretion standard of review).

19. The power is commonly applied to enjoin litigants who abuse the court system by harassing their opponents. *See, e.g., Harrelson v. U.S.*, 613 F.2d at (5th Cir. 1980) (affirming injunction against filing further suits); *In re Hartford Textile Corp.*, 681 F.2d 895, 897 (2d Cir. 1982) (affirming injunction that permanently enjoined both the vexatious litigant and her attorney from: (1) "proceeding further in any manner whatsoever" with the prosecution of the current matter (with some exceptions); (2) "relitigating or attempting to relitigate in any court of the United States, any of the claims, causes of action, or legal issues, that have been litigated already" in the current matter; and (3) "filing any further papers" in the current matter without further order of the Court); *In re Martin-Trigona*, 763 F.2d 140 (2d Cir. 1985) (affirming an

injunction which included, among other provisions, an order permanently enjoining the vexatious litigant "from initiating lawsuits or other matters in any federal, state, or local forum against persons or entities that have encountered him or had any connection with litigation").

20. A record that demonstrates a pattern of harassment is enough to send the Court into action. In prior proceedings of the *Martin-Trigona* case, the court made clear that where a history of litigation entailing "vexation, harassment and needless expense" was presented, the district court "had the power and the obligation to protect the public and the efficient administration of justice from Martin-Trigona's litigious propensities." *In re Martin-Trigona,* 737 F.2d 1254, 1262 (2d Cir. 1984).

21. The touchstone for the strength of the sanction is whether lesser sanctions would be effective. Again, in *Martin-Trigona,* the court explained that the sanction of injunctive relief was "fully appropriate, since other sanctions would not be effective." *Id.*

22. The Supreme Court has similarly stated that district courts have strong inherent powers and discretion to impose whatever sanctions are appropriate to address the abuse of the judicial process. In *Chambers v. Nasco, Inc.*, 501 U.S. 32 (1991), the Supreme Court addressed a bad faith appeal, and in so doing explained that the inherent power of the district court to address the conduct of a party who has litigated "in bad faith, vexatiously, wantonly, or for oppressive reasons" includes the right to dismiss the action outright and so therefore also includes lesser sanctions, such as awarding attorneys' fees. *Id.* at 44-46. Although cautioning that "because of their very potency, inherent powers must be exercised with restraint and discretion," a "primary aspect of that discretion is the ability to fashion an appropriate sanction for conduct which abuses the judicial process." *Id.* at 44-45.

23. Given the pattern of harassment and abuse that is plainly shown of record herein, it is clear that this Court possesses broad equitable authority to address the conduct of Baron as necessary. The question then becomes whether the equitable tool of the appointment of a receiver is the appropriate sanction in this case.

The Court Has Equitable Power to Appoint a Receiver to Address Baron's Misconduct

24. Baron does not identify any lesser sanction that he believes would be more appropriate to address the situation, nor has one been identified by Judge Jernigan, the Trustee, the Special Master (now Receiver), or this Court. Baron instead merely attacks whether the court's equitable power includes appointing a receiver for the purpose of restraining and repairing the particular abuse of the judicial process that is presented here. He suggests that receivers may only be used to handle insolvencies. There is considerable precedent to the contrary, which he entirely overlooks.

25. A "receiver is permissible and appropriate where necessary to protect the public interest and where it is obvious . . . that those who have inflicted serious detriment in the past must be ousted." *Securities and Exchange Commission v. R. J. Allen & Associates, Inc.*, 386 F. Supp. 866, 878 (S.D. Fla. 1974) (quoting *Securities and Exchange Commission v. Bowler*, 427 F.2d 190, 198 (4th Cir. 1970)).

26. Accordingly, receivers are routinely appointed in securities enforcement actions in order to halt an ongoing securities fraud. *SEC v. R.J. Allen*, 386 F. Supp. At 878 (citing a string of cases from various circuits).

27. In fact, in an early securities enforcement receivership case, the Second Circuit specifically approved the use of a receiver on the basis that "the primary purpose of the appointment was to promptly install a responsible officer of the court who could bring the

companies into compliance with the law, ascertain the true state of affairs . . . and report thereon to the court and the public shareholders and preserve the corporate assets." *SEC v. S&P National Corp.*, 360 F.2d 741, 750-51 (2nd Cir. 1966). As the court explained, the bankruptcy system was otherwise available to handle the general insolvency matters historically handled by receivers, and so it was the need to bring about compliance with the securities laws that called for the appointment of a receiver. *Id.*

28. This use of receivers is true to the original purpose of receivers, which was to address a party who was not likely to follow a court order. As Clark explains in the leading work on receivership law, the practice of appointing receivers that American courts received as a part of their chancery jurisdiction dates to Elizabethan times and arose on the basis that "the court at times was doubtful whether or not the party in possession of property, or collecting the rents of profits of the same, could or would properly obey the injunction . . . ." CLARK ON RECEIVERS, Vol. 1, § 4, at 4 (2d ed. 1959) (see also generally sections 4-6 on the origin of receivers).

29. In addition, when the implementation of a court's intended purpose requires someone to take charge of a complex matter, a federal court is not required to micromanage the situation with a series of specific orders, but may instead place a receiver in charge. In *Dixon v. Barry*, the court held that appointment of a receiver was necessary to insure a commission's implementation of court orders related to creation of a mental health system. *Dixon v. Barry*, 967 F. Supp. 535 (D. D.C. 1997). In that case, the court made clear that "a federal court has power to take broad remedial action to effectuate compliance with its orders. This equitable power includes the power to appoint a receiver." *Id.* at 550. The court further noted that "the most significant factor in the propriety of appointing a receiver is whether any other remedy is

likely to be successful." *See also Shaw v. Allen*, 771 F. Supp. 760 (S.D. W. Va. 1990) ("Where more traditional remedies, such as contempt proceedings or injunctions, are inadequate under the circumstances a court acting within its equitable powers is justified, particularly in aid of an outstanding injunction, in implementing less common remedies, such as a receivership, so as to achieve compliance with a constitutional mandate.").

30. Finally, whether the circumstances call for the appointment of a receiver is within the sound discretion of the court. *Securities and Exchange Commission v. R. J. Allen & Associates, Inc.*, 386 F. Supp. 866 (S.D. Fla. 1974).

31. As noted above, 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. A receiver fits the bill.

32. Plainly, Baron is incorrect that receivers may only be used to handle insolvencies. The cases that he cites do not so hold, but rather simply provide for the ability to use a receiver to handle an insolvency or creditor-debtor dispute, and the standards applicable in that particular circumstance.

The Fifth Amendment Is Not a Safe Harbor from which to Abuse Due Process

33. Baron's argues, based upon *Potashnick*, that no limits can be placed upon his due process right to counsel. But, the *Potashnick* case did not address the question of whether the Court may balance the rights of other litigants against such a right, nor did it concern a vexatious litigant. *Cf. Potashnick v. Port City Const. Co.*, 609 F.2d 1101, 1117-19 (5th Cir. 1980) (holding that concerns about witness coaching do warrant a complete bar against conferring with counsel on any subject). In addition, it is obvious that the right to legal advice is subject to limitation,

since, for example, a court may plainly supervise the appearance and withdrawal of counsel notwithstanding the desires of an individual litigant. *In re Wynn*, 889 F.2d 644, 646 (5th Cir. 1989) (explaining that the trial court may allow counsel to withdraw over a client's objection because the right to counsel is merely a general right to a "fair opportunity to secure counsel of his choice"). Also, there is precedent following the *Potashnik* where a court imposed a lesser limit upon access to counsel in order to balance the due process concern of preventing witness coaching. *Reynolds v. Alabama Dept. of Transp.*, 4 F. Supp. 2d 1055, 1064-1065 (M.D. Ala. 1998) (interpreting *Potashnick* as not precluding an order to counsel and a witness not to discuss the testimony during breaks in order to prevent witness coaching).

34. Most significantly, however, given the broad statements and holdings of the courts with regard to this Court's authority to curb an abuse of the right to due process, there is no doubt that the Court may properly balance competing constitutional rights, such as the due process rights of the other participants in the process and the right and duty of this Court to protect the judicial process from abuse, such that a party who abuses his rights may lose them. In this case the Court has not denied Baron his right to counsel; it has merely tried to limit the frequency with which he changes counsel as a litigation tactic.

The Fourth Amendment Does Not Bar the Appointment of a Receiver

35. With regard to Baron's Fourth Amendment complaint, the Fifth Circuit has held that the Fourth Amendment does not bar the appointment of a receiver to take property and to obtain private information, even where a receiver turned over seized materials to federal law enforcement officials. *U.S. v. Setser*, 568 F.3d 482, 487-90 (5th Cir. 2009). Obtaining a receiver on an ex parte basis is common where there are other reasons for expedited treatment, such as the

imminent transfer of certain valuable assets to an offshore entity, which in this case the Receiver had to immediately address upon his appointment.

II. THE HARM TO OTHERS AND THE PUBLIC INTEREST SUPPORT THE ORDER.

36. Baron completely refuses to recognize the competing rights of other participants in the judicial system. Their rights to due process are no less constitutional in character than his own. The damage that he has caused will naturally result in claims that can and should be properly satisfied from his property. The harmed individuals, the courts, and the public have a strong interest in stopping his abuse of the judicial process.

37. The record shows severe damage to these parties and the public interest. A detailed appendix is submitted herewith, which includes a lengthy procedural history. The Trustee also prays for leave to submit evidence to supplement the record further at the hearing currently scheduled with regard to the motion.

38. Sadly, Baron has reacted to the appointment entirely true to form. While receivers appointed in civil enforcement cases are acquainted with encountering challenging defendants, Baron appears to be seeking to set a new record for disdain and contempt for a federal appointment. His antics disclose no interest whatsoever in even recognizing the existence of the issues that led to the appointment, much less in resolving them. Much of the damage that he identifies could be mitigated by a cooperative approach.

Conclusion

39. Thomas Jefferson is well-remembered for having said "That government is best which governs the least," and this quote is often used to support the argument for maximum personal liberty. But what many do not know is that Jefferson went on to say: "... because its people discipline themselves." Theodore Roosevelt echoed Jefferson's sentiments when he said:

"Men can't escape from being governed. They either must govern themselves or they must submit to being governed by others. If from lawlessness or fickleness, from folly or self-indulgence, they refuse to govern themselves, then most assuredly in the end they will have to be governed by the outside."

40. It would be best if Jeffrey Baron were to sit down with the Receiver and, in an orderly fashion, put right the mess that presently exists. But until that occurs, the Receiver will have to do that in his place.

WHEREFORE, PREMISES CONSIDERED, the Trustee respectfully requests that the Court deny the motion to vacate or stay.

Respectfully submitted this 10th day of December, 2010.

MUNSCH HARDT KOPF & HARR, P.C.

By: */s/ Raymond J. Urbanik*

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

CERTIFICATE OF SERVICE

I hereby certify that, on December 10, 2010, a true and correct copy of the foregoing document was sent to all counsel appearing of record through the Court's ECF system.

/s/ Raymond J. Urbanik
Raymond J. Urbanik

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

NETSPHERE, INC., MANILA INDUSTRIES, INC., AND MUNISH KRISHAN Plaintiffs, v. JEFFREY BARON AND ONDOVA LIMITED COMPANY, Defendants.	§ § § § § § § § § §	Case No. 3:09-CV-0988-F

APPENDIX IN SUPPORT OF RESPONSE TO MOTION TO VACATE OR STAY APPOINTMENT OF RECEIVER

Daniel J. Sherman (the "Trustee"), the duly-appointed Chapter 11 Trustee of Ondova Limited Company ("Ondova"), hereby submits his Appendix in Support of Response to Motion to Vacate or Stay Appointment of Receiver as follows:

EXHIBIT	DESCRIPTION OF DOCUMENT
A	Emergency Motion of Trustee for Appointment of a Receiver Over Jeffrey Baron
B	Order Appointing Receiver
C	Overview of the Case and Declaration of Raymond Urbanik
1	Organization Chart
2	Docket Sheet
3	Settlement Agreement
4	Amendment to Preliminary Injunction
5	Plaintiffs' Motion on Defendants' Contempt of Court
6	Motion for Relief from Automatic Stay to Restore and Transfer Domain Names Pursuant to Preliminary Injunction Order

7	Order for Debtor to Appear and Show Cause by (A) A Chapter 11 Trustee should Not be Appointed, or Alternatively; (B) The Case Should Not be Converted to a Case Under Chapter 7 and a Chapter 7 Trustee Appointed
8	Order (1) Denying the Motion to Dismiss Bankruptcy Case Filed By Netsphere, Inc. and Manila Industries, Inc.; (2) Directing the Appointment of a Chapter 11 Trustee; (3) Continuing Certain Hearings; (4) Setting Hearing on Emergency Motion to Withdraw as Counsel for the Debtor; and (5) Setting a Status Conference
9	Trustee's Motion for Approval of Settlement Agreement Pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure
10	Order Granting Trustee's Motion for Approval of Settlement Agreement Pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure
11	Mutual Settlement & Release Agreement
12	Report and Recommendation to District Court (Judge Royal Furgeson): That Peter Vogel, Special Master, Be Authorized and Directed to Mediate Attorneys Fees Issues
13	Order Adopting Report and Recommendation of the United States Bankruptcy Judge
14	Ondova Limited Company (Chapter 11 Debtor) Pre-Bankruptcy Claims Filed by Lawyers or Law Firms that Baron Refused to Pay
15	Ondova – Unpaid Baron Attorneys' Fees Accrued Against Jeffrey Baron
16	Ondova Limited Company – Post-Petition Lawsuits Against Jeff Baron
17	Ondova Limited Company – Section 503(b)(9) Substantial Contribution Claims
18	Plaintiff's Second Amended Original Petition (Friedman and Feiger L.L.P. v. Baron, et al.
19	Plaintiff's Original Petition (Hall v. Baron)
20	Plaintiff's First Amended Petition (Garrey v. Harbin, et al.)
21	Docket Sheet and Plaintiff's Original Petition (Pacione v. Baron)
22	Plaintiff's Original Petition (Fee, Smith, Sharp & Vitullo, LLP v. Baron)
23	First Amended Application for Payment of Fees and Expenses as an Administrative Expense for a Substantial Contribution to the Estate

24	Motion for Allowance of Attorneys Fees Pursuant to Supplemental Settlement Agreement
25	Application of Pronske & Patel, P.C., for Payment of Fees as An Administrative Expense for A Substantial Contribution to the Estate
26	Status Conference - June 19, 2009
27	Motion to Withdraw as Counsel of Record
28	Notice of Appearance
29	Status Conference – July 1, 2009
30	Status Conference – July 9, 2009
31	Status Conference – July 28, 2009
32	Status Conference – August 18, 2009
33	Status Conference – September 10, 2009
34	Transcript of Proceedings of Emergency Motion for Relief from Stay – August 5, 2009
35	Transcript of Proceedings – September 1, 2009
36	Order for Debtor to Appear and Show Cause Why: (A) A Chapter 11 Trustee Should Not Be Appointed, or Alternatively, (B) The Case Should Not Be Converted to a Case Under Chapter 7 and a Chapter 7 Trustee Appointed
37	Transcript of Proceedings – September 11, 2009
38	Transcript of Application to Employ Lain Faulkner & Co., P.C., Motion for 2004 Examinations
39	Transcript of Proceedings – July 12, 2010
40	Transcript of Proceedings Regarding Status Conference, Motion to Withdraw as Attorney – September 15, 2010
41	Report and Recommendation to District Court (Judge Royal Furgeson): That Peter Vogel, Special Master, Be Authorized and Directed to Mediate Attorneys Fees Issues

Respectfully submitted,

MUNSCH HARDT KOPF & HARR, P.C.

By: */s/ Raymond J. Urbanik*

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

CERTIFICATE OF SERVICE

I hereby certify that, on December 10, 2010, a true and correct copy of the foregoing document was sent to all counsel appearing of record through the Court's ECF system.

/s/ Raymond J. Urbanik
Raymond J. Urbanik

EXHIBIT A

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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.	§	Case No. 3:09-CV-0988-F
JEFFREY BARON, ET AL., DEFENDANTS.	§	

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.

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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:

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/s/ Raymond J. Urbanik
Raymond J. Urbanik

EXHIBIT "A"

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.	§	
	§	
	§	
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)

to recommend that His Honor appoint Peter Vogel, Special Master in the District Court Litigation, to mediate issues relative to attorneys fees that are further described below.

I. BACKGROUND.

The bankruptcy court has held four status conferences in recent weeks in connection with the above-referenced bankruptcy case (on September 15, 22, and 30, 2010 and October 8, 2010). The bankruptcy court has heard reports and evidence at each status conference regarding the extent to which the so-called "Global Settlement Agreement" has been consummated. The "Global Settlement Agreement" refers to the Mutual Settlement and Release Agreement approved by the bankruptcy court on July 28, 2010 [*see* Order at Docket No. 394][1], involving, among other things: (a) dozens of parties, but primarily the Ondova bankruptcy estate (through Chapter 11 Trustee, Daniel Sherman), Jeffrey Baron, the Manilla/NetSphere parties, the Village Trust, the MMSK Trust, and various United States Virgin Island entities; (b) a split of a portfolio of internet domain names; (c) certain payments to the Ondova bankruptcy estate by Manilla/NetSphere and the Village Trust; (d) the settlement of more than a half-dozen lawsuits involving Ondova and/or Jeffrey Baron; and (e) a broad release of claims. While the bankruptcy court has heard positive statements

[1] All docket number references herein refer to the docket entry numbers on the PACER/ECF docket maintained in the *In re Ondova Limited Company* ("Ondova") bankruptcy case (Case No. 09-34784-sgj-11).

from the Chapter 11 Trustee indicating that there has been substantial consummation of the Global Settlement Agreement (*i.e.*, payment of more than one million dollars of settlement funds to the Ondova bankruptcy estate by Manilla/NetSphere; payment of certain additional settlement funds to the Ondova bankruptcy estate from the Village Trust; dismissals of all lawsuits except for the District Court Litigation;[2] appointment of a successor Trustee and Protector over the Village Trust; steps toward transferring the so-called "Odd Names Portfolio" portion of the internet domain names to a new Registrar away from Ondova), the bankruptcy court has had lingering concerns at each of the status conferences regarding Jeffrey Baron's commitment to completing his obligations under the Global Settlement Agreement, and possibly taking actions to frustrate the Global Settlement Agreement. Part of the bankruptcy court's concerns in this regard have been fueled by the fact that Jeffrey Baron has continued to hire and fire lawyers for himself and certain entities that are parties to the Global Settlement Agreement (*e.g.*, Quantec), and has instructed such lawyers to file pleadings—even after entry into the Global Settlement Agreement—

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[2] The District Court Litigation, as well as the bankruptcy case of Ondova, remain open, so that there will be fora in which the parties can seek relief to enforce or interpret the Global Settlement Agreement. Additionally, there is remaining case administration needed in the Ondova bankruptcy case (namely, resolution and payment of claims—now that there are funds to pay creditors).

as though the matters resolved in the Global Settlement Agreement are far from over.

But the concern over the hiring-and-firing of lawyers is even more problematic than what the bankruptcy court mentions above. The bankruptcy court has had a growing concern that Jeffrey Baron's actions ***may be exposing the Ondova bankruptcy estate to possible administrative expense claims*** for amounts owed to attorneys that ***Jeffrey Baron should pay or entities with which he is connected (Quantec, Village Trust, etc.) should rightfully pay***. To further explain, the court summarizes below some of what has occurred before and after the Global Settlement Agreement was reached.

II. THE CAVALCADE OF ATTORNEYS.

When Jeffrey Baron started hiring and firing lawyers shortly after the Global Settlement Agreement was reached, the bankruptcy court took judicial notice (at a September 15, 2010 status conference) that Jeffrey Baron and Ondova have had ***dozens of sets of lawyers*** in the past four years, since the litigation with Manilla/NetSphere and other parties commenced. At least the following lawyers have served as former counsel to Ondova and/or Jeffrey Baron in the litigation with Manilla/NetSphere that started in the state district court in Dallas County (before the next phase of litigation between the parties started in the District Court Litigation): (i) Mateer & Schaffer; (ii)

Carrington Coleman Sloman & Blumenthal; (iii) Bickel & Brewer; (iv) The Beckham Group; (v) The Aldous Law Firm; (vi) The Rasansky Law Firm; (vii) Fee Smith Sharp & Vitullo; and (viii) Friedman & Feiger.

Additionally, far more than a dozen attorneys' names were listed in Ondova's Bankruptcy Schedules (Schedule F—the list of pre-bankruptcy unsecured creditors of Ondova) as being owed significant sums of money by Ondova (not the least of which was the Carrington Coleman law firm, that filed a claim for $224,233.27, and Bickel & Brewer which is scheduled as being owed $42,500).

Fast forwarding to the post-bankruptcy time period, at least the following lawyers have become engaged by Jeff Baron or entities he directs (or is the ultimate owner/beneficiary of) ***since*** the Ondova bankruptcy case was filed: (i) Paul Keiffer (Wright, Ginsburg & Brusilow) for Ondova;[3] (ii) Gerrit Pronske (Pronske & Patel) for Jeffrey Baron individually;[4] (iii) Steven

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[3] Mr. Keiffer and his firm filed an application to be employed by Ondova on July 29, 2009 [Doc. No. 5], which application was granted by this court [Doc. No. 57]. Then, Mr. Keiffer moved to withdraw just a month-and-a-half later, on September 11, 2009 [Doc. No. 83], which the court granted on October 1, 2009 [Doc. No. 108].

[4] Pronske & Patel moved to withdraw from representing Jeffrey Baron on September 7, 2010, after representing Mr. Baron for many months in the bankruptcy case [Doc. No. 419], citing nonpayment of more than $200,000 of fees during the Ondova bankruptcy case, conflicts of interest—as Jeffrey Baron has now sued them—and also a concern that Jeffrey Baron may be engaging in fraudulent transfers. This request to withdraw was granted by the bankruptcy court [Doc. No. 449].

Jones for Jeffrey Baron individually;[5] (iv) Gary Lyon for Jeffrey Baron individually;[6] (v) Dean Ferguson for Jeffrey Baron individually;[7] (vi) Martin Thomas for Jeffrey Baron individually;[8] (vii) Stanley Broome for Jeffrey Baron individually;[9] and (viii) James Eckles for Quantec.[10] Several

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[5] Mr. Jones made a brief cameo appearance as criminal counsel to Mr. Baron during the Ondova bankruptcy case on September 11 and 28, 2009.

[6] Attorney Gary Lyon, who has been representing Jeffrey Baron individually for many months in the bankruptcy court and District Court, recently requested to have attorney Martin Thomas substituted in his place or approved as co-counsel with him [*see, e.g.*, Doc. No. 458]. For the first time, Mr. Lyon announced in September 2010 that he is only admitted to practice law in the State of Oklahoma, although admitted in the courts in the Northern District of Texas, and Mr. Lyon felt this was an ethical problem unless he associated with co-counsel (here, suggesting Martin Thomas).

[7] Dean Ferguson appeared for Jeffrey Baron individually at one hearing in the Ondova bankruptcy case (on September 15, 2010) and said he had been representing Jeffrey Baron for some time in connection with out-of-court negotiations relating to the Ondova bankruptcy case, but he would not be seeking to go forward because of non-payment of fees.

[8] Attorney Martin Thomas (who has newly filed a notice of appearance in the bankruptcy case) [Doc. No. 37, filed on September 14, 2010] seeks to be primary counsel now to Jeffrey Baron individually. The court signed an order on October 12, 2010 allowing Martin Thomas to represent Mr. Baron (with Gary Lyon) in the bankruptcy case.

[9] Attorney Stanley Broome (who has newly sued Pronske & Patel for Jeffrey Baron in September 2010) has filed a notice of appearance for Jeffrey Baron in the bankruptcy case [Doc. No. 438, filed September 15, 2010].

[10] Attorney James Eckles filed a notice of appearance for Quantec, LLC on September 21, 2010 [Doc. No. 450]. He has already filed a request that the court interpret part of the Global Settlement Agreement in a way that the court found unsupportable. His request was stricken. It appears to the bankruptcy court that Mr. Eckles is acting primarily for Mr. Baron, individually. He admitted that he had

lawyers have appeared for the Virgin Island entities of which Jeffrey Baron is the beneficiary including (i) Eric Taube (Hohmann, Taube & Summers), (ii) Hitchcock Everitt LLP, (iii) Craig Capua (West & Associates, LLP), and (iv) Shrurig Jete Becket Tackett.

Jeffrey Baron's habit of hiring and then firing lawyers, in many cases after they have incurred significant fees on his or Ondova's behalf (or on behalf of other entities he controls or is beneficiary of), has grown to a level that is more than a little disturbing. As the court noted in court on September 15, 2010, at the very least, it smacks of the possibility of violating Rule 11 (*i.e.*, it suggests a pattern of perhaps being motivated by an improper purpose, such as to harass, cause delay, or needlessly increase the cost of litigation for other parties). Still more troubling is the possibility to the court that Jeffrey Baron may be engaging in the crime of theft of services. *See* Texas Penal Code §§ 31.01(6) & 31.04 ("A person commits theft of service if, with intent to avoid payment for service that he knows is provided only for compensation: (1) he intentionally or knowingly secures performance of the service by deception, threat, or false token"; "services" includes "professional services"). This crime can be a misdemeanor or a felony—depending on the amount involved. If Jeffrey Baron is constantly engaging lawyers

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represented Mr. Baron individually in another matter.

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

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[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.

Settlement Agreement; possible criminal theft of services, *etc.*). But, at this juncture, the bankruptcy court is perhaps most concerned about the risk that the bankruptcy estate has and will be exposed to administrative expense claims as a result of Mr. Baron's behavior (*e.g.*, claims occurring during the post-bankruptcy time period, with regard to which payment may be sought from the Ondova bankruptcy estate, and which claims would "prime" pre-bankruptcy unsecured claims). For example, the Pronske & Patel law firm has taken the position that they are owed and have not been paid approximately $200,000 incurred representing Mr. Baron. Pronske & Patel may seek a "substantial contribution" administrative expense claim against the Ondova bankruptcy estate (*see* 11 U.S.C. §503(b)(3)(D) & (4), which contemplate that an administrative expense claim may be allowed for a creditor or professional for a creditor who makes a "substantial contribution" in a case under chapter 9 or 11 of this title). Pronske & Patel have already filed a counterclaim against Mr. Baron in an adversary proceeding Mr. Baron has filed against them. Similarly, certain law firms who have represented the Virgin Island entities of which Jeffrey Baron is the beneficiary (specifically, Hohmann, Taube & Summers, Hitchcock Everitt LLP, West & Associates, LLP, and Shrurig Jete Becket Tackett) have filed a Motion for Allowance of Attorneys Fees Pursuant to the Supplemental Settlement Agreement in the Ondova

bankruptcy case [Doc. No. 452, on September 21, 2010], which represents that they have incurred approximately $150,000 in fees, after the execution of the Global Settlement Agreement, as a result of status conferences and Show Cause hearings involving Mr. Baron and his entities and that there are specific provisions of certain settlement documents that may permit them to seek a court order allowing these to be paid. If the Ondova bankruptcy estate is imposed with administrative expense claims from these or other attorneys (the risk of which appears to be genuine), then it should be entitled to a claim for reimbursement against Mr. Baron or the entity that incurred the fees. It was because of this risk—and also because of the risk that the bankruptcy court believed it might ultimately find Jeffrey Baron in contempt of the bankruptcy court's order approving the Global Settlement Agreement—that the court ordered on September 16, 2010 [Doc. No. 441] that the Village Trust be instructed by Jeffrey Baron to immediately remit $330,000 to the Ondova Bankruptcy Trustee as a "security deposit" against these risks. Bankruptcy Trustee Daniel Sherman currently holds this $330,000 of funds, pending further orders of the court.

The bankruptcy court now recommends that His Honor appoint his Special Master, Peter Vogel, to conduct a global mediation among Daniel Sherman, Jeffrey Baron, and the various attorneys who may make a claim to this $330,000 of funds or otherwise may

assert an administrative expense claim against the Ondova bankruptcy estate, in respect of attorneys fees they incurred postpetition for services provided to Jeffrey Baron or entities he controls or is the beneficiary of, and which services may have provided a substantial contribution to the estate. This court has subject matter jurisdiction to make this recommendation, as there could conceivably be an impact on the Ondova bankruptcy estate, if attorneys who represented Jeffrey Baron and his related entities go unpaid and make "substantial contribution" claims against the bankruptcy estate. The bankruptcy court believes that some of these "substantial contribution" claims could be meritorious.

The bankruptcy court has been informed that Mr. Vogel agrees to perform a mediation and that he and Bankruptcy Trustee Sherman are prepared to recommend a format and structure for the mediation and for the participants. The bankruptcy court would defer to Mr. Vogel, Mr. Sherman, and His Honor with regard to the details of the mediation.

Dated: October 12, 2010

Respectfully submitted,

Stacey G. C. Jernigan
United States Bankruptcy Judge

EXHIBIT "B"

CAUSE NO. 366-04714-2010

ROBERT J. GARREY,	**IN THE DISTRICT COURT**
Plaintiff	
v.	**COLLIN COUNTY, TEXAS**
JEFFREY HARBIN, JEFFREY BARON, THE VILLAGE TRUST, QUANTEC LLC, AND NOVO POINT LLC,	
Defendants.	**366 JUDICIAL DISTRICT**

PLAINTIFF'S FIRST AMENDED PETITION

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff files this lawsuit against Defendants Jeffrey Harbin, Jeffrey Baron, The Village Trust, Quantec LLC, Novo Point, LLC, as follows:

PARTIES

1. This lawsuit should be governed by Level II.

2. Plaintiff is a resident of Collin County Texas. Jurisdiction and venue are proper in the Court.

3. Defendant Harbin is a resident of Dallas County, Texas, and may be served where he is found or at his residence 6503 Camille Ave., Dallas, Texas 75252.

4. Defendant Baron is a resident of Dallas County, Texas, and may be served where he is found or at his residence 2200 E. Trinity Mills Road, Carrollton, Texas 75006.

5. Defendant The Village Trust, is a Cook Islands trust acting by and through its sole beneficiary, Baron. The "nominal" Trustee of the Trust is Mr. Brian Mason who is located at Asia Trust Ltd, Level 2, BCI House, P.O Box 822, Rarotonga, Cook Islands. Corporate

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HANNAH KUNKLE
DISTRICT CLERK
COLLIN COUNTY, TEXAS
BY

formalities have been ignored such that service on Defendant Baron, the sole beneficiary of the trust and the person directing its activities, is sufficient to constitute service of citation on The Village Trust. In addition, the Trust has consented to jurisdiction of the State of Texas by participating in legal proceedings in Texas, maintaining an office in Texas, and allowing Baron to manipulate the form of the Trust as part of his scheme to defraud creditors of the bankruptcy of one of his companies, Ondova Limited.

6. Quantec LLC is one of the shell entities controlled by Baron and, upon information and belief, is used as a shell entity to hide assets from Baron's creditors and creditors of Baron's former company, Ondova Limited. Quantec LLC is managed by Defendant Harbin. Corporate formalities have been disregarded and Baron directs and controls the activities of Quantec by and through Harbin, such that service on Harbin, the "Managing Agent" of Quantec LLC is sufficient to constitute service of citation on Quantec LLC.

7. Novo Point LLC is one of the shell entities controlled by Baron and, upon information and belief, is used as a shell entity to hide assets from Baron's creditors and creditors of Baron's former company, Ondova Limited. Novo Point LLC is managed by Defendant Harbin. Corporate formalities have been disregarded and Baron directs and controls the activities of Novo Point LLC by and through Harbin, such that service on Harbin, the "Managing Agent" of Novo Point LLC is sufficient to constitute service of citation on Novo Point LLC.

FACTS

8. Defendant Baron is a liar, cheat and thief. For more than three years he has embarked upon a plan and scheme to use shell companies and The Village Trust to defraud creditors and to circumvent orders from federal District Court and Bankruptcy Court judges.

Specifically, Baron-through his shell companies Quantec LLC and Novo Point LLC and the Village Trust- and with the assistance of Harbin routinely hire attorneys to represent their illegal interests then promptly refuse to pay them for the services rendered. Baron has been noted as a vexatious litigant by more than one Court, he has been accused of seeking to defraud creditors in a pending bankruptcy and he has violated court orders restricting his further ability to hire more lawyers. At the present time more than 15 lawyers and law firms are seeking recovery of money, ordered to be set aside by court order, for legal services rendered to Baron and The Village Trust and other entities controlled by Baron.

9. Baron, acting on his own behalf and on behalf of the entities he controls, and Harbin as the "Managing Agent" for Quantec LLC, and Novo Point, LLC hired Plaintiff as General Counsel for a minimum 3 month engagement. Defendants made promises to Plaintiff that he would be paid, that sufficient cash resources existed for him to be paid and that the operation Baron was running was adequately funded and presented an ongoing, viable business opportunity. However, none of that was true. Moreover, Defendants concealed from Plaintiff the true objective of their enterprise which was to circumvent court orders, continue a pattern of theft of legal services, and seek to disregard and flaunt court orders from federal District Court and Bankruptcy Court Judges. Based upon the promises made and without the benefit of the information withheld from him, Plaintiff left his law firm position and began work for Defendants on November 1, 2010. Before doing so, Plaintiff negotiated and the parties agreed to an engagement agreement with a minimum three month term.

10. Immediately upon reporting to work on November 1, 2010, Defendants changed the scope of Plaintiff's assignments. Instead of performing services as General Counsel for Quantec and Novo Point, Plaintiff was instructed by Baron to violate court orders, engage in

numerous questionable, if not fraudulent, transactions, and specifically assist him as he sought to steal legal services from private attorneys working for him directly and for his shell companies. The primary objective of Baron's conspiracy was to leverage the stolen legal services from *current* attorneys to pay as little money as possible to *previous* attorneys who were making claims against him and his shell companies in related litigation.

11. The second, and perhaps more egregious objective of Baron's conspiracy was the fact that Baron, upon information and belief, operated his shell companies- with the assistance of Harbin- as a common enterprise; moving money from one entity to another and directing the activities of all of the entities solely for his personal best interests in an attempt to emerge with ample financial resources from the shell entities to reconstitute his bankrupt company, Ondova Limited.

12. Once Plaintiff started to work for Defendants, Harbin became unavailable to Plaintiff. Harbin refused to take Plaintiff's calls or respond to emails. Also, Harbin refused to formally sign the engagement agreement that had been negotiated and agreed to by all parties.

13. The first payment due Plaintiff was due on November 15, 2010, and Harbin refused to pay it. His refusal is without cause or justification. Defendants refused to pay Plaintiff because he was advocating for the payment of all attorneys rendering services to Defendants and he was not in favor of violating court orders and refused to do so. All conditions precedent to the payment obligation have been performed. Indeed, in hindsight it appears very clear that Baron and Harbin's actions were part of an overall plan and conspiracy to steal legal services, perpetrate a fraud on Plaintiff and on various courts, in addition to breaching the agreement with Plaintiff.

CAUSES OF ACTION

7. Defendants entered into an agreement with Plaintiff pursuant to which Plaintiff was to provide legal services as General Counsel for Defendants for a minimum 3 month period of time. Plaintiff started work on November 1, 2010. The first payment was due Plaintiff on or before November 15, 2010. Defendants failed to pay Plaintiff as required. Thus, Defendants have breached the engagement agreement by failing and refusing to pay Plaintiff the sums agreed upon despite Plaintiff's work for Defendant. In the alternative, Plaintiff has provided services to Defendants for which he has not been paid and recovery, via quantum meruit is appropriate.

8. Defendant Harbin, acting individually and on behalf of the entities he managed, and Baron, acting individually and on behalf of the entities he controlled: The Village Trust, Quantec LLC and Novo Point LLC, made numerous false and misleading statements intended to induce Plaintiff to leave his law firm position to take the position of General Counsel for Defendants' various companies. At the time Defendants made such representations, they knew or should have known such statements were false, that they had no intention of following through with any of them, including, but not limited to payment to Plaintiff for services provided. In fact, Defendants expressly concealed from Plaintiff their pattern and practice of regularly hiring attorneys, requiring them to perform a great deal of work in a short period of time, and refusing to pay for such services, or their plan to seek to circumvent federal court orders. ***Defendants regularly lie, cheat and steal professional services!*** Plaintiff has suffered actual and consequential damages as a result of Defendants' fraud.

9. Defendants' actions were carried out intentionally, with malice and a specific intent to deceive. As a result the imposition of punitive damages is warranted.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Plaintiff respectfully requests that this Court, after final trial award: actual damages for breach of contract, attorneys fees and court costs, all actual damages resulting from Defendants' fraud, and an appropriate sum for punitive damages to punish and deter Defendants from continuing their fraudulent practices. Total damages sought will be no less than $1,000,000.00.

Respectfully submitted,

By: _____

Robert J. Garrey , P.C.
State Bar No. 07703420

114 Salsbury Cir.
Murphy, Texas 75094
(214) 478 9625 (Telephone)
bgarrey@gmail.com

EXHIBIT "C"

Stanley D. Broome
BROOME LAW FIRM, PLLC
105 Decker Court, Suite 850
Irving, TX 75062
214-574-7500 – Telephone
214-574-7501 – Facsimile
Email: SBroome@Broomelegal.com

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

In re:	§	**CASE NO. 09-34784-sgj-11**
	§	**Chapter 11**
ONDOVA LIMITED COMPANY,	§	
	§	
Debtor.	§	**CIVIL ACTION NO.**
	§	
	§	**ADV. NO. 10-03281-sgj**
JEFF BARON	§	
	§	
Plaintiff,	§	
	§	
vs.	§	
	§	
GERRIT PRONSKE, INDIVIDUALLY and PRONSKE & PATEL, P.C.	§	
	§	
Defendants.	§	

STANLEY D. BROOME'S MOTION TO WITHDRAW AS ATTORNEY OF RECORD

(FILED SUBJECT TO MOTION TO REMAND)

Stanley D. Broome asks this court to allow him to withdraw as attorney in charge for Plaintiff, Jeff Baron.

1. This motion is filed subject to the pending motion to remand and while the case is abated pending an agreed mediation.

2. Plaintiff is Jeff Baron. Defendant is Gerrit Pronske, Individually and Pronske & Patel, P.C.

3. Plaintiff sued Defendant in State Court for unconscionable fee, failure to agree upon the terms in advance, failure to properly handle the legal representation and full disgorgement of fees.

4. There is good cause for this court to grant the motion to withdraw because Plaintiff has not paid the movant's attorney's fees as agreed.

5. This case is currently abated pending a decision on the previously filed motion to remand and an agreed mediation. Jeff Baron and Defendant have agreed to mediate this dispute before an agreed mediator, Joyce Lindauer, on December 3, 2010. Ms. Lindauer's office information is 8140 Walnut Hill Lane, Suite 301, Dallas, TX 75231, telephone 972-503-4033 and facsimile 972-503-4034. Movant has made Jeff Baron and his new counsel, Sid Chesnin, aware of this date and served them with a copy of this pleading. There are no other pending deadlines.

6. Counsel for the Plaintiff has delivered a copy of this motion to Plaintiff Jeffrey Baron and his new counsel, Sid Chesnin, and has notified them in writing of the right to object to the motion.

7. Jeff Baron and his new counsel, Sid Chesnin, were provided a copy of this motion in advance and object to the motion.

CONCLUSION

8. Stanley D. Broome is requesting that this Court allow him to withdraw as attorney in record for Plaintiff due to the fact that the Plaintiff has failed to pay movant's legal fees in this matter. For this reason, Stanley D. Broome asks this court to grant his Motion to Withdraw as attorney in charge for Plaintiff.

Respectfully submitted,

BROOME LAW FIRM, PLLC

/s/ Stanley Broome
Stanley Broome
State Bar No. 24029457

Broome Law Firm, pllc
105 Decker Court, Suite 850
Las Colinas TX 75062
214-574-7500 Telephone
214-574-7501 Facsimile
Attorney for Plaintiff Jeff Baron

CERTIFICATE OF CONFERENCE

I hereby certify that counsel for the movant and Gerrit Pronske, counsel for the Defendants, conducted a conversation on November 17, 2010 and there is no objection to this Motion to Withdraw.

/s/ Stanley Broome
Stanley Broome

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of Notice of Hearing was served on 23rd day of November 2010 on all counsel of record via the Court's ECF System and in the manner shown below:

VIA REGULAR MAIL AND ELECTRONIC MAIL

To: Gerrit Pronske
Pronske & Patel, P.C.
2200 Ross Avenue, Suite 5350
Dallas, Texas 75201

And by CM RRR and E-Mail to:

Jeff Baron (**CM RRR 7008 1140 0002 5072 1767**)
2828 Trinity Mills Road, Ste 130
Carrollton, TX 75006

Sid Chesnin (**CM RRR 7008 1140 0002 5072 1774**)
Attorney for Jeff Baron
4841 Tremont Street, Ste 9
Dallas, TX 75246

Joyce Lindauer **(CM RRR 7008 1140 0002 5072 1781)**
Mediator
8140 Walnut Hill Lane, Ste 301
Dallas, TX 75231

/s/ Stanley Broome
Stanley Broome

EXHIBIT B

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

Manassas, LLC, a Texas Limited Liability Company
Domain Jamboree, LLC, a Wyoming Limited Liability Company
ID Genesis, LLC, a Utah Limited Liability Company

and any entity under the direct or indirect control of Jeffrey Baron, whether by virtue of ownership, beneficial interest, a position as officer, director, power of attorney or any other authority or right to act. The Court hereby enjoins any person from taking any action based upon any presently existing directive from any person other than the Receiver with regard to the affairs and business of the Receivership Parties, including but not limited to proceeding with the transfer of a portfolio of internet domain names ("Domain Names") for which Ondova Limited Company ("Ondova") acted as registrar. Specifically, but without limitation, VeriSign Inc and The Internet Corporation for Assigned Names and Numbers ("ICANN"), and any other entity connected to the transfer of the Domain Names, shall immediate cease such efforts and shall terminate any movement of the Domain Names.

IT IS FURTHER ORDERED that the Court hereby takes exclusive jurisdiction over, and grants the Receiver exclusive control over, any and all "Receivership Assets", which term shall include any and all legal or equitable interest in, right to, or claim to, any real or personal property (including "goods," "instruments," "equipment," "fixtures," "general intangibles," "inventory," "checks," or "notes" (as these terms are defined in the Uniform Commercial Code)), lines of credit, chattels, leaseholds, contracts, mail or other deliveries, shares of stock, lists of consumer names, accounts, credits, premises, receivables, funds, and all cash, wherever located, and further including any legal or equitable interest in any trusts, corporations, partnerships, or other legal entities of any nature, that are:

1. owned, controlled, or held by, in whole or in part, for the benefit of, or subject to access by, or belonging to, any Receivership Party;

2. in the actual or constructive possession of any Receivership Party; or

3. in the actual or constructive possession of, or owned, controlled, or held by, or subject to access by, or belonging to, any other corporation, partnership, trust, or any

other entity directly or indirectly owned, managed, or controlled by, or under common control with, any Receivership Party, including, but not limited to, any assets held by or for any Receivership Party in any account at any bank or savings and loan institution, or with any credit card processing agent, automated clearing house processor, network transaction processor, bank debit processing agent, customer service agent, commercial mail receiving agency, or mail holding or forwarding company, or any credit union, retirement fund custodian, money market or mutual fund, storage company, trustee, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metal dealer, or other financial institution or depository of any kind, either within or outside of the State of Texas.

IT IS FURTHER ORDERED that the Receiver shall be entitled to any document that any Receivership Party is entitled to possess as of the signing of this order ("Receivership Documents").

IT IS FURTHER ORDERED that all persons who receive actual notice of this Order by personal service or otherwise are hereby restrained and enjoined from:

A. Transferring, liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any Receivership Assets.

B. Opening or causing to be opened any safe deposit boxes, commercial mail boxes, or storage facilities titled in the name of any Receivership Party, or subject to access by any Receivership Party or under any Receivership Party's control, without providing the Receiver prior notice and an opportunity to inspect the contents in order to determine that they contain no assets covered by this Section;

C. Cashing any checks or depositing any payments from customers or clients of a Receivership Party;

D. Incurring charges or cash advances on any credit card issued in the name, singly or jointly, of any Receivership Party; or

E. Incurring liens or encumbrances on real property, personal property, or other assets in the name, singly or jointly, of any Receivership Party or of any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by any Receivership Party.

F. The funds, property, and assets affected by this Order shall include both existing assets and assets acquired after the effective date of this Order.

IT IS FURTHER ORDERED that any financial institution, business entity, or person maintaining or having custody or control of any account or other asset of any Receivership Party, or any corporation, partnership, or other entity directly or indirectly owned, managed, or controlled by, or under common control with any Receivership Party, which is served with a copy of this Order, or otherwise has actual or constructive knowledge of this Order, shall:

A. Hold and retain within its control and prohibit the withdrawal, removal, assignment, transfer, pledge, hypothecation, encumbrance, disbursement, dissipation, conversion, sale, liquidation, or other disposal of any of the assets, funds, documents, or other property held by, or under its control:

1. on behalf of, or for the benefit of, any Receivership Party;

2. in any account maintained in the name of, or for the benefit of, or subject to withdrawal by, any Receivership Party; and

3. that are subject to access or use by, or under the signatory power of, any Receivership Party.

B. Deny any person other than the Receiver or his designee access to any safe deposit boxes or storage facilities that are either:

1. titled in the name, individually or jointly, of any Receivership Party; or

2. subject to access by any Receivership Party.

C. Provide the Receiver an immediate statement setting forth:

1. The identification number of each account or asset titled in the name, individually or jointly, of any Receivership Party, or held on behalf thereof, or for the benefit thereof, including all trust accounts managed on behalf of any Receivership Party or subject to any Receivership Party's control;

2. The balance of each such account, or a description of the nature and value of such asset;

3. The identification and location of any safe deposit box, commercial mail box, or storage facility that is either titled in the name, individually or jointly, of any Receivership Party, whether in whole or in part; and

4. If the account, safe deposit box, storage facility, or other asset has been closed or removed, the date closed or removed and the balance on said date.

D. Immediately provide the Receiver with copies of all records or other documentation pertaining to each such account or asset, including, but not limited to, originals or copies of account applications, account statements, corporate resolutions, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs; and

E. Immediately honor any requests by the Receiver with regard to transfers of assets to the Receiver or as the Receiver may direct.

DUTIES OF DEFENDANTS REGARDING ASSETS AND DOCUMENTS

IT IS FURTHER ORDERED that Defendants shall:

A. Within three business days following service of this Order, take such steps as are necessary to turn over control to the Receiver and repatriate to the Northern District of Texas all Receivership Documents and Receivership Assets that are located outside of the Northern District of Texas and are held by or for the Receivership Parties or are under the Receivership Parties' direct or indirect control, jointly, severally, or individually;

B. Within three business days following service of this Order, provide Plaintiff and the Receiver with a full accounting of all Receivership Documents and Receivership Assets wherever located, whether such Documents or Assets held by or for any Receivership Party or are under any Receivership Party's direct or indirect control, jointly, severally, or individually, including the addresses and names of any foreign or domestic financial institution or other entity holding the Receivership Documents and Receivership Assets, along with the account numbers and balances; and

D. Immediately following service of this Order, provide Plaintiff and the Receiver access to Defendants' records and Documents held by Financial Institutions or other entities, wherever located.

POWERS AND DUTIES OF RECEIVER

IT IS FURTHER ORDERED that the Receiver shall immediately present a sworn statement that he will perform his duties faithfully and shall post a cash deposit or bond in the amount of $1,000.

IT IS FURTHER ORDERED that in addition to all powers granted in equity to receivers, the Receiver shall immediately have the following express powers and duties:

A. To have immediate access to any business premises of the Receivership Party, and immediate access to any other location where the Receivership Party has conducted business and where property or business records are likely to be located.

B. To assume full control of the Receivership Party by removing, as the Receiver deems necessary or advisable, any director, officer, independent contractor, employee or agent of the Receivership Party, including any Defendant, from control of, management of, or participation in, the affairs of the Receivership Party;

C. To take exclusive custody, control, and possession of all assets and documents of, or in the possession, custody or under the control of, the Receivership Party, wherever

situated, including without limitation all paper documents and all electronic data and devices that contain or store electronic data including but not limited to computers, laptops, data storage devices, back-up tapes, DVDs, CDs, and thumb drives and all other external storage devices and, as to equipment in the possession or under the control of the Receivership Parties, all PDAs, smart phones, cellular telephones, and similar devices issued or paid for by the Receivership Party.

D. To act on behalf of the Receivership Party and, subject to further order of the Court, to have the full power and authority to take all corporate actions, including but not limited to, the filing of a petition for bankruptcy as the authorized responsible person as to the Receivership Party, dissolution of the Receivership Party, and sale of the Receivership Party.

E. To divert mail.

F. To sue for, collect, receive, take in possession, hold, and manage all assets and documents of the Receivership Party and other persons or entities whose interests are now held by or under the direction, possession, custody or control of the Receivership Party.

G. To investigate, conserve, hold, and manage all Receivership Assets, and perform all acts necessary or advisable to preserve the value of those assets in an effort to prevent any irreparable loss, damage or injury to consumers or to creditors of the Receivership Party including, but not limited to, obtaining an accounting of the assets, and preventing transfer, withdrawal or misapplication of assets.

H. To enter into contracts and purchase insurance as advisable or necessary.

I. To prevent the inequitable distribution of assets and determine, adjust, and protect the interests of creditors who have transacted business with the Receivership Party.

J. To manage and administer the business of the Receivership Party until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which include retaining, hiring, or dismissing any employees, independent contractors, or agents.

K. To choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists (collectively, "Professionals"), as each Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order.

L. To make payments and disbursements from the receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order.

M. To institute, compromise, adjust, defend, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts that each Receiver deems necessary and advisable to preserve or recover the assets of the Receivership Party or that each Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order, including but not limited to, the filing of a petition for bankruptcy.

N. To conduct investigations and to issue subpoenas to obtain documents and records pertaining to, or in aid of, the receivership, and conduct discovery in this action on behalf of the receivership estate.

O. To consent to the dissolution of the receivership in the event that the Plaintiff may compromise the claim that gave rise to the appointment of the Receiver, provided, however, that no such dissolution shall occur without a motion by the Plaintiff and service provided by the Plaintiff upon all known creditors at least thirty days in advance of any such dissolution.

LIMITATION OF RECEIVER'S LIABILITY

IT IS FURTHER ORDERED that except for an act of gross negligence, the Receiver and the Professionals shall not be liable for any loss or damage incurred by any of the Receivership Parties, their officers, agents, servants, employees and attorneys or any other person, by reason of any act performed or omitted to be performed by the Receiver and the Professionals in connection with the discharge of his or her duties and responsibilities. Additionally, in the

event of a discharge of the Receiver either by dissolution of the receivership or order of this Court, the Receiver shall have no further duty whatsoever.

PROFESSIONAL FEES

IT IS FURTHER ORDERED that each Receiver and his professionals, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, which compensation shall be derived exclusively from the assets now held by, or in the possession or control of, or which may be received by the Receivership Party or which are otherwise recovered by the Receiver, against with the Receiver shall have a first and absolute administrative expense lien. The Receiver shall file with the Court and serve on the parties a fee application with regard to any compensation to be paid to professionals prior to the payment thereof.

COOPERATION WITH RECEIVER

IT IS FURTHER ORDERED that the Defendants and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver. This cooperation and assistance shall include, but not be limited to, providing any information to the Receiver that the Receiver deems necessary to exercising the authority and discharging the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic account, or digital file or telephonic data in any medium; turning over all accounts, files, and records including those in possession or control of attorneys or accountants; and advising all persons who owe money to the Receivership Party that all debts should be paid directly to the Receiver. Defendants are hereby temporarily restrained and enjoined from directly or indirectly:

A. Transacting any of the business of the Receivership Party;

B. Destroying, secreting, defacing, transferring, or otherwise altering or disposing of any documents of the Receivership Party including, but not limited to, books, records, accounts, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations, electronically-stored records, or any other papers of any kind or nature;

C. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Receivership Party or the Receiver;

D. Drawing on any existing line of credit available to Receivership Party;

E. Excusing debts owed to the Receivership Party;

F. Failing to notify the Receiver of any asset, including accounts, of the Receivership Party held in any name other than the name of any of the Receivership Party, or by any person or entity other than the Receivership Party, or failing to provide any assistance or information requested by the Receiver in connection with obtaining possession, custody or control of such assets;

G. Doing any act that would, or failing to do any act which failure would, interfere with the Receiver's taking custody, control, possession, or management of the assets or documents subject to this receivership; or to harass or interfere with the Receiver in any way; or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Party; or to refuse to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any Order of this Court; and

H. Filing, or causing to be filed, any petition on behalf of the Receivership Party for relief under the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 (2002), without prior permission from this Court.

IT IS FURTHER ORDERED that:

A. Immediately upon service of this Order upon them, or within such period as may be permitted by the Receiver, Defendants or any other person or entity shall transfer or deliver possession, custody, and control of the following to the Receiver:

1. All assets of the Receivership Party, including, without limitation, bank accounts, web sites, buildings or office space owned, leased, rented, or otherwise occupied by the Receivership Party;

2. All documents of the Receivership Party, including, but not limited to, books and records of accounts, legal files (whether held by Defendants or their counsel) all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title documents, and other papers;

3. All of the Receivership Party's accounting records, tax records, and tax returns controlled by, or in the possession of, any bookkeeper, accountant, enrolled agent, licensed tax preparer or certified public accountant;

4. All loan applications made by or on behalf of Receivership Party and supporting documents held by any type of lender including, but not limited to, banks, savings and loans, thrifts or credit unions;

5. All assets belonging to members of the public now held by the Receivership Party; and

6. All keys and codes necessary to gain or secure access to any assets or documents of the Receivership Party including, but not limited to, access to their business premises, means of communication, accounts, computer systems or other property;

B. In the event any person or entity fails to deliver or transfer any asset or otherwise fails to comply with any provision of this Paragraph, the Receiver may file ex parte an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable

writs requested by the Receivers. The writs shall authorize and direct the United States Marshal or any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the asset, document or other thing and to deliver it to the Receivers.

IT IS FURTHER ORDERED that, upon service of a copy of this Order, all banks, broker-dealers, savings and loans, escrow agents, title companies, leasing companies, landlords, ISOs, credit and debit card processing companies, insurance agents, insurance companies, commodity trading companies or any other person, including relatives, business associates or friends of the Defendants, or their subsidiaries or affiliates, holding assets of the Receivership Party or in trust for Receivership Party shall cooperate with all reasonable requests of each Receiver relating to implementation of this Order, including freezing and transferring funds at his or her direction and producing records related to the assets of the Receivership Party.

STAY OF ACTIONS

IT IS FURTHER ORDERED that:

A. Except by leave of this Court, during the pendency of the receivership ordered herein, all other persons and entities aside from the Receiver are hereby stayed from taking any action to establish or enforce any claim, right, or interest for, against, on behalf of, in, or in the name of, the Receivership Party, any of their partnerships, assets, documents, or the Receiver or the Receiver's duly authorized agents acting in their capacities as such, including, but not limited to, the following actions:

1. Commencing, prosecuting, continuing, entering, or enforcing any suit or proceeding, except that such actions may be filed to toll any applicable statute of limitations;

2. Accelerating the due date of any obligation or claimed obligation; filing or enforcing any lien; taking or attempting to take possession, custody or control of any asset;

attempting to foreclose, forfeit, alter or terminate any interest in any asset, whether such acts are part of a judicial proceeding or are acts of self-help or otherwise;

3. Executing, issuing, serving or causing the execution, issuance or service of, any legal process including, but not limited to, attachments, garnishments, subpoenas, writs of replevin, writs of execution, or any other form of process whether specified in this Order or not; and

4. Doing any act or thing whatsoever to interfere with the Receiver taking custody, control, possession, or management of the assets or documents subject to this receivership, or to harass or interfere with the Receiver in any way, or to interfere in any manner with the exclusive jurisdiction of this Court over the assets or documents of the Receivership Party;

B. This Order does not stay:

1. The commencement or continuation of a criminal action or proceeding; and

2. Except as otherwise provided in this Order, all persons and entities in need of documentation from the Receiver shall in all instances first attempt to secure such information by submitting a formal written request to the Receiver, and, if such request has not been responded to within 30 days of receipt by the Receiver, any such person or entity may thereafter seek an Order of this Court with regard to the relief requested.

JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for all purposes.

SO ORDERED, this 24th day of November, 2010

Royal Furgeson
JUDGE PRESIDING

EXHIBIT C

INDEX

I. INTRODUCTION

David J. Sherman is the bankruptcy trustee ("Trustee" or "Bankruptcy Trustee") appointed in September 2009 to operate Ondova Limited Company ("Ondova" or "Debtor"), a business formerly managed by Baron. Mr. Sherman faced a monumental task when he was appointed. That task was to end seven lawsuits pending in jurisdictions around the United States and settle very large claims filed in the Ondova bankruptcy case itself.

Mr. Sherman was successful.

The settlement, approved by the Bankruptcy Court in late July, 2010, settled: (a) litigation pending in this Court; (b) two lawsuits pending in Virgin Islands District Court; (c) one suit pending in Federal District Court for the Central District of California (Los Angeles) (d) one suit pending in the Superior Court of the State of California (Los Angeles); and (e) two lawsuits pending in the 68th Judicial District Court of Dallas County, Texas. The settlement also resolved sizable claims asserted by various parties in the Bankruptcy case itself.

The lawsuits Mr. Sherman settled had been ongoing since 2006. The lawsuits were so complex that they are hard to summarize in this pleading. They involved five principal parties — Baron, Munish Krishan ("Krishan") of Newport Beach, California, certain Virgin Islands entities established in 2005 as part of a structure created by Baron and Mr. Krishan to take advantage of favorable tax benefits offered by the Virgin Islands Economic Development Authority and certain entities from the Cook Islands created by Baron and Krishan to protest their assets and reduce U.S. taxes. The fifth party was Mr. Sherman himself, representing the creditors of Ondova, the entity he was trustee over. The Ondova creditors were in two categories: (1) attorneys Mr. Baron hired and fired and never paid, and (2) companies who sued Mr. Baron because he infringed on trademarks.

The Trustee learned early in his fiduciary capacity that Baron had retained over twenty different attorneys to handle litigation matters prior to Ondova's bankruptcy. Most of these attorneys only stayed on for mere weeks or months. Lawyers representing other parties approached the Trustee after his appointment to advise him that Baron's hiring and firing of lawyers was a litigation tactic used to delay and disrupt the various lawsuits. These other lawyers who approached the Trustee noted that this type of activity, never before seen by these very experienced lawyers, was driving the costs of the litigation up and causing unbreakable litigation gridlock. The hiring and firing of lawyers could be documented through the docket sheets and pleadings of these various other cases.

Notwithstanding these types of challenges and the complexity of the litigation, Mr. Sherman and undersigned counsel, embarked on months and months of non-stop settlement discussions with all of the parties, and with the guidance of this Court, and the Bankruptcy Court, a settlement was finally reached in late June, 2010. The global settlement was approved by the Bankruptcy Court on July 28, 2010. Mr. Sherman successfully implemented the complex settlement in August and September 2010. Almost immediately after the settlement was approved and as Mr. Sherman was consummating its various provisions, Baron was unhappy with the lawyer who had assisted him for almost a year in settlement negotiations, Gerrit Pronske. Mr. Pronske, unpaid, promptly sought to withdraw as counsel. Mr. Pronske's departure disrupted a number of post-settlement issues and further resulted in a huge pile-up of Baron attorneys coming and going. Following Mr. Pronske's departure, eight (8) new lawyers appeared for Baron (Ferguson, Thomas, Broome, Garrey, Eckels, Cox, Chesnin and Schepps). Although some of these lawyers have different roles, they all operate at the instruction of Mr. Baron. Four of these new lawyers have quit since September, 2010 due to non-payment.

The hiring and firing of lawyers has caused disruption and delay in the Trustee's efforts to wind down the bankruptcy case. The appointment of a receiver over Mr. Baron was first addressed

by this Court in July 2009. The creation of a receivership was frequently publicly considered an option by both this Court and the Bankruptcy Court. Both the District Court and the Bankruptcy Court witnessed first hand the delay and disruption caused by Baron's tactics. Both courts issued orders regarding Baron's conduct however Baron failed to get the message. The hiring and firing of lawyers continues to this day.

II. HISTORICAL BACKGROUND OF LITIGATION

The Receivership being challenged was created by a Court which had been dealing with Jeffrey Baron for a significant period of time. The District Court Litigation was initially filed in May, 2009. The District Court Litigation stems from a fairly common occurrence -- a soured joint venture between two business partners. But when this joint venture went bad, so much money was at stake that the litigation that ensued was staggering. Lawsuits in Texas, California and the Virgin Islands were filed and litigated aggressively and with little regard for cost. Six separate lawsuits were ongoing simultaneously around the United States costing parties a fortune and wasting judicial resources. Not until the District Court and Bankruptcy Court stepped in, did a resolution of the mind-blowing and gridlocked litigation appear possible. As a result of the Trustee's efforts, in the summer of 2010, the litigation was settled in the Bankruptcy Case. Since then, the Trustee has been diligently working towards wrapping up the Ondova bankruptcy estate but the hiring and firing of lawyers by Mr. Baron continues. The hiring and firing has caused delays and disruption.

Ondova was a domain name registrar started by Jeffrey Baron in May, 2000. Ondova acted as a registrar for parties seeking to register domain names on the internet. Its principal, Baron, had accumulated a large number of internet domain names during the early days of the internet.

In 2005, Mr. Baron and Krishan decided to join their businesses to form a joint venture. Krishan also operated an internet domain name registration and monetization business. Through his

companies, Manila Industries, Inc. ("Manila") and Netsphere, Inc., ("Netsphere") Mr. Krishan had developed a successful business in domain monetization as well as operating websites.

In 2005, Baron and Krishan began the process of establishing a joint venture in which they would utilize their respective assets and business skills to build a profitable domain name business. Baron and Krishan envisioned an operating business owning one million internet domain names. These domain names earn revenues from advertising pages similar to the advertising revenue earned by Google, Inc. Many of the domain names were created using complex mathematical and algorithm formulas in order to generate the highest possible revenue. Included in the joint venture were certain domain names created by Baron during the early days of the internet, called the "Blue Horizons" names. These names have both high revenue potential and can be sold individually — sometimes for in excess of $1 million a piece.

In the course of planning for their partnership, Baron and Krishan sought advice for creation of a tax efficient structure for their business and personal assets to minimize tax risk and liability. In 2005, Baron and Krishan agreed to establish their joint venture in the United States Virgin Islands through an economic development program structure then offered by the Virgin Islands. They created the necessary corporate entities to take advantage of the low tax rates offered by United States Virgin Islands Economic Development Program Structure ("USVI Structure") and the newly formed joint operation was to begin business on January 1, 2006.

The structure that was developed by Baron and Krishan also involved the creation of Virgin Island entities and certain trusts domiciled in the Cook Islands. This structure was complex and involved the creation of approximately fifteen entities. A chart showing the structure created by Baron and Krishan is attached as Exhibit 1. The entities that controlled and operated the domain names included The Village Trust, HCB LLC, Realty Investment Management, LLC, and

Blue Horizon Limited Liability Company. There were a number of other entities above those three businesses which held and controlled the internet domain names.

Almost immediately after its inception, disputes developed between Baron and Krishan regarding operation of the new business. There were accusations that revenue generated by the domain names was not being equally divided. Based on information obtained by the Bankruptcy Trustee, the internet domain names earned a large amount of income. Although the Trustee does not have all of the information regarding revenue earned, one chart produced during the pendency of the case reflected $29 million in revenue from January, 2006 through October, 2009.

The litigation which began in November, 2006 occurred as a result of a transfer, or repossession, of the internet domain names by Baron. Specifically, on November 13, 2006, without Krishan's permission, Baron changed the IP addresses and the name servers for the internet domain names to a new entity under the control of Baron. As a result, Mr. Krishan and his entities no longer had any control of the web pages or the revenue generated therefrom. On November 15, 2006, Mr. Krishan and his related entities filed a complaint in the United States District Court for the Central District of California entitled Manila Industries, Inc. v. Ondova Limited Company, Case No. SAC-06-1105-AG.

On November 14, 2006, Ondova commenced an action in the 68th Judicial District Court of Dallas County, Texas entitled Ondova Limited Company v. Manila Industries, Inc., Case No. 06-11717. The two cases were later consolidated in the 68th Judicial District Court before Judge Martin Hoffman.

The litigation pending before 68th District Court Judge Martin Hoffman went on for several years. The docket sheet for the case pending before Judge Hoffman is attached hereto as Exhibit 2. In addition to case pending in Dallas before Judge Hoffman, several other lawsuits were filed

related to: (a) the domain names including interpleader suits where monetization companies (such as Oversee.net) filed interpleader actions; (b) the Virgin Islands entities; (c) a joint venture called Phonecards.com; and (d) many other matters. The other lawsuits include:

a. On September 27, 2007, Simple Solutions filed a civil cause against Ondova in the District Court of the Virgin Islands, Division of St. Thomas & St. John, styled Simple Solutions, LLC vs. Ondova Limited Co, LLC d/b/a Compana, LLC, No. 3:07-CV-123.

b. On February 12, 2007, HCB and Simple Solutions filed a civil cause against Oversee.net in the District Court of the Virgin Islands, Division of St. Thomas-St. John, styled HCB, LC and Simple Solutions, LLC, v. Oversee.net, Case No. 3:07-CV-00029-CVG.

c. On November 6, 2009 Oversee.net filed a claim for breach of contract and fraud against Simple Solutions, LLC, a USVI limited liability company, HCB, LLC, a Delaware Limited Liability Company and Does 1 to 10 in the United States District of California, Case No. CV09-08154-OOW (RZx).

d. On November 12, 2009, Manila and Netsphere filed a civil cause against Oversee.net and Doe 1 through Doe 10 in the Superior Court of the State of California, styled Manila Industries, Inc. a California corporation; Netsphere, Inc., a Michigan corporation vs. Oversee.net, a California corporation; and DOE 1 through DOE 10, inclusive, Case No. BC425821.

e. On November 2, 2008, Equity Trust Company, f/k/a Mid Ohio Securities, Custodian FBO IRA 19471 and Jeffrey Baron as Beneficiary of Equity Trust Company FBO IRA 19471 filed a civil case in the 68th Judicial District, Dallas County, Texas, against Rohit Krishan, Individually and d/b/a Callingcards.com, Munish Krishan and Manoj Krishan, styled Equity Trust Company, f/k/a Mid Ohio Securities, Custodian FBO IRA 19471 and Jeffrey Baron As Beneficiary of Equity Trust Company FBO IRA 19471 vs. Rohit Krishan, Individually and d/b/a Callingcards.com, Munish Krishan and Manoj Krishan, Cause No. DC08-13925-C.

These five lawsuits, as well as the cases before this Court and Judge Martin Hoffman, resulted in colossal litigation gridlock seemingly impossible to resolve. During this litigation, Mr. Baron routinely hired and fired lawyers. There were a number of mediation attempts both formal and informal. The formal mediations were with mediators Ted Akin, Sid Stahl, Cynthia Sauls and Hesha Abrams.

At a mediation which took place in Dallas, Texas, before Hesha Abrams resulted in a settlement reached on April 26, 2009. This settlement was called the Memorandum of Understanding ("MOU"). Pursuant to the MOU, the internet domain names were to be divided between the Baron parties and the Krishan parties which division was to be determined through a specific procedure set forth in detail in the MOU. The division of domain names was to occur no later than May 10, 2009, 14 days after execution of the MOU. Although Mr. Krishan and his entities timely performed under the MOU, Baron and Ondova refused to cooperate. There were certain other requirements of the MOU, however, Baron and Ondovoa failed to adhere to those requirements. A copy of the MOU is attached as Exhibit 3.

As a result of their breach of the MOU, Mr. Krishan, Netsphere Inc. and Manila Industries, Inc. commenced this action ("District Court Litigation") on May 28, 2009, docketed as Court Case, Case No. 3-09-CV-0988-M.

III. EVENTS LEADING TO THE ONDOVA BANKRUPTCY CASE AND APPOINTMENT OF TRUSTEE

Ondova filed its Chapter 11 bankruptcy case in Dallas, Texas, on July 27, 2009. It appears to have been filed by Baron to evade a significant contempt sanction about to be imposed by the District Court related to Baron's breach of an Amendment to Preliminary Injunction.

The District Court Litigation began in May, 2009, and was brought by Munish Krishan and his related entities, Netsphere and Manila, as a result of Baron's failure to comply with an April 2009 settlement agreement commonly referred to as the MOU. The MOU ended six lawsuits and years of contentious litigation regarding the ownership of internet domain names.

Although initially Baron performed a few obligations under the MOU, he promptly breached and the District Court Litigation was therefore filed on May 28, 2009. The District Court entered a number of orders earlier in the case including a Preliminary Injunction on June 26, 2009, and an

Amendment to the Preliminary Injunction on July 8, 2009. In the Amendment to the Preliminary Injunction, the District Court indicated that if Baron and his related entities failed to comply with any provision of the Amendment to the Preliminary Injunction, there would be a fine of $50,000 per day per violation. A copy of the Amended Preliminary Injunction is attached as Exhibit 4.

Baron continued to disobey provisions of the Preliminary Injunction and the Amended Preliminary Injunction and as a result of his bad faith related to discovery matters, violations of a Temporary Restraining Order and certain other orders of the Court, Netsphere and Manila filed a Motion for Contempt. The Motion for Contempt was filed on July 21, 2009, and was scheduled to be heard on July 28, 2009, at 9:30 a.m. The day before that hearing, on July 27, 2009, Ondova filed its voluntary petition under chapter 11 commencing the Ondova Bankruptcy Case. A copy of this Motion for Contempt is attached as Exhibit 5.

The Bankruptcy Case began a new chapter in the long saga of the disputes between Baron, Munish Krishan, the Virgin Islands entities and Cook Islands entities. A blizzard of pleadings was filed at the beginning of the Bankruptcy Case including an Objection to the Use of Cash Collateral, a Motion to Dismiss the Case and a Motion for Termination of the Stay in Order to allow the District Court litigation to proceed. There were several emergency hearings in the Bankruptcy Court including hearings where Baron was required to testify. A copy of the Motion for Relief from the Automatic Stay to Restore and Transfer Domain Names Pursuant to Preliminary Injunction order filed by manila and Netsphere on August 3, 2009 and which describes the violations of Court orders by Baron is attached hereto as Exhibit 6.

The Trustee (not yet appointed) has learned that after the Bankruptcy Case was filed, Mr. Baron apparently continued his tactics to avoid responsibilities under the Preliminary Injunction and Amended Preliminary Injunction. The Bankruptcy Court granted Krishan, Netsphere and Manila, partial relief from the automatic stay to effectuate certain provisions of the preliminary

injunctions. With respect to one motion regarding whether the debtor could use cash collateral, an examination of Mr. Baron as a witness commenced on August 26, 2009. That hearing did not conclude and therefore the Bankruptcy Court continued the hearing to September 1, 2009, so that Mr. Krishan and his entities Netsphere and Manila, could conduct a cross-examination of Mr. Baron. However, one hour prior to the continued hearing, an emergency motion was filed to continue the hearing because new counsel was being employed by Mr. Baron.

In light of these developments, the Bankruptcy Court provided Mr. Baron with two options: (1) he could go forward with the hearings; or (2) the Court would exercise its powers under Section 105 of the Bankruptcy Code and appoint a Chapter 11 Trustee. Mr. Baron subsequently took the stand and provided testimony on direct and cross-examination. At the conclusion of that hearing, the Bankruptcy Court continued the hearing until September 11, 2009, at which point it advised Mr. Baron that it was entering a show cause order regarding why a Chapter 11 trustee should not be appointed. A true and correct copy of the Bankruptcy Court's Order of August 26, 2009, is attached hereto as Exhibit 7.

On September 11, 2009, the Bankruptcy Court conducted a hearing and at that hearing it appointed a chapter 11 trustee to oversee the Ondova Bankruptcy Case. The Order (1) Denying the Motion to Dismiss Bankruptcy Case Filed by Netsphere, Inc., and Manila Industries, Inc.; (2) The Appointment of a Chapter 11 Trustee; (3) Continuing Certain Hearings; (4) Setting Hearing on Emergency Motion to Withdraw as Counsel for the Debtor; and (4) Setting a Status Conference" is attached hereto as Exhibit 8.

In their Order, the Court noted a number of important matters. First, Jeffrey Baron invoked his Fifth Amendment right against self-incrimination and therefore failed to answer questions on cross-examination. The Court also stated that cause existed under 11 U.S.C. § 1104 to appoint a Chapter 11 trustee for cause including the Debtor's mismanagement and a lack of candor of

the Debtor's representative. The Court found that a Chapter 11 trustee would be in the best interest of the bankruptcy estate.

Daniel J. Sherman was later appointed Chapter 11 Trustee pursuant to an order of the Bankruptcy Court entered on September 15, 2009. Following the appointment of Mr. Sherman as Chapter 11 trustee, Mr. Sherman began administering the Ondova Bankruptcy Estate. On October 14, 2009, Mr. Sherman employed counsel to represent him, the law firm of Munsch Hardt Kopf & Harr, P.C. The employment of Munsch Hardt was approved by order entered on November 17, 2009.

IV. THE SETTLEMENT OF THE LITIGATION

After Munsch Hardt's employment, Munsch Hardt, Mr. Sherman and the special master appointed in the District Court Litigation, Peter Vogel (now Receiver), began a series of settlement negotiations in order to start the process of settling the long running litigation pending between Baron, Mr. Krishan, his entities and the other litigating parties. Unfortunately, those efforts were unsuccessful. In fact, following the conclusions of those initial settlement meetings, it appeared that the parties continued to be in unbreakable gridlock. The parties did agree however, that certain trademark litigation disputes pending against Ondova and Mr. Baron needed to be resolved. The Trustee then immediately began efforts to settle the third-party trademark lawsuits. Settlements were worked out with the University of Texas and Liberty Media Corporation and the resolution of these trademark lawsuits enabled the parties to remove what were viewed as major obstacles to the settlement talks. During the first few months after his employment, the Trustee addressed other matters including routine operational issues concerning Ondova, matters regarding executory contracts and collection of certain assets.

The Trustee began a second phase of settlement discussions on February 23, 2010. Those settlement talks, urged by the Bankruptcy Court and the District Court, went on virtually daily for

several months and finally settlement was reached in mid-June, 2010. The progress of these settlement talks were monitored both by the Bankruptcy Court and the District Court. In fact, observing a lack of progress, the District Court in May, 2010, ordered the parties (with principals in attendance) to attend a mandatory mediation with U.S. District Magistrate Judge Paul D. Stickney. Judge Stickney served as a mediator for several days in May and early June 2010. The litigation was not resolved under Judge Stickney's watch however some progress was made. Unfortunately, Judge Stickney could not continue to serve as a mediator and the parties continued settlement negotiations throughout June. Finally, in late June, 2010, after months of non-stop settlement meetings including numerous weekend meetings, a resolution was reached on approximately June 22, 2010. The Trustee's Motion to Compromise Controversy was filed on July 2, 2010 ("Settlement Motion"). A copy of the Settlement Motion is attached as Exhibit 9.

Approval of the Settlement Motion required three hearings during July, 2010. Those hearings took place on July 12, July 14th and July 22nd, 2010. Even though the Settlement Motion was pending and the settlement hearings were taking place, there still were numerous rancorous issues that needed to be ironed out. The Settlement Motion was finally approved by Order entered on July 28, 2010, a copy of which is attached as Exhibit 10.

The Settlement Motion sought approval for a settlement agreement referred to as the Mutual Settlement and Release Agreement ("Settlement Agreement"). The Settlement Agreement required the signatures of 51 parties and resolved nine (9) pending lawsuits. It provided for payments to be made by certain parties to the Ondova Bankruptcy Estate and also resulted in the waiving of numerous large claims against the Ondova bankruptcy estate. Most importantly, all claims and causes of action between the fifty-one settling parties were finally settled and waived.

The Settlement Agreement resolved a lawsuit not even connected in any way to the Ondova bankruptcy case. The Settlement Agreement settled the case commonly referred to as Phonecards.com case commenced on November 2, 2008 in the 68th Judicial Court of Dallas County, Case no. DC-08-3925-C.

A true and correct copy of the fully executed Settlement Agreement is attached hereto as Exhibit 11.

The Settlement Agreement resolved nine separate litigation matters. It ended the years of contentious litigation between Baron and his entities, Munish Krishan and his entities, Virgin Islands entities, the Cook Islands entities, and later the Trustee, representing the interest of Ondova.

Commencing with his initial appointment, the Trustee was urged by all parties that there needed to be an end to the expensive long-running litigation. Both the Bankruptcy Court and the District Court, both of which had become intimately familiar with the combative litigation between the parties, made it known their strong preference that the litigation finally end.

The Trustee believed that settlement of the litigation was the only reasonable approach for the bankruptcy estate. The Trustee analyzed all of the risks and rewards of the litigation and determined that settlement was the best option for the bankruptcy estate. Had the Trustee continued litigation on behalf of Ondova, there would likely be continued protracted litigation between the parties and it may not have resolved litigation between the Netsphere parties and Baron regarding the enforceability of the MOU. Litigation to enforce the MOU would be expensive, contentious and would cause extended delays. The expense involved to continue with litigation would have been enormous. The Trustee estimates that to enforce the MOU, the time involved could easily have been 2-3 years. Those long delays would prolong the Ondova bankruptcy case. Under the settlement that was approved by the Bankruptcy Court, the

creditors will receive an earlier return on their claims and will not be burdened by the additional delay and risk of litigation.

During September, 2010, the Trustee continued efforts to consummate the various portions of the Settlement Agreement and efforts to wind down the Ondova bankruptcy estate. During this time period however, Mr. Baron had employed certain new lawyers and his prior lawyers began asserting claims in the bankruptcy case and in state court against Mr. Baron. One law firm filed a motion for substantial contribution and thereafter two other law firms filed similar motions. This type of motion is a concern to the Trustee because these lawyers could seek and be awarded attorneys fees from the Ondova bankruptcy estate for their work for Mr. Baron. If this occurs, the Trustee will end up having a contribution or indemnity claim against Mr. Baron – which opens the door to additional litigation. To resolve this dilemma, the Bankruptcy Court issued an Order on October 12, 2010 directing Peter Vogel, then the Special Master, to be a mediator of the attorney fee disputes. A copy of Judge Jernigan's Order is attached as Exhibit 12. A copy of Judge Ferguson's Order accepting Judge Jernigan's Order is attached hereto as Exhibit 13.

Shortly thereafter, mediator Peter Vogel wrote to the various unpaid lawyers recommending that they submit to him information regarding their attorney fee claims by November 22, 2010. A number of attorneys contacted Mr. Vogel and indicated that they do not believe that the mediation will be successful because Mr. Baron does not settle any matters and refuses to pay lawyers. Those lawyers indicated that they do not wish to participate. Adding to the confusion was the fact that Baron had changed lawyers so many times that no one was representing him with respect to the legal fee mediation issues and therefore no progress was being made and Baron was not cooperating with Judge Ferguson or Judge Jernigan's Orders.

As a result of these developments, it became apparent that Mr. Baron had once again succeeded in causing delay and disruption in the administration of the case. As a result of Baron's hiring and firing of lawyers and his conduct inconsistent with Court Orders, he was causing delay and disruption to the Ondova bankruptcy estate. The mediation efforts were stalemated because Baron refused to cooperate in the process.

These events led to the Trustee's filing his Emergency Motion

V. BARON AND HIS LAWYERS

Mr. Baron's pattern of hiring and firing lawyers goes back to the beginning of his legal disputes against Mr. Krishan in 2006. Mr. Baron's pattern of hiring and firing lawyers has caused delay, disruption and additional expense of the lawsuits that Mr. Baron has been involved in.

Many of the lawyers that are no longer representing Baron have since sued him because they have not been paid outstanding legal fees. Many of the lawyers have confidentially advised the Trustee they quit because Mr. Baron would not listen to the sound legal advice that they were providing. There is clearly a pattern or a course of conduct engaged in by Mr. Baron to hire and fire lawyers in order to engage in vexatious litigation. The number of lawyers hired and fired by Mr. Baron is jaw dropping. Attached are Exhibits 14 through 17 which demonstrate the following:

(a) Attorneys of Ondova that Mr. Baron refund to pay that filed claim in the Ondova bankruptcy case [Exhibit 14]

(b) Attorneys employed by Baron after the Ondova bankruptcy case that Baron has refused to pay [Exhibit 15];

(c) Attorneys who have sued Mr. Baron post-bankruptcy filing of Ondova [Exhibit 16];

(d) Attorneys of Mr. Baron who have filed Motions in the Bankruptcy Court pursuant to 11 U.S.C. § 503(b) [Exhibit 17]

Copies of the lawsuits filed against Mr. Baron are attached hereto as Exhibit 18 through 22. Copies of motions seeking payment of legal fees owed by Mr. Baron are attached hereto as Exhibits 23 to 25. Although the list of Baron lawyers is constantly changing and frequently needs to be updated, at this time, the Trustee notes that the following attorneys have represented Mr. Baron and his related entities.

For Baron and Ondova (for Ondova during prebankruptcy period only):

Dan Altman
Gary Tucker
Christy Motley with Nace & Motley
Jeanne Crandall with Reyna, Hinds & Crandall
Randy Schaffer with Mateer & Shaffer
David Coales, Carrington Coleman
John Bickel, Bickel & Brewer
Blake Beckham, Jose Portela of The Beckham Group
Graham Taylor, Seyfarth Shaw
Jerry Mason of Martin, Mason & Stutz
Jeff Rasansky
Charla Aldous
Brian Lidji of Lidji, Dorey Hooper
Lenny Vitullo, Fee Smith Sharp and Vitullo, LLP
James Bell, Bell and Weinstein
Caleb Rawls
Lawrence Friedman, Ryan K. Lurich and James Krause of Friedman & Feiger, LLP
Jay Klein
Paul Keiffer of Wright Ginsberg & Brusilow
Steven Jones, Jones, Otjen & Davis
Kevin Thomason, Thompson Knight
Mark Taylor, Powers Taylor, LLP
Jeffrey T. Hall
David L. Pachione
Gerrit M. Pronske, Pronske & Patel
Michael B. Nelson
Stanley Broome, Broome Law Firm, PLLC
Gary Lyon
Dean Ferguson
Martin Thomas
Robert J. Garrey
Sidney Chesnin
Gary N. Schepps

Mr. Baron through his Trusts and related entities:

Elizabeth Schurig of Schurig, Jetel, Bekett, Tackett
Craig Capua and Royce West of West & Associates

Eric Taube of Hohmann, Taube & Summers
John Cone, Hitchcock Everett, LLP
James M. Eckels
Joshua Cox

During the most recent phase of the Bankruptcy case, following the approval of the Settlement Agreement, Judge Jernigan was growing increasingly frustrated by Baron's hiring and firing of lawyers. Attached as an exhibit to the Trustee's Motion is the Report and Recommendation to District Court (Judge Royal Ferguson): That Peter Vogle, Special Master, Be Authorized and Directed to Mediate Attorney Fee Issues (see Exhibit 12). In this report and recommendation, Judge Jernigan had admonished Baron and indicated that Baron's hiring and firing lawyers "has grown to a level that is more than a little disturbing".

> As the Court noted in court on September 15, 2010, at the very least, it smacks of the possibility of violating Rule 11 (i.e., it suggests a pattern of perhaps being motivated by an improper purpose, such as to harass, cause delay or needlessly increase the cost of litigation for the parties). Still, more troubling is the possibility to the Court that Jeffrey Baron may be engaging in the crime of theft of services. See Texas Penal Code Sections 31.01(6) and 31.01(4). (A person commits theft of services if, with intent to avoid payment for services that he knows is provided only for compensation: (1) "he intentionally or knowingly secures performance of the service by deception, threat or false token"; (2) "services" includes professional services"). "This crime can be a misdemeanor or a felony - depending on the amount involved."

VI. THE COURTS HAVE REPEATEDLY WARNED BARON THAT HIS CONDUCT IS VEXATIOUS AND SANCTIONABLE

THE DISTRICT COURT CASE

On May 28, 2009, this lawsuit was filed against Baron and Ondova. Anthony L. Vitullo was the first lawyer to appear for Mr. Baron. He filed a Motion to Dismiss on June 18, 2009.[1] The next day, Caleb Rawls of Godwin Pappas & Ronquillo and James Bell of Bell & Weinstein entered an appearance on behalf of Baron at the first status conference. Already familiar with some of the procedural history the Court gave counsel this warning at the June 19 status conference:

> "So I'll tell you what. I am going to stay in this case through the preliminary injunction, and there is an order entered. Nobody can violate it. Anybody violates it, you are all paying big dollars. Not only corporately but personally also. You want to challenge the court order, I have the marshals behind me. I can come to your house, pick you up, put you in jail. I can seize your property, do anything I need to do to enforce my orders. I'm telling you don't screw with me. You are a fool, a fool, a fool, a fool to screw with a federal judge, and if you don't understand that, I can make you understand it. I have the force of the Navy, Army, Marines and Navy behind me. There is a lot of playing games. Both sides are probably completely complicit. But it's time to resolve this. If you don't want to resolve it, I can put you in jail. I can hold you six months, twelve months, eighteen months, and I can do that, and if you want me to do it, I will be glad to do it, but you need to be serious about this. There is a problem here that I do not understand. It's really beyond my comprehension, and I actually am not a completely dumb person. So you need to get this resolved. (Distr. Dkt. 26, p. 49, lines 15-25; p. 50, lines 1-11: Exhibit 26).
>
> "...once the Court steps in, that's it, and I've got this case, and I'm keeping it. So you want to screw with me, have at it. But I can put you in jail, and I will do it, and I can also take all of your money away from you. I can look at all of your financial statements. I can take every penny you've got if I think you are doing stuff that's unlawful, illegal, fraudulent and whatever. So let's don't test me here. And at the same time if you think you are right, litigate it. Litigate it to the cows come in, but don't screw with the courts." (Distr. Dkt. 26, p. 52, lines 1-11: Exhibit 26)

[1] The Court has recognized on numerous occasions that Mr. Baron had hired and fired no less than five previous attorneys in the underlying litigation leading up to this present matter. *See e.g.* (Distr. Dkt. 38-2, p. 54, lines 16-18).

Three days later Mr. Baron fired all of these lawyers and hired Lawrence Friedman, James Krause, Ernest Leonard, and Ryan Lurich (Friedman & Feiger, L.L.P.), who filed their notice of appearance on June 23, 2009. (Distr. Dkt. 15 and 18: Exhibits 27 and 28).

On June 26, 2009, this Court entered a Preliminary Injunction. By July 1, 2009, when the Court convened another Status Conference, there were already allegations that Preliminary Injunction had been violated. The Court addressed the already rapid turnover of counsel. The Court said: "First of all, I need to make sure that you [Mr. Krause] stay in the case. I don't want a ninth set of lawyers in the case." (Distr. Dkt. 38-2, p.54, lines 16-18: Exhibit 29). The Court then ordered Baron place $50,000, nonrefundable funds, in trust for the payment of attorneys' fees, with such funds to be replenished in $50,000 increments upon depletion. (Distr. Dkt. 38-2, p.54, lines 19-25; p.55, lines 1-22: Exhibit 29). Having provided for secure payment to the new lawyers the Court then warned them not to withdraw: "[b]y the way, you [Friedman and Feiger] are not getting out of this case. So I don't want to see any motion to withdraw." (Distr. Dkt. 38-2, p.55, lines 16-22: Exhibit 29). Even with these orders, the Court expressed some doubt about their effectiveness against Baron. "I'm very concerned that no matter what I do, Baron is not going to pay attention." (Distr. Dkt. 38-2 p. 52, lines 18-20: Exhibit 29).

A third Status Conference was held on July 9, 2009. At that conference Mr. Baron's counsel informed the Court that Mr. Baron had hired yet another lawyer, Jay Kline, Jr., to act as "general counsel." (Distr. Dkt. 39-2, p. 14, lines 5-9: Exhibit 30). The Court telephoned Mr. Kline during the hearing to advise him to avoid interfering in the litigation:

> Mr. Kline, this is Judge Furgeson from federal court. I'm calling you to tell you you maybe under some confusion representing Ondova and Mr. Baron, but anything that involves litigation in my Court should be coordinated through Mr. Lurich and Mr. Krause. An e-mail was sent out this last night to we think monetization firms that was not agreed to by the parties, and so I've got to put you in touch with Mr. Lurich and Mr. Krause as soon as possible. If you have any questions about how this is to be arranged or done, we can have a hearing in my court this afternoon or in the

> next several days so that I can give you clear instructions about what you are supposed to do. But you are not to do anything in regard to the pending litigation. (Distr. Dkt. 39-2, p.18, lines 1-14: Exhibit 30).

The Court's reason was clear: "I don't need a lot of chefs in the kitchen." (Distr. Dkt. 39-2, p. 19, lines 12-13: Exhibit 30).

On July 21, 2009 the Plaintiffs filed their Motion for Sanctions and Contempt (Distr. Dkt. 41). Just six days later, the day before the hearing on that Motion, Ondova filed a Chapter 11 bankruptcy proceeding (Distr. Dkt. 48).

At the July 28, 2009 hearing Baron's then counsel Larry Friedman informed Judge Furgeson that Ondova had filed the bankruptcy without notice to him in violation of the Court's requirement that no action was to be taken without the Court's approval. (Distr. Dkt. 52, p. 12, lines 9-25; p.13, lines 1-11: Exhibit 31). The Court observed that Baron had "gone through enormous numbers of lawyers at great expense to himself and a lack of continuity to his representation and I think to his detriment" (Distr. Dkt. 52, p. 16, lines 23-25: Exhibit 31) and that Baron was "way over litigious with way too many lawyers," (Distr. Dkt. 52, p.18, lines 14-15: Exhibit 31), and that his litigation approach "continues to complicate his legal problems by just layering lawyer upon lawyer into his activities." (Distr. Dkt. 52, p. 22, lines 16-19: Exhibit 31).

Because Mr. Baron was present at an August 18, 2009 Status Conference, the Court warned him personally that the tactic of changing lawyers and changing forums was regarded by the Court as an abuse of the justice system: "I think this is a litigation tactic. There is no one in this courtroom that can look at this and think it's anything other than an effort to get out from under my jurisdiction." (Distr. Dkt. 66, p. 66, lines 13-16: Exhibit 32).

Two weeks later at a September 10, 2009 Status Conference, the Court again warned Mr. Baron, through his counsel, that his conduct might have criminal consequences. "I think we're

going to hire criminal counsel for Mr. Baron. I think Mr. Baron is very close to sustaining criminal liability. He's in a bankruptcy court under the most unusual of circumstances that could create liability. He has obligations to not obstruct justice in this Court." (Distr. Dkt. 68, p. 28, lines 8-25: Exhibit 33).

In defiance of the Court's statements concerning the number of counsel he had hired, Baron moved on October 17, 2009 to hire additional counsel, Jeffrey T. Hall, to assist with the civil litigation. On January 26, 2010, Friedman & Feiger filed its Motion to Withdraw as Counsel for Baron, citing "irreconcilable conflict of interest" between it and Mr. Baron on April 19, 2010, Jeffrey T. Hall filed his Motion to Withdraw as Counsel for defendants, citing Baron's refusal in fulfilling his financial obligations to the lawyer, and that his continued representation of Baron would impose an unreasonable financial burden on the lawyer. Later the Motion was withdrawn and re-filed as a Motion to Withdraw and to Substitute Gary Lyon as primary counsel. Gary Lyon filed his Notice of Appearance on August 26, 2010. According to the Court's count Mr. Lyon was Mr. Baron's eleventh lawyer in the Netsphere litigation.

THE BANKRUPTCY CASE

From the early stages of the Bankruptcy Case, the Bankruptcy Court found reason to question Baron's tactics and motives. During only the second hearing in the Bankruptcy Case on August 5, 2009, the Bankruptcy Court questioned whether the bankruptcy filing was merely "an affront to what has already transpired after many weeks or months before the District Court, of much wrangling, analysis and litigation." (Bankr. Dk. 38, p. 80 line 21 – 24: Exhibit 34). The Bankruptcy Court concluded that it "believes, with all due respect to the Debtor's fine bankruptcy counsel here, that there was some forum-shopping going on, and this [case] is mostly a litigation tactic." (Bankr. Dk. 38, p. 81 line 5 – 8: Exhibit 34). Before the substance of a Cash Collateral Hearing even began on September 1, 2009, Baron's tactics caused the Bankruptcy

Court to ponder whether it needed to exercise its *sua sponte* powers to appoint a Chapter 11 Trustee for cause. (Bankr. Dk. 126, p. 16 line 11 – p. 17 line 9: Exhibit 35.)

After Baron took the stand on September 1, 2009 during the Cash Collateral Hearing and repeatedly failed to answer most questions directly or completely and was unable to adequately and transparently discuss the Debtor's business and his role therewith, (Bankr. Dk. 126, p. 120 line 23 – p. 121 line 18: Exhibit 35) the Bankruptcy Court's frustrations with Baron led to the issuance of a show cause order as to why a Chapter 11 Trustee should not be appointed over the Debtor. (Bankr. Dk. 126, p. 227 line 21 – 25: Exhibit 35.) The bases for the Bankruptcy Court's show cause order are as follows:

> "During the hearings on the Section 363 Cash Usage Motion, which still have not concluded (the court setting the next hearing on the Section 363 Cash Usage Motion for September 11, 2009 at 9:30 a.m.), the court became concerned about whether it is appropriate to allow Ondova to remain on as a debtor-in-possession in this bankruptcy case. Among the things driving this concern are the following. First, the hearing on September 1, 2009 began with an attempt by the Debtor to terminate its bankruptcy counsel and seek a continuance of the hearing on the Section 363 Cash Usage Motion (in light of a desire to retain new bankruptcy counsel). The court noted that it was especially troubled with this development– given that the Debtor has a long prepetition history of playing "musical lawyers" in litigation with NetSphere, Inc. Second, the court has been troubled at both the August 26, 2009 and September 1, 2009 hearings, with: (a) an apparent lack of forthcomingness on the part of the Debtor's principal, Mr. Barron [sic]; (b) an inability on Mr. Barron's [sic] part to concisely answer straightforward questions about the Debtor's business; and (c) the assertion of the attorney-client privilege by the Debtor in situations where such an assertion may not be consistent with the fiduciary duties of a debtor-in-possession (i.e., in situations where, surely, a Bankruptcy Trustee would see fit to waive the privilege in the interests of creditors and in the interests of the efficient administration of the bankruptcy estate). The court also perceives that the goal of Ondova in this Chapter 11 case (while under the direction of Mr. Barron [sic] and the current management team) may not be centered attempting to relitigate issues already decided or settled in other fora. Finally, the court is concerned about complex, prepetition transactions among various companies in which Mr. Barron [sic] has some interest or control, which transactions may affect the Debtor (and the value available/reachable for creditors), that need investigating by an independent fiduciary." (Bankr. Dk. 56: Exhibit 36.)

At the September 11, 2009 hearing on the Bankruptcy Court's show cause order, among other matters, the Bankruptcy Court ruled that cause existed to appoint a Chapter 11 Trustee:

> "including the mismanagement of the affairs of this estate by the debtor in possession while under the direction of Mr. Baron. And, also, cause being the lack of candor and cooperation of Mr. Baron as a representative of the debtor in possession." (Bankr. Dk. 112, p. 36 line 9 – 15: Exhibit 37.)

Even after the Trustee was appointed to remove Baron from control of the Debtor, Baron continued to frustrate the Bankruptcy Court and stand in the way of the administration of the Bankruptcy Case. For example, Baron repeatedly attempted to duck his deposition. At the April 7, 2010 hearing on the Motions for 2004 Examination, the Bankruptcy Court voiced its displeasure with Baron and his tactics:

> "This is very, very frustrating. And I know that everyone pretty much shares my frustration. But I'm frustrated that Mr. Baron is an obstacle here, and maybe nothing short of testifying and facing a holding cell if he doesn't cooperate and testify is going to get him to budge in this." (Bankr. Dk. 298, p. 38 line 5 – 9: Exhibit 38.)

Baron's tactics resulted in the Bankruptcy Court making ready to use whatever power it had to obtain the cooperation of Baron:

> "If I have to make space available here at the courthouse in a conference room with a U.S. Marshal babysitting the process, I will. And I say that mostly for Mr. Baron's sake." (Bankr. Dk. 298, p. 37 line 21 – 24: Exhibit 38).

In concluding the hearing, the Bankruptcy Court warned that "if we have to go to DEFCON 3, or whatever that expression is, at that point, we will." (Bankr. Dk. 298, p. 38 line 16 – 18: Exhibit 38.)

At a July 12, 2010 on the Trustee's Settlement Motion, Baron exasperated the Bankruptcy Court yet again – this time, by waffling on whether he approved the settlement agreement:

> "Okay. I -- I'm beyond frustrated. And I'm thinking about my contempt powers right now. That's how frustrated I am. And ask your attorney during the break what I mean by that, if you don't understand." (Bankr. Dk. 412, p. 112 line 21 – 24: Exhibit 39.)

In fact, the Bankruptcy Court admonished both Baron and his attorney for wasting everyone's time, stating plainly, "You are wasting this Court's time. You're wasting everybody's time. So are you, Mr. Baron." (Bankr. Dk. 298, p. 154 line 7 – 9: Exhibit 38.)

By the September 15, 2010 Status Conference, Mr. Baron had been through multiple attorneys in and outside the Bankruptcy Case and the Bankruptcy Court was exasperated by Baron's gamesmanship:

> "I am more than a little concerned about the 'musical attorneys' . . . And I cannot figure out why, for the life of me, we have the "musical lawyers" going on, but it's going to stop today (Bankr. Dk. 470, p. 6 line 2 – 9: Exhibit 40). . . There are no more lawyers going to be allowed." (Bankr. Dk. 470, p. 15 line 7 – 8: Exhibit 40).

The Bankruptcy Court ruled that Mr. Baron was finished with his games of changing counsel and postulated which sanction would best fit the circumstances he created:

> ". . . there is zero chance Mr. Baron is getting a new lawyer. Zero. Zero. Okay? 40-something lawyers. 40-something lawyers. (Bankr. Dk. 470, p. 53 line 25 – p. 54 line 2: Exhibit 40) . . . You know, is it Rule 11 sanctionable? Is it gamesmanship? Is it obvious improper purpose to delay? Or is it Texas Penal Code theft of services? You know, I am just so troubled for so many reasons." (Bankr. Dk. 470, p. 60 line 7 – 10: Exhibit 40.)

Reaching its capacity for Baron's tactics, on October 12, 2010, the Bankruptcy Court filed its *Report and Recommendation to District Court (Judge Royal Furgeson): That Peter Vogel, Special Master, Be Authorized and Directed to Mediate Attorneys Fees Issues* (the "Report and Recommendation"). (Bankr. Dk. 484: Exhibit 41). Through the Report and Recommendation, the Bankruptcy Court seriously questions whether Baron's habit of hiring and then firing lawyers rises to criminal conduct under the Texas Penal Code. (Bankr. Dk. 484: Exhibit 41.) The Bankruptcy Court also clearly states that "Baron will not be allowed to hire additional attorneys" and will "either retain Gary Lyon and Martin Thomas through the end of the bankruptcy case . . . or he can proceed *pro se*." (Bankr. Dk. 484: Exhibit 41.) If Baron elects to proceed *pro se*, the Bankruptcy Court warns that if Baron fails to cooperate, "he can expect this court to recommend [to Judge Furgeson] that he appoint a receiver over Mr. Baron . . . ." (Bankr. Dk. 484: Exhibit 41.)

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.	§	

DECLARATION OF RAYMOND J. URBANIK

I, Raymond J. Urbanik., hereby declare and state the following:

1. I am counsel of record for Daniel J. Sherman, in his capacity as the Chapter 11 Trustee for Ondova Limited Company, and the following is based upon my personal knowledge and is true and correct.

2. Except for Exhibit 1, all of the exhibits in the Appendix of which this Declaration is a part are true and correct copies of public records that I have compiled from court records and/or from transcripts prepared by court reports.

3. I also have in my possession voluminous records with regard to the asset structure that Jeffrey Baron has established for his assets. Attached hereto as Exhibit 1 is a chart that was created from those records which accurately summarizes those voluminous records. These records were obtained from Jeffrey Baron and his related entities and are therefore available for use to contradict this chart if it is inaccurate in any way.

4. Immediately subsequent to the appointment of the Receiver, steps had to be taken to stop the transfer of valuable property, including 300,000 internet domain names, to a foreign entity outside of the jurisdiction of the federal courts. In addition, we had learned that Baron or entities controlled by him, had funds in the United States that could be transferred to the Cook Islands if a Receivership had not been created. Mr. Baron's assets are substantially located in the Cook Islands – a location notorious for asset protection and non-compliance with United States

law. Since the filing of the Receivership, the entities located in the Cook Islands and controlled by Baron have advised the Receiver that they will not comply with the Receiver or the Receivership Order.

5. If the Order Appointing Receiver were dissolved, Jeffrey Baron would be free to transfer assets to the offshore entities in the Cook Islands and elsewhere.

6. During the course of the District court case and the Bankruptcy court case, from my personal experience, and from a review of Court records, Baron, for himself, has used a total of seventeen attorneys, three of whom did not formally enter an appearance. In addition, through his related entities, Baron has hired and fired numerous attorneys since the Trustee's appointment.

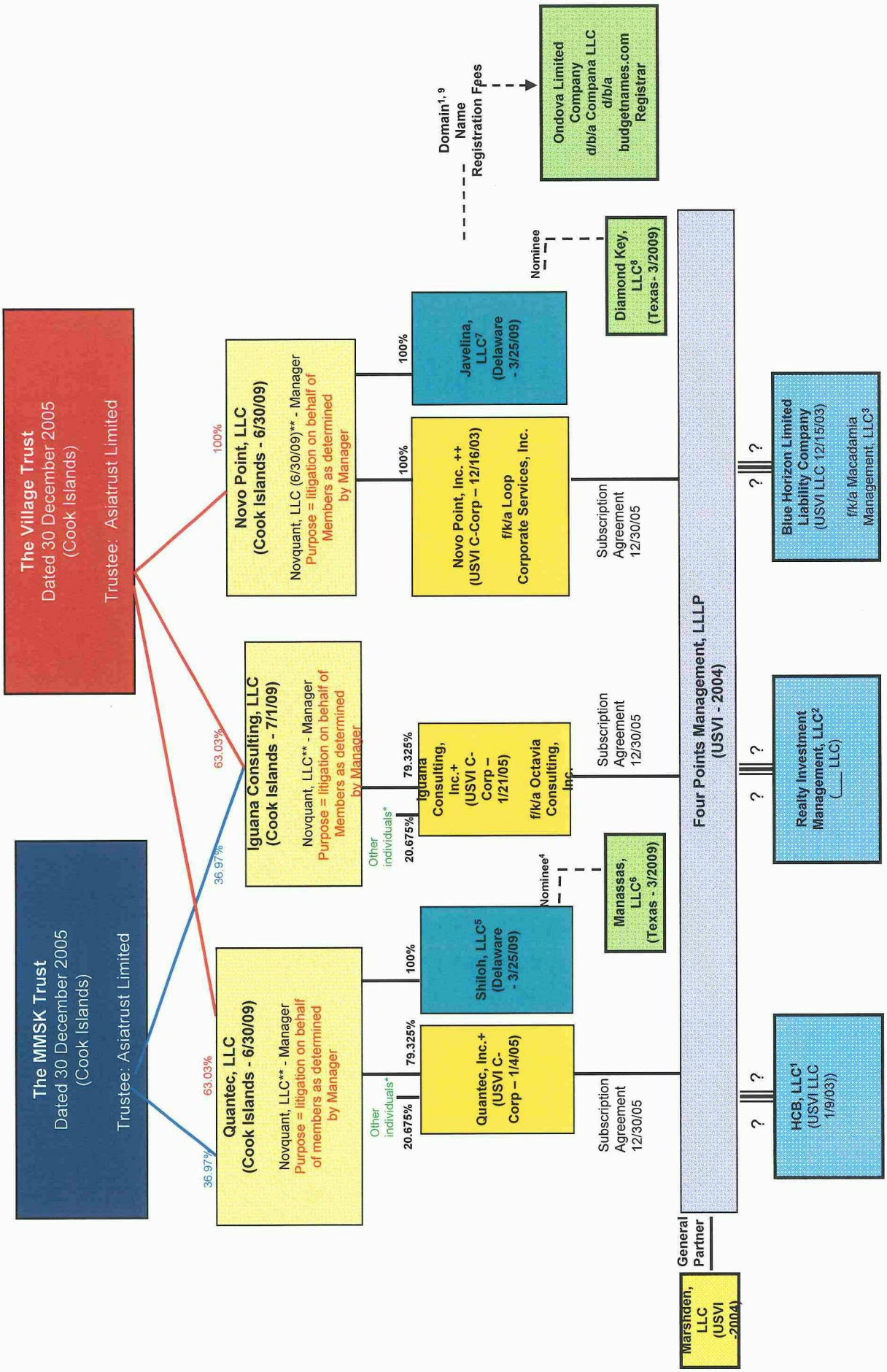
7. I hereby declare under penalty of perjury that the forgoing is true and correct.

Executed on: December 10, 2010

R. Urbanik

Raymond J. Urbanik

EXHIBIT 1


The Village Trust
Dated 30 December 2005
(Cook Islands)
Trustee: Asiatrust Limited
The MMSK Trust
Dated 30 December 2005
(Cook Islands)
Trustee: Asiatrust Limited
Quantec, LLC
(Cook Islands - 6/30/09)
Novquant, LLC** - Manager
Purpose = litigation on behalf of members as determined by Manager
Iguana Consulting, LLC
(Cook Islands - 7/1/09)
Novquant, LLC** - Manager
Purpose = litigation on behalf of Members as determined by Manager
Novo Point, LLC
(Cook Islands - 6/30/09)
Novquant, LLC (6/30/09)** - Manager
Purpose = litigation on behalf of Members as determined by Manager
36.97%
63.03%
36.97%
63.03%
100%
100%
Other individuals*
20.675%
79.325%
Other individuals*
20.675%
79.325%
Quantec, Inc.+ (USVI C-Corp – 1/4/05)
Shiloh, LLC5 (Delaware - 3/25/09)
Nominee4
Iguana Consulting, Inc.+ (USVI C-Corp – 1/21/05) f/k/a Octavia Consulting, Inc.
Manassas, LLC6 (Texas - 3/2009)
Novo Point, Inc. ++ (USVI C-Corp – 12/16/03) f/k/a Loop Corporate Services, Inc.
Javelina, LLC7 (Delaware - 3/25/09)
Subscription Agreement 12/30/05
Subscription Agreement 12/30/05
Subscription Agreement 12/30/05
Four Points Management, LLLP
(USVI - 2004)
General Partner
Marshden, LLC (USVI -2004)
HCB, LLC1 (USVI LLC 1/9/03))
Realty Investment Management, LLC2 (___ LLC)
Blue Horizon Limited Liability Company (USVI LLC 12/15/03) f/k/a Macadamia Management, LLC3
Nominee
Diamond Key, LLC8 (Texas- 3/2009)
Domain1, 9 Name Registration Fees
Ondova Limited Company d/b/a Compana LLC d/b/a budgetnames.com Registrar
? ? ? ? ?

1 529,000 domain names were purchased from Manila Industries, Inc., for $4.2M (secured promissory note) on 12/30/05. By Domain Name Management Agreement dated December 30, 2005, HCB engaged Simple Solution, LLC, a U.S. Virgin Islands limited liability company ("Simple"), to (i) register domain names and otherwise act as agent on behalf of HCB, including "*full authority to execute any and all necessary agreements or contracts with registrars, registries and/or pay per click or parking services*", and (ii) make and receive payments to/from registrars, registries and/or pay per click or parking services. Compensation is stated as "*amounts expended and…reasonable administrative costs*". (Note: Simple was not organized until February 14, 2006." By Domain Name Registration Agreement dated December 30, 2005, Simple, as agent for HCB, engaged Compana, LLC ("Compana"), to register domain names. Stated compensation was $9.00 per domain name, ***payable out of "revenue agreements with oversee.net or comparable company***". ALSO, by Domain Name Registration Agreement dated December 30, 2005, Simple engaged Compana to register domain names. Stated compensation was $9.00 per domain name, payable out of "***revenue agreements with oversee.net or comparable company***". However, per Ray Urbanik, the Domain Name Registration Agreements currently in effect are the agreement between Ondova Limited Company ("Ondova") and Diamond Key, LLC ("Diamond Key") and Javelina, LLC ("Javelina"), respectively, dated March 2009. Neither agreement contains "pay out of revenue" language.

2 Realty Investment Management, LLC ("RIM"), purchased the NetSphere IP ("All copyrights and trade secrets related to the development of one or more search engines. and all copyrights and trade secrets related to the monetization or revenue optimization of search portals or other websites with search functions") for $50,000 (secured promissory note) on 12/30/05. (Note: Though it is my understanding that, for tax/trust purposes, each of the entities was required to be a USVI entity, it is not clear if RIM is a Delaware entity or a USVI entity. A Delaware entity of the same name (formerly SMI Realty Management, LLC) was organized on March 4, 2003, and was authorized to do business in USVI on the purchase date. A USVI entity of the same name was organized November 23, 2009.)

3 2,500 domain names were purchased from Ondova for $460,560 (secured promissory note) on 12/30/05.(The name change was effective 3/10/06.)

4 Nominee Agreement dated March 18, 2009, gives Manassas, LLC ("Manassas"), the authority to act as the nominee for Shiloh, Inc., with "legal title but…no beneficial interest in the names". The stated purpose is for Manassas to protect, manage and monetize the domain names (in lieu of Four Points Management, LLLP, doing so).

5 Shiloh, LLC ("Shiloh"), was organized March 25, 2009. The members are The MMSK Trust and The Village Trust (50/50). By Assignments dated 7/1/09, (i) Shiloh transferred all of its right, title and interest in "claims and causes of action it may have now have or later acquire arising from its ownership of Quantec, Inc. or its involvement in that particular United States Virgin Island business structure which included or includes, or related or relates to, the following entities and individuals, including but not limited to: Shiloh, LLC; Javelina, LLC; Ondova Limited Company d/b/a Compana; Manila Industries, Inc.: Netsphere, Inc.; Quantec, Inc., Iguana Consulting, Inc. f/k/a Octavia Consulting, Inc.; Novo Point, Inc. f/k/a Loop Corporate Services, Inc.; Four Points Management, LLLP; Marshden, LLC; Simple Solutions, LLC f/k/a HCB, LLC; Blue Horizons Limited Liability Company f/k/a Macadamia Management, LLC; Search Guide, LLC f/k/a Realty Investment Management, LLC; Diamond Key, LLC; Manassas, LLC; Dennis Kleinfeld, Individually; Jeanne Hudson, Individually; Rvi Puri, Individually; Biju Mathew, Individually; Amit Asad, Individually; Rohit Krishan, Individually; Manish Aggrawal, Individually; Amer Zaveri, Individually; and various officers and directors of the various named or related entities (the "Claims") for the purposes of prosecuting such claims and causes of action in Cause Number 06-11717 currently pending in the 68th Judicial District Court of Dallas County, Texas" (the "Case") to Quantec, LLC; and (ii) AsiaTrust Limited, as Trustee for The Village Trust, transferred its 50% membership interest in Shiloh to Qauntec, LLC.

6 Manassas was organized in March 2009. The sole member and manager is Byron Dean. His contribution was $1,000 cash.

7 Javelina was organized in March 2009. Its Manager is Novquant, LLC, and its sole member is The Village Trust. Stated consideration was intellectual property. By Assignments dated 7/1/09, (i) Javelina transferred all of its right, title and interest in the Claims in the Case to Novo Point Inc. ("Novo Point"), and (ii) AsiaTrust Limited, as Trustee of The Village Trust, transferred its 100% membership interest in Javelina to Novo Point.

8 Diamond Key was organized March 18, 2009. Nina deVassal is the Manager; The Village Trust is the member. Stated consideration was $1,000 cash. Nominee Agreement dated March 18, 2009, gives Diamond Key the authority to act as the nominee for Shiloh, Inc., with "legal title but…no beneficial interest in the names". The stated purpose is for Diamond Key to protect, manage and monetize the domain names (in lieu of Four Points Management, LLLP, doing so).

9 Ondova and Daubin, Inc., entered into a Domain Name Registration Agreement dated June 2007. It does not contain "pay out of revenue" language.

* According to Elizabeth Schurig, the other individuals are: Biju Matthew 11.425%; Amit Asad 4.5%; Rohit Krishan 4%; Manish Agrawal 0.5%; and Amer Zaveri 0.25%.

** Novquant, LLC, was organized 7/1/09.

\+ Owned 50% by The Village Trust until 7/6/09, when The Village Trust transferred its ownership (i) in Quantec, Inc., to Quantec, LLC, and (ii) Iguana Consulting, Inc., to Iguana Consulting, LLC, and transferred all of its right, title and interest in the Claims in the Case to Quantec, LLC, and Iguana Consulting, LLC, respectively. The Octavia name change was effective 3/3/06.

++ Owned 100% by The Village Trust until 7/6/09, when The Village Trust transferred its ownership to Novo Point, LLC, and transferred all of its right, title and interest in the Claims in the Case to Novo Point, LLC. The name change was effective 3/3/06.

EXHIBIT 2

REGISTER OF ACTIONS
CASE NO. DC-06-11717

ONDOVA LIMITED COMPANY, et al vs. MANILA INDUSTRIES INC, et al

Case Type: OTHER (CIVIL)
Subtype: DECLARATORY JUDGMENT
CIVIL
Date Filed: 11/14/2006
Location: 68th District Court

PARTY INFORMATION

DEFENDANT AGGARWAI, MANISH	Lead Attorneys JOHN W MACPETE *Retained* 214-740-8662(W)
DEFENDANT ASAD, AMIR	
DEFENDANT CK VENTURES INC DBA HITFARM.COM	ROBERT W KANTNER *Retained* 214-743-4544(W)
DEFENDANT FOUR POINTS LLLP	JONATHAN A MANNING *Retained* 214-231-3246(W)
DEFENDANT HCB, LLC	JONATHAN A MANNING *Retained* 214-231-3246(W)
DEFENDANT KLEINFELD, DENIS	JONATHAN A MANNING *Retained* 214-231-3246(W)
DEFENDANT KRISHAN, MUNISH	JOHN W MACPETE *Retained* 214-740-8662(W)
DEFENDANT KRISHAN, ROHIT	
DEFENDANT MANILA INDUSTRIES INC	JOHN W MACPETE *Retained* 214-740-8662(W)
DEFENDANT MARSHDEN LLC	JONATHAN A MANNING *Retained* 214-231-3246(W)
DEFENDANT MATHEW, BIJU	JOHN W MACPETE

		Retained
		214-740-8662(W)
DEFENDANT	NETSPHERE, INC	JOHN W MACPETE
		Retained
		214-740-8662(W)
DEFENDANT	REALTY INVESTMENT MANAGEMENT, LLC	JONATHAN A MANNING
		Retained
		214-231-3246(W)
DEFENDANT	SIMPLE SOLUTIONS, LLC	JONATHAN A MANNING
		Retained
		214-231-3246(W)
DEFENDANT	ZAVERI, AMER	JOHN W MACPETE
		Retained
		214-740-8662(W)
MEDIATOR	NO NAMED MEDIATOR	
PLAINTIFF	BARON, JEFFREY	LAWRENCE J FRIEDMAN
		Retained
		972-788-1400(W)
PLAINTIFF	ONDOVA LIMITED COMPANY	LAWRENCE J FRIEDMAN
		Retained
		972-788-1400(W)

EVENTS & ORDERS OF THE COURT

DISPOSITIONS

01/02/2007 **ORDER - CLOSE FILE (REMOVE TO FEDERAL COUIRT)** (Judicial Officer: HOFFMAN, MARTIN)
Vol./Book 407c, Page 105, 16 pages

10/30/2007 **ORDER - CLOSE FILE (REMOVE TO FEDERAL COUIRT)** (Judicial Officer: HOFFMAN, MARTIN)
Vol./Book 418c, Page 458, 4 pages

07/17/2009 **JUDGMENT - FINAL (ALL OTHER DISPOSITIONS)** (Judicial Officer: HOFFMAN, MARTIN)
Vol./Book 447C, Page 230, 1 pages

OTHER EVENTS AND HEARINGS

11/14/2006 **ORIGINAL PETITION (OCA)**
11/16/2006 **NOTE - CLERKS**
REC NEW JKT
12/04/2006 **BOND FILED**
12/04/2006 **ISSUE CITATION**
12/04/2006 **ISSUE NOTICE**
12/04/2006 **ISSUE TRO**
12/04/2006 **CITATION**

MANILA INDUSTRIES INC	Unserved	
NETSPHERE, INC	Served	12/07/2006
KRISHAN, MUNISH	Unserved	
ASAD, AMIR	Unserved	
MATHEW, BIJU	Unserved	
AGGARWAI, MANISH	Unserved	

	ZAVERI, AMER	Unserved
	KRISHAN, ROHIT	Unserved
12/04/2006	**NOTICE**	
	MANILA INDUSTRIES INC	Unserved
	NETSPHERE, INC	Unserved
	KRISHAN, MUNISH	Unserved
	ASAD, AMIR	Unserved
	MATHEW, BIJU	Unserved
	AGGARWAI, MANISH	Unserved
	ZAVERI, AMER	Unserved
	KRISHAN, ROHIT	Unserved
12/04/2006	**TEMPORARY RESTRAINING ORDER**	
	MANILA INDUSTRIES INC	Unserved
	NETSPHERE, INC	Unserved
	KRISHAN, MUNISH	Unserved
	ASAD, AMIR	Unserved
	MATHEW, BIJU	Unserved
	AGGARWAI, MANISH	Unserved
	ZAVERI, AMER	Unserved
	KRISHAN, ROHIT	Unserved
12/04/2006	**ORDER - MISC.**	
	EXPEDITED DISCOVERY	
	Vol./Book 406C, Page 224, 2 pages	
12/04/2006	**ORDER - TEMPORARY RESTRAINING ORDER**	
	Vol./Book 406C, Page 226, 2 pages	
12/04/2006	**MISCELLANOUS EVENT**	
	P/VERIFIED APPL/TRO AND INJ RELIEF	
12/06/2006	**SPECIAL APPEARANCE**	
	DF	
12/06/2006	**MOTION - DISSOLVE**	
	DEF/M/DISSOLVE TRO	
12/08/2006	**MOTION HEARING** (4:00 PM) (Judicial Officers MCFARLIN, SHERYL, STOKES, CHARLES)	
	DISSOLVE TRO	
12/08/2006	**RESPONSE**	
	M/DISSOLVE-PLTF	
12/12/2006	**RULE 11**	
	E/RULE 11 AGREEMENT	
12/12/2006	**ORDER - TEMPORARY RESTRAINING ORDER**	
	Modified	
	Vol./Book 406C, Page 375, 4 pages	
12/13/2006	**MISCELLANOUS EVENT**	
	N/APPEAL A.J. RULING	
12/13/2006	**RESPONSE**	
	N/APPEAL A.J.	
12/14/2006	**AMENDED PETITION**	
	1ST AMD ORIG PET	
12/15/2006	**MOTION HEARING** (2:00 PM) (Judicial Officer MURPHY, MARY)	
	DF/N/APPL/ASSOC JUDGE DEC. FILED 12/13/06 30 MINUTES JUDGE MURPHY WILL HEAR CASE	
12/15/2006	**MOTION - CIVIL POST JUDGMENT (WITH FEE)**	
12/15/2006	**MOTION - EXTEND**	
	PLTF	
12/15/2006	**ORDER - TEMPORARY RESTRAINING ORDER**	
	MODIFIED	
	Vol./Book 407C, Page 15, 1 pages	
12/15/2006	**ORDER - MEDIATION**	
	Vol./Book 407c, Page 31, 1 pages	
12/15/2006	**ORDER - ASSOCIATE JUDGE'S DECISION**	
	M/STAY	
	Vol./Book 407C, Page 32, 2 pages	
12/18/2006	**Temporary Injunction** (2:30 PM) (Judicial Officer STOKES, CHARLES)	
12/18/2006	**ORDER - EXTEND TRO**	
	Vol./Book 407C, Page 36, 2 pages	
12/22/2006	**MOTION - SUBSTITUE SERVICE**	
01/02/2007	**Temporary Injunction** (1:30 PM) (Judicial Officer STOKES, CHARLES)	
01/02/2007	**BRIEF FILED**	
	DEF/BENCH BRIEF REGARDING LACK OF JURISDICTION AFTER REMOVAL	
01/29/2007	*CANCELED* **Special Appearance** (10:00 AM) (Judicial Officer HOFFMAN, MARTIN)	
	CASE CLOSED	
	DEFENDENT - FILED 12/06/06 - 15 MIN	
07/03/2007	**ORDER - REINSTATE (OCA and REOPEN CASE)**	
	Vol./Book 414C, Page 270, 41 pages	
07/23/2007	**ISSUE CITATION**	
07/24/2007	**CITATION**	
	FIRST AMENDED	
	HCB, LLC	Unserved
	REALTY INVESTMENT MANAGEMENT, LLC	Unserved
08/06/2007	**SCHEDULING ORDER**	
	LEVEL 2	
	Vol./Book 415C, Page 374, 2 pages	

08/09/2007	**ISSUE CITATION COMM OF INS OR SOS**		
08/09/2007	**CITATION SOS/COI/COH/HAG**		
	MANILA INDUSTRIES INC	Served	08/21/2007
08/09/2007	**NOTE - CLERKS**		
	******START OF JKT 2******		
08/09/2007	**SUPPLEMENTAL PETITION**		
	1ST		
08/09/2007	**DESIGNATE LEAD COUNSEL**		
08/15/2007	**ISSUE CITATION**		
08/15/2007	**CITATION**		
	FIRST AMENDED		
	HCB, LLC	Unserved	
	REALTY INVESTMENT MANAGEMENT, LLC	Unserved	
08/20/2007	**AMENDED PETITION**		
	2ND		
08/23/2007	**ISSUE CITATION COMM OF INS OR SOS**		
08/23/2007	**CITATION SOS/COI/COH/HAG**		
	MANILA INDUSTRIES INC	Served	08/24/2007
08/31/2007	*CANCELED* **MOTION HEARING** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)		
	REQUESTED BY ATTORNEY/PRO SE		
	PLTF M/MODIFY FILED 8/20/07		
09/04/2007	**JURY DEMAND**		
	Vol./Book J24, Page 39, 1 pages		
09/04/2007	**ORIGINAL ANSWER - GENERAL DENIAL**		
09/04/2007	**MISCELLANOUS EVENT**		
	D/REQ/JURY TRIAL		
09/07/2007	**MOTION - WITHDRAW ATTORNEY**		
09/10/2007	*CANCELED* **MOTION HEARING** (2:30 PM) (Judicial Officer SIMS, M. KENT)		
	REQUESTED BY ATTORNEY/PRO SE		
	P/M/MODIFY - FILED 8/20/07-30 MIN		
09/17/2007	**ORIGINAL ANSWER - GENERAL DENIAL**		
10/04/2007	*CANCELED* **MOTION HEARING** (8:30 AM) (Judicial Officer HOFFMAN, MARTIN)		
	HEARING RESCHEDULED		
	P/M/MODIFY- FILED 08/20/07- 15 MINS		
10/12/2007	**MOTION HEARING** (8:30 AM) (Judicial Officer HOFFMAN, MARTIN)		
	PLTF - M/MODIFY FILED 8/20/07		
10/12/2007	**SCHEDULING ORDER**		
	AMENDED - LEVEL 3		
	Vol./Book 418C, Page 115, 3 pages		
10/18/2007	**ISSUE CITATION COMM OF INS OR SOS**		
10/18/2007	**CITATION SOS/COI/COH/HAG**		
	SOS		
	SIMPLE SOLUTIONS, LLC	Served	10/24/2007
10/18/2007	**MOTION - MISCELLANOUS**		
	PLTF/M/APPOINT RECEIVER		
10/18/2007	**AMENDED PETITION**		
	3RD		
10/23/2007	**AMENDED PETITION**		
	4TH		
10/23/2007	**MISCELLANOUS EVENT**		
	APPLICATION/TRO & TEMP INJUNCTION		
10/23/2007	**ISSUE TRO AND NOTICE SOS**		
10/23/2007	**ISSUE CITATION COMM OF INS OR SOS**		
10/23/2007	**BOND FILED**		
10/23/2007	**CITATION SOS/COI/COH/HAG**		
	4TH AMD-ATTYSOS		
	CK VENTURES INC DBA HITFARM.COM	Served	10/24/2007
10/23/2007	**NOTICE**		
	SOS/ATTY		
	CK VENTURES INC DBA HITFARM.COM	Served	10/24/2007
10/23/2007	**TEMPORARY RESTRAINING ORDER**		
	SOS/ATTY		
	CK VENTURES INC DBA HITFARM.COM	Served	10/24/2007
10/23/2007	**ORDER - TEMPORARY RESTRAINING ORDER**		
	Vol./Book 418C, Page 233, 3 pages		
10/24/2007	**ISSUE CITATION COMM OF INS OR SOS**		
10/24/2007	**CITATION SOS/COI/COH/HAG**		
	SOS		
	SIMPLE SOLUTIONS, LLC	Served	10/25/2007
10/25/2007	*CANCELED* **Temporary Injunction** (9:30 AM) (Judicial Officer HOFFMAN, MARTIN)		
	REQUESTED BY ATTORNEY/PRO SE		
10/31/2007	*CANCELED* **Temporary Injunction** (2:00 PM) (Judicial Officer HOFFMAN, MARTIN)		
	CASE CLOSED		
11/16/2007	*CANCELED* **MOTION HEARING** (9:30 AM) (Judicial Officer HOFFMAN, MARTIN)		
	CASE CLOSED		
	PL/M/APPT. REC'VER FILED 10/18/07 30M		
11/26/2007	*CANCELED* **Settlement Conference** (10:30 AM) (Judicial Officer HOFFMAN, MARTIN)		
	CASE CLOSED		
11/26/2007	**ORDER - REINSTATE (OCA and REOPEN CASE)**		

	Vol./Book 419C, Page 486, 12 pages
11/27/2007	*CANCELED* **Jury Trial - Civil** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
12/06/2007	**MOTION - SUBSTITUTION OF COUNSEL**
	UNOPPOSED
12/07/2007	**ORIGINAL ANSWER - GENERAL DENIAL**
	CK VENTURES,INC DBA HITFARM.COM
12/10/2007	**ORDER - SUBSTITUTION OF COUNSEL**
	Vol./Book 420C, Page 355, 1 pages
12/11/2007	**MOTION - MODIFY MISC**
	Amened Scheduling Order (Level 3)
12/11/2007	**ORIGINAL ANSWER - GENERAL DENIAL**
	Simple Solutions LLC
02/01/2008	**NOTICE OF APPEARANCE**
02/29/2008	**RULE 11**
02/29/2008	**ORDER - NONSUIT**
	AGAINST CK VENTURES D/B/A HITFARM.COM
	Vol./Book 423C, Page 495, 3 pages
02/29/2008	**MOTION - QUASH**
03/06/2008	**MOTION - QUASH**
03/07/2008	**MOTION - QUASH**
	(3)
03/11/2008	**MOTION - QUASH**
03/12/2008	**MOTION - QUASH**
03/18/2008	*CANCELED* **Motion - Quash** (2:00 PM) (Judicial Officer SNELSON, TERESA GUERRA)
	REQUESTED BY ATTORNEY/PRO SE
	DEFENDENT - FILED 2/29/2008
03/18/2008	**Motion - Quash** (2:00 PM) (Judicial Officer SNELSON, TERESA GUERRA)
	DEFENDENT - FILED 2/29/2008
03/19/2008	**NOTICE OF APPEAL OF AJ**
03/19/2008	**RULE 11**
03/24/2008	**AMENDED PETITION**
	5TH
03/24/2008	**ORDER - ASSOCIATE JUDGE'S DECISION**
	M/QUASH-DENIED
	Vol./Book 424C, Page 377, 2 pages
03/27/2008	**RETURN OF SERVICE**
	1 ATTY SUBP ISSUED EXEC 3/25/08 (SAMANTHA CLARK) DENTON CO TENDER FEE $10
03/27/2008	**ORDER - MISC.**
	REGARDING DEPOSITIONS, MEDIATION AND MODIFICATION OF SCHEDULING - COPY OF ORDER SENT TO
	Vol./Book 425C, Page 62, 6 pages
03/28/2008	*CANCELED* **Motion - Quash** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	REQUESTED BY ATTORNEY/PRO SE
	DEFENDENT - FILED 3/12/2008
04/02/2008	**RULE 11**
04/07/2008	*CANCELED* **Motion - Quash** (10:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	REQUESTED BY ATTORNEY/PRO SE
	DEFENDENTS (REALTY INVESTMENT/SIMPLE SOLUTIONS - FILED 3/7/2008
04/17/2008	**RULE 11**
04/18/2008	**Motion - Quash** (10:30 AM) (Judicial Officer HOFFMAN, MARTIN)
	DEFENDENT - M/QUASH- FILED 3/12/2008
04/21/2008	*CANCELED* **Motion - Quash** (10:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	REQUESTED BY ATTORNEY/PRO SE
	DEFENDENT (HCB) - FILED 3/7/2008
04/28/2008	*CANCELED* **DISMISSAL FOR WANT OF PROSECUTION** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	BY COURT ADMINISTRATOR
	SETTLED AT MED--SEE 3/28/08 letter from Burdin Med.
05/16/2008	**ORDER - MISC.**
	STAY DEADLINES
	Vol./Book 427C, Page 127, 2 pages
05/16/2008	**MOTION - MISCELLANOUS**
	STAY PROCEEDINGS
06/02/2008	*CANCELED* **Motion - Quash** (10:30 AM) (Judicial Officer HOFFMAN, MARTIN)
	REQUESTED BY ATTORNEY/PRO SE
	DEFENDENT(HCB) - FILED 3/7/08
06/20/2008	**MISCELLANOUS EVENT**
	JOINT STATUS REPORT
07/16/2008	**MISCELLANOUS EVENT**
	STATUS REPORT
08/20/2008	**MISCELLANOUS EVENT**
	JOINT STATUS REPORT
09/16/2008	**MISCELLANOUS EVENT**
	JOINT STATUS REPORT
10/06/2008	**MOTION - CONTINUANCE**
10/07/2008	**ORDER - GRANTING CONTINUANCE**
	COPY TO PLTF
	Vol./Book 434c, Page 204, 1 pages
01/22/2009	**MISCELLANOUS EVENT**
	JOINT STATUS REPORT
03/05/2009	**MISCELLANOUS EVENT**

MOTION LIFT STAY
03/09/2009 **MISCELLANOUS EVENT**
MOTION FOR APPT RECEIVER
03/13/2009 **MISCELLANOUS EVENT**
MOTION APPT SPECIAL MEDIATOR & DEPOSIT CERTAIN DOMAIN NAMES INTO THE REGISTRY OF THE COURT
04/10/2009 **RESPONSE**
IN OPP MOTION LIFT STAY
04/13/2009 **MOTION HEARING** (4:00 PM) (Judicial Officer HOFFMAN, MARTIN)
M/LIFT STAY - PLTF - FILED 3/2/2009
04/13/2009 **MISCELLANOUS EVENT**
MOTION DISQUALIFY CERTAIN DEF'S CNSL
04/13/2009 **ORDER - MISC.**
LIFT STAY
Vol./Book 442C, Page 498, 1 pages
04/14/2009 **SPECIAL EXCEPTIONS**
D/SPECIAL EXCEPTIONS TO P/5TH AMND PETITION
04/20/2009 **Scheduling Conference** (3:30 PM) (Judicial Officer HOFFMAN, MARTIN)
SET BY JUDGE
04/20/2009 **SCHEDULING ORDER**
Vol./Book 443C, Page 183, 4 pages
04/23/2009 **NOTICE OF APPEARANCE**
& DESIGNATION OF LEAD CNSL
04/24/2009 **NOTE - CLERKS**
**********SEE JACKET # 3**********
04/27/2009 **OBJECTION**
MOTION APPT RECVR
04/27/2009 **AMENDED ANSWER - AMENDED GENERAL DENIAL**
1ST & SPEC EXCPTS
04/27/2009 **SPECIAL APPEARANCE**
& ORIGINAL ANSWER
04/27/2009 **SPECIAL APPEARANCE**
& ORIGINAL ANSWER
04/27/2009 **SPECIAL APPEARANCE**
& ORIGINAL ANSWER
05/08/2009 **MOTION - WITHDRAW MISC**
05/11/2009 **MOTION HEARING** (3:00 PM) (Judicial Officer HOFFMAN, MARTIN)
DISQUALIFY - SET PER JUDGE
05/12/2009 **MISCELLANOUS EVENT**
NOTICE OF MEDIATED SETTLEMENT AND M/VACATE SCHEDULING/TRIAL
05/13/2009 **MOTION - MISCELLANOUS**
M/MAINTAIN STATUS QUO
05/18/2009 *CANCELED* **Special Exceptions** (3:30 PM) (Judicial Officer HOFFMAN, MARTIN)
REQUESTED BY ATTORNEY/PRO SE
05/22/2009 **MOTION - QUASH**
& OBJ TO SUBP DUCES TECUM
05/25/2009 **ORDER - WITHDRAW ATTORNEY**
Vol./Book 444c, Page 439, 1 pages
05/26/2009 **AMENDED PETITION**
6th- PLTF
05/29/2009 *CANCELED* **MOTION HEARING** (9:15 AM) (Judicial Officer HOFFMAN, MARTIN)
REQUESTED BY ATTORNEY/PRO SE
05/29/2009 **APPLICATION - TEMPORARY RESTRAINING ORDER**
TEMP INJ & PERM INJ
06/04/2009 **MOTION - QUASH**
06/04/2009 **MOTION - SUBSTITUTION OF COUNSEL**
06/05/2009 **Temporary Injunction** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
SET PER JUDGE
06/05/2009 **MOTION - QUASH**
& MOTION PROTECT - 2ND EMERGENCY
06/05/2009 **MOTION - QUASH**
& MOTION PROTECT
06/05/2009 **RESPONSE**
IN OPPOSITION TO EMERGENCY MOTION QUASH & MOTION PROTECT
06/05/2009 **RESPONSE**
IN OPPOSITION TO APPL TRO; TEMP INJ & PERM INJ
06/05/2009 **ORDER - SUBSTITUTION OF COUNSEL**
COPY TO PLTF
Vol./Book 445C, Page 131, 1 pages
06/08/2009 **RETURN OF SERVICE**
3 ATTY SUBP ISSUED EXEC 6/4/09 (NETSPHERE INC, MUNISH KRISHAN AND MANILA INC) PPS TENDER FEES $30
06/10/2009 **APPLICATION - TEMPORARY RESTRAINING ORDER**
TEMP INJ & PERM INJ
06/10/2009 **MISCELLANOUS EVENT**
MOTION EXPEDITE DISCOVERY
06/11/2009 **MOTION - COMPEL**
(2)
06/15/2009 **MISCELLANOUS EVENT**
OPPOSITION TO MOTION FOR EXPEDITED DISCOVERY
06/15/2009 **MISCELLANOUS EVENT**
MOTION ENFORCE MEDIATED SETTLEMENT AGREEMENT

06/15/2009	**RESPONSE**
	IN OPPOSITION TO APPL TRO; TEMP INJ & PERM INJ
06/15/2009	**RESPONSE**
	IN OPPOSITION MOTION EXPEDITE DISCOVERY
06/15/2009	**RESPONSE**
	IN OPPOSITION MOTION COMPEL
06/15/2009	**DESIGNATE LEAD COUNSEL**
06/15/2009	**MOTION - QUASH**
06/15/2009	**ORDER - DENY**
	APPLICATION FOR TRO - DENIED
	Vol./Book 445C, Page 315, 1 pages
06/15/2009	**ORDER - DENY**
	M/EXPEDITED DISCOVERY
	Vol./Book 445C, Page 316, 1 pages
06/23/2009	**MOTION - WITHDRAW ATTORNEY**
	AMENDED
07/01/2009	**INTERVENTION**
07/01/2009	**ORDER - MISC.**
	STIPULATED SEAL / TRSF - ORDER SEALED
	Vol./Book 446C, Page 366, 4 pages
07/02/2009	**MOTION - SUBSTITUTION OF COUNSEL**
07/06/2009	**Motion - Withdraw** (10:00 AM) (Judicial Officer HOFFMAN, MARTIN)
07/06/2009	**ORDER - SUBSTITUTION OF COUNSEL**
	Vol./Book 446C, Page 370, 2 pages
07/06/2009	**ORDER - MISC.**
	STIPULATED ORDER TO DISBURSE INTERPLED FUNDS
	Vol./Book 446C, Page 372, 4 pages
07/09/2009	**RESPONSE**
	OPPOSITION TO MOTION ENFORCE MEDIATED SETTLEMENT AGREEMENT
07/09/2009	**INTERVENTION**
07/10/2009	**Motion - Rehearing** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
	MEDIATE SETTLEMENT
07/10/2009	**SUPPLEMENTAL PETITION**
07/10/2009	**RESPONSE**
	OPP MOTION ENFORCE MEDIATED SETTLEMENT AGREEMENT
07/10/2009	**MOTION - STRIKE**
07/16/2009	**MOTION - DISMISS**
07/16/2009	**MOTION - SEAL**
	(2)
07/16/2009	**MISCELLANOUS EVENT**
	MOTION FOR AUTHORITY TO CONDUCT DISCOVERY ON PAGE 2
07/17/2009	**Motion - Dismiss** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
07/17/2009	**MOTION HEARING** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
	M/ENFORCE
07/17/2009	**MOTION HEARING** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
	ATTY FEES
07/17/2009	**MOTION HEARING** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
	M/CONDUCT DISCOVERY -
07/17/2009	**Motion - Seal** (1:30 PM) (Judicial Officer HOFFMAN, MARTIN)
07/17/2009	**ORDER - MISC.**
	STAY
	Vol./Book 447C, Page 230, 1 pages
07/17/2009	**ORDER - MISC.**
	N-NONSUIT/ CERTAIN CLAIMS
	Vol./Book 447C, Page 460, 1 pages
07/17/2009	**MISCELLANOUS EVENT**
	BEGIN JKT #4
07/30/2009	**NOTICE OF BANKRUPTCY**
	& NOTICE OF STAY
08/03/2009	*CANCELED* **Motion - Compel** (10:30 AM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
	PLTF - FILED 6/11/2009
08/03/2009	**Motion - Compel** (10:30 AM) (Judicial Officer HOFFMAN, MARTIN)
	PLTF
08/17/2009	*CANCELED* **Motion - Seal** (4:00 PM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
	M/SET TO POST DOWNSTAIRS OF HEARING. ATTY'S NOT ALLOWED TO CANCEL W/O JUDGE'S PERM
08/17/2009	**Motion - Seal** (4:00 PM) (Judicial Officer HOFFMAN, MARTIN)
	******DO NOT CANCEL W/O JUDGES PERMISSION*
08/31/2009	**ORDER - MISC.**
	SEAL RECORDS - COPY TO INTERVENOR
	Vol./Book 449C, Page 382, 2 pages
09/28/2009	*CANCELED* **Status Conference** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
	SET PER JUDGE
09/28/2009	**Status Conference** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
12/08/2009	*CANCELED* **Jury Trial - Civil** (9:00 AM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
	SPECIAL SET

	01/29/2008 Reset by Court to 10/28/2008
	10/28/2008 Reset by Court to 05/26/2009
	05/26/2009 Reset by Court to 12/08/2009
12/08/2009	*CANCELED* **Jury Trial - Civil** (8:58 AM) (Judicial Officer HOFFMAN, MARTIN)
	CASE CLOSED
09/29/2010	**ORDER - DISMISSAL**
	STIPULATED
	Vol./Book 465C, Page 1277, 12 pages

FINANCIAL INFORMATION

	D EFENDANT ASAD, AMIR			
	To tal Financial Assessment			15.00
	To tal Payments and Credits			15.00
	B alance Due as of 12/07/2010			**0.00**
12/15/2006	Tr ansaction Assessment			15.00
12/15/2006	PAY MENT (CASE FEES)	Receipt # 72923-2006-DCLK	SPECIAL DELIVERY	(15.00)
	D EFENDANT HCB, LLC			
	To tal Financial Assessment			30.00
	To tal Payments and Credits			30.00
	B alance Due as of 12/07/2010			**0.00**
09/04/2007	Tr ansaction Assessment			30.00
09/04/2007	PAY MENT (CASE FEES)	Receipt # 50320-2007-DCLK	PAYNE & BLANCHARD LLP	(30.00)
	D EFENDANT MANILA INDUSTRIES INC			
	To tal Financial Assessment			2.00
	To tal Payments and Credits			2.00
	B alance Due as of 12/07/2010			**0.00**
07/09/2009	Tr ansaction Assessment			2.00
07/21/2009	PAY MENT (CASE FEES)	Receipt # 54587-2009-DCLK	LOCKE LIDDELL DALLAS	(2.00)
	I NTERVENOR ALDOUS, CHARLA G			
	To tal Financial Assessment			29.00
	To tal Payments and Credits			29.00
	B alance Due as of 12/07/2010			**0.00**
07/01/2009	Tr ansaction Assessment			27.00
07/09/2009	Tr ansaction Assessment			2.00
07/16/2009	PAY MENT (CASE FEES)	Receipt # 53334-2009-DCLK	JEFFREY H RASANSKY	(27.00)
07/23/2009	PAY MENT (CASE FEES)	Receipt # 55961-2009-DCLK	ROYCE B WEST	(2.00)
	I NTERVENOR QUANTEC LLC			
	To tal Financial Assessment			35.00
	To tal Payments and Credits			35.00
	B alance Due as of 12/07/2010			**0.00**
07/09/2009	Tr ansaction Assessment			27.00
07/20/2009	PAY MENT (CASE FEES)	Receipt # 54159-2009-DCLK	ROYCE B WEST	(27.00)
07/16/2009	Tr ansaction Assessment			2.00
07/23/2009	PAY MENT (CASE FEES)	Receipt # 55904-2009-DCLK	ROYCE B WEST	(2.00)
07/17/2009	Tr ansaction Assessment			2.00
07/23/2009	PAY MENT (CASE FEES)	Receipt # 55991-2009-DCLK	ROYCE B WEST	(2.00)
07/23/2009	Tr ansaction Assessment			2.00
07/23/2009	PAY MENT (CASE FEES)	Receipt # 55992-2009-DCLK	ROYCE B WEST	(2.00)
07/23/2009	Tr ansaction Assessment			2.00

07/23/2009	PAY MENT (CASE FEES)	Receipt # 55994-2009-DCLK	ROYCE B WEST	(2.00)

PL AINTIFF ONDOVA LIMITED COMPANY

	To tal Financial Assessment			589.00
	To tal Payments and Credits			589.00
	B alance Due as of 12/07/2010			**0.00**
11/14/2006	Tr ansaction Assessment			217.00
11/14/2006	PAY MENT (CASE FEES)	Receipt # 67816-2006-DCLK	MATEER & SHAFFER LLP	(217.00)
12/04/2006	Tr ansaction Assessment			196.00
12/04/2006	PAY MENT (CASE FEES)	Receipt # 70719-2006-DCLK	MATEER & SHAFFER LLP	(196.00)
07/23/2007	Tr ansaction Assessment			16.00
07/23/2007	PAY MENT (CASE FEES)	Receipt # 40702-2007-DCLK	CARRINGTON COLEMAN	(16.00)
08/09/2007	Tr ansaction Assessment			12.00
08/09/2007	PAY MENT (CASE FEES)	Receipt # 44717-2007-DCLK	CARRINGTON COLEMAN	(12.00)
08/15/2007	Tr ansaction Assessment			16.00
08/15/2007	PAY MENT (CASE FEES)	Receipt # 45731-2007-DCLK	CARRINGTON COLEMAN	(16.00)
08/23/2007	Tr ansaction Assessment			12.00
08/23/2007	PAY MENT (CASE FEES)	Receipt # 47821-2007-DCLK	CARRINGTON COLEMAN	(12.00)
10/18/2007	Tr ansaction Assessment			12.00
10/18/2007	PAY MENT (CASE FEES)	Receipt # 59983-2007-DCLK	CARRINGTON COLEMAN	(12.00)
10/23/2007	Tr ansaction Assessment			40.00
10/23/2007	PAY MENT (CASE FEES)	Receipt # 60807-2007-DCLK	DAVID COALE	(40.00)
10/24/2007	Tr ansaction Assessment			12.00
10/24/2007	PAY MENT (CASE FEES)	Receipt # 61033-2007-DCLK	CARRINGTON COLEMAN	(12.00)
04/23/2009	Tr ansaction Assessment			2.00
05/04/2009	PAY MENT (CASE FEES)	Receipt # 32579-2009-DCLK	ROBERT WOLF	(2.00)
05/22/2009	Tr ansaction Assessment			2.00
06/04/2009	PAY MENT (CASE FEES)	Receipt # 41984-2009-DCLK	ROBERT WOLF	(2.00)
07/08/2009	Tr ansaction Assessment			50.00
07/08/2009	PAY MENT (CASE FEES)	Receipt # 50833-2009-DCLK	DALLAS COUNTY TREASURER	(50.00)
07/17/2009	Tr ansaction Assessment			2.00
07/23/2009	PAY MENT (CASE FEES)	Receipt # 55869-2009-DCLK	JANELLE FRIEDMAN	(2.00)

EXHIBIT 3

Settlement Agreement

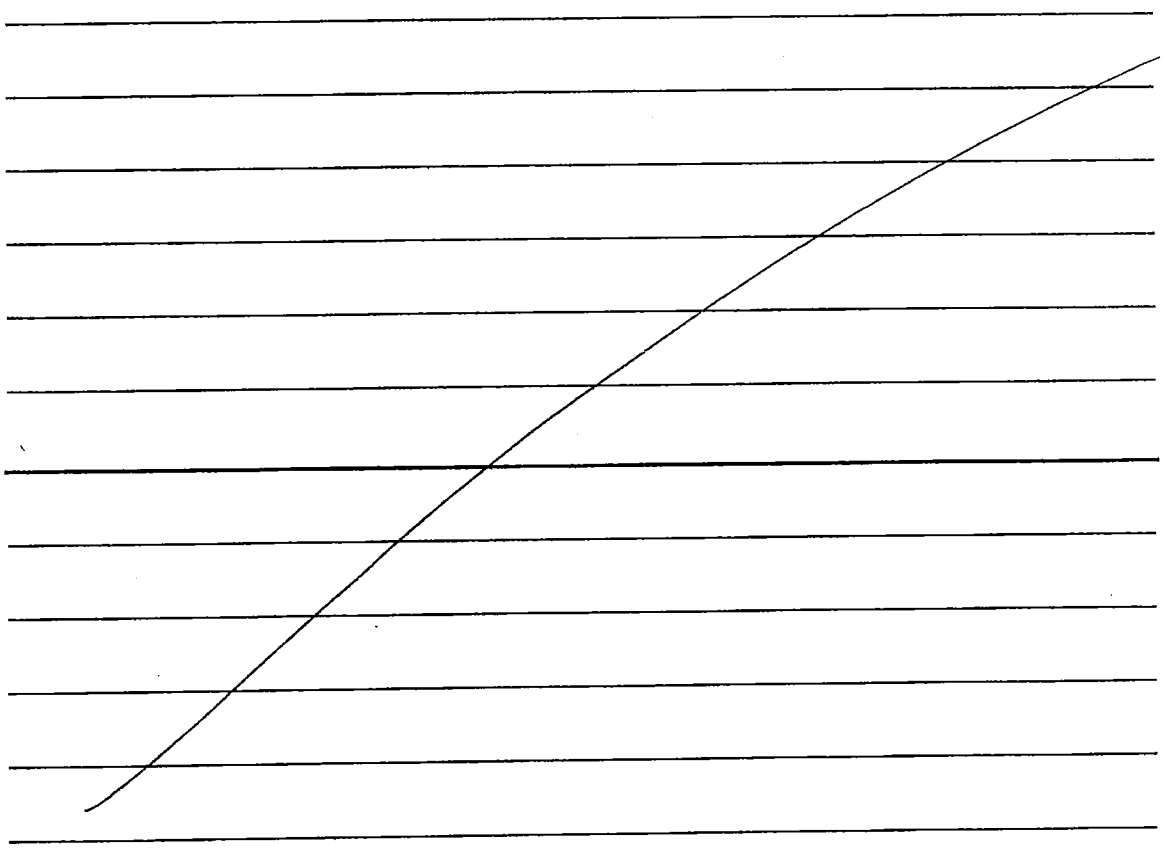
On the 25 day of April, 2009, the below parties met in mediation in the matter of:

Mancla, Ondova, USU I etc.

and settled all matters in controversy between and among the parties whose signatures appear below. All parties acknowledge that: (1) they freely participated in the mediation process; (2) they enter into this settlement agreement in good faith; (3) they relied upon their own good judgment and independent legal advice of their own counsel and not on the representations, if any, of the mediator; and (4) that no coercion, duress or undue influence was used by any party, attorney, or the mediator to obtain their signature and consent to settle this matter on the following terms:

MK

See attached



This settlement agreement is intended to be a full and final settlement agreement containing all material terms even though the parties may prepare a more formal settlement document, release language and dismissal papers.

Tax Advice Disclosure: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice that may have been communicated by any participant in the mediation (including the mediator) in written or verbal form, unless otherwise specifically stated, was not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any matters addressed herein.

Jack Garde ~~counsel~~ will prepare ~~release and~~ dismissal papers and send them to opposing counsel by within 5 days of transfer. Signed this 26 day of April, 2009.

MOU

"Manila Parties" = Munish Krishan, Manila Industries, Inc., and Netsphere, Inc.
"Ondova" = Jeff Baron, and Ondova, ~~or its designee, associated trusts~~
"USVI parties" = Dennis Kleinfeld, Jeannie Hudsn and all officers, directors and employees of the USVI entities
"USVI entities" = HCB LLC, RIM LLC, Simple Solutions LLC, Search Guide LC, Blue Horizons LLC, Four Points LLLP, Novo Point, Inc., Iguana, Inc., and Quantec, Inc.

or its designee/trust/ass. co payable

1. Manila will pay Ondova ~~$4 million cash, $1 million on July 1, 2009~~ and $3 million plus interest at 10% by July 1, 2012, interest paid quarterly beginning Oct 1, 2009.
2. Munish personally guarantees $3 million
3. Within 10 days, Manila Portfolio to be split 50/50 based on alphabetical order (with any names beginning with a number rather than a letter to be ordered in ascending numerical order and placed before the domain names beginning with a letter); assign each domain name a number beginning with 1 and divide into 2 groups: odd numbers and even numbers. Coin flip, ~~by mediator~~; Heads ~~Jeff~~ Ondova designee or ass. trust gets odd numbered names, Tails he gets even numbered names. HCB quitclaims any interest in Manila's half of names.
4. Netsphere releases all claims to Blue Horizon portfolio
5. Netsphere has option to monetize pokerstar.com for as long as 25 years and gets 50% of revenue, and send 50% of rev to ondova or its designee/trust payment
6. 50/50 true up of all monies paid during the litigation by USVI entities to Jeff/Ondova or Manila parties. After true-up, all monies held by USVI entities and any amounts necessary to complete 50/50 true-up shall be paid into an indemnity fund set up by Manila for existing TM litigation against the Manila portfolio. USVI entities assign Oversee lawsuit to Manila and any net recoveries will be deposited into indemnity fund. Recent Hitfarm prepayments to Verisign included in true-up. [redacted].
7. Manila defends existing TM litigation against the Manila portfolio ~~listed on attachment A~~ and indemnifies Jeff/Ondova ~~only~~ for their liability from those cases. Defense, settlement and judgment costs paid out of indemnity fund. Remaining balance after resolution of attachment A cases split 50/50 between Ondova or its designee/trust and Manila. Jeff & Ondova agree that any Manila lawyer defending the TM cases ~~on attachment A~~ above are not acting as Jeff or Ondova's lawyer. If any dispute arises between Jeff/Ondova and the Manila parties, Jeff/Ondova agree that they cannot disqualify any Manila lawyer as a result of their defense of the cases ~~on attachment A~~ above.
8. Complete releases by all parties in favor of all parties and their officers, directors, shareholders, attorneys, employees, etc. including any claims to any of the Manila parties' IP. Jeff and Ondova's claims in the calling cards lawsuit are the only claim not part of the complete releases.
9. ~~within ten days~~ All parties will seek an agreed order from the court directing Verisign to transfer Manila's half of the portfolio to a registrar picked by Manila within ~~10~~ days
10. Any monetization money received by any of the parties for monetization of the Manila portfolio before transfer of Manila's half of the Manila portfolio to Manila will be split 50/50.
11. ~~Jeff is sole owner/controller of entities in USVI structure~~ upon division of the manila portfolio USVI parties and Manila parties quitclaim all interest in USVI entities to Ondova or its designee/trust/ass of interest in four points LLLP. All entities in the USVI structure give complete release to the Manila parties and the USVI parties and quitclaim any interest in Manila's half of the Manila portfolio and any of the Manila parties IP.

~~12. Ondova has 90 days to transition his 1/2 of the portfolio. Fee~~

13. arbitration on tove up if parties fail to agree - Arbitrator selected by agreement of if not then by AAA. upon notice, arbitrator selected, briefs submitted within 20 days of filing must be 10 days thereafter.
14. Domain Jamboree to be transfered to Ondova's designee

$100,000 to USVI parties for TM & IP defense for Ondova and $900,000 on July 1 to Ondova or its designee

names subject to lawsuit - list created by Manila

Ondova has no further $ liability for these TM lawsuits.

names required by a plaintiff in a TM dispute

Ondova & Baron can't be compelled to sign a consent decree but is required to transfer

AFF For

to Manila

13-10696.2289

15. Registration fees paid from VI accounts during transition period. as per #18 below

16. Dismissal of prejud. of TX case, Calif case & USVI case once court order granted. and transfer by Verisign is completed.

17. The intent of this agreement is to seperate the business dealings of the parties

18. 90 day split — when portfolio split - Jeff or his designee/entity trust points his half of portfolio to Hit Farm or designee Manila names to name server of Manila's choice, then revenue from hit farm or designee goes to USVI to pay registration fees designee of Ondova designee, & then balance to Jeff, or his designee/trustee/company / Ondova

19. John McPete gives Jeff Baron/list of names in plaintiff TM suits & those won't be transferred in a split without approval of the plaintiff in that suit.

20. On or before 90 days 4 Points LLC, will be dissolved unless control over it is assumed by Ondova or its designee/trustee/co. Dissolution effected by USVI parties by agreement of parties here today

21. USVI true-up includes all billing for legal accounting up through end of April. Marshitter gets 3% management fee after split is effectuated plus reimbursement of ordinary business expenses from Ondova

[signatures]

13-10696.2290

EXHIBIT 4

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., et al.,	§	
	§	
Plaintiffs,	§	
	§	
vs.	§	CIVIL ACTION NO.
	§	3-09CV0988-F
JEFFREY BARON, et al.,	§	
	§	
Defendants.	§	

AMENDMENT TO PRELIMINARY INJUNCTION

Having considered all arguments of counsel at a hearing on July 1, 2009, the Court hereby amends and supplements its Preliminary Injunction issued in the above-entitled matter on June 26, 2009 as follows:

Paragraph (2) is amended to delete the date "July 9, 2009" in both places it appears in the first sentence and insert in its place the date "July 15, 2009."

Paragraph (4) is amended to delete the date "July 2, 2009" in the second sentence and insert in its place the date "July 3, 2009" and to delete the date "July 3, 2009" in the third sentence and insert in its place the date "July 6, 2009."

Paragraph (5)(a) is amended to delete the date "July 1, 2009" and insert in its place the date "July 7, 2009."

Paragraph (5)(b) is amended to delete the date "July 2, 2009" and insert in its place the date "July 8, 2009."

Paragraph (5)(c) is amended to delete the date "July 2, 2009" and insert in its place the date "July 8, 2009."

Paragraph (5)(d) is amended to delete the date "July 2, 2009" and insert in its place the date "July 8, 2009."

Paragraph (5)(e) is amended to delete the date "July 1, 2009" and insert in its place the date "July 10, 2009" and to delete the date "July 7, 2009" and insert in its place the date "July 15, 2009."

Paragraph (6) is amended to delete the date "July 2, 2009" in the third sentence and insert in its place the date "July 6, 2009" and to delete the phrase "50% to the Defendants' designees" in the third sentence and insert in its place the phrase "50% to the trust account of Friedman & Feiger on behalf of Defendants." Paragraph (6) is further amended to delete the date "July 8, 2009" in the fourth sentence and insert in its place the date "July 13, 2009." The following sentences are to be added immediately following the third sentence in Paragraph (6): This Court finds that certain funds have been interpled into the underlying state court action. Accordingly, this Court orders that the attorneys' fees of the Intervenor are to be paid from those funds and the balance of those funds shall be distributed 50% to the Netsphere Parties and 50% to the trust account of Friedman & Feiger on behalf of Defendants. This Court shall later determine against which party the Intervenor's attorneys' fees are to be taxed as costs. The funds deposited into the trust account of Friedman & Feiger pursuant to this Order are to be held until further order of this Court, except that Defendants' counsel may apply the funds on deposit to their outstanding invoices for legal services to Defendants. This Court desires that Friedman & Feiger stay in this case as Defendants' counsel considering the numerous times that Defendants have replaced their lawyers over the course of this case and in the underlying cases. This Court is concerned that a change in counsel might be for the purpose of delay and in an attempt to impede the judicial process. The Court finds that Friedman & Feiger's continued representation is necessary to

continue to work towards performance of the Preliminary Injunction and to avoid possible contempt findings. In the event that Defendants elect to terminate Friedman & Feiger, the funds required to be deposited by this order into Friedman & Feiger's trust account are non-refundable. Upon final resolution of this case, Defendants may apply to this Court for an order directing that the balance of any funds deposited into the trust account of Friedman & Feiger pursuant to this Order be returned to Defendants.

The following new Paragraphs (10)-(14) are added immediately following the existing Paragraph (9):

(10) Plaintiffs shall produce the documents that Plaintiffs' counsel agreed to produce in connection with the depositions of Plaintiffs for the preliminary injunction hearing. Plaintiffs shall produce all documents required by this paragraph by Friday July 3, 2009 at 5 p.m. CST at the office of Defendants' counsel.

(11) Defendants shall provide the on-line logins/access codes/passwords for all monetization accounts for any domain names registered at Ondova at any time, specifically including but not limited to, the on-line logins/access codes/passwords for Hitfarm, Fabulous, enom, Oversee.net, Domain Development Corp., Parked.com, Namedrive.com, Domain Sponsor.com, Above.com, and Sedo or provide a detailed explanation to Plaintiffs' counsel as to why Defendants are unable to provide such information.

(12) Defendants shall produce all CSV text files (without limitation) containing the WHOIS information for all of the domain names registered at Ondova sent to Iron Mountain or any other third party data escrow service.

(13) Defendants shall produce any and all data, records, reports or recommendations that were reviewed or specifically used or relied upon by Defendants to determine which domain names would be deleted or allowed to expire after April 26, 2009.

(14) Defendants shall produce all documents required by paragraphs (11)-(13) of this Order by Monday July 6, 2009 at 5 p.m. CST at the office of Plaintiffs' counsel. Defendants shall produce all documents in electronic form, except documents that have only ever existed in tangible form.

(15) Defendants are prohibited from deleting, altering or modifying in any way the files on any of their computers or servers prior to those computers and servers being imaged as ordered below. Defendants at their sole cost shall engage a third party forensic document imaging service agreed upon by Plaintiffs to create an image of all Defendants' computers and servers, including any deleted files (which shall be recovered prior to imaging). Personal information of Jeffrey Barron (which is defined solely as personal photos, purely social communications and personal financial information), attorney-client privileged information, and proprietary source code shall be minimized by the agreed-upon third party forensic document imaging service company prior to production to Plaintiffs' counsel. A detailed privilege log concerning the minimized information shall be produced to Plaintiffs' counsel by Defendants by 5 p.m. on July 16, 2009. The detailed privilege log shall include the date of each document/file; the type of each document/file and length; the author and all recipients of each document/file; general subject matter of each document/file; privilege asserted for each document/file; and an explanation as to why the privilege is applicable to each document/file with enough specificity to allow Plaintiffs to determine whether to object to the privilege asserted. A copy of the imaging ordered herein shall be surrendered to Plaintiffs' counsel by 5 p.m. CST on July 6, 2009. All

"Defendants' computers and servers" shall mean any computer, server or other data storage device used by Defendants or containing any of Defendants documents or files regardless of the legal ownership of the computer, server or other data storage device. The parties may agree by noon on July 3, 2009 upon the appointment of a Special Master (at Defendants' sole cost) to receive production of proprietary source code, if any, owned by Defendants. By 5 p.m. CST on July 6, 2009, if a Special Master is retained, Defendants may submit only the proprietary source code to the Special Master. By 5 p.m. CST on July 6, 2009, Defendants shall submit a written statement to Plaintiffs' counsel describing the nature and purpose of the proprietary source code in sufficient detail so as to permit Plaintiffs' counsel to evaluate whether such source code is relevant or likely to lead to the discovery of relevant evidence. With respect to any source code submitted, the Special Master shall determine by 5 p.m. on July 10, 2009, whether such source code should be produced to Plaintiffs' counsel under a highly confidential designation based upon whether such source code is relevant or likely to lead to the discovery of relevant evidence. The definition of source code is strictly limited to a collection of statements or declarations in computer programming language and does not include an executable file or any results from the execution of the collections of statements or declarations in computer programming language. The submission of source code to the Special Master shall not in any way delay the surrender of the image(s) of Defendants' computers and servers to Plaintiffs' counsel as ordered above.

(16) If Defendants fail to comply with any provision of the Preliminary Injunction as amended or any other Order of this Court during a business day, then for each provision violated, Defendants shall pay a fine in the amount of fifty thousand dollars ($50,000 US) to be wired to the trust account of Plaintiffs' counsel within 24 hours of said violation. A new fifty thousand dollar fine shall be paid for each business day Defendants remain in violation and for each

separate violation of the Preliminary Injunction as amended or any other Order of this Court. For clarity, a violation of two provisions for three business days would result in a total fine of $300,000.00. The foregoing penalties shall not apply to any non-compliance with this Court's orders prior to July 1, 2009, which will be addressed by this Court after receipt of Plaintiffs' Motion for Contempt, and shall not apply to any failure to comply with Paragraph (5)(a) of the Preliminary Injunction as amended. Any funds transferred to Plaintiffs' counsel under this provision shall be held in trust until such time as the Court determines the appropriate sanction/contempt penalty for such violation(s).

(17) Defendants shall immediately order and pay for transcript of the July 1, 2009 hearing.

IT IS SO ORDERED.

DATED: July 6th, 2009

THE HONORABLE W. ROYAL FURGESON, JR.
U.S. DISTRICT JUDGE

EXHIBIT 5

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., et al.,		§	
		§	
	Plaintiffs,	§	
		§	
vs.		§	CIVIL ACTION NO.:
		§	3-09CV0988-F
		§	
JEFFREY BARON, et al.,		§	
		§	
	Defendants.	§	
		§	
		§	

PLAINTIFFS' MOTION ON DEFENDANTS' CONTEMPT OF COURT

Plaintiffs, Netsphere, Inc. ("Netsphere"), Manila Industries, Inc. ("Manila") and Munish Krishan ("Krishan") (collectively "Plaintiffs" or "Netsphere Parties"), hereby move this Honorable Court for an Order to hold Defendants Jeffrey Baron ("Baron") and Ondova Limited Company ("Ondova") (Baron and Ondova are collectively referred to as the "Defendants") in civil contempt for multiple violations of this Court's Orders, and in support of same state as follows:

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STATUES

DEFENDANTS ARE IN CONTEMPT

Defendants have clearly and blatantly violated this Court's Orders, despite clear warnings and predetermined sanctions set forth by this Court for any such behavior. "A party failing to obey discovery orders ... is subject to a variety of sanctions, including the entry of default judgment." *Federal Maritime Com'n v. South Carolina State Ports Authority*, 535 U.S. 743, 758 (2002). Rule 37(b)(2) provides that if a party or a party's officer, director, or managing agent "fails to obey an order to provide or permit discovery . . . the court where the action is pending may issue further just orders. They may include the following: (i) directing that . . . designated facts be taken as established for purposes of the action. . . (ii) prohibiting the disobedient party from supporting or opposing designated claims or defenses, or from introducing designated matters in evidence; . . . (vi) rendering a default judgment against the disobedient party; and (vii) treating as contempt of court the failure to obey any order. . . ". Rule Civ. Proc. R. 37(b)(2). A movant in a civil contempt proceeding bears the burden of establishing by clear and convincing evidence 1) that a court order was in effect, 2) that the order required certain conduct by the [Defendants], and 3) that the [Defendants] failed to comply with the court's order." *Whitcraft v. Brown*, 2009 U.S. App. LEXIS 11740 (5th Cir. Tex. May 29, 2009); *citing*, *Martin v. Trinity Indus., Inc.*, 959 F.2d 45, 47 (5th Cir. 1992). As set forth below the Plaintiffs clearly meet their burden of establishing that the Defendants are in contempt of this Court's Orders.

ARGUMENT

A. Factual Background

Concerned about the potential deletion of valuable domain names and the possible spoliation of evidence, the Plaintiffs' sought a temporary restraining order ("TRO") from this Court. The Court issued a TRO on June 12, 2009 which included, at the request of the

Defendants, an order that the parties engage in expedited discovery on three days notice, including the depositions of the parties and the production of documents. *See* Docket No. 19. Despite the fact that it was the Defendants who sought the expedited discovery on three days notice, they failed to properly respond to Plaintiff's discovery requests, timely served under the provisions of the TRO. As this Court has already found, Plaintiff timely served Notices of Deposition Duces Tecum for Defendants Baron and Ondova on June 15, 2009, and "Defendant Baron failed and refused to provide all documents responsive to Plaintiffs' requests." Order on Expedited Discovery ("Order"), Docket No. 19 at page 1. The Order was entered as a result of this Court's finding of Defendants failure to comply and, as set forth in detail below, there are multiple violations of this Order by the Defendants.

In addition to the failure to comply with the Court's Order, Defendants have failed to comply with the Court's Preliminary Injunction. On June 26, 2009, this Court entered a Preliminary Injunction mandating performance of certain provisions of the settlement agreement between the parties (the "Memorandum of Understanding"). Docket No. 22. Defendants consented to that Preliminary Injunction. The parties obligations under the Preliminary Injunction included the division of the domain names registered by the Netsphere Parties (the "Netsphere Portfolio"); the transfer to the Netsphere Parties of their portion of the domain names; the distribution of certain monetization revenues; and, that Defendants engage a third party service to create an image of all Defendants' WHOIS-related documents as a result of the Defendants' prior failure to produce those documents in connection with the noticed depositions. As set forth below, Defendants failed to timely comply with provisions of the Preliminary Injunction.

Finally, Defendants have also failed to comply with the Amendment to the Preliminary Injunction. On July 6, 2009, this Court entered the Amendment to Preliminary Injunction ("Amendment") amending the Preliminary Injunction of June 26, 2009. Docket No. 30. The Amendment, among other things, moved the Netsphere Parties' deadline to identify the nameserver(s) from July 2, 2009 to July 3, 2009; and moved the deadline for Ondova to point the Netsphere Portfolio to said identified nameserver(s) from July 3, 2009 to July 6, 2009. Docket No. 30, at 1.

As detailed below, Defendant has failed to comply with certain provisions of the Order, the Preliminary Injunction, and the Amendment, despite clear and direct warnings from this Court against violating its authority. This blatant disregard for this Court's authority, and ignoring the mandatory orders and injunctions entered by this Court against the parties in this matter warrants severe sanctions.

B. Defendants Violations of the Order

The first numbered paragraph of the Order provides in pertinent part that the "Defendants shall produce all WHOIS records for every domain name registered with Ondova to Plaintiff's in electronic form..." Docket No. 19. The sixth numbered paragraph sets forth the time and date by which Defendants must comply with the first four numbered paragraphs—to wit, 4 p.m. Tuesday June 23, 2009. Id. Despite this clear direction, Defendants failed to comply. *See* MacPete Dec. at ¶ 4, Appendix p. 2 ("App."). Shockingly, what Defendants did eventually produce after the close of business on June 23rd was an altered file that had had critical information deleted from it prior to production. Id. at 5, App. p. 2. The file provided by the Defendants' containing the WHOIS database had the creation date field (column No. 5) deleted from it, thereby eliminating the creation date from every single record. Id, App. p. 2. There is no question that the creation

date is part of the WHOIS records maintained by Ondova as evidenced by a printout of the WHOIS information for any domain name registered at Ondova – the creation date is the first piece of information listed. *See* MacPete Dec. at 5, App. p. 2. The creation date, as previously stated to the Court, is a crucial piece of information needed to sort out which domain names registered at Ondova are subject to the Settlement Agreement. Defendants' alteration of a record prior to its production in discovery is beyond the bounds of permissible behavior in discovery and is an attack on our very system itself. Our civil discovery system is predicated on the idea that parties will act honorably to fulfill their obligations to produce documents as requested in unaltered form and regardless of whether those documents help or harm the parties' cause. Defendants have shattered that important trust. It is imperative to preserve the integrity of that system, that violations of such trust be dealt with swiftly and with overwhelming force. The need for a severe penalty to establish appropriate boundaries of behavior is particularly critical here as a result of: (i) Defendants' history of inappropriate self help; (ii) Defendants' continuing non-compliance with other orders as set forth below; and (iii) the particularly callous disregard Defendants have shown for the rules and this Court given that Defendant altered the WHOIS records after Judge Lynn specifically and clearly ordered that the Defendant was "prohibited from altering or modifying in any way the 'WHOIS' information" and stated that she would "deal with [any violation of the TRO] as severely as the law would allow." TRO at ¶ (4) and Transcript of TRO hearing at 41:14-16 (emphasis added). Any possible question concerning whether Defendants willfully violated the TRO and the Order by altering the WHOIS database that was produced to Plaintiffs was eliminated as a result of the production of the image of the WHOIS-related documents created by the third party company pursuant to the Preliminary Injunction. That image contained the altered database with 47 fields (missing the creation date

field and the domain id field) and next to it, the unaltered database containing 49 fields, including the creation date field and the domain id field. Aggarwal Dec. at 2, App. p. 39.

The second numbered paragraph of the Order provides that the "Defendants shall produce all documents related to the monetization of all of the domain names registered at Ondova." Docket No. 19. These documents were also ordered to be produced by 4pm on June 23, 2009. Id. at ¶ (6). Again, Defendants failed to comply. Defendants have not produced necessary and basic documents such as email correspondence, checks or other payment records from the monetization companies, or even the contracts Defendants had with the monetization companies. *See* MacPete Dec. at ¶ 6, App. p. 2. Despite repeated oral requests from Plaintiffs' counsel, none of these documents have ever been produced.[1]

The third numbered paragraph of the Order provides that "Defendants shall produce the list of all domain names registered at Ondova that they deleted or allowed to expire or transferred after April 26, 2009..." Docket No. 19. The deadline was 4pm on June 23rd, 2009. Id. at ¶ (6). Yet again, Defendants failed to comply. Defendants failed to produce a complete electronic list of the deleted, expired or transferred domain names by 4pm on June 23rd, 2009. This was certainly not the first time. Defendants also failed to provide a list of the deleted expired or transferred domain names under oath as ordered in the TRO (TRO p. 3), and at the hearing on June 19th—which was ultimately reduced to writing in the Order. Defendants finally produced an unsworn electronic list purporting to be of all the deleted domain names on the afternoon of June 24th. However, on June 25th, Defendants' counsel indicated that the list produced the day before was not a complete list and would need to be supplemented. *See* MacPete Dec. at ¶ 7,

[1] Well after the deadline in the Order, and pursuant to specific provisions in the Amendment to the Preliminary Injunction, Defendants have produced a database file containing financial information about the deleted domain names and some of the passwords for monetization accounts.

App. p. 2. Accordingly, the Preliminary Injunction provided that Defendants' counsel would supplement the list by noon on June 26th under oath. Footnote 2 of the Preliminary Injunction, specifically noted that the fact that the list was being supplemented did not cure the Defendants' failure to produce the list electronically and under oath as required in the TRO and the Order on Expedited Discovery. On June 26th, Defendants finally produced the electronic list of the deleted names under oath.

On June 23rd, Defendants also failed to produce the records or financial reports related to the deleted domain names as required by the Order Docket No. 19 at ¶ 3. Despite repeated requests from Plaintiffs' counsel, Defendants did not produce the financial records for the deleted domain names. *See* MacPete Dec. at ¶ 8, App. p. 3. Because the information was desperately needed by Plaintiffs to determine which deleted domain names should be undeleted (those with value), Plaintiffs asked this Court for help in the form of yet another order directing the production. At the hearing on July 1st, this Court again ordered that Defendants should produce all such records and required the production by July 3rd at 5 pm.[2] On July 3rd, although Defendants produced a password-protected Macintosh database file after 5:30 pm with the required information, Defendants 1) failed to identify the program needed to open the file and 2) failed to provide the password. As a result, Plaintiffs were unable to open the file on July 3rd and 4th, despite repeated efforts. On July 5th, Defendants' computer consultant finally was able to identify the correct program to open the file and later was able to secure the password for the file from Mr. Baron and produced it to Plaintiffs.

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[2] At a subsequent telephone hearing, this Court modified the deadline for the production required by paragraph 13 of the Amendment to the Preliminary Injunction to July 6th from July 3rd.

The fourth numbered paragraph of the Order provides that "Defendants shall produce all documents responsive to Plaintiffs' request nos. 14-15 to Jeffrey Baron and Plaintiffs' request nos. 12-13 to Ondova Ltd." Docket No. 19. The requests referenced in the Order are as follows:

> 12/14 Produce any and all documents regarding communication between [you/Ondova] and any third party (excluding [] legal counsel) relating to the Memorandum of Understanding executed by you on April 26, 2009; and
>
> 13/15 Produce any and all documents regarding [your/Ondova's] performance or non-performance of the Memorandum of Understanding executed by you on April 26, 2009.

The categories of documents this Court ordered Defendants to produce necessarily would include the following:

> - an email from Jerry Mason (Ondova's general counsel) to John MacPete discussing the Memorandum of Understanding (stating "This case is settled."); and
> - an email from Jerry Mason to Frank Herrera providing "auth" codes for domain names to be transferred to third-party trademark owners as required by paragraph 7 of the Memorandum of Understanding.
>
> App. p. 6-9.

However, Defendants did not, and have not produced these or any other emails or any other responsive documents, despite repeated requests from Plaintiffs' counsel. *See* MacPete Dec. at ¶ 9-10, App. p. 3.

Based upon Defendants multiple and continuing failure to produce the documents as required by the Order (and TRO), and other gamesmanship by the Defendants, this Court could render a default judgment against the Defendants. It is well-settled that entry of a default judgment is an appropriate sanction when the disobedient party has failed to comply with a court order because of willfulness, bad faith, or other fault on its part, as opposed to its inability to comply with the court's order. *Technical Chemical Co. v. IG-LO Products Corp.*, 812 F.2d 222, 224 (5th Cir. 1987), citing *Societe Internationale v. Rogers*, 357 U.S. 197, 212, 78 S.Ct. 1087,

1095, 2 L.Ed.2d 1255 (1958); *Batson v. Neal Spelce Associates, Inc.*, 765 F.2d 511, 514 (5th Cir. 1985). For the Court to award a default judgment as a discovery sanction, two criteria must be met: "First, the penalized party's discovery violation must be willful." *United States v. 49,000 Currency*, 330 F.3d 371, 376 (5th Cir. 2003). "Also, the drastic measure is only to be employed where a lesser sanction would not substantially achieve the desired deterrent effect." *Id.*

In the instant case, judgment by default would be warranted. As set forth above, the Defendants' repeated and continuous disobedience has been willful. Without any justification, the Defendants have failed to comply with Plaintiffs' written document requests, the TRO and the Order (among other Court Orders). In fact, the Defendants have attempted to perpetrate a fraud on the Plaintiffs and this Court by the alteration of discovery that it did produce (i.e. the WHOIS information). Courts in the Fifth Circuit have granted default judgments in less egregious circumstances. (*See e.g. Technical Chemical Co. v. Ig-Lo Products Corp.* 812 F. 2d 222 (5th Cir. 1987); where a default judgment was upheld against a party appearing *pro se* and who, without a plausible excuse, twice disobeyed explicit court orders to appear for his deposition; and *McLeod, Alexander, Powel & Apffel, P.C. v. Quarles,* 894 F.2d 1482 (5th Cir. 1990); where default judgment was upheld against defendant where he failed to respond to written discovery requests and then failed to comply with an Order from the magistrate ordering specific compliance).

Nevertheless, Plaintiffs are not asking for a default judgment at this time. Specifically, this Court has already ordered that a violation of any provision of any Order of this Court will result in penalties of $50,000.00 per day until cured. Docket No. 30. Although the Defendants have breached numerous provisions of several of this Court's Orders, and demand has been made upon the Defendants for payment, no penalties have been paid by the Defendants

and they continue to be in violation of numerous Orders. *See* MacPete Dec. at ¶ 11, App. p. 3. Accordingly, Plaintiffs are requesting that this Court enforce its order for monetary penalties and to grant the following evidentiary sanctions:

A. Prohibiting the Defendants from introducing any evidence opposing Plaintiffs' claims for damages (for Defendants failure to provide accurate accountings, all documents relating to the monetization of the Manila Portfolio as well as all valid access codes to the accounts at parking companies so that damages could be accurately calculated);

B. Prohibiting the Defendants from introducing any evidence refuting Plaintiffs' definition of the "Manila Portfolio" (for Defendants violation of the Orders by altering the WHOIS information);

C. Directing the fact that the Settlement Agreement is a full, final and binding agreement be taken as established for purposes of this action (for Defendants' failure to provide any documents relating to their performance or non-performance of the Settlement Agreement); and

D. Deeming Jeffrey Baron as the alter ego of Ondova Company Limited. *See for example Compaq Computer Corp. v. Ergonome, Inc.*, 387 F.3d 403 (5th Cir. 2004)(deeming book's author to be alter ego of publisher as sanction for repeated discovery violations).

C. Defendants Violations of the Preliminary Injunction and Amendment

This Court entered a Preliminary Injunction in this matter on June 26, 2009. Docket No. 22. An Amendment to Preliminary Injunction ("Amendment") was filed on July 6, 2009. Docket No. 30. Defendants consented to the Preliminary Injunction. Unfortunately, despite concessions, extensions, and continued patience by both the Court and the Plaintiff, Defendants

have chosen to test this Court by failing to comply with their obligations yet again. And, this Court explicitly warned the Defendant, in person, that continued failure to abide by this Court's orders would result in a penalty of $50,000 per day, and later reiterated this warning in the Amendment to Preliminary Injunction. Docket No. 30 at ¶ 15.

The Preliminary Injunction provides in part that: "[b]y 5 p.m. on July 2, 2009, the Netsphere Parties shall identify a set of nameserver(s) to which Ondova shall point the Netsphere Portfolio. By 5 p.m. on July 3, 2009, Defendants shall point the Netsphere Portfolio to the set of nameserver(s) identified by the Netsphere Parties." Docket No. 22 at ¶ 4. These dates were modified under the Amendment and were changed to July 3rd and July 6th respectively. Plaintiffs identified the nameserver(s) to which Ondova was required to point the Netsphere Portfolio on July 3, 2009 *See* MacPete Dec. at ¶ 12. Given this information, the Defendants failed to point the entire Netsphere Portfolio to the identified nameserver(s) by 5 p.m. on July 6, 2009, in violation of the Amendment. In an attempt to be as reasonable as possible, Plaintiffs (through their counsel) orally agreed that substantial compliance would be acceptable ***if*** Defendants fully and completely complied on the following day (July 7, 2009). *See* MacPete Dec. at ¶ 14, App. p. 4. Even then, the Defendants failed to fully and completely comply on the following day. Id. Approximately 4,840 domain names remained out of compliance, and did not point to the identified nameserver until one week later, after 4 p.m. CST on July 13, 2009. *See* Aggarwal Dec. at 4, App. p. 40.

The Amendment further provides in pertinent part that "Defendants shall provide the on-line logins/access codes/passwords for all monetization accounts for any domain names registered at Ondova at any time, specifically including but not limited to, the on-line login/access codes/passwords for [the monetization companies] or provide a detailed explanation

to why Defendants are unable to provide such information." Docket No. 30 ¶ 11. Pursuant to the Amendment these access codes are to be provided to the Netsphere Parties no later than July 6, 2009 at 5 p.m. Id. at ¶ 14.

Here again, the Defendants failed to comply. *See* MacPete Dec. at ¶ 15, App. p. 4. Specifically, the Plaintiffs have determined that the Defendants have failed to provide any on-line logins/access codes/passwords for at least the Sendori and Firstlook accounts. *See* Aggarwal Dec. at ¶ 5, App. p. 40. (attaching documents reflecting that: Sendori is a monetization company; that the domain name <Bob-interactive.com> is parked with Sendori; and that Ondova is the registrar for the domain name <Bob-interactive.com> and stating that access codes to at least one of the Firstlook accounts was not provided).

It should be also noted that invalid usernames and passwords for three other accounts were initially provided, but valid access codes to said accounts (i.e. Parked.com, Sedo, and DomainSponsor.com) were eventually provided on July 14, 2009. *See* Aggarwal Dec. at ¶ 6, App. p. 40. (attaching documents reflecting the results when Plaintiffs attempted to use the invalid usernames and passwords initially provided by the Defendants to access Parked.com, Sedo and DomainSponsor.com).

D. Conclusion and Calculations

This Court has specifically warned the Defendant, both verbally in person, and in various documents, that disregard for this Court's orders and authority will not be tolerated. For example, the Amendment to Preliminary Injunction provides that: if "Defendants fail to comply with any provision of the Preliminary Injunction as amended or any other Order of this Court during a business day, then for each provision violated, Defendants shall pay a fine in the amount of fifty thousand dollars ($50,000 US) to be wired to the trust account of Plaintiffs' counsel

within 24 hours of said violation. A new fifty thousand dollar fine shall be paid for each business day Defendants remain in violation and for each separate violation of the Preliminary Injunction as amended or any other Order of this Court." Docket No. 30 at ¶ 16.

The Defendants violated the Amendment by failing to pay the fine in the amount of fifty thousand dollars ($50,000 US), per provision violated, within 24 hours of said violations. Pursuant to the Amendment, the Defendants are required to pay:

a. $50,000 per business day for violating the fourth numbered paragraph of the Preliminary Injunction (pointing Netsphere Portfolio to the nameserver), commencing July 7, 2009 through July 13, 2009 (7 days x $50,000 = 350,000.00).

b. $50,000 per business day for violating the eleventh numbered paragraph of the Amendment (access codes), commencing July 7, 2009 through July 21, 2009 (11 days x $50,000 = 550,000.00).

c. $50,000.00 per business day for violating the sixteenth paragraph of the Amendment by failing to pay the fines above commencing July 7, 2009 through July 21, (11 days x $50,000 = 550,000.00).

Therefore, as of close of business on July 21, 2009, the Defendants should have paid the sum of $1,450,000.00 to the trust account of Plaintiffs' counsel. Fines continue to accrue at the daily (business days) rate of $150,000.00 for the open violations. While the amount sought is significant, this Court specifically warned of contempt sanctions in the millions of dollars, and Defendant's counsel stated his belief that the domain name portfolio was worth tens of millions of dollars in profits annually. *See* Transcript, pp. 32 l. 1, App. p. 17; and pp. 108 l. 16, App. p. 36. **Nevertheless, Plaintiffs are not seeking imposition of the total amount of the fines**

required by the Amendment. Plaintiffs respectfully request that this Court award a contempt penalty in the amount of $400,000, calculated as $10,000 per day for the violation of paragraph 4 of the Preliminary Injunction and $30,000 per day for the violation of paragraph 11 of the Amendment to the Preliminary Injunction and no additional penalty for the violation of paragraph 16 of the Amendment to the Preliminary Injunction.

The law is clear, this Court's Orders are clear, and Plaintiffs have met their burden for the relief requested. As a result, Defendants should be held in civil contempt for violating this Court's explicit Orders, should be required to immediately cure the violations; and should be required to pay the fines as set forth therein. Additionally, Defendants should be ordered to pay Plaintiffs' costs and attorneys' fees for having to bring this Motion. Plaintiffs believe that this is a fair, reasonable and conservative remedy, given that it is well within this Court's powers to include dispositive action as a sanction, or deem all contested facts admitted in Plaintiffs' favor. Plaintiff is not seeking such remedy yet, but simply a portion of the remedy already set forth by this Court.

WHEREFORE, based upon the foregoing, Plaintiffs respectfully pray that this Honorable Court issue an Order holding Defendants in contempt for failing to comply with this Court's Orders of June 26, 2009 and as amended on July 6, 2009, and require that the Defendants immediately cure each of the violations.

Plaintiffs further pray that this Honorable Court impose a $400,000 (U.S.) fine for Defendants' violations and a per day fine of $40,000 from the date of any order on this Motion until those violations are cured. Plaintiffs further pray that this Court sanction Defendants for their willful disregard of this Court's Orders and award Plaintiffs costs and attorneys' fees, and

such other relief as justice dictates and as permitted by statute, court rules and relevant case law for having to bring this Motion.

Dated: July 21, 2009

Respectfully submitted,

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ATTORNEYS FOR PLAINTIFFS MANILA INDUSTRIES, INC., NETSPHERE, INC. and MUNISH KRISHAN

CERTIFICATE OF CONFERENCE

The undersigned hereby certifies that he conferred with counsel for Defendants regarding the relief requested in this Motion. Counsel for the Defendants indicated that this Motion is OPPOSED.

_____
John MacPete

CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record have been served with a copy of the foregoing via electronic mail on June 21, 2009.

/s/ John MacPete
John MacPete

EXHIBIT 6

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ATTORNEYS FOR MANILA INDUSTRIES, INC.
AND NETSPHERE, INC.

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.	§	**CHAPTER 11**

MOTION FOR RELIEF FROM AUTOMATIC STAY TO RESTORE AND TRANSFER DOMAIN NAMES PURSUANT TO PRELIMINARY INJUNCTION ORDER

NOTICE

THE TRUSTEE (IF ONE HAS BEEN APPOINTED) OR THE DEBTOR SHALL FILE A RESPONSE TO ANY MOTION FOR RELIEF FROM THE AUTOMATIC STAY WITHIN TWELVE (12) DAYS FROM THE SERVICE OF THE MOTION. THE DEBTOR'S RESPONSE SHALL INCLUDE A DETAILED AND COMPREHENSIVE STATEMENT AS TO HOW THE MOVANT CAN BE "ADEQUATELY PROTECTED" IF THE

STAY IS TO BE CONTINUED. IF THE DEBTOR DOES NOT FILE A RESPONSE AS REQUIRED, THE ALLEGATIONS IN THE CREDITOR'S MOTION FOR RELIEF FROM THE AUTOMATIC STAY SHALL BE DEEMED ADMITTED, UNLESS GOOD CAUSE IS SHOWN WHY THESE ALLEGATIONS SHOULD NOT BE DEEMED ADMITTED, AND AN ORDER GRANTING THE RELIEF SOUGHT MAY BE ENTERED BY DEFAULT. UNDER BANKRUPTCY RULE 9006(e) SERVICE BY MAIL IS NOW COMPLETE UPON MAILING; UNDER BANKRUPTCY RULE 9006(f), THREE (3) DAYS ARE ADDED TO THE PERIOD FOR FILING A RESPONSE WHEN NOTICE OF THE PERIOD IS SERVED BY MAIL.

TO THE HONORABLE STACEY G. JERNIGAN,
UNITED STATES BANKRUPTCY JUDGE:

Manila Industries, Inc. ("Manila") and Netsphere, Inc. (collectively the "Netsphere Parties") file this Motion for Relief from Stay to Restore and Transfer Domain Names Pursuant to Preliminary Injunction Order (the "Motion"). In support of the Motion, the Netsphere Parties would respectfully show as follows:

I.

BACKGROUND FACTS

1. The Affidavit of Manish Aggarwal, the Chief Technology Officer of Netsphere, is attached hereto as Exhibit 1 and incorporated herein. The Affidavit of John W. MacPete is attached hereto as Exhibit 2 and incorporated herein.

2. On July 27, 2009, Ondova Limited Company (the "Debtor") filed a voluntary petition under Chapter 11 of the Bankruptcy Code in this Court, commencing the above-styled bankruptcy case.

3. The Debtor is a licensed domain name registrar, who, in conjunction with VeriSign, Inc. ("VeriSign"), the operator of the .com and .net registries, maintains the registration of a significant number of domain names owned by third parties. Exhibit 1 at ¶ 2.

4. The Debtor is presently one of two defendants in *Netsphere v. Baron*, case number 3-09CV0988-F pending in the United States District Court for the Northern District of Texas. The other defendant is Jeff Baron, the President, sole member, and sole employee of Debtor. Exhibit 1 at ¶ 3. Debtor and Baron collectively are defined as "Defendants." *Netsphere v. Baron* is an action to enforce a settlement agreement arising out of litigation (the "Underlying Litigation") over the ownership of a portfolio of approximately 700,000 .com and .net domain names registered by Manila (the "Manila Portfolio"). Exhibit 1 at ¶ 4. The Underlying Litigation commenced as a result of Defendants engaging in inappropriate self-help by hijacking the Manila Portfolio and re-directing the traffic from the Netsphere Parties' web sites to other web sites controlled by Defendants, thereby diverting significant monthly revenues from the Netsphere Parties to entities acting in concert with Defendants. *Id.* The key dispute in the Underlying Litigation was whether a proposed tax and asset protection structure in the United States Virgin Islands (the "USVI"), which would have created a joint business between Defendants and the Netsphere Parties, was ever finally agreed to and effectuated. *Id.* The Underlying Litigation involved cases in Texas state court, California federal court, and USVI federal court between Defendants, the Netsphere Parties, and the USVI entities that were to have been involved in the proposed USVI structure. *Id.*

5. The Underlying Litigation was settled by all three groups of parties after over a year of face-to-face negotiations without a mediator and four separate mediations. Exhibit 1 at ¶ 5. The settlement was memorialized in a written Settlement Agreement which states that it "is intended to be a full and final settlement agreement containing all material terms even though the parties may prepare a more formal settlement document, release language and dismissal papers." *Id.* Jeff Baron acting for Defendants initialed the foregoing provision, as well as other provisions, stating "All parties acknowledge that . . . (3) they relied upon their own good judgment and independent

legal advice of their own counsel and not on the representations, if any, of the mediator; and (4) that no coercion, duress or undue influence was used by any party, attorney or the mediator to obtain their signature." *Id.* The Settlement Agreement was signed by all three groups of parties on April 26, 2009 after a twenty-two hour mediation with mediator Hesha Abrams. *Id.*

6. Initially, Defendants performed their obligations under the Settlement Agreement, namely providing the "auth" codes for certain domain names under a trademark challenge to permit them to be transferred to the trademark owner as part of settlements. Exhibit 1 at ¶ 6. However, Defendants quickly developed buyer's remorse and began to refuse to continue to perform the Settlement Agreement. *Id.* In part, Defendants' buyer's remorse stemmed from their unhappiness with the fact that they were required to cover the cost of domain name renewal charges until the Manila Portfolio was divided up in accordance with the Settlement Agreement.[1] Exhibit 2 at ¶ 2. Defendants thereafter filed three emergency temporary restraining order motions in the underlying Texas state court seeking orders directing that the renewal costs be paid with funds held by third parties. *Id.* at ¶3. Each time, Defendants' motions were denied. *Id.* Defendants then elected to delete approximately 75,000 domain names that were subject to the Settlement Agreement. Exhibit 1 at ¶ 8. That additional act of inappropriate self-help resulted in the District Court granting a TRO against Defendants, prohibiting any modification of the WHOIS information (including record title) for all domain names registered at Debtor and prohibiting any further deletions without the domain names being first offered to be transferred to the Netsphere Parties. *Id.* The District Court further

[1] Had Defendants cooperated in the division of the Manila Portfolio pursuant to the Settlement Agreement, Defendants would only have been responsible for approximately one month of renewal fees. Defendants' breach of the Settlement Agreement extended the time before the division beyond what was provided for in the agreement and thus increased the renewal costs for which Defendants were responsible. Exhibit 1 at ¶ 7.

indicated that it would take up the issue of restoring the already-deleted domain names at a hearing on a preliminary injunction and granted expedited discovery at Defendants' request. *Id.*

7. The District Court (Judge Furgeson) granted a Preliminary Injunction on June 26, 2009, which ordered compliance with many of the substantive provisions of the Settlement Agreement, including those relating to the split-up of the Manila Portfolio. Exhibit 1 at ¶ 9. The Preliminary Injunction specifically states that "To be clear, Defendants may not later attempt to change the result of the split under this Injunction for any reason." *Id.* Defendants consented to the Preliminary Injunction. *Id.*

8. Thereafter, Defendants failed to comply with the provisions of the District Court's TRO order concerning expedited discovery and a second Order on Expedited Discovery. Exhibit 1 at ¶ 10. The District Court held several hearings concerning Defendants' failure to obey the Court's orders.[2] *Id.* Defendants' sixth counsel[3] then withdrew and was replaced by Friedman & Feiger (the seventh set of counsel), who are currently Defendants' lead counsel in *Netsphere v. Baron*. *Id.* As a result of one of those hearings, the District Court issued its Amendment to Preliminary Injunction (the "Amendment"). *Id.* The Amendment set forth a specific contempt fine of $50,000 per day for each future failure by Defendants to comply with the District Court's orders. *Id.* As a result of Defendants' bad faith discovery conduct, the Amendment further ordered that all

[2] In fact, the District Court has, with few exceptions, been holding weekly hearings concerning the progress of compliance with the Preliminary Injunction and Amendment. Exhibit 2 at ¶ 7. The District Court has also appointed a Special Master to assist the Court with the numerous technical issues related to this case. *Id.*

[3] Defendants have had seven sets of counsel in the Underlying Litigation (which remains open, but is currently stayed pursuant to an agreement between the Federal District Court and the Texas state court), including, in order: (1) Mateer & Schaffer; (2) Carrington Coleman Soleman & Blumenthal; (3) Bickel & Brewer; (4) The Beckham Group; (5)The Aldous Law Firm and the Rasansky Law Firm; (6) Fee Smith Sharp & Vitullo and (7) Friedman & Feiger. Exhibit 2 at ¶ 8. With the exception of the Beckham Group, all counsel are listed on Debtors' creditor matrix. *Id.* *Netsphere v. Baron* was filed at about the time that the fifth set of lawyers withdrew, thus the sixth and seventh counsel are the only counsel that have appeared for Defendants in *Netsphere v. Baron*. *Id.*

of Defendants' computers and servers be imaged by a third party forensic service after recovering deleted material. *Id.* The District Court also found Defendants' well-established proclivity to change counsel for the purpose of delay and/or to get a second bite at the apple (as noted by Judge Hoffman in the underlying Texas state case) created a concern for the District Court that a further "change in counsel might be for the purpose of delay and in an attempt to impede the judicial process." Exhibit 2 at ¶ 4. Accordingly, the District Court ordered in the Amendment that certain funds belonging to Defendants be paid to Friedman & Feiger and that such funds were non-refundable in the event that Defendants attempted to change counsel again. *Id.* At a subsequent telephonic hearing during which there was a discussion of additional counsel being hired by Defendants, Judge Furgeson orally ordered that no additional counsel were permitted to represent Defendants (including Debtor) without first filing for and receiving leave of Court. *Id.* As a result of actions later taken by the general counsel of Debtor without consultation with Friedman & Feiger and in violation of an agreement between Friedman & Feiger and counsel for the Netsphere Parties, the District Court orally ordered that the Debtor's general counsel was not to take any further actions relating to these matters without consultation and approval from Defendants' lead counsel Friedman & Feiger.[4] *Id.*

9. Defendants also violated the TRO by producing the WHOIS database in a modified form which deleted two of the fields in the database, including the critical field containing the creation date of the domain names, which was needed to determine the ownership of the domain names at issue. Exhibit 1 at ¶ 11. The unaltered WHOIS database was ultimately produced as a result of an order in the District Court's Preliminary Injunction that required a third party computer

[4] Debtor's bankruptcy counsel was employed by the same general counsel of the Debtor to file this proceeding and was retained without leave from the District Court in violation of its orders relating to counsel and without consultation or approval from the Debtor's lead counsel, Friedman & Feiger. Exhibit 2 at ¶ 9.

forensic service to image all WHOIS-related documents from Defendants' computers. *Id.* As a result of this and other violations of the District Court's TRO, Order on Expedited Discovery, Preliminary Injunction and the Amendment, the Court invited the Netsphere Parties to file a Motion for Contempt. *Id.* The Netsphere Parties filed a Motion for Contempt on July 21, 2009, which was scheduled to be heard Tuesday July 28, 2009 at 9:30. *Id.* The Suggestion of Bankruptcy and Notice of Stay related to this Chapter 11 proceeding was filed with the District Court in the late afternoon of Monday July 27, 2009, literally on the eve of the contempt hearing. Under the terms of the Amendment to the Preliminary Injunction, the Debtor could have been fined up to $2 million by the District Court for its continuing violations of the District Court's orders. *Id.*

10. In the District Court's Preliminary Injunction, Defendants and VeriSign were given until July 7, 2009 to restore and transfer the deleted domain names selected by the Netsphere Parties to the registrar of the Netsphere Parties' choice. Exhibit 1 at ¶ 12. That deadline was later extended by the Amendment and another order specifically to Verisign to extend the "Redemption Grace Period" for the deleted domain names selected by the Netsphere Parties. *Id.* Verisign extended the Redemption Grace Period for the deleted names selected by the Netsphere Parties to August 9, 2009. Exhibit 2 at ¶ 5.

11. The deleted domain names must be restored by August 9th, or else they will be permanently deleted and released to the general public to be registered.[5] Exhibit 1 at ¶ 13. Once a domain name has been released to the general public for registration, it cannot be recovered by the prior owner. *Id.* As such, time is of the essence because each domain name is a unique piece of

[5] The Debtor has taken the position that Section 108 of the Bankruptcy Code automatically extends the Redemption Grace Period. The Netsphere Parties do not take a position regarding the applicability of Section 108 and file this Motion out of an abundance of caution.

intellectual property and the restoration of the deleted domain names is needed to avoid irreparable harm to the Netsphere Parties by loss of those domain names. *Id.*

12. The filing of the Debtor's Bankruptcy Case has already delayed the restoration of the deleted domain names because the Debtor and Verisign have refused to restore the deleted domain names due to the pendency of the Bankruptcy Case and the automatic stay. Exhibit 2 at ¶ 6.

13. If the deleted domain names are not restored and transferred in accordance with the District Court's Injunction Order before the expiration of the Redemption Grace Period, the domain names will be permanently deleted and released to the general public for registration, which will result in substantial and irreparable harm to the Netsphere Parties. Exhibit 1 at ¶ 14.

14. Thus, it is necessary for this Court to grant relief from the automatic stay to permit compliance with/enforcement of the District Court's Preliminary Injunction concerning the deleted domain names so that the deleted domain names can be restored and transferred to the registrar of the Netsphere Parties' choice in order to avoid the permanent loss of the domain names.

II.

JURISDICTION

15. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding.

III.

ARGUMENTS AND AUTHORITY

16. The Netsphere Parties seek, and are entitled to, relief from the automatic stay pursuant to Sections 362(d)(1) and (d)(2) of the Bankruptcy Code.

A. Cause exists for the Court to grant relief from the automatic stay pursuant to Section 362(d)(1) of the Bankruptcy Code.

17. Cause exists for this Court to grant relief from the automatic stay pursuant to Section 362(d)(1) of the Bankruptcy Code. The scope of the automatic stay is not limitless, and parties may be afforded relief from the automatic stay for cause, "including the lack of adequate protection of an interest in property of such party in interest...."[6] The Bankruptcy Code does not define "cause," and courts generally determine whether cause exists on a case-by-case basis, allowing them to fashion remedies suitable to the particular circumstances of each case.[7]

18. Cause under Section 362(d)(1) is not limited to a lack of adequate protection, and courts consider a multitude of factors, including harm to the creditor, whether any great prejudice to either the bankruptcy estate or the debtor will result from lifting the stay, and whether the hardship to the non-bankrupt party by continuing the stay considerably outweighs the hardship to the debtor.[8] A lack of good faith also constitutes cause both for dismissal of a bankruptcy case and relief from the automatic stay,[9] and courts generally look to the totality of the circumstances when determining whether a debtor filed for bankruptcy in bad faith.[10] Examples of bad faith can include, but are not limited to, instances where a bankruptcy case was initiated to stall a dispute that

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[6] *See* 11 U.S.C. § 362(d); *Value Recovery Group, Inc. v. Hourani*, 115 F. Supp. 2d 761, 767 (S.D. Tex. 2000); *see also* 3 COLLIER ON BANKRUPTCY ¶ 362.03[3] (15th ed. rev. 2005).

[7] *See In re Reitnauer*, 152 F.3d 341, 344 n.4 (5th Cir. 1998); *see also MacDonald v. MacDonald* (*In re MacDonald*), 755 F.2d 715, 717 (9th Cir. 1985) (explaining that relief from the stay is discretionary and must be determined on a case-by-case basis).

[8] *See, e.g., Canal Place Ltd. P'ship v. AETNA Life Ins. Co.* (*In re Canal Place Ltd. P'ship*), 921 F.2d 569, 579 (5th Cir. 1991); *In re Fowler*, 259 B.R. 856 (Bankr. E.D. Tex. 2001).

[9] *See In re Am. Telecom Corp.*, 304 B.R. 867, 869 (Bankr. N.D. Ill. 2004); *Dmitri v. Garrett (In re Dmitri)*, No. 04-30145, 2004 WL 2434880 at *1 (5th Cir. Nov. 1, 2004).

[10] *Little Creek Dev. Co. v. Commonwealth Mortgage Corp. (In re Little Creek Dev. Co.)*, 779 F.2d 1068, 1072 (5th Cir. 1986).

was nearing resolution in a pending action and where a debtor filed for bankruptcy relief solely to create the automatic stay.[11]

19. Here, cause clearly exists to modify the automatic stay pursuant to Section 362(d)(1) of the Bankruptcy Code based upon the Debtor's lack of good faith and also based upon equitable considerations and the irreparable prejudice and harm that will be suffered by the Netsphere Parties absent the granting of the relief requested herein.

20. First, the timing of the Debtor's bankruptcy filing on the eve of a contempt hearing in *Netsphere v. Baron* was clearly an effort to delay the resolution of that action and is, by itself, indicative of the Debtor's bad faith.[12] Notwithstanding, cause also exists independently of any determination of the Debtor's bad faith on equitable grounds because the deleted domain names belong to the Netsphere Parties pursuant to the District Court's Preliminary Injunction and will otherwise be permanently deleted if they are not restored and transferred before the expiration of the Redemption Grace Period.

21. The Netsphere Parties will be severely prejudiced and will suffer significant and irreparable harm if this Court does not provide relief from the automatic stay to permit compliance with/enforcement of the District Court's Preliminary Injunction concerning the deleted domain names, so that the deleted domain names can be restored and transferred to the registrar of the Netsphere Parties' choice.

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[11] *Gier v. Farmers State Bank (In re Gier)*, 986 F.2d 1326, 1328-29 (10th Cir. 1993) (concluding that factors in the totality of circumstances pointed to bad faith); *In re Love*, 957 F.2d 1350, 1354 (7th Cir. 1992) (finding factors relevant in determining if petition filed in good faith); *Canal Place Ltd. P'ship v. Aetna Life Ins. Co. (In re Canal Place Ltd. P'ship)*, 921 F.2d 569, 579 (5th Cir. 1991) (discussing in context of chapter 11 that an abuse of the bankruptcy process may be "cause" to lift stay).

[12] *See Sullivan v. Solimini (In re Sullivan)*, 326 B.R. 204, 213 (B.A.P. 1st Cir. 2005) (Chapter 13 case found to be bad faith filing because it was an attempt to defeat pending state court litigation); *In re RBGSC Inv. Corp.*, 253 B.R. 352, 368-69 (E.D. Pa. 2000) (debtor may be found to abuse judicial process by exploiting the protections of the automatic stay).

22. Accordingly, the Netsphere Parties respectfully request that the Court grant relief from the automatic stay for the limited purpose of permitting compliance with/enforcement of the District Court's Preliminary Injunction concerning the deleted domain names so that the deleted domain names can be restored and transferred to the registrar of the Netsphere Parties' choice.

B. Alternatively, the Court should grant relief from the automatic stay pursuant to Section 362(d)(2).

23. Alternatively, the Court should grant relief from the automatic stay pursuant to Section 361(d)(2) of the Bankruptcy Code. Pursuant to Section 361(d)(2), the Court "shall" provide relief from the automatic stay if: (i) the debtor does not have any equity in such property; and (ii) such property is not necessary to an effective reorganization.[13] The phrase "not necessary to an effective reorganization" in Section 362(d)(2) imposes upon a debtor the burden to demonstrate a reasonable probability of successful reorganization within a reasonable time.[14] This showing must be based on more than unsubstantiated hope and speculation about future performance, and absent such a showing, the Court must modify the automatic stay.[15]

24. Here, the District Court has already ordered that the deleted domain names must be transferred to the Netsphere Parties.[16] Exhibit 1 at ¶ 15. As such, the deleted domain names belong to the Netsphere Parties, and the Debtor does not have legal title to those domain names.[17] Id. In

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[13] 11 U.S.C. § 362(d)(2).

[14] *See, e.g., United Savings v. Timbers of Inwood Forest*, 484 U.S. 365, 375-6 (1988); *In re Sutton*, 904 F. 2d 327, 330 (5th Cir. 1990).

[15] *See In re Canal Place, Ltd.*, 921 F.2d at 577-79.

[16] Preliminary Injunction at paragraph 5(e).

[17] Moreover, Defendants told the District Court that Debtor was not the owner of the domain names (prior to their deletion) but was simply the registrar for the domain names and contended that the owners were Jeff Baron and the Netsphere Parties.

fact, Ondova's counsel James Bell told the District Court in a hearing on June 19, 2009[18] that Debtor was not the owner of the domain names (prior to their deletion) but was simply the registrar for the domain names and contended that the owners were Jeff Baron and Munish Krishan, President of the Netsphere Parties. Exhibit 1 at ¶ 16. The Debtor therefore cannot have any equity in those domain names, nor can they be necessary for a successful reorganization. Exhibit 1 at ¶ 15.

IV.

REQUEST FOR RELIEF

BASED UPON THE FOREGOING, the Netsphere Parties respectfully request that this Court enter an order: (i) lifting the automatic stay for the limited purpose of permitting compliance with/enforcement of the District Court's Preliminary Injunction concerning the deleted domain names so that the deleted domain names can be restored and transferred to the registrar of the Netsphere Parties' choice; and (ii) granting the Netsphere Parties such other and further relief to which they are justly entitled.

DATED: August 3, 2009.

[18] The transcript of that hearing is Exhibit F to the Affidavit of Manish Aggarwal and the page and line reference is 33:10-20.

Respectfully submitted,

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ATTORNEYS FOR MANILA INDUSTRIES, INC. AND NETSPHERE, INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing was sent either electronically by the clerk of court on August 3, 2009 or via first class United States mail, postage prepaid to each of the below-listed parties on August 4, 2009.

/s/ Melissa S. Hayward 08/03/09
Melissa S. Hayward

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U.S. Trustee
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CERTIFICATE OF CONFERENCE

I hereby certify that I spoke to Paul Keiffer regarding the Motion. The Debtor opposes the relief requested herein.

/s/ Melissa S. Hayward 08/03/09
Melissa S. Hayward

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ATTORNEYS FOR MANILA INDUSTRIES, INC. AND NETSPHERE, INC.

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.	§	**CHAPTER 11**

AFFIDAVIT OF MANISH AGGARWAL IN SUPPORT OF EMERGENCY MOTION FOR RELIEF FROM AUTOMATIC STAY TO RESTORE AND TRANSFER DOMAIN NAMES PURSAUNT TO PRELIMINARY INJUNCTION ORDER

I, Manish Aggarwal, am over 21 years of age. I have never been convicted of a felony or crime involving moral turpitude, and am otherwise competent to make this Affidavit in Support of the Emergency Motion For Relief From Automatic Stay To Restore And Transfer Domain Names Pursuant to Preliminary Injunction Order. I have personal knowledge of the facts set forth herein, and such facts are true and correct.

1. I am the Chief Technology Officer of Netsphere, Inc. ("Netsphere") and one of the individuals primarily responsible for the business transactions of Manila Industries, Inc. ("Manila"). Netsphere and Manila are collectively referred to herein as "the Netsphere Parties." I am also involved in the day-to-day operations of the Netsphere Parties and am authorized by the Netsphere Parties to make this Affidavit on their behalf.

2. Ondova Limited Company (the "Debtor") is a licensed domain name registrar, who in conjunction with VeriSign, Inc. ("VeriSign") the operator of the .com and .net registries, maintains the registration of a significant number of domain names owned by third parties.

3. The Debtor is presently one of two defendants in Netsphere v. Baron, 3-09CV0988-F in the United States District Court for the Northern District of Texas. The other defendant is Jeff Baron, the President; sole member and sole employee of Debtor. Attached hereto as Exhibit A is a true and correct copy of the Complaint in *Netsphere v. Baron*.

4. Netsphere v. Baron is an action to enforce a settlement agreement arising out of litigation (the "Underlying Litigation") over the ownership of a portfolio of approximately 700,000 .com and .net domain names registered by Manila (the "Manila Portfolio"). The Underlying Litigation commenced as a result of Defendants engaging in inappropriate self-help by hijacking the Manila Portfolio and re-directing the traffic from the Netsphere Parties web sites to other web sites controlled by Defendants, thereby diverting significant monthly revenues from the Netsphere Parties to entities acting in concert with Defendants. The key dispute in the Underlying Litigation was whether a proposed tax and asset protection structure in the USVI, which would have created a joint business between Defendants and the Netsphere Parties, was ever finally agreed to and effectuated. The Underlying Litigation involved cases in Texas state court; California federal court and USVI federal court between Defendants, the Netsphere Parties

and the USVI entities that were to have been involved in the proposed USVI structure.

5. The Underlying Litigation was settled by all three groups of parties after over a year of face-to-face negotiations without a mediator and four separate mediations. The settlement was memorialized in a written Settlement Agreement which states that it "is intended to be a full and final settlement agreement containing all material terms even though the parties may prepare a more formal settlement document, release language and dismissal papers." Jeff Baron acting for Defendants initialed the foregoing provision, as well as other provisions stating "All parties acknowledge that . . . (3) they relied upon their own good judgment and independent legal advice of their own counsel and not on the representations, if any, of the mediator; and (4) that no coercion, duress or undue influence was used by any party, attorney or the mediator to obtain their signature." The Settlement Agreement was signed by all three groups of parties on April 26, 2009 after a 22 hour mediation with mediator Hesha Abrams.[1]

6. Initially, Defendants performed their obligations under the Settlement Agreement, namely providing the "auth" codes for certain domain names under a trademark challenge to permit them to be transferred to the trademark owner as part of settlements. I am aware of this performance because I received copies of emails from Defendants' counsel providing the "auth" codes to the counsel handling the trademark litigation. Attached hereto as Exhibit B is a true and correct copy of examples of such emails. However, Defendants quickly began to refuse to continue to perform the Settlement Agreement.

7. Had Defendants cooperated in the division of the Manila Portfolio pursuant to the Settlement Agreement, Defendants would only have been responsible for approximately one month of renewal fees as the division should have been completed at the latest by the end of May

[1] I have not attached the Settlement Agreement to this Affidavit because the Settlement Agreement is confidential and contains proprietary and confidential business information of the parties. The agreement has been filed under seal with the District Court in *Netsphere v. Baron*.

2009. Defendants' breach of the Settlement Agreement extended the time before the division beyond what was provided for in the agreement and thus increased the renewal costs for which Defendants were responsible.

8. Defendants then elected to delete approximately 75,000 domain names that were subject to the Settlement Agreement on June 9-11, 2009. That additional act of inappropriate self-help resulted in the District Court granting a TRO against Defendants, prohibiting any modification of the WHOIS information (including record title) for all domain names registered at Debtor and prohibiting any further deletions without the domain names being first offered to be transferred to the Netsphere Parties. Attached hereto as Exhibit C is a true and correct copy of the TRO granted by the District Court. The District Court further indicated that it would take up the issue of restoring the already-deleted domain names at a hearing on a preliminary injunction and granted expedited discovery at Defendants' request.

9. The District Court granted a Preliminary Injunction on June 26, 2009, which ordered compliance with many of the substantive provisions of the Settlement Agreement, including those relating to the split-up of the Manila Portfolio. The Preliminary Injunction specifically states that "To be clear, Defendants may not later attempt to change the result of the split under this Injunction for any reason." Defendants consented to the Preliminary Injunction. Attached hereto as Exhibit D is a true and correct copy of the District Court's Preliminary Injunction.

10. Thereafter, Defendants failed to comply with the provisions of the District Court's TRO order concerning expedited discovery and a second Order on Expedited Discovery. Attached hereto as Exhibit E is a true and correct copy of the District Court's Order on Expedited Discovery. The District Court held several hearings concerning Defendants' failure to

obey the Court's orders. Attached hereto as Exhibit F is a true and correct copy of the transcript from a June 19, 2009 hearing before the District Court. Attached hereto as Exhibit G is a true and correct copy of the transcript from July 1, 2009 hearing before the District Court. Defendants' sixth counsel then withdrew and was replaced by Friedman & Feiger (the seventh set of counsel) who are currently Defendants' lead counsel in *Netsphere v. Baron*. As a result of one of those hearings, the District Court issued its Amendment to Preliminary Injunction (the "Amendment"). Attached hereto as Exhibit H is a true and correct copy of the District Court's Amendment to Preliminary Injunction. The Amendment set forth a specific contempt fine of $50,000 per day for each future failure by Defendants to comply with the District Court's orders. As a result of Defendants' bad faith discovery conduct, the Amendment further ordered that all Defendants' computers and servers be imaged by a third party forensic service after recovering deleted material.

11. Defendants also violated the TRO by producing the WHOIS database in a modified form which deleted two of the fields in the database, including the critical field containing the creation date of the domain names, which was needed to determine the ownership of the domain names at issue. The unaltered WHOIS database was ultimately produced as a result of an order in the District Court's Preliminary Injunction that required a third party computer forensic service to image all WHOIS-related documents from Defendants' computers. As a result of this and other violations of the District Court's TRO, Order on Expedited Discovery, Preliminary Injunction and the Amendment, the Court invited the Netsphere Parties to file a Motion for Contempt. The Netsphere Parties filed a Motion for Contempt on July 21, 2009, which was scheduled to be heard Tuesday July 28, 2009 at 9:30. Attached hereto as Exhibit I is a true and correct copy of the Netsphere Parties Motion for Contempt. The

Suggestion of Bankruptcy and Notice of Stay related to this Chapter 11 proceeding was filed with the District Court in the late afternoon of Monday July 27, 2009, literally on the eve of the contempt hearing. Attached hereto as Exhibit J is a true and correct copy of the Suggestion of Bankruptcy. Under the terms of the Amendment to the Preliminary Injunction, Debtor could have been fined up to $2 million by the District Court for its continuing violations of the District Court's orders. I submitted a Declaration in support of the Motion for Contempt.

12. In the District Court's Preliminary Injunction, Defendants and VeriSign were given until July 7, 2009 to restore and transfer the deleted domain names selected by the Netsphere Parties to the registrar of the Netsphere Parties' choice. That deadline was later extended by the Amendment and another order specifically to Verisign to extend the "Redemption Grace Period" for the deleted domain names selected by the Netsphere Parties. Attached hereto as Exhibit K is a true and correct copy of the District Court's Order Extending Redemption Grace Period. I understand that Verisign has told counsel for the parties that it extended the Redemption Grace Period until August 9, 2009.

13. The deleted domain names must be restored by August 9th, or else they will be permanently deleted and released to the general public to be registered. Once a domain name has been released to the general public for registration, it cannot be recovered by the prior owner. As such, time is of the essence because each domain name is a unique piece of intellectual property and the restoration of the deleted domain names is needed to avoid irreparable harm to the Netsphere Parties by loss of those domain names.

14. If the deleted domain names are not restored and transferred in accordance with the District Court's Injunction Order before the expiration of the Redemption Grace Period, the domain names will be permanently deleted and released to the general public for registration.

which will result in substantial and irreparable harm to the Netsphere Parties.

15. The District Court has already ordered that the deleted domain names must be transferred to the Netsphere Parties. As such, the deleted domain names belong to the Netsphere Parties, and the Debtor does not have legal title to those domain names. The Debtor therefore cannot have any equity in those domain names, nor can they be necessary for a successful reorganization of Debtor.

16. I was present in the Courtroom on June 19, 2009 when one of Defendants' sixth counsel, James Bell, told the District Court that Debtor was not the owner of the domain names (prior to their deletion) but was simply the registrar for the domain names and contended that the owners were Jeff Baron and Munish Krishan, President of the Netsphere Parties.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed at Newport Beach, California on August 3, 2009.

MANISH AGGARWAL

Subscribed and sworn to before me this 03 day of August, 2009.

My commission expires:

July 9, 2013

Notary public in and for the State of Texas

ORIGINAL

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

NETSPHERE, INC., et al.,	§	
	§	
Plaintiffs,	§	
	§	
vs.	§	CIVIL ACTION NO.
	§	3-09CV0988-F
JEFFREY BARON, et al.,	§	
	§	
Defendants.	§	

ORDER ON EXPEDITED DISCOVERY

Having considered all arguments of counsel at a hearing on June 19, 2009, regarding the expedited discovery ordered in connection with the preliminary injunction hearing scheduled for July 1, 2009, the Court hereby makes the following findings and orders.

The Court finds that Plaintiffs timely served a Notice of Deposition Duces Tecum for Defendants Jeffrey Baron and Ondova Ltd. on June 15, 2009 as provided for in this Court's June 12, 2009 TRO Order; that the deposition of Jeffrey Baron was scheduled to occur at 10 a.m. on June 18, 2009; and that Defendant Baron was directed to produce documents responsive to 14 limited categories of documents.

The Court further finds that Defendant Baron failed and refused to provide all documents responsive to Plaintiffs' requests at his deposition in accordance with this Court's June 12, 2009 TRO Order.

Accordingly, the Court ORDERS that:

(1) Defendants shall produce all WHOIS records for every domain name registered with Ondova to Plaintiffs in electronic form, including the specific files identified in Plaintiffs' request nos. 6, 7, and 8 to Jeffrey Baron and Plaintiffs' request nos. 5, 6, and 7 to Ondova Ltd.;

EXHIBIT E

(2) Defendants shall produce all documents related to the monetization of all the domain names registered at Ondova, including the documents identified in Plaintiffs request nos. 9-10 and 12-13 to Jeffrey Baron and Plaintiffs' request nos. 8-11 to Ondova Ltd., and Defendants shall provide the on-line logins/access codes/ passwords for all monetization accounts for any domain names registered at Ondova to Plaintiffs and Defendants shall provide any additional assistance needed, if any, to permit Plaintiffs full access to the monetization accounts;

(3) Defendants shall produce the list of all domain names registered at Ondova that they deleted or allowed to expire or transferred after April 26, 2009 and shall produce all records or financial reports related to those domain names and any records or reports that were specifically used or relied upon by Defendants to determine which domain names would be deleted, allowed to expire, or transferred;

(4) Defendants shall produce all documents responsive to Plaintiffs' request nos. 14-15 to Jeffrey Baron and Plaintiffs' request nos. 12-13 to Ondova Ltd.;

(5) Defendants shall notify Plaintiffs' counsel by 3 p.m. on Friday June 19, 2009, that Defendants are willing and able to produce all documents required by paragraphs 1-4 of this Order, or Defendants shall make available to Plaintiffs and their counsel all of their computers and records and anything else necessary in order to permit Plaintiffs to retrieve the documents required by paragraphs 1-4 of this Order;

(6) Defendants to produce all documents required by paragraphs 1-4 of this Order to Plaintiffs by Tuesday June 23, 2009 at 4 p.m. at the office of Plaintiffs' counsel. Defendants shall produce all documents in electronic form, except documents that have only ever existed in tangible form;

(7) Defendant Jeffrey Baron shall not be required to produce his personal financial records as requested by Plaintiffs and Plaintiff Munish Krishan shall not be required to produce his personal financial records;

(8) Depositions on expedited discovery shall proceed according to the "West Texas Rule," with Plaintiffs taking Defendants' depositions first, followed by Defendants' taking Plaintiffs depositions;

(9) Plaintiffs' shall submit the Google contract, along with any explanatory bench brief Plaintiffs' believe would assist the Court, to the Court for *in camera* inspection by Tuesday June 23, 2009 at 3 p.m.;

(10) Plaintiffs' request for reimbursement of costs, attorneys' fees and court reporter/videographer fees due to the delay in the noticed deposition of Jeffrey Baron as a result of the failure to timely produce documents is not being ruled upon and will be held in abeyance until the preliminary injunction hearing;

(11) Defendants shall file any motion (with supporting authority) concerning whether Plaintiffs' TRO Motion is required to be verified by Plaintiff Munish Krishan by Monday June 22, 2009;

(12) Defendants' oral motion to strike their Motion to Dismiss from the docket is GRANTED, without prejudice to Defendants' re-filing the Motion by _____. Defendants' request to file the exhibits to such re-filed Motion under seal is hereby GRANTED.

(13) The parties' joint motion to seal the entire case is DENIED, without prejudice to subsequent requests to seal more limited portions of this case to protect the confidential settlement agreement and sensitive business information of the parties.

IT IS SO ORDERED.

DATED: June 25th, 2009

THE HONORABLE W. ROYAL FURGESON, JR.
U.S. DISTRICT JUDGE

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

NETSPHERE, INC., ET AL. (Number 3: 09-CV-0988-F
Plaintiff, (
(
vs. (
(
(
JEFFREY BARON, ET AL. (
(
Defendant. (June 19, 2009

Status Conference
Before the Honorable Royal Furgeson

APPEARANCES:

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PROCEEDINGS:

THE COURT: Thank you very much. Please be seated. Welcome. Mr. Frye, will you please call the case.

MR. FRYE: Netsphere, Inc., et al. versus Jeffrey Baron, et al., Cause Number 3:09-CV-0988-F.

THE COURT: Could I have announcements for the plaintiff.

MR. MACPETE: Yes, your Honor, John MacPete of Locke Lord on behalf of the plaintiffs, Netsphere. I have with me my client Munish Krishan as well as other representatives of Netsphere here.

MR. RAWLS: Caleb Rawls on behalf of Jeffrey Baron. Mr. Baron is here with me as well as well as Mr. Bell.

THE COURT: Excellent. Glad to have all of you here. Well, Mr. MacPete, tell me how we're doing. Come to the podium, if you would.

MR. MACPETE: Your Honor, we have a couple of preliminary matters we were hoping to take up with the Court.

MR. RAWLS: We have three total Mr. Rawls tells me. They have to do with the protective order that the parties have agreed to, counsel have signed off on. And if I could approach, I would like to present that to the

Court and see if the Court is willing to sign that as well.

THE COURT: Certainly. Agreed?

MR. RAWLS: Yes.

MR. MACPETE: Yes.

THE COURT: Pretty standard.

MR. MACPETE: Yes, it's a two-level confidentiality agreement. There is a highly confidential category, your Honor, which would require only outside counsel's eyes to see trade secrets and that kind of business information of the respective parties.

THE COURT: Well, I can see the lawyers have been working hard. You even spelled my name right which doesn't happen very often. Here you go, Mr. Frye. Go ahead.

MR. MACPETE: The second administrative matter we have is when we filed a TRO, your Honor, we originally filed with Judge Lynn an agreed motion to seal. It was agreed between the parties, and that was because the settlement agreement which is the subject of this lawsuit is a confidential agreement, and it contains important trade secrets and other sensitive business information from the parties. In addition, the issues that have come up with respect to the settlement agreement also required the disclosure of that kind of information.

Judge Lynn granted that agreed motion to seal, and she allowed our TRO papers to be filed under seal. Subsequent to that, she sealed the transcript of that hearing. But her law clerk indicated that your Honor would have to essentially take up the issue of either sealing the whole case or other pieces of this where there was going to be a discussion of the settlement agreement or the sensitive business information.

Yesterday, while we were sort of in deposition and discussing the discovery problems, there was a motion to dismiss that was filed by other counsel on behalf of the defendants, and it had certain exhibits attached to it which included the settlement agreement and some other confidential business information, and apparently that was erroneously filed, not under seal, without a request for a sealing. The counsel that are here in the courtroom and I have conferred, and we have agreed that the case because it surrounds this settlement agreement with that confidential business information -- and the settlement agreement itself being confidential -- that we would move the Court jointly to seal this proceeding, the entire case, because I think there is no way to sort of discuss things that aren't going to be confidential and trade secrets of the business without it being under seal, and that's pretty much what this whole case is about.

EXHIBIT F

THE COURT: Well, it's a problem to seal court proceedings, and you know, to seal court filings. We are open courts. In other words, you are telling me in this whole case I have to close and lock the courtroom and I have to seal everything that is said in this Court and I have to seal everything that's filed in this Court. And that's not going to work. So you are going to have to figure out something else about that. Now, I don't mind sealing the confidentiality order, and I don't mind sealing certain discreet parts of the pleadings. But for example, you know, to just seal everything is unacceptable. So you are going to have to figure out a way to do this that it does not put the entire case under seal, including this courtroom under seal. It's not acceptable. So I am going to leave it to the parties to do that. But if you can't come up with something, the only thing I am going to seal is the settlement agreement. I will open up all pleadings and everything else.

You are going to have to figure that out, and I'll work with you on it, and it's a balance. But just seal everything about this case -- the pleadings, the courtroom, the transcripts -- that's not going to work. So I am going to tell the lawyers, either you figure it out or the only thing I'm sealing is the settlement agreement.

MR. MACPETE: Okay, your Honor, we understand, and we'll try to work on something that's more narrowly tailored. At this point, your Honor, the most immediate problem we have is that motion to dismiss that was filed yesterday without a request --

THE COURT: Who find the motion, another party to the case?

MR. MACPETE: No, it was other counsel for the defendants. Maybe I ought to let Mr. Rawls speak to that because my information is limited.

THE COURT: Mr. Rawls and Mr. Bell, do you not represent all the Defendants here?

MR. RAWLS: Your Honor, the defendants' chief counsel is Anthony Vitullo, who appears on the signing of all the pleadings right now. I don't work for him, but I did a lot of contract work for him. It's Mr. Bell's law office. So I guess there is three sets of lawyers representing Mr. Baron. Yesterday, Mr. Bell and I were at Mr. MacPete's office from 8:30 a.m. to 10:30 p.m. trying to work something out. During that time the motion to dismiss was modified, finished off I guess and filed by attorneys and Mr. Vitullo at Fee Smith. Just on my Blackberry, I was unable to look it over very well at all, and I was unaware that it was not being filed under seal, and I was unaware at any point until Mr. MacPete told me

that the settlement agreement was attached. So I apologize -- I guess on their behalf -- and on defendant's behalf that happened. It was a mistake, and we are at an agreement that at a minimum the settlement agreement attached should be sealed, and if the Court's agreed, the entire motion.

THE COURT: Where is Mr. Vitullo?

MR. RAWLS: He's on vacation. Coming back sometime today. I think he would be back in the wee hours Saturday morning.

THE COURT: Is the motion to dismiss also -- I guess -- The parties seem to believe that we're going to lock the courtroom door and have this entire matter decided in secret.

MR. RAWLS: That's clearly unacceptable to the Court, and Mr. MacPete and I will confer as soon as we finish today and figure out something more palatable and acceptable to the Court. Both sides are equally concerned about the sensitive nature of the information contained in the settlement agreement, and to the extent this case is about enforcing that agreement and so it's very difficult to keep that information out of the pleadings and just seal the MOU, that's our concern right now.

THE COURT: Let me ask you and I may have missed this. Was the complaint, the temporary restraining order,

the preliminary injunction -- Are they all under seal.

MR. RAWLS: I believe that's the case. There was an agreed motion, and then Judge Lynn signed that order, and so the TRO and the exhibits were I believe filed under seal.

THE COURT: And the complaint itself?

MR. MACPETE: The complaint itself, your Honor, is not filed under seal. We were extremely vague about what the terms of the settlement agreement were purposefully because it wasn't being filed under seal, and it did not have the settlement agreement as an attachment. So I wanted to make sure the record was clear.

THE COURT: The motion to dismiss, is it vague, very specific or just the exhibits that are attached?

MR. MACPETE: To be honest with you, your Honor, I haven't had time to read it yet. I was told by people in my office that it had not been filed under seal and the settlement agreement was an attachment, and I don't have an assessment of how detailed it was about the terms. But I'm obviously concerned that it is detailed.

THE COURT: Does anybody have a copy of the motion to dismiss that is here?

MR. BELL: No, I don't, your Honor.

MR. RAWLS: We worked fourteen hours yesterday, I should have brought a copy this morning. That was my

mistake.

THE COURT: Well, you guys have worked very hard. I'm proud of you, and I'm not here to reproach hard working lawyers.

MR. BELL: Your Honor, if we confer with Mr. MacPete, we could do a motion to strike the pleading or seal it and file something similar on Monday if he is agreeable. Figure out a way to rectify whatever damage has been caused by an oversight on the part of the law firms on our side. So we're willing to do whatever the Honorable Court would ask us to do.

THE COURT: I think that's probably not a bad idea. Why don't we do this. I'll just take a verbal motion to strike the pleadings and to remove the pleadings from the Court. And I think we'll check with the clerk's office after this is over and see if we can get that done and you can file something Monday or Tuesday. Is there any deadline here?

MR. BELL: I think we have a deadline, your Honor. It was yesterday.

THE COURT: To file a motion to dismiss?

MR. BELL: Yes, your Honor, the 20th day. But we can get it filed through the Court, through the district -- I don't know how it works in terms of the ECF filing system. But possibly the better thing to do would

be to bring it down to the courthouse. That way it's not out on the internet, and it's part of you all's internal system.

THE COURT: Why don't we stop a minute. Can you get on EM/ECF here? Let us see if we can find it on EM/ECF and see what it says.

MR. BELL: So your Honor is aware, it is out on PACER right now, and there is — And I think Mr. MacPete could address some of the concerns, but it's out on PACER right now, and I think he's unopposed to us getting it struck and sealing it and refiling it without prejudice.

MR. MACPETE: I am. I will agree on the record to their motion to strike that motion to dismiss, and I will agree they can file another one and for it to be under seal without prejudice.

THE COURT: Okay. Do me a favor. We'll have to check with the Clerk's Office to see how this works.

THE COURT: While we're doing that, Mr. MacPete had a third matter to take up.

MR. MACPETE: Yesterday at the end of the evening, Mr. Rawls called me and said that his client had raised an issue with respect to the order that had been issued by Judge Lynn. Let me see if I can lay out what they say their problem is. There is a uniform dispute resolution procedure which can be utilized by a trademark

holder when there is a dispute about whether a domain name infringes their trademark. Uniform dispute resolution procedure. And it's something provided for by ICANN which is the US government body that oversees the internet. And so a trademark holder can file a UDRP, and it's decided by an experienced trademark lawyer whether the domain name violates the trademark holder's rights and if the arbitrator, if you will, determines that's the case, the only result that comes out is an order to the registrar to transfer the domain name from the domain holder to the trademark company. So those orders will periodically come out, and the registrar is required by ICANN rules to essentially change the who-is information which is like record title for the domain name, and that's maintained by the registrar. So one of the orders Judge Lynn entered at our request is the registrar be prohibited from altering in any way the records he has about domain names on his registrar, and that's because the vast majority -- probably 99.5 percent on the registrar are domain names owned by my client or were owned by my client and at issue in this case.

Mr. Rawls last night raised with me the potential problem of what happens if a UDRP order comes to the registrar which basically directs him to change the recorded title from the domain holder whoever that may be

to a trademark owner. That would technically be a violation of Judge Lynn's order, and so we need some kind of a modification or understanding of what we're supposed to do. What I told him at the time what I believed Judge Lynn would have told him if this issue was raised at the TRO hearing is to talk to Mr. MacPete first and see if you can work it out, and if not, we'll do something to modify the order. What I told him last night is I understand the process and that if they got such an order and he came to me, I would be happy to agree that was an appropriate change to the who-is information and not a violation of the Court's order. So that's essentially the issue we have. That's my proposal for how we would deal with it. I will let Mr. Rawls tell the Court anything else he wants about that.

THE COURT: Doesn't someone have to trigger this process? It's not done automatically, is it?

MR. MACPETE: No, it has to be triggered by the registrar after he has received an order as a result of this process. It's a very verifiable thing. In other words, the registrar gets the order, and Mr. Rawls could show me the order. Here is the name on which the recorded title needs to be changed. And I see it and that's fine. And everybody would essentially agree that is an appropriate change and not a violation of the Court's

order on TRO.

THE COURT: There doesn't seem to be anything in the motion to dismiss that is — that you know would violate a trade secret. Is everything filed in every court in every jurisdiction under complete seal?

MR. BELL: No, your Honor.

MR. MACPETE: No. The underlying state court cases have not been filed under seal. But that's also probably because the history of that case -- and it kind of ended up being the lead of the three cases that were involved in the underlying lawsuit -- is because no discovery was ever taken in that case. So that case is about as virgin as this case is because essentially what happened is the cases got filed, there was a lot of procedural maneuvering about which case would go first and that sort of thing, and at the end of that we ended up with about four mediations and face-to-face negotiations between the parties. And ultimately the last negotiations resulted after twenty-three hours in the settlement agreement that's at issue in this case. So there really wasn't a need for there to be a sealing order because nothing substantive was ever discussed in that court.

THE COURT: And why — Apparently there have been lawsuits filed — I'm reading the motion to dismiss — all over the place. What's the purpose of so

much litigation?

MR. MACPETE: I'll give you a little bit of background on that, your Honor. Back in November of 2006, my client, Manila Industries, Inc., had a portfolio of domain names which had about 7,00 domain and .com names.

THE COURT: Your client owned all of those names?

MR. MACPETE: Yes, sir. And Mr. Baron and Ondova, the defendants in this case, were the registrar for all of those names. And so of course, they are the party that maintains the record title; that is, the who-is information we have just been talking about. At some point in 2005

THE COURT: Can the owner not be the registrar?

MR. MACPETE: The registrar is not supposed to be the owner, by ICANN rules. And I'd say it's not an absolute prohibition. The idea that I had was the registrar himself was not supposed to warehouse names. So it's probably not an absolute prohibition, and in fact, Mr. Baron and Ondova had a small portfolio of their own names, about two or three thousand names that he operated.

THE COURT: And Mr. Baron and Ondova have to go through some process where they are certified as a registrar?

MR. MACPETE: It's referred to as accredited.

That's true. They go through a process and get accredited, and he's allowed to serve as a registrar, and the registrar, your Honor, if you will, is essentially a middle person between the operator and .com and .net. Maybe we will back up. And if I'll telling your Honor things you already know —

THE COURT: You are not.

MR. MACPETE: The way the domain name works is say you have JudgeFurgeson.com and you want to register the name. Ultimately, you get the name from VeriSign. You don't contract with them directly.

THE COURT: That's an acronym?

MR. MACPETE: V-e-r-i-S-i-g-n.

THE COURT: What is VeriSign?

MR. MACPETE: It's the registry operator of the .com and .net registry.

THE COURT: For the whole world?

MR. MACPETE: Yes, sir. So if you want to buy JudgeFurgeson.com you have to go to a registrar and register the domain name, and it will cost you essentially $7.02 plus fee the registrar charges you as their fee.

THE COURT: And so VeriSign certifies people like Mr. Baron?

MR. MACPETE: It's actually ICANN that does that and that's the government agency that is the regulatory

body for the internet.

THE COURT: Okay.

MR. MACPETE: And then he essentially interfaces with the registry operators for the registries he represents.

THE COURT: Okay.

MR. MACPETE: Let's say that John MacPete wants to go to JudgeFurgeson.com. I will type in that name in my browser window and a query will go out from my computer to VeriSign because it's a .com name. And VeriSign has a database which says, okay, JudgeFurgeson.com is registered at Ondova, and Ondova servers are at this particular location, and it will essentially forward the inquiry on, and then it goes to Ondova's base, and you as the owner of the domain name will have told him my web page is actually hosted on this server.

THE COURT: That's a --

MR. MACPETE: Example of what the address would look like. And that will route my inquiry on to a server which is hosting your web page, and it comes up on the screen. That's essentially how the domain names work. So what happened is sometime in 2005, Mr. Baron approached my client and said, Hey, you have a business that makes money from advertising revenues by operating these hundreds of thousands of domain names, and that makes a lot of money,

an I have been told that there is an economic development program in the U.S. Virgin Islands, and if you go down there and site your business there and employ local people, you can get a 90 percent tax credit on your income. That might be a really good thing for you, and maybe we could go in business together, go down to the U.S. Virgin Islands and take advantage of this tax credit. So they hired a joint lawyer and worked on trying to negotiate a joint business. Ultimately they weren't successful in reaching an agreement about who would control that joint business because the two individuals involved have very different views about how to handle the trademark lawsuits which are an inevitable result of having a large portfolio of domain names, and these domain names were registered by my client with a computer program that registers them automatically. So no human being was involved in deciding which names to register and actually registering them. They have a fairly sophisticated trademark filter today to register domain names, but that doesn't catch everything that may be a domain name. That's a trademark problem.

Anyway, after the negotiations essentially fell through and the joint order was withdrawn for conflict of interest because the two parties couldn't agree, there was then a dispute about whether they had done enough for the

deal to go through. Mr. Baron took the position that the deal had gone through, and my clients took the position that it had not, and on November 13 of 2006, Mr. Baron decided to engage in self-help.

THE COURT: There was no lawsuit filed to resolve this dispute?

MR. MACPETE: No, there was no lawsuit filed at that time. And what happened was as the registrar -- Remember, I told you that he has that database that has the address for all the domain names would go that have our web pages with our advertising, and then the advertisers send us the money.

On November 13, 2006, Mr. Baron went to his database which he physically has control over, and he changed the addresses from where web traffic would go for our domain names -- from the web pages owned by my clients -- to web pages owned by someone else who then paid representatives of Mr. Baron. So on the space of twenty-four hours on November 13, 2006 he took down our entire business and diverted all the revenues from that business to these other on the theory he was somehow the owner because this Virgin Islands deal had gone through and he had the right to send that stuff down to the U.S. Virgin Islands.

THE COURT: When you sign up with the registrar,

there is a contract?

MR. MACPETE: There is, your Honor.

THE COURT: And so Mr. Baron doesn't file a lawsuit of any kind, breach of contract or whatever?

MR. MACPETE: No, he did not. But while he was engaged in the process of taking down all of our web pages, he went to the Dallas state court and filed a declaratory judgment lawsuit, and in that declaratory judgment lawsuit, he initially alleged that he was just the registrar and that he wasn't really sure who he was supposed to take orders from because he had claims from his representatives in the U.S. Virgin Islands that said they were the owner of the domain names as a result of this failed negotiated transaction, and he had my clients on the other hand saying they were the owners and who he was supposed to take direction from. So he originally asked the state court for a declaratory judgment about who was the owner. My clients figured out very quickly that their domain names were being hijacked, and they hired me, and I filed a lawsuit in California federal court -- that's where my clients are sited -- for the hijacking of their domain names, and that's the Central District of California. So after that, we went to the parties working with Mr. Baron and filed their own declaratory lawsuit in the U.S. Virgin Islands. So those are the original three

cases, and all of those cases really revolved around who owned the domain names that were originally registered by my client. That portfolio referred to as the Manilla Portfolio. Then there were various proceedings, removals to federal court here. Other parties were brought into the state court lawsuit that had been monetizing the domains after they were taken from my client. So it's a very complex and factually complex litigation.

In the end we had a 23-hour mediation on April 26, and we did reach a mediated settlement agreement, and that settlement agreement is essentially what this lawsuit is about. And if you will give me a second, your Honor. May I approach? We have a copy of the settlement agreement for you.

THE COURT: Apparently I have it here.

THE COURT: Lots of interlineations, right.

MR. MACPETE: Yes. It's not the prettiest document in the world as you might imagine, your Honor, after twenty-three straight hours of mediation.

THE COURT: Okay. I do have a copy.

MR. MACPETE: Thank you, your Honor. Some key points to this, your Honor, are really on Page 4. If you look at the first writing after all the lines that have been crossed out, it says "This settlement agreement is intended to be a full and final settlement agreement."

THE COURT: Page 4?
MR. MACPETE: Yes, sir.
THE COURT: Okay. The Page 4 I see here is all in handwriting.
MR. MACPETE: I'm sorry, your Honor. I think that may be miscopied. I think the original basically has the first page looks like this. The second page is typed in and interlineated.
THE COURT: I have a second page that looks like this.
MR. MACPETE: That's actually the fourth page, your Honor.
THE COURT: That's the fourth page? I guess it was misfiled. I'm reading on the fourth page.
MR. MACPETE: On the fourth page the first typewritten portion of it is what I was reading from. This settlement agreement is intended to be a full and final settlement agreement containing all material terms, even though the parties may -- which is permissive -- prepare a more formal settlement document, release language and dismissal papers. So on April 26 the underlying litigations were all settled. If your Honor turns to page --
THE COURT: That was the case in the Virgin Islands, the case in California and the state court case

here in Texas?
MR. MACPETE: That's correct, your Honor. If you turn to Page 2 which is the typewritten and handwritten page, the key provision here is in Paragraph 3. Paragraph 3 says "Within fourteen days, the Manilla Portfolio," which was the portfolio being fought about in the underlying litigation, "will be split fifty-fifty between the parties," the plaintiffs and the defendants in this lawsuit, and that will be done by basically taking the entire portfolio and alphanumericizing it and dividing it into an even pile. So you get a complete random split of the portfolio. And then there provides a coin flip between the parties to determine which pile each party gets.
After April 26 -- actually Before I say that, your Honor, if you will turn to Paragraph 7. Paragraph 7 says Manila, my clients, defend existing trademark litigation against the Manila Portfolio and indemnifies Jeff -- that's Mr. Baron -- and Ondova from their liability for those cases. At the settlement agreement was entered into, there were about seven existing trademark lawsuits that related to the Manila Portfolio and under the settlement agreements my clients and myself were directed to essentially take over the direction of the defense of those cases and ultimately be responsible

for settling them or otherwise litigating them, as the case may be.
So after the settlement agreement was entered into, we began to perform that obligation, and there is a trademark lawyer in Florida whose name is Mr. Herrera, and he has been handling the third-party trademark litigation prior to the settlement. So we left Mr. Herrera in the case, but Mr. Herrera has been taking direction from me, and we have actually settled a number of those trademark cases that existed when the settlement agreement was entered into.
About two weeks after the settlement agreement was entered into, Mr. Baron apparently decided he didn't like this deal anymore, and he started to refuse to actually perform.
THE COURT: By refusing to perform, what does he do?
MR. MACPETE: The first thing is April 29 -- Three days after this document was entered into, my client escalated the split, and if you look at Paragraph 3, your Honor, at the bottom of it there is a handwritten interlineation that says "names subject to the lawsuit," singular, list created by Manila. And we were supposed to come up with what the Manila was. It was our portfolio. We registered it. We were to come up with the list and do

alphanumericizing and come up with the split, and we did that on the 29th. Computer programmers from Manila are here and alphanumericized the list, and it was split and escalated to the parties upon April 29.
In addition on April 29, if your Honor will look at Paragraph 9, it says "All parties will seek an agreed order from the Court directing VeriSign to transfer Manila's half of the portfolio to a registrar picked by Manila within ten days." So the idea here basically was you do the split, you flip the coin to figure out which pile Manila gets, and then an agreed order is going to be submitted to the state court to direct the registrar to transfer our half of the domain names from Mr. Baron's registrar to the registrar our choice.
When Mr. Baron started directing his lawyers not to comply with the settlement agreement, they essentially took the position that we're not going to accept the list that you used to split the domain names. And the ironic thing about that, your Honor, is that in negotiations with Mr. Baron and Ondova last year, he provided a list which he said was his best effort to have a complete list of the Manila Portfolio from his perspective. When he turned it over, he said it may not be entirely accurate, may have some third-party customer names on it and/or one or two names I own. But this is my best effort to come up with a

list. And as you might imagine, your Honor, there is not a great deal of trust between the respective clients. Mr. Baron does not trust my clients at all, and my clients don't trust him at all. So what we ultimately did is we said rather than use our own list, which of course Mr. Baron is going to conclude is somehow a trick and inaccurate, we'll use his list because we naively believed if we used his list that would be noncontroversial, and the settlement agreement would be achieved in a timely fashion. And what my clients ultimately want is to have the split occur and the businesses separated and everybody to be able to go on with their lives apart. So even though they didn't agree Mr. Baron's list was entirely accurate and has names belonging to my client which are not included on it, they ultimately made the business decision that it was better to use the list and not fight about the names missing than to have a big argument about adding to it or using their own list.

Surprisingly, he then instructed his lawyers to not agree to his list. His lawyers took the position that they had the right under Paragraph 3 to come up with the list of Manila domain names and to perform the split. So we waited the fourteen days in the settlement agreement to see what we would actually get and we got nothing. And then I think on the 16th day after the settlement

agreement, he did propose a list. Not a split. Not the alphanumericizing. But he sent over intense urging from his counsel who finally sent over a list. And the problem with his list at that point, your Honor, is that at the time he turned over the list, there were 659,000 and change domain names total that were registered on his registrar. That would include the small number of third-party customers he has, his individual domain names which belong to him and our names. The list that he sent over through his counsel sixteen days after the settlement agreement was executed had 670,000 domain names on it. So the instance we got the list and knew what the numbers were, we knew it was inaccurate because it had more names than he had on his registry. An analysis of his list ultimately produced the conclusion that there were over 13,000 domain names on that list which are not registered at his registry. In fact, most of those domain names are not registered at any registry, meaning they are available currently today for the public to pick them up.

The other significant thing about Mr. Baron's new list was that it left off 9,928 domain names which had been on the list that he produced in negotiations last year. And all of those names were correctly spelled, and they meant something. And of course, your Honor hasn't seen any kind of a printout of this portfolio, but I

represent to the Court if we had the stacks of papers that would be required to look at all of these names, what your Honor would see is the portfolio is arduously composed of names that are misspelled or names and numbers that don't mean anything and that sort of thing, and one out of every 25 is a correctly spelled name that might mean something, and as you imagine, your Honor, correctly spelled names that mean something are more valuable than a name like 123 XYZ. So that's 9,900 names clearly represented -- Bless you, your Honor.

THE COURT: So that brought you to this Court.

MR. MACPETE: That brought us to this Court. That was clearly a cherry-picked list of names which he was trying to avoid being part of the split.

THE COURT: By the way, were all the lawsuits dismissed?

MR. MACPETE: No, they weren't dismissed, and the reason they weren't dismissed is because of that VeriSign order. So the way the settlement agreement was supposed to work is, first, you have the split, and then you have the coin flip to determine which pile belongs to which company, and then there was to be a submission to the state court on the VeriSign order. So the state court needed to essentially remain open so that the Court was available to issue the order on VeriSign and have those

domain names transferred.

THE COURT: Why wasn't this case just taken back to the state court.

MR. MACPETE: It wasn't taken back to the state court, your Honor, because these parties are divers. My clients are in California, and Mr. Baron is located here in Texas, and we felt more comfortable having this contract enforced in federal court, and we had a right to come in to this Court and ask for relief, and that's what we did.

THE COURT: Had the state court judge done much in this case?

MR. MACPETE: No. In fact, there hadn't been any really substantive hearings prior to the entry of the settlement agreement. There have been some scheduling order hearings. No discovery had been exchanged. So the state court really didn't have any sort of background that was relevant anymore than this Court would.

THE COURT: So they weren't anymore advantaged than this Court will be?

MR. MACPETE: That's correct.

THE COURT: Okay.

MR. MACPETE: And I direct you to what's actually Page 3, which is the one with all the handwriting on it. If you look at Paragraph 16, Paragraph 16 says

"dismissal with prejudice of the Texas case, California case and U.S. Virgin Islands case once the court order is granted and transfer by VeriSign is complete." So you can see, your Honor, it was contemplated those courts were going to remain open, not because anything was going to be done in the underlying litigation but for the purposes of having those domains transferred, and then those cases would be dismissed. What's happened is those cases haven't been dismissed because the defendants have refused to essentially perform the coin flip and otherwise move forward with the predicate before a motion to dismiss those cases with prejudice can be filed.

Where we are currently in the state court, in the underlying proceeding there is an open state court matter with no live causes of action. If your Honor will look back on Page 1, Paragraph 8, it provides for immediate complete releases of all parties with a specific carve out for another piece of litigation which isn't relevant to what we're talking about here today. So we have a state court case with no live causes of action.

And the other things that were happening essentially is the domain names come up for renewal every day. These names were registered on different days over the course of an entire year, the entire portfolio. So every day you have domain names coming up. And the way

that works is you have to pay the $7.02 to ICANN to renew the domain name. And that bill goes to the registrar. So Ondova sends a the amount to VeriSign takes it out to pay for the renewal. After the settlement agreement was entered into, the defendants stopped performing the settlement agreement because within fourteen days there should have been a split and each side would have been paying for the domain names which they ended up being the owner. But prior to that, the registrar was basically tasked with paying for those domain names, and that's essentially in Paragraph 10, your Honor, if you look on the first page.

THE COURT: Let me stop you a minute. It looks like to me one of the problems we have is we need to secure these domain names. Is that right?

MR. MACPETE: That's correct.

THE COURT: The parties disagree about what's going on. Why can't I appoint a receiver to find a registrar and require all the domain names to be given to the receiver to be put with another registrar? What would be a problem with that until we get this thing resolved?

MR. MACPETE: I think that would be a very cumbersome procedure, your Honor.

THE COURT: Let me tell you. It may be a cumbersome procedure, but this is crazy. This litigation

is literally crazy. Mr. Baron is just apparently throwing these domain names every which way. You guys don't want him to, but you are at his mercy, so to speak, and yet you don't want to secure these domain names because apparently no order or agreement according to your story will stop Mr. Baron. He's going to do what he wants to do regardless of the agreements or orders. If that's the case, you know, looks like to me as long as these domain names are -- According to your story, as long as they are in his possession it doesn't make a difference what a court does or what an agreement says.

MR. MACPETE: I wouldn't want to represent to the Court that it's my belief he is going to violate the TRO Judge Lynn issued. I guess I believe in the system, and I think he is going to obey that order, and as Judge Lynn put it, if he doesn't, he would be prosecuted to the fullest extent of the law.

THE COURT: Of course, this is my case now, and of course, judges don't like their orders not followed, and if they are not followed, it's contempt. You can fine people a million dollars a day. You can put people in jail, do all sorts of things. So I understand your view is that Mr. Baron will secure these names and not do anything with them until we get this matter resolved, but I don't know if he has the wherewithal to withstand

contempt orders in the millions of dollars. I don't know what the value of these domain names are, but I imagine they are incredibly valuable.

MR. MACPETE: They are around -- I guess I would say under the pendancy of the underlying litigation there was a Rule 11 agreement entered into between Mr. Baron and Ondova and the U.S. parties in the underlying litigation, and as a result of that agreement he was paid 5.6 million dollars during the course of the underlying litigation. I don't know what he has done with that money, your Honor, but I think in the end if I were so bold to violate this court's order, I think there is some funds there somewhere to pay that kind of a contempt order. But I don't think we're going to go there, your Honor and I'm hopeful this problem is going to get resolved at our preliminary injunction hearing on July 1st because I think the main problem that we have had is we haven't had the split accomplished. So there has been a split after the performance agreement stopped about who is supposed to be paying for the domain names prior to the split under the settlement agreement. We think that's a responsibility of the registrar. Nothing in the settlement agreement suggests anybody else is supposed to pay it, and if your Honor will look at Paragraph 10, Paragraph 10 says "any monetization money received by any of the parties for

monetization of the Manila Portfolio before transfer of Manila's half of the portfolio to Manilla will be split fifty-fifty." That's gross. It doesn't provide for the deduction of any expenses. And there are other agreements, this Rule 11 I told you about, where things will be split fifty-fifty. So they know how to draft an agreement that says those expenses come off the top before any money is split. And essentially, your Honor, that was gross, and the registrar was going to be tasked with paying the legals until the split was two-fold. Number one, it provided incentive for him to get the split done as fast as he could, and it was supposed to be done in fourteen days, and he wouldn't pay very much renewal fees within that time period.

The second reason, as I told your Honor, under Paragraph 7 we took on the much greater financial burden of handling the seven trademark litigations that are out there, including a litigation from the University of Texas in which there is a claim of statutory damages for cyberspying of over four million dollars. So in the relative weighing of what his responsibilities were going to be before the split and our financial responsibilities, we took on a lot more responsibility than he did. But now, subsequent to the deal being entered into, he's saying, no, no, I don't like that and you should pay for

half of the expenses prior to the split, and he's been holding us hostage because, as you figured out, he has his figure on the nuclear button.

THE COURT: Well, my goal is to maintain the status quo. In other words, to protect the domain names. That's my first goal. Let me talk to Mr. Rawls or Mr. Bell for a minute.

MR. BELL: May I approach, your Honor?

THE COURT: Sure. Is Mr. Baron going to protect the domain names pending this litigation? That's my question.

MR. BELL: Absolutely, your Honor.

THE COURT: There is an order in place that needs to be more specific. I will just say those names are to be maintained in a proper order with payments made to do the proper renewals and so forth until this litigation is complete or another kind of order is entered. And that's the order. And you are telling me that Mr. Baron is committed to maintain the domain names in an appropriate way and protect them in an appropriate way until some other order is entered by the Court. Is that correct.

MR. BELL: Prior to answering that question, Mr. MacPete had about thirty minutes to give you a little bit —

THE COURT: I understand. I'm trying to make sure the status quo is maintained.

MR. BELL: I understand and if I can give you some background that will be helpful.

THE COURT: It would be. And I'll give you a chance to speak. All I'm saying is the status quo is going to be maintained.

MR. BELL: With a qualifier.

THE COURT: What is that?

MR. BELL: You have to make the distinction between Ondova, a registrar, and Jeff Baron who happens to be the president but also beneficial owner through a bunch of complicated trusts. So is Munish Krishan. And Mr. MacPete represented to the Court that Mr. Baron had 5.6 million dollars. Munish got 4.3 I believe according to representations made. But having said that, it's the burden of the registrants, not the registrar, to pay for renewal fees, and there is a provision in ICANN that says you cannot as a registrar -- You cannot be paying for registrant fees. If you were running for state judge, the registrar can't pay your renewals. You need to pay, like Go Daddy, Ondova, etcetera. So forcing Mr. Baron to pay, -- Essentially what they are trying to do is make Mr. Baron make a capital contribution to Ondova or some kind of a bridge loan to float these renewal fees.

THE COURT: How much are the renewal fees?

MR. BELL: $7.00 per domain. So I would -- I think counsel and I can agree -- It sounds like my client is a big thief in the middle of the night when I have about 107 pages right now I can show your Honor, including some other stuff, that would unequivocally without a doubt -- if we had an evidentiary hearing right here and now would -- cut Mr. MacPete's argument in half, and if I put his client on the stand you are going to hear the entire truth, and he has a lot more to hide than Mr. Baron. I can show you now. I'm waiting for the deposition of Mr. Krishan. I just want to make sure, your Honor, before we cast a bad light on my client -- And you know, Mr. MacPete, I understand his argument, but there is several things, very, very material things, that undercut his argument, and I understand this Honorable Court's concern — pay, I need to protect the four corners of this MOU which contains these domain names.

THE COURT: I just need to protect the property.

MR. BELL: I agree, your Honor.

THE COURT: And so we're going to have a hearing on what day?

MR. BELL: I believe it's July 1st.

THE COURT: So between now and July 1st, I just need to protect the property. How many and what

dollars — How much in dollars are we talking about between now and July 1st to pay the renewal fees?

MR. BELL: I'm not sure of the exact amount. But let me give you kind of a little background to that question. That's a really good question, your Honor. During the TRO hearing with Judge Lynn, part of this TRO was Mr. Baron and Ondova are these bad guys and running this enterprise, and they got the nuclear button and this and that and he's the bleeding domain names. They rushed into federal court. Meanwhile, there is a state court proceeding they could file a motion to enforce and in fact has been a motion to enforce. This MOU that you have in front of you has been filed in state court, and there are live pleadings in state court. There was the California court, Virgin Islands twice. They appealed to a California court and lost. Lost in California court. This is like the fifth, sixth, seventh — I don't know how many times they have run in federal court. We have a state case that's still live and pending that we can get this thing resolved.

THE COURT: Does the state court judge have a hearing before I do?

MR. BELL: I believe it's July 10th, your Honor. And it's a motion to enforce. And the case has been pending on the docket for two or three years because they

have a bunch of these procedural backgrounds.

THE COURT: There a TRO or preliminary injunction pending in state court?

MR. BELL: No, your Honor, but we agree to the same order in state court. With respect to judicial comity, I understand that they think they can bring it in this Court. I think all of this can get resolved in the state court, and we can agree to a restraining order in the state court that's somewhat parallel to the order in this Court.

Let me go back to my earlier point. During the TRO when they rushed us — When Mr. Baron, the thief in the middle of the night, has his finger on the nuclear button and deleting the domain names — They ran into Judge Lynn's court and said you got to stop domain names. By the way, we gave them plenty of warning. We need money to keep these registration names, and they didn't do it. And Judge Lynn in a second — I can give it to her. She picked it up quick, and said, Hey, if Baron and Ondova are deleting domain names that are part of this portfolio before the split and coin flip, why don't you give them to the plaintiffs?

And I said — I don't have a problem with that, your Honor. I don't have a problem with that. And then they came back and said No, no, no, your Honor, a lot of

them are tied to trademarks. He might give us a bunch of trademark names and our philosophies are different —

THE COURT: Your proposal was — the only reason he was deleting the domain names was because he didn't have money to register them?

MR. BELL: Let's back up. We have to make a qualifier. Ondova is the registrar, a limited liability company —

THE COURT: Okay. Regardless. Somebody didn't have the money.

MR. BELL: Ondova cannot pay. It's in the red and doesn't have the money to pay for these registration fees.

THE COURT: Gee whiz, fellows, let's pay for these things, keep these domain names — Your suggestion is instead of paying for them, Mr. Baron and Ondova just transfer them over to Mr. MacPete's client?

MR. BELL: Pending the coin flip and performance and the underlying state court action, in order to keep Ondova afloat. They are already in the red with VeriSign who's basically the God of .com and the .net registries. And what he went in and did is, hey, try to figure out what names are making a dollar because there is a business between them, and I got plenty of evidence to show that and e-mails, and you want to see it now or we can do it at

the PI hearing —

THE COURT: I guess you guys — I'm sorry. You and Mr. MacPete are both telling me more than I want to know. My question is how do we maintain the status quo. You are saying Ondova doesn't have money. And so he's going to keep releasing these names as they come up for renewal.

MR. BELL: No, based on the past deletions there is enough money in there to keep Judge Lynn's order in place. And basically what Judge Lynn and — And Mr. MacPete can correct me if I'm wrong. But Judge Lynn said, hey, two parts. One, if you don't want the domain names, Mr. Baron or Ondova, you can't afford to pay for them, give them to the defendant. The defendant didn't want them. They didn't want that liability, and we would have taken them out of the portfolio and given them the coin flip. They would have gotten more. I was okay with it. But did they want that? No. So what they decided to do was — Judge Lynn asked me how many do you anticipate deleting in order to keep VeriSign from canceling the contract with Ondova who is the registrar? And that puts in question the whole portfolio. That's really the issue before the Court. I said after those deletions there is $2,500 to $7,500 that would possibly be deleted in between now and the PI hearing, and I believe that's still the

case today. And with respect to any domain names we delete, we have to give the defendants a right of first refusal, a 24 hour advance, right of first refusal on whether or not they want to take those domains, but I offered to give it to them anyway.

THE COURT: That's about $52,000.

MR. BELL: Twenty-five —

THE COURT: $7,500 maximum at $7 a piece.

MR. BELL: Yes. So there is no irreparable -- That gets back to the whole irreparable harm thing.

THE COURT: But if you lose the domain names, that's the harm.

MR. BELL: I agree, but we were willing to give them to them.

THE COURT: I'm glad. For them that can't reach any agreements, nobody wants to do what the other side wants to do. They don't want to take the names. They don't want to release the name. You don't want to keep the names.

MR. BELL: We want to keep the names and work with the client.

THE COURT: You are litigating in three different courts.

MR. BELL: Four.

THE COURT: And you want to work together? I'm

having a hard time.

MR. BELL: I think we need to be locked in a room over the weekend and nail this out and get it done, and these people need to go on their separate ways.

THE COURT: There is no question about that.

MR. BELL: Put us in the jail. I will sit in jail over the weekend, your Honor.

THE COURT: First of all, my main goal right now is to protect the property that's at issue, and if we've got $52,000 or something — Say we've got $50,000 that we need to protect the property between now and July 1st. Somebody is going to have to pay that money, and we'll worry about what happens later.

MR. RAWLS: Your Honor, I think maybe I can give the Court a short answer to answer the Court's question.

THE COURT: What is the answer?

MR. RAWLS: I don't know why the order that Judge Lynn made would not satisfy everyone between now and July the 1st. I think Mr. MacPete -- the ever maybe it wasn't an order he would have drafted or me bullet it will protect the property. The court asked how well protect the property between now and July 1st.

THE COURT: How.

MR. RAWLS: I represented to Judge Lynn that some of these names that were being deleted because there

was no money to pay because it's registrants hadn't paid Ondova. They were selected because they were worthless. 123 XYZ is not making money. There was a complaint when that was deleted, and that led to the TRO. And Judge Lynn said if they are not worth anything, give them to them. And there was a problem and Judge Lynn fixed that and said if you want to delete any names -- And our guess was 7,500 in that period. She said up to 7,500 names. During business hours on a weekday if you were going to do that, give them notice and then within 24 hours not to end on a weekend or outside of business hours they have that much time to basically step in and say we want those names, and if that was going to happen, they would have to contact the registrar of their choice which would contact Ondova and arrange for the transfer and they would pay the registration for the renewal fee. We're saying they are not worth anything. They are costing us money.

THE COURT: Mr. MacPete, is that working?

MR. MACPETE: Yes, your Honor, and we're fine with the order. Mr. Bell was re-arguing the order because he doesn't like the notion that we're picking and choosing, but there is a reason for that and that's because there are names which are currently under these UDRP processes or cease and desist letters or actual litigation from a trademark owner, and there is a species

of cyber squatting liability called --

THE COURT: Please, you guys know so much more than I do. Judge Lynn put an order in place. It will work. Both sides agree.

MR. BELL: Yes, your Honor, absolutely. I don't think your Honor needs to modify that order, and I'm okay with it, and I believe Mr. MacPete is as well.

THE COURT: You realize that order is an order of the Court. So any failure to comply with that order is contempt, punishable by lots of dollars, punishable by possible jail, death.

MR. BELL: And death.

MR. RAWLS: The only part about that that I would ask the Court is to give us a ruling on the earlier issue that Mr. MacPete raised. There is this UDRP issue where my client has no choice if he wants to keep his accreditation with ICANN to change the registrant information, who owns the names. And apparently there is another process that doesn't involve UDRP where a third party asserts a trademark claim to a name, and my client in that situation also has no choice, and basically this arises out of Judge Lynn's order on Friday that Mr. MacPete's client is concerned that my client would get in there to alter the date to alter the split. They were concerned about alteration of data. Judge Lynn said

nothing is going to be changed, no documents, nothing. At that time that seemed reasonable, but I didn't understand at that time this technical property. So we're asking this Court to enter Judge Lynn's order regarding the 24 hour period of time that we have agreed is acceptable with the caveat that would allow my client to keep his accreditation where he hasn't changed a third party.

THE COURT: Is Mr. MacPete willing to defend that, defend —

MR. RAWLS: Mr. MacPete only raised the UDRP issue where there is an order issued by ICANN afterwards.

THE COURT: I understand he has a lawyer, Mr. Herrera, if I remember the name, who's defending all trademark issues. Shouldn't you just give those over to Mr. MacPete to defend, if I'm understanding you correctly?

MR. BELL: Your Honor, I think I can provide a little clarification. There are third parties other than what Mr. Baron is a beneficiary and Mr. Krishan. There are other people that say "You charge too much, too less, We want our domain name." Maybe, like Judge Furgeson. You say, "I don't want Ondova to be my register anymore. GoDaddy.com is offering them for $2.99. I want you to transfer them." So somebody like your Honor would get on and say "Ondova you are charging too much, We want these domains transferred to Go Daddy." If we don't comply with

your order, we're subjecting ourselves to liability, and oh, by the way, we're subject to losing this ICANN accreditation and to the extent that we're putting Ondova in a precarious position because there is a potential risk that Ondova is going to lose its ICANN accreditation which would result, by the way, in putting the domain names at risk. So we need to act.

THE COURT: So you are talking about names that are not owned?

THE COURT: Nothing seems simple in this case, but couldn't somebody say this name is not on the list and do what you need do?

MR. BELL: Absolutely. We will provide a copy, and they can verify it and triple verify. Whatever. We need to be able to act in due course, save our ICANN accreditation and say what is consistent with the four corners of that memorandum of understanding.

THE COURT: What's the problem with that, Mr. MacPete?

MR. MACPETE: I'm not exactly sure what he's proposing, your Honor.

THE COURT: Apparently he is saying you don't own it. I come in and I own my domain name and he has registered it, and I say I want to take this to a new registrar. You wouldn't have a problem with that, would

you?

MR. MACPETE: I wouldn't, and I think if they showed us a copy of the instruction from the customer to me, there would be no issue. That's fine. Same thing with the UDRP. I don't think the TRO needs to be modified. I think counsel can work on this cooperatively and show me the thing, and if there is an issue because they show me something that I think there is a problem — something untoward going on — we can approach the Court.

THE COURT: But if you don't own it, it can't be under the restraining order.

MR. MACPETE: The restraining order is with respect to his entire registrar and the reason for that is, your Honor, the vast majority of the names of the registrar are ours, but there is a dispute between the parties because Mr. Baron has been asserting he doesn't agree to the list he produced last year. And remember, your Honor, he is the one that maintains this who-is database, which is the record title information for these domain names. The reason I asked Judge Lynn for the order she gave me is because if he changes a name which is currently listed as Manila as the owner and he changes the registrar information to be Tom Jones and he registers Tom Jones at Email.com and sends an e-mail saying transfer this to Go Daddy he can cheat and take names which should

be split off the registrar.

THE COURT: But he is going to give you notice and evidence of the request by the third-party owner.

MR. MACPETE: I'm fine with that, your Honor.

MR. BELL: I want some clarification. Is the burden on them to run down to the courthouse and say no, no, no? Or is the burden on me to come --

THE COURT: The burden is on them.

MR. BELL: Okay.

THE COURT: You give them the notice. I will be here next week, and so I guess, you know, I may see you twenty times next week.

MR. MACPETE: You probably won't see us at all. I imagine most of this is not going to be controversial, and the number is about 500 out of 650,000 names. I'm happy to have this procedure, and I think we understand he is going to give me evidence before they do anything, and if I'm okay, I will tell them that. And if I have a problem, I will see your Honor.

THE COURT: Come to me.

MR. BELL: There is a couple of things I didn't agree with, but for the most part — I would ask the Court right now based on it sounds like a total quagmire — We have been in California court. Mr. MacPete is licensed in California, and so am I. Don't hold that against us.

THE COURT: I like California. Wish they had a better system of governance, but I like California.

MR. BELL: We're in a little bit of a quagmire, and I think the best thing to do would be to order us right now -- It sounded like I was quasi-joking, but we need to get into a room and get this knocked out, and we're ready, willing and able to perform in contravention of Mr. MacPete's representation, and I'm not saying he misrepresented. We're ready willing and able to perform. We want the case off the docket. There is a state court motion pending. A motion to enforce in that court and I don't believe, with all due respect to the Court, the state court has jurisdiction on this.

THE COURT: They do and I have jurisdiction, too. So I'll tell you what. I am going to stay in this case through the preliminary injunction, and there is an order entered. Nobody can violate it. Anybody violates it, you are all paying big dollars. Not only corporately but personally also. You want to challenge the court order, I have the marshals behind me. I can come to your house, pick you up, put you in jail. I can seize your property, do anything I need to do to enforce my orders. I'm telling you don't screw with me. You are a fool, a fool, a fool to screw with a federal judge, and if you don't understand that, I can make you understand it.

I have the force of the Navy, Army, Marines and Navy behind me. There is a lot of playing games. Both sides are probably completely complicit. But it's time to resolve this. If you don't want to resolve it, I can put you in jail. I can hold you six months, twelve months, eighteen months, and I can do that, and if you want me to do it, I will be glad to do it, but you need to be serious about this. There is a problem here that I do not understand. It's really beyond my comprehension, and I actually am not a completely dumb person. So you need to get this resolved.

MR. BELL: I have been on the case eight days. So I'm not entirely complicit.

THE COURT: Everybody is to blame. When you get up in the morning look in the mirror. Everybody is to blame here. I'm going to hear you on the 1st, if I have to, but in the meantime, there needs to be two adults, one on each side, that figures this out.

MR. BELL: Do you think, your Honor -- I mean I would make an oral motion before the honorable court maybe to order a mediation and get this thing out and off your docket.

THE COURT: There is no question that's what needs to be done. Apparently, there is a lot of money to be had here. Let's not be greedy. Let's get this done

and figure it out. I'm not going to order you to do anything. You can do absolutely nothing until you show up on the first. But on the 1st, the door is shut, and everything ends, and I am going to enter orders that nobody may like. It may not be good for anybody. I may actually appoint a receiver and ask the receiver at the expense of all the parties to find a new registrar. I'll order Ondova and Mr. Baron to put every domain he's got in with the new registrar. I'll have the new registrar protect these names, and then we'll just wait for a trial in five or six years and go from there. So you know, there is things I can do. I'm sure the receiver won't cost more than two or three hundred thousand dollars, maybe half a million. But I know you have the money because these things are valuable.

MR. BELL: I think that's the low end.

THE COURT: A million dollars. I'm sure there is a good receiver out there that would love to have this. So at any rate, you know -- You know, don't give us what you think is your rightful interests. But I'm telling you, the Court's are going to resolve this. You are not going to resolve ex parte or at a whim. The courts are going to resolve it, and if you don't like what the courts do, we can pick you up on the street and put you in jail. That's the way it works. So it's time to get serious here

and time to understand that once the Court steps in, that's it, and I've got this case, and I'm keeping it. So you want to screw with me, have at it. But I can put you in jail, and I will do it, and I can also take all of your money away from you. I can look at all of your financial statements. I can take every penny you've got if I think you are doing stuff that's unlawful, illegal, fraudulent and whatever. So let's don't test me here. And at the same time if you think you are right, litigate it. Litigate it to the cows come in, but don't screw with the courts.

That's where we are, Mr. Bell. You don't have to do anything this weekend. You can play all next week, but on the 1st something is going to happen.

MR. BELL: If I may.

THE COURT: Sure.

MR. BELL: How much time do we have for the preliminary injunction hearing?

THE COURT: A day.

MR. BELL: Right now, unless we can get this thing resolved which is my intention, I think Mr. MacPete would agree we can bang it out over the weekend. I have just gotten on the case. My client is going to appear. I would ask that you order the plaintiff, especially Mr. Munish, to appear as well.

THE COURT: It would be a mistake not to appear. People don't want to appear, that is fine. But I don't hear their testimony, I don't hear their side of the story, their chance of winning gets diminished greatly.

MR. BELL: I just want to make sure that Mr. Krishan is going to be here, and I'm worried my subpoena is going to be ineffective.

THE COURT: If you have a subpoena that you have served for people to be here on the 1st, I'll send the Army out.

You guys are spending lots of money that you might be able to use in a more profitable way.

MR. BELL: I agree. I'm trying to bang everybody over the head. I think Mr. MacPete is, too. We want to bang this out. We really do. In good faith, trying to work it out and get this case done without judicial intervention.

THE COURT: Just remember this is not a self-help problem. This is a court problem, a lawsuit problem. So anybody decides they can go and help themselves to some remedy, you have a problem, come to court. No self-help. Somebody doing something because there is a problem, I'm here. I'll be here all next week if there is a problem. If somebody needs money to pay for these things, whatever, whatever, let's work it out.

MR. BELL: I agree, your Honor.

THE COURT: You know for grown people -- I guess this is what happens when money is at stake. People completely lose their understanding of how things are to operate, but you can't do that, and just so everybody understands where we are, understands what my authority is, my authority is to make sure we have the rule of law in effect, and that means people just can't go start doing things they want to do regardless of contracts or agreements or court orders or whatever. That's for both sides.

Okay, Mr. Bell, sounds like you are ready to do something constructive.

MR. BELL: I'm going to do my best.

THE COURT: Now, I am going to enter an order or you guys can prepare me a order placing -- not the defendant's motion to dismiss. That will not be put under seal. But all attachments to the motion to dismiss will be put under seal.

MR. MACPETE: Thank you, your Honor.

MR. BELL: Your Honor, did you say the defendants were responsible for that order?

THE COURT: Work it out. Get Mr. MacPete to prepare it and approve it to you and send it to me. He can e-mail it to Mr. Frye, and he'll copy it off, and I'll

sign it.

THE COURT: Mr. MacPete.

MR. MACPETE: As I told you yesterday on the phone, these lawyers are not the problem, and I appreciate Mr. Bell's representations to the Court that he wants to work with counsel and he wants to get something resolved without the necessity of the Court intervening. With all due respect to Mr. Bell, this is the seventh set of attorneys in this case for Mr. Baron.

THE COURT: That's fine. But I'm the judge now, and you are under my jurisdiction, and it's just a fool that decides they are going to ignore a federal judge. There are about 650 of us around the country, and you can't hide.

So let's work this out. Make sure the property is protected, and nobody has to resolve anything. I'll be glad to do it.

MR. MACPETE: We appreciate that, your Honor. With respect to the state court because I want the court to have the full picture of sort of what's been going on post-settlement, there have been three TRO proceedings which were brought by Mr. Baron and Ondova in the underlying state court case. All three of those TRO's were denied. In fact, at the temporary injunction hearing which was held about two Fridays ago, his Honor Judge

Hoffman in the state court indicated that he thought the TRO's being brought by Mr. Baron were inappropriate procedures, and it was his view that probably the proper thing to happen is for his case to be dismissed and everybody to come here in the one court that had a pleading seeking to enforce the settlement agreement and get it done here. That was what Judge Hoffman said in the state court. They are correct that the U.S. Virgin Island parties have subsequently filed a motion to enforce the settlement agreement in state court. With all due respect to those parties, that is an in appropriate procedure under Texas law. It's clear you cannot file a motion to enforce and have the court decide that in some kind of a summary fashion. You have to file a new lawsuit for breach of the settlement agreement. They are the plaintiffs in the state court, and Mr. Baron and Ondova have not filed a new complaint, even asserting -- an amended complaint even asserting a breach of the settlement agreement or asking for a declaratory judgment with respect to the settlement agreement or anything like that.

THE COURT: Do I not have all the parties at stake in this case?

MR. MACPETE: There are the U.S. Virgin Island parties who are parties to the settlement agreement, and

it's my understanding that they are currently contemplating whether they are going to intervene in this lawsuit.

THE COURT: Why didn't you bring them in initially?

MR. MACPETE: To be honest with you, your Honor, I didn't know how to do that. They haven't breached the settlement agreement. They have been performing, and so I didn't know how procedurally to get them in because we're obviously the plaintiff because we're being aggrieved by the breach that we allege the defendants have engaged in, and they are not a defendant because they are not in breach, and I don't represent them. So I didn't really know what to do.

THE COURT: Well, you are in touch with their lawyers, right?

MR. MACPETE: I am, and that's how I know that they are currently contemplating intervening in this particular matter to essentially protect their interests.

THE COURT: Well, they should be encouraged to do so.

MR. MACPETE: I have. Because obviously they have the same interest we do in having the settlement agreement enforced, and I know their client would like for the underlying litigation to be dismissed, and it hasn't

happened yet because the state court under the settlement agreement has to be able to sign that order against VeriSign to transfer the domain names, but I know the U.S. Virgin Island client is very interested in seeing that litigation dismissed.

THE COURT: That's fine. Anything else from you?

MR. MACPETE: Actually we have given you a lot of background, and I know you are pressed for time. You said you had an engagement at 9:30. But we haven't talked about the discovery problems. Can we come back a little later today?

THE COURT: No, let's go straight through.

MR. MACPETE: I appreciate that.

MR. BELL: I have a hearing in another court by eleven.

THE COURT: I think I can knock out the discovery problems very quickly.

MR. BELL: Your Honor, may I approach for one housecleaning issue?

THE COURT: Why don't you and Mr. MacPete both approach, and we can with talk about discovery.

MR. BELL: I have one housekeeping issue I wanted to discuss before we get into the merits of the issue.

THE COURT: That would be fine.

MR. BELL: With respect to the plaintiff's TRO, I don't have an issue with it. The application or anything. But under the Federal Rules, there are three plaintiffs, and there is a verification that I think is in Manilla's file, and the plaintiff who brought the TRO is Munish Krishan individually, and I don't have a verification from him, and I'd like the Court to order him -- The TRO is brought on his behalf — order him to verify his pleadings under oath in accordance with the Federal Rules of Civil Procedure to the extent the Court would accommodate my question.

THE COURT: Okay. Thank you.

MR. MACPETE: Your Honor, I don't think that's necessary. We submitted sufficient evidence with our motion, and obviously if that evidence is insufficient, the court is going to rule against our motion on July 1st, but I don't think Mr. Bell gets to dictate who my witnesses are going to be or how I present my evidence.

THE COURT: He's talking about a verified complaint?

MR. MACPETE: We don't have a verified complaint. I'm not even sure what he's talking about in terms of verification.

THE COURT: Cite me the federal rule that says

an application for TRO —

MR. BELL: I think —

THE COURT: I'm surprised we're having this problem.

MR. BELL: I have it here. Number 7 in O'Connor on I think it's Page 80.

THE COURT: "TRO must be accompanied by verified affidavit or complaint." I take it Mr. MacPete, you say that you have filed a declaration under penalty of perjury?

MR. MACPETE: Yes. And what Mr. Bell's problem is he wants to dictate who my witness is. If my witness was Mr. Munish Krishan and he provided the affidavit and complaint that shows — What he wants to do is say Mr. Krishan has to be the declarant, and there is no requirement, and I think it's inappropriate for him to try to dictate who my witnesses are.

THE COURT: It doesn't say that it must be by an affidavit or verified complaint as to all parties.

MR. BELL: That's true. But there is different parties. I think Munish is the corporate rep for Manila and Netsphere. He can't possibly testify in a TRO personal knowledge of what Munish Krishan is alleging and Munish Krishan is one of the movant's in this TRO who has personal knowledge of what's been the four corners of this

TRO.

THE COURT: Well, let me do this. You file by Monday -- You file a motion to strike or whatever motion you want and show me in the complaint what must be verified by the other party, and I'll look at it on the pleadings. Here you go, Kevin. Give me a written motion with authority with what you think is not appropriately covered in the TRO. Then I will take it from there.

THE COURT: Okay. Mr. MacPete.

MR. MACPETE: One thing Mr. Bell said which I think we needed to clear up with the Court had to do with Ondova, and you remember that he was suggesting to the Court that Ondova was just the registrar and Mr. Baron is the beneficial owner of these domain names and Mr. Krishan is the beneficial owner of these domain names. And with all due respect to Mr. Bell, the issue of who the actual owner is prior to the settlement agreement actually being performed is a highly contested issue or it was in the underlying cases. For instance, your Honor, in the fifth amended petition which was filed in the underlying state case, Ondova, not Mr. Baron, took the position that Ondova was the owner of the entire portfolio. So with all due respect to Mr. Bell, if you listen to the plaintiffs in this case, your Honor, they will tell you that prior to the settlement agreement they owned the whole portfolio.

If you listen to Mr. Baron, he would tell you that Munish owns half of it, and I own half of it, and if you talk to Mr. Baron at other times will he would say Ondova owns the whole thing. It's a hotly contested here. So the issue of the registrar being a third party is not a complete picture, your Honor.

THE COURT: Of course, I don't understand this process. You know, when I talk about ownership of property it means that somebody has their name on the property. Apparently it's not that simple.

MR. MACPETE: Well, it's not that simple here, your Honor, because of the self-help that occurred in the underlying case. If you looked at what the recorded title to the domain names was on November 12, 2006 record title to the domain names at issue was in Manila Industries, Inc. and during the underlying litigation, Mr. Baron on his own, went into his database records and changed the record titleholder on all of our domain names or most of them to set up the company he set up with somebody, called TIPA, Texas Internationl Property Associates.

THE COURT: I guess this is a paper trail, and I can see all of it, and I can hear Mr. Baron's explanation for what authority he had to do what he did.

MR. MACPETE: Well, the difficulty with that, your Honor, is unfortunately there is not a good audit

trail because the registrar is the only one that has the records, and there is not sort of an historical independent database that has this, and that's part of the reason why we asked Judge Lynn not to change this who-is information because he can disguise what happened, because he's the only one who has these records. I don't want to delve too much.

THE COURT: I take it that you all believe that he won't violate a court order.

MR. MACPETE: I believe your Honor has made it clear what the consequence would be if he were to violate this Court's order.

MR. MACPETE: And I'm comfortable that we're protected at the moment. That being said, let's get to the discovery problem we're having. At the TRO hearing -- The final one in front of Judge Lynn because we did three telephone conferences at the end of day. At the final one, Judge Lynn granted the TRO, and she was asked by Mr. Bell to permit -- Mr. Bell asked the Court to order that he get depositions of my three clients on three days' notice and that he get document requests responded to on a three-day notice for those three depositions. And Judge Lynn granted that request, and she made it mutual and indicated I would have the right to take the deposition of Mr. Baron individually and Ondova's corporate

representative on three days' notice and to have document requests responded to on three days' notice. And the discovery period was due to start Monday of this week at 8:00 a.m.

THE COURT: But the problem I understand is the document request.

MR. MACPETE: That is the problem. So on Monday at 8:00 a.m., I got deposition notices at the same time I served deposition notices and document requests. And the document requests I got from the defendant were 267 requests long, and as I think your Honor characterized on the telephone yesterday that was more of a blunderbuss than a rifle shot. The document requests I served were 14. And I understood when we were talking about expedited discovery that we needed a rifle shot, that there is a limit of what people were to turn around in three days. So I asked very specifically for the documents which I thought I would need to prepare for the preliminary injunction, and then I got on the phone with Mr. Rawls, and we had a very frank discussion, very cooperative discussion, on Monday about what specific documents I thought I needed because I was aware that they are relatively new to the case and he may not have been familiar with the various sources of documents that fell within the categories I asked for.

At that time I also invited him to tell me specifically what documents he thought he needed, and I was very clear. I said the Court was clear. You are going to get discovery. You are entitled to discovery, and you were not going to get jammed in preparing for the preliminary injunction. So I will give you the documents that you need, but you need to tell me what they are. Because with 267 requests, most of them were outside the scope of the discovery that Judge Lynn ordered. I said I need some guidance from you. He said okay. I'm not sure what I am going to need yet and could I have an idea of what you think is going to be relevant, and I said yes, I do. And he asked me at that time if I would send him an e-mail the next day which listed the documents I was going to voluntarily produce which I thought were relevant to their defense of the preliminary injunction. I did that and had 14 categories of documents which I said I was going to be producing which I thought were relevant and I invited him in that e-mail to send me a response that says if there were any other documents which I hadn't identified — and I certainly wasn't going to represent that I had got everything that he might think was relevant — that I was willing to produce those things within the scope of discovery if he would just identify.

On Tuesday, we had several conversations, but he

was not able to respond to that request for anything further he needed, and then on Wednesday we probably spent most of the day together trying to work out various agreements on the order of discovery and that sort of thing, but he was still unable to tell me what documents he needed besides the ones I identified I was going to produce.

THE COURT: And so you still haven't resolved the issue, and they still want 267 documents.

MR. MACPETE: That's not even really the documents. We get to the deposition at ten o'clock. His client is supposed to sit for a deposition and my client is supposed to sit for a deposition. We agreed that we would sit down prior to those depositions starting and talk about where we are in terms of document production, and at that time he was still not able to tell me that he had a need for anything I had already produced.

THE COURT: So there has been some limited production by both sides?

MR. MACPETE: We haven't exchanged, but we have told each other what we have and are ready to produce. So he told me what he wasn't going to produce. And I'll get to that in a minute because that's what I need your help on.

After that meeting which probably took an hour,

hour and a half, the defendants and their client went away and stayed in the room for about two or three hours working on any other documents that they thought they were going to need. Essentially, what I had been asking them to do for the past three days, and they came up with a list, your Honor, between them and their client after spending hours of our deposition time doing what should have been done days earlier and said these are the things we think we need that weren't on your list Tuesday, Mr. MacPete.

And after we got together and talked about it, there are ten items on this list and counsel amongst ourselves agreed that four of them weren't relevant and that one of them didn't have any documents that would be responsive. One of them I had already agreed I was actually going to produce. And then the other two basically were things which I was willing to produce but were back in California because my people have flown here to comply with the Court's order to give depositions on Thursday. And so I would get it to them as quickly as I could, but I was hamstrung, given they hadn't responded and asked for this earlier in the week.

So that's where we are I think with respect to the documents they need from me. I think we have pretty much agreed that I am providing the documents I said I was

going to provide them, and I will give them the other documents they asked for as soon as I can get somebody in California to prepare it.

So turning to the document request that I sent to Mr. Baron, the first problem that we have is we had document requests that specifically asked for the financial information related to Mr. Baron individually, and as we just got done talking about, your Honor, it's all over the map about who in the underlying case was the owner of these domain names. So when Mr. Bell says it should be the registrant that pays this instead of the registrar. Well it's not clear who the registrant is. It's not been performed. Then we will know. But before that, all you have is different allegations in the underlying litigation and no clarity on who's actually, quote, the owner. So ultimately the registrar — who's one of the underlying claimants saying they own the whole thing -- is the person that gets the bill from VeriSign and ICANN, and the settlement doesn't say anything other than the registrar paying the expenses, but they have alleged it's supposed to be Mr. Baron and Mr. Krishan. And as I read to the Court yesterday on the phone the portion of the transcript in front of Judge Lynn in which Mr. Bell represented in his view the registrant, the people paying the fees are Mr. Baron and Mr. Krishan.

That being said, it made sense for me obviously to send the document requests I did saying give me the personal financial information of Mr. Baron because Mr. Baron has claimed in the underlying litigation that he is the owner of the domain names, and his counsel has represented to Judge Lynn that he is one of the people who's supposed to be paying for them.

And in fact, as I told your Honor, Mr. Baron and Ondova were paid over 5.6 million dollars during the pendancy of the underlying litigation. So when he comes to this Court and says Ondova cannot pay for these domain names and it's going bankrupt and domain names are going to be lost, the veracity of that statement needs to be tested. And in our complaint, your Honor --

THE COURT: Mr. Bell is taking the position that Mr. Krishan is the owner and Mr. Baron is the owner.

MR. MACPETE: That's correct, your Honor. That's what he told Judge Lynn. It's on Page 17 of the transcript from the TRO hearing. And he indicated that -- He said it's on the registrant's side which is Mr. MacPete's clients and Mr. Baron, the beneficial owners, to pay for the registration fees. That's what he represented to Judge Lynn. That's what his client was telling him last Friday. I understand that his client is now telling him something different and we're going to hear some kind

of a retreat from what was represented to Judge Lynn.

MR. BELL: Your Honor, I need to fall on my sword. Last Friday I was almost as confused as you are. Just to clarify, Baron individually -- Jeff Baron individually has never claimed ownership of the domains. Ondova has because it is like the noteholder -- If I own a house and I have a mortgage on it and I don't pay it, the noteholder has what right to foreclose on the home. Same deal here. The registrants weren't paying for the renewal fees, and so one of Ondova's contentions in the underlying state litigation was if you don't pay the registration fees we get to foreclose on your domain names, and that's part of the contract, and I can put that before the Court. Did I misstate something to Judge Lynn? Yes, your Honor, I did and I was just getting all the facts last week. But did I say he was a beneficial owner? The answer is, yes, but I made a mistake. For that I'm sorry. It was not intentional, registrant, registrars, everything was confusing to me. And I probably misspoke, and I think additionally Mr. MacPete can attest that we sounded alike and talked over each other in that hearing, and we had a little bit of an issue with respect to the court reporter. But Mr. Baron has never personally or individually taken the position that he owns the domains personally. I understand that he's about to make the argument alter ego.

It's in his complaint. He's talking about corporate minutes and corporate books. I'm a speaker at one of the Advance CLE Seminars on corporations, and nowhere in the Code does it talk about an LLC having to maintain corporate books and records, and in fact, that's one of the precise reasons why the legislature adopted the Uniform Limited Liability Company Act. So their blanket allegation to try and pierce a corporate veil, alter ego, whatever the case may be, is a little bit disingenuous. You need to lay the proper predicate and prove that up, but at this point in time Jeff Baron has never claimed interest in the domain names. The analogy would be a lender did take an interest in the domain names, just for clarification.

THE COURT: Okay. Let me look at the prayer here. You've asked that we proceed -- that I proceed with the division of the domain names using the methodology set forth in the settlement agreement, execute and submit to the Court an agreed order where the Court will instruct VeriSign to effect the transfer of the shared Manila domain names to a registrar designated by Manila. Otherwise, comply with the terms of the settlement agreement, impose a constructive trust for the benefit of the Netsphere parties over all revenue generated by the defendant through their unlawful conversion, granting

Netsphere parties all relief. So you are here to enforce the settlement agreement, correct?

MR. MACPETE: That's correct, your Honor. The reason the financial issue is relevant, remember the TRO and preliminary injunction related to deleting domain names, and there was an absolute representation to the Court -- represented to Judge Lynn and your Honor here -- that Ondova doesn't have money and Ondova can't pay for these domain names, and that's why Ondova should not be allowed to delete domain names and that's an issue they put in issue. It's not true, your Honor. He got 5.6 million dollars during the underlying litigation, and he has the money to pay for the renewals. They are not shooting straight with the court when they say Ondova is bankrupt and can't pay.

THE COURT: Well, let me ask you this. Mr. Bell says that under the agreement between Netsphere and Ondova you have to pay for the renewals of these domain names, your client.

MR. MACPETE: We don't have an agreement with Ondova, your Honor.

THE COURT: Who do you have an agreement with?

MR. MACPETE: We don't.

THE COURT: When you sign up with the registrar there is no agreement?

MR. MACPETE: There was originally a registration agreement with Mr. Baron pre-underlying litigation.

MR. BELL: I'm sorry. You can go right now on Budgetnames.com. The agreement is actually on line if you would like to look at it.

MR. MACPETE: That's actually not the agreement we had because we had a specially --

THE COURT: When you signed up with somebody to register your domain names, there must have been a contract then, correct?

MR. MACPETE: There was a contract then, correct.

THE COURT: And that was between Netsphere and Ondova?

MR. MACPETE: No, actually it was between Manila and Ondova. And that was pre-underlying litigation. So pre the last two and a half years in which we haven't had control or record title to our domain names.

THE COURT: At some point that agreement was vitiated.

MR. MACPETE: I think essentially by Mr. Baron when he took the domains in self-help back in November of 2006.

THE COURT: Well, I don't know if there was an

underlying contract and assuming for the moment that you are correct that Ondova Limited Company breached that contract, that doesn't vitiate the contract. It means he's liable for damages. The problem is the settlement agreement hasn't been complied with.

MR. MACPETE: That's true, your Honor. What we're talking about is whether or not Ondova as the registrar who gets the bill from VeriSign and ICANN actually has the resources to pay for those domain names, and Mr. Bell preempted me because I was going to direct your Honor to Paragraph 12 of our complaint.

THE COURT: Okay.

MR. MACPETE: As he told you, we allege in Paragraph 12 of the complaint that Mr. Baron is the alter ego of Ondova and liable for the acts of Ondova. "Recognition of privilege of separate existence would promote an injustice and gravitate against the plaintiff because Mr. Baron has dominated and controlled Ondova as follows:" And then we go into a number of different acts, only one of which is he hasn't adhered to the proper corporate formalities for Ondova. He has used the funds of Ondova for personal things and a number of other things. The one thing I do agree with what Mr. Bell says is I have properly alleged it, and I am entitled to get discovery about this particular issue, and Mr. Baron has

decided on his own -- And so this is not counsel's problem. Mr. Baron has decided on his own that he doesn't have to produce the financial documents which I asked for under expedited discovery order from Judge Lynn because in his personal opinion they are not relevant because he doesn't think he's personally liable for paying those domain name expenses. That's a hotly contested issue, and I'm entitled to discovery on it, and Mr. Baron's judgment about what is relevant is, with all due respect, not relevant here. That's the first issue we're having is his refusal to turn over to counsel and ultimately to me the personal financial documents which I have requested, and obviously that's going to include the wire transfer receipts and everything else on this 5.6 million, plus his other assets, which are going to demonstrate to the Court that the representation he asked his counsel to make that he and Ondova are unable to pay the renewal fees are false.

MR. BELL: Your Honor, if I may respond. In the complaint it says Baron is the President and Chief Executive Officer of Ondova. Mr. MacPete made the representation this is only one issue with respect to referring to corporations versus LLC's. First of all, there are no officers and no directors of an LLC. There are members and managers.

Now, with respect to B, he also represented to the Court in all the three years of litigation or four years and millions of dollars spent with Locke Lidell and Sapp that no discovery was taken. Now, how does he know that Baron has commingled funds and other assets as a convenience to assist in evading obligations of Ondova? Ondova is a separate entity and Texas law recognizes that.

And C, he says Baron has failed to adhere to corporate formalities for Ondova. Last I checked State of Texas created this hybrid of LLC precisely for the reason that LLC does not have to comply with corporate formalities. That's one of the main reasons to get around from the piercing the corporate veil standard that Mr. MacPete is alleging. That's one of the issues. He made a representation to the Court there was only one.

Here is Number 3. Maintain minutes and/or adequate records. That's not part of the Texas Business and Organizations Code.

D, Baron diverted funds or other assets to Ondova. Well, if there is no discovery taken despite the millions of dollars in legal fees, how can you make that blanket allegation?

MR. MACPETE: I'll be happy to tell you that, your Honor. Mr. Baron has domain names of his own. He licensed those domain names to my client Netsphere in the

underlying litigation. For a long time he refused to actually take delivery, if you will, of the money he was owed under the licensing agreement by Netsphere, and what he does is used Netsphere CFO as his personal paymaster, and he asked her to pay personal expenses on his behalf out of the money that was supposed to be paid to Ondova on its domain name. So on that, I am going to have to find out what other things he has done in terms of using the company money for his personal expenses, but I already have evidence under my control that that behavior was going on.

MR. BELL: I made the representation that Ondova is in the red. And basically what they are trying to do, it's a red herring and straw man argument put together, and what they are essentially trying to do is -- It would be like your Honor having a corporation, and your wife and you individually. You having a corporation or LLC. Basically what he's trying to do is force you and your wife to make a capital contribution to the entity to float expenses or get a bridge loan which Ondova has done at usurious interest rates to keep this thing afloat, and the evidence will show that. But to go beyond -- It would be like asking for your financial records to force you to make a capital contribution to you and your wife's entities, and that's not appropriate, your Honor. I don't

have an affirmative pleading other than the motion to dismiss. The representation I made to the Court is Ondova is in the red and on the verge of bankruptcy. And it's completely different from that of the plaintiffs, and Mr. MacPete will talk about this in a second. He's going to refuse to produce Mr. Krishan's personal financial records. Is that still your position?

MR. MACPETE: Of course, it's still my position.

MR. BELL: Your Honor, may I approach?

THE COURT: Let me talk to you for a minute. For the purposes of this enforcement of the settlement agreement, just for the purposes of enforcement, explain to me why we need this information, Mr. MacPete, for the purposes of the preliminary injunction. I realize that he said he didn't have the money. But as I understand it -- And Mr. Bell may be wrong here. But I remember Mr. Bell saying any renewal fees have to be paid not by the registrar but by the owner.

MR. MACPETE: That's right and in the underlying litigation, your Honor, Mr. Baron personally claimed that he was the owner, and he also claimed on behalf of the corporation Ondova, whatever we're calling it, that Ondova was the owner. So he had two essentially inconsistent positions in the underlying litigation. But one of those positions was that he was the owner of 50 per cent of the

portfolio. He, Mr. Baron, not Ondova. And what he's been doing here is hiding behind the corporate entity while he essentially has been running everything. As Mr. Bell represented -- And I guess this was wrong when he said it. Mr. Baron is the President of Ondova and I guess there are no presidents of LLC's. So I guess that was wrong. But I'm going off of what he has represented to the Court and what's been represented in the underlying litigation.

THE COURT: I'm almost to saying there is no exchange of documents, zip, zero. So we're not going to do the financial statements right now. You can ask him all of those questions. Neither side gets the financial statements. What else?

MR. MACPETE: Then, your Honor, there is another category of documents, and this has to do with the database which is maintained by the registrar of the record title, and that's information which he is required to maintain. It's actually public record. So by ICANN Rules you have to be able to go in and put in the domain name and pull up that information. And he's required every week to electronically send a file to a third-party escrow company. So if there was an earthquake or fire or something happened to his computers, that information is backed up somewhere else. It's publicly available information, and it's information which he has to

specifically ask for. Mr. Rawls represented to me that he was not able to produce that information in time for his deposition. And there has been different representations by different counsel about whether he actually had the information. So counsel prior to Mr. Rawls represented he didn't have that information and was unable to produce it. That story has now changed, but nevertheless I didn't have the information to be able to take his deposition yesterday, and that information is critical in figuring out the problems with the list that had been alleged by Mr. Baron in actually coming up with an appropriate list, if you will. If we go back to kind of the fundamental problem of we've got a pile of domain names and under the settlement agreement they need to be divided, you heard, your Honor, earlier in this hearing there are three basic categories of names on his registrar. There are a small number -- probably 300 or less -- people unaffiliated with the parties here who happened to register a domain name at his registrar. Then about 3,00 he registered before he ever met us.

THE COURT: Excuse me. It seems the great problem we have here is getting some concurrence on what is in the portfolio.

MR. MACPETE: That's right, your Honor.

MR. MACPETE: And to figure that out, we have to

have this who-is information. That's basically where I was heading. We needed to have this who-is information because that will then allow the counsel at least to weed out the small number of clients who are third-party clients and not part of this dispute at all. Because obviously those names should not be split or transferred anywhere because they don't belong to any of the parties.

THE COURT: Well, my view is anything that relates to identifying the correct portfolio is subject to discovery. Why wouldn't that be the case, Mr. Rawls?

MR. RAWLS: My client has some amount of his own customers which he doesn't want his opponents to get their hands on.

THE COURT: The lawyers have a confidentiality agreement. That would be between the lawyers.

MR. BELL: As long as it's mutual. They've got 14 employees; we've got one. I think they've got better access to this information, a lot of this information than we do. Oh, by the way, they made the representation to the Court, your Honor, that they were the original registrant. So they should have this information.

THE COURT: So you want me to enter an order saying we're going with their list and they will put it in numerical order, and that's fine with you guys.

MR. BELL: No, I don't think —

MR. MACPETE: We would be happy with that. That's a matter of the relief we asked for on preliminary injunction, but if we could have it by agreement that would be great.

THE COURT: Give them anything that relates to what is in the portfolio is discoverable.

MR. BELL: I agree. As long as it's subject to -- There is an issue with respect to violating federal laws and state federal criminal laws and state criminal laws.

THE COURT: You have a confidentiality order signed by the Court. You ought to be safe. And you shouldn't be violating any laws, and that would be entitled to highly confidential designation, eyes only, for the lawyers.

MR. BELL: Very good.

MR. RAWLS: Your Honor, the who-is information that Mr. MacPete is asking about, I want to make sure — And I think the Court is on the perfect right track as far as helping us figure out what the portfolio is. That has been the deal breaker for this deal. This memorandum doesn't define it. So everything has broken down from there. But I do want to have some better direction about exactly what my client is going to have to produce in this expedited manner. My client has represented to me that

the business Ondova which we will represent he is not the alter ego of used to have employees, programmers, administrators, office space. The litigation has put so much pressure on the business it has one employee, and that's Mr. Baron, and apparently the document situation is very unwieldy. And "chaos" might be the better term. At least, that's what's represented to me.

THE COURT: How is Mr. Baron making these decisions about what is and what is not in the portfolio?

MR. RAWLS: I know he has had some assistance from a potential business partner who was in Texas for a while and no longer around.

THE COURT: Well, surely the registrar has some obligation here. Declare bankruptcy. You know, I'm looking at this like a trustee. A trustee is taken under certain obligations to maintain and protect property. I would think the registrar is something like a trustee. It has to maintain and protect property. If it can't do that, unless it fails to do so, it needs to find somebody else to do this. You know these are important things. So I mean it's kind of alarming that you have a registrar whose obligation is to register and protect and renew this property. They don't even know what the property is.

MR. BELL: Your Honor, real quick. If Ondova was getting paid, we would be able to do it. Ondova is

not getting paid to do the registrar thing.

MR. MACPETE: 5.6 million dollars during the underlying --

THE COURT: If we have money problems, I can solve those. I can have Mr. Baron and Mr. Krishan put in $25,000 a piece into the registry. I don't know what the money problems are. $50,000 a piece. They are parties here so I can have them put in all the money I need to, $100,000 a piece into your —

MR. BELL: The registry of the Court?

THE COURT: No, into your funds.

MR. MACPETE: Your Honor, there is an easy way to solve the money problem, and it's provided in the settlement agreement. These names are out there now making money, maybe not much under Mr. Baron's control. But under the settlement agreement, that money is supposed to be divided between the parties fifty-fifty and that hasn't been done.

THE COURT: Who is getting it?

MR. MACPETE: A third-party monetization company, and that money has not been able to be dispersed because the defendants are refusing to issue the instruction to Hit Farm to give half to them and a half to us, and then there is other companies making money off these names by Mr. Baron. He is -- We don't know what has

happened to that money.
THE COURT: How much money do I need right now to get this done? How much money?
MR. MACPETE: The answer is, your Honor, nobody knows.
THE COURT: $100,000, $200,000?
MR. MACPETE: We don't know.
THE COURT: Half a million dollars?
MR. MACPETE: What we suggest is you issue an order that the defendants direct the monetization company who are monetizing or who are monetizing the names to interplead the funds into this Court, and the Court will have the money that's supposed to be divided under the settlement agreement, and the parties can come in and talk about what ought to be done with that money.
THE COURT: It's a cumbersome process to put money in the registry of the Court. You have a trust account?
MR. MACPETE: I do, your Honor.
THE COURT: Why don't we do that? If we can't do that, Mr. Baron and Mr. Krishan are going to put $200,000 in your trust funds. If we got money problems, I can solve the money problems. We will put money in the trust funds and pay out what needs to be paid out.
MR. MACPETE: And $325,000 at least being held

by Hit Farm, and if the defendants essentially issue a directive along with me, they will wire that money in my trust account. That's a perfect solution.
MR. RAWLS: The money problem is that we need to renew the names. It's that simple. And right now my understanding is the money that's being made off them from the advertising clicks and all of that is not enough to do that. Mr. MacPete's clients want to take --
THE COURT: You told me $7,500. That's $50,000. That's not correct --
MR. RAWLS: If we're just talking about the time period between now and the hearing, we have taken care of the money problem for that.
THE COURT: Why can't you give the information on the portfolio?
MR. BELL: That's like 650,000 domain names. It's a big difference.
MR. RAWLS: We can give them information, Judge. I just want to limit the scope of it to tell me client exactly what he has to do. I'm being told it's going to take time. First of all, Judge, yesterday I got just as one chunk of documents those twelve hundred documents that represented only a small portion of names deleted before Judge Lynn's order. I don't know exactly where these documents are. And I don't know generally where they are.

This is a document-intensive case, data-intensive case printed out in some places and electronically in other places. And without staff and programmers, my client is telling me he's going to have a hard time coming up with the broad categories they are asking for. They want to -- Believe me, I want to know what it is.
THE COURT: Your client can't tell us that? He is the registrar and can't tell us what is in this portfolio.
MR. MACPETE: Your Honor, Judge Lynn had the same incredulity that you had, and she said, Mr. Bell, Either your client can produce it or I will issue an order that lets the plaintiff with all of their programmers and experts figure it out. And if that's the answer, we'll be happy to go over there and figure it out.
MR. BELL: For the most part, I will have to confer with my client. But as a general rule, I don't have a problem with the concept. They also own a registrar, and we've got some trade secret stuff like I'm sure he would disagree for us to go over to theirs. I think my client would be agreeable to a neutral, and they would be agreeable to pull that information.
THE COURT: This doesn't make any sense. For the registrar not to have a list of the portfolio. It doesn't make any sense. If he doesn't have the list and

he can't do the list, I'm sending them over. I'll do what Judge Lynn suggests. So you either give him a list of their portfolio, and if you don't have a list, I'm sending people over to your computer.
MR. RAWLS: Would the Court be amenable to allowing us a reasonable amount of time, say, by the end of today to make a decision about which of those things is going to happen? If they are going to get to do it, there is not going to be a risk of client information. If his clients do it the, highly confidential part doesn't apply.
THE COURT: That is true it doesn't apply. But it's not sensible for the registrar not to know what the portfolio is. As I say, he has to protect the property. If he can't even know what the property is, that's a problem. Let me tell you, I don't mind sending a third party over. It would be at your expense, and Mr. Baron will put the money into Mr. MacPete's account, whatever that is, and I'll send the third party over, and we'll put the third party under a highly confidential agreement, and Mr. Baron will put the money in Mr. MacPete's account and that's it.
MR. MACPETE: Your Honor, this is a stall tactic. I'm not accusing these lawyers. They were not getting the story from their client. These files are electronic. Every week he has to send out an electronic

file. The idea that he doesn't have it, as your Honor said, is ludicrous. He has it in an electronic form, and he doesn't want to produce it. So he's telling his lawyers he doesn't have it or not able to produce it, and that's not true. When we were in state court and dealing with the prior lawyers, we all agreed this who-is information needs to be produced. That's how we get to the bottom of what was a third-party customer name and what needed to be split. But they weren't able to get their client to turn over the information, and so we subpoenaed it from Iron Mountain, and he ordered the prior lawyers to quash the subpoena so we couldn't get the information.

THE COURT: Do you have the capacity within your law firm to do this?

MR. MACPETE: Your Honor, to be honest I have no idea whether anybody at my law firm can do it, and I know my clients can do it. If your Honor orders that he would produce it or my clients get access, I feel confident he is going to turn it over.

MR. RAWLS: And I just want to know what we're talking about, the who-is information. I don't know all the information necessary to pry the parties with the basis of what the list is or isn't. But whatever I want to do is do it in a reasonable way. Especially under the

time constraints. So if we're talking about the who-is information and the last file he had to send to Iron Mountain that has the information in it, we can do that.

MR. MACPETE: Well, your Honor, I have three other things that are related to that. He asked a good question. Number one, we need the who-is information. That's essentially the record title stuff on all the domain names on his registrar so that we can sort out which are third-party customers and which are the names at issue.

Second, I need a list of the domain names that he deleted, and Judge Lynn specifically said in the transcript that was something he was going to produce or she was going to give us access to his computers to figure out.

MR. RAWLS: That's printed out.

THE COURT: Okay.

MR. MACPETE: Third, I need the financial information about what the domain names have been doing. He's been operating this stuff and not giving the money over under the settlement agreement, and we don't have any access to the data he's been getting about what money is earned and where it's going, and we need that.

THE COURT: And that's collected where?

MR. MACPETE: It's collected at the monetization

company, and in most circumstances he would have a log in at the monetization company that will allow him to log in —

THE COURT: So that would be ordering him to give authority to the monetization company to produce the information?

MR. MACPETE: Actually the easy way would be for him to give us the passwords for the various monetization companies that he's currently using, and we can get in and download the information.

MR. BELL: That's assuming he's using a monetization, and that's not the case.

THE COURT: Well, he can give them the codes, and if he is not using it, there will be nothing there. Can you do that, Mr. MacPete?

MR. RAWLS: So it would be confidential?

MR. MACPETE: It's about their names.

MR. RAWLS: That would assume we have a list that we have already pared down.

THE COURT: I tell you, the problem is these are all things in the defendant's possession. The defendant should have these in readily identifiable form. If the defendant doesn't, I have to take extraordinary steps. All of this would be under the confidentially order, not under the highly confidential order, and your clients

cannot use this information for improper purposes at all.

MR. MACPETE: Understood. We would want it to be confident. It shouldn't be highly confidential.

THE COURT: You can prepare the order, but I am going to give you the who-is information, and I am going to give you -- You already have the deleted names information. I am going to give you the information from the monetization companies by giving you the passwords codes and so forth. I am going to give you that.

MR. MACPETE: In addition to that, your Honor, they represented to Judge Lynn that the names they deleted were names that were worthless, not making much money. That obviously means they had some kind of records or reports or something from which he made the decision that these are the bad names that I want to get rid of. My clients don't agree with that representation to the Court, but we need to get his document on which he based the decision to delete these domain names and see what he was relying on when he told the Court these were bad names. That's not the information we have. So we need those reports as well.

THE COURT: You'll get those. By three o'clock this afternoon. If Mr. Baron says he doesn't have the ability to produce that information, then I'll send your people in.

MR. RAWLS: Your Honor, that question by my client may depend on the date it is to be done by. By next Monday as opposed to Wednesday, depending on the deposition going forward, that could affect his answer.

MR. MACPETE: That was part of the reason why we were here. I was supposed to have his deposition yesterday. I had a court reporter waiting for hours and videographer waiting for hours. Some of them they said we'll give you some of these documents, but you can't have them until next Wednesday. And I think they are still going to ask the Court that their depositions are not going until next Wednesday.

THE COURT: Well, I will order all of that information produced Tuesday by three o'clock in the afternoon. If it's not -- And by the way, you have to make the decision by today at three, and if you make the decision I can't do it by Tuesday at four, then we're sending in Mr. MacPete's clients.

MR. MACPETE: And I guess to the extent that means we're going to start up with the deposition schedules with their depositions next Wednesday, I come to the last problem of we obeyed the court order. We listened to Judge Lynn. We did what she asked us to do. I produced my clients on three days' notice, and my clients all live in California. So I have four people

that had to fly out here to give corporate or individual depositions pursuant to their notice at the last minute, and that cost thousands of dollars in plane tickets. And yesterday when we should have been taking depositions with documents, instead we were sitting around talking about whether Mr. Baron felt like his personal financial documents were relevant. And I have court reporter time and videographer time that got wasted. Yesterday on the phone you said what I am going to do is assess cost or maybe order the depositions be taken in California. I'm not sure which way your Honor wants to go with that. But I would ask either as a result of the defendants having to have this stuff moved on when we complied with the order at great expense, that we be compensated for our attorneys' fees and court reporter and videographer fees and the travel costs or in the alternative that you order these depositions to take place at my offices in California so my clients don't have to incur the travel expenses again. But I would still be asking the Court to order the time wasted yesterday reimbursed.

THE COURT: Well, I'm not going to make a decision about assessing cost.

MR. BELL: Just so it's fair, may I say something? I had a deposition of Munish Krishan, and I was ready, willing and able to perform on that, and I

haven't seen any documents. I'm out money on videographers, and I could have taken a certificate of nonappearance, and I didn't because they were working it out. So we're out plenty of money, too. I have had a case, your Honor, with Judge Ramirez, and they are the plaintiffs in this case, and because they are the plaintiffs, they filed in the Northern District of Texas. There is plenty of case law that the plaintiff even though they are out-of-state residents, because they chose this -- and I think it's Emkey versus Compana.

THE COURT: You know, guys, you are arguing about the shape of the table. We're going to do the depositions here, but could be somebody is going to pay a lot of money before this is over about the cost. We'll take all the depositions. Been a lot of expense. People are just completely spending treasurer in this case beyond words. This is why we're probably going to kill litigation in this nation. This is a great example of why, because we can't agree to the shape of the table.

MR. BELL: I say you hold us in contempt and force us to the jail and beat us until --

THE COURT: You do what you want to do. I never require people to do what they don't want to do. If you want to sit down and resolve the case, do. If not, that's fine.

MR. RAWLS: I understand the Court is not going to make a ruling on cost, but while I have the opportunity, I think it's important that the Court understand that I as an officer -- I have never been before you. I became involved in this lawsuit Friday morning just in time for the first of three telephonic hearings with Judge Lynn in which all of this was granted and ordered. And since then I have done nothing else but try to figure this out. And as soon as this Court moved the hearing, I immediately tried to get the depositions moved, and by that time it was already too late by a matter of hours on the plaintiff's plane time. I think I made it clear that we needed more time to get the documents done. I don't want the Court to think I have been stalling on behalf of anyone because I have not.

THE COURT: You sound like you are good lawyers an good guys an working hard but we have to break through this. Somewhere or another we have to figure out how to resolve this case or get it in a position that a judge can resolve this case. If you don't want to do anything between now and the 1st, except argue with each, that's fine. But on the 1st somebody is going to make a decision, and you can do whatever you want. My view is we're going to take the depositions here. I don't want anybody to be calling me about this portfolio issue. Mr.

MacPete gets what he wants, and if he doesn't get it on the portfolio issue, which is the crucial issue here, then there will be hell to pay. And if you guys say we can't do it, then I'm sending his people in there. That's fine. We can do it either way. Judge Lynn made a good decision on that.

MR. RAWLS: With regard to giving them access or directing the monetization company to tell them how much money has been made on these names, my understanding is — And I don't know what all information they have. I think there are only certain accounts that Ondova is a party to, and I don't know that they can instruct —

THE COURT: You are not going to instruct. You are going to give the passwords so they can go directly.

MR. BELL: I'd ask, your Honor, that they not interfere in any way with any money getting directed and the Court freeze whatever monies, if any, in any accounts.

THE COURT: Well, let me tell you, that money is not going out to inappropriate parties or anything. I take it the monetization companies are just holding that money.

MR. MACPETE: We don't know, your Honor. He's been moving these things around. So your Honor is fully clear on what the situation is.

THE COURT: It's final. You got the access

codes to all monetization companies that have anything to do with your portfolio. So you get all the access codes, period, exclamation point. And if Mr. Baron needs to do something personally to call the companies, he's ordered to do so. He's ordered to make sure that you have access to all the monetization companies.

MR. MACPETE: Thank you, your Honor. With respect to the money that's currently being held, is the Court ordering that the parties are going to —

THE COURT: If they are just holding the monies — They are reputable, legitimate people -- we don't have to worry about them doing something stupid.

MR. RAWLS: I agree.

MR. MACPETE: With respect to Hit Farm, your Honor, I agree with that, and Mr. Cantner (phonetic) is representing Hit Farm, and he's been working with all the counsel. So I'm comfortable with that. There are two other parking companies who have essentially refused to agree that money is not going to be distributed to him without our consent, and we have had to sue both of those companies. We have a state court lawsuit in California against one and a federal court lawsuit in California against the second.

THE COURT: That is not an injunction issue. That's just a damage issue. If the money is being sent to

the wrong places, then, you know, that's a damage issue.

MR. BELL: Your Honor, I'd like to get their pass codes. This is according to my client. They've got a million dollars at Google. Google is holding a million dollars in monetization funds, and I'd like to be able to get whatever information there is to that that relates to the portfolio.

MR. RAWLS: If that's true, we would like that because the settlement agreement requires a true-up of all monetary funds during the litigation.

MR. MACPETE: Your Honor, please go back to look at the settlement agreement because the settlement says in Paragraph 56 fifty-fifty true up of all monies paid during the litigation. It's not all monetization monies at any time in the past. This Google money that they are talking about is something that's pre-litigation, pre-underlying litigation and not dealt with in the settlement agreement at all. So we're trying to get a free fishing expedition of, hey, let's see what their clients may have at Google. It's got to be mutual.

THE COURT: No, no, it doesn't have to be mutual always. As I understand Ondova is the registrar and directs the monetization companies to hold certain monies that come com from the portfolio.

Now, what is the Google money? Explain to me

how Ondova has some interest in the Google money?

MR. BELL: Because pursuant to the MOU, Google was one of the monetization companies -- When the parties -- When Baron and Krishan were partners and Ondova was serving as the registrant.

THE COURT: I understand there is —

MR. BELL: Basically during the life of the underlying litigation, there is a million dollars being held at Google that was made off of my clients' money and their client. And they are holding a million bucks and trying to hide the ball from us. So we want to make sure that we get that information as well, your Honor.

THE COURT: Show me in the MOU what we're talking about. It says here, after all monies held by USVI entities -- And the US entities are HCB LLC; RIM LLC; Simple Solutions LLC; Search Guide LLC; Blue Horizons LLC; Four Points LLC; Novapoint, Inc.; and Iguana, Inc.

MR. BELL: Paragraph 10. It says "Any monetization money" -- that would include Google — "received by any of the parties," and they've got an exclusive contract with Google with part of our money as well of the Manila Portfolio which we're talking about will be split fifty-fifty. That means Google money, your Honor.

MR. MACPETE: Your Honor, with all due respect,

Mr. Bell is confused. If you remember the underlying litigation started with Mr. Baron engaging in self-help and taking down our domain names, and he has operated our domain names from November 13, 2006 to today. So there is no Google monetization revenues for him to get any discovery about. I have nothing to produce because --

THE COURT: Excuse me. Mr. MacPete, tell me what is the Google money.

MR. MACPETE: I'm not sure what his client is talking about, your Honor. Like I said, we haven't had our domain names to monetize since the date he hijacked them.

MR. BELL: Your Honor, I want to be clear about this hijacking issue.

THE COURT: What are the Google funds that you are talking about? They come from the portfolio?

MR. BELL: They have been holding many -- Google has been holding money that the portfolio generated for the last couple of years. That's number one.

THE COURT: Google has been holding money that the portfolio -- the Manila portfolio generated for the last couple of years.

MR. BELL: I need to clarify something real quick. I think this might help you understand. These guys were partners despite what Mr. MacPete said.

THE COURT: They had a partnership agreement.

MR. MACPETE: No.

MR. BELL: The Search Guide Agreement. I got plenty of evidence on that. But Mr. Krishan and Netsphere and Manila sold their whole Manila portfolio for 4.2 million dollars to the USSI parties, and Mr. MacPete can tell you -- How much did you get? 3.7 million dollars for selling the portfolio.

MR. MACPETE: He's arguing the underlying litigation about whether the deal in the Virgin Islands occurred or not.

THE COURT: Give me an account of the Google money under seal, and I'll take a look at it.

MR. MACPETE: I don't have any to give you. He's not making sense. We haven't had the names since November 13, 2006.

THE COURT: Is there any money generated from the domain names into some Google account?

MR. MACPETE: And I don't have any of that information. If he wants to get discovery from Google, that's fine.

THE COURT: I'm asking you. They are making the representations. You don't know whether there is at any time during this time that the Manila Portfolio generated money that is held in some way by Google?

MR. MACPETE: I think what he's talking about, your Honor -- And it's nothing we had anything to do with. Is when the portfolio was originally hijacked the first monetization company that Mr. Baron sent the domains to was a company called Oversea.com, and that's a monetization company that uses a Google feed to make money on domain names. After the domain names were hijacked because we were at Manila and Netsphere, those names were licensed to Google. So when Mr. Baron engaged in self-help, he breached those agreements. Google was understandably pissed about the fact those names were taken away. So Google had a contract with Oversea, and when Google found out that Oversea was now monetizing names which Google already had under a license from my clients -- I know this from second or third hand -- Google told Oversea you don't have the right to monetize these names. So you have this in breach of our agreement with Netsphere. So we're not paying you. And I understand there is a lawsuit between the Virgin Island parties with the Oversea Company about the payment of the money. We don't have an account at Google. We didn't have anything to do with Google telling them they weren't going to pay. If he wants discovery about whether Oversea or Google has the money, I'm cool with that, but I don't have the documents.

MR. BELL: Can I get the contract with Google and whatever passwords they have, if any?

THE COURT: Address it to me. Address all comments to me.

THE COURT: What about Oversea? What do you have with Oversea?

MR. MACPETE: We weren't the ones who did that. He was the -- He has whatever pass codes or whatever that was with Oversea. That was being done in derogation of our license rights.

THE COURT: What is your contract with Google?

MR. MACPETE: We have a contract with Google that allows Netsphere to monetize third-party domain names through Google's absence program. And it's nothing to do with this here. All this is the defendant trying to harass my clients with getting their confidential contract with Google which has a penalty of death if you turn it over to anybody.

THE COURT: I'm entering an order that you let me see Netsphere's contract with Google under seal in camera, and I'll see what this has to do with this. Otherwise, I wouldn't require anything to be done about that. So give me that by next Tuesday at ten o'clock.

MR. MACPETE: Key point to remember. After November 13, 2006 we didn't have control of the portfolio,

and we didn't get any of the money.
THE COURT: You can attach an advisory with your in camera submission to me giving me whatever explanation you want.
MR. RAWLS: Your Honor, if we're finished talking with Mr. MacPete, the documents he wants from my client I am going to defer to Mr. Bell on any additional documents that he may want from the plaintiffs.
THE COURT: Okay. What else, Mr. MacPete?
MR. MACPETE: I think that's it for the most part. Let's hear what Mr. Bell has to say.
THE COURT: Mr. Bell.
MR. BELL: I'll talk to Mr. MacPete. I have to commend him. That 279 RFP is probably too much, but I have to give it to him. 211 of them were done from Locke Lord. They were so good I had to use them, but fifty of them were basically contention RFP's, and there have been allegations in this TRO talking about -- and it's brought up on behalf of every single plaintiff individually, and I understand you don't want to give out financial records, and we're okay with that. But I need the corporations's financial records, and I think Mr. MacPete is agreeable to that because they are claiming the result is Netsphere parties are on the verge of bankruptcy, and anything having to do with the revenues, damages, anything like

that, irreparable harm. Other than Munish's personal records.
THE COURT: I'm here to talk about what you haven't agreed upon.
MR. BELL: Yes, we're good.
THE COURT: So if you have agreed on it, I don't need to talk to you about it.
MR. BELL: I wanted to make sure that was still in play, your Honor.
THE COURT: Anything else?
MR. BELL: No, permission to withdraw, your Honor.
THE COURT: Permission to leave the battlefield.
MR. BELL: May we be excused, your Honor?
THE COURT: I want to see where we are in regard to the depositions now.
MR. MACPETE: Two things, your Honor, with respect to that who-is information, a lot of that information is kept electronically, and if it's kept electronically, then I want it in electronic form. If he prints out 50,000 pages, I can't do anything with it.
THE COURT: Electronic form is fine.
MR. MACPETE: And your Honor indicated now under West Texas Rules.
THE COURT: If you can't agree, plaintiff gets

to take Mr. Baron's deposition first, and defendants get to take Mr. Krishan's deposition and whoever else is next. So you will do it in a series.
MR. MACPETE: Appreciate it.
MR. BELL: Your Honor, are we saying the depositions are going to start probably on Wednesday, is what I'm assuming?
THE COURT: That's what I'm assuming.
MR. BELL: That's the 25th. I think we've got probably two, three, five -- I think we can get it in done in time.
THE COURT: Nobody is going to be resting on any weekends I don't think.
MR. BELL: Just real quick. A couple of things I need to go over my client wants produced. If what Mr. -- I think I will be two more minutes, your Honor, if you don't mind. It just got brought to my attention. If they were the alleged owners and we hijacked it, I would like to get any registration or renewal information from them that's possible in an electronic format as well.
THE COURT: Well, in regard to portfolio information, both of you ought to be -- For example, you have a portfolio you think you own, Mr. MacPete. That portfolio information and the domain names on that should be given to the other side.

MR. MACPETE: I have told them that we were giving them that, and it has to be produced in electronic form?
THE COURT: Yes, everything in electronic form. Anything involving the portfolio of the Manila needs to be produced going both ways.
MR. BELL: With respect to money received from the disputed domain names from them, all revenues and checks, I would like those produced. They are saying there are none, but I'd like to make sure —
THE COURT: Well, you are talking about since November of 2008 or —
MR. BELL: No, since 2004 is when these parties allegedly went into business together. They are going to have a lot of the Google information. At one point, I think the portfolio was making 22, 24 million dollars a year when everybody was happy.
MR. MACPETE: This is a complete fishing expedition from the underlying litigation. Their party has been directing the lawyers to try to reopen the litigation in the state court, and he asked for this discovery in the state court, and the judge told them no. This is an attempt --
THE COURT: Right now as far as I'm concerned, financial information is not going to be discovered by

either side. I'm talking about -- I'm here being asked to look at the settlement and MOU, and that's all I'm looking at.

MR. BELL: Your Honor, I think right now I'll pass.

THE COURT: Okay.

MR. MACPETE: Thank you, your Honor. We appreciate your time today. I'm sorry we went past your 9:30.

THE COURT: I know you are working hard, but at some point we have to do this and get the discovery done and get the depositions taken and then show up here on the 1st. It's not going to be an easy thing for me to try to resolve this, but I am going to do the best I can. My main view is I take it this portfolio is valuable. And so if nothing else can be done, as I say, I can put all the names in a receivership and put them under some other registration, and then, you know, we can wait and see what happens. I don't know how much that will cost or whatever. But I want you to know my goal is protect this stuff and not let it get lost in cyberspace.

MR. MACPETE: Your Honor, if we're not able to get the settlement agreement moving under the relief we requested at the preliminary injunction, we will support your idea that all the names should be given to a receiver

and have them operated by the receiver so they can be protected. But I'm hoping we can get the settlement agreement moving with the lawyers -- and they are working hard -- or by a preliminary injunction. But if not, a receiver is a good idea.

THE COURT: It may be at some point I could be challenged about deciding the injunction. Then I can use my inherent powers, you know, to preserve the status quo and preserve the property and just wait for a damage suit. I have some alternatives here that I can use. But I don't want everybody to think that if, for example, I don't enter the injunction -- maybe it's not clear to me -- but I am going to protect this property. It's under my jurisdiction. I'm going to protect it and it seems valuable to me, and as I say, we don't want it lost. Don't think I am without any bullets in my gun because I'm not. So it seems to me in everybody's's best interest -- less expensive and everything else -- to figure out a way to resolve the case. If you can't, you'll come here. No self-help by anybody. I'll keep this case under my jurisdiction for ten years, and we'll let a receiver skim everything off the top that the receiver needs to skim and the registrar needs to take, and whatever is left, I will put that in the registry of the Court, and you guys, may be by 2050 I'll distribute it. So at any rate, if there

is any value here, let's preserve it, and there sure ought to be enough value to go around, and if there is not, a receiver can tell me so five years from now.

MR. MACPETE: That's exactly what we want. We thank you very much.

MR. BELL: We're going to do our best to bang it out.

THE COURT: I saw three good lawyers today. I know that three good lawyers will do their best. You acquitted yourself well and I know you have been working hard, but I wanted the clients here to let them know what the deal is. And I'm not going to let this stuff disappear in cyberspace. I am going to take charge of it and save the value for whomever needs it, and if we have to have a receiver every four or five years, if you agree to a fifty-fifty split, I can dole the money out every five years or something. I'll get the receiver to kind of do a numbers split, and I'll see which money goes with which numbers and take it from there. At any rate, the maintain thing is the rule of law needs to prevail in this matter. It's very important. We're all bound by the rule of law, and if not, life is chaos and that's bad, and I don't have the feeling with so many lawsuits and arguments that we're making progress with the rule of law, and that's my goal, and I think I can do it. One way or the

other, I think I can do it. Just remember, I do have access to the Army, Navy, Marines and Air Force.

MR. MACPETE: One last thing, your Honor. My clients reminded me that the deleted domain list that Mr. Rawls said is 1,200 pages and that is something I think electronically --

THE COURT: Everything is to be exchanged electronically.

CERTIFICATION

I, Cassidi L. Casey, certify that during the proceedings of the foregoing-styled and -numbered cause, I was the official reporter and took in stenotypy such proceedings and have transcribed the same as shown by the above and foregoing Pages 1 through 113 and that said transcript is true and correct.

I further certify that the transcript fees and format comply with those prescribed by the court and the Judicial Conference of the United States.

s/Cassidi L. Casey

CASSIDI L. CASEY
UNITED STATES DISTRICT REPORTER
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION
CSR NUMBER 1703

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

NETSPHERE, INC., ET AL. (Number 3: 09-CV-0988-F
Plaintiff, (
(
vs. (
(
(
JEFFREY BARON, ET AL. (
(
Defendant. (July 1, 2009

Status Conference
Before the Honorable Royal Furgeson

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PROCEEDINGS:

THE COURT: Welcome. Would the Clerk please call the case.

MR. FRYE: Netsphere, et al. versus Jeffrey Baron, et al., Cause Number 3: 09-CV-988-F.

THE COURT: Good morning. Could I have announcements for the plaintiffs?

MR. MACPETE: Yes, your Honor, John MacPete of Locke Lord on behalf of the plaintiffs, and I have with me my client, Munish Krishan.

THE COURT: Excellent, Mr. MacPete. Could I have announcements for the defendants?

MR. KRAUSE: James Krause. And I have with me my partner Ryan Lurich representing the Defendants Jeffrey Baron and Ondova.

THE COURT: Excellent. I understood first although we had the preliminary injunction resolved, there was some issues still outstanding. So Mr. MacPete, tell me what those issues are.

MR. MACPETE: I imagine the Court was curious about why we needed to have this hearing.

THE COURT: You are correct; I'm curious.

MR. MACPETE: We basically have two problems. We have a process problem and a practical problem. The practical problem is that we have resolved the preliminary

injunction by an agreed order which I understand your Honor signed last Friday. That preliminary injunction has requirements for the defendants to do but also for the plaintiffs. And primarily as relates to restoring those deleted names that ultimately resulted in the TRO and then I guess the preliminary injunction. In order to be able to comply with the requirements that my clients have under the preliminary injunction, there is discovery that this Court ordered that we needed in order to perform our duties which we have not gotten in violation of this Court's orders. So my practical problem is I still have stuff which I need from the defendants which they still haven't turned over in order to comply with our responsibilities.

And the first deadline for things we have to do related to those deleted names is today at five o'clock, and I am going to tell the Court what has happened so far and what I'm still missing. That's the practical problem.

And then the process problem we have, your Honor, is really with the rule of law. Because we have a situation here where there has been a willful violation of this Court's orders related to the TRO, related to the discovery and even related to the preliminary injunction. We think the Court ought to hear about that, and you can decide whether you want to do something about it today or

a different day. But let me start out with my practical problem because that's the first thing that obviously needs attention.

What's happened since we were here last, your Honor, is you may recall under the TRO proceeding that Judge Lynn conducted the defendants asked for expedited discovery in connection with the preliminary injunction, and they asked for two things. They asked for the ability to take the depositions of the parties on three days' notice, and they asked for documents to be produced in connection with those depositions on three days' notice. And that was their request which Judge Lynn granted and said, "It's mutual, Mr. MacPete is going to get your clients just like you are going to get Mr. MacPete's clients, and everybody turn over the documents." That's where we with started with the discovery process. We sent out deposition notices duces tecum for Mr. Baron and his company Ondova, the registrar, and in response to those we did not get all the documents, in fact most of the documents that we were supposed to get. And you may recall from the hearing that we had two Friday's ago, my document requests were extreme rifle shot. I had 16 questions compared to 267 on the other side. So I was specific about what I needed for that preliminary injunction hearing. This is not a situation where I have

EXHIBIT G

asked for the universe and they have had a difficult time complying with the universe in three days' notice.

The next thing that happened is in part of that TRO proceeding with Judge Lynn, she made clear based upon the request from us that no documents the defendants had but particularly no documents related to the who-is were to be altered in any way. She was very clear. I brought the transcript with me to refresh your recollection. She said "I don't care whether it's electronic, on paper, chiseled into a stone, hieroglyphics, cave paintings, don't alter it." And then your Honor signed the written order embodying that prohibition on altering any of his documents, especially the who-is information.

After the deposition duce tecums went out and we didn't get the documents we were supposed to get including the who-is information, we came down two Fridays ago and asked the Court for help and said I need these who-is documents and in particular the information because there is a question about what is the agreement of the information that's supposed to be split. I told you there were two critical pieces of information: Who's the owner or record title of the domain name, and the second was the creation date. And we needed the registrant information because there were three categories of names on his

registry, your Honor. There are about five hundred third-party customers who are not part of the dispute between the parties here before the Court, and their names need to be excluded from what was going to be divided. And then there are some names which were registered by the defendant before he alleged there was any kind of a business deal between the respective parties, and those are also excluded from the settlement explicitedly, and the rest of the names are things that are supposed to be split under the settlement agreement. And so I needed the registrant agreement to weed out the third-party customers, and I needed creation date information to weed out the names which were rightfully just his.

At the Friday hearing, your Honor, you ordered him to produce the who-is information for every single domain name on his registrar. You ordered him to produce it electronically and ordered him to produce it by this past Tuesday at four o'clock, and this past Tuesday at four o'clock I didn't get the who-is information. In fact, sometime after five o'clock, I got a CD that was produced by the counsel that are here in the courtroom. Actually I got two CD's. One purports to have the who-is information, and one of the CD's had a partial list of domain names on his registrar, and the list purporting to be the who-is information was basically a database file,

and it had forty fields, and in the fields are various things like the expiration date of domain names, the identity of the registrant, the address, telephone number for the registrant, the administrative contact, things like that. But interestingly enough, there was one field that was missing, and that was the creation date. So the minute I got that document and I opened it up, I knew that I had a rat because that information if you go on his web site -- And we're going to show your Honor at the evidentiary portion that, you know, when you go on his registrar web site you can put in any domain name registered there and pull up the who-is information. And the first piece of information on that document was the creation date, but it was missing from all of the who-is records that he produced, and that wasn't an accident, your Honor, because he knew that was a critical piece of information, and he had been working for weeks to try to deny me access to that information.

Then in addition to those two CD's that I mentioned to your Honor, I also got a box of documents, and what that box of documents consisted of was about 985 pages of a paper delete list. And you may recall two Fridays ago, you ordered him to produce a delete list electronically because I told you that I can't do anything with a telephone book size stack of paper that has domain

names on it that were deleted. And then there were some documents that related to the underlying litigation that weren't relevant, and there were some documents that related to his VeriSign account and what the balance might be over there.

That was Tuesday. So this last evening I sent him the e-mail, and I listed specifically these are the documents and other things which you have not produced that you were ordered to produce, and you need to still produce.

Wednesday afternoon, I finally got a delete list electronically which was produced by one of the lawyers at Friedman and Figer.

Thursday afternoon, I was told that the list I had been given Wednesday afternoon was not complete, and that came about when we were drafting the agreed preliminary injunction, and there was a representation in the original draft that said that list was everything that he had deleted since the date of the settlement. And then I was told, no, no, you can't have that representation in there because it's not true.

And remember, your Honor, he was ordered to produce the delete list electronically, and so then they admitted, Well, we haven't produced a complete electronic delete list. We then put in the preliminary injunction

that they would essentially supplement that with the complete list under oath -- which had actually been required by the TRO and again by your Honor in the order of expedited discovery -- and they would turn that over to me on Friday at noon. And so I did get that on Friday at noon in compliance with the preliminary injunction, and that list had 92 additional domain names that were not on the list I got on Wednesday, and it purported to be under oath because it came with an affidavit signed by Mr. Baron. But that information was signed on information and belief, your Honor, not his personal knowledge. So in reality, I don't think I actually got something under oath that I could do anything with.

Since Friday -- Also on Friday, I got a jump drive -- one of those little portable hard drives that you put in your computer, your Honor -- and that also had one document on it. A document that had a partial list of domain names on his registrar. I'm not really certain what that was. But it wasn't any recognizable set of domain names or delete list. But we did get that.

Since Friday we haven't gotten anything further. One other thing, I got two e-mails from Mr. Krause on Tuesday which had a pass code for the First Look monetization company and a web link to get some kind of a report from Park.com, but on Tuesday and since then I

haven't gotten any of the other log-ins and pass codes for the monetization companies that have been making money off these domain names, and I'm sure your Honor remembers two Fridays ago that was specifically ordered in this courtroom with Mr. Baron sitting here listening to that, and I haven't gotten those pass codes. Since Friday I haven't gotten anything else, and there was a subpoena issued to Mr. Baron to appear here today and bring the documents, including the documents I'm telling him I still don't have and I need for compliance with our preliminary injunction. And I was told by counsel this morning they have not brought anything this morning that they have not already produced. So he has not brought the other documents that we know he has and he hasn't produced.

Why do we need these documents? What we're required to do under the preliminary injunction by five o'clock today, Paragraph 2, your Honor, is we have to come up with a list of names that have to be undeleted or restored. And you may recall there is potentially going to be a $40 fee which is imposed by VeriSign for every domain name which is undeleted or restored. And under the terms of the preliminary injunction which your Honor has signed, if VeriSign decides to impose that fee, that fee will be imposed on my clients. So it's actually very important for my clients to be rifle shot, if you will,

your Honor, about what domain names need to be undeleted. But potentially there is a huge fee going associated with undeleting them.

In order to be able to do that, we need basically three pieces of information: I need an accurate list of what he deleted. And right now, I don't have any confidence that I have an accurate list because I have gotten at least two, not when they were ordered to be produced, not really under oath, and they are different. And so we shook the tree, and I got 92 more names added to the list, and I don't know whether more shaking of the tree would produce nothing or more names.

Let me tell you why the delete thing is potentially a problem. This is a business model, if you will, among registrars called drop-catching, and what this is is a registrar can look at VeriSign, the industry operator of .com and .net, and they can see what domain names are in redemption. This is the period of time after they have been deleted but before they get flushed out to the public to be registered. And what these companies will do is sort of line up to grab those domain names as they come out. So at 12:0 1 on the day they come out, boom, they are there to be registered before they go out to the public. So the concern we have is if he is deleting domain names what he may be doing is deleting

valuable domain names -- which is obviously contrary to the representation he made to the Court. But he may be deleting valuable domain names and hoping to drop-catch them when they come out of the redemption grace period thereby taking them out of the pile to be divided under the settlement agreement. That's the concern. And that's why we have to make sure we have an accurate delete list; because if we don't know that's essentially going to drop out to the public, he may be able to drop-catch it and get a name worth millions of dollars. So that's the first thing I need is an accurate delete list.

You say, Well, Mr. MacPete, maybe I can order him to do it again, but I have already ordered him and what more are you going to get? And what I would tell you about that, your Honor, is one of the things we asked for were the CSV text files that he sends every week to Iron Mountain because under ICANN rules as an accredited registrar for the internet he's required to escrow a copy of his who-is database every week, and that is a disaster-preparedness sort of thing. So if this is industry got destroyed that information is kept somewhere else. If I have those files, my people can back check the delete list that he has given us by looking at what the changes are in the who-is over the time in which he has been sending those CSV text files to Iron Mountain. So he

hasn't produced those, and it's hamstrung my people from being able to figure out whether we actually have an accurate delete list.

THE COURT: What is the name of those?

MR. MACPETE: CSV text files. And they go to Iron Mountain which is a third-party data escrow service.

The second thing that we need in order to comply with our responsibilities under the preliminary injunction is we need the reports that Mr. Baron used to decide what domain names to delete. So in the TRO proceeding with Judge Lynn, your Honor, his seventh lawyers -- not the ones that are here -- told Judge Lynn he only deleted domain names which were bad and didn't make very much money. The limited records that my clients have been able to access seem to suggest that's not accurate. But obviously, if he was specifically picking which domain names to get rid of because they were bad he has financial reports or some kind of a recommendation from somebody about what domain names to delete. And you ordered that would be produced two Fridays ago, and I still don't have it, and that is impeding my client's ability to analyze whether or not a domain name should be undeleted or restored.

And then finally, we need the statistics related to the domain names which have been deleted -- what money

they made, how many people visited that web site while it was being operated, how many people actually clicked on an ad. Those are relevant piece of information in determining whether a domain name is valuable. And your Honor ordered two Fridays ago that he would produce all the log-ins, pass codes and all the documents he has related to the monetization of the domain names at his registrar, and to date I have one. One log-in and password for the company First Look. But we are aware there are a whole bunch of other companies which monetized on this portfolio -- Hit Farm, Domain Development Corporation and a number of others -- none of which I have pass codes for. None.

And Hit Farm, for instance, is the company that has monetized the domain names that he has been the registrar the longest during the litigation, and so obviously that would be the most important one, and I don't have a log-in or pass code for Hit Farm. I have documents basically to prove up every one of these different monetization companies has a log-in and pass code, and we have printed those out and put them in the record. So you don't have to take my word for it. Every one of these things has a log-in and pass code, and he has been running these things during the underlying litigation after he hijacked them. I don't have those.

Now we're in a situation where I have until five o'clock to figure out what's supposed to be undeleted or restored, and I don't have any of the things he was supposed to produce to me last Tuesday. So we're more than a week out from when he was ordered to produce these things, and I don't have it. Those are my practical problems. That's the stuff I need. He was subpoenaed to bring it with him to court this morning. He hasn't done that. He was ordered over a week ago to turn it over to my office primarily electronically, and he hasn't done that, and of course, we obviously have the huge problem of he has altered a document which he has produced in litigation, and he altered that document in addition in violation of a specific TRO prohibition from doing exactly that, and no doubt that --

THE COURT: You know he has altered it because the creation dates were missing?

MR. MACPETE: Yes. And what I will show your Honor is the printout from his web site of what you get when you put in a domain name registered at Ondova, and you will see it has creation date information. And I will also show your Honor -- And this is how I have absolute certainty that it's an altered document. Not just because the information is missing but in the preliminary injunction it was ordered that Mr. Baron would image with

a forensic document imaging company, an unrelated third party, all of his electronic documents, and that was supposed to be done by Monday and turned over to me at noon. So I got a DVD this Monday before noon, and it had two files on it, and the two files on it were the altered who-is document which was produced to me Tuesday after five o'clock and the original. And what you can see, your Honor, and we've got the computer set up to be able to demonstrate this to you is in the unaltered document it has 41 fields, and the 5th field is creation date, and the 6th date is the altered document. In the altered, it has 40 fields and the 5th field is creation date. So you can see he deleted the 5th field with the creation date on the document before he turned it over, and it's right there on the DVD they turned over on Monday. He was ordered to produce all the documents, and they weren't imaged.

The CSV documents I talked to you about today and two Fridays ago weren't images. The images you get when you go to his web site and you put in a domain name and ask for the who-is information, not imaged. At this point, I don't know who's responsible for that. But I have incredibly willful violations of the TRO, of your order on expedited discovery and now of the order in the preliminary injunction to image all the who-is related documents, and that's my process problem which we can talk

about second. But that's basically a summary of where I'm at and what I need the Court's help with.

THE COURT: Your immediate need is to determine how to undelete the names? Is that the word you are using?

MR. MACPETE: Yes, undelete.

THE COURT: And how many names do we know of have been deleted?

MR. MACPETE: I think the last list that he gave us sort of under oath was 74,520. Around there.

THE COURT: 74, 520. So all of them at forty dollars, that would be about --

MR. MACPETE: Almost three million dollars, your Honor. That's a lot of money.

THE COURT: 2.8 million dollars, something like that.

MR. MACPETE: So I really have two suggestions basically about how we could proceed with the practical problem. On the one hand, you could I guess try to order him again to produce what he has been ordered to produce and refused to do so.

THE COURT: By the way, do you have a handle on the 74,000 deleted names? In other words, if you needed to go and undelete those, you will know what the 74,000 names are?

MR. MACPETE: Yes, sir, we know what they are.

THE COURT: Okay. Go ahead.

MR. MACPETE: So there is two ways I think that you could potentially deal with this. One would be to essentially order him again to produce everything that he was supposed to produce and I suppose extend our time to provide this undelete list. And then you would have to order VeriSign to extend what they call the redemption grace period, the period of time before the name goes out to the public which their in-house counsel has indicated it's possible with a court order as long as it was a limited period of time.

Or, you could essentially say, "You know what? You had an opportunity to do this. You knew it was needed for the preliminary injunction, and Now what I'm going to do is order you to undelete all of those names at your expense instead of Mr. MacPete's clients' expense." And well, then he created the three million dollar for himself by violating the Court's orders. Those are the two suggestions I have at the moment to deal with my practical problem.

THE COURT: Thank you, Mr. MacPete. Mr. Krause.

MR. KRAUSE: Your Honor, I haven't been before the Court, but if it's necessary Mr. Lurich knows some of the details if it's necessary for him also to address the

Court. Is that permissible?

THE COURT: That certainly is.

MR. KRAUSE: Your Honor, my firm was fully retained on the afternoon that these documents had to be produced.

We received a copy of the Court's order on expedited discovery at 4:10, 10 minutes after the deadline. I know you are familiar with Caleb Rawls. When he saw the order, he knew we immediately had a problem because there at the hearing the lawyers on our side came away with a very different understanding of what had to be produced than what ended up in the order. The order is much more specific and requires additional copies of several of the items. It also requires financials — which we obtained the transcript yesterday. The Court clearly ruled at the hearing no financials had to be produced. We knew we had a problem. And I'm not criticizing anyone for that. I'm just saying we immediately knew we had a problem. That's why we worked out the injunction. My client -- The idea that my client would now have to pay the $40 fee, we took the burden in the mechanics of the preliminary injunction of all of those deleted names. The domain names on the Manila list have been split. We have done the coin flip. They are analyzing how many of the deleted names showed up on their

list, and they get to pick -- and it's a random process -- from our list a deleted name. I mean a name off of our list. The same number of deleted names that show up on their list. We did that because there is potential of this $40 if somebody was ordered to do that. My client is giving up what he thinks are valuable names in that process to alleviate any harm to the plaintiffs.

At the end of the order, we have given them the right if they want to have the deleted names, they can do that. But they have already in the order been compensated for the deleted names that show up on their list. My client has a deadline at noon today under the order. I asked Mr. MacPete on Friday to not have this hearing, and I specifically asked him what is it you need today — if you think there are violations of an expedited discovery order for depositions that were canceled because we had a preliminary injunction. We really think that was mooted. We understand the Court may be unhappy that his orders weren't fully complied with, but we understood that was a problem when we got in the case. That's why we twisted our client's arm to work out that preliminary injunction. We're hoping to help fix some of the problems that have been apparent in this case thus far. But I asked Mr. MacPete, What do you need today, thinking that these discovery issues are moot. We have in the preliminary

injunction — There is various forms of verification that are required within the preliminary injunction order. And this is the first time I'm hearing today that they need that information to know what they might want to undelete. We're happy to get them everything they need. But it needs to be done in a way that we can comply with our other obligations under this preliminary injunction. The idea that we have altered that document, it's erroneous. My client has a program that pulls in categories of information that don't have the domain name. That's one reason it's not on the version that gets sent to Iron Mountain. The second document that was imaged, set up specifically by us because we knew they wanted the creation date. It's not been altered. It's just been supplied in two separate files.

I would really like to get this case in a better posture. My week and two days in the case have been -- I feel like I have stepped into an ambush. But we're here to comply with the preliminary injunction. I don't think we have a problem extending their dates on the delete and getting them what they want. We really didn't think we were going to have a hearing today. We understood from the — We didn't get the transcript until yesterday. We understood you were upset, and we didn't need to be told that. We didn't need to be told that a federal judge gets

upset when discovery is not provided. We have tried to fix that. That's what this agreed preliminary injunction is, and we'll fix whatever needs to be fixed. But I want the Court to understand that the reason we did this was to avoid the need for the Court to rule on that $40 fee and the 74,000 domain names. We're already giving them domain names for the ones on their list. We'll give them the data. We're happy to extend their dates. If I had been asked that before this hearing, I would have agreed to that. Are there questions you have?

THE COURT: What do you understand is this grace period before the deleted domain names go into the general public, go to the general public?

MR. KRAUSE: My understanding is the standard time is the 30 days. It runs on July 9th. My client has no intention of picking up these deleted names. No intention of doing that. Mr. MacPete believes VeriSign will extend that with an order. We have no objection to that. We're happy for the Court to order an extension of that date. One of the problems we have had and one of the reasons we filed a continuance was these dates in this order we felt like -- and Mr. MacPete felt like for his client -- that the sequence of dates had to work off that delete date. So if the Court orders that date extended, we're happy to give everybody a little time on all the

dates. My client has a deadline today at noon where he is going through his three hundred some odd thousand domain names and trying to protect the ten percent he gets to protect before we do this random allocation to them off our list for the deleted names. And really, I was going to hope that we could either extend that or excuse him to go finish that deadline. Or if the Court would entertain extending that to the end of the day. It's a very compressed — My client has been working very hard to get that list put together. And we have been pushing him to get it accomplished, and that's what he intends to do, and that's what we intend to have happened. I don't know if we extend that last date if we could perhaps extend all of them a few days. We're happy to give them much more time on the deleted list than we get on our extension.

THE COURT: What about the log-in and pass codes, for example to Hit Farm?

MR. LURICH: Good morning, my client produced the pass codes and log-in for First Look and Park.com. The other names that your Honor heard such as Hit Farm, through litigation or cease and desist letters sent from the plaintiffs, my client no longer has access to those companies. So we don't have pass codes or log-in information to give the plaintiffs. We are under the understanding that plaintiffs have secured that

information through their either litigation with these companies to block payments or cease and desist letters which some of these third-party companies are voluntarily complying with. We have given what we have control of.

THE COURT: So right now you have been shut out of all but two?

MR. LURICH: That's correct. And we have provided First Look and Park.com, the ones we have not been shut out of.

THE COURT: Once Mr. MacPete gets the deleted names, how is he to evaluate whether to undelete them? What's your view on that?

MR. LURICH: Well, the information we use to ascertain whether or not they were valuable to us was through either First Look or Park.com. So they have access to the information that we used to determine whether or not they were valuable and worth deleting or not deleting.

THE COURT: So the only deleted names that happened were names with these two monetization firms, that were monitored by these two firms.

MR. LURICH: Correct. Well, this is the array of information we have utilized to make that decision, just from First Look and Park.com.

THE COURT: You got information from them, and

that's the information your client used to determine whether to delete or not?

MR. LURICH: Yes.

THE COURT: And they now have the pass codes or log-ins, and they can go in there -- They have all the deleted names right now, correct?

MR. LURICH: Correct.

THE COURT: So your view is they can go into First Look and Park.com, check what kind of money is flowing from a particular name and make their own decision?

MR. LURICH: Correct. And in addition to that, the First Look and Park.com will provide more recent information. But prior to this litigation they would have the historical information of how they utilized these domain names as well. So they could make a historical assessment based on information available to them as well as utilize the First Look and Park.com information to gain a more recent look at how these domain names were performing.

THE COURT: Help me with this. You have a domain name, and you want to have somebody collect the money that comes from advertisements and so forth for a specific name. Does the specific name get placed with a specific monetization firm or does it get placed with a

bunch of monetization firms?

MR. LURICH: I don't know the answer to that, your Honor. My belief is it's placed with several. But I do not know the answer to that.

THE COURT: So it could be that they would have to, for example, get access to Hit Farm which also might have information about some of the deleted names. Is that correct?

MR. LURICH: My understanding now is it's just part of First Look for the monetization of these domain names.

THE COURT: That's the only one that has them?

MR. LURICH: Yes, sir.

THE COURT: Okay. What else would you share with me, Mr. Lurich?

MR. LURICH: Well, your Honor, Mr. MacPete brought up the issue of the subpoena. And we filed a motion to quash the subpoena for two reasons. Essentially, one was because it was served for the purpose of gaining testimony for a preliminary injunction hearing which we mooted by entering into an agreed preliminary injunction.

Second was the undue burden the subpoena imposed upon my client in light of the fact that the agreed preliminary injunction set a very specific time line that

my client is very diligently trying to comply with. And so having to put down his efforts on complying with the preliminary injunction, he would have to focus his efforts on producing information under the subpoena, and those are the grounds we filed and asserted in the motion to quash. It then came to my attention yesterday afternoon speaking with our predecessor counsel who were involved in the case when the subpoena was actually served that the subpoena was not personally served upon Mr. Baron, nor was the witness fees and travel fees tendered as required by Rule 45 of the Federal Rules of Civil Procedure. So an additional ground that we now assert to quash the subpoena is it's not a validly issued subpoena in accordance with the Rules, and that's why we didn't bring any documents today under that subpoena.

THE COURT: Thank you, Mr. Lurich.

MR. KRAUSE: Your Honor may I.?

THE COURT: You can, Mr. Krause.

MR. KRAUSE: I was thinking about this case this morning when I was jogging, and I know where this is heading if we don't get a handle on the allegations -- I kind of feel like I have been in a week of ambush. I don't know if there is a way we can -- I'd like to extend all the dates, extend their dates more, the deleted dates. If we could have a call with your Honor each day on the

status until we finish the order, I'd like to head problems off. I don't have the technical people at my disposal that Mr. MacPete has. He has -- Most of these people are programmers is what I understand. And I don't know if your Honor would be willing to do that. We don't want problems. We agreed to the injunction to avoid problems. You are hearing allegations about a lot of technical computer issues I never heard of before a week ago. If a master could help us sort out some of those issues and determine what really happened. I would ask the Court consider that. I think just like these dates are very hard on my client who basically runs his own shop -- He has a few people to help him part time. He has limited -- They have other jobs that he can do. I think we're using dates and discovery issues to put a lot of pressure on him so that he can't comply -- Mr. MacPete is a great lawyer. I have been amazed at what I have seen so far. But I want to level the playing field and make this fair and have total disclosure that needs to be disclosed. And if we could find a way to do that, I'd like to do it.

THE COURT: Thank you very much. Thank you, Mr. Krause.

THE COURT: Mr. MacPete.

MR. MACPETE: A couple of things I would say, your Honor. First of all, I disagree with Mr. Krause that

today is the first time he heard that I needed this information. I sent them an e-mail on Tuesday night which was extremely detailed about the information I needed, and I was also extremely clear when we were negotiating the preliminary injunction that while the preliminary injunction hearing was going to be resolved by that and the depo of Mr. Baron was going to be resolved by that, the document issues were not going to be resolved by that, and in fact, I think there is a footnote specifically in the preliminary injunction that says something to that effect. So I disagree with him that this is the first time he has heard that I need those documents, and in fact, I have an e-mail from him in which he assures me that I would get all the documents, and I have not. So it's not true that this is some sort of an ambush that he didn't know what documents were needed and still didn't know even after the preliminary injunction was entered.

And he said he would have agreed to extend the dates if he had been asked. Well, in fact yesterday, your Honor, consistent with what I know this Court wants, I called Mr. Krause, and I made him an offer. This is settlement so I won't get into the specifics. But I made him an offer involving extending the dates under the preliminary injunction, and that offer was not responded to and thereby rejected. So it was not true that there

was no discussion between counsel. I don't want the Court to have the impression that Mr. Krause has been ambushed by me. That's not true. To the extent he feels ambushed because he has gotten in the case at the last minute, that's because he's the eighth set of lawyers. That's not my problem. Ultimately, I believe it's Mr. Krause problem because he agreed to get in and represent Mr. Baron under those circumstances. I'm sorry he feels ambushed. But we have had the problem of being whipsawed where we continually have new counsel coming in and we don't know what's going on. We have to rely on our client. That's why we told you at the prior hearing we don't think the lawyers are the problem, but the client is. And the client is changing counsel in a way to manipulate the system. The state judge pointed that out in one of the hearings he had last month. So that's basically what I would respond about whether there has been any kind of an ambush associated with this.

He talked in the last about how his client is being pressured because of these dates. And what I told Mr. Krause about that when he originally asked me to move this hearing was I need these documents and there is not a great deal of sympathy on my side of the courtroom for his problems of how he gets everything done. Because if he had actually complied with this Court's order and produced

what he was supposed to produce last Tuesday at four o'clock at my office, he wouldn't have the problem of being squeezed between doing his duties to produce the discovery the Court ordered and doing his duties to perform under the preliminary injunction. He has created that problem himself, and now he's here at the Court saying, Sure, let's extend Mr. MacPete's dates and our dates too. That's what he would like. More time to get his stuff done. That's the game this client plays. He's always looking to get more time, and he uses the changing of counsel as one way to try to get more time. That's what we have heard today. These lawyers are obviously in a bad spot because they have stepped into the situation at the end, and they are asking for help, and as I told them, I will give them as much professional courtesy as I can, but I can't give them extensions. And as you heard, we have this extension with VeriSign which has enforced the pace we have here.

Now getting down to sort of the detail of back on what we needed. We did not get a log-in and pass code for Park.com. That's flat out untrue. I have a copy of the e-mail from Mr. Krause. I have a log-in and pass code for First Look, but not Park.com.

THE COURT: Can we resolve this real quick? Can somebody give me the log-in and pass code for Park.com

this very minute?

MR. KRAUSE: Your Honor, what I'm understanding is the URL that was provided provides all of the information. It doesn't require the pass code. You go to that — is that --

MR. LURICH: That's all we have.

MR. KRAUSE: That's all we have.

MR. MACPETE: Your Honor, may I approach?

THE COURT: You may.

MR. MACPETE: The home page for Park.com. User name and password. There is absolutely a password. He's got it, and he doesn't want to turn it over, and that's why we're getting the URL link. I would suggest the fact that he doesn't give us that where clearly he has it is just another example of his willful refusal to follow this Court's order on discovery.

THE COURT: Well, I don't know a lot about computers and web pages and web sites and so forth. But I do know that you normally can't just go to a web site and especially one that has sensitive documents and information on it and just get into all of that information. I don't understand -- Is it the view of the defendants that by just going in, they can access everything on Park.com, all the sensitive information and so forth by entering the web page? That what you are

telling me? If somebody is telling me that, they need to tell me under oath.

MR. LURICH: Your Honor, Park.com is not my client's company.

THE COURT: I understand, but I understand he has had access.

MR. LURICH: Through this URL that the controller of this web site gave my client. And that is the access that my client has, and that's the access that he turned over to the plaintiffs.

MR. MACPETE: Your Honor, I just find that incredible. You can see there is clearly a user name in the log-in, and the advertisements talk about how you can log in and do all of these different kind of reports and ask it to sort by number of clicks and things like that. And so the idea he has some limited functionality with them that nobody else has because everybody else has a user name and password doesn't make sense to me.

THE COURT: I think we probably need to get Mr. Baron here under oath, under penalty of perjury, to testify. So bring him forward. So Mr. Baron this is under penalty of perjury. Perjury can have criminal implications. You can go to prison for perjury. Be careful about what you are telling us here.

(Sworn)

THE COURT: Okay. You are under oath, under penalty of perjury. Failure to testify truthfully can subject you to criminal penalties, to prison. You may question the witness.

MR. MACPETE: Thank you, your Honor.

JEFFREY BARON

DIRECT EXAMINATION

BY MR. MACPETE:

Q Mr. Baron, do you have a contract with Park.com?

A Yes, but it does not include these names.

Q But you have a contract with Park.com which includes names registered at Ondova, correct?

A Yes.

Q And you understood that the Court ordered that you were to produce all the log-ins and pass codes for all the names being monetized that are registered at Ondova?

A My understanding was that it was to include names that were in dispute that we were dealing with in this lawsuit.

MR. MACPETE: Approach, your Honor?

THE COURT: You may.

BY MR. MACPETE:

Q Take a look at Paragraph 2 on the order of expedited discovery. You will see Paragraph 2 says "Defendants shall provide the online log-in, slash access

codes, slash passwords for all monetization accounts for any domain names registered at Ondova to the plaintiffs. Do you see that?

A Yes, I see it.

Q And you see it's not limited to what you think are the domain names are at issue, is it, sir?

A My understanding is this was entered after the time that we were going to produce the documents which my understanding was to include those four volumes that I produced. My understanding was this was given after the time we were supposed to get — what my understanding was about the last hearing that we had.

Q Take a look at Paragraph 6. It says all the documents are supposed to be produced by Tuesday, June 23rd by 4:00 p.m. at my offices, correct?

A I see that here, but I was not given this until after that time.

Q And that was over a week ago, wasn't it, sir?

A Yes, sir.

Q And so you had that order for a week, and you understood you were supposed to turn in all the domain names on your registrar for over a week, but you haven't done it?

A I turned over what I understood we were supposed to turn over.

MR. MACPETE: See, your Honor, this is precisely the problem of he wants to decide what he thinks is relevant.

THE COURT: Listen to the question, Mr. Baron. Ask the question again.

BY MR. MACPETE:

Q You have known for over a week that you were supposed to produce the log-ins and pass codes for all monetization accounts for any domain name on your registrar, didn't you?

THE COURT: You have either known it or not known it.

THE WITNESS: Not the way that Mr. MacPete is stating it.

BY MR. MACPETE:

Q Did you read this order, sir?

A I read it right before the time that we were in the middle of preparing for the depositions and so forth.

Q And that was last week, wasn't it, Wednesday of last week, correct?

A I am trying to remember the days. It's been a very, very long week but I believe it was Wednesday a week ago.

Q That you read this order?

A I believe so.

Q And there is no limitation in this order to withhold monetization codes that you don't think are at issue, correct?
A I complied with what I thought I was supposed to comply with which was in cooperation with my attorneys. I thought I was giving exactly what we needed to give. My understanding is what the Judge had ordered at the hearing was what we had produced before the deposition and that this other information was what we were trying to get the temporary injunction to alleviate.
MR. MACPETE: Your Honor, I am going to object to unresponsive. My question was, was there anything in the order that allowed him to limit what he was producing to what he thought was at issue.
THE COURT: Mr. Baron, the reason this is in writing is so that people could have no doubt about what was required. So we talked about a lot of things at the hearing, but I wanted an order that would leave no doubt about what was required. And this order I had hoped would leave no doubt. So you cannot decide after a judge signs an order that that's not your understanding. You have to read the order. Read it with your lawyers and you have to comply with it. And it's clear to me that you have not complied with it. Let me ask you a question. Have you given to the other side the online log-ins, access codes

and passwords for Park.com
THE WITNESS: I gave them what I had which was a cookie-based URL which provides them with all the information they are seeking. That's the only information I had for the log-ins.
THE COURT: Do we have a computer that we could right now see if we can get in Park.com with the information he has?
MR. MACPETE: Your Honor, I'll stipulate for the record you can use the URL he's talking about, and it gives you a printed report about what domain names are doing. It doesn't have the full functionality that the Park.com site has when you don't have the passwords. You can't change the subsets around and that sort of thing. It is a report. It has subset information but limited in its utility.
BY MR. MACPETE:
Q The question we want to ask you is, do you have a log-in or pass code for Park.com of any kind.
A The cookie-based URL that I gave to my attorneys is what I had.
Q That's all you have?
A For this particular account -- I want to be clear. You asked me for other accounts at Park.com that didn't include the accounts in dispute. So for that I

believe I have a log-in, but not this stuff we're talking about. It's not for the names, the disputed names.
THE COURT: Do you log in only for a particular name? Do you log in and --
THE WITNESS: For these names, for this disputed account names, I have never actually done a log in. I have had the URL, but I have not logged in, as he is talking about.
MR. MACPETE: Here's the problem, your Honor. He's trying to segregate out. He says these are the names I agree are at issue, and for those names I just have this URL. But other names which are at my registrar which he is ordered to produce the codes for, I don't think those are at issue, and I have codes, but I'm not turning them over. That's what we have just heard.
MR. KRAUSE: Your Honor, we're having some give and take. May I make a statement?
THE COURT: Okay.
MR. KRAUSE: This was relevant before we did the coin flip and the split that is now part of the preliminary injunction. The names they obtained, it's my understanding are accessible through this URL. The issues for the TRO and in the depositions were if we were going to fight over who was going to get which names. The issue we have now is we didn't need the depositions to issue --

to dispute those issues. We agreed in the preliminary injunction. We were going to use the two lists that already existed. We have resolved most of those issues. The deleted name information that they need to determine -- And Mr. Baron, it's in this URL which you have access for these names?
THE COURT: It's limited. I think Mr. Lurich or you said they could get into these monetization firms and they could look at historical documents. They could look historical information, do everything they needed to do to get the information to assess whether to undelete the names.
MR. KRAUSE: I don't know that's what Mr. Lurich said, but I think my point is the deleted names that they need to be analyzing now whether they want them or not, whatever information he has they get through the URL. The pass codes that he's complaining about are for names that are not in dispute at this time.
MR. MACPETE: That's not what your order said. Your order said all names on his registrar, and all names on the registrar are in dispute. May I approach?
THE COURT: You may.
MR. MACPETE: I want to make sure you have the full information on this what I would call crawfishing. This is from Mr. Vitullo the prior counsel. "For example,

I'm being told the Court did not order the production of the log-in codes. I'm trying to reach James and Caleb to verify." When I got this e-mail, those were the lawyers here two Fridays ago. Obviously, they were not the ones telling Mr. Vitullo that. Obviously, Mr. Vitullo is on vacation. Who is he getting the information from? The only other person that was in this courtroom is his client Mr. Baron. So Mr. Baron after sitting here and listening to your order -- explicitedly log-in codes were supposed to be provided -- was telling his lawyer, the one not here, that was not ordered. Well, I have pass codes for things that are not as issue, and I'm not going to produce them, and we have him under oath, and he admitted he didn't produce them. That's just with respect to part.

The representation was made to your Honor by counsel that, Well, the only information that he's using is the information for First Look and Park.com. And that's just not true. The domain names -- Any domain name at First Look has only been for about two or three months. He took the names away from Hit Farm in violation of the contract that they had with the USVI parties I think sometime in March or early April of this year. And since then he has moved some of the names to Park. And so when they say you can get recent information, it's not most of the information out there. Hit Farm has most of the

information out there, and he absolutely has access to the information at Hit Farm because we heard that from opposing counsel in the underlying litigation. He hasn't produced that.

In addition, he has other names. One right now on his registrar Funnygames.com which is currently being monetized at Domain Name Development Corporation, and I have that right here, your Honor.

THE COURT: So for example Hit Farm, right now no one is able to determine what's happening as far as the financial impact of these domain names with Hit Farm, correct? So no one has access. You don't have access. He doesn't have access. No one has access.

MR. MACPETE: The names aren't monetized at Hit Farm right now, but they were most of the time during the underlying information. So most of the monetization information on the domain names on his registrar for the last three years is going to be at Hit Farm, and he had that information, and he had a log-in and pass code, and he hasn't turned that over, and that's obviously the most important information because it's the largest set of data.

THE COURT: So his lawyer said for some reason he let this lapse.

MR. MACPETE: Let me talk to that also, your

Honor. There was the suggestion that somehow the actions of I and my client were responsible for denying him access to these things. The only people we have sent cease and desist letters to or sued are First Look and Park. We haven't sent a cease and desist letter to Hit Farm or sued them. So we have done nothing to interrupt any relationship he may have with Hit Farm or Oversee or Domain Name Development or any of these monetization companies. So the idea that he's been locked out and doesn't have something because of what we did is not true. The only two we have done anything to interfere with him is the two he says he has produced. May I approach again?

THE COURT: You may.

MR. KRAUSE: Your Honor, are we still having an examination of Mr. Baron?

THE COURT: I don't think we're complete with Mr. Baron yet.

MR. MACPETE: So let me tell you what you have here. The first one is the who-is information. So if you go to Mr. Baron's registrar and you want the who-is information which is supposed to be public record from his registrar, you will put in a name. See at the top it says "Who-is look up, enter domain name." You can enter the domain name now and hit "find now" and you ultimately get to this page that your Honor is looking at. And this page

is the who-is information for Funnygames.com you can see this is a name which is registered at Ondova. So this is one he's got currently, right now, on his registrar, and this demonstrates that.

The next one that you would be looking at, your Honor, is this one which is actually the code that's associated with the web site that appears if you go to Funnygames.com and what the code indicates is that the web site is being provided by Domain Name Development Corporation.

This is a picture of the actual web site that comes up when you put Funnygames.com in, and this is a Domain Name Development Corporation web site. And lastly, what your Honor has is the page for Domain Name Development Corporation, and if you will notice at the top it says "user name" and "password."

BY MR. MACPETE:

Q So Mr. Baron, can you confirm for the Court that Funnygames.com is a name registered at Ondova?

MR. LURICH: Your Honor, may he have access to the documents that Mr. MacPete has provided to everybody but the witness?

THE COURT: He may.

A From this printout, it appears that.

BY MR. MACPETE:

Q And that's a name you currently have parked at Domain Name Development Corporation, don't you?
A I don't know.
Q You don't know?
A No.
Q Do you have an account with Domain Name Development Corporation?
A I believe Ondova has an account with Domain Name Development Corporation.
Q And you have a user name and password, correct?
A I believe there is a password for Domain Name Development. I haven't been on that for a long, long time, but I believe so.
Q And we go back to the order on expedited discovery you were ordered to produce all the log-ins and pass codes for all the names on your registrar and that would include Funnygames, doesn't it?
A Again, now I read exactly what this is, I believe it does. But at the time I didn't believe it included this information. I believe that it only included that the domain names in dispute.
Q And that's because you believe that Funnygames.com is not a name in dispute, correct?
A I don't know that's exactly the reason for that, no. But I didn't think — I didn't think the names that

were at this Domain Name Development company were part of the names we were talking about in this lawsuit.
Q In other words, you are saying that it's your belief that Funnygames.com is not at issue in this lawsuit, correct?
A I can't say exactly about that name, but I believe that's the case. I can't tell something about one particular name when we're talking about 650,000 names registered at our registrar.
Q This is a special name, isn't it, Mr. Baron? This one and Funnyvideos.com. You know the names, don't you? They make a lot of money?
A I see the names, but I don't want to make a comment about one name when we're talking about 650,000.
Q These make a lot of money?
A I'm not positive.
THE COURT: You have no knowledge that these names make money?
THE WITNESS: I believe they do. I don't know how much.
BY MR. MACPETE:
Q Isn't it true the annual revenue for those is in excess of $250,000 a year?
A I don't know. But if I had to guess, I would say no, but I don't know.

Q Is it higher or lower than that number, sir?
A I don't know, but I would think it's lower.
Q How much lower?
A I don't know.
Q And Funnyvideos and Funnygames.com, those were names originally being monetized at Hit Farm, correct?
A I don't know.
Q You don't know?
A I just don't know.
Q If you don't know, Mr. Baron, who would know?
A If I had time to go and look at the accounts and so forth, I could probably figure it out if I had enough time. But I don't know just sitting here off the top of my head.
Q But you would be the only person that would know because you have been the only person in control of the domain names during the underlying litigation pending; isn't that right, sir?
A No, that's not true.
Q Who else at your registrar had control of these domain names? Is there anybody?
A At our registrar, no. But I mean at the companies that were controlling the monetization and domain names and so forth, they would have information as well. But from a registrar's perspective, we would be the

only company from a registrar's perspective.
Q And you moved these around, haven't you?
A (No response)
Q You moved them from Hit Farm to First Look?
A I can't say with certainty. Just on recollection, I don't know.
Q And then you moved some of the names from First Look to Park, didn't you?
A From a registrar's perspective I believe we changed the name servers but I can't tell you which ones exactly. But sure, some have been changed to a different monetization company.
Q And in fact, you are the one who has been doing it each time they have been moved to a different monetization company?
A Our company has. I haven't been the physical person.
Q You are the only person at your company, aren't you, sir?
A I'm the only employee, but there are contractors and people that do other things.
THE COURT: So these people are acting on their own. You don't have any control over them. They were just over there moving things around?
THE WITNESS: No. There is control, but I

haven't physically been the one.

THE COURT: I realize.

This is great testimony. You are supposed to know everything about your company, and you register the names, and you know nothing. Why should I allow you to continue to run the companies? Why don't I put a receiver in your place to take control of all of these matters and run your company for you since you don't seem to understand how it runs or who runs it or what's being done with it?

THE WITNESS: I think it's just regarding particular domain names and what's happened with them. It's difficult to come off the top of my head and explain what's happened to any particular name.

THE COURT: What about putting someone in control of your companies? Putting a receiver in control so that I can know that things are being done correctly?

THE WITNESS: I prefer that I continue to be able to run the company. But what you decide to do is what you decide to do.

MR. KRAUSE: Your Honor, may I address the Court? I have proposed a discovery master to help alleviate some of these issues. I'm not aware of any basis to appoint a receiver for these companies. There is no one making an application for that.

THE COURT: There is not yet. It could be suggested. I have a sense that no matter how many courts are asked to issue how many orders, nothing happens. And nothing is going to happen. And Mr. Baron is going to continue to do what he wants to do. And I don't know what the net worth of either Mr. Baron or Ondova are. I guess I better ask for that information. What is your net worth?

THE WITNESS: I don't know exactly, but I would say that, you know, based on the liabilities and assets it's over a million. I just don't know.

BY MR. MACPETE:

Q Mr. Baron, isn't it true that during the course of the underlying litigation you were paid over 5.6 million dollars on the monetization of the domain names?

A I think some of the money you were talking about went to Ondova, and obviously it was expensed. Some went to the trust. But that aggregate amount was not all to me that you are talking about.

Q Because you are distinguishing between you and your trusts and your companies, correct?

A Sure, there is a difference, yes.

MR. MACPETE: Just so your Honor sees that we're crawfishing here about what his real net worth is because he has foreign trusts in the Cook Islands and other places

like that overseas and different things. He has a trust here in the United States. So we're not dealing with an unsophisticated person here with no means.

THE COURT: What is your view about appointing a receiver to take over these companies?

MR. MACPETE: I think it's probably needed because he purports not to have a handle of what's going on at his company. I'll be honest. I don't believe him. Not for a minute. I believe on a random domain names if I pick one at random he might not know that name. But I don't believe he doesn't know about Funnygames and Funnyvideos. They were an issue in the underlying litigation, and they make great money. And with respect to everything being moved, he's the one running this for over three years. So I don't believe him. So to the extent that's what we're dealing with, that he's going to sit in that chair and say flat out, I don't know, I don't remember -- My only concern about it is delay. We're on the cusp of at least having the domain names or most of the domain names that are supposed to be my clients' business, from which we have been divorced for three years, come back, and I would hate to say he wins. His whole thing is delay. While he has his finger on the button, he's able to exert pressure and cause damage to my clients. And the one thing we want most in the world is

to get our business back from under the finger on the nuclear button.

THE COURT: How do you think that's best done?

MR. MACPETE: I have heard from Mr. Krause that he's going to insure that those portions of the preliminary injunction get complied with, and maybe, as I naively told the court two Fridays ago, that I thought he would obey a federal court order -- I guess I still have some belief he's going to do what he needs to do. I suppose if he doesn't, we'll be back dealing with that. I'm hopeful that your Honor is going to take up the process issue today and do something about the willful violations of your order that maybe in the future we could have more confidence he's going to obey.

THE COURT: Well, as far as the willful violations of my order, I need a motion, and I don't have a motion on that. But I am terribly concerned. That's the reason I didn't continue the hearing. I'm very concerned that no matter what I do, Mr. Baron is not going to pay attention.

MR. KRAUSE: Can I address the Court on two points?

THE COURT: Yes.

MR. KRAUSE: We do need a motion. I think we could have been better prepared today if we had a motion.

I have to address one point because I think it's impugning my integrity. There was a discussion about extensions yesterday. The price for that extension was almost $30,000. My client would not do that. I'd like to know these Funnynames -- We have had testimony about this. Is this a deleted name, one of the names you need to evaluate to determine whether or not you want to restore it?

MR. MACPETE: No. The Funnyvideos and games are not names which were deleted. We're using them to exemplify for the Court that he has log-ins and pass codes for names at his registrar which he has not turned over.

MR. KRAUSE: Those issues have passed with the entry of the preliminary injunction. We split the names. Friday in an e-mail -- I don't have it with me. I'll provide it to the Court today. I said, "John, why do we have to have this hearing? We'll get you whatever discovery you need. But give us until after we comply with the order. What do you need now?" That's what I said and "We will work to make sure this order is complied with." I can't do it myself.

THE COURT: I actually feel that you will if you are here at the next hearing.

MR. KRAUSE: Yes.

THE COURT: And the problem is --

MR. KRAUSE: Sort of a receiver, why don't we

set up a conference call with the Court every day and head these issues off. I want to head these issues off. I still feel like I'm in ambush mode.

THE COURT: What I think you are in is you're in catch-up mode, and I do appreciate that problem. You may step down, Mr. Baron, for right now.

MR. MACPETE: Your Honor, I have his e-mail if you would like to look at it.

THE COURT: Let me tell you what I think we need to do. The reason I had this hearing is that I am very uncertain that I am going to get done what needs to get done in this case, and I think there have been too many judges that have said somebody else has jurisdiction or control. I have the jurisdiction of the parties. They are in my court.

First of all, I need to make sure that you stay in the case. I don't want a ninth set of lawyers in the case. I need money put in your trust account by Mr. Baron. And I'll tell you how much money I need in your trust account. I need $50,000 in your trust account, and that is nonrefundable. That's nonrefundable. When that runs out, I need another $50,000 in your trust account, and again that's nonrefundable. And I need that done, and I need an order, and Mr. Krause, you prepare a very short order for me that it is ordered that the

defendant put $50,000 into the trust account -- Give me your name again.

MR. KRAUSE: Friedman and Figer.

THE COURT: Friedman and Figer. And it's nonrefundable, and of course, your hourly rates are to be applied against that fund, and when that account is diminished by your rate, another $50,000 is to go in, and when that is diminished, another fifty thousand must go in until the matter is resolved. I don't want anymore lawyers in this case, and I do think it's instructive that you worked out the preliminary injunction. I do feel that shows I've got lawyers who at least understand the problems. But that $50,000 needs to go into your account on July 6th. It needs to be replenished and always nonrefundable.

By the way, you are not getting out of this case. So I don't want to see any motion to withdraw. And I am going to keep that trust account of yours replenished until we get this done. So I need that order. You can just put it on -- put that motion and order on CM/ECF, and I'll sign it. It ought to be done this afternoon or in the morning.

Also, I need the preliminary injunction to be amended to give more time -- And by the way, you are reaching the end of my patience here. Because I may put a

million dollars into Mr. MacPete's trust account very shortly if this doesn't start working out. And if I don't get the million dollars, then I can figure out where to go from there. But I need this worked out, and my patience is almost over. I've got these parties in front of me, and if I have to I will take all of their money. I just want you to know that. Every last dime. And you can't hide money in the foreign accounts forever. And so I just want you to know we need this resolved, resolved fairly, so I don't have to start putting money into Mr. MacPete's trust account.

But I will tell you that we're going to set fair deadlines, and every time a deadline is missed, $50,000 goes into Mr. MacPete's trust account. Every time it's dismissed. A day later it goes in his trust account, and it will keep going in and keep going in until this matter is resolved. And that's nonrefundable. I will consider that failure to abide by my orders contempt, and I will have the parties in front of me, and I will tell you I'm putting that money in deposit into Mr. MacPete's trust account until I decide what the contempt requirement will be. And I think I probably have five million dollars to work with. So I will keep at it.

Now I want to be sure you understand what all the triggers are here. So I want to find legitimate time

tables to work with here. I'm not going to cut Mr. Baron's head off if he really wants to cooperate. We're going to use reasonable time limits. And by the way, you are going to amend the injunction order, Mr. MacPete, and it's going to be in there that every time a deadline is dismissed $50,000 is to be deposited in Locke Lord's trust account until I consider what the final amount of the contempt will be.

MR. MACPETE: To clarify so I understand what I'm putting in there, for instance if documents were ordered last Tuesday at four o'clock, just as an example, we don't get documents on Tuesday, it's $50,000 on Wednesday. If we don't get documents on Wednesday, it's $50,000 on Thursday?

THE COURT: Yes, $50,000 every time he doesn't comply. And if he doesn't put the $50,000 in, we'll come into court. I want you to file a motion for contempt, and we'll talk about civil contempt. But I have not only powers of dollars, I have powers of jail, detention. And so you know, I just want -- I want everybody to get this done. I don't want Mr. Baron to have to pay $50,000 anywhere. He is going to have to pay it to you, Mr. Krause, but I don't want him to have to put any money anywhere. I want it over and done. And I am going to monitor it. If people say "I don't want to do it," that's

fine. It just costs money. It's going to cost a lot of money before we're over.

MR. MACPETE: Back to my practical problem, your Honor, you said we want to modify the dates in the preliminary injunction. What I had talked to Mr. Krause yesterday was extending the deadlines by essentially a week.

THE COURT: Well, let me tell you. You tell me realistically what you can get done here and what time. But it's all the pass codes, all the access codes, all the log-ins of every monetization firm that has ever been dealt with. I don't care if it involves any of these domain names. I don't care. It's every pass code, log-in that he has ever dealt with anywhere, any time. Period. And I don't care what domain names it includes. Even if it doesn't include Mr. MacPete's names, he's still got to do them. That's where we are on that. I don't want it to be those domain names or these domain names. It's everything.

Now, Mr. Krause tell me -- You know, I'm asking you to give me something that's reasonable but not three weeks from now.

MR. KRAUSE: I think if we extend the deleted -- John, how long can we order to extend that period of time on VeriSign?

MR. MACPETE: They said it was a short period of time. We talked about moving deadlines from today to Monday of next week.

THE COURT: Back to that question, VeriSign. How long can I extend them? I don't want to just keep -- Every time I have to put another $50,000 in your account. I don't want to put another order to VeriSign. So do you have another thirty days?

MR. MACPETE: I think that's way too long, and I didn't get a specific number of days out of the VeriSign counsel, but my understanding was it could be extended a few days, not another couple of weeks or thirty days. So I think what we were proposing to do is move the VeriSign deadline from July 7th to July 13th. I mentioned that to the VeriSign in-house counsel, and he didn't seem to think that was problematic. At least he didn't scream and holler. And that would be okay and that would resulted in the deadlines due today for Mr. Krause's client, and my clients would be extended to next Monday.

MR. KRAUSE: I would propose that all the deadlines get moved a like period. That's not a full week. It's basically five days, and if we have the VeriSign date out thereafter, that --

THE COURT: I'm not sure I understand what you are saying.

MR. KRAUSE: I propose we move all the dates a week.

THE COURT: In other words, your date to comply, his date, they all move back?

MR. MACPETE: Your Honor, I don't agree with that -- Let's go over what the dates are -- because what he's worried about or what he's been saying he's worried about is his ability to develop what we're calling the protected names list. He gets to pick ten percent of the names in his pile and say these are protected and they can't be subject to this random grab, if you will, under the preliminary injunction order. And that's what he's been having trouble getting done, and that's what we're talking about extending to next Monday. But there are other deadlines in the preliminary injunction. For instance, the distribution of money from some of the third party monetization companies, those are different deadlines. There is a deadline for Mr. Baron to account for monetization revenues he has received after the settlement agreement. There is no reason for those deadlines to be changed by what we're talking about here today.

THE COURT: When are those deadlines?

MR. MACPETE: The Hit Farm money was supposed to be distributed fifty-fifty this Monday. There was a

wrinkle with respect to that because it turns out that Hit Farm took the money and paid it into the registry of the state court. Mr. Krause and I are currently trying to negotiate how we're going to deal with that problem, and essentially what it boils down to is there is a claim by Hit Farm's counsel for their attorneys' fees, and we're having a discussion about how that issue is going to be dealt with because normally under Texas law if you're the unsuccessful client and the interpleader you are responsible for the fees. So I have asked Mr. Krause to agree that when that money is distributed the attorneys' fees would be paid to Mr. Cantner by Ondova.

THE COURT: How much are the fees?

MR. MACPETE: $17,536.

THE COURT: How much money is in the registry?

MR. MACPETE: $500,00.

THE COURT: Get the money out of the registry and pay the fees. I'll figure out eventually who has to pay the fees. I will figure out who pays.

MR. KRAUSE: Your Honor, I don't really care about the orders to the nonparties. Those are not the dates. But given the penalties that apply, we have a deadline I think Friday to point their 300,000 names. Just the volume is significant. That's why we're asking to move all the deadlines a week.

MR. MACPETE: That's the one deadline we absolutely do not want moved, and that's because that's actually getting the ability to control our domain names and to have the monetization revenue start to come to my clients. That is a critical deadline. And not withstanding the fact that we're talking about 300,000 names, when Mr. Baron hijacked the portfolio back in 2006 he took all 700,000 names we had at that time, and in 24 hours took them down and sent them somewhere else. So he's absolutely capable of doing this in a very quick turn around when he wants to. He doesn't want to give up control of our names, and this is more of the delay we have been experiencing all along. That's absolutely a deadline my clients don't want moved, and it's not fair that we would be punished essentially because he has failed to comply with Court orders and created this problem. But then my clients are going to be punished because it's further delay on them getting control of their names back.

THE COURT: Okay. I will micromanage this. Let's go down the dates starting from the beginning.

MR. MACPETE: Today at noon Mr. Baron is ordered to provide the list of protected names. That gets moved I would propose to next Monday, July 6 at noon.

THE COURT: Okay. What's your response to that?

MR. KRAUSE: We would like until Wednesday on that if we can have it.

THE COURT: This is going to be easy. I am going to make it July 7 at noon.

MR. LURICH: Your Honor, may I ask for one clarification? This ten percent thing, Mr. Krause explained to the Court this process that we're doing to compensate the plaintiffs for any deleted names that came off their list, and the process that we agreed to was my client would get to designate ten percent of his names that are protected. In other words, that won't be picked by the plaintiffs. And so because of the difficulty in compiling this information, if he doesn't comply it only hurts him. So if he doesn't give them ten percent protected names by July 7 -- he only gives them nine percent -- that shouldn't count as a missed deadline because he's already penalizing himself ten percent of the names.

MR. MACPETE: I agree. If he gives us something less than ten percent, that's obviously his call.

THE COURT: That's fine. July 7 at noon and that will not be part of the $50,000 into the trust account at Mr. MacPete's firm.

MR. MACPETE: The next deadline, your Honor, is today at 5:00 p.m. which is for my clients to provide the

restore list. That's the list of names which should be undeleted.

THE COURT: Okay.

MR. MACPETE: And I would propose consistent with the way this was scheduled before that you would move that to July 7th at 5:00 p.m.

THE COURT: Any response from you, Mr. Krause?

By the way, are you telling me in a very few days both sides will split $500,000 less $17,500?

MR. MACPETE: Yes, sir.

THE COURT: All of that money -- I am going to change my order. All of that money goes into your trust account, $250,000 or whatever. It all goes in your trust account, Mr. Krause.

MR. MACPETE: You mean all of his half?

THE COURT: Less the attorneys' fees. And that all goes into your trust account. That is a nonrefundable fee. That $240,000 is a nonrefundable fee. So if Mr. Baron wants to fire you, you just made $240,000. But if this matter is successfully concluded, then you take your -- By the way, you bill against that every month. You bill against that every month and take money out every month, and if this matter is successfully concluded, then Mr. Baron gets what's left. So that should be an order you prepare. E-mail it to Mr. MacPete and make sure he

doesn't have a problem with it. And then put it often CM/ECF, and I'll sign it. Tell us the case number and what's there and be specific about it. All that money then goes into the trust account of your firm, Mr. Krause, and if Mr. Baron wishes to hire another lawyer, that's a nonrefundable fee. You get the whole thing. If the matter is successfully concluded in this Court, he is returned whatever is left after you bill against it every month, and hopefully, that will only be a month or month and a half.

MR. KRAUSE: That's in lieu of the $50,000.

THE COURT: That's in lieu of the $50,000.

MR. MACPETE: Okay. Your Honor, Paragraph 5K was the deadline for my clients to provide the restore list which would be July 7th at 5:00 p.m.

THE COURT: That's the restore list?

MR. MACPETE: That's correct, your Honor. The next decline is this Thursday at 3:00 p.m. for the parties to present the VeriSign order to the state court. I think we have been working on that cooperatively, and it's going to happen early.

THE COURT: That won't be changed. Mr. Krause, you agree you can get that done?

MR. KRAUSE: Yes, that's fine.

THE COURT: The next one after that would be

this coming Thursday at 5:00 p.m. And this is where my clients will be identifying the name servers to which our domain names are to be appointed by the registrar Ondova, and we would keep that deadline the same because we want to keep the next deadline which is he has to point to our names by next Friday.

THE COURT: These are the 300,000 names?

MR. MACPETE: That's correct.

THE COURT: Mr. Krause.

MR. KRAUSE: I think those are the ones we really would like at least a little time on.

THE COURT: I'll give you the weekend. July 6th. Was it 5:00 p.m., Mr. MacPete?

MR. MACPETE: Yes, sir, your Honor.

THE COURT: 5:00 p.m.

MR. MACPETE: So I guess on that one, your Honor, we would have until Friday the 3rd then to provide the list of what he's supposed to have pointed out?

THE COURT: Yes.

MR. LURICH: Did we change the name?

THE COURT: No. I changed the name. They are to give you the 300,000 names by July 6.

MR. MACPETE: We have to tell them where they are supposed to go.

THE COURT: In other words, he's the one that

sends them out, not you.

MR. MACPETE: We give him a list, and then he has to change the address.

THE COURT: You give him the list on July 3.

MR. MACPETE: Thank you.

THE COURT: You'll use that list when you have your list on July 6.

MR. LURICH: Since July 3rd is a holiday, may we have it on July 2?

THE COURT: July 3rd is a federal holiday.

MR. MACPETE: We're going to be working on that day, and now he's trying to limit our time basically to get the list done.

THE COURT: July 3 is fine. Somebody has to stay at the office on Friday. Will that be you, Mr. Krause?

MR. KRAUSE: Probably, your Honor.

THE COURT: I figured it would be you. Just a guess.

MR. MACPETE: The next deadline is currently set for this Thursday at 5:00 p.m., and we would provide the deletion number and the list of Ondova deleted names. This is something that keys off his protected name date, and so if his protected name date is moving to July 7th, this date ought to move to July 8.

THE COURT: Okay. July 8.

MR. MACPETE: In addition, there are two other deadlines currently set for Thursday related to that same randomization process. So they should move to July 8.

THE COURT: They will.

MR. MACPETE: Then the next deadline we have would be for next Tuesday, July 7 at 5:00. The defendants and VeriSign would restore the undelete names. Given that we're not going to provide a restore list until July 7, the natural movement for that date would be July 15th, and I think that's probably fine with VeriSign.

THE COURT: Okay. We'll do July 15.

THE COURT: Mr. Lurich.

MR. LURICH: This is the deadline that has been some concern for my client, trepidation for my client. When we entered the order, Mr. MacPete assured us he would lend us his employees, the programmers to assist in this process. The way I understand is VeriSign makes this restore process very cumbersome in order to dissuade people from deleting names and going back and restoring them. We spoke to Mr. MacPete about getting VeriSign to ease that process, but we have no assurance they are going to do that, and it's largely a manual process of preparing reports for each individual name that needs to be restored. So if VeriSign is going to extend the deadline,

we would like a little more time to complete this process because this potentially is a monumental task.

MR. MACPETE: We're extending VeriSign out about as far as we can. I have told them my people will assist. I don't know that we can effectively assist because we're not familiar with his systems. But I said whatever help we can provide we will be willing to provide, and part of the reason my two clients are still here is I have held them here in Dallas to provide that assistance. At some point they need to go home. They have been here two weeks as a result of this preliminary injunction and things, and it's obviously very expensive and disruptive of their lives. Mr. Baron lives here, and my clients live in California.

THE COURT: I understand.

MR. MACPETE: But we said we would help them the best we can. And I understood from one of the counsel that they thought this process may be automated by a fairly easy program being written. And I have some talented programmers. So I'm hopeful that we can work together in that process.

THE COURT: Well, let's work together. It doesn't do anybody any good not to get this thing done. By the way, no money is — None of that $240,000 is to be given back to Mr. Baron until further order of the Court

because if there is substantial programming assistance needed, the cost of that I will have to consider. But let's work together.

MR. MACPETE: We didn't ask them for any compensation for that. We want to get this done in the spirit of cooperation and without asking for a charge.

THE COURT: I want to get this done.

MR. MACPETE: The last two deadlines, your Honor.

MR. LURICH: What did we decide about that deadline?

THE COURT: We're going to keep it.

MR. LURICH: The 15th?

THE COURT: Yes, so everybody gets to work.

MR. MACPETE: The last two deadlines are currently scheduled for this Wednesday, and what they are is the parties are supposed to jointly direct all of the third-party monetization companies who may be currently getting money or holding money related to these domain names to essentially pay that money out fifty percent to each of the parties.

THE COURT: That should not be --

MR. MACPETE: There is no reason to delay that. That's probably an e-mail or letter.

THE COURT: All the money that would go to Mr.

Baron goes into his law firm's trust account, and that again will be a part of a nonrefundable fee, Mr. Krause, if you get fired. So whatever that money is, it all goes into your trust account. If it's a million dollars -- I would hope it's a bunch of money — you hold it in your trust account, and it is again a nonrefundable fee or to be used in other ways that the Court directs.

MR. KRAUSE: What I'm understanding is we may have to pay some renewal fees, and I guess we just let the Court know.

THE COURT: Correct. Your request to call me every day is fine. Coordinate it with Mr. Frye. But we're not calling to change dates. We're calling to make sure that I understand the problems. So do you understand all the money that comes to Mr. Baron from all the monetization firms goes into your trust account to be held either as your nonrefundable fee or as the Court directs? And what can be taken out of that, out of your trust account, can be your monthly legal fees. But that's all that can be taken out of that account.

MR. MACPETE: The last deadline which hasn't passed yet, your Honor, is also for this Wednesday, and this is the defendant to provide an accounting of any of the monetization revenues which they have received after the settlement because those monies are all supposed to be

split fifty-fifty, and there is a accounting true up, if you will, at the preliminary injunction. I don't see any reason why that should be extended either. He knows what he has gotten. It should be fairly easy to admit what he has gotten.

THE COURT: Mr. Krause.

MR. KRAUSE: Because of the other deadlines, to push that.

THE COURT: What is that deadline date?

MR. KRAUSE: I think it's the 8th.

THE COURT: You are going to get that information, but I am going to make that July 13th. That way everybody can keep working over the weekend.

MR. MACPETE: Thank you, your Honor. Now, with respect to other things which have passed, if you will, two things. There was an order in the preliminary injunction that all the who-is related documents would be imaged by this third-party imaging company. That didn't happen. What we got were two documents. But I don't have any of the CSV files that went to Iron Mountain. None of those were imagined. None of the images we showed you of the specific page for Funnygames, we don't have any of that. So basically everything that was supposed to be imaged was not, and I think we need a new date about that.

MR. LURICH: Your Honor, the order says create