

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 BARON’S ANTICIPATED REFUSAL TO HIRE NEW COUNSEL  
AND IMPACT OF SUCH REFUSAL ON THE RECEIVERSHIP LIABILITIES**

By May 23, 2012, Netsphere will be filing an amended complaint, presumably seeking damages exceeding \$1.5 million. Although the Court has ordered Jeffrey Baron to retain trial counsel to defend against these claims, Mr. Baron has telegraphed an intention not to comply. Rather, Mr. Baron appears to want the Court to issue a default judgment, thereby creating new and substantial non-contingent liabilities for the Receivership to absorb. The Receiver brings this issue to the Court’s attention in hopes of avoiding what would otherwise be the latest in a long line of Mr. Baron’s acts against his own economic self-interests.

**A. Mr. Baron has always been represented by trial counsel.**

As this Court is well aware, Gary Schepps has represented Mr. Baron in this Court since at least December 2010. During that period, and on Mr. Baron’s behalf, Mr. Schepps has filed dozens and dozens of pleadings and argued at numerous hearings. [See Docket No. 904 n. 1 (acknowledging Mr. Schepps’ longstanding representation of Mr. Baron before this Court).] In addition, and at various times during the course of the Receivership, Mr. Baron has also been represented in this Court by Mr. Peter Barrett. [Docket No. 457 (allowing Mr. Barrett to

withdraw as trial counsel due to statements made by his co-counsel Mr. Schepps in a brief that the District Court struck because they were “unfounded and unprofessional”).]

**B. Mr. Baron has repeatedly asked that the Court let him hire additional trial counsel.**

Despite always being represented by trial counsel in this Court, Mr. Baron has repeatedly accused this Court of denying him the right to counsel—ironically, through pleadings filed by Mr. Schepps, Mr. Baron’s own trial counsel. [*See, e.g.*, District Court Docket Nos. 423, 525; Fifth Circuit Case No. 10-11202 at Document Nos. 511313862, 511326320, 511388246, 511389402, 511389465, 511426993.]

**C. This Court granted Mr. Baron’s request that he be permitted to hire additional trial counsel.**

On April 16, 2012, the Court set a status conference to hear arguments regarding the underlying Complaint and what issues need to be addressed in order to close the case. [Docket No. 865.] In response to this Order, Mr. Schepps advised the Court that “Jeffrey Baron is not represented by counsel with respect to the underlying, settled lawsuit.” [Docket No. 866.] On April 23, 2012, this Court held the status conference, at which time Mr. Schepps affirmed the statements from his letter and then proceeded to watch the hearing from behind the bar (rather than at counsel’s table) [*See* Docket No. 904 (noting the occurrences at the April 23, 2012 status conference).]

On May 3, 2012, the Court issued an order (1) acknowledging Mr. Schepps’ position that he will no longer appear as Mr. Baron’s trial counsel and (2), permitting Mr. Baron to select new trial counsel of his choice (and ordering that said counsel file a notice of appearance on or before June 1, 2012) (the “New Attorney Order”). [Docket No. 904.] In order to preempt Mr. Baron’s anticipated complaint that he cannot hire additional counsel without funds, the Court specifically

noted in the New Attorney Order that this attorney would be paid from funds held by the Receiver.<sup>1</sup>

**D. The Court set up an orderly schedule for closing the underlying case.**

On May 2, 2012, this Court ordered that plaintiff Netsphere, Inc. (“Netsphere”) file amended pleadings on or before May 23, 2012. [Docket No. 895.] Under the Federal Rules, an amended complaint filed on May 23, 2012, would trigger a response deadline of June 6, 2012. [FED. R. CIV. P. 15(a)(3).] Thus, the Court envisions the underlying case to proceed as follows:

- May 23, 2012—Netsphere files an amended complaint.
- June 1, 2012—Mr. Baron’s new attorney files an appearance.
- June 6, 2012—Mr. Baron’s new attorney responds to the amended complaint.
- After June 6, 2012—The Court issues a trial schedule.

Importantly, and based on communications with Netsphere, the Receiver anticipates that the amended complaint will seek damages between \$1.5 million and \$ 2 million (based on Netsphere’s allegations relating to Mr. Baron’s vexatious litigation tactics). Given the magnitude of this financial exposure, it is obviously of paramount importance that Mr. Baron timely respond to the amended complaint and—assuming that Mr. Baron denies these claims—marshals a strong defense.

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<sup>1</sup> In order that Mr. Baron could more easily hire trial counsel, the Court went out of its way to assure Mr. Baron that his new counsel would receive payment. Of course, this was not necessary. If there is one area in which the record clearly shows that Mr. Baron excels, it would be in recruiting counsel (dozens before the Receiver, and Messrs. Schepps and Barrett since the Receivership)—presumably without even paying a retainer.

**E. Mr. Baron objects to the order allowing him to retain trial counsel.**

On the very day that the Court issued the New Attorney Order, Mr. Baron (through his Mr. Schepps, who previously announced that he was no longer representing Mr. Baron before this Court) filed with this Court an emergency motion to stay the New Attorney Order. [Docket No. 908.] He also filed a notice that he would be appealing the New Attorney Order. [Docket No. 909]. He even filed a second emergency motion to stay the New Attorney Order—this one with the Fifth Circuit. [Fifth Circuit Case No. 12-10489 at Document No. 511848491.] Clearly, Mr. Baron really did not like the New Attorney Order.

This made no sense to the Receiver. Why would Mr. Baron want to stay an order allowing him to retain new trial counsel? The Receiver (through counsel, Barry Golden), then approached Mr. Schepps about this. Through a series of e-mails (attached hereto as Exhibit A), the following bizarre dialogue occurred:

Mr. Golden: “One of the orders that Mr. Baron is seeking to stay is the order saying that ‘Mr. Baron should retain trial counsel’ and ‘funds are available in the receivership for this purpose’ (attached for your convenience). Why would Mr. Baron want to stay this order?”

Mr. Schepps: “The order requires an attorney to appear BEFORE BEING PAID and BEFORE PAYMENT ARRANGEMENTS ARE MADE. Qualified counsel is not going to accept the case under those terms, and you know it.”

Mr. Golden: “But didn't you?”

Mr. Schepps: “No. As you are well aware, I have not accepted representation in the underlying lawsuit or trial court matters without payment, up front, of a sufficient retainer. This, as you are aware, was the situation from day one and you were, at the time, made expressly aware of that fact. Am not going to continue this banter with you. The level of your dishonesty is repulsive.”

On May 11, 2012, in a brief, Mr. Schepps repeated the same sentiment to the Fifth Circuit (except, of course, for the part about the “repulsive” dishonesty):

Notably the order of the District Court appealed from with respect to allowing trial counsel for Baron, set an impossible hurdle—an attorney would have to file an appearance in the case before any fee arrangement was worked out and before the amount of funds which would be permitted were not established. Moreover there are no claims currently pending so it is impossible for an attorney to know what he is even signing up for.

[*See Baron’s Reply to Responses of Sherman & Vogel* [Fifth Circuit Case No. 12-10489 at Document No. 511852892], a true and correct copy of which is attached hereto as Exhibit B, at p.8, n.7.]

The Receiver surmises that there are two reasons why Mr. Baron does not intend to retain new counsel. First, retaining new counsel might be viewed by the Fifth Circuit as an acknowledgement that the underlying case was not already closed at the time this Court entered the Receivership Order (contradicting one of his lead appellate arguments). Second, retaining new counsel would be step towards ending the Receivership in an orderly fashion (contravening Mr. Baron’s apparent goal of driving the Receivership into administrative insolvency).

**F. Unless something changes, Mr. Baron will cause the Receivership to incur additional and substantial liabilities.**

The Receiver expects that on June 1, 2012, no attorney will file a notice of appearance for Mr. Baron. If the Receiver is correct, then on June 6, 2012, Mr. Baron will be subject to default and expose the Receivership to additional huge liabilities in excess of \$1.5 million.<sup>2</sup> The Receiver, therefore, seeks the Court’s guidance on how to avoid Mr. Baron’s latest attempt to act against his own economic self interests and those of his companies.

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<sup>2</sup> If this Court were to enter a default, Mr. Baron will no doubt claim that the Receiver’s failure to defend against Netsphere’s claim was gross negligence. [*See* Docket No. 866 (Mr. Schepps writing to the Court that with respect to the underlying case, “[a]s currently set, the rights of Mr. Baron with respect to those matters are being represented by Mr. Vogel in his fiduciary capacity”).]

Respectfully submitted,

/s/ Barry M. Golden

Barry M. Golden

Texas State Bar No. 24002149

Peter L. Loh

Texas Bar Card No. 24036982

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**ATTORNEYS FOR THE RECEIVER,  
PETER S. VOGEL**

**CERTIFICATE OF SERVICE**

On May 15, 2012, Receiver served the foregoing notice via the Court's ECF system.

/s/ Peter L. Loh

Peter L. Loh

# *Exhibit A*

**BLAKLEY, JOHN DAVID**

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**From:** GOLDEN, BARRY  
**Sent:** Tuesday, May 15, 2012 2:21 PM  
**To:** BLAKLEY, JOHN DAVID  
**Subject:** Fwd: Re[6]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Begin forwarded message:

**From:** Gary Schepps <[legal@schepps.net](mailto:legal@schepps.net)>  
**Date:** May 8, 2012 8:03:56 PM CDT  
**To:** "GOLDEN, BARRY" <[bgolden@gardere.com](mailto:bgolden@gardere.com)>  
**Subject:** Re[6]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Barry Golden:

No. As you are well aware, I have not accepted representation in the underlying lawsuit or trial court matters without payment, up front, of a sufficient retainer. This, as you are aware, was the situation from day one and you were, at the time, made expressly aware of that fact.

Am not going to continue this banter with you. The level of your dishonesty is repulsive.

Tuesday, May 8, 2012, 6:35:40 PM, you wrote:

But didn't you?

On May 8, 2012, at 6:31 PM, "Gary Schepps" <[legal@schepps.net](mailto:legal@schepps.net)> wrote:

BARRY GOLDEN:



The order requires an attorney to appear BEFORE BEING PAID and BEFORE PAYMENT ARRANGEMENTS ARE MADE. Qualified counsel is not going to accept the case under those terms, and you know it.

Tuesday, May 8, 2012, 3:16:22 PM, you wrote:

Gary,

We are not in agreement with the request for the stay.

I wonder if you would please clarify one thing though. One of the orders that Mr. Baron is seeking to stay is the order saying that "Mr. Baron should retain trial counsel" and "funds are available in the receivership for this purpose" (attached for your convenience). Why would Mr. Baron want to stay this order?

Barry

**From:** 'Gary Schepps' [<mailto:legal@schepps.net>]

**Sent:** Tuesday, May 08, 2012 3:08 PM

**To:** GOLDEN, BARRY

**Subject:** Re[2]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Barry Golden:

The purpose of the email was to notify you of the filing.

If you have changed your position and would agree to a stay, please let me know. It would certainly be helpful.

Gary Schepps

Tuesday, May 8, 2012, 1:07:27 PM, you wrote:

Gary,

What is the purpose of sending me such an e-mail twelve minutes before filing the motion?

Barry

**From:** Gary Schepps [<mailto:legal@schepps.net>]  
**Sent:** Tuesday, May 08, 2012 12:24 PM  
**To:** GOLDEN, BARRY; Urbanik  
**Subject:** 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Gentlemen,

This is to advise you that we will be filing an emergency motion for stay in the 5th Circuit in this case.

Gary Schepps

# *Exhibit B*

No. 12-10489

**In the  
United States Court of Appeals  
for the Fifth Circuit**

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NETSPHERE, INC. Et Al,  
Plaintiffs

v.

JEFFREY BARON,  
Defendant – Appellant

v.

QUANTEC L.L.C.; NOVO POINT L.L.C.,  
Non Party – Appellants

v.

ONDOVA LIMITED COMPANY,  
Defendant – Appellee

v.

PETER S. VOGEL,  
Appellee

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Appeal of Asset Disposal Orders in Ex Parte Receivership  
Imposed to Prevent Jeff Baron from Hiring Counsel and  
to Force Settlement of Non-Diverse Unpled  
Non-Party Former Attorney Fee Claims Alleged against Jeff Baron

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From the United States District Court  
Northern District of Texas, Dallas Division  
Civil Action No. 3-09CV0988-F

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**PROPOSED  
REPLY TO RESPONSES OF SHERMAN & VOGEL**

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TO THE HONORABLE JUSTICES OF THE FIFTH CIRCUIT COURT OF APPEALS

COME NOW Appellants and make this Reply to the Responses filed by Appellees Sherman and Vogel, and in support show the following:

**1. The personally directed attempt to discredit Counsel.**

Vogel's argument attacking Counsel is fundamentally misleading. For example, contrary to Vogel's argument, the first three 'findings' of Hon. William Royal Furgeson cited at the top of Page 4 of Vogel's response do not involve the undersigned. Rather, those 'findings' relate to versions of the 'vexatious litigation' story painted against Baron and counsel, well *before* the undersigned was engaged. Vogel's allegation that those statements were made about the undersigned is clearly less than forthright. Further, while it is true the District Court found that statements made in a motion about 'Barrett' (an attorney retained by the undersigned to assist at one hearing) were "unfounded", the District Court had no basis to make such a findings. No hearing was held and no evidence was heard or considered.

Vogel similarly raises the response of Hon. Stacey Jernigan to a pending mandamus petition to which she is Respondent. In the Response, the Hon. Stacey Jernigan attacked the credibility of Counsel, just as Vogel and Sherman are doing now. However, **this Honorable Court found meritorious and granted the undersigned's motion in those proceeding made on the grounds that the record directly contradicted Hon. Stacey Jernigan's factual assertions** regarding

Counsel. See Document 511849698 filed on 5/09/2012 in case 12-10444. Similarly, a review of the appellate briefing in the appeals Vogel and Sherman characterize as “vexatious”, clarifies the illegitimacy of the Appellees’ argument and provides a clear picture of the proceedings below. See briefing in Case No. 10-11202 (with consolidated cases) and Case No. 12-10003.<sup>1</sup>

**2. The merits of the issues raised in this motion have not been ruled on by this Honorable Court.**

Unlike the orders challenged in the instant appeal, the previous liquidation order for which stay pending appeal was sought, involved motions remanded to the District Court by this Honorable Court.<sup>2</sup> While this Honorable Court declined to stay the District Court’s rulings on matters remanded to the District Court, **to date this Honorable Court has declined to remand any further such matters to the District Court.** Precisely because this Honorable Court has not allowed the District Court to do so, the District Judge has attempted to bypass the jurisdiction of this Honorable Court.

Notably, since the matters were pending before this Honorable Court when the District Judge ruled on them, the merits of the substantive issues involved in

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<sup>1</sup> For example, **Baron funded the Ondova bankruptcy with a net injection of \$3 Million**, in return for Sherman’s agreement use the funding **to immediately pay off all the creditors** and return Ondova to Baron with approximately \$1 Million in cash remaining. That didn’t happen. Instead **Sherman took the funds for his generated fees**, and no creditor has received a penny. See Document 511672923 filed on 11/21/2011 in case 10-11202. **Baron objected** and the *ex parte* meetings between Sherman and Vogel and **receivership over Baron followed.**

<sup>2</sup> Document 00511739739 filed on 1/27/2012 in case 10-11202.

the matters on appeal have been briefed to this Honorable Court. Thus for example, the issues relating to Thomas and Jackson (who is not Baron's counsel) have been fully briefed in motion responses before this Honorable Court.<sup>3</sup> Notably, based on the motions and responses, this Honorable Court, to this point, has not allowed the District Court to exercise jurisdiction over those matters.

Similarly, while the matter was pending before this Honorable Court,<sup>4</sup> the District Court took matters into his own hands and entered an order finding that the undersigned "concealed information" needed to file tax returns for Novo Point LLC and Quantec LLC. However, just like with the 'Barrett' findings discussed above, no hearing was held by the District Court and no evidence was considered.

The District Court erred in its actions. As a matter of controlling precedent:

**"The filing of a timely and sufficient notice of appeal transfers jurisdiction over matters involved in the appeal from the district court to the court of appeals. The district court is divested of jurisdiction to take any action with regard to the matter except in aid of the appeal."**

*United States v. Hitchmon*, 602 F.2d 689, 692 (5th Cir. 1979)

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<sup>3</sup> E.g., Document 511765027 filed on 2/22/2012 in case 10-11202; Document 511629701 filed on 10/12/2011 in case 10-11202.

<sup>4</sup> E.g., Document 511837047 filed on 4/26/2012 in case 10-11202.

**3. Like Vogel's Response, Sherman's Response is in almost every respect materially misleading.**

Item by item deconstruction of Sherman's argument reveals a Response that is in almost every respect materially misleading. A typical example is as follows: Binding precedent requires that *ex parte* seizure orders protect the rights of the property owner by requiring a bond to compensate the owner if the seizure is later found to be wrongful. *Connecticut v. Doehr*, 501 U.S. 1, 19 (1991). No such bond was required by the District Court. Yet, Sherman argues that "of course there was a bond required". What Sherman does not tell is that while there was a "bond required" it was not a bond to compensate the defendant and no-parties for wrongful seizure as mandated by *Doehr*. Instead, Sherman's argument hides the critical fact that the "bond" referenced by Sherman was a fidelity bond requiring the receiver faithfully perform the orders of the court and has nothing to do with compensating the defendant should the receivership order be found to have been wrongfully obtained.

As another example, Sherman argues that the litigation has been extended because Baron has appealed the orders of the District Court. However, the only substantive orders of the District Court have been to liquidate receivership assets—by the millions— and place the assets into the pockets of Vogel and his partners, and now Sherman and his counsel. **There is no underlying claim** or case pending involving Baron. Novo Point LLC and Quantec LLC are non-parties and no claim



has ever been asserted against them in the lawsuit below. **There is no underlying lawsuit awaiting resolution.** There is only the receivership and the only issue raised is the emptying of receivership assets as “fees” for imposing the receivership.

A careful examination of each part of Sherman’s argument reveals its hollowness.<sup>5</sup> For example, Sherman cites *In re Air Crash Disaster at Florida Everglades*, 549 F.2d 1006 (5th Cir. 1977) as authority for a party’s right to recover attorneys for seeking and defending a receivership. The case, however, held that “the district judge had the power to award compensation to the Committee to be paid by other plaintiff counsel out of the fees they were entitled to receive”. *Id.* at 1008. The reasoning of this Honorable Court in *In re Air Crash Disaster* regarding equitable duties of the beneficiaries of funds, is as follows: This Honorable Court held that “[W]hen such a fund is for all practical purposes created for the benefit of others, the formalities of the litigation — the absence of an avowed class suit or the creation of a fund, as it were, through stare decisis rather than through a decree — hardly touch the power of equity in doing **justice as between a party and the beneficiaries of his litigation.**” *Id.* at 1018. Pointedly,

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<sup>5</sup> This applies equally to the argument of Vogel. A typical example is shown in Vogel’s reliance on *Resolution Trust Corp. v. Smith*, 53 F.3d 72 (5th Cir. 1995). First, *Smith* directly counters Vogel’s previous argument (Vogel at pages 6-7) that the orders of liquidation and disposal of receivership *res* are not appealable. *Id.* at 77 fn2. Second, Vogel misleadingly argues *Smith* holds the trial court is not divested of jurisdiction over the matters appealed and retains jurisdiction over “maintenance” of a receivership. *Smith*, however, holds “[u]ntil the judgment has been properly stayed or superseded, the district court may **enforce it through contempt sanctions.**” *Id.* at 76-77.

obviously **Baron, Novo Point LLC, Quantec LLC, etc., are not the beneficiaries of Sherman’s litigation.** *Air Crash Disaster* relates to the equitable distribution of funds as between claimants and does not purport to carve out an exception to the “American Rule” and as between a plaintiff and a defendant to allow an award of attorney’s fees in order to “do justice” between a party and the defendant it has sought relief from. Moreover, in its holding, this Honorable Court held that:

“The district court **must set and conduct a hearing in the full sense of the word and must address the fee issue under the *Johnson* standards.** The Committee and its counsel **must offer relevant evidence and must be available for cross-examination.** The court should enter **findings of fact and conclusions of law setting out the basis for the fee award** and adequately presenting the issue for further appellate review should this be necessary”

*Id.* at 1021.

Clearly, with respect to the fee awards challenged in the instant appeal, there was no hearing, no evidence, no opportunity for cross-examination, and no discussion by the District Court of the *Johnson* standards. Thus, the relevant part of the holding of the case cited by Sherman firmly establishes the likelihood of reversal on appeal of the orders challenged in the instant appeal.

#### **4. The limits of receivership authority.**

As a matter of controlling precedent, a federal court’s inherent and ‘all writs’ powers are bounded by the same constraints as a Court’s exercise of its equitable

power— a federal court’s authority is limited to the powers exercised by the Court of Chancery at the time of the enactment of the Judiciary Act. *ITT Community Development Corp. v. Barton*, 569 F.2d 1351, 1359 (5th Cir. 1978); *Natural Gas Pipeline Co. v. Energy Gathering, Inc.*, 2 F.3d 1397, 1409 (5th Cir. 1993). As matter of well-established law, the Court of Chancery’s exercise of receivership power over private property was strictly limited to aid in enforcement of a judgment or to conserve property pending resolution of competing claims in the property pled before the Court. *E.g. Gordon v. Washington*, 295 U.S. 37 (1935). Thus, Receivership is a limited *in rem* remedy and not an ‘everyday’ equitable power that can be used as desired by a federal court.<sup>6</sup> Receivership is not authorized to as a tool empty the pockets of a litigant and deny them hired counsel because they are accused of vexatious litigation.<sup>7</sup>

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<sup>6</sup> Sherman and Vogel’s arguments attempt to recast for private use the ‘constitutional power’ found in a minority of circuits as a basis for a court to take any reasonable measure to control co-branches of government. However, with respect to private persons, every circuit recognizes that federal courts are not free to exercise any power desired. Rather, outside of a specific statutory grant of authority, a federal court’s authority to act is limited to the powers exercised by the Court of Chancery at the time of the enactment of the Judiciary Act. Moreover, the minority view that with respect to “substitution of a court’s authority for that of elected and appointed officials” the only limitation on a court’s power is “reasonableness under the circumstances” allowing governmental receivership for “constitutional purposes” against co-branches of government (*Morgan v. McDonough*, 540 F.2d 527, 533, 535 (1st Cir. 1976)) appears to have been rejected by the Supreme Court. *See Milliken v. Bradley*, 433 U.S. 267, 288 (1977) (court’s power against co-branches is limited to the “traditional attributes of equity power”).

<sup>7</sup> Notably the order of the District Court appealed from with respect to allowing trial counsel for Baron, set an impossible hurdle—an attorney would have to file an appearance in the case before any fee arrangement was worked out and before the amount of funds which would be permitted were not established. Moreover, there are no claims currently pending so it is impossible for an attorney to know what he is even signing up for.

**5. Sherman and Vogel have constructed a fictitious conception of ‘vexatious litigation’.**

“Vexatious litigation” as a legal principle means the “filing and processing frivolous and vexatious lawsuits”. *E.g., Gordon v. US Department of Justice*, 558 F.2d 618, 618 (1st Cir. 1977). The controlling standard of this Honorable Court is that “[W]here monetary sanctions are ineffective in deterring vexatious filings, enjoining such filings would be considered” *Ferguson v. MBank Houston, NA*, 808 F.2d 358, 360 (5th Cir. 1986). Additionally, “[A] broader injunction, prohibiting any filings in any federal court without leave of that court ... may be appropriate if a litigant is engaging in a widespread practice of harassment against different people.” *Id.* Baron is a defendant in the lawsuit below and Novo Point LLC and Quantec LLC are non-parties. The two dozen other companies also in Vogel’s receivership are also non-parties. There has been no finding that Baron has ever filed a frivolous lawsuit. Rather, ‘Vexatious Litigation’ in Vogel and Sherman’s constructed conception, involves, for example, challenging trial court orders on appeal.

Even if a party was truly contumacious and stubbornly resisted the authority of a court, the federal court is not empowered to punish that party (and non-parties) by seizing all of their assets! Rather, “dismissal with prejudice is the ultimate penalty”. *John v. State of La.*, 828 F.2d 1129, 1131 (5th Cir. 1987)(emphasis).

**6. The Surreal allegation of “continued disruption of the Bankruptcy and District Court proceedings”**

Sherman argues<sup>8</sup> that the emergency *ex parte* receivership addressed Baron’s “disruption” of the Bankruptcy and District Court proceedings. However, well prior to the imposition of the *ex parte* receivership, the District Court lawsuit settled and all parties entered a stipulated order of dismissal with prejudice as to all claims. R. 2109, et.seq., 2346-2356. The only thing Baron had done in the Bankruptcy Court prior to the imposition of the emergency receivership was to file an objection to Sherman’s massive attorneys’ fee application. Sherman himself cited that as a ground for the imposition of a receivership over Baron. R. 1577, lines 1-3. At the time, the stated need in Sherman’s motion for the receivership was “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.” R. 1578, paragraph “13”.

Respectfully submitted,

/s/ Gary N. Schepps

Gary N. Schepps  
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Dallas, Texas 75240  
(972) 200-0000 - Telephone  
(972) 200-0535 - Facsimile  
Email: legal@schepps.net  
**COUNSEL FOR APPELLANTS**

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<sup>8</sup> Sherman Response page 3.

**TABLE OF AUTHORITIES**

FEDERAL CASES

Connecticut v. Doehr, 501 U.S. 1, 19 (1991) .....	5
Ferguson v. MBank Houston, NA, 808 F.2d 358, 360 (5th Cir. 1986) .....	9
Florida Everglades, 549 F.2d 1006 (5th Cir. 1977) .....	6, 7
Gordon v. US Department of Justice, 558 F.2d 618, 618 (1st Cir. 1977) .....	9
Gordon v. Washington, 295 U.S. 37 (1935) .....	8
ITT Community Development Corp. v. Barton, 569 F.2d 1351, 1359 (5th Cir. 1978) .....	8
John v. State of La., 828 F.2d 1129, 1131 (5th Cir. 1987) .....	9
Morgan v. McDonough, 540 F.2d 527, 533, 535 (1st Cir. 1976) .....	8
Natural Gas Pipeline Co. v. Energy Gathering, Inc., 2 F.3d 1397, 1409 (5th Cir. 1993) .....	8
Resolution Trust Corp. v. Smith, 53 F.3d 72 (5th Cir. 1995) .....	6
Supreme Court. See Milliken v. Bradley, 433 U.S. 267, 288 (1977) .....	8

United States v. Hitchmon,

602 F.2d 689, 692 (5th Cir. 1979).....4

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**CERTIFICATE OF SERVICE**

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

CERTIFIED BY: /s/ Gary N. Schepps  
Gary N. Schepps  
COUNSEL FOR APPELLANTS

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

NETSPHERE, INC.,	§	
MANILA INDUSTRIES. INC., AND	§	
MUNISH KRISHAN	§	
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V.	§	CIVIL ACTION NO. 3:09-CV-0988-F
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**NOTICE OF BARON’S ANTICIPATED REFUSAL TO HIRE NEW COUNSEL  
AND IMPACT OF SUCH REFUSAL ON THE RECEIVERSHIP LIABILITIES  
[CORRECTED VERSION<sup>1</sup>]**

By May 23, 2012, Netsphere will be filing an amended complaint, presumably seeking damages exceeding \$1.5 million. Although the Court has ordered Jeffrey Baron to retain trial counsel to defend against these claims, Mr. Baron has telegraphed an intention not to comply. Rather, Mr. Baron appears to want the Court to issue a default judgment, thereby creating new and substantial non-contingent liabilities for the Receivership to absorb. The Receiver brings this issue to the Court’s attention in hopes of avoiding what would otherwise be the latest in a long line of Mr. Baron’s acts against his own economic self-interests.

**A. Mr. Baron has always been represented by trial counsel.**

As this Court is well aware, Gary Schepps has represented Mr. Baron in this Court since at least December 2010. During that period, and on Mr. Baron’s behalf, Mr. Schepps has filed dozens and dozens of pleadings and argued at numerous hearings. [See Docket No. 904 n. 1

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<sup>1</sup> This corrected version corrects typographical, grammatical, and other minor errors or ambiguities from the original version [Docket No. 927] and is intended to replace and supplant the original version.



(acknowledging Mr. Schepps' longstanding representation of Mr. Baron before this Court).] In addition, and at various times during the course of the Receivership, Mr. Baron has also been represented in this Court by Mr. Peter Barrett. [Docket No. 457 (allowing Mr. Barrett to withdraw as trial counsel due to statements made by his co-counsel Mr. Schepps in a brief that the District Court struck because they were "unfounded and unprofessional").]

**B. Mr. Baron has repeatedly asked that the Court let him hire additional trial counsel.**

Despite always being represented by trial counsel in this Court, Mr. Baron has repeatedly accused this Court of denying him the right to counsel—ironically, through pleadings filed by Mr. Schepps, Mr. Baron's own trial counsel. [See, e.g., District Court Docket Nos. 423, 525; Fifth Circuit Case No. 10-11202 at Document Nos. 511313862, 511326320, 511388246, 511389402, 511389465, 511426993.]

**C. This Court granted Mr. Baron's request that he be permitted to hire additional trial counsel.**

On April 16, 2012, the Court set a status conference to hear arguments regarding the underlying Complaint and what issues need to be addressed in order to close the case. [Docket No. 865.] In response to this Order, Mr. Schepps advised the Court that "Jeffrey Baron is not represented by counsel with respect to the underlying, settled lawsuit." [Docket No. 866.] On April 23, 2012, this Court held the status conference, at which time Mr. Schepps affirmed the statements from his letter and then proceeded to watch the hearing from behind the bar (rather than at counsel's table) [See Docket No. 904 (noting the occurrences at the April 23, 2012 status conference).]

On May 3, 2012, the Court issued an order (1) acknowledging Mr. Schepps' position that he will no longer appear as Mr. Baron's trial counsel and (2), permitting Mr. Baron to select new trial counsel of his choice (and ordering that said counsel file a notice of appearance on or before

June 1, 2012) (the “New Attorney Order”). [Docket No. 904.] In order to preempt Mr. Baron’s anticipated complaint that he cannot hire additional counsel without funds, the Court specifically noted in the New Attorney Order that this attorney would be paid from funds held by the Receiver.<sup>2</sup>

**D. The Court set up an orderly schedule for closing the underlying case.**

On May 2, 2012, this Court ordered that plaintiff Netsphere, Inc. (“Netsphere”) file amended pleadings on or before May 23, 2012. [Docket No. 895.] Under the Federal Rules, an amended complaint filed on May 23, 2012, would trigger a response deadline of June 6, 2012. [FED. R. CIV. P. 15(a)(3).] Thus, the Court envisions the underlying case to proceed as follows:

- May 23, 2012—Netsphere files an amended complaint.
- June 1, 2012—Mr. Baron’s new attorney files an appearance.
- June 6, 2012—Mr. Baron’s new attorney responds to the amended complaint.
- After June 6, 2012—The Court issues a trial schedule.

Importantly, and based on communications with Netsphere, the Receiver anticipates that the amended complaint will seek damages between \$1.5 million and \$ 2 million (based on Netsphere’s allegations relating to Mr. Baron’s vexatious litigation tactics). Given the magnitude of this financial exposure, it is obviously of paramount importance that Mr. Baron timely responds to the amended complaint and—assuming that Mr. Baron denies these claims—marshals a strong defense.

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<sup>2</sup> In order that Mr. Baron could more easily hire trial counsel, the Court went out of its way to assure Mr. Baron that his new counsel would receive payment. Of course, this was not necessary. If there is one area in which the record clearly shows that Mr. Baron excels, it would be in recruiting counsel (dozens before the Receivership, and Messrs. Schepps and Barrett since the Receivership)—presumably without even paying a retainer.

**E. Mr. Baron objects to the order allowing him to retain trial counsel.**

On the very day that the Court issued the New Attorney Order, Mr. Baron (through Mr. Schepps, who previously announced that he was no longer representing Mr. Baron before this Court) filed with this Court an emergency motion to stay the New Attorney Order. [Docket No. 908.] He also filed a notice that he would be appealing the New Attorney Order. [Docket No. 909]. He even filed a second emergency motion to stay the New Attorney Order—this one with the Fifth Circuit. [Fifth Circuit Case No. 12-10489 at Document No. 511848491.] Clearly, Mr. Baron really did not like the New Attorney Order.

This made no sense to the Receiver. Why would Mr. Baron want to stay an order allowing him to retain new trial counsel? The Receiver (through counsel, Barry Golden), then approached Mr. Schepps about this. Through a series of e-mails (attached hereto as Exhibit A), the following bizarre dialogue occurred:

Mr. Golden: “One of the orders that Mr. Baron is seeking to stay is the order saying that ‘Mr. Baron should retain trial counsel’ and ‘funds are available in the receivership for this purpose’ (attached for your convenience). Why would Mr. Baron want to stay this order?”

Mr. Schepps: “The order requires an attorney to appear BEFORE BEING PAID and BEFORE PAYMENT ARRANGEMENTS ARE MADE. Qualified counsel is not going to accept the case under those terms, and you know it.”

Mr. Golden: “But didn't you?”

Mr. Schepps: “No. As you are well aware, I have not accepted representation in the underlying lawsuit or trial court matters without payment, up front, of a sufficient retainer. This, as you are aware, was the situation from day one and you were, at the time, made expressly aware of that fact. Am not going to continue this banter with you. The level of your dishonesty is repulsive.”

On May 11, 2012, in a brief, Mr. Schepps repeated the same sentiment to the Fifth Circuit (except, of course, for the part about the “repulsive” dishonesty):

Notably the order of the District Court appealed from with respect to allowing trial counsel for Baron, set an impossible hurdle—an attorney would have to file an appearance in the case before any fee arrangement was worked out and before the amount of funds which would be permitted were not established. Moreover there are no claims currently pending so it is impossible for an attorney to know what he is even signing up for.

[*See Baron’s Reply to Responses of Sherman & Vogel* [Fifth Circuit Case No. 12-10489 at Document No. 511852892], a true and correct copy of which is attached hereto as Exhibit B, at p.8, n.7.]

The Receiver surmises that there are two reasons why Mr. Baron does not intend to retain new counsel. First, retaining new counsel might be viewed by the Fifth Circuit as an acknowledgement that the underlying case was not already closed at the time this Court entered the Receivership Order (contradicting one of his lead appellate arguments). Second, retaining new counsel would be step towards ending the Receivership in an orderly fashion (contravening Mr. Baron’s apparent goal of driving the Receivership into administrative insolvency).

**F. Unless something changes, Mr. Baron will cause the Receivership to incur additional and substantial liabilities.**

The Receiver expects that on June 1, 2012, no attorney will file a notice of appearance for Mr. Baron. If the Receiver is correct, then on June 6, 2012, Mr. Baron will be subject to default and expose the Receivership to additional huge liabilities in excess of \$1.5 million.<sup>3</sup> The Receiver, therefore, seeks the Court’s guidance on how to avoid Mr. Baron’s latest attempt to act against his own economic self interests and those of his companies.

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<sup>3</sup> If this Court were to enter a default, Mr. Baron will no doubt claim that the Receiver’s failure to defend against Netsphere’s claim was gross negligence. [*See* Docket No. 866 (Mr. Schepps writing to the Court that with respect to the underlying case, “[a]s currently set, the rights of Mr. Baron with respect to those matters are being represented by Mr. Vogel in his fiduciary capacity”).]

Respectfully submitted,

/s/ Barry M. Golden

Barry M. Golden

Texas State Bar No. 24002149

Peter L. Loh

Texas Bar Card No. 24036982

GARDERE WYNNE SEWELL LLP

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bgolden@gardere.com

ploh@gardere.com

**ATTORNEYS FOR THE RECEIVER,  
PETER S. VOGEL**

**CERTIFICATE OF SERVICE**

On May 15, 2012, Receiver served the foregoing notice via the Court's ECF system.

/s/ Peter L. Loh

Peter L. Loh

# *Exhibit A*

**BLAKLEY, JOHN DAVID**

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**From:** GOLDEN, BARRY  
**Sent:** Tuesday, May 15, 2012 2:21 PM  
**To:** BLAKLEY, JOHN DAVID  
**Subject:** Fwd: Re[6]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Begin forwarded message:

**From:** Gary Schepps <[legal@schepps.net](mailto:legal@schepps.net)>  
**Date:** May 8, 2012 8:03:56 PM CDT  
**To:** "GOLDEN, BARRY" <[bgolden@gardere.com](mailto:bgolden@gardere.com)>  
**Subject:** Re[6]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Barry Golden:

No. As you are well aware, I have not accepted representation in the underlying lawsuit or trial court matters without payment, up front, of a sufficient retainer. This, as you are aware, was the situation from day one and you were, at the time, made expressly aware of that fact.

Am not going to continue this banter with you. The level of your dishonesty is repulsive.

Tuesday, May 8, 2012, 6:35:40 PM, you wrote:

But didn't you?

On May 8, 2012, at 6:31 PM, "Gary Schepps" <[legal@schepps.net](mailto:legal@schepps.net)> wrote:

BARRY GOLDEN:

The order requires an attorney to appear BEFORE BEING PAID and BEFORE PAYMENT ARRANGEMENTS ARE MADE. Qualified counsel is not going to accept the case under those terms, and you know it.

Tuesday, May 8, 2012, 3:16:22 PM, you wrote:

Gary,

We are not in agreement with the request for the stay.

I wonder if you would please clarify one thing though. One of the orders that Mr. Baron is seeking to stay is the order saying that "Mr. Baron should retain trial counsel" and "funds are available in the receivership for this purpose" (attached for your convenience). Why would Mr. Baron want to stay this order?

Barry

**From:** 'Gary Schepps' [<mailto:legal@schepps.net>]

**Sent:** Tuesday, May 08, 2012 3:08 PM

**To:** GOLDEN, BARRY

**Subject:** Re[2]: 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Barry Golden:

The purpose of the email was to notify you of the filing.

If you have changed your position and would agree to a stay, please let me know. It would certainly be helpful.

Gary Schepps

Tuesday, May 8, 2012, 1:07:27 PM, you wrote:

Gary,

What is the purpose of sending me such an e-mail twelve minutes before filing the motion?



Barry

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

**Sent:** Tuesday, May 08, 2012 12:24 PM

**To:** GOLDEN, BARRY; Urbanik

**Subject:** 12-10489; Netsphere, Inc. v Jeffrey Baron, et al

Gentlemen,

This is to advise you that we will be filing an emergency motion for stay in the 5th Circuit in this case.

Gary Schepps

# *Exhibit B*

No. 12-10489

**In the  
United States Court of Appeals  
for the Fifth Circuit**

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NETSPHERE, INC. Et Al,  
Plaintiffs

v.

JEFFREY BARON,  
Defendant – Appellant

v.

QUANTEC L.L.C.; NOVO POINT L.L.C.,  
Non Party – Appellants

v.

ONDOVA LIMITED COMPANY,  
Defendant – Appellee

v.

PETER S. VOGEL,  
Appellee

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Appeal of Asset Disposal Orders in Ex Parte Receivership  
Imposed to Prevent Jeff Baron from Hiring Counsel and  
to Force Settlement of Non-Diverse Unpled  
Non-Party Former Attorney Fee Claims Alleged against Jeff Baron

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From the United States District Court  
Northern District of Texas, Dallas Division  
Civil Action No. 3-09CV0988-F

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**PROPOSED  
REPLY TO RESPONSES OF SHERMAN & VOGEL**

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TO THE HONORABLE JUSTICES OF THE FIFTH CIRCUIT COURT OF APPEALS

COME NOW Appellants and make this Reply to the Responses filed by Appellees Sherman and Vogel, and in support show the following:

**1. The personally directed attempt to discredit Counsel.**

Vogel's argument attacking Counsel is fundamentally misleading. For example, contrary to Vogel's argument, the first three 'findings' of Hon. William Royal Furgeson cited at the top of Page 4 of Vogel's response do not involve the undersigned. Rather, those 'findings' relate to versions of the 'vexatious litigation' story painted against Baron and counsel, well *before* the undersigned was engaged. Vogel's allegation that those statements were made about the undersigned is clearly less than forthright. Further, while it is true the District Court found that statements made in a motion about 'Barrett' (an attorney retained by the undersigned to assist at one hearing) were "unfounded", the District Court had no basis to make such a findings. No hearing was held and no evidence was heard or considered.

Vogel similarly raises the response of Hon. Stacey Jernigan to a pending mandamus petition to which she is Respondent. In the Response, the Hon. Stacey Jernigan attacked the credibility of Counsel, just as Vogel and Sherman are doing now. However, **this Honorable Court found meritorious and granted the undersigned's motion in those proceeding made on the grounds that the record directly contradicted Hon. Stacey Jernigan's factual assertions** regarding

Counsel. See Document 511849698 filed on 5/09/2012 in case 12-10444. Similarly, a review of the appellate briefing in the appeals Vogel and Sherman characterize as “vexatious”, clarifies the illegitimacy of the Appellees’ argument and provides a clear picture of the proceedings below. See briefing in Case No. 10-11202 (with consolidated cases) and Case No. 12-10003.<sup>1</sup>

**2. The merits of the issues raised in this motion have not been ruled on by this Honorable Court.**

Unlike the orders challenged in the instant appeal, the previous liquidation order for which stay pending appeal was sought, involved motions remanded to the District Court by this Honorable Court.<sup>2</sup> While this Honorable Court declined to stay the District Court’s rulings on matters remanded to the District Court, **to date this Honorable Court has declined to remand any further such matters to the District Court.** Precisely because this Honorable Court has not allowed the District Court to do so, the District Judge has attempted to bypass the jurisdiction of this Honorable Court.

Notably, since the matters were pending before this Honorable Court when the District Judge ruled on them, the merits of the substantive issues involved in

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<sup>1</sup> For example, **Baron funded the Ondova bankruptcy with a net injection of \$3 Million**, in return for Sherman’s agreement use the funding **to immediately pay off all the creditors** and return Ondova to Baron with approximately \$1 Million in cash remaining. That didn’t happen. Instead **Sherman took the funds for his generated fees**, and no creditor has received a penny. See Document 511672923 filed on 11/21/2011 in case 10-11202. **Baron objected** and the *ex parte* meetings between Sherman and Vogel and **receivership over Baron followed.**

<sup>2</sup> Document 00511739739 filed on 1/27/2012 in case 10-11202.

the matters on appeal have been briefed to this Honorable Court. Thus for example, the issues relating to Thomas and Jackson (who is not Baron's counsel) have been fully briefed in motion responses before this Honorable Court.<sup>3</sup> Notably, based on the motions and responses, this Honorable Court, to this point, has not allowed the District Court to exercise jurisdiction over those matters.

Similarly, while the matter was pending before this Honorable Court,<sup>4</sup> the District Court took matters into his own hands and entered an order finding that the undersigned "concealed information" needed to file tax returns for Novo Point LLC and Quantec LLC. However, just like with the 'Barrett' findings discussed above, no hearing was held by the District Court and no evidence was considered.

The District Court erred in its actions. As a matter of controlling precedent:

**"The filing of a timely and sufficient notice of appeal transfers jurisdiction over matters involved in the appeal from the district court to the court of appeals. The district court is divested of jurisdiction to take any action with regard to the matter except in aid of the appeal."**

*United States v. Hitchmon*, 602 F.2d 689, 692 (5th Cir. 1979)

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<sup>3</sup> E.g., Document 511765027 filed on 2/22/2012 in case 10-11202; Document 511629701 filed on 10/12/2011 in case 10-11202.

<sup>4</sup> E.g., Document 511837047 filed on 4/26/2012 in case 10-11202.

**3. Like Vogel's Response, Sherman's Response is in almost every respect materially misleading.**

Item by item deconstruction of Sherman's argument reveals a Response that is in almost every respect materially misleading. A typical example is as follows: Binding precedent requires that *ex parte* seizure orders protect the rights of the property owner by requiring a bond to compensate the owner if the seizure is later found to be wrongful. *Connecticut v. Doehr*, 501 U.S. 1, 19 (1991). No such bond was required by the District Court. Yet, Sherman argues that "of course there was a bond required". What Sherman does not tell is that while there was a "bond required" it was not a bond to compensate the defendant and no-parties for wrongful seizure as mandated by *Doehr*. Instead, Sherman's argument hides the critical fact that the "bond" referenced by Sherman was a fidelity bond requiring the receiver faithfully perform the orders of the court and has nothing to do with compensating the defendant should the receivership order be found to have been wrongfully obtained.

As another example, Sherman argues that the litigation has been extended because Baron has appealed the orders of the District Court. However, the only substantive orders of the District Court have been to liquidate receivership assets—by the millions— and place the assets into the pockets of Vogel and his partners, and now Sherman and his counsel. **There is no underlying claim** or case pending involving Baron. Novo Point LLC and Quantec LLC are non-parties and no claim

has ever been asserted against them in the lawsuit below. **There is no underlying lawsuit awaiting resolution.** There is only the receivership and the only issue raised is the emptying of receivership assets as “fees” for imposing the receivership.

A careful examination of each part of Sherman’s argument reveals its hollowness.<sup>5</sup> For example, Sherman cites *In re Air Crash Disaster at Florida Everglades*, 549 F.2d 1006 (5th Cir. 1977) as authority for a party’s right to recover attorneys for seeking and defending a receivership. The case, however, held that “the district judge had the power to award compensation to the Committee to be paid by other plaintiff counsel out of the fees they were entitled to receive”. *Id.* at 1008. The reasoning of this Honorable Court in *In re Air Crash Disaster* regarding equitable duties of the beneficiaries of funds, is as follows: This Honorable Court held that “[W]hen such a fund is for all practical purposes created for the benefit of others, the formalities of the litigation — the absence of an avowed class suit or the creation of a fund, as it were, through stare decisis rather than through a decree — hardly touch the power of equity in doing **justice as between a party and the beneficiaries of his litigation.**” *Id.* at 1018. Pointedly,

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<sup>5</sup> This applies equally to the argument of Vogel. A typical example is shown in Vogel’s reliance on *Resolution Trust Corp. v. Smith*, 53 F.3d 72 (5th Cir. 1995). First, *Smith* directly counters Vogel’s previous argument (Vogel at pages 6-7) that the orders of liquidation and disposal of receivership *res* are not appealable. *Id.* at 77 fn2. Second, Vogel misleadingly argues *Smith* holds the trial court is not divested of jurisdiction over the matters appealed and retains jurisdiction over “maintenance” of a receivership. *Smith*, however, holds “[u]ntil the judgment has been properly stayed or superseded, the district court may **enforce it through contempt sanctions.**” *Id.* at 76-77.



obviously **Baron, Novo Point LLC, Quantec LLC, etc., are not the beneficiaries of Sherman’s litigation.** *Air Crash Disaster* relates to the equitable distribution of funds as between claimants and does not purport to carve out an exception to the “American Rule” and as between a plaintiff and a defendant to allow an award of attorney’s fees in order to “do justice” between a party and the defendant it has sought relief from. Moreover, in its holding, this Honorable Court held that:

“The district court **must set and conduct a hearing in the full sense of the word and must address the fee issue under the *Johnson* standards.** The Committee and its counsel **must offer relevant evidence and must be available for cross-examination.** The court should enter **findings of fact and conclusions of law setting out the basis for the fee award** and adequately presenting the issue for further appellate review should this be necessary”

*Id.* at 1021.

Clearly, with respect to the fee awards challenged in the instant appeal, there was no hearing, no evidence, no opportunity for cross-examination, and no discussion by the District Court of the *Johnson* standards. Thus, the relevant part of the holding of the case cited by Sherman firmly establishes the likelihood of reversal on appeal of the orders challenged in the instant appeal.

#### **4. The limits of receivership authority.**

As a matter of controlling precedent, a federal court’s inherent and ‘all writs’ powers are bounded by the same constraints as a Court’s exercise of its equitable

power— a federal court’s authority is limited to the powers exercised by the Court of Chancery at the time of the enactment of the Judiciary Act. *ITT Community Development Corp. v. Barton*, 569 F.2d 1351, 1359 (5th Cir. 1978); *Natural Gas Pipeline Co. v. Energy Gathering, Inc.*, 2 F.3d 1397, 1409 (5th Cir. 1993). As matter of well-established law, the Court of Chancery’s exercise of receivership power over private property was strictly limited to aid in enforcement of a judgment or to conserve property pending resolution of competing claims in the property pled before the Court. *E.g. Gordon v. Washington*, 295 U.S. 37 (1935). Thus, Receivership is a limited *in rem* remedy and not an ‘everyday’ equitable power that can be used as desired by a federal court.<sup>6</sup> Receivership is not authorized to as a tool empty the pockets of a litigant and deny them hired counsel because they are accused of vexatious litigation.<sup>7</sup>

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<sup>6</sup> Sherman and Vogel’s arguments attempt to recast for private use the ‘constitutional power’ found in a minority of circuits as a basis for a court to take any reasonable measure to control co-branches of government. However, with respect to private persons, every circuit recognizes that federal courts are not free to exercise any power desired. Rather, outside of a specific statutory grant of authority, a federal court’s authority to act is limited to the powers exercised by the Court of Chancery at the time of the enactment of the Judiciary Act. Moreover, the minority view that with respect to “substitution of a court’s authority for that of elected and appointed officials” the only limitation on a court’s power is “reasonableness under the circumstances” allowing governmental receivership for “constitutional purposes” against co-branches of government (*Morgan v. McDonough*, 540 F.2d 527, 533, 535 (1st Cir. 1976)) appears to have been rejected by the Supreme Court. *See Milliken v. Bradley*, 433 U.S. 267, 288 (1977) (court’s power against co-branches is limited to the “traditional attributes of equity power”).

<sup>7</sup> Notably the order of the District Court appealed from with respect to allowing trial counsel for Baron, set an impossible hurdle—an attorney would have to file an appearance in the case before any fee arrangement was worked out and before the amount of funds which would be permitted were not established. Moreover, there are no claims currently pending so it is impossible for an attorney to know what he is even signing up for.

**5. Sherman and Vogel have constructed a fictitious conception of ‘vexatious litigation’.**

“Vexatious litigation” as a legal principle means the “filing and processing frivolous and vexatious lawsuits”. *E.g., Gordon v. US Department of Justice*, 558 F.2d 618, 618 (1st Cir. 1977). The controlling standard of this Honorable Court is that “[W]here monetary sanctions are ineffective in deterring vexatious filings, enjoining such filings would be considered” *Ferguson v. MBank Houston, NA*, 808 F.2d 358, 360 (5th Cir. 1986). Additionally, “[A] broader injunction, prohibiting any filings in any federal court without leave of that court ... may be appropriate if a litigant is engaging in a widespread practice of harassment against different people.” *Id.* Baron is a defendant in the lawsuit below and Novo Point LLC and Quantec LLC are non-parties. The two dozen other companies also in Vogel’s receivership are also non-parties. There has been no finding that Baron has ever filed a frivolous lawsuit. Rather, ‘Vexatious Litigation’ in Vogel and Sherman’s constructed conception, involves, for example, challenging trial court orders on appeal.

Even if a party was truly contumacious and stubbornly resisted the authority of a court, the federal court is not empowered to punish that party (and non-parties) by seizing all of their assets! Rather, “dismissal with prejudice is the ultimate penalty”. *John v. State of La.*, 828 F.2d 1129, 1131 (5th Cir. 1987)(emphasis).

**6. The Surreal allegation of “continued disruption of the Bankruptcy and District Court proceedings”**

Sherman argues<sup>8</sup> that the emergency *ex parte* receivership addressed Baron’s “disruption” of the Bankruptcy and District Court proceedings. However, well prior to the imposition of the *ex parte* receivership, the District Court lawsuit settled and all parties entered a stipulated order of dismissal with prejudice as to all claims. R. 2109, et.seq., 2346-2356. The only thing Baron had done in the Bankruptcy Court prior to the imposition of the emergency receivership was to file an objection to Sherman’s massive attorneys’ fee application. Sherman himself cited that as a ground for the imposition of a receivership over Baron. R. 1577, lines 1-3. At the time, the stated need in Sherman’s motion for the receivership was “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.” R. 1578, paragraph “13”.

Respectfully submitted,

/s/ Gary N. Schepps

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Texas State Bar No. 00791608  
5400 LBJ Freeway, Suite 1200  
Dallas, Texas 75240  
(972) 200-0000 - Telephone  
(972) 200-0535 - Facsimile  
Email: legal@schepps.net  
**COUNSEL FOR APPELLANTS**

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<sup>8</sup> Sherman Response page 3.

**TABLE OF AUTHORITIES**

FEDERAL CASES

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Ferguson v. MBank Houston, NA,  
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549 F.2d 1006 (5th Cir. 1977) .....6, 7

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Gordon v. Washington,  
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569 F.2d 1351, 1359 (5th Cir. 1978) .....8

John v. State of La.,  
828 F.2d 1129, 1131 (5th Cir. 1987) .....9

Morgan v. McDonough,  
540 F.2d 527, 533, 535 (1st Cir. 1976) .....8

Natural Gas Pipeline Co. v. Energy Gathering, Inc.,  
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Supreme Court. See Milliken v. Bradley,  
433 U.S. 267, 288 (1977) .....8

United States v. Hitchmon,

602 F.2d 689, 692 (5th Cir. 1979).....4

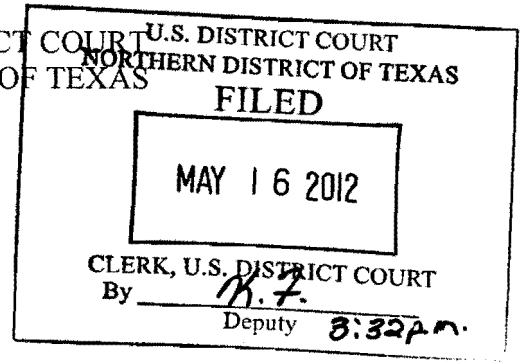
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**CERTIFICATE OF SERVICE**

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

CERTIFIED BY: /s/ Gary N. Schepps  
Gary N. Schepps  
COUNSEL FOR APPELLANTS

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



NETSPHERE, INC.,  
MANILA INDUSTRIES., INC., AND  
MUNISH KRISHAN

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PLAINTIFFS,

V.

CIVIL ACTION NO. 3:09-CV-0988-F

JEFFREY BARON AND  
ONDOVA LIMITED COMPANY,

DEFENDANTS.

**ORDER GRANTING THE RECEIVER'S FIFTH THROUGH  
FOURTEENTH APPLICATIONS FOR REIMBURSEMENT  
OF FEES INCURRED BY MARTIN THOMAS**

The Court, having considered The Receiver's Motion Re-Filing with the District Court Ten Martin Thomas Fee Applications Previously Filed with the Fifth Circuit (Doc. No. 913) the evidence attached thereto, and the pleadings on file, is of the opinion that the Motion should be **GRANTED.**

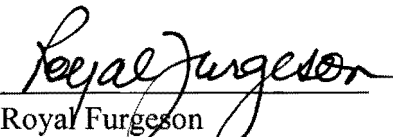
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that The Receiver's Fifth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Sixth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Seventh Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Eighth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Ninth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Tenth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Martin Thomas, The Receiver's Thirteenth

Application for Reimbursement of Fees Incurred by Martin Thomas, and The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Martin Thomas are GRANTED and the Receiver, and his agents or representatives, are authorized to pay Martin Thomas \$50,000.00 for attorneys' fees incurred from June 1, 2011, through March 31, 2012.<sup>1</sup>

Finally, it is FURTHER ORDERED that the Receiver immediately withdraw the pending motions in the Fifth Circuit that relate to this instant order.

IT IS SO ORDERED.

SIGNED this 16<sup>th</sup> day of May, 2012.

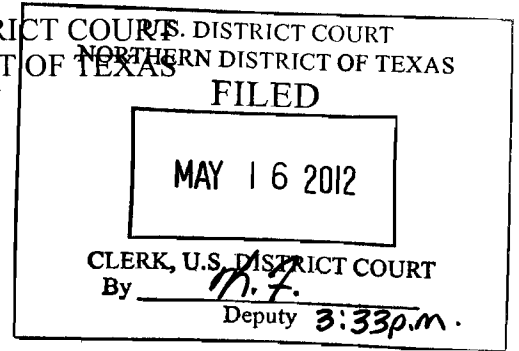
  
Royal Furgeson  
Senior United States District Judge

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<sup>1</sup> Such payment shall be made from the Receivership Assets to which the Receiver has obtained access and on the earlier of (1) the date when the Receiver deems that he has access to sufficient Receivership Assets in the form of cash so that making such payment does not create any risk to the Receiver's ability to pay any other pending or soon-to-be pending debts or liabilities arising out of the Receivership, or (2) the date the Court grants pending motions to liquidate Receivership Assets (including, without limitation, *The Receiver's Motion to Permit Liquidation of Non-Exempt Stocks—But Not the Liquidation of the IRAs* [Docket No. 640 at Ex. 2] and *The Receiver's Sealed Motion to Liquidate the Baron IRAs Based on Newly Discovered Evidence and Changed Circumstances* [Docket No. 681 at Ex. A]) thereby generating access to Receivership Assets sufficient for payment.



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.

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CIVIL ACTION NO. 3:09-CV-0988-F

**ORDER GRANTING THE RECEIVER'S SEVENTH & EIGHTH APPLICATIONS FOR REIMBURSEMENT OF FEES INCURRED BY THOMAS JACKSON**

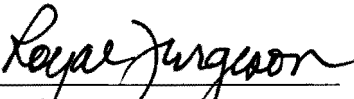
The Court, having considered The Receiver's Motion Re-Filing with the District Court Two Thomas Jackson Fee Applications Previously Filed with the Fifth Circuit (Doc. No. 914) the evidence attached thereto, and the pleadings on file, is of the opinion that the Motion should be **GRANTED**.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that The Receiver's Seventh Application for Reimbursement of Fees Incurred by Thomas Jackson and The Receiver's Eighth Application for Reimbursement of Fees Incurred by Thomas Jackson are GRANTED and the Receiver, and his agents or representatives, are authorized to pay Thomas Jackson \$23,750.00 for attorneys' fees incurred from June 1, 2011 through February 6, 2012. Such payment shall be made from the Receivership Assets to which the Receiver has obtained access to date, and specifically from the funds the Receiver located in BBVA Compass Bank, Account No. XXXXXX1323, in the name of Receivership Party Quantec, LLC

Finally, it is FURTHER ORDERED that the Receiver immediately withdraw the pending motions in the Fifth Circuit that relate to this instant order.

IT IS SO ORDERED.

SIGNED this 16<sup>th</sup> day of May, 2012.

  
\_\_\_\_\_  
Royal Furgeson  
Senior United States District Judge



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

NETSPHERE, INC.,  
MANILA INDUSTRIES., INC., AND  
MUNISH KRISHAN

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PLAINTIFFS,

V.

CIVIL ACTION NO. 3:09-CV-0988-F

JEFFREY BARON AND  
ONDOVA LIMITED COMPANY,

DEFENDANTS.

**ORDER REQUESTING LETTER BRIEFS**

All parties are ORDERED to file letter briefs with the Court offering their views—with supporting documents—as to how Ondova Limited Company owns the domain names servers.com and petfinders.com by **May 25, 2012**. Letter briefs demonstrating the chain of title would be particularly helpful. The parties should explain and make distinctions, if any, between what it means to registrar a domain name and what it means to own it.

IT IS SO ORDERED.

SIGNED this 16th day of May, 2012.



Royal Furgeson  
Senior United States District Judge

**GARY N. SCHEPPS**

ATTORNEY & COUNSELOR

DRAWER 670804  
DALLAS, TEXAS 75367

TELEPHONE 972-200-0000  
FACSIMILE 972-200-0535

May 16, 2012

**VIA EMAIL** (and PACER)

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

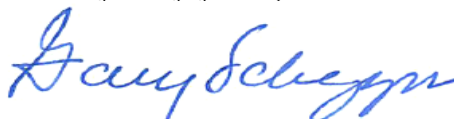
Re: 3-09CV0988-F *In Re Jeffrey Baron Receivership Order*

Your Honor,

My goal is to assist the Court. I believe it would be helpful for the Court to weigh Jeffrey Baron's side of the title issues. However, as Your Honor is aware, I do not represent Jeffrey in the trial court.

My estimate for the work involved is approximately 30 hours. Accordingly, if Your Honor is willing to allow Jeff to receive a disbursement of \$14,850.00 plus \$2,500 for expenses and permission from the Court to hire counsel with that money so that he could retain me for the representation, I would be happy to assist in representing his interests with respect to the requested briefing in this case (Doc. 937).

Very truly yours,



Gary N. Schepps  
Appellate Counsel for Jeffrey Baron





**TABLE OF CONTENTS**

A. What will it take to complete the goals of the Receivership?.....12

1. The Receivership’s anticipated liquid assets. ....15

    a. The Receivership estate has cash-on-hand of \$1,332,971.85. ....15

    b. The Receiver anticipates obtaining another \$8,000.00 in domain monetization revenue in May 2012 (in addition to \$192,694.78 already obtained this month).....16

    c. The Receiver has contracts for \$378,920.00 in Court-ordered domain name sales. ....17

        i. \$20,000 related to the First Ordered Domains.....17

        ii. \$358,920.00 related to the Second Ordered Domains. ....18

    d. The Receivership estate has non-exempt stock that, if sold, would net approximately \$348,000.00 in Receivership liquid assets.....19

        i. Best Case Scenario.....19

        ii. Worst Case Scenario. ....21

    e. The Receivership estate has access to IRAs worth \$540,327.03.....21

        i. Best Case Scenario.....21

        ii. Worst Case Scenario. ....23

2. The Receivership’s anticipated liabilities. ....23

    a. The Receivership will fund the Former Baron Attorney claims totaling \$870,237.19. ....23

    b. The Court has granted—but the Receiver has not yet funded—fee applications totaling \$524,927.31.....25

        i. \$58,628.63 pursuant to order granting Grant Thornton fee applications. ....25

        ii. \$60,000.00 pursuant to order granting Martin Thomas fee applications. ....25

        iii. \$26,537.50 pursuant to order granting Thomas Jackson fee applications. ....26

        iv. \$379,761.18 pursuant to order granting Trustee fee application.....26

    c. The Court has fee applications pending before it totaling \$562,174.07.....27

        i. \$156,612.77 in partially pending Receiver fee applications.....27

        ii. \$405,561.30 in partially pending Gardere fee applications. ....29



- d. Estimated additional fee applications through May 31, 2012, will likely total approximately \$229,000.00. ....30
- e. The Receiver anticipates paying expenses through May 31, 2012 totaling \$5,000.00. ....31
- f. The Receiver anticipates paying Renewal Fees through May 31, 2012 totaling \$77,927.23. ....31
- g. The Receiver anticipates paying operating expenses through May 31, 2012, totaling \$1,893.00. ....32
- h. Carrington has submitted an attorneys’ fees claim of \$224,233.27.....33
  - i. Best Case Scenario.....33
  - ii. Worst Case Scenario. ....33
- i. Peter Barrett has submitted a claim for \$55,166.50 from the Receivership estate.....34
  - i. Best Case Scenario.....34
  - ii. Worst Case Scenario. ....34
- B. Work that the Receiver performed in April 2012 relating to identifying, accessing, and managing the Receivership Assets.....34
  - 1. Work relating to identifying the Receivership Assets. ....35
    - a. The Receiver continued attempting to identify Receivership Assets through communications.....35
    - b. The Receiver has attempted to identify Receivership Assets through document collection.....35
      - i. The Receiver has continued attempting to identify Receivership Assets through document collection of non-privileged documents. ....36
      - ii. The Receiver continued attempting to identify Receivership Assets through document collection of privileged documents. ....40
    - c. The Receiver continued attempting to identify Receivership Assets through extending his jurisdictional reach. ....40
  - 2. Work relating to accessing the Receivership Assets.....41
    - a. The Receiver previously obtained access to Baron Funds.....42
    - b. In April 2012, the Receiver maintained access to the LLC Funds. ....43

- i. Mr. Baron appealed the Court’s December 17, 2010, order clarifying the Receivership as including the LLCs.....43
      - ii. The Receiver eventually had to become involved in the appeal of the December 17, 2010, order clarifying the Receivership as including the LLCs. ....44
      - iii. The Fifth Circuit Consolidated Certain Appeals and Ordered Submission of Briefs.....45
      - iv. Mr. Baron notices a seventh appeal from this Court. ....46
      - v. Mr. Baron notices an eighth appeal from this Court.....47
    - c. The Receiver accessed funds in April 2012.....47
    - d. The Receiver made efforts to access additional funds.....57
    - e. HSBC Account with Receivership Assets .....57
    - f. Discovery to HSBC.....58
  - 3. Work relating to managing the Receivership Assets. ....59
    - a. The Receiver managed the Baron Funds. ....59
      - i. The Receiver managed the accounts for the Baron Funds.....59
      - ii. Disbursements of the Baron Funds. ....59
      - iii. Mr. Baron objected to certain motions for reimbursement and fee applications.....80
      - iv. Mr. Baron appealed all of the Court-ordered disbursements. ....83
    - b. The Receiver managed the LLC Funds. ....87
      - i. The Receiver managed the potential LLC revenues relating to domain name sales. ....88
        - 1) Mr. Nelson assumed the management of the LLCs.....88
        - 2) The Receiver began implementing the protocol for selling domain names.....89
        - 3) The Receiver moved for approval for the sale of domain names. ....89
        - 4) The Receiver discussed the sale of domains at the April 28, 2011 Hearing. ....92
        - 5) The Court initially ordered the Receiver to give Mr. Baron a domain-name-sales information but later announced its intention to grant the Receiver’s motion to reconsider such order.....92
        - 6) The Receiver is considering alternate methods to sell other domains. ....93

7) The Receiver moved for approval of the sale of an additional domain name.....93

8) The Receiver has complied with the Court’s order to sell domains but only after significant legal expense due to Mr. Baron’s vexatious tactics.....94

9) Mr. Baron is attempting to stop the sale of domain names in other ways.....96

    i) Mr. Baron has sent threatening letters to Fabulous.....96

    ii) Mr. Baron has tried to replace Mr. Nelson with another Manager who will not sell domain names. ....96

10) The District Court asked the Receiver to submit a statement of fees. ....97

11) The Receiver filed another motion to liquidate Receivership Assets. ....98

12) The Receiver moved for approval of the sale of additional domain names. ....99

13) Mr. Baron again tried to stop the sale of domain names. ....100

14) Mr. Baron tried to block the sale of a domain name in the Ondova Bankruptcy proceeding. ....101

    i) Mr. Baron ignored the Bankruptcy Court order. ....102

    ii) The Court issued a show cause order.....103

    iii) Part one of the show cause hearing.....104

    iv) Further Violative Filings by Mr. Schepps.....105

    v) Part two of the show cause hearing.....106

    vi) Further Violative Filings by Mr. Schepps.....110

    vii) Part three of the show cause hearing.....110

    viii) Mr. Schepps misrepresents the nature of the Bankruptcy Court’s show cause hearing to the Fifth Circuit.....112

15) Mr. Baron tried to block the sale of another domain name—petfinders.com—leading to an incredible amount of work on the part of the Receiver. ....114

    i) The Protocol.....114

    ii) The Trustee filed his Petfinders Motion. ....115

iii)	Mr. Baron lodged objection to the Trustee’s Petfinders Motion via the Protocol. ....	115
iv)	The Receiver conducted an independent investigation into the ownership of petfinders.com.....	115
v)	The Receiver complied with the Protocol.....	116
vi)	Baron and Schepps lodged a second set of objections to the Trustee’s Petfinders Motion via a Fifth Circuit filing instead of the Protocol. ....	116
vii)	The Receiver complied with the Protocol a second time. ....	117
viii)	Baron and Schepps lodged a third set of objections to the Trustee’s Petfinders Motion outside the Protocol, this time via a contemptuous motion purportedly filed on behalf of a new entity—Petfinders, LLC.....	117
ix)	The Receiver complied with the Protocol a third time.....	117
x)	Baron and Schepps lodged a fourth set of objections to the Trustee’s Petfinders Motion outside the Protocol, this time via an e-mail from Mr. Schepps to the Receiver’s counsel. ....	118
xi)	The Receiver complied with the Protocol a fourth time.....	118
xii)	The Receiver attended the hearing on the Trustee’s Petfinders Motion.....	119
xiii)	Baron and Schepps filed a motion with the Fifth Circuit to stay the sale of petfinders.com.....	119
xiv)	The Fifth Circuit initially dismissed Baron and Schepps’ motion for stay.....	119
xv)	The Bankruptcy Court granted the Trustee’s Petfinders Motion.....	120
xvi)	Baron and Schepps filed a second motion with the Fifth Circuit to stay the sale of petfinders.com.....	120
xvii)	The Fifth Circuit conditionally granted Baron and Schepps’ second motion for stay.....	121

xviii)	The Trustee responded to the Second Baron/Schepps Petfinders Motion to Fifth Circuit. ....	121
xix)	Messrs. Baron and Schepps filed a (contemptuous) notice of appeal of the Petfinders Order to this Court. ....	122
xx)	Messrs. Baron and Schepps filed a reply in support of the Second Baron/Schepps Petfinders Motion to Fifth Circuit.....	122
xxi)	The Fifth Circuit vacated its Temporary Petfinders Stay and denied the Baron/Schepps Petfinders Motions to Fifth Circuit.....	123
xxii)	Messrs. Baron and Schepps continued to file (contemptuous) pleadings regarding the sale of petfinders.com. ....	123
16)	Mr. Baron tried to block the sale of another domain name—servers.com—leading to an incredible amount of work on the part of the Receiver. ....	124
i)	The Trustee filed his Servers Motion.....	124
ii)	No objections lodged via the Protocol.....	124
iii)	Baron and Schepps lodged objections to the Trustee’s Servers Motion via Fifth Circuit filing instead of the Protocol.....	124
iv)	The Receiver complied with the Protocol.....	125
v)	Schepps and Baron lodged a second set of objections to the Trustee’s Servers Motion outside the Protocol, this time via an e-mail from Mr. Schepps to the Receiver’s counsel. ....	125
vi)	The Receiver complied with the Protocol a second time. ....	126
vii)	The Receiver attended the hearing on the Trustee’s Servers Motion.....	126
viii)	The Bankruptcy Court granted the Trustee’s Servers Motion.....	126
ix)	Messrs. Baron and Schepps continued to file (contemptuous) pleadings regarding the sale of servers.com. ....	127
17)	The Receiver provided the Court with notice of the events surrounding petfinders.com and servers.com .....	127
18)	There are multiple appeals arising out of the Ondova bankruptcy case.....	127

- ii. The Receiver managed the LLC expenses.....128
  - 1) The Receiver managed payments to the registrar, including renewals/deletions of domain names. ....128
    - i) The Court ordered the Receiver to delete all Money Losing Domain Names. ....129
    - ii) Mr. Harbin advised the Receiver of Money Losing Domain Names that the Receiver should ask for permission not to delete.....129
    - iii) The Receiver instructed the Registrar to delete the Money Losing Domain Names that were not Future Profitable Names. ....130
    - iv) The Receiver asked the Court for permission to allow the Receiver to renew certain Money Losing Domain Names that were Future Profitable names. ....130
    - v) The Court gave the Receiver permission to renew certain Money Losing Domain Names that were Future Profitable names. ....131
    - vi) In February, the Receiver responded to Mr. Baron’s challenge relating to the renewal of certain Money Losing Domain Names. ....131
    - vii) The Receiver filed a response to the emergency motion relating to the renewal of certain Money Losing Domain Names. ....132
    - viii) The Court held a hearing on the emergency motion relating to the renewal of certain Money Losing Domain Names. ....132
    - ix) The Receiver began the work to ask the Court for permission to allow the Receiver to renew additional Money Losing Domain Names that were Future Profitable names. ....133
    - x) Mr. Baron would not consent to the next motion to renew his own domain names.....133
    - xi) The Receiver filed the third through sixteenth motions for the renewal of money losing domain names.....134
    - xii) The Receiver made payments to the registrar. ....134
  - 2) The Receiver managed payments for operations expenses. ....136

i)	The Receiver filed motions for disbursements and made disbursements. ....	136
ii)	Mr. Baron appealed the orders.....	170
iii)	Mr. Baron is still fighting.....	174
iv)	The Receiver requested a modification of this Court’s stay so that the LLCs’ manager and attorneys may be compensated.....	176
3)	The Receiver managed potential UDRP issues. ....	177
4)	The Receiver temporarily deactivated certain domain names. ....	178
5)	The Receiver addressed a UDRP complaint against funnygames.com. ....	180
6)	The Receiver addressed UDRP decisions issued against certain domain names in a second motion to enforce stay. ....	180
7)	ICANN requested the Receiver’s second motion to enforce stay be denied and the Receiver filed a reply in support of his second motion to enforce stay. ....	181
4.	The Receiver alerted the Court to the LLCs’ possession of possible evidence in a criminal prosecution. ....	182
5.	The Receiver accepted the resignation of Thomas Jackson as the LLCs’ attorney. ....	183
6.	The Receiver negotiated a switch to a new registrar. ....	183
C.	Work relating to identifying and resolving claims of Mr. Baron’s unpaid attorneys.....	184
1.	The Receiver collected evidence to make his Assessment. ....	185
2.	The Receiver made an Assessment.....	194
3.	The Receiver filed the Assessment and Three Motions to Approve the Assessment and Disbursements of Former Attorney Claims. ....	199
4.	Mr. Baron Responded and Objected to the Assessments. ....	200
5.	The Receiver Served the Former Baron Attorneys with the Motions to Approve Assessment and Disbursement of Former Attorney Claims.....	202
6.	The Receiver Notified the Former Baron Attorneys of the Hearing (and Re-Settings of the Hearing) on the Motions to Approve the Assessments.....	202
7.	Mr. Baron objected to the Receiver’s assessment. ....	203
8.	The Court ordered that it would only consider evidence at the hearing on the claims of Former Baron Attorneys.....	204

9. The Court heard evidence on the fee claims of the Former Baron Attorneys.....205

10. Mr. Baron attempted to admit evidence the day of the April 28, 2011, hearing.....206

11. The Receiver submitted proposed findings of fact, conclusions of law, and order on the assessment and disbursement of attorneys’ fees.....206

12. Mr. Baron attempted to admit evidence after the April 28, 2011, hearing. ....207

13. The Court imposed a \$400/hour fee cap. ....208

14. The Receiver filed his fourth motion for assessment and disbursement of attorneys’ fees claims.....208

15. The Court approved the Receiver’s proposed Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims. ....209

16. Carrington objected to the Fourth Motion to Approve Assessment and Disbursement of Former Attorney Claims [Corrected Version].....209

17. Mr. Barrett filed an application for his fees.....210

D. Work relating to tax filings on behalf of certain Receivership Parties. ....210

1. The March 15, 2011, tax deadline. ....210

2. The April 18, 2011 tax deadline. ....211

3. The June 30, 2011 tax deadline.....211

4. The Receiver Moved for an Order Confirming the Propriety of His Intention to Not Make Tax Filings on Behalf of Certain Receivership Parties.....213

5. Mr. Baron conjures up a new tax emergency. ....213

6. Tax filings for 2012. ....214

7. Mr. Baron requested funds for tax preparation.....215

E. Work relating to responding to Mr. Baron’s various manufactured emergencies.....216

F. Work relating to managing issues concerning the Ondova bankruptcy. ....217

1. Work relating to conferring with Martin Thomas.....218

2. Work relating to filing fee applications for Martin Thomas.....219

3. Work relating to responding to fee applications in the Bankruptcy Court. ....220

4. The Receiver filed a motion to direct proceeds of domain names sold to the Receivership Estate..... 221\_Toc325130037

G. The Receiver reached an agreement with James Eckels concerning litigation in which he is a party. ....221

H. The Receiver notified Former Baron Attorneys of developments in the case.....221



I. Work relating to Complying with the Court’s Fifth Circuit Filing Order. ....222  
J. The Receiver appeared at a Status Conference.....229  
K. Work relating to reporting to this Court. ....230

Just like in March 2012, the Receiver and his counsel at Gardere Wynne Sewell LLP performed a tremendous amount of work in April 2012 in order to comply with the obligations set forth in the Receivership Order. This work included, among other things, (A) working to minimize the cost of the Receivership, (B) identifying, gaining access to, and managing the Receivership Assets, for the eventual purpose of paying the claims of Mr. Jeffrey Baron's unpaid attorneys and other Receivership liabilities, (C) arranging for the sale of Receivership Assets to insure the Receivership's administrative solvency, (D) dealing with issues relating to the Ondova Limited Company ("Ondova") bankruptcy including responding to the Trustee's requests for fee reimbursements, (E) keeping the Former Baron Attorneys apprised of developments in this case, (F) complying with the Court's order directing the parties to file pending motions with the Fifth Circuit, and (G) responding to potential and actual complaints and claims against the Receivership Estate.

Like with the work that the Receiver performed in March 2012, the work performed in April 2012 was often extremely complex, time-intensive, and requiring cooperation from various Receivership Parties. Unfortunately, and just like in March 2012, Mr. Baron and his agents obstructed the Receiver's efforts, thereby requiring the Receiver to spend exponentially more time and resources than would otherwise have been necessary. Thus, while the Receiver completed much of the work he had hoped to in April 2012, that work, nonetheless, required substantial time and a monumental effort (approximately 50 hours spent by the Receiver and 250 hours collectively spent by his Gardere counsel in April 2012). Details of the work performed in April 2012 follow in this *Receiver's Report of Work Performed in April 2012* (the "Report").

**A. What will it take to complete the goals of the Receivership?**

This answer remains the same as previous months: more cash. On May 14, 2012, the Receiver filed *The Receiver's Notice of the Receivership's Projected Financial Picture as of May 31, 2012* (the "May 2012 Financial Picture"). [Docket No. 924.] The May 2012 Financial Picture provides two summary charts: a best case and worst case scenario. [*Id.*] The best case scenario (the "Best Case Scenario") chart maximizes liquid assets and minimizes liabilities. The worst case scenario ("Worst Case Scenario") chart minimizes liquid assets and maximizes liabilities. Both scenarios are solely from the perspective of the Receivership Estate. As shown by the May 2012 Financial Picture, depending on how the Court rules on various pending motions, the Receivership could be in the black by approximately \$342,060.08, in the red by approximately \$825,666.72, or somewhere in between. [*Id.*]

RECEIVERSHIP'S PROJECTED <u>BEST CASE</u> FINANCIAL PICTURE AS OF MAY 31, 2012			
<b><u>ANTICIPATED LIQUID ASSETS</u><sup>1</sup></b>		<b><u>ANTICIPATED LIABILITIES</u><sup>2</sup></b>	
<b>Cash-on-Hand—Baron and LLC accounts.</b> (Section A.1.a):	\$1,332,971.85	<b>Former Attorney Claims.</b> (Section A.2.a):	\$870,237.19
<b>Anticipated Domain Monetization Revenue through 5/31/12 (\$192,694.78 already obtained this month).</b> (Section A.1.b):	\$8,000.00	<b>Granted Fee Applications.</b> (Section A.2.b):	\$524,927.31
<b>Ordered Domain Sales. The Receiver has executed contracts for the sales of domains totaling \$378,920 that are yet to be fully consummated and the proceeds have not yet been acquired.</b> (Section A.1.c):	\$378,920.00	<b>Pending Fee Applications</b> (Section A.2.c):	\$562,174.07
<b>Stock Sale. The Court already indicated it would deny this motion. However, the Receiver re-urged his request in a new motion. This assumes the Court will grant such motion.</b> (Section A.1.d):	\$348,000.00	<b>Anticipated Additional Fee Applications through 5/31/12—not yet filed.</b> (Section A.2.d):	\$229,000.00
<b>Liquidation of IRAs. The Court already indicated it would deny this motion. However, the Receiver re-urged his request in a new motion. This assumes the Court will grant the Receiver's motion.</b> (Section A.1.e):	\$540,327.03 <sup>3</sup>	<b>Anticipated Receivership Expenses through 5/31/12.</b> (Section A.2.e):	\$5,000.00
		<b>Renewal Fees for Domain Names through 5/31/12.</b> (Section A.2.f):	\$77,927.23
		<b>Operating Expenses through 5/31/12.</b> (Section A.2.g):	\$1,893.00
		<b>Carrington Fees. This assumes the Court denies the Carrington Motion for Fees and instructs Carrington to collect through the Ondova estate.</b> (Section A.2.h):	\$0.00
		<b>Barrett Fees. This assumes the Court will deny the Barrett Motion for Fees and instruct Mr. Barrett to seek payment from Baron post-Receivership.</b> (Section A.2.i):	\$0.00
<b>TOTAL ANTICIPATED LIQUID ASSETS:</b>	<b>\$2,608,218.88</b>	<b>TOTAL ANTICIPATED LIABILITIES:</b>	<b>\$2,266,158.80</b>
<b>NET ASSETS EXCEED LIABILITIES BY \$342,060.08</b>			

<sup>1</sup> As indicated by the designation “Anticipated Liquid Assets,” this analysis does not account for *all* Receivership Assets—just those assets that are liquid or that the Receiver has requested permission to liquidate. Moreover, as described in more detail in Section A.1.c *infra*, the Court has ordered that the Receiver sell (*i.e.*, liquidate) certain domain names and use the proceeds to pay certain Receivership liabilities. [See Docket Nos. 807 and 906.] The domain names that the Receiver has been ordered to sell are only reflected herein as Anticipated Liquid Assets if (1) they have already been sold, in which case the proceeds are reflected as “Cash-on-Hand” in Section A.1.a *infra* (assuming the proceeds have not already been used to pay Receivership liabilities per Court order) or (2) the Receiver has executed contracts for their sale, as discussed in Section A.1.c *infra*. Unless and until the Receiver locates buyers for these remaining domain names he has been ordered to sell, such assets cannot be accurately included as “Anticipated Liquid Assets” of the Receivership, even in the “best case scenario.” This is because, without a buyer, it is infeasible for the Receiver to estimate a domain’s true market value. Nevertheless, the Receiver is hopeful that these domain names can generate revenue to satisfy, *inter alia*, (1) the unknown tax liabilities and (2) unknown amounts needed to fund future work, including appeals, as described in Note 2 *infra*.

<sup>2</sup> This analysis does not include *all* Receivership liabilities. Most notably, this analysis does not account for the unknown and, thus, unquantifiable (1) Receivership tax liabilities as of May 31, 2012 (unknown due to Mr. Baron’s well-documented obstruction) and (2) amounts needed to fund future legal work, including appeals (unknown due to Mr. Baron’s well-documented vexatious nature including in the appellate courts).

<sup>3</sup> The Receiver is aware of \$1,382,578.72 in various individual retirement accounts in Mr. Baron’s name. However, the Receiver only has access to \$540,327.03 in these accounts. The custodian for the remaining \$842,251.69 did not respond to the Receiver’s requests to gain access to these funds. Thus, the Receiver would need to take further action in order to gain access. The Receiver has not contemplated these actions in these summaries.

<b>RECEIVERSHIP'S PROJECTED <u>WORST CASE</u><sup>4</sup> FINANCIAL PICTURE AS OF MAY 31, 2012</b>	
<b><u>ANTICIPATED LIQUID ASSETS</u><sup>5</sup></b>	<b><u>ANTICIPATED LIABILITIES</u><sup>6</sup></b>
Cash-on-Hand—Baron and LLC accounts. (Section A.1.a): \$1,332,971.85	Former Attorney Claims. (Section A.2.a): \$870,237.19
Anticipated Domain Monetization Revenue through 5/31/12 (\$192,694.78 already obtained this month). (Section A.1.b): \$8,000.00	Granted Fee Applications (Section A.2.b): \$524,927.31
Ordered Domain Sales. The Receiver has executed contracts for the sales of domains totaling \$378,920 that are yet to be fully consummated and the proceeds have not yet been acquired. (Section A.1.c): \$378,920.00	Pending Fee Applications (Section A.2.c): \$562,174.07
Stock Sale. The Court already indicated it would deny this motion. However, the Receiver re-urged his request in a new motion. This assumes the Court will deny such motion. (Section A.1.d): \$0.00	Anticipated Additional Fee Applications through 5/31/12—not yet filed. (Section A.2.d): \$229,000.00
Liquidation of IRAs. The Court already indicated it would deny this motion. However, the Receiver re-urged his request in a new motion. This assumes the Court will deny the Receiver's motion. (Section A.1.e): \$0.00	Anticipated Receivership Expenses through 5/31/12. (Section A.2.e): \$5,000.00
	Renewal Fees for Domain Names through 5/31/12. (Section A.2.f): \$77,927.23
	Operating Expenses through 5/31/12. (Section A.2.g): \$1,893.00
	Carrington Fees. This assumes the Court grants the <i>Carrington Motion for Fees</i> and instructs the Receiver to pay these fees from the Receivership Estate. (Section A.2.h): \$224,233.27
	Barrett Fees. This assumes the Court will grant the <i>Barrett Motion for Fees</i> and instructs the Receiver to pay Mr. Barrett's fees from the Receivership Estate. (Section A.2.i): \$55,166.50
<b>TOTAL ANTICIPATED LIQUID ASSETS: \$1,719,891.85</b>	<b>TOTAL ANTICIPATED LIABILITIES: \$2,545,558.57</b>
<b>NET LIABILITIES EXCEED ASSETS BY \$825,666.72</b>	

<sup>4</sup> While the Receiver deems this scenario the “worst case scenario,” certain positive assumptions are incorporated. In particular, this scenario assumes the consummation of the domain name sales described in Section A.1.c *infra*. So, despite its characterization as the “worst case scenario,” this scenario is not an unrealistic forecast of the Receivership's financial condition as of May 31, 2012.

<sup>5</sup> See *supra* Note 1.

<sup>6</sup> See *supra* Note 2.

As the Court can see from the Best Case Scenario chart above, one or more variables must tip the right way (*e.g.*, the Court permitting liquidation of exempt and/or non-exempt stocks, the Court denying Carrington's motion for fees, the Court denying Mr. Barrett's motion for fees, the Court denying Mr. Barrett's motion for fees, and projected fee applications and expenses not exceeding estimated amounts) for the Receivership's assets to exceed its liabilities by May 31, 2012. Under the Worst Case Scenario, with all of the variables tipping the other way (*e.g.*, the Court not permitting liquidation of exempt and/or non-exempt stocks, the Court granting Carrington's motion for fees, the Court granting Mr. Barrett's motion for fees), the liabilities will far surpass the liquid assets. Furthermore, if, after May 31, 2012, the Receiver remains in place, the liabilities will steadily continue to overtake the liquid assets requiring liquidation of additional assets or risk not satisfying pending liabilities even under the Best Case Scenario. The May 2012 Financial Picture provides the following details regarding the Anticipated Liquid Assets and the Anticipated Liabilities. [Docket No. 924.]

**1. The Receivership's anticipated liquid assets.<sup>7</sup>**

*a. The Receivership estate has cash-on-hand of \$1,332,971.85.*

The Receivership estate currently holds \$301,438.75 in funds from Mr. Baron's personal accounts and funds obtained from Plaintiff Netsphere under the global settlement agreement in this matter. An account belonging to Receivership Party Quantec, LLC currently holds \$697,417.29, while an account belonging to Receivership Party Novo Point, LLC currently holds

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<sup>7</sup> In a brief [Docket No. 337] and a transcribed meeting on March 4, 2011, Mr. Baron claimed that there is an additional source of Receivership assets—\$2 million that Elizabeth Schurig (his former attorney) stole from him and \$4 million that the Plaintiff also stole from him. [Transcript of Court Ordered Meeting, March 4, 2011, at 81:3-83:8.] The Receiver investigated these claims and reported to Mr. Baron in writing that he had found no evidence to substantiate the charges. [Docket No. 375 at p. 5 n.4; Docket No. 416 at pp.35-36 n.7; Docket No. 425 at p. 4 n.8.] Thus far, Mr. Baron has provided no evidence to support these serious allegations of criminal felonies, including whether such claims would be barred by the releases in the global settlement agreement.

\$334,115.81. Thus, the Receivership estate currently has \$1,332,971.85 cash-on-hand. Details of such cash collected, including during April 2012, are included further down in the Report.

*b. The Receiver anticipates obtaining another \$8,000.00 in domain monetization revenue in May 2012 (in addition to \$192,694.78 already obtained this month).*

As described further down in the Report, the Receiver has been successful in diverting domain-name-revenue streams from various monetizers to the Receivership estate. In May 2012, the Receiver has already diverted \$192,694.78 in monetization revenue to the Receivership estate. The Receiver anticipate obtaining an additional \$8,000.00 in monetization revenue this month.

As described in *The Receiver's Motion to Confirm Propriety of Monetizer Switch*, on or about February 23, 2012, the LLCs—with the approval and assistance of the Receiver—switched to a new monetization service, Domain Holdings Group, Inc. (the “Monetizer Switch”). [Docket No. 863 at Ex. A.] The Receiver’s motion details how the Monetizer Switch financially benefits the LLCs—and, thus, the Receivership estate as a whole—for three primary reasons: (1) Domain Holdings will provide the LLCs with programming services at no charge that were previously handled by a programmer, Peter Wall, for more than \$12,000 per month (*see* Section A.2.g *infra*); (2) Domain Holdings guarantees a certain monthly amount in monetization revenue; and (3) the LLCs’ agreement with Domain Holdings anticipates an increase in monetization revenue received by the LLCs. Despite the financial benefits of the Monetizer Switch, however, the bulk of domain name revenues will likely still, as in prior months, be used to pay for Renewal Fees, as explained in Section A.2.f *infra*.<sup>8</sup>

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<sup>8</sup> On December 1, 2011, Google released an update of changes made to its algorithm, including a “[n]ew ‘parked domain’ classifier’ which automatically detect[s] parked domains” so Google can elect “not to show them.” (See <http://insidesearch.blogspot.com/2011/12/search-quality-highlights-new-monthly.html>.) Damon Nelson, the Manager of the LLCs [*see* Docket No. 473], has informed the Receiver that the change will severely limit traffic to

Details of the domain-name revenue that the Receiver has diverted to the Receivership estate to date, including during March 2012, are contained in a chart further down in the Report.

c. *The Receiver has contracts for \$378,920.00 in Court-ordered domain name sales.*

i. \$20,000 related to the First Ordered Domains.

In his first and second motions to approve the sale of specific domain names, the Receiver proposed the sales of certain domain names. [See Docket Nos. 288, 424, 480, 581.] On January 31, 2012, the Court ordered the Receiver to sell those domain names (the “First Ordered Domains”) and use the proceeds to fund certain fee applications. [Docket No. 807.] As of the date of the May 2012 Financial Picture, the Receiver has consummated the sales of certain of First Ordered Domains and disbursed the funds in the manner ordered by the Court. (See *supra* Note 1.)<sup>9</sup> Additionally, the Receiver has executed contracts from third parties for the purchase of certain other First Ordered Domains, with sales prices totaling \$20,000.00, but these sales are yet to be fully consummated and the proceeds have not yet been acquired.

The Receiver is still negotiating the sales of even more First Ordered Domains but has not obtained signed contracts for the purchase of these First Ordered Domains. The May 2012 Financial Picture does not include these First Ordered Domains as Anticipated Liquid Assets because, without a purchaser, it is difficult to estimate true market value. (See *supra* Note 1). Nevertheless, the Receiver is hopeful that these First Ordered Domains can generate revenue to

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the “parked” domain names controlled by Novo Point, LLC and Quantec, LLC (collectively, the “LLCs”), and adversely affect domain name revenue over the coming months. So, this further suggests that the bulk of domain name revenue will likely continue to be largely used to pay for Renewal Fees.

<sup>9</sup> To date, these sales are expected to actually garner \$62,108.85 more than the amount that the Court ordered be used to pay portions of certain fee applications. [See Docket No. 807] At the Receiver’s request, the Court has approved the use of this \$62,108.85 surplus to fund additional outstanding Receivership liabilities. [Docket Nos. 883, 906.]



satisfy the unknown tax liabilities and unknown amounts needed to fund future legal work, including appeals, as discussed in Note 2 *supra*.

ii. \$358,920.00 related to the Second Ordered Domains.

On April 23, 2012, the District Court held a status conference with the parties. The Receiver made the District Court aware of the Receivership's financial situation and the pending motions to sell domain names. The District Court instructed the Receiver to file a motion seeking an order granting the pending motions to sell domains and other domains to pay off current administrative costs. On April 27, 2012, the Receiver filed *The Receiver's Sealed Ex Parte Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Funds Administrative Costs* with this Court requesting, *inter alia*, an order (1) granting the Receiver's third motion to approve the sale of a specific domain name for tentative/non-final sales price of \$200,000.00, which has been on file for almost seven months [Docket No. 685 at Ex. B], (2) allowing the sale of a "package" of 14 domain names for a tentative/non-final sales price of \$157,300.00, and (3) allowing the sale of a separate "package" of 88 domain names for a tentative/non-final sales price of \$500,000. [Docket No. 883.]

On May 3, 2012, the Court granted the motion and ordered that the proceeds from the sale of these domains (the "Second Ordered Domains") be used to pay portions of certain outstanding fee applications. [Docket No. 906.] As of the date of the May 2012 Financial Picture, the Receiver has consummated the sales of certain of the Second Ordered Domains and disbursed the funds in the manner ordered by the Court. (*See supra* Note 1.) As discussed in Section A.2.b.i *infra*, the Receiver has not yet completed sufficient sales of the Second Ordered Domains to pay all of fee applications that the Court ordered be paid. However, the Receiver has executed contracts from third parties for the purchase of certain other Second Ordered Domains, with sales prices totaling \$358,920.00 (\$124,920.00 of which has already been placed in escrow

by certain of the third-party purchasers), but these sales are yet to be fully consummated and the proceeds have not yet been acquired. When the proceeds are acquired, they will be disbursed in the manner ordered by the Court. (*See id.*)

The Receiver is still negotiating the sales of even more Second Ordered Domains but has not obtained signed contracts for the purchase of these Second Ordered Domains. The May 2012 Financial Picture does not include these Second Ordered Domains as Anticipated Liquid Assets because, without a purchaser, it is difficult to estimate true market value. (*See supra* Note 1). Nevertheless, the Receiver is hopeful that these Second Ordered Domains can generate revenue to satisfy the unknown tax liabilities and unknown amounts needed to fund future legal work, including appeals, as discussed in Note 2 *supra*.

Since, according to the May 2012 Financial Picture, the Receivership liabilities will continue to overtake the liquid assets through May 2012, the Receiver is now considering the possibility of seeking an order requiring the selling of additional domain names in order to meet the Receivership's pending liabilities.

d. *The Receivership estate has non-exempt stock that, if sold, would net approximately \$348,000.00 in Receivership liquid assets.*

i. Best Case Scenario.

After withdrawing his motion to cash out both the IRAs and the non-exempt stock [Docket No. 632], on July 7, 2011, the Receiver filed *The Receiver's Motion to Permit Liquidation of Non-Exempt Stocks—But Not the Liquidation of the IRA's* (the "Stock-Only Motion"), requesting permission to cash out Mr. Baron's non-exempt stock. [See Docket No. 640 at Exs. 2-3.] On September 4, 2011, Mr. Baron filed his *Fifth Amendment Objection to Pending Substantive Motions and Motion for Relief* with the Fifth Circuit (Case No. 10-11202), objecting to the Stock-Only Motion, among others, "on grounds of lack of constitutional due

process.” On September 9, 2011, Mr. Baron filed with the Fifth Circuit (Case No. 10-11202) his *Response and Motion for Relief with Respect to Vogel Motion to Liquidate Jeff Baron’s Stocks*, responding to the Stock-Only Motion and arguing that “[l]iquidation of the stocks involves costs including taxes” and “[t]he stocks should not be sold until the appeal of the District [sic] underlying issue of the denial of Jeff Baron’s right to paid counsel and jury trial . . . is resolved.” [See Docket No. 684.] On September 19, 2011, the Receiver filed, also with the Fifth Circuit (Case No. 10-11202), *The Receiver’s Reply in Support of Motion to Permit Liquidation of Non-Exempt Stocks—But Not Liquidation of the IRAs*, providing the legal authority for liquidation of the stocks and informing the Court that the Receiver intends to later supplement the reply with information regarding the capital gains tax liability that would arise upon the liquidation of the stocks. [Id. at Ex. A.] On September 30, 2011, the Receiver filed, with the Fifth Circuit (Case No. 10-11202), *The Receiver’s Sealed Supplement to His Reply in Support of Motion to Permit Liquidation of Non-Exempt Stocks*, explaining his best estimate of capital gains tax liability for the sale of the stock, which would be, as referenced above, between \$0 and approximately \$31,000. [Docket No. 688 at Ex. A.]

On May 9, 2012, the Receiver re-filed the Stock-Only Motion with this Court as part of *The Receiver’s Sealed Motion Re-Filing with the District Court Two Motions Regarding IRAs and Stocks Previously Filed with the Fifth Circuit*. [Docket No. 919 at Exs. A-C.] The Court denied without prejudice the Stock-Only Motion because “the Court wishes to see the results of the sale of domain names.” [Docket No. 935.] The Best Case Scenario assumes that the Court will eventually grant the Stock-Only Motion.

The latest statement for the account holding the stock shows an approximate value of \$379,000. [See Docket No. 388 at Ex. A.] The Receiver has notified the Court that, in the event

it grants the Stock-Only Motion, the stock sale could result in capital gains tax liability of up to approximately \$31,000.00, resulting in a net gain of \$348,000.00 in Receivership liquid assets.

[*See id.*; Docket No. 736.]

ii. Worst Case Scenario.

Under the Worst Case Scenario, the Court denies the Stock-Only Motion *with prejudice* and the Receivership Estate does not receive approximately \$348,000.00. [*Id.*]

e. *The Receivership estate has access to IRAs worth \$540,327.03.*

i. Best Case Scenario.

In its *Advisory*, the Court indicated that it would deny the Receiver's request to liquidate Mr. Baron's IRAs. [Docket No. 630.] However, after the Court issued its *Advisory*, a Former Baron Attorney provided evidence to the Receiver that Mr. Baron used IRA funds to pay attorneys' fees. Based on this evidence, on September 14, 2011, the Receiver filed, with the Fifth Circuit (Case No. 10-11202), *The Receiver's Sealed Motion to Liquidate the Baron IRAs Based on Newly Discovered Evidence and Changed Circumstances* (the "IRA Motion"), requesting that the Court reconsider its *Advisory* statement that it would deny liquidation of the IRAs for the purpose of paying attorneys' fees. [Docket No. 681 at Ex. A.] As stated in the IRA Motion, the Receiver has identified close to \$1,382,578.72 in IRA funds belonging to Mr. Baron. [*Id.*] The Receiver argues that Mr. Baron's use of an IRA to pay attorneys' fees provides a basis for the Receiver to liquidate his IRAs for the same purpose. [*Id.*] As noted above, the Receiver only has access to \$540,327.03 in these account, while the custodian for the remaining \$842,251.69 has not responded to the Receiver's requests to gain access to these funds. (*See supra* Note 3.) Thus, the Receiver would need to take further action in order to gain access to the remaining \$842,251.69, and the Receiver has not contemplated these actions in his financial pictures filed with the Court. [*See* Docket No. 832.] Should the Court allow the \$540,327.03 in

accessed IRA funds to be used to pay the fees of Former Baron Attorneys, as they have been used in the past, the Receiver will be much more likely to have adequate assets to meet the Receivership's pending liabilities.

On September 26, 2011, Mr. Baron responded to the IRA Motion, filing his *Response to Vogel Motion to Liquidate Jeff Baron's IRAs* with the Fifth Circuit (Case No. 10-11202). In his response, Mr. Baron argues that the IRA he used to pay the Former Baron Attorney was the actual client (and not Mr. Baron) in the litigation in which the funds were used to pay the attorneys' fees. Mr. Baron also argues that the Receiver did not obtain a trial court judgment against Mr. Baron and, thus, did not have the power to use those funds.

On October 3, 2011, the Receiver filed *The Receiver's Reply in Support of Sealed Motion to Liquidate the Baron IRAs Based on Newly Discovered Evidence and Changed Circumstances* and provided evidence in the form of a declaration from the relevant Former Baron Attorney testifying that Mr. Baron was, indeed, the client for all purposes in the litigation at issue. [Docket No. 690 at Ex. A.] The Receiver—similar to the Stock-Only Motion—further argued he has the power in equity to liquidate the IRAs and use the funds to pay Mr. Baron's liabilities. [*Id.*]

On May 9, 2012, the Receiver re-filed the IRA Motion with this Court as part of *The Receiver's Sealed Motion Re-Filing with the District Court Two Motions Regarding IRAs and Stocks Previously Filed with the Fifth Circuit*. [Docket No. 919 at Exs. D-E.] The Court denied without prejudice the IRA Motion because “the Court wishes to see the results of the sale of domain names.” [Docket No. 935.] The Best Case Scenario assumes that the Court will eventually grant the IRA Motion, resulting in a gain of \$348,000.00 in Receivership liquid assets. [See Docket No. 919 at Exs. D-E; *supra* Note 3.]

ii. Worst Case Scenario.

Under the Worst Case scenario, the Court denies *with prejudice* the IRA Motion and the Receivership Estate does not receive approximately \$540,327.03 in IRA funds to which the Receiver currently has access. [Docket No. 736.]

**2. The Receivership's anticipated liabilities.**

a. *The Receivership will fund the Former Baron Attorney claims totaling \$870,237.19.*

Based on declarations that the Receiver received and submitted to the Court, in *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396], *The Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 400], and *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 411] (collectively, the "Former Attorney Claim Motions"), the claims from the unpaid attorneys of Mr. Baron total \$1,453,270.35 (a detailed chart breaking this amount down by each claimant can be found further down in this Report). Of that amount, the Receiver understands that the Trustee will be paying \$457,266.58 from the Ondova estate. The Receiver has also not proposed disbursement of a portion (\$2,750.00) of the claim of one unpaid attorney of Mr. Baron. (*See infra* note 41.) That left unpaid attorney claims before the Receiver of \$988,551.93.

On April 28, 2011, the Court admitted into evidence 25 declarations from the Former Baron Attorneys.<sup>10</sup> On May 6, 2011, the Court denied the Receiver's Former Attorney Claim

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<sup>10</sup> The Declaration of Robert Garrey was inadvertently not admitted into evidence at the hearing on April 28, 2011 (the "Garrey Declaration"). [*See* Docket No. 569 at p. 10 n. 3, p. 23 at n. 33.] However, the Receiver previously filed such declaration as part of *The Receiver's First Assessment Regarding Former Baron Attorneys and The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims*. [*See* Docket No. 399 at Appx. 803.] Mr. Garrey also appeared at the hearing on April 28, 2011, and made himself available for examination by Mr. Baron. Finally, Mr. Baron did not offer evidence to controvert the Garrey Declaration. As a result, the Garrey Declaration was deemed admitted and considered by the Court in its *Findings of Fact, Conclusions of Law, and Order on Assessment of Attorney Claims*. [Docket No. 575 at p. 13 n. 4.]

Motions without prejudice and instructed the Receiver to institute a fee cap of \$400 for any attorneys whose Former Attorney Claims consisted of hourly fees in excess of \$400 (the “Fee Cap”). [Docket No. 527.] Accordingly, on May 13, 2011, the Receiver filed his *Fourth Motion to Approve Assessment and Disbursement of Attorney Claims [Corrected Version]* which applied the Fee Cap to the Former Attorney Claims resulting in a reduction of \$140,501.28 (the “Fourth Attorney Claim Motion”). [Docket No. 569.]<sup>11</sup> The same day the Receiver accompanied this filing with his submission to the Court via e-mail of his *Findings of Fact, Conclusions of Law, and Order on Assessment of Attorney Claims [Corrected Version]* (the “Findings of Fact”).<sup>12</sup> On May 13, 2011, the Receiver notified the parties and the Former Baron Attorneys of this submission via email. [Docket No. 570.] As described in the Fourth Attorney Claim Motion and the Findings of Fact, the Receiver moved for approval and assessment of \$870,237.19 to pay the claims of the Former Baron Attorneys. [Docket No. 569.] On May 18, 2011, the Court executed the Findings of Fact and approved \$870,237.19 in payment to the Former Baron Attorneys upon the Receiver’s acquisition of sufficient cash. [Docket No. 575.]

A more detailed discussion of the Receiver’s work relating to the claims of the Former Baron Attorneys is included further down in this Report.

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<sup>11</sup> *The Receiver’s Fourth Motion to Approve Assessment and Disbursement of Attorney Claims [Corrected Version]* supplants and replaces the version filed on May 11, 2011, which contained mathematical errors. [Docket No. 562.]

<sup>12</sup> The Receiver’s *Findings of Fact, Conclusions of Law, and Order on Assessment of Attorney Claims [Corrected Version]* completely supplants and replaces the original version filed May 11, 2011, which contained mathematical errors. [Docket No. 563.]

b. *The Court has granted—but the Receiver has not yet funded—fee applications totaling \$524,927.31.*

i. \$58,628.63 pursuant to order granting Grant Thornton fee applications.

As discussed in Section A.1.c.ii *supra*, on May 3, 2012, the Court granted *The Receiver’s Sealed Ex Parte Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Funds Administrative Costs* and ordered that the proceeds from the sale of the Second Ordered Domains be used to pay portions of certain outstanding fee applications. [Docket No. 906.] To date, the Receiver has funded all applicable fee applications except those of Receivership Professional Grant Thornton, LLC, which total \$58,628.63. [*Id.*; *see also* Docket No. 883 at Exs. 45-50 (copies of the Grant Thornton fee applications).] As explained in Section A.1.c.ii *supra*, the Receiver has executed contracts from third parties for the purchase of certain other Second Ordered Domains, but these sales are yet to be fully consummated and the proceeds have not yet been acquired. When sufficient proceeds are acquired from these sales, \$58,628.63 will be disbursed to Grant Thornton pursuant to the Court’s order. [Docket No. 906.]

ii. \$60,000.00 pursuant to order granting Martin Thomas fee applications.

On May 3, 2012, the Court issued its *Order Granting the Receiver’s Fourth Application for Reimbursement of Fees Incurred by Martin Thomas* and *Order Granting the Receiver’s Fifteenth Application for Reimbursement of Fees Incurred by Martin Thomas*, directing the Receiver to pay Martin Thomas a collective \$10,000.00 “from the Receivership Assets to which the Receiver has obtained access.” [Docket Nos. 901, 903.] On May 16, the Court issued its *Order Granting the Receiver’s Fifth Through Fourteenth Application for Reimbursement of Fees Incurred by Martin Thomas*, directing the Receiver to pay Martin Thomas another \$50,000.00 “from the Receivership Assets to which the Receiver has obtained access.” [Docket No. 929.]



The orders allow the Receiver to make such payments to Mr. Thomas “when the Receiver deems that he has access to sufficient Receivership Assets in the form of cash so that making such payment does not create any risk to the Receiver’s ability to pay any other pending or soon-to-be pending debts or liabilities arising out of the Receivership.” [Docket Nos. 901, 903, 929.] So, the Receiver is examining the current status of the Receivership’s available cash-on-hand as compared to its pending or soon-to-be-pending debts and liabilities in order to determine the proper time to make the \$60,000.00 collective payments to Mr. Thomas.

- iii. \$26,537.50 pursuant to order granting Thomas Jackson fee applications.

On May 3, 2012, the Court issued its *Order Granting the Receiver’s Sixth Application for Reimbursement of Fees Incurred by Thomas Jackson*, directing the Receiver to pay Thomas Jackson \$2,787.50 from funds located in Quantec, LLC’s bank account. [Docket No. 902.] On May 16, 2012, the Court issued its *Order Granting the Receiver’s Seventh & Eighth Application for Reimbursement of Fees Incurred by Thomas Jackson*, directing the Receiver to pay Thomas Jackson another \$23,750.00 from funds located in Quantec, LLC’s bank account. [Docket No. 902.] The Receiver is currently working with Damon Nelson, the Manager of Quantec, LLC [see Docket No. 473], to make this collective \$26,537.50 payment to Mr. Jackson.

- iv. \$379,761.18 pursuant to order granting Trustee fee application.

On April 19, 2011, the Trustee filed the *Motion of Daniel J. Sherman, Chapter 11 Trustee for Ondova Limited Company, for Reimbursement of Fees and Expenses from the Receivership Estate* (the “Motion for Reimbursement”), requesting that the Trustee be paid \$379,761.18 from the Receivership Assets. [Docket No. 467.] On May 3, 2011, the Court issued its *Order Granting Motion of Daniel J. Sherman, Chapter 11 Trustee for Ondova Limited*

*Company, for Reimbursement of Fees and Expenses from the Receivership Estate*, ordering that “the Trustee be reimbursed in the amount of \$379,761.18.” [Docket No. 896.]

The Court’s order, however, states that “all fees and expenses herein are subject to final Bankruptcy Court approval.” [*Id.*] On May 10, 2012, the Trustee filed with the Court *Daniel J. Sherman, Chapter 11 Trustee’s Motion to Clarify the Order Granting Motion of Daniel J. Sherman, Chapter 11 Trustee for Ondova Limited Company, for Reimbursement of Fees and Expenses from the Receivership Estate*. [Docket No. 921.] The Trustee’s motion requested that the Court enter an order “that there is no requirement of further action by the Bankruptcy Court or any other Court before the [\$379,761.18] payment is made” and, thus, the Receiver should make the payment “without delay.” [*Id.*] The Court granted the Trustee’s requested order on May 16, 2012. [Docket No. 931.] So, the Receiver will pay \$379,761.18 to the Trustee.

c. *The Court has fee applications pending before it totaling \$562,174.07.*

In addition to the \$451,177.31 in fee applications that the Court has already granted, the following fee applications (totaling \$562,174.07) are pending before the Court.

i. \$156,612.77 in partially pending Receiver fee applications.

This Court has partially granted 15 fee applications filed on behalf of the Receiver for work performed between January 2011 and April 2012, leaving a total of \$156,612.77 in fees pending, as follows:

- \$13,822.27 pursuant to *The Receiver’s Third Receiver Fee Application* (unpaid amounts incurred in January 2011) [Docket Nos. 323, 387, and 883 at Ex. 1];
- \$20,881.25 pursuant to *The Receiver’s Fourth Receiver Fee Application* (unpaid amounts incurred in February 2011) [Docket Nos. 417, 429, and 883 at Ex. 2];
- \$13,068.90 pursuant to *The Receiver’s Fifth Receiver Fee Application* (unpaid amounts incurred in March 2011) [Docket Nos. 490, 532, and 883 at Ex. 3];

- \$7,087.50 pursuant to *The Receiver's Sixth Receiver Fee Application* (unpaid amounts incurred between April 1-22, 2011) [Docket Nos. 492, 534, and 883 at Ex. 4];
- \$13,510.00 pursuant to *The Receiver's Seventh Receiver Fee Application* (unpaid amounts incurred between April 23-May 31, 2011) [Docket Nos. 605, 630, 807, and 883 at Ex. 5];
- \$10,570.12 pursuant to *The Receiver's Eighth Receiver Fee Application* (unpaid amounts incurred between June 1-July 15, 2011) [see Docket Nos. 648 at Ex. A, 806-07, and 883 at Ex. 6];
- \$13,027.86 pursuant to *The Receiver's Ninth Receiver Fee Application* (unpaid amounts incurred between July 16-August 31, 2011) [see Docket Nos. 678 at Ex. C, 806-07, and 883 at Ex. 7];
- \$6,058.00 pursuant to *The Receiver's Tenth Receiver Fee Application* (unpaid amounts incurred in September 2011) [see Docket No. 698 at Ex., 806-07, and 883 at Ex. 8];
- \$6,860.00 pursuant to *The Receiver's Eleventh Receiver Fee Application* (unpaid amounts incurred in October 2011) [see Docket Nos. 713 at Ex. A, 806-07, and 883 at Ex. 9];
- \$17,325.00 pursuant to *The Receiver's Twelfth Receiver Fee Application* (unpaid amounts incurred between November 1-December 15, 2011) [see Docket Nos. 750 at Ex. A, 806-07, and 883 at Ex. 10];
- \$4,392.50 pursuant to *The Receiver's Thirteenth Receiver Fee Application* (unpaid amounts incurred between December 16-December 31, 2011) [see Docket Nos. 781 at Ex. A, 806-07, and 883 at Ex. 11];
- \$13,772.50 pursuant to *The Receiver's Fourteenth Receiver Fee Application* (unpaid amounts incurred between January 1-February 21, 2012) [see Docket Nos. 840 at Ex. C, 883 at Ex. 12, and 906];
- \$2,992.50 pursuant to *The Receiver's Fifteenth Receiver Fee Application* (unpaid amounts incurred between February 22-29, 2012) [see Docket Nos. 853 at Ex. A, 883 at Ex. 13, and 906];
- \$7,822.50 pursuant to *The Receiver's Sixteenth Receiver Fee Application* (unpaid amounts incurred in March, 2012) [see Docket Nos. 877 at Ex. A, 883 at Ex. 14, and 906]; and
- \$5,421.87 pursuant to *The Receiver's Seventeenth Receiver Fee Application* (unpaid amounts incurred between April 1-20, 2012) [see Docket Nos. 879 at Ex. A, 883 at Ex. 15, and 906].

ii. \$405,561.30 in partially pending Gardere fee applications.

This Court has partially granted 15 fee applications filed on behalf of the Receiver's counsel, Gardere Wynne Sewell, LLP, for work performed between January 2011 and April 2012, leaving a total of \$405,561.30 in fees pending, as follows:

- \$30,838.66 pursuant to *The Receiver's Third Gardere Fee Application* (unpaid amounts incurred in January 2011) [Docket Nos. 324, 386, and 883 at Ex. 16];
- \$40,860.05 pursuant to *The Receiver's Fourth Gardere Fee Application* (unpaid amounts incurred in February 2011) [Docket Nos. 418, 427, and 883 at Ex. 17];
- \$38,748.97 pursuant to *The Receiver's Fifth Gardere Fee Application* (unpaid amounts incurred in March 2011) [Docket Nos. 491, 533, and 883 at Ex. 18];
- \$19,955.60 pursuant to *The Receiver's Sixth Gardere Fee Application* (unpaid amounts incurred between April 1-22, 2011) [Docket Nos. 493, 535, and 883 at Ex. 19];
- \$45,389.01 pursuant to *The Receiver's Seventh Gardere Fee Application* (unpaid amounts incurred between April 23-May 31, 2011) [Docket Nos. 606, 630, 806-07, and 883 at Ex. 20];
- \$27,120.94 pursuant to *The Receiver's Eighth Gardere Fee Application* (unpaid amounts incurred between June 1-July 15, 2011, 2011) [*see* Docket Nos. 648 at Ex. B, 806-07, and 883 at Ex. 21];
- \$40,938.55 pursuant to *The Receiver's Ninth Gardere Fee Application* (unpaid amounts incurred July 16-August 31, 2011, 2011) [*see* Docket Nos. 678 at Ex. D, 806-07, and 883 at Ex. 22];
- \$19,253.51 pursuant to *The Receiver's Tenth Gardere Fee Application* (unpaid amounts incurred in September 2011) [*see* Docket Nos. 698 at Ex. B, 806-07, and 883 at Ex. 23];
- \$18,205.94 pursuant to *The Receiver's Eleventh Gardere Fee Application* (unpaid amounts incurred in October 2011) [*see* Docket Nos. 713 at Ex. B, 806-07, and 883 at Ex. 24];
- \$40,522.45 pursuant to *The Receiver's Twelfth Gardere Fee Application* (unpaid amounts incurred November 1-December 15, 2011) [*see* Docket Nos. 750 at Ex. B, 806-07, and 883 at Ex. 25];

- \$11,698.18 pursuant to *The Receiver's Thirteenth Gardere Fee Application* (unpaid amounts incurred December 16-December 31, 2011) [*see* Docket Nos. 781 at Ex. B, 806-07, and 883 at Ex. 26];
  - \$31,571.77 pursuant to *The Receiver's Fourteenth Gardere Fee Application* (unpaid amounts incurred between January 1-February 21, 2012) [*see* Docket Nos. 840 at Ex. D, 883 at Ex. 27, and 906<sup>13</sup>];
  - \$8,150.00 pursuant to *The Receiver's Fifteenth Gardere Fee Application* (unpaid amounts incurred between February 22-29, 2012) [*see* Docket Nos. 853 at Ex. B, 883 at Ex. 28, and 906];
  - \$19,581.15 pursuant to *The Receiver's Sixteenth Gardere Fee Application* (unpaid amounts incurred in March, 2012) [*see* Docket Nos. 877 at Ex. B, 883 at Ex. 29, and 906]; and
  - \$12,726.52 pursuant to *The Receiver's Seventeenth Gardere Fee Application* (unpaid amounts incurred between April 1-20, 2012) [*see* Docket Nos. 879 at Ex. B, 883 at Ex. 30, and 906].
- d. *Estimated additional fee applications through May 31, 2012, will likely total approximately \$229,000.00.*

The following are estimated fee applications (with estimated amounts totaling \$229,000.00) that the Receiver foresees filing with the Court for work performed through May 31, 2012:

- \$15,000.00 pursuant to *The Receiver's Eighteenth Receiver Fee Application* (for amounts incurred from April 21 through April 30, 2012);
- \$50,000.00 pursuant to *The Receiver's Eighteenth Gardere Fee Application* (for amounts incurred from April 21 through April 30, 2012);
- \$35,000.00 pursuant to *The Receiver's Nineteenth Receiver Fee Application* (for amounts incurred in May 2012);
- \$70,000.00 pursuant to *The Receiver's Nineteenth Gardere Fee Application* (for amounts incurred in May 2012);
- \$25,000.00 pursuant to *The Receiver's Sixteenth Application for Reimbursement of Fees Incurred by Damon Nelson* (for amounts incurred from April 21 through May 31, 2012);

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<sup>13</sup> See Docket No. 922.

- \$6,000.00 pursuant to *The Receiver's Eighth Eckels Fee Application* (for amounts incurred from April 21 through May 31, 2012);
  - \$8,000.00 pursuant to *The Receiver's Seventeenth Cox Fee Application* (for amounts incurred from April 21 through May 31, 2012);
  - \$15,000.00 pursuant to *The Receiver's Eighth Grant Thornton Fee Application* (for amounts incurred from April 21 through May 31, 2012); and
  - \$5,000.00 pursuant to *The Receiver's Sixteenth Application for Reimbursement of Fees Incurred by Martin Thomas* (for amounts incurred in May 2012).
- e. The Receiver anticipates paying expenses through May 31, 2012 totaling \$5,000.00.*

Before May 31, 2012, the Receiver will disburse \$5,000.00 to Mr. Baron for his daily-living expenses for June 2012. Details regarding the expenses that the Receiver has paid from the Receivership estate to date, including during April 2012, are included in a chart further down in the Report.

- f. The Receiver anticipates paying Renewal Fees through May 31, 2012 totaling \$77,927.23.*

As discussed further down in the Report, domain names (such as the ones registered by the LLC) require an annual renewal fee to be paid to the registrar (the "Renewal Fees"). As the Receiver explained in his *Notice of Increase in Domain Name Renewal Fees and Consequential Change in Definition of Money-Losing Domain Names*, on January 1, 2012, the registrar for the LLCs' domain names (Fabulous.com) raised its annual Renewal Fees for individual domain names from \$7.67 to \$8.18 for .com names and from \$5.73 to 6.19 for .net names. [Docket No. 803.]

Failure to pay Renewal Fees will lead to forfeiting the registration and control over the domain names. Renewal Fees for certain domain names are due by the end of May 2012. Damon Nelson, the Manager of the LLCs [*see* Docket No. 473], anticipates that such Renewal Fees will total \$77,927.23. (*See* discussion in Section A.1.b *supra*.)

Details regarding all Renewal Fees that the Receiver has paid from the Receivership estate, including in April 2012, are included in a chart further down in the Report.

- g. The Receiver anticipates paying operating expenses through May 31, 2012, totaling \$1,893.00.*

Mr. Nelson keeps the Receiver apprised of the LLCs' expenses. Below is a chart of LLC expenses (with an estimated total of \$1,893.00) that Mr. Nelson has forecasted through May 31, 2012 (excluding payment of Renewal Fees, which is discussed in the previous section):

<b>Recipient</b>	<b>Amount</b>	<b>Type</b>
Quasar Services, LLC	\$825.00	Rent and Wireless Internet Expenses
Domain Name Appraiser	\$1,000.00	Domain Name Appraisal for Potential Domain Name Sales
BBVA Compass Bank	\$68.00	Bank Fees
<b>TOTAL:</b>	<b>\$1,893.00</b>	

The LLCs have experienced a significant decrease in the anticipated operating expenses since February 2012. [*See, e.g.*, Docket No. 832 (February 2012 financial picture projecting \$14,260.00 in operating expenses).] As detailed in *The Receiver's Motion to Confirm Propriety of Monetizer Switch* (discussed in Section A.1.b *supra*), one financial benefit of the Monetizer Switch is that Domain Holdings will provide the LLCs with programming services at no charge that were previously handled by a third-party programmer for more than \$12,000 per month. [*See* Docket No. 863 at Ex. A.] Now, the LLCs will only utilize the programmer's services on a project-to-project basis and Mr. Nelson has informed the Receiver that he anticipates the LLCs will not spend more than \$1,000 per month for such services. [*Id.*] This turn of events saves the LLCs money and, in turn, maximizes the Receivership Assets available to fund Receivership liabilities.

Details regarding all operating expenses that the Receiver has paid from the Receivership estate, including during April 2012, are included in a chart further down in the Report.

h. *Carrington has submitted an attorneys' fees claim of \$224,233.27.*

i. Best Case Scenario.

On June 15, 2011, Carrington, a former Baron law firm, filed a *Motion for Reconsideration or Alter or Amend the Findings of Fact, Conclusions of Law, and Order on Assessment of Attorney Claims*. [Docket No. 613.]<sup>14</sup> Carrington alleges that it is entitled to payment of its former attorney claim in the amount of \$224,223.27 from the Receivership Assets. [*Id.*] The Receiver responded to the motion on three grounds. [Docket Nos. 633 and 634.] First, the Receiver noted that the Trustee had already promised to pay Carrington from the Ondova estate. [*Id.*] Second, Carrington had never once taken issue with the Receiver's request that he not have to pay Carrington. [*Id.*] Third, the Receiver does not have the available cash to cover Carrington's claim (see above), and the Trustee does. [*Id.*] Mr. Baron also filed his own response to Carrington's motion. [Docket No. 639.]

In its *Advisory*, the Court stated that it "will evaluate the merits" of the Carrington motion. [Docket No. 630.] In the Best Case Scenario, the Court will deny Carrington's motion because, as explained already above, the Receivership's financial position is growing more and more precarious.

ii. Worst Case Scenario.

If the Court were also to grant the motion to pay Carrington's bankruptcy claim of \$224,233.27, the Receivership liabilities could drown the liquid assets to an even greater extent.

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<sup>14</sup> Carrington also filed a "conditional" notice of appeal with the Fifth Circuit appealing the Court's *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Former Attorney Claims*. [Docket No. 614.] Carrington's appeal is consolidated with Mr. Baron's appeal of the same order (Fifth Circuit Case No. 11-10501).



i. *Peter Barrett has submitted a claim for \$55,166.50 from the Receivership estate.*

i. Best Case Scenario.

Peter Barrett is a Former Baron Attorney—but not one in the sense as typically discussed in the Receivership. Mr. Barrett served as one of Mr. Baron’s attorneys during the course of the Receivership and has since withdrawn. [Docket No. 457.] On July 6, 2011, Mr. Barrett filed a fee application seeking \$55,166.50. [Docket No. 637.] Approval of this fee application, of course, would add to the Receivership’s growing list of obligations. Thus, the preferable outcome for the Receivership Estate would be for the Court to deny this request and instruct Mr. Barrett to seek payment from Mr. Baron post-Receivership.

ii. Worst Case Scenario.

Under the Worst Case Scenario, the Court orders the Receiver to pay Mr. Barrett’s fee claim of \$55,166.50 from the Receivership Estate. Such an order would place further pressure on the Receiver’s ability to satisfy the Receivership’s liabilities.

**B. Work that the Receiver performed in April 2012 relating to identifying, accessing, and managing the Receivership Assets.**

In order to accomplish the goal of paying the unpaid-attorney claims, the Receiver must accomplish two major tasks:

First Task: Identify, gain access to, and manage the Receivership Assets—both cash and non-cash amounts.

Second Task: Identify and work with Mr. Baron’s unpaid attorneys to collect evidence relating to their claims.

This section of the report (Section B) will discuss the first task (and a separate section of the Report (Section C) will discuss the second task).

**1. Work relating to identifying the Receivership Assets.**

The sections of the Report below detail the Receiver's work in identifying the monies, assets, and funds and, specifically, the work the Receiver performed in April 2012 relating to attempting to identify Receivership Assets through: (a) communications, (b) document collection, and (c) extending the Receiver's jurisdictional reach.

*a. The Receiver continued attempting to identify Receivership Assets through communications.*

The Receiver has continued his attempts to communicate with numerous individuals for the purpose of, among other things, identifying the Receivership Assets.

One of the three current methods for acquiring cash to pay the Receivership's liabilities is to collect funds from the Cook Islands (while the other two involve (a) liquidating the stocks and IRAs and (b) selling domain names). Obtaining cash from the Cook Islands would arguably be the most ideal source of funds, since, for example, it would presumably not create the same potential tax complexities with cashing out IRAs or require the resources to be expended in selling domain names (along with the reduction in monetizer fees for the LLCs once those domain names are gone).

In order to collect information about and gain access to the money in the Cook Islands, the Receiver has—since December 2010—been seeking an Order requiring Mr. Baron to cooperate. Details of previous efforts are contained in past reports and will not be repeated here for brevity. Suffice to say, Mr. Baron still has not provided the Receiver with any information concerning offshore accounts.

*b. The Receiver has attempted to identify Receivership Assets through document collection.*

As the Receiver noted in the January and February 2011 Receiver Reports, a number of individuals from whom the Receiver sought information and documents provided the requested

information and documents easily, while others—especially those reporting to Mr. Baron—did everything possible not to cooperate and to obstruct the Receiver. [Docket Nos. 321 and 416.] There are two general categories of document collection that the Receiver specifically pursued and will be discussed below: (i) non-privileged documents, and (ii) privileged documents.

i. The Receiver has continued attempting to identify Receivership Assets through document collection of non-privileged documents.

The Receiver previously organized for each of the individuals from whom the Receiver requested information and documents, the types of documents and information each of them provided to the Receiver (along with what types of documents and information the Receiver believes to be deficient). Details are set forth in the January and February 2011 Receiver Reports. [Docket No. 321 at pp. 5-15; Docket No. 416 at pp. 13-15.] To be efficient, the Receiver will not repeat that in this Report. Instead, the Receiver will merely report on the status of the remaining work to be done.

Importantly, the Court should note that these efforts are largely targeted at obtaining cash from the Cook Islands—which is the alternative to having to cash out stocks and IRAs or sell as many domain names.

Name	Description of individual's involvement	Documents and information not yet provided to Receiver
Adrian Taylor	Former Manager of Southpac Trust Ltd.	Documents related to accounts held by The Village Trust and related entities.
Brian Mason	Manager of Southpac Trust Ltd.	Documents related to accounts held by The Village Trust and related entities.
Elizabeth Schurig	Former attorney for certain Receivership Parties	Documents related to Mr. Baron, the LLCs, The Village Trust and related entities, to which Ms. Schurig claims privilege.

Name	Description of individual's involvement	Documents and information not yet provided to Receiver
Gary Schepps	Counsel for Mr. Baron	<p>Documents related to accounts held by The Village Trust and related entities.</p> <p>Information related to Mr. Schepps' alleged retention as attorney for the LLCs.</p> <p>Documents related to Mr. Baron's relationship with The Village Trust and related entities and Mr. Baron's communications with Mr. Harbin and Fabulous.com.</p> <p>Specific examples of documents that Mr. Schepps, as counsel for Mr. Baron, has failed to provide the Receiver include all Mr. Baron's correspondence (including, without limitation, e-mails, letters, and faxes) with (1) Tine Faasili Ponia, Narida Crocombe, Brian Mason, Adrian Taylor, David McNair, The Village Trust, Southpac Trust, Ltd., Asiaciti Trust Pacific Limited, or anyone acting on behalf of the foregoing individuals or entities, (2) Jeff Harbin, Thomas Jackson, or anyone acting on behalf of Messrs. Harbin or Jackson, and (3) Mike Robertson, Ben Stewart, Susan Horton, Peter Stevenson, or anyone acting on behalf of Fabulous.com or the foregoing individuals.</p> <p>Documents relating to the funds that Mr. Baron alleges Ms. Schurig and Mr. Munish Krishan misappropriated.</p> <p>Documents related to Receivership Assets received by Mr. Schepps and deposited in his firm's IOLTA account at North Dallas Bank &amp; Trust, a portion of which were used to pay Mr. Craig Kyle Hemphill, who, as described in previous Receiver Reportes, has represented himself as counsel for Mr. Baron, Ondova Limited Company, and Mr. Schepps' law firm.</p>
Jeff Hall	Former attorney for Mr. Baron	Documents related to Mr. Baron to which Mr. Hall claims privilege.

<b>Name</b>	<b>Description of individual's involvement</b>	<b>Documents and information not yet provided to Receiver</b>
Jeff Harbin	Former manager of the LLCs	His entire file of documents (privileged and unprivileged) relating to the LLCs.
Thomas Jackson	Former counsel for the LLCs	His entire file of documents (privileged and unprivileged) relating to the LLCs.
Tine Faasili Ponia	Former General Counsel for Southpac Trust Ltd.	Documents related to accounts held by The Village Trust and related entities.
Jeff Baron	Subject of Receivership	<p>Documents related to accounts held by The Village Trust and related entities.</p> <p>Documents related to Mr. Baron's relationship with The Village Trust and related entities and his communications with Mr. Harbin and Fabulous.com.</p> <p>Specific examples of documents that Mr. Baron has failed to provide the Receiver include all correspondence (including, without limitation, e-mails, letters, and faxes) with (1) Tine Faasili Ponia, Narida Crocombe, Brian Mason, Adrian Taylor, David McNair, The Village Trust, Southpac Trust, Ltd., Asiatic Trust Pacific Limited, or anyone acting on behalf of the foregoing individuals or entities, (2) Jeff Harbin, Thomas Jackson, or anyone acting on behalf of Messrs. Harbin or Jackson, and (3) Mike Robertson, Ben Stewart, Susan Horton, Peter Stevenson, or anyone acting on behalf of Fabulous.com or the foregoing individuals.</p> <p>Documents relating to the \$2 million that Mr. Baron alleges Ms. Schurig misappropriated.</p> <p>Documents relating to the \$4 million that Mr. Baron alleges Mr. Munish Krishan misappropriated.</p>
Narida Crocombe	Ms. Ponia's apparent replacement as General Counsel for Southpac Trust Ltd.	Documents related to accounts held by The Village Trust and related entities.

Name	Description of individual's involvement	Documents and information not yet provided to Receiver
Craig Kyle Hemphill	As described in previous Receiver Reports, Mr. Hemphill has represented himself as counsel for Mr. Baron, Ondova Limited Company, and Schepps Law Office	Documents related to Mr. Hemphill's retention by any Receivership Parties or their agents.
Hong Kong Shanghai Banking Corporation (HSBC)	As described further down in the Report, HSBC is believed to hold an account containing Receivership Assets	Documents related to the identity of any Receivership Party having access to or control over a HSBC account believed to be held by one or more Receivership Parties, the amount of any funds contained in the HSBC account, and the source of any funds in the HSBC account.
HSBC USA, Inc.	As described further down in the Report, this is a domestic entity related to HSBC	Documents related to the identity of any Receivership Party having access to or control over a HSBC account believed to be held by one or more Receivership Parties, the amount of any funds contained in the HSBC account, and the source of any funds in the HSBC account.
HSBC Bank USA, NA	As described further down in the Report, this is a domestic entity related to HSBC	Documents related to the identity of any Receivership Party having access to or control over a HSBC account believed to be held by one or more Receivership Parties, the amount of any funds contained in the HSBC account, and the source of any funds in the HSBC account.
David McNair	Protector of The Village Trust	Documents relating to The Village Trust.

The Receiver will continue to follow up, where necessary, with certain of these individuals to conduct interviews (or additional interviews) and collect information and documents (or additional information and documents).

ii. The Receiver continued attempting to identify Receivership Assets through document collection of privileged documents.

As previously reported in his January and February 2011 Receiver Reports, certain individuals maintain relevant information and documents concerning the identification of additional Receivership Assets (*e.g.*, Ms. Schurig, former counsel to certain Receivership Parties, and Mr. Hall, former counsel to Mr. Baron). [Docket Nos. 321 and 416.] These individuals, however, did not produce this information because of attorney-client privilege concerns. The Receiver previously conducted research supporting the notion that: (a) the Receiver is entitled under the Receivership Order to obtain the privileged documents and (b) obtaining the privileged documents will not waive the privilege except as to the Receiver (*i.e.*, no global waiver). In February 2011, the Receiver conducted additional analysis. [Docket No. 416.] The Receiver reserves his right to file a motion with the Court seeking an order compelling these individuals to produce the purportedly privileged information. Ultimately, the Receiver hopes that these privileged documents contain information relating to the identity and ability to access cash in the Cook Islands although the sale of domain names and cashing out of stocks appear to be the more viable strategy.

c. *The Receiver continued attempting to identify Receivership Assets through extending his jurisdictional reach.*

The Receiver retained local counsel in 16 foreign jurisdictions to assist with locating and accessing assets. [Docket No. 343.] On March 7, 2011, the Receiver notified the Court of these retentions. [*Id.*] Further, Mr. Baron appealed the Court's *Order Granting the Receiver's Motion to Restart 10-Day Clock to File Miscellaneous Actions*. [Docket Nos. 293, 340.] Given how routine it is for courts, in their discretion, to grant motions to restart the 10-day clock for filing miscellaneous actions, the fact that Mr. Baron is appealing this order is a microcosm of his obtrusive and pointless tactics. He wants nothing more than to obstruct the Receiver and thereby

drive up litigation costs. The Receiver has used the extension of his jurisdictional reach to obtain documents and information from individuals and entities located outside the Northern District of Texas—as discussed in detail below—Hellerman Baretz Communications (located in the District of Columbia), Ms. Jennifer Gronwaldt (located in the Southern District of Texas), Mr. Craig Hemphill (also located in the Southern District of Texas), HSBC USA, Inc. (located in the Southern District of New York), and HSBC Bank USA, NA (located in the Eastern District of Virginia). Further—as also discussed in detail below—the Receiver has used the extension of his jurisdictional reach to successfully argue this Court’s authority to order the Internet Corporation for Assigned Names and Numbers (“ICANN”) to comply with the stay of proceedings put in place by the Receiver Order. [See Docket No. 730.]

**2. Work relating to accessing the Receivership Assets.**

In the January and February 2011 Receiver Reports, the Receiver discussed how he successfully *identified* 32 accounts totaling approximately \$3.9 million (combining cash, stocks, IRAs, etc.), (a) approximately \$3 million being attributable to Mr. Baron’s individual accounts (the “Baron Funds”—which contained at one point approximately \$980,000.00 in cash but which, as is reflected by the May 2012 Financial Picture’s analysis (summarized above), will likely be fully disbursed even prior to paying unpaid-attorney claims) and (b) approximately \$900,000.00 being attributable to accounts in the names of the LLCs (the “LLC Funds”). [Docket Nos. 321, 416.] In the January and February 2011 Receiver Reports, the Receiver also discussed how, in addition to the Baron Funds and the LLC Funds, the Receiver also *identified* revenue streams from Netsphere (“Netsphere Stream”) and revenue streams from various monetizers (“Monetizer Streams”). [Id.] Identifying and accessing funds, however, are two completely different projects—especially when Mr. Baron and his agents are doing everything in their power to prevent the latter from occurring. The sections of the Report below will detail the



Receiver's work relating to (a) maintaining access to Baron Funds, (b) maintaining access to LLC Funds, (c) obtaining access to additional amounts from the Netsphere Stream, (d) obtaining access to additional amounts from the Monetizer Stream, and (e) performing additional efforts to access additional funds. Although a discussion of the 28 U.S.C. § 754 filings would be equally apropos here as it is in section B.1.c above, the discussion would be redundant; thus, the Receiver will not repeat that discussion below.

*a. The Receiver previously obtained access to Baron Funds.*

As the Receiver reported in the January and February 2011 Receiver Reports, the Receiver previously accessed Baron Funds of approximately \$3 million (counting both cash accounts, and accounts containing stocks, IRAs, etc.). [Docket Nos. 321 and 416.] As the January and February 2011 Receiver Reports also note, the cash accounts alone totaled approximately \$980,000.00. [*Id.*] The January 2011 Receiver Report breaks down those cash accounts in specific detail, and for efficiency sake, need not be repeated here. [Docket No. 321.]

In April 2012, the Receiver did not access any additional accounts (although he did access additional funds from the Netsphere Stream and the Monetizer Stream). But in order to take a snapshot of the current cash situation, along with details regarding the Receivership's anticipated liquid assets and anticipated liabilities, please see section A of this Report—which, in a nutshell, states that (1) the Receivership's (best case) total anticipated liquid assets, which include (i) cash-on-hand of approximately \$1,333,000, (ii) anticipated (and not yet collected) domain-monetization revenue in May 2012 of approximately \$8,000, (iii) anticipated domain-name sales of approximately \$379,000, (iv) non-exempt stock of approximately \$348,000, and (v) accessed IRAs of approximately \$540,000, total approximately \$2,608,000; and (2) the Receivership's (best case) total anticipated liabilities, which include (i) Former Baron Attorney claims of approximately \$870,000, (ii) approximately \$525,000 in fee applications that the Court

has already granted but the Receiver has not yet paid, (iii) approximately \$562,000 in fee applications currently pending before the Court, (iv) \$229,000 in estimated additional fee applications for work performed through May 31, 2012, (v) \$5,000 in Receivership expenses through May 31, 2012, (vi) \$78,000 in anticipated Renewal Fees through May 31, 2012, and (viii) \$2,000 in LLC operating expenses through May 31, 2012, for a total of approximately \$2,266,000.

*b. In April 2012, the Receiver maintained access to the LLC Funds.*

As described in some detail in the December 2011 Receiver Report, the LLCs Funds are not the ideal option for funding the unpaid-attorney claims, since most of the cash appears earmarked to pay (a) domain-name renewal fees, (b) employee salaries, (c) attorneys' fees of current LLCs attorneys, and (d) other operations and management expenses. [Docket No. 230.] In short, the LLC Funds are needed simply to keep the LLCs operating.

Although the Receiver may or may not use the LLC Funds directly to fund disbursements to the unpaid attorneys of Mr. Baron, the LLC Funds are still extremely important. As described above, the most likely and viable source for funding the disbursements to the unpaid attorneys of Mr. Baron is through the sale of domain names that the LLCs hold and that the LLC Funds are being used to maintain.

*i. Mr. Baron appealed the Court's December 17, 2010, order clarifying the Receivership as including the LLCs.*

On March 21, 2011, Mr. Baron filed a *Motion to Stay Order Placing Novo Point, LLC and Quantec, LLC Into Receivership*. Importantly, Mr. Schepps in a subsequent letter to the Fifth Circuit asserted that the **Receiver** was the appellee in this appeal. [Docket No. 415 at p. 8.] The implications of this are obvious. Mr. Baron was yet again attempting to bog down the Receivership—this time in an appeal to the Fifth Circuit. The Receiver was and remains aware

of his objectives and battling Mr. Baron in the Fifth Circuit is not one of them. So, the Receiver drafted a letter dated March 23, 2011, explaining his position that the Trustee was the proper appellee. [Docket No. 415 at pp. 4-5.] The Fifth Circuit denied Mr. Baron's motion, and the Receiver avoided becoming party and involved in appellate practice before the Fifth Circuit at that time. [Docket No. 441.]

- ii. The Receiver eventually had to become involved in the appeal of the December 17, 2010, order clarifying the Receivership as including the LLCs.

On May 13, 2011, the Fifth Circuit notified the Receiver by letter that it considered the Receiver—not the Trustee—to be the appellee in Mr. Baron's appeal of the December 17, 2010, order on behalf of the LLCs. The Fifth Circuit stated in the May 13, 2011, letter that the Receiver's appellee brief was due May 23, 2011, along with a motion requesting permission to file the brief out of time. (The appellee brief was actually due May 3, 2011, but the Receiver did not file one because the Trustee had filed its appellee brief instead on the grounds that the Trustee was the actual appellee.) So, on May 19, 2011, the Receiver appeared in the Fifth Circuit Court of Appeals for the limited purpose of asking the Court to extend the deadline for filing the appellee brief. The Receiver argued that the extension will allow the Fifth Circuit to consider the Trustee's motion requesting that the Court allow him to appear as the appellee in the appeal of the December 17, 2010, order. On May 24, 2011, the Receiver notified this Court of its filings with the Fifth Circuit in a notice. [Docket No. 585.]

In addition to the appeal above (which is docketed with the Fifth Circuit as case no. 11-10113), Messrs. Baron and Schepps have named the Receiver as appellee in five other appeals from this matter (docketed as case nos. 11-10290, 11-10390, 11-10501, 12-10003, and 12-10489). Accordingly, the Receiver and his counsel have had to file appearances in each of these appeals and spend time monitoring each of the dockets.

iii. The Fifth Circuit Consolidated Certain Appeals and Ordered Submission of Briefs.

The Receiver is a named appellee in six of Mr. Baron's seven appeals to the Fifth Circuit arising out of this matter—Fifth Circuit Case Nos. 10-10113, 11-10290, 11-10390, 11-10501 (which also includes Carrington's appeal of this Court's *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Former Attorney Claims* [Docket No. 614] (*see supra* Note 14), 12-10003, and 12-10489). On June 21, 2011, the Fifth Circuit granted the Receiver's motion to adopt the Trustee's amicus brief in Case No. 11-10113 as the Receiver's principal brief in that appeal.

On October 3, 2011, the Fifth Circuit issued an order that it was consolidating certain of Mr. Baron's appeals arising from the Receivership—Fifth Circuit Case Nos. 10-11202 (the lead appeal), 11-10113, 11-10289, 11-10290, 11-10390, and 11-10501—and that the parties consolidate all remaining briefing into one consolidated filing. The Fifth Circuit also ordered it was suspending the deadlines for the Receiver and Trustee to submit appellate briefs until Mr. Baron filed his final principal briefing in Fifth Circuit Case No. 11-10501, which he did on October 6, 2011. Accordingly, on October 21, 2011, the Receiver filed his *Brief of Appellee Peter S. Vogel, Receiver in Consolidated Appeals 11-10290, 11-10390, and 11-10501*. On the same date, the Trustee filed his briefing in Case Nos. 11-10289, 11-10390, and 11-10501.

On November 21, 2011, Mr. Baron filed three separate reply briefs in the Fifth Circuit despite that court's order for consolidated briefing. The Fifth Circuit directed to Mr. Schepps to resubmit one consolidated brief or, alternatively, seek leave for his excessive briefing. On December 9, 2011, Mr. Baron chose the latter route and filed a *Motion to Allow Filed Reply Briefing, and for Relief in the Alternative* with the Fifth Circuit. On December 13, 2011, the Trustee and Receiver filed a joint response to Baron's motion for leave, requesting that the Fifth

Circuit not permit or require any further briefing from Mr. Baron, so as not to create any additional delay of the court's consideration of the appeals themselves. On December 14, 2011, the Fifth Circuit granted Mr. Baron's motion for leave and denied as moot his request to file additional briefing.

So, all briefing is complete in Fifth Circuit Case Nos. 10-11202, 10-10113, 11-10289, 11-10290, 11-10390, and 11-10501. Now, the Fifth Circuit will possibly issue a ruling disposing of all of these appeals and allowing the Receivership to proceed (and conclude) in the District Court—depending on the Fifth Circuit's ruling.

iv. Mr. Baron notices a seventh appeal from this Court.

With the disposal of his six previous appeals to the Fifth Circuit potentially looming, on December 28, 2011, Mr. Baron filed yet another notice of appeal to the Fifth Circuit (docketed as Fifth Circuit case no. 12-10003). [Docket No. 759.] On January 31, 2012, Mr. Baron amended this notice of appeal to include another order. [Docket No. 814.] As has become a regular practice for Mr. Baron, the orders he noticed for appeal (the *Order Denying Objection and Motion to Quash Subpoena Served by Vogel for Bank Account Records of Appellate Counsel* [Docket No. 723], *Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals* [Docket No. 734], and *Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees* [Docket No. 807]) are moot and interlocutory in nature. Nevertheless, because Mr. Baron has named the Receiver as a party to this new appeal, it has already led to waste of Receivership Assets. Specifically, Mr. Baron filed his 89-page principal brief in this appeal on March 27, 2012. [See Docket No. 926 at Ex. 1.] On April 26, 2012, the Receiver filed his response brief. [*Id.* at Ex. 2.] On May 14, 2012, the Receiver filed his *Notice of Briefing in the Two Latest Fifth Circuit Appeals*, detailing the Receiver's work in this appeal. [Docket No. 926.]

v. Mr. Baron notices an eighth appeal from this Court.

Though outside the temporal scope of this Report, on May 3, 2012, Mr. Baron filed yet another notice of appeal to the Fifth Circuit (docketed as Fifth Circuit case no. 12-10489). [Docket No. 908.] As set forth in the Receiver's aforementioned *Notice of Briefing in the Two Latest Fifth Circuit Appeals*, the Receiver has already had to respond to "emergency" briefing in such appeal. [Docket No. 926 at Exs. 3-4.] Further details regarding this latest of Mr. Baron's appeals will be included in future Receiver Reports.

c. *The Receiver accessed funds in April 2012.*

In the January and February 2011 Receiver Reports, the Receiver discussed prior efforts at diverting Netsphere funds from The Village Trust (their original destination that is inaccessible to the Receiver) to a domestic account (their new destination that is accessible to the Receiver). [Docket No. 321 at pp. 41-42; Docket No. 416 at pp. 27-28.] To be efficient, the Receiver will not repeat that in this Report.

The Receiver diverted an additional \$52,894.27 in Netsphere funds in April 2012. Here is a chart showing the December 1, 2010 through April 30, 2012 diverted revenues from Netsphere:

<b>Date</b>	<b>Amount</b>	<b>Original Destination</b>	<b>Diverted Destination</b>
Dec. 12, 2010	\$14,740.31	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
Jan. 5, 2011	\$15,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
Jan. 5, 2011	\$6,449.21	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream

<b>Date</b>	<b>Amount</b>	<b>Original Destination</b>	<b>Diverted Destination</b>
Feb. 3, 2011	\$8,308.23	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
March 3, 2011	\$10,725.86	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
March 7, 2011	\$18,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
April 5, 2011	\$29,165.97	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
May 5, 2011	\$14,485.89	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
June 6, 2011	\$8,305.77	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
July 1, 2011	\$15,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
July 5, 2011	\$9,462.46	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
August 2, 2011	\$21,400.69	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
September 2, 2011	\$38,056.39	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
October 4, 2011	\$15,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream

<b>Date</b>	<b>Amount</b>	<b>Original Destination</b>	<b>Diverted Destination</b>
October 4, 2011	\$29,085.34	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
December 5, 2011	\$41,320.37	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
January 4, 2012	\$431.75	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
January 4, 2012	\$15,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
February 1, 2012	\$16,665.44	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
March 2, 2012	\$18,926.97	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
April 2, 2012	\$15,000.00	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
April 3, 2012	\$37,894.27	The Village Trust	Receiver's account at Comerica Bank exclusively for payments under the Netsphere Stream
<b>TOTAL</b>	<b>\$413,855.67</b>		

In April 2012, the Receiver successfully obtained access to another \$64,950.33 worth of funds derived from the Monetizer Stream. Details are below, including the funds from the Monetizer Stream the Receiver accessed from December 2010 through April 30, 2012.



<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>Hitfarm.com</b>	December 2010	Quantec, LLC	\$131,844.68
	January 2011	Quantec, LLC	\$119,748.07
	February 2011	Quantec, LLC	\$126,030.76
	March 2011	Quantec, LLC	\$107,938.28
	April 2011	Quantec, LLC	\$111,271.67
	May 2011	Quantec, LLC	\$95,150.99
	June 2011	Quantec, LLC	\$97,245.18
	July 2011	Quantec, LLC	\$86,112.99
	August 2011	Quantec, LLC	\$0.00
	September 2011	Quantec, LLC	\$242,550.79
	October 2011	Quantec, LLC	\$122,752.36
	November 2011	Quantec, LLC	\$124,170.18
	December 2011	Quantec, LLC	\$122,665.02
	January 2012	Quantec, LLC	\$118,074.41
	February 2012	Quantec, LLC	\$121,997.29
	March 2012	Quantec, LLC	\$84,927.44
	April 2012	Quantec, LLC	\$0.00
	December 2010	Novo Point, LLC	\$32,605.20
	January 2011	Novo Point, LLC	\$28,652.25
	February 2011	Novo Point, LLC	\$29,983.90
	March 2011	Novo Point, LLC	\$27,385.26
	April 2011	Novo Point, LLC	\$26,623.60
	May 2011	Novo Point, LLC	\$23,861.24
	June 2011	Novo Point, LLC	\$25,436.55
	July 2011	Novo Point, LLC	\$0.00
	August 2011	Novo Point, LLC	\$24,434.34
	September 2011	Novo Point, LLC	\$67,615.08
	October 2011	Novo Point, LLC	\$32,317.31
	November 2011	Novo Point, LLC	\$29,532.45
	December 2011	Novo Point, LLC	\$25,767.99
	January 2012	Novo Point, LLC	\$23,962.15
	February 2012	Novo Point, LLC	\$26,618.50
	March 2012	Novo Point, LLC	\$18,172.26
	April 2012	Novo Point, LLC	\$0.00

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>Namedrive LLC</b>	December 2010	Quantec, LLC	\$8,447.11
	January 2011	Quantec, LLC	\$7,206.51
	February 2011	Quantec, LLC	\$6,575.62
	March 2011	Quantec, LLC	\$6,237.74
	April 2011	Quantec, LLC	\$6,970.24
	May 2011	Quantec, LLC	\$5,855.52
	June 2011	Quantec, LLC	\$5,803.33
	July 2011	Quantec, LLC	\$6,167.50
	August 2011	Quantec, LLC	\$6,079.23
	September 2011	Quantec, LLC	\$6,016.35
	October 2011	Quantec, LLC	\$7,734.28
	November 2011	Quantec, LLC	\$7,458.42
	December 2011	Quantec, LLC	\$7,220.45
	January 2012	Quantec, LLC	\$7,737.91
	February 2012	Quantec, LLC	\$7,113.65
	March 2012	Quantec, LLC	\$5,160.13
April 2012	Quantec, LLC	\$97.36	
<b>Parked.com, Ltd.</b>	December 2010	Quantec, LLC	\$1,263.90
	January 2011	Quantec, LLC	\$1,921.00
	February 2011	Quantec, LLC	\$1,704.50
	March 2011	Quantec, LLC	\$660.02
	April 2011	Quantec, LLC	\$1,190.25
	May 2011	Quantec, LLC	\$864.66
	June 2011	Quantec, LLC	\$937.36
	July 2011	Quantec, LLC	\$946.39
	August 2011	Quantec, LLC	\$940.21
	September 2011	Quantec, LLC	\$170.20
	October 2011	Quantec, LLC	\$701.34
	November 2011	Quantec, LLC	\$830.32
	December 2011	Quantec, LLC	\$404.77
	January 2012	Quantec, LLC	\$78.44
	February 2012	Quantec, LLC	\$0.00
	March 2012	Quantec, LLC	\$0.00
April 2012	Quantec, LLC	\$0.00	

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>Parked.com, Ltd.</b> <i>(cont'd)</i>	December 2010	Novo Point, LLC	\$0.00
	January 2011	Novo Point, LLC	\$0.00
	February 2011	Novo Point, LLC	\$0.00
	March 2011	Novo Point, LLC	\$0.00
	April 2011	Novo Point, LLC	\$0.00
	May 2011	Novo Point, LLC	\$0.00
	June 2011	Novo Point, LLC	\$0.00
	July 2011	Novo Point, LLC	\$0.00
	August 2011	Novo Point, LLC	\$0.00
	September 2011	Novo Point, LLC	\$0.00
	October 2011	Novo Point, LLC	\$0.00
	November 2011	Novo Point, LLC	\$1,160.28
	December 2011	Novo Point, LLC	\$0.00
	January 2012	Novo Point, LLC	\$0.00
	February 2012	Novo Point, LLC	\$0.00
	March 2012	Novo Point, LLC	\$0.00
	April 2012	Novo Point, LLC	\$0.00
<b>SEDO.com, LLC</b>	December 2010	Quantec, LLC	\$0.00
	January 2011	Quantec, LLC	\$1,720.00
	February 2011	Quantec, LLC	\$1,720.00
	March 2011	Quantec, LLC	\$0.00
	April 2011	Quantec, LLC	\$225.00
	May 2011	Quantec, LLC	\$0.00
	June 2011	Quantec, LLC	\$79,589.44
	July 2011	Quantec, LLC	\$15,129.32
	August 2011	Quantec, LLC	\$14,108.58
	September 2011	Quantec, LLC	\$13,296.02
	October 2011	Quantec, LLC	\$12,675.07
	November 2011	Quantec, LLC	\$12,437.56
	December 2011	Quantec, LLC	\$13,648.63
	January 2012	Quantec, LLC	\$13,375.44
	February 2012	Quantec, LLC	\$14,992.47
	March 2012	Quantec, LLC	\$14,139.17
	April 2012	Quantec, LLC	\$0.00

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>SEDO.com, LLC</b> <i>(cont'd)</i>	December 2010	Novo Point, LLC	\$382.34
	January 2011	Novo Point, LLC	\$335.17
	February 2011	Novo Point, LLC	\$393.53
	March 2011	Novo Point, LLC	\$337.86
	April 2011	Novo Point, LLC	\$515.45
	May 2011	Novo Point, LLC	\$444.35
	June 2011	Novo Point, LLC	\$443.52
	July 2011	Novo Point, LLC	\$414.08
	August 2011	Novo Point, LLC	\$608.46
	September 2011	Novo Point, LLC	\$594.20
	October 2011	Novo Point, LLC	\$463.87
	November 2011	Novo Point, LLC	\$440.70
	December 2011	Novo Point, LLC	\$646.40
	January 2012	Novo Point, LLC	\$711.96
	February 2012	Novo Point, LLC	\$1,014.05
	March 2012	Novo Point, LLC	\$1,279.95
	April 2012	Novo Point, LLC	\$2,498.50
<b>Trellian Ltd. / Above.com</b>	December 2010	Quantec, LLC	\$7,220.63
	January 2011	Quantec, LLC	\$6,437.73
	February 2011	Quantec, LLC	\$4,358.06
	March 2011	Quantec, LLC	\$3,780.07
	April 2011	Quantec, LLC	\$4,393.49
	May 2011	Quantec, LLC	\$2,708.37
	June 2011	Quantec, LLC	\$2,897.98
	July 2011	Quantec, LLC	\$2,733.27
	August 2011	Quantec, LLC	\$0.00
	September 2011	Quantec, LLC	\$8,038.07
	October 2011	Quantec, LLC	\$5,524.07
	November 2011	Quantec, LLC	\$4,835.42
	December 2011	Quantec, LLC	\$4,610.58
	January 2012	Quantec, LLC	\$3,840.91
	February 2012	Quantec, LLC	\$3,510.89
	March 2012	Quantec, LLC	\$2,976.30
	April 2012	Quantec, LLC	\$626.60

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>Domainsponsor.com</b>	December 2010	Novo Point, LLC	\$0.00
	January 2011	Novo Point, LLC	\$1,135.85
	February 2011	Novo Point, LLC	\$0.00
	March 2011	Novo Point, LLC	\$0.00
	April 2011	Novo Point, LLC	\$1,233.96
	May 2011	Novo Point, LLC	\$0.00
	June 2011	Novo Point, LLC	\$0.00
	July 2011	Novo Point, LLC	\$0.00
	August 2011	Novo Point, LLC	\$0.00
	September 2011	Novo Point, LLC	\$0.00
	October 2011	Novo Point, LLC	\$0.00
	November 2011	Novo Point, LLC	\$0.00
	December 2011	Novo Point, LLC	\$0.00
	January 2012	Novo Point, LLC	\$0.00
	February 2012	Novo Point, LLC	\$0.00
	March 2012	Novo Point, LLC	\$0.00
April 2012	Novo Point, LLC	\$0.00	
<b>Firstlook.com</b>	December 2010	Quantec, LLC	\$0.00
	January 2011	Quantec, LLC	\$0.00
	February 2011	Quantec, LLC	\$0.00
	March 2011	Quantec, LLC	\$3,666.19
	April 2011	Quantec, LLC	\$0.00
	May 2011	Quantec, LLC	\$0.00
	June 2011	Quantec, LLC	\$0.00
	July 2011	Quantec, LLC	\$0.00
	August 2011	Quantec, LLC	\$0.00
	September 2011	Quantec, LLC	\$0.00
	October 2011	Quantec, LLC	\$0.00
	November 2011	Quantec, LLC	\$0.00
	December 2011	Quantec, LLC	\$0.00
	January 2012	Quantec, LLC	\$0.00
	February 2012	Quantec, LLC	\$0.00
	March 2012	Quantec, LLC	\$0.00
April 2012	Quantec, LLC	\$0.00	

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>New.net</b>	December 2010	Quantec, LLC	\$0.00
	January 2011	Quantec, LLC	\$0.00
	February 2011	Quantec, LLC	\$0.00
	March 2011	Quantec, LLC	\$0.00
	April 2011	Quantec, LLC	\$0.00
	May 2011	Quantec, LLC	\$0.00
	June 2011	Quantec, LLC	\$3,958.16
	July 2011	Quantec, LLC	\$0.00
	August 2011	Quantec, LLC	\$0.00
	September 2011	Quantec, LLC	\$0.00
	October 2011	Quantec, LLC	\$0.00
	November 2011	Quantec, LLC	\$0.00
	December 2011	Quantec, LLC	\$0.00
	January 2012	Quantec, LLC	\$0.00
	February 2012	Quantec, LLC	\$0.00
	March 2012	Quantec, LLC	\$0.00
April 2012	Quantec, LLC	\$0.00	
<b>Oversee.net</b>	December 2010	Novo Point, LLC	\$0.00
	January 2011	Novo Point, LLC	\$0.00
	February 2011	Novo Point, LLC	\$0.00
	March 2011	Novo Point, LLC	\$0.00
	April 2011	Novo Point, LLC	\$0.00
	May 2011	Novo Point, LLC	\$0.00
	June 2011	Novo Point, LLC	\$0.00
	July 2011	Novo Point, LLC	\$0.00
	August 2011	Novo Point, LLC	\$1,106.12
	September 2011	Novo Point, LLC	\$0.00
	October 2011	Novo Point, LLC	\$0.00
	November 2011	Novo Point, LLC	\$1,132.46
	December 2011	Novo Point, LLC	\$0.00
	January 2012	Novo Point, LLC	\$0.00
	February 2012	Novo Point, LLC	\$1,282.46
	March 2012	Novo Point, LLC	\$0.00
April 2012	Novo Point, LLC	\$0.00	

<b>Monetizer</b>	<b>Month</b>	<b>LLC Client</b>	<b>Amount of Funds</b>
<b>Domain Holdings, Inc.</b> <sup>15</sup>	February 2012	Quantec, LLC	\$0.00
	March 2012	Quantec, LLC	\$263,910.81
	April 2012	Quantec, LLC	\$52,264.68
	February 2012	Novo Point, LLC	\$43,200.00
	March 2012	Novo Point, LLC	\$62,541.67
	April 2012	Novo Point, LLC	\$9,463.19
		<b>DECEMBER 2010</b>	\$181,763.86
		<b>JANUARY 2011</b>	\$167,156.58
		<b>FEBRUARY 2011</b>	\$170,766.37
		<b>MARCH 2011</b>	\$150,005.42
		<b>APRIL 2011</b>	\$156,203.73
		<b>MAY 2011</b>	\$128,885.13
		<b>JUNE 2011</b>	\$216,311.52
		<b>JULY 2011</b>	\$111,503.55
		<b>AUGUST 2011</b>	\$42,276.94
		<b>SEPTEMBER 2011</b>	\$338,280.71
		<b>OCTOBER 2011</b>	\$182,168.20
		<b>NOVEMBER 2011</b>	\$181,997.79
		<b>DECEMBER 2011</b>	\$174,963.88
		<b>JANUARY 2012</b>	\$167,781.22
		<b>FEBRUARY 2012</b>	\$219,729.31
		<b>MARCH 2012</b>	\$453,107.73
		<b>APRIL 2012</b>	\$64,950.33
		<b>COLLECTIVE TOTAL</b>	<b>\$3,107,852.27</b>

<sup>15</sup> As described in *The Receiver's Motion to Confirm Propriety of Monetizer Switch*, on or about February 23, 2012, the LLCs—with the approval and assistance of the Receiver—switched to this new monetization service. [Docket No. 863 at Ex. A.] The financial benefits of this switch are described in detail in the Receiver's notice. [*Id.*]

*d. The Receiver made efforts to access additional funds.*

As previously stated in the January 2011 Receiver Report, the Receiver gained access to 20 accounts totaling approximately \$1.9 million in Baron Funds (including cash and non-cash amounts like stocks and IRAs). [Docket No. 321 at pp. 20-23.] To be efficient, this Report will not repeat those details. Instead, this report will discuss (i) the four accounts containing Baron Funds that the Receiver has not yet accessed (the “Domestic Accounts”), and (ii) The Village Trust Account (for which the Receiver does not yet know the amounts contained therein). The Receiver discusses both below.

In the January 2011 Receiver Report, the Receiver detailed how, despite Mr. Baron’s lack of cooperation, (a) the Receiver gained access to 4 out of the 8 remaining Domestic Accounts the Receiver has discovered and (b) the Receiver obtained some information about the other 4 Domestic Accounts. [Docket No. 321 at pp. 45-48.] In the February 2011 Receiver Report, the Receiver also recounted Mr. Baron’s refusal to cooperate and provide information concerning an IRA account in his name. [Docket No. 416 at p. 31.] The same report also detailed the Receiver’s efforts to obtain information from Mr. Baron concerning overseas funds in the Cook Islands or elsewhere. [*Id.* at pp. 8-9, 32.] Mr. Baron refused to cooperate.

*e. HSBC Account with Receivership Assets*

In June through August 2011, the Receiver learned a few more details about The Village Trust Account. [See Docket Nos. 647 and 675.] On June 20, 2011, Mr. Baron emailed one of the Former Baron Attorneys—Ms. Schurig—for information concerning a foreign account held at Hong Kong Shanghai Banking Corporation (“HSBC”) bank in Hong Kong.<sup>16</sup> Ms. Schurig

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<sup>16</sup> Why Mr. Baron was asking for this information will be discussed in more detail below as part of the section on tax filings for the Receivership Parties.



informed the Receiver that the account at HSBC was established to hold funds belonging to The Village Trust. The Receiver promptly initiated an investigation into whether any other Receivership Parties holds an interest in the HSBC account. As described in *The Receiver's Sealed Supplemental Notice of Intent Not to Make FBAR Filings*, the Receiver promptly contacted HSBC to inform it of the Receivership and inquire as to the ownership details of such account. [Docket No. 628.]

*f. Discovery to HSBC.*

On August 24, 2011, the Receiver issued subpoenas to HSBC USA, Inc. and HSBC Bank USA, N.A. (HSBC's domestic affiliates) for documents relating to the account at HSBC. Also on August 24, 2011, the Receiver filed his *Sealed Motion for Issuance of a Letter of Request for International Judicial Assistance Pursuant to the Hague Convention on the Taking of Evidence Abroad in Civil or Commercial Matters* which seeks a letter of request from this Court to the Hong Kong Central Authority in order to receive documents pertaining to the account at HSBC. [Docket No. 669.]

On August 26, 2011, the Receiver's counsel spoke with an HSBC representative on the telephone concerning the subpoenas to HSBC's domestic affiliates. The HSBC representative stated that HSBC was conducting a search for documents responsive to the subpoena. Ultimately, HSBC informed the Receiver its domestic affiliates supposedly did not have information responsive to his request.

On August 29, 2011, the District Court issued a Letter of Request to the Central Authority in Hong Kong asking for a subpoena to be issued to HSBC in Hong Kong. [See Docket No. 677.] The putative deadline for HSBC to respond was September 30, 2011. [Id.] On or about April 20, 2012, the Court received correspondence from the Senior Government Counsel to the International Law Division of Hong Kong in the Justice Department, stating that,

in order to comply with Hong Kong law, a more specified list of the requested documents must be provided. [Docket No. 876.] On April 23, 2012, the Court asked the Receiver to provide, no later than May 25, 2012, the Court with an explanation on “how the Receiver would like to proceed in light of this correspondence.” [*Id.*]

**3. Work relating to managing the Receivership Assets.**

In addition to identifying and then accessing the Receivership Assets, the Receiver has been managing those assets. The sections of the Report below will offer a brief summary of the Receiver’s work relating to: (a) management of the Baron Funds, (b) management of the LLC Funds, (c) the Receiver’s motion to confirm propriety regarding fund management, and (d) the Receiver’s motion to seek reimbursement of additional amounts he personally expended. More detailed explanations can be found in previous Receiver Reports.

*a. The Receiver managed the Baron Funds.*

*i. The Receiver managed the accounts for the Baron Funds.*

In April 2012, the Receiver managed the Receivership accounts at Comerica Bank holding the cash Baron Funds. In Sections A.1.d-e *supra*, the Receiver details the status of the stock and IRA Baron Funds and the Receiver’s requests to use those funds to pay Receivership liabilities.

*ii. Disbursements of the Baron Funds.*

In April 2012, and depending on the nature of the Baron Funds, the Receiver either made disbursements or filed motions to make disbursements. Specifically, since the beginning of the Receivership—and including April 2012—the Receiver disbursed \$120,362.21 from the Baron Funds for expenses including such things as Mr. Baron’s daily-living expenses, Mr. Baron’s insurance expenses, Mr. Baron’s counseling expenses, copy expenses for documents requested by Mr. Schepps, transcription costs for hearings and Court-ordered meetings, expenses related to

Receivership Party Domain Jamboree, LLC, and expenses related to document production from institutions holding Receivership Assets. The Receiver disbursed a total of \$5,509.30 of this \$120,362.21 in April 2012. In addition, the Receiver has disbursed \$961,789.93 from the Baron Funds for Court-ordered disbursements since the beginning of the Receivership. None of this \$961,789.93 was disbursed in April 2012.

Fee applications (related to Baron Funds) in the amount of \$562,174.07 for work performed by the Receiver and his counsel from January 1, 2011 through April 20, 2012 remains pending. Also, fee applications for Mr. Thomas totaling \$60,000 and fee applications for Grant Thornton totaling \$58,628.63 have been granted but not yet paid. Lastly, after the filing of this Report, the Receiver intends to file applications with the Court seeking another estimated \$65,000 for fees incurred due to work performed by the Receiver and his counsel from April 21-30, 2012. Details of all three categories—disbursements for Mr. Baron's expenses, disbursements per Court Orders, and proposed disbursements per Court Order are detailed below.

Recipient	Court Order Permitting Disbursement	Motion Seeking Disbursement	Date	Amount	Type	Source
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 2, 2010	\$1,000.00	Daily-Living Expenses	Receiver's personal funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 8, 2010	\$2,600.00	Daily-Living Expenses	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 20, 2010	\$400.00	Daily-Living Expenses	Receiver's Account holding Netsphere Funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 20, 2010	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 21, 2010	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 29, 2010	\$100.00	Open Receiver Accounts	Receiver's personal funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Dec. 30, 2010	\$4,000.00	Daily-Living Expenses	Receiver Account holding Woodforest Funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Comerica Bank	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Jan. 6, 2011	\$100.00	Open Receiver Accounts	Receiver's personal funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	Feb. 4, 2011	\$4,000.00	Daily-Living Expenses	Receiver Account holding Woodforest Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting the Receiver's First Application for Reimbursement of Fees and Expenses Incurred by the Receiver</i> [Docket No. 275]	<i>The Receiver's First Application for Reimbursement of Fees and Expenses Incurred by the Receiver</i> [Docket No. 192]	Feb. 4, 2011	\$16,900.00	Receiver Fees	Receiver Account holding Woodforest Funds
Gardere	<i>Order Granting the Receiver's First Application for Reimbursement of Fees and Expenses Incurred by Gardere Wynne Sewell LLP</i> [Docket No. 276]	<i>The Receiver's First Application for Reimbursement of Fees and Expenses Incurred by Gardere Wynne Sewell LLP</i> [Docket No. 193]	Feb. 4, 2011	\$24,324.50	Receiver's Counsel Fees	Receiver Account holding Woodforest Funds
Receiver and Receiver Account holding Netsphere Funds	<i>Order Granting the Receiver's Motion for Order Confirming Propriety of Fund Management</i> [Docket No. 279]	<i>The Receiver's Motion for Order Confirming Propriety of Fund Management</i> [Docket No. 199]	Feb. 4, 2011	\$1,300.00	Reimbursement for Baron Daily-Living Expenses and Fees to Open Receiver Accounts	Receiver Account holding Woodforest Funds
James Eckels	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional James M. Eckels</i> [Docket No. 278]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional James M. Eckels</i> [Docket No. 196]	Feb. 4, 2011	\$6,937.50	Receivership Professional Fees	Receiver Account holding Woodforest Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting the Receiver's Motion for Reimbursement of Additional Personal Funds</i> [Docket No. 284]	<i>The Receiver's Motion for Reimbursement of Additional Personal Funds</i> [Docket No. 221]	Feb. 4, 2011	\$900.00	Reimbursement for Fees to Open Receiver Accounts	Receiver Account holding Woodforest Funds
Gardere	<i>Order Granting the Receiver's Second Gardere Fee Application</i> [Docket No. 294]	<i>The Receiver's Second Gardere Fee Application</i> [Docket No. 258]	Feb. 4, 2011	\$157,729.41	Receiver's Counsel Fees	Receiver Account holding Woodforest Funds
Receiver	<i>Order Granting the Receiver's Second Receiver Fee Application</i> [Docket No. 295]	<i>The Receiver's Second Receiver Fee Application</i> [Docket No. 259]	Feb. 4, 2011	\$77,480.00	Receiver Fees	Receiver Account holding Ameritrade Funds
Peter Barrett	<i>Order Denying Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 220 at p. 2]	<i>The Receiver's Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 208]	February 21, 2011	\$135.00	Reimbursement for Payment of Counseling Fees to LifeWorks Counseling Center	Receiver Account holding Ameritrade Funds
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	February 24, 2011	\$972.84	Mr. Baron's medical insurance from January 1-March 31, 2011	Receiver Account holding Ameritrade Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	February 24, 2011	\$123.72	Mr. Baron's dental insurance from January 1-March 31, 2011	Receiver Account holding Ameritrade Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	February 28, 2011	\$5,000.00	Daily-Living Expenses	Receiver Account holding Ameritrade Funds
Peter Barrett	<i>Order Denying Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 220 at p. 2]	<i>The Receiver's Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 208]	March 1, 2011	\$125.00	Reimbursement for Payment of Counseling Fees to LifeWorks Counseling Center	Receiver Account holding Ameritrade Funds
James Eckels	<i>Order Granting the Receiver's Second Eckels Fee Application</i> [Docket No. 363]	<i>The Receiver's Second Eckels Fee Application</i> [Docket No. 314]	March 15, 2011	\$10,400.00	Professional Fees	Receiver Account holding Ameritrade Funds
Former Special Master	<i>Order Granting the Receiver's Special Master Fee Application</i> [Docket No. 365]	<i>The Receiver's Special Master Fee Application</i> [Docket No. 325]	March 15, 2011	\$17,066.20	Special Master Fees	Receiver Account holding Ameritrade Funds
Martin Thomas	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 367]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 327]	March 15, 2011	\$15,285.52	Fees and expenses as Mr. Baron's Bankruptcy Attorney	Receiver Account holding Ameritrade Funds



<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Local Counsel	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Local Counsel</i> [Docket No. 368]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Local Counsel</i> [Docket No. 344]	March 15, 2011	\$10,943.43	Receiver's Local Counsel Fees	Receiver Account holding Ameritrade Funds
Gary Lyon	<i>Order Granting the Receiver's First Lyon Fee Application</i> [Docket No. 371]	<i>The Receiver's First Lyon Fee Application</i> [Docket No. 348]	March 15, 2011	\$10,825.00	Professional Fees	Receiver Account holding Ameritrade Funds
Receiver	<i>Order Granting in Part the Receiver's Third Receiver Fee Application</i> [Docket No. 387]	<i>The Receiver's Third Receiver Fee Application</i> [Docket No. 323]	March 16, 2011	\$41,446.80 (\$13,822.27 still pending)	Receiver Fees	Receiver Account holding Ameritrade Funds
Gardere	<i>Order Granting in Part the Receiver's Third Gardere Fee Application</i> [Docket No. 386]	<i>The Receiver's Third Gardere Fee Application</i> [Docket No. 324]	March 16, 2011	\$92,516.15 (\$30,838.66 still pending)	Receiver's Counsel Fees	Receiver Account holding Ameritrade Funds
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 17, 2011	\$972.84	Mr. Baron's medical insurance from April 1-June 31, 2011	Receiver Account holding Ameritrade Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 17, 2011	\$123.72	Mr. Baron's dental insurance from April 1-June 31, 2011	Receiver Account holding Ameritrade Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Barrett	<i>Order Denying Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 220 at p. 2]	<i>The Receiver's Emergency Motion for Independent Medical Examination for Jeffrey Baron</i> [Docket No. 208]	March 22, 2011	\$125.00	Reimbursement for Payment of Counseling Fees to LifeWorks Counseling Center	Receiver Account holding Ameritrade Funds
Elite Document Tech.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	March 22, 2011	\$380.89	Vendor Services— reformatting of Attorney Declarations per Mr. Schepps' request	Receiver Account holding Ameritrade Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 24, 2011	\$5,000.00	Daily-Living Expenses	Receiver Account holding Capital One Bank funds
Bank of America	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	March 29, 2011	\$80.91	Fees for production of documents related to account holding Receivership Assets	Receiver Account holding Capital One Bank funds
Depo Texas, Inc.	Court's Order from the Bench Hearing on <i>Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson</i> . February 10, 2011	N/A	March 29, 2011	\$14,671.44	Transcription Costs for Court-ordered meetings	Receiver Account holding Capital One Bank funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting In Part the Receiver's Fourth Receiver Fee Application</i> [Docket No. 429]	<i>The Receiver's Fourth Receiver Fee Application</i> [Docket No. 417]	April 1, 2011	\$62,643.75 (\$20,881.25 still pending)	Receiver Fees	Receiver Account holding Capital One Bank funds
Gardere	<i>Order Granting in Part the Receiver's Fourth Gardere Fee Application</i> [Docket No. 427]	<i>The Receiver's Fourth Gardere Fee Application</i> [Docket No. 418]	April 1, 2011	\$122,518.14 (\$40,860.05 still pending)	Receiver's Counsel Fees	Receiver Accounts holding Woodforest and Las Colinas FCU Funds
Martin Thomas	<i>Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 464]	<i>The Receiver's Second Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 426]	April 20, 2011	\$5,000.00	Fees as Mr. Baron's Bankruptcy Attorney	Receiver Account holding Capital One Bank funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	April 28, 2011	\$5,000.00	Daily-Living Expenses	Receiver Account holding
Receiver	<i>Order Granting in Part the Receiver's Fifth Receiver Fee Application</i> [Docket No. 532]	<i>The Receiver's Fifth Receiver Fee Application</i> [Docket No. 490]	May 10, 2011	\$39,206.70 (\$13,068.90 still pending)	Receiver Fees	Receiver Account holding Ameritrade Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Gardere	<i>Order Granting in Part the Receiver's Fifth Gardere Fee Application</i> [Docket No. 533]	<i>The Receiver's Fifth Gardere Fee Application</i> [Docket No. 491]	May 10, 2011	\$116,246.89 (\$38,748.97 still pending)	Receiver's Counsel Fees	Receiver Account holding Ameritrade Funds
Receiver	<i>Order Granting in Part the Receiver's Sixth Receiver Fee Application</i> [Docket No. 534]	<i>The Receiver's Sixth Receiver Fee Application</i> [Docket No. 492]	May 10, 2011	\$21,262.50 (\$7,087.50 still pending)	Receiver Fees	Receiver Account holding Ameritrade Funds
Gardere	<i>Order Granting in Part the Receiver's Sixth Gardere Fee Application</i> [Docket No. 535]	<i>The Receiver's Sixth Gardere Fee Application</i> [Docket No. 493]	May 10, 2011	\$59,866.77 (\$19,955.60 still pending)	Receiver's Counsel Fees	Receiver Account holding Ameritrade Funds
Gary Lyon	<i>Order Granting the Receiver's Second Lyon Fee Application</i> [Docket No. 531]	<i>The Receiver's Second Lyon Fee Application</i> [Docket No. 489]	May 11, 2011	\$5,637.50	Professional Fees	Receiver Account holding Woodforest Funds
James Eckels	<i>Order Granting the Receiver's Third Eckels Fee Application</i> [Docket No. 536]	<i>The Receiver's Third Eckels Fee Application</i> [Docket No. 494]	May 11, 2011	\$12,475.00	Professional Fees	Receiver's Account holding Netsphere Funds
Martin Thomas	<i>Order Granting the Receiver's Third Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 539]	<i>The Receiver's Third Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 504]	May 11, 2011	\$5,000.00	Fees as Mr. Baron's Bankruptcy Attorney	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Grant Thornton	<i>Order Granting the Receiver's First Grant Thornton Fee Application</i> [Docket No. 540]	<i>The Receiver's First Grant Thornton Fee Application</i> [Docket No. 505]	May 11, 2011	\$19,217.69	Fees for tax advice	Receiver's Account holding Netsphere Funds
James Eckels	<i>Order Granting the Receiver's Fourth Eckels Fee Application</i> [Docket No. 543]	<i>The Receiver's Fourth Eckels Fee Application</i> [Docket No. 512]	May 11, 2011	\$1,400.00	Professional Fees	Receiver Account holding Woodforest Funds
Local Counsel	<i>Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Local Counsel</i> [Docket No. 538]	<i>The Receiver's Second Application for Reimbursement of Fees Incurred by Local Counsel</i> [Docket No. 500]	May 16, 2011	\$7,198.48	Receiver's Local Counsel Fees	Receiver Account holding Ameritrade Funds
Depo Texas, Inc.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 3, 2011	\$1,296.38	Transcription of March 4, 2011 meet-and-confer between the parties	Receiver Account holding American Century Funds
CT Corp. Systems	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 3, 2011	\$278.00	Registered Agent Fees for Receivership Party Domain Jamboree, LLC	Receiver Account holding American Century Funds
Palmer Reporting Services	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 17, 2011	\$213.40	Transcription of April 25, 2011 bankruptcy hearing before the Honorable Stacey Jernigan	Receiver Account holding Ameritrade Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Court Reporter	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 17, 2011	\$561.00	Transcription of April 28, 2011 evidentiary hearing	Receiver Account holding Ameritrade Funds
ICANN	<i>Order Appointing Receiver</i> [Docket No. 130]	<i>See the Receiver's Notice of Payment of Fees Related to Domain Jamboree's ICANN Accreditation</i> [Docket No. 587]	May 17, 2011	\$5,104.08	Fees related to Domain Jamboree, LLC's ICANN accreditation	Receiver's Account holding Netsphere Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	May 31, 2011	\$5,000.00	Daily-Living Expenses	Receiver Account holding Ameritrade Funds
Martin Thomas	<i>Order Granting the Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 901])	<i>The Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 593]	N/A (not yet paid)	\$5,000.00 (not yet paid)	Fees as Mr. Baron's Bankruptcy Attorney	TBD
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	June 28, 2011	\$972.84	Mr. Baron's medical insurance from July 1-September 30, 2011	Receiver Account holding Ameritrade Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	June 28, 2011	\$123.72	Mr. Baron's dental insurance from July 1-September 30, 2011	Receiver Account holding Ameritrade Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	June 29, 2011	\$5,000.00	Daily-Living Expenses	Receiver Account holding Ameritrade Funds
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Fifth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 640 at Ex. 1]	N/A (not yet paid)	\$5,000.00 (not yet paid)	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Second Grant Thornton Fee Application</i> [Docket No. 648 at Ex. C]	N/A (not yet paid)	\$2,135.37 (not yet paid)	Fees for Tax Advice	TBD
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	August 1, 2011	\$5,000.00	Daily-Living Expenses	Receiver's Account holding Netsphere Funds
Davenport Evans Hurwitz & Smith LLP	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	August 1, 2011	\$39.00	Filing Fees as Local Counsel	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Sixth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 652 at Ex. A]	N/A (not yet paid)	\$5,000.00 <i>(not yet paid)</i>	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	August 29, 2011	\$5,000.00	Daily-Living Expenses	Receiver's Account holding Netsphere Funds
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Seventh Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 671 at Ex. A]	N/A (not yet paid)	\$5,000.00 <i>(not yet paid)</i>	Fees as Mr. Baron's Bankruptcy Attorney	TBD
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	September 19, 2011	\$972.84	Mr. Baron's medical insurance from Oct. 1—Dec. 31, 2011	Receiver's Account holding Netsphere Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	September 19, 2011	\$165.78	Mr. Baron's dental insurance from Oct. 1—Dec. 31, 2011	Receiver's Account holding Netsphere Funds
eScribers, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	September 19, 2011	\$358.90	Transcription of September 1, 2011 Bankruptcy Court hearing	Receiver's Account holding Netsphere Funds



<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	September 30, 2011	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fourth Grant Thornton Fee Application</i> [Docket No. 687 at Ex. A]	N/A (not yet paid)	\$1,318.38 <i>(not yet paid)</i>	Fees for Tax Advice	TBD
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Eighth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 689 at Ex. A]	N/A (not yet paid)	\$5,000.00 <i>(not yet paid)</i>	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	October 31, 2011	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
eScribers, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	November 1, 2011	\$822.80	Transcription of October 24, 2011 Bankruptcy Court hearing	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Ninth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 705 at Ex. A]	N/A (not yet paid)	\$5,000.00 <i>(not yet paid)</i>	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Kathy Rehling	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	November 28, 2011	\$775.75	Transcription of November 9, 2011 Bankruptcy Court hearing	Receiver's Account holding Netsphere Funds
Transcript Plus, Inc.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	November 30, 2011	\$183.60	Transcription of November 15, 2011 Bankruptcy Court hearing	Receiver's Account holding Netsphere Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	December 1, 2011	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	December 9, 2011	\$972.84	Mr. Baron's medical insurance from Jan. 1—Mar. 31, 2012	Receiver's Account holding Netsphere Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	December 9, 2011	\$144.75	Mr. Baron's dental insurance from Jan. 1—Mar. 31, 2012	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fifth Grant Thornton Fee Application</i> [Docket No. 725 at Ex. A]	N/A (not yet paid)	\$992.25 ( <i>not yet paid</i> )	Fees for Tax Advice	TBD
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Tenth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 727 at Ex. A]	N/A (not yet paid)	\$5,000.00 ( <i>not yet paid</i> )	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Palmer Reporting Services	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	December 19, 2011	\$395.28	Transcription of December 5, 2011 Bankruptcy Court hearing	Receiver's Account holding Netsphere Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	December 27, 2011	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 771 at Ex. A]	N/A (not yet paid)	\$5,000.00 ( <i>not yet paid</i> )	Fees as Mr. Baron's Bankruptcy Attorney	TBD

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	January 30, 2012	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 815 at Ex. A]	N/A (not yet paid)	\$5,000.00 <i>(not yet paid)</i>	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Sixth Grant Thornton Fee Application</i> [Docket No. 828 at Ex. A]	N/A (not yet paid)	\$2,772.96 <i>(not yet paid)</i>	Fees for Tax Advice	TBD
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	February 28, 2012	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
United Healthcare	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 8, 2012	\$972.84	Mr. Baron's medical insurance from Apr. 1—June 31, 2012	Receiver's Account holding Netsphere Funds
Pinnacle Corp.	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 8, 2012	\$144.75	Mr. Baron's dental insurance from April. 1—June 31, 2012	Receiver's Account holding Netsphere Funds

<b>Recipient</b>	<b>Court Order Permitting Disbursement</b>	<b>Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Shaw Reporting Services, Inc.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	March 8, 2012	\$643.00	Transcription related to <i>Receiver's Sealed Motion to Disclose Evidence to District Attorney</i>	Receiver's Account holding Netsphere Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	March 30, 2012	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 847 at Ex. A]	N/A (not yet paid)	\$5,000.00 (not yet paid)	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Martin Thomas	<i>Order Granting the Receivers Fifth through Fourteenth Applications for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 929]	<i>The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 859 at Ex. A]	N/A (not yet paid)	\$5,000.00 (not yet paid)	Fees as Mr. Baron's Bankruptcy Attorney	TBD
Martin Thomas	<i>Order Granting the Receivers Fifth through Fifteenth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 903]	<i>The Receiver's Fifteenth Application for Reimbursement of Fees Incurred by Martin Thomas</i> [Docket No. 859 at Ex. A]	N/A (not yet paid)	\$5,000.00 (not yet paid)	Fees as Mr. Baron's Bankruptcy Attorney	TBD

Recipient	Court Order Permitting Disbursement	Motion Seeking Disbursement	Date	Amount	Type	Source
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Seventh Grant Thornton Fee Application</i> [Docket No. 879 at Ex. F]	N/A (not yet paid)	\$8,644.83 <i>(not yet paid)</i>	Fees for Tax Advice	TBD
Receiver	N/A (motion being filed subsequent to Report)	<i>The Receiver's Seventeenth Receiver Fee Application</i> (amounts incurred from April 21-30, 2012)	N/A (motion being filed subsequent to Report)	\$15,000.00 <i>(estimated)</i>	Receiver's Fees	TBD
Gardere	N/A (motion being filed subsequent to Report)	<i>The Receiver's Eighteenth Gardere Fee Application</i> (amounts incurred from April 21-30, 2012)	N/A (motion being filed subsequent to Report)	\$50,000.00 <i>(estimated)</i>	Receiver's Counsel Fees	TBD
Depo Texas, Inc.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	April 10, 2012	\$509.30	Fee for Mr. Schepps' copy of the transcript of March 4, 2011 meet-and-confer between the parties	Receiver's Account holding Netsphere Funds
Mr. Baron	<i>Order Appointing Receiver</i> [Docket No. 130 at pp. 6-8]	N/A	April 30, 2012	\$5,000.00	Daily Living Expenses	Receiver's Account holding Netsphere Funds

- iii. Mr. Baron objected to certain motions for reimbursement and fee applications.

Mr. Baron objected to the following motions for reimbursement and fee applications, all mentioned in the chart above describing the Receiver's disbursements:

- *The Receiver's First Application for Reimbursement of Fees and Expenses Incurred by the Receiver* [Docket No. 236];
- *The Receiver's First Application for Reimbursement of Fees and Expenses Incurred by Gardere Wynne Sewell LLP* [Docket No. 236];
- *The Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional James Eckels* [Docket No. 244];
- *The Receiver's Motion for Order Confirming Propriety of Fund Management* [Docket No. 245];
- *The Receiver's Motion for Reimbursement of Additional Personal Funds* [Docket No. 261];
- *The Receiver's Second Application for Reimbursement of Fees Incurred by Receivership Professional James Eckels* [Docket No. 352];
- *The Receiver's Third Receiver Fee Application* [Docket No. 373];
- *The Receiver's Third Gardere Fee Application* [Docket No. 373];
- *The Receiver's Seventh Receiver Fee Application* [Docket No. 605];
- *The Receiver's Seventh Gardere Fee Application* [Docket No. 606].

Nevertheless, the Court has since granted (at least partially) these motions and applications, and the Receiver made the ordered disbursements.

On September 12, 2011, Mr. Baron filed his *General Response to Motions for Fees for Vogel, His Partners, and Other "Receiver Professionals"* with the Fifth Circuit (Case No. 10-11202). In such response, Mr. Baron objected to the following motions for reimbursement and fee applications, all mentioned in the chart above describing the Receiver's disbursements:

- *The Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 593] (which the Court has since granted);

- *The Receiver's Seventh Receiver Fee Application* [Docket No. 605] (which the Court has since granted in part);
- *The Receiver's Seventh Gardere Fee Application* [Docket No. 606] (which the Court has since granted in part);
- *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 640 at Ex. 1] (which the Court has since granted);
- *The Receiver's Eighth Gardere Fee Application* [Docket No. 648 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Second Grant Thornton Fee Application* [Docket No. 648 at Ex. C] (which the Court has since granted);
- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 652 at Ex. A] (which the Court has since granted);
- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 671 at Ex. A] (which the Court has since granted);
- *The Receiver's Ninth Receiver Fee Application* [Docket No. 678 at Ex. C] (which the Court has since granted in part);
- *The Receiver's Ninth Gardere Fee Application* [Docket No. 678 at Ex. D] (which the Court has since granted in part); and
- *The Receiver's Fifth Eckels Fee Application* [Docket No. 678 at Ex. A] (which the Court has since granted).

Since then, Mr. Baron has objected (through filings in the Fifth Circuit) to the following motions for reimbursement and fee applications, all mentioned in the chart above describing the Receiver's disbursements:

- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 689 at Ex. A] (which the Court has since granted);
- *The Receiver's Tenth Receiver Fee Application* [Docket No. 698 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Tenth Gardere Fee Application* [Docket No. 698 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Ninth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 705 at Ex. A] (which the Court has since granted);



- *The Receiver's Eleventh Receiver Fee Application* [Docket No. 713 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Eleventh Gardere Fee Application* [Docket No. 713 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Fifth Grant Thornton Fee Application* [Docket No. 725 at Ex. A] (which the Court has since granted);
- *The Receiver's Third Local Counsel Fee Application* [Docket No. 725 at Ex. B] (which the Court has since granted);
- *The Receiver's Tenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 727 at Ex. A] (which the Court has since granted);
- *The Receiver's Twelfth Receiver Fee Application* [Docket No. 750 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Twelfth Gardere Fee Application* [Docket No. 750 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Thirteenth Receiver Fee Application* [Docket No. 781 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Thirteenth Gardere Fee Application* [Docket No. 781 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 771 at Ex. A] (which the Court has since granted);
- *The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 815 at Ex. A] (which the Court has since granted);
- *The Receiver's Fourteenth Receiver Fee Application* [Docket No. 840 at Ex. C] (which the Court has since granted in part);
- *The Receiver's Fourteenth Gardere Fee Application* [Docket No. 840 at Ex. D] (which the Court has since granted in part);
- *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 847 at Ex. A] (which the Court has since granted);
- *The Receiver's Sixth Grant Thornton Fee Application* [Docket No. 828 at Ex. A] (which the Court has since granted);
- *The Receiver's Fifteenth Receiver Fee Application* [Docket No. 853 at Ex. A] (which the Court has since granted in part);

- *The Receiver's Fifteenth Gardere Fee Application* [Docket No. 853 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Sixteenth Receiver Fee Application* [Docket No. 877 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Sixteenth Gardere Fee Application* [Docket No. 877 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Seventeenth Receiver Fee Application* [Docket No. 879 at Ex. A] (which the Court has since granted in part);
- *The Receiver's Seventeenth Gardere Fee Application* [Docket No. 879 at Ex. B] (which the Court has since granted in part);
- *The Receiver's Seventh Grant Thornton Fee Application* [Docket No. 879 at Ex. F] (which the Court has since granted); and
- *The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 859 at Ex. A] (which the Court has since granted).

iv. Mr. Baron appealed all of the Court-ordered disbursements.

On March 3, 2011, Mr. Baron appealed all Court-ordered disbursements from the Baron Funds that had been issued as of that date. [Docket Nos. 340 and 341.] During a transcribed meeting on March 4, 2011, Mr. Schepps stated that should Mr. Baron win on appeal, all of those disbursements are to be disgorged—meaning that the Receiver and his professionals would have worked for months for free, the typical scenario for professionals who have worked for Mr. Baron. [Transcript of Court Order Meeting, March 4, 2011, at 120:6-14.] On April 11, 2011, Mr. Baron appealed all the Court ordered disbursements on the chart above that had been ordered since his previous March 3, 2011 appeals. [Docket No. 449.] On May 18, 2011, Mr. Baron appealed all of the Court ordered disbursements of Baron Funds ordered since his previous appeals. [Docket No. 576.]

In sum, Mr. Baron appealed the following orders:

- *Order Granting the Receiver's First Application for Reimbursement of Fees and Expenses Incurred by the Receiver* [Docket No. 275];
- *Order Granting the Receiver's First Application for Reimbursement of Fees and Expenses Incurred by Gardere Wynne Sewell LLP* [Docket No. 276];
- *Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional James M. Eckels* [Docket No. 278];
- *Order Granting the Receiver's Motion for Order Confirming Propriety of Fund Management* [Docket No. 279];
- *Order Granting the Receiver's Motion for Reimbursement of Additional Personal Funds* [Docket No. 284];
- *Order Granting the Receiver's Second Gardere Fee Application* [Docket No. 294];
- *Order Granting the Receiver's Second Receiver Fee Application* [Docket No. 295];
- *Order Granting the Receiver's Second Eckels Fee Application* [Docket No. 363];
- *Order Granting the Receiver's Special Master Fee Application* [Docket No. 365];
- *Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 367];
- *Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Local Counsel* [Docket No. 368];
- *Order Granting the Receiver's First Lyon Fee Application* [Docket No. 371];
- *Order Granting in Part the Receiver's Third Gardere Fee Application* [Docket No. 386];
- *Order Granting in Part the Receiver's Third Receiver Fee Application* [Docket No. 387];
- *Order Granting in Part the Receiver's Fourth Gardere Fee Application*[Docket No. 427];
- *Order Granting In Part the Receiver's Fourth Receiver Fee Application* [Docket No. 429];

- *Order Granting the Receiver's Second Thomas Fee Application* [Docket No. 464];
- *Order Granting the Receiver's Second Lyon Fee Application* [Docket No. 531];
- *Order Granting in Part the Receiver's Fifth Receiver Fee Application* [Docket No. 532];
- *Order Granting in Part the Receiver's Fifth Gardere Fee Application* [Docket No. 533];
- *Order Granting in Part the Receiver's Sixth Receiver Fee Application* [Docket No. 534];
- *Order Granting in Part the Receiver's Sixth Gardere Fee Application* [Docket No. 535];
- *Order Granting the Receiver's Third Eckels Fee Application* [Docket No. 536];
- *Order Granting the Receiver's Second Application for Fee Incurred by Local Counsel* [Docket No. 538];
- *Order Granting the Receiver Third Thomas Fee Application* [Docket No. 539];
- *Order Granting the Receiver's First Grant Thornton Fee Application* [Docket No. 540];
- *Order Granting the Receiver's Fourth Eckels Fee Application* [Docket No. 543];
- *Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees* [Docket No. 807], which granted the following fee applications in part:
  - *The Receiver's Seventh Receiver Fee Application* [Docket No. 605];
  - *The Receiver's Seventh Gardere Fee Application* [Docket No. 606];
  - *The Receiver's Eighth Receiver Fee Application* [Docket No. 648 at Ex. A];
  - *The Receiver's Eighth Gardere Fee Application* [Docket No. 648 at Ex. B];
  - *The Receiver's Ninth Receiver Fee Application* [Docket No. 678 at Ex. C];
  - *The Receiver's Ninth Gardere Fee Application* [Docket No. 678 at Ex. D];
  - *The Receiver's Tenth Receiver Fee Application* [Docket No. 698 at Ex. A];

- *The Receiver's Tenth Gardere Fee Application* [Docket No. 698 at Ex. B];
- *The Receiver's Eleventh Receiver Fee Application* [Docket No. 713 at Ex. A];
- *The Receiver's Eleventh Gardere Fee Application* [Docket No. 713 at Ex. B];
- *The Receiver's Twelfth Receiver Fee Application* [Docket No. 750 at Ex. A];
- *The Receiver's Twelfth Gardere Fee Application* [Docket No. 750 at Ex. B];
- *The Receiver's Thirteenth Receiver Fee Application* [Docket No. 781 at Ex. A];
- *The Receiver's Thirteenth Gardere Fee Application* [Docket No. 781 at Ex. B];
- *Order Granting the Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 901];
- *Order Granting the Receiver's Fifteenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 903];
- *Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs* [Docket No. 906], which granted the following fee applications (at least in part);
  - *The Receiver's Fourteenth Receiver Fee Application* [Docket No. 840 at Ex. C];
  - *The Receiver's Fourteenth Gardere Fee Application* [Docket No. 840 at Ex. D];
  - *The Receiver's Fifteenth Receiver Fee Application* [Docket No. 853 at Ex. A];
  - *The Receiver's Fifteenth Gardere Fee Application* [Docket No. 853 at Ex. B];
  - *The Receiver's Sixteenth Receiver Fee Application* [Docket No. 877 at Ex. A];
  - *The Receiver's Sixteenth Gardere Fee Application* [Docket No. 877 at Ex. B];

- *The Receiver's Seventeenth Receiver Fee Application* [Docket No. 879 at Ex. A];
  - *The Receiver's Seventeenth Gardere Fee Application* [Docket No. 879 at Ex. B];
  - *The Receiver's Second Grant Thornton Fee Application* [Docket No. 648 at Ex. C];
  - *The Receiver's Third Grant Thornton Fee Application* [Docket No. 658 at Ex. B];
  - *The Receiver's Fourth Grant Thornton Fee Application* [Docket No. 687 at Ex. A];
  - *The Receiver's Fifth Grant Thornton Fee Application* [Docket No. 725 at Ex. B];
  - *The Receiver's Sixth Grant Thornton Fee Application* [Docket No. 828 at Ex. A]; and
  - *The Receiver's Seventh Grant Thornton Fee Application* [Docket No. 879 at Ex. F].
- b. *The Receiver managed the LLC Funds.*

As stated above, the LLC Funds are not the ideal option for funding the unpaid-attorney claims, since most (if not all) of the cash is earmarked to pay (a) domain-name renewal fees, (b) employee salaries, (c) attorneys' fees of current LLCs attorneys, and (d) other operations and management expenses. At least to date, the bulk of the LLC Funds are needed simply to keep the LLCs operating.

As also stated above, although the Receiver may or may not use the LLC Funds—including either the cash on hand in the LLC accounts or the Monetizer Stream—directly to fund disbursements to the unpaid attorneys of Mr. Baron, the LLC Funds are still extremely important. A more likely source for funding the disbursements to the unpaid attorneys of Mr. Baron is through the sale of domain names that the LLCs hold and otherwise the LLC Funds are being used to maintain the LLCs. That is what the discussion below involves.

i. The Receiver managed the potential LLC revenues relating to domain name sales.

1) Mr. Nelson assumed the management of the LLCs.

Following Jeff Harbin's abrupt resignation as manager of the LLCs in February 2011, the Receiver diligently worked with Damon Nelson regarding the transition of duties from Mr. Harbin to Mr. Nelson—especially in the context of preparing to sell domain names. Since becoming the Manager of the LLCs, Mr. Nelson has, among other things, performed the following tasks:

- Worked with Mr. Harbin to complete the transition for management of the LLCs;
- Audited the electronic books and records of the LLCs, and reconciled such records with bank statements for the same;
- Audited the LLCs' accounts with the monetizers to ensure security over the same;
- Audited the LLCs' monetizers' reports to confirm receipt of the LLCs' funds;
- Coordinated with the LLCs' programmer on reporting by the LLCs' monetizers;
- Coordinated with Messrs. Cox and Eckels concerning the deletion and retention of domain names expiring in January through February 2012; and
- Attended and participated in the Court Ordered Meetings on February 16, 2011 [Transcript of Court Ordered Meeting, February 16, 2011, at 7:8-9] and February 17, 2011 [Transcript of Court Ordered Meeting, February 17, 2011, at 6:8-9]; and
- Worked to collect all LLC materials and documents from Mr. Harbin and all current and former counsel for the LLCs.

[Docket No. 377 at pp. 4-5.]

In April 2012, Mr. Nelson's work largely concerned the sale of domain names:

- Responding to numerous inquiries concerning potential purchases of domain names ranging in price from \$100 to more than \$900,000 including offers for the purchase of the entire portfolio of LLC domain names;
- Using his protocol for valuing and selling domain names, conducted negotiations for the sale of additional domains as inquiries are received;

- Assisting the Receiver with responses to actual or potential complaints about domain names per the Uniform Domain Name Dispute Resolution Policy (the “UDRP”);
- Negotiating an agreement with a new registrar for the LLCs’ domain names;
- Working to maintain the commitments of buyers who had executed sale agreements for the purchase of domain names yet have grown impatient with the delay in the sale and transfers of the names themselves;
- Drafting memoranda concerning the deactivation of domain names subject to potential or actual UDRP complaints;
- Supervising the efforts of domain name brokers who are soliciting interest from potential purchasers; and
- Personally negotiating the sale of the LLCs’ domain names with potential purchasers.

2) The Receiver began implementing the protocol for selling domain names.

The Receiver worked extensively with Mr. Nelson to prepare a specific process for determining what domain names to sell, marketing those domain names, and ultimately holding an auction or other sale. Mr. Nelson completed a memorandum discussing a detailed protocol for valuing domain names and different methods for selling them, including live auction, private sale, or brokered transaction. After completing that memorandum, the Receiver and Mr. Nelson began implementing the protocol set forth in the memorandum through, among other things, negotiations with potential purchasers of domain names. As stated above, the initial goal is to sell enough domain names to generate cash sufficient to pay the Former Baron Attorneys and the remaining liabilities for the Receivership.

3) The Receiver moved for approval for the sale of domain names.

On April 1, 2011, the Receiver filed his *Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol*. [Docket No. 424.] In the motion, the



Receiver explained in detail the Receivership Parties' liabilities, *i.e.* attorneys' fees owed to former attorneys of Mr. Baron, pending fee applications before the Court, and estimated future expenses. [*Id.* at pp. 2-5] The Receiver estimated that these liabilities will be approximately \$2 million by April 30, 2011. [*Id.* at p. 1] The Receiver then outlined the amount of cash the Receivership Parties expect to have on hand by the same time—about \$900,000. [*Id.* at pp. 1, 3-4.] The Receiver explained there would be a shortfall of a little over \$1 million. [Docket No. 424 at p. 5.]

The Receiver then asked for approval to proceed with the sales of 24 domain names registered currently by the LLCs. [*Id.* at p. 7.] The proceeds from the sales could cover the shortfall between the Receivership Parties' liabilities and expected cash on hand at the end of the Receivership. [*Id.*] The Receiver's motion was supported by the *Declaration of Damon Nelson*, which explained Mr. Nelson's protocol for valuing and selling the 24 domain names, also filed on April 1, 2011. [Docket No. 424.] The Receiver served redacted copies of the *Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol* and the *Declaration of Damon Nelson* on Messrs. Schepps, Barrett, and Baron on April 1, 2011, the same date they were filed. The Receiver redacted the portions of these filings that identified the specific 24 names and their tentative, non/final sales prices in order to prevent any potential interference with the potential purchasers of the domain names prior to the consummation of the proposed sales.

The Receiver later filed *The Receiver's Second Sealed Motion to Approve the Sale of Specific Domain Names*, requesting permission to proceed with the sales of an additional 26 domain names registered by the LLCs. [Docket No. 480.] As with the first motion requesting permission to sell specific domain names, the proceeds from such sales could cover the shortfall

between the Receivership's liquid assets and anticipated liabilities. The second motion was also supported by a declaration from Mr. Nelson. [Docket No. 481 at Ex. A.] The Receiver served redacted copies of the *Second Sealed Motion to Approve Sale of Specific Domain Names* and the appendix thereto on Messrs. Schepps and Baron on April 25, 2011, the same date they were filed. The Receiver redacted the portions of these filings that identified the specific 26 names and their tentative, non/final sales prices in order to prevent any potential interference with the potential purchasers of the domain names prior to the consummation of the proposed sales.

On April 22, 2011, Mr. Baron filed his *Response, Objection, Motion for Leave to File, and Motion for Relief with Respect to Receiver Motion on Secret Domain Name Liquidation Hidden from the Public* [Docket No. 472], arguing against the sale of domain names (both as a general matter and as specifically proposed by the Receiver) and complaining that Mr. Baron should be provided with an un-redacted copy of the Receiver's *Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol*. The same day, April 22, 2011, the Court requested that the Receiver respond to Mr. Baron's motion by April 26, 2011. [Docket No. 475.]

Accordingly, the Receiver prepared such a response in his *Response to Motion for Relief with Respect to Receiver Motion on Secret Domain Name Liquidations Hidden from the Public*. [Docket No. 483.] The Receiver pointed out that Mr. Baron lacked standing to try to dictate how and if the LLCs sold domain names because the LLCs were not under his control. [*Id.*] Furthermore, Mr. Baron had done nothing to demonstrate his supposed authority to control the LLCs. [*Id.*] Moreover, distribution of the domain names up for sale would allow Mr. Baron to disrupt their potential sales and cause irreparable harm to the Receivership. [*Id.*] Finally, the method of sale Mr. Baron suggested in his motion, *i.e.* hiring an expert to market the names,

would actually cost the Receivership more money due to the time and resources needed to implement such a plan. [Docket No. 483.]

- 4) The Receiver discussed the sale of domains at the April 28, 2011 Hearing.

At the hearing on April 28, 2011, the Receiver offered Mr. Nelson to testify about the protocol that he used to value the domains and the different options he investigated for their sale, *i.e.* private sale, auction, etc. [Transcript of April 28, 2011, hearing at 95:7-20.] Mr. Schepps, then, raised the possibility of obtaining a loan with the domain names as collateral. [*Id.* at 99:14-18.] The Receiver expressed his willingness to discuss a loan with Mr. Baron and provide him information on the domains needed for a loan. [*Id.* at 103:15-18.]

However, since Mr. Schepps failed to ever respond to the Receiver's request to jointly investigate loans, the Receiver conducted his own independent investigation into the possibility of a loan which he discusses in previous Receiver Reports. [*See, e.g.*, Docket No. 743.]

- 5) The Court initially ordered the Receiver to give Mr. Baron a domain-name-sales information but later announced its intention to grant the Receiver's motion to reconsider such order.

On May 9, 2011, the Court issued its *Order Regarding Baron's Request to Research Financing Options*, ordering the Receiver to give Mr. Baron a list of the specific domain names that the Receiver has proposed to sell and the current asking price for each name. [Docket No. 558.] Shortly thereafter, the Receiver filed *The Receiver's Sealed Ex Parte Motion for Reconsideration of Order Regarding Mr. Baron's Request to Research Financing Options*. [Docket No. 581.] The Receiver argued that he had investigated the possibility of a loan but found it to be financially implausible. [Docket No. 581.] The Receiver also discussed how Mr. Baron had access to all of the domain names—not just the ones the Receiver planned to sell—if he wanted to explore a loan using the names as collateral. [*Id.*] The Receiver explained the

deserved fear he had in releasing just the names to be sold on the grounds that Mr. Baron would likely try to scuttle the deals before consummation and/or retaliate against the buyers. [*Id.*] Finally, the Receiver explained the precise methodology for valuing and selling the names concluding that the private sales he had negotiated were the best possible way to generate sufficient funds to conclude the Receivership. [*Id.*]

On June 9, 2011, Mr. Baron responded to the Receiver's motion to reconsider. [Docket No. 607.] Mr. Baron accused the Receiver of improperly advocating his positions to the Court, victimizing Mr. Baron, and distorting the nature of Mr. Baron's filings. [*Id.*] Despite Mr. Baron's response, on July 1, 2011, the Court issued its *Advisory* and stated its intention to grant the Receiver's Motion to reconsider, as well as his two motions for permission to sell specific domain names. [Docket No. 630.]

6) The Receiver is considering alternate methods to sell other domains.

As explained in detail in the April 2012 Financial Picture, the Receivership is running out of cash. So, the Receiver is exploring ways in which he can sell additional domain names. Mr. Nelson has analyzed and proposed several different methods for selling additional domains including, without limitation, brokerage and public auction. The Receiver is also actively pursuing bulk sales of domain names to generate additional amounts of cash. The bulk sales would offer another method for the efficient generation of funds sufficient to satisfy receivership liabilities.

7) The Receiver moved for approval of the sale of an additional domain name.

On September 19, 2011, the Receiver filed *The Receiver's Third Sealed Motion to Approve the Sale of a Specific Domain Name*, proposing the sale of one additional domain name for \$200,000.00. [Docket No. 685 at Ex. B.] Mr. Baron has not responded to this motion.

- 8) The Receiver has complied with the Court's order to sell domains but only after significant legal expense due to Mr. Baron's vexatious tactics.

On January 17, 2012, the Receiver filed his *Motion to Liquidate Assets to Pay Certain of Receiver's and Gardere's Fees* with the Fifth Circuit. [See Docket No. 806.] The motion requested permission for the Receiver to consummate the sales of certain domain names listed in the Receiver's *Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol* and *Second Sealed Motion to Approve Sale of Specific Domain Names* on the basis that the Receiver and his counsel should be paid for their service. [Id.] The Receiver and his counsel had gone without payment since May 2011. [Id.] The Receiver pointed out that Mr. Baron's repeated obstructionism had made his task exponentially more difficult and, thus, expensive. [Id.]

On January 27, 2012, the Fifth Circuit Court of Appeals remanded the motion to the District Court. [See Docket No. 806; 5th Cir. Case No. 10-11202, Document No. 511739739.] On January 30, 2012, Mr. Baron filed a motion seeking reconsideration of the remand order. [5th Cir. Case No. 10-11202, Document No. 511741695.] On January 31, 2012, Mr. Baron filed another motion with the Fifth Circuit seeking a stay of the remand order on an emergency basis. [5th Cir. Case No. 10-11202, Document No. 511742749.] The same day the Fifth Circuit ordered the Receiver to respond to Mr. Baron's latest motion. [5th Cir. Case No. 10-11202, Document No. 511743376.] On February 1, 2012, the Receiver quickly filed a response. [5th Cir. Case 10-11202, Document No. 511744959.] The Receiver explained that the District Court had already approved both the methodology and the sales of 49 names. [Id.] Moreover, Mr. Baron responded to the two motions seeking approval of the sales, and the District Court had the benefit of reviewing the responses prior to its order. [Id.] Mr. Baron was doing nothing more

than re-cycling old arguments (which the District Court had previously rejected) and citing unsubstantiated “industry buzz” in a desperate attempt to halt the sales. [*Id.*]

Meanwhile, on January 31, 2012, the District Court issued an order approving the sales. [Docket No. 807.] So, on February 1, 2012, Mr. Baron filed an emergency motion with the *District Court* seeking a stay of the order allowing for the sales which the Court granted. [Docket No. 812.] The District Court granted the emergency motion and temporarily stayed the sales. [Docket No. 818.] The Fifth Circuit denied Mr. Baron’s motion to reconsider the remand and the motion to stay shortly after hearing the Receiver’s response. [5th Cir. Case No. 10-11202, Document No. 511744996.]

On February 2, 2012, the District Court, based upon the Fifth Circuit order denying the motion for stay with that Court, lifted its own stay and ordered the sales to proceed. [Docket No. 820.] Later that day, Mr. Baron filed another with the District Court for leave to file a motion for reconsideration of the previous motion lifting the stay, and the District Court denied the motion. [Docket Nos. 821-22.] Mr. Baron, then, filed a motion for reconsideration of that order. [Docket No. 823.] On February 3, 2012, the District Court denied the motion. [Docket No. 825.]

Mr. Baron orchestrated the same shenanigans in parallel proceedings in Fifth Circuit case no. 10-11202. On February 2, 2012, Mr. Baron filed yet another motion to reconsider the order denying his previous request for a stay. [5th Cir. Case No. 10-11202, Document No. 511746015.] The Fifth Circuit denied the motion. [5th Cir. Case No. 10-11202, Document No. 511746525.] Undeterred, Mr. Baron tried his luck in Fifth Circuit case no. 12-10002, where a separate panel likewise denied his request for a stay. [5th Cir. Case No. 12-10003, Document Nos. 511754198, 511759490.]

9) Mr. Baron is attempting to stop the sale of domain names in other ways.

i) Mr. Baron has sent threatening letters to Fabulous.

Mr. Baron was unsuccessful litigating the cessation of the domain name sales. So, he next tried to intimidate the domain name registrar, Fabulous.com, into not transferring the names after their sale. One of the final steps in the sale of a domain name is the transfer of the name to a new registrar (assuming the buying entity uses a registrar different from the seller's). On February 10, 2012, Mr. Baron (through Southpac Trust Group Limited, the entity which controls Receivership Assets in the Cook Islands) sent a letter to Fabulous.com located in Australia. Mr. Baron threatened legal action against Fabulous.com if it followed the Receiver's instructions to transfer liquidated domains to buyers' registrars.

The Receiver responded to Mr. Baron's Southpac letter. The Receiver made Fabulous.com aware of the fact that the District Court and the Fifth Circuit had ordered the sale of the names; Mr. Baron's repeated attempts to stay the Receivership and the sale of the names had been unsuccessful; and the District Court was counting on Fabulous.com's cooperation with the U.S. Courts.

Ultimately, Fabulous.com informed the Receiver that it would disregard the Southpac letter sent on Mr. Baron's behalf.

ii) Mr. Baron has tried to replace Mr. Nelson with another Manager who will not sell domain names.

On March 4, 2011, the Receiver met with Messrs. Schepps and Baron at a face-to-face conference, and meet and confer. [Transcript of Court Ordered Meeting, March 4, 2011, at pp. 1-5.] During the conference, the Receiver sought to confer on the Receiver's (at that time) forthcoming motion for a Court order requiring Mr. Harbin and counsel for the LLCs to turn over all the LLCs' materials to Mr. Nelson (later filed as Docket No. 377). [*Id.* at 46:16-56:2.]

The Receiver explained that the motion would confirm the appointment of Mr. Nelson as the Manager of the LLCs and require Mr. Harbin and all present and former counsel for the LLCs to turn over to Mr. Nelson all materials of the LLCs—including both non-privileged and privileged materials. [*Id.* at 47:3-14.] Mr. Schepps stated that Mr. Baron would oppose the motion because, they believed Mr. Nelson to be—in Mr. Schepps’ words—a “faux manager.” [*Id.* at 47:18-48:4.]

Furthermore, just prior to the April 28, 2011, hearing in this matter, one of the LLCs’ attorneys, Mr. Jackson, received an instruction via e-mail from the trustee for The Village Trust in the Cook Islands. On April 27, 2011, Ms. Narida Crocombe, general counsel for the Southpac Trust, the trustee for the Village Trust, instructed Mr. Jackson to “[p]revent the sale of the domain name assets of the LLCs” and to “[o]btain a list from the receiver of the domain names they are seeking to liquidate.” This is further evidence that Mr. Baron (or his agents, at least) are actively trying to disrupt the Receiver’s efforts.

10) The District Court asked the Receiver to submit a statement of fees.

On February 27, 2012, the Receiver filed *The Receiver’s Notice of Baron’s Numerous Unsuccessful Efforts to Obstruct the Sale of Certain Domain Names*. [Docket No. 842.] The notice advised the District Court of Baron and his agent’s attempts through frivolous motion practice and threats to Fabulous.com (as described above) to obstruct the District Court’s *Order Granting in Part the Receiver’s Motion to Liquidate Assets to Pay Certain of the Receiver’s and His Counsel’s Fees*. [Docket No. 807.] On February 28, 2012, the District Court issued its *Order Directing Receiver to Submit Invoices Associated with Mr. Baron’s Attempts to Obstruct the Sale of Certain Domain Names*. [Docket No. 845.]



On March 12, 2012, pursuant to the District Court’s order, the Receiver filed *The Receiver’s Notice Ordered by the District Court to Report Time Spent and Amounts Billed Relating to Baron’s Attempts to Obstruct the Sale of Certain Domains*. [Docket No. 851.] The Receiver reported in the notice that he, the Receiver’s counsel, and Receivership Professionals spent over 60 hours and incurred almost \$24,000 in fees overcoming Mr. Baron’s obstructionist tactics. [*Id.*]

11) The Receiver filed another motion to liquidate Receivership Assets.

On February 27, 2012, the Receiver filed his *Second Sealed Ex Parte Motion for Order Allowing Liquidation of Assets to Pay Receivership Professionals, the Receiver, and the Receiver’s Counsel* with the Fifth Circuit, seeking permission to liquidate Receivership Assets in the form of selling domains. [Fifth Circuit case no. 10-11202, filed under seal.] As requested in the motion, certain revenue ((1) a \$62,108.85 surplus from Court-ordered domain sales to date (see Note 8 *supra*), (2) revenue from the sale of the domain name included in *The Receiver’s Third Sealed Motion to Approve Sale of Specific Domain Name* [Docket No. 685 at Ex. B], plus (3) revenue from the sale of 13 additional domain names) would go toward paying the following fee applications:

<b>Applicant</b>	<b>Fee Applications</b>	<b>Time Periods Covered in Applications</b>	<b>Amount of Application</b>
Damon Nelson	9th Fee Application	Sept.1 – 30, 2011	\$15,100.00
	10th Fee Application	Oct. 1 – 31, 2011	\$13,225.00
	11th Fee Application	Nov. 1 – 30, 2011	\$14,050.00
	12th Fee Application	Dec.1 – 31, 2011	\$13,600.00
	13 <sup>th</sup> Fee Application	Jan.1 – 31, 2012	\$13,325.00
	14 <sup>th</sup> Fee Application	Feb. 1 –23, 2012	\$15,575.00

<b>Applicant</b>	<b>Fee Applications</b>	<b>Time Periods Covered in Applications</b>	<b>Amount of Application</b>
James Eckels	6th Fee Application	Sept.1, 2011 – Feb.23, 2012	\$16,187.50
Joshua Cox	12th Fee Application	Sept. 1 – 30, 2011	\$6,656.25
	13th Fee Application	Oct. 1 – Nov. 30, 2011	\$9,187.50
	14th Fee Application	Dec.1 – 31, 2011	\$6,406.71
	15th Fee Application	Jan. 1 – Feb.23, 2012	\$6,072.50
Grant Thornton	2nd Fee Application	May 1 – June 20, 2011	\$6,406.11
	3rd Fee Application	June 21 – July 18, 2011	\$8,387.26
	4th Fee Application	May 11 – Sept.19, 2011	\$5,365.14
	5th Fee Application	Sept.19 – Oct. 7, 2011	\$1,142.25
	6th Fee Application	Oct. 8 – Jan. 31, 2011	\$9,608.88
Local Counsel	3rd Fee Application	Mar. 11 – Oct.18, 2011	\$1,417.50
Receiver	14th Fee Application	Jan. 1 – Feb. 21, 2012	\$41,317.50 (75% of \$55,090.00)
Gardere	14th Fee Application	Jan. 1 – Feb. 15, 2012	\$94,715.31 75% of \$126,287.08)
<b>TOTAL OUTSTANDING FEES</b> (taking into account the temporary 25% reduction of Receiver and Gardere fees)			<b>\$297,745.41</b>

12) The Receiver moved for approval of the sale of additional domain names.

On April 24, 2012, the Court issued an *Advisory to the U.S. Court of Appeals for the Fifth Circuit* stating that it interprets the Fifth Circuit’s multiple decisions denying Mr. Baron’s requests for stay of the Receivership “to mean that this Court still has the jurisdiction to deal with receivership issues pending interlocutory appeal” and, accordingly, the Court “will no longer stay this case while the Receivership Order is on appeal.” [Docket No. 878.]

In light of the Court’s *Advisory*, on April 27, 2012, the Receiver filed *The Receiver’s Sealed Ex Parte Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Funds Administrative Costs*. [Docket No. 883.] This motion incorporated and requested all the relief requested by the *Second Sealed Ex Parte Motion for Order Allowing*

*Liquidation of Assets to Pay Receivership Professionals, the Receiver, and the Receiver's Counsel* previously filed with the Fifth Circuit. Additionally, the Receiver requested that the he be allowed to sell a “package” of 14 domain names (the “14 Domain Package”) and a “package” of 88 domain names (the “88 Domain Package”) and to use the proceeds (as well as Receivership cash-on-hand) to fund additional fee applications. [Docket No. 878.]

On May 3, 2012, the Court issued its *Order Granting in Part the Receiver's Sealed Ex Parte Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Funds Administrative Costs*, ordering the Receiver to use proceeds from the sale of certain domain names (as well as Receivership cash-on-hand) to fund pending fee applications [Docket No. 906.]

13) Mr. Baron again tried to stop the sale of domain names.

On May 3, 2012, Mr. Baron noticed his eighth (and most recent) of the Fifth Circuit Appeals (case no. 12-10489). [Docket No. 897.] One of the seven orders included in the appeal is the *Order Granting in Part the Receiver's Sealed Ex Parte Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Funds Administrative Costs*. [Docket No. 906.]

On May 8, 2012, Mr. Baron filed an *Emergency Motion for Stay Pending Appeal of Order to Liquidate Non-Party Assets and Distribute Receivership Res* with the Fifth Circuit, requesting a stay of all seven orders (including the order allowing the sale of domain names). [Docket No. 926 at Ex. 3.] On the same date, May 8, 2012, the Fifth Circuit issued a directive that the appellees (the Receiver and the Trustee) respond to Mr. Baron's motion for stay by 12:00 p.m. (noon) *the next day*, May 9, 2012. [*Id.* at Ex. 4.]

On the morning of May 9, 2012, the Fifth Circuit issued a corrected letter and notified the Receiver and Trustee that responses were due by 12:00 p.m. (noon) on May 10—instead of May

9—2012. [*Id.*] So, the Receiver and Trustee were ultimately provided *less than 48 hours* to respond to Mr. Baron’s motion to stay.

On May 10, 2012, in compliance with the Fifth Circuit’s directive, the Receiver filed *The Receiver’s Response to Emergency Motion for Stay Pending Appeal of Order to Liquidate Non-Party Assets and Distribute Receivership Res* with the Fifth Circuit. [*Id.* at Ex. F.] On the same date, the Trustee filed the *Response of Daniel J. Sherman, Chapter 11 Trustee to Non-Party Movant’s Emergency Motion for Stay Pending Appeal of Order to Liquidate Non-Party Assets and Distribute Receivership Res* with the Fifth Circuit. [*Id.* at Ex. 6.]

On May 11, 2012, Mr. Baron filed a *Reply to Responses of Sherman & Vogel* with the Fifth Circuit. [*Id.* at Ex. 7.] In his reply, Mr. Baron asserts, *inter alia*, that this Court, in issuing the seven underlying orders, “took matters into his own hands” and “has attempted to bypass the jurisdiction of [the Fifth Circuit].” [*Id.*] On the same date that Mr. Baron filed his reply (May 11, 2012), the Fifth Circuit denied Mr. Baron’s motion for stay of the seven orders, including the order allowing domain name sales. [*Id.* at Ex. 8.]

Mr. Baron also requested that this Court stay the same orders (including the order allowing domain name sales). [Docket No. 909.] However, on May 14, 2012, this Court denied the stay as moot in light of the Fifth Circuit’s refusal to issue a stay. [Docket No. 925.]

14) Mr. Baron tried to block the sale of a domain name in the Ondova Bankruptcy proceeding.

On June 22, 2011, the Trustee filed a *Motion for Authority to Sell Property of the Estate* in the Ondova Bankruptcy proceeding, seeking permission to sell certain domain names (including mondial.com) belonging to the bankruptcy estate. [*See* Docket No. 666 at Ex. A.] On July 22, 2011, attorneys named Christopher Payne and Dennis Olson attempted to appear on behalf of Novo Point, LLC and filed an *Objection to Trustee’s Motion for Authority to Sell*

*Property of the Estate* in the Ondova Bankruptcy proceedings (the “Olson/Payne Objection”). [Id.] The Receiver had not authorized the Messrs. Payne and Olson to file the Olson/Payne Objection on Novo Point, LLC’s behalf. So, on August 25, 2011, the Trustee and the Receiver respectively filed motions to show authority. [Id.]

On August 1, 2011, the Bankruptcy Court heard the Trustee and the Receiver’s motions. [Id.] On August 2 and 9, 2011, the Bankruptcy Court issued orders approving the sale of the mondial.com, striking the Olson/Payne Objection, and ordering that Mr. Payne, Mr. Olson, nor any other attorney is allowed to appear in the Bankruptcy Court again on behalf of Novo Point, LLC absent an order granting a motion for leave to do so and the presentation of live testimony demonstrating their authority to do so (the “Authority Orders”). [Id. at Ex. F.]

i) Mr. Baron ignored the Bankruptcy Court order.

Mr. Baron ignored the Authority Orders requiring that the Court grant a motion for leave before Mr. Payne, Mr. Olson, or any other attorney is allowed to appear or file any further pleadings on behalf of Novo Point, LLC. [See id.] Rather, on August 18, 2011, Mr. Payne—this time with Mr. Schepps’ assistance—filed a *Motion of Novo Point, LLC for Stay Pending* and four notices of appeal with the District Court (the “Violative Filings”). [See Case No. 09-34784-SGJ, Docket Nos. 610, 612-15.]

On August 22 and 25, 2011, the Trustee and the Receiver responded to the Violative Filings with motions for Messrs. Payne and Schepps to show cause as to why they should not be sanctioned. [Docket No. 672 at n.3.] The Bankruptcy Court granted the Trustee’s motion for expedited consideration and conducted a hearing on the Trustee’s motion to show cause on September 1, 2011. Before that hearing, however, Messrs. Schepps and Payne filed two additional pleadings in the Bankruptcy Court purportedly on behalf of Novo Point, LLC, adding to the total number of Violative Filings.

ii) The Court issued a show cause order.

On September 1, 2011, the Court held a hearing on the Trustee's motion to show cause. The Receiver has detailed the hearing and the Bankruptcy Court's subsequent order to hold a hearing on October 24, 2011, on why Messrs. Payne and Schepps should not be sanctioned. [*See* Docket No. 682.] In short, Messrs. Payne and Schepps argued alternatively that the Bankruptcy Court did not have the power to levy sanctions and that their actions did not rise to the level of being worthy of sanction. [*Id.*] The Bankruptcy Court found these arguments unavailing, struck Messrs. Payne and Schepps' latest pleadings on behalf of Novo Point, LLCs, and noted that Messrs. Payne and Schepps' tactics amounted to vexatious litigation on the part of Mr. Baron. [*Id.*]

To the Bankruptcy Court's consternation, neither Mr. Payne nor Mr. Schepps produced Lisa Katz, the supposed Texas based manager of Novo Point, LLC and individual from whom they purportedly derived their authority to make the Violative filings. [Case No. 09-34784-SGJ, Docket No. 652 at *Id.* at 6:22-7:14.] At such hearing, Mr. Payne again represented to the Bankruptcy Court that Ms. Katz hired him to represent Novo Point, LLC. [*Id.* at 22:8-21.] When asked from where he received the information on which he based the Olson/Payne Objection, Mr. Payne stated "[f]rom a representative of Ms. Katz . . . Mr. Schepps." [*Id.* at 27:16-29:11.] Mr. Schepps stated that Ms. Katz instructed him to make the Violative Filings. [*Id.* at 44:20-23.]

Mr. Schepps further represented to the Bankruptcy Court that his "authority has been thoroughly fleshed out in the district court . . . to represent Novo Point and Quantec" and "the district court denied . . . the motion for [him] to show authority, because [he] showed authority." [*Id.* at 43:8-20.] This is a falsehood. As discussed above in previous Receiver Reports, this Court granted the Receiver's motion for Mr. Schepps to present evidence demonstrating his

authority to represent the LLCs, and Mr. Schepps never demonstrated such authority to the District Court. [See Docket Nos. 248, 265, 291, 333 at pp. 17-18.]

On September 6, 2011, the Bankruptcy Court issued an order granting the Trustee's Show Cause Motion and requiring Messrs. Schepps and Payne to appear before the Bankruptcy Court on October 24, 2011 and "show cause why they should not be held in contempt and sanctioned for filing" the Violative Filings (the "Show Cause Order"). [See Docket No. 682 at Ex. G.]

iii) Part one of the show cause hearing.

On October 24, 2011, the Court held a hearing on its Show Cause Order. [Case No. 09-34784-SGJ, Docket No. 673.] When the Bankruptcy Court announced its intention to issue the Show Cause Order at the September 1, 2011 hearing, it instructed Messrs. Payne and Schepps to bring Ms. Katz to the hearing on the Show Cause Order. [Case No. 09-34784-SGJ, Docket No. 652 at 70:20-24.] However, the elusive Ms. Katz was again absent from the October 24, 2011 hearing on the Show Cause Order. [See Case No. 09-34784-SGJ, Docket No. 673 at 19:18-22.] At the hearing, Mr. Payne testified that his belief that Ms. Katz had authority to hire him on behalf of Novo Point, LLC was based on "an authorizing document" from the Cook Islands purportedly appointing her as manger of Novo Point, LLC (the "Document Purportedly Appointing Katz"). [Id. at 59:6-19, 68:12-25, 75:18-24.] The hearing was not completed on October 24, 2011, and was continued until November 15, 2011. [Id. at 113-14.]

At the October 24, 2011 hearing, from which Ms. Katz was absent, the Bankruptcy Court stated the following:

[T]here was something so fundamental in my order that I hope gets covered in the evidence – that I hope gets addressed in the evidence and it's this; if you show up – if you, a lawyer, show up in any court proceeding saying you represent a business entity, and we've got multiple attorneys showing up in court saying they speak for that business entity, it seems so basic, so fundamental that as part of

your duty of candor to the court you be able to speak up and say on what authority you're relying. . . Business entities act through human beings and even if we didn't have the receivership order there would be an issue of who's directing the entity. . . I stated in my order parties who are aggrieved by an order have standing to appeal but it would appear to me, and I hope you address this in testimony and closing argument, that that would be a shareholder or member or a creditor. We can't have two – two sets of lawyers speaking for one entity. And if you're saying that in fact you can, legally, well then I at least need to know who's speaking and who's directing the shots. . . . [L]et's be real, by what authority do these attorneys say they take direction? Pretty fundamental, okay. So I hope the evidence is clear on that.

[*Id.* at 48:25-50:10.]

The Receiver attended and participated in the October 24, 2011 hearing by making an opening statement and entering two exhibits into evidence rebutting Mr. Schepps claim that the District Court had granted him authority to represent the LLCs. [*Id.*]

iv) Further Violative Filings by Mr. Schepps.

On November 7, 2011, Mr. Schepps filed *Petfinders LLC's Objection to Trustee's Motion for Authority to Sell Property of the Estate* (the "Petfinders LLC Objection"). [Case No. 09-34784-SGJ, Docket No. 676.] As is explained in further detail below in Section B.3.b.i.13, the Petfinders LLC Objection was filed in response to the Trustee's motion in the Bankruptcy Court to sell the domain name petfinders.com. [Case No. 09-34784-SGJ, Docket No. 658.] According to the Trustee, petfinders.com belonged to the Ondova estate. [*Id.*] In the Petfinders LLC Objection, however, Mr. Schepps asserted that petfinders.com belonged to Novo Point, LLC, and "[t]he [unidentified] owner of Novo Point LLC, and beneficial owner of Petfinders.com, assigned its rights and interest in Petfinders.com to Petfinders LLC" (the "Purported Petfinders Assignment"). [Case No. 09-34784-SGJ, Docket No. 676.]

One need not be too clever to figure out the game being played here. As stated above, the Bankruptcy Court's Authority Orders prohibited any pleadings to be filed on behalf of Novo Point, LLC. Mr. Schepps had already tested the Bankruptcy Court's willingness to enforce those



orders and found himself subject to the Show Cause Order. Accordingly, he filed an objection to the sale of petfinders.com—not on behalf of Novo Point, LLC, which would constitute another Violative Filing—but on behalf of this new entity—Petfinders LLC.

On November 8, 2011, the Receiver filed *The Receiver's Motion to Strike Pleading and Second Motion to Show Cause as to Why Gary Schepps Should Not Be Held in Contempt and Sanctioned* (the “Receiver’s Second Show Cause Motion”). [Case No. 09-34784-SGJ, Docket Nos. 678-79.] In his Motion to Strike, the Receiver noted that the Texas Secretary of State’s records reveal that Petfinders, LLC has only been in existence since November 7, 2011—the very same day Mr. Schepps filed the Petfinders LLC Objection claiming the Purported Petfinders Assignment. [*Id.*] Further, the Receiver noted that the Petfinders LLC Objection contained “no evidence in [of] . . . (a) who the purported owner of Novo Point, LLC is, (b) when this alleged assignment occurred (post-Receivership assignments would be void), and (c) who hired Mr. Schepps (post-Receivership hiring would be void).” [*Id.*] In short, the Petfinders LLC Objection was yet another Violative Filing, just brought on behalf of a sham entity. [*Id.*] The Bankruptcy Court set the Receiver’s Second Show Cause Motion to be heard concurrently with the second and third parts of its hearing on the Show Cause Order, which are described below. [Case No. 09-34784-SGJ, Docket Nos. 683, 709]

v) Part two of the show cause hearing.

On November 15, 2011, the Bankruptcy Court conducted the second part of the show cause hearing. [Case No. 09-34784-SGJ, Docket Nos. 715, 716.] Mr. Payne testified in direct examination and on cross examination from the Trustee, the Receiver, and the Netsphere Parties. [Case No. 09-34784-SGJ, Docket No. 715.] In sum, Mr. Payne’s testimony consisted of him contending that the numerous filings which he made in violation of the Bankruptcy Court’s Authority Order were in good faith. [*Id.*] On cross-examination, however, Mr. Payne admitted

*inter alia* that he had failed to produce crucial exculpatory evidence such as the email transmitting the subject filings to Gary Schepps for him to file and his analysis concerning the applicability of Cook Islands law in a United States federal court proceeding was flawed. [*Id.*]

Mr. Payne also produced the elusive Ms. Katz at the November 15, 2011 hearing. [Case No. 09-34784-SGJ, Docket No. 715.] After a brief direct examination, Lisa Katz testified to the following on cross-examination:

- Ms. Katz’s Supposed Qualifications to Be “Manager” of the LLCs
  - Ms. Katz is a part-time math tutor. [*Id.* at 11:8-15.]
  - Ms. Katz has an undergraduate degree in mathematics from Clark University in Massachusetts and a law degree from Texas Wesleyan University, although she did not pass the bar and has never practiced law. [*Id.* at 10:4-19.]
  - Ms. Katz previously worked from a software company and a telecommunications company. [*Id.* at 14:12-20.]
- Circumstances of Ms. Katz’s Hiring
  - Ms. Katz has known Mr. Schepps “for several years” since they met in law school around “probably 1990, ’91.” [*Id.* at 12:21-13:14.]
  - It was Mr. Schepps who contacted Ms. Katz about her becoming the purported manager of the LLCs in late spring of 2011. [*Id.* at 12:5-20, 14:3-7, 28:22-29:1.]
  - Mr. Schepps provided Ms. Katz the “management agreement” (*i.e.*, the Document Purportedly Appointing Katz) under which she was hired as the purported manager of the LLCs. [*Id.* at 28:10-11].
- Ms. Katz’s Contact with the Cook Island Entities
  - Ms. Katz is unable to identify the persons in the Cook Islands who purportedly control Novo Point, LLC. [*Id.* at 15: 16-25, 29:5-7, 37: 19-38:1.]
  - Mr. Schepps “introduced” Ms. Katz to the persons in the Cook Islands [*id.* at 27:2-5], with whom Ms. Katz spoke over the telephone [*id.* at 16: 1-7, 37:19-23] but did nothing to actually determine whether such persons had authority to speak for the LLCs or hire Ms. Katz on their belief. [*Id.* at 8-11.] Instead, Ms. Katz relied on Mr. Schepps in believing that she was speaking “to the right people” and they had authority to hire her. [*Id.* at 29: 17-20.]

- In her telephone conversation with the persons in the Cook Islands, all that was discussed was that “the companies are in a receivership, there’s really nothing for [Ms. Katz] to do at this point.” [*Id.* at 38:2-5.]
- Ms. Katz’s Activity as the Supposed “Manager” of the LLCs
  - Mr. Schepps recommended that Ms. Katz hire Mr. Payne as attorney for the LLCs. [*Id.* at 7:25-8:5.]
  - Ms. Katz did not communicate to Mr. Payne the details of his representation; she thinks Mr. Schepps did. [*Id.* at 8:10-20.]
  - Mr. Schepps provided Ms. Katz the engagement agreement for Mr. Payne. [*Id.* at 28:12-13.]
  - Mr. Payne does not report to Ms. Katz. [*Id.* at 30:22-23.]
  - Ms. Katz does not know who her boss is with regard to her duties as purported manager of the LLCs. [*Id.* at 24: 8-10.]
  - Other than Messrs. Schepps and Payne, there is no person “at Novo Point or Qauntec that [Ms. Katz] report[s] to, answer[s] to, interact[s] with in any way.” [*Id.* at 37:9-14.]
  - No one has consulted with Ms. Katz about the LLC’s litigation strategy. [*Id.* at 31:17-32:6.]
  - No one sought Ms. Katz’s approval for filing any legal documents on behalf of the LLCs. [*Id.* at 32:2-6.]
  - Ms. Katz “ha[s]n’t done anything” to fulfill any of her duties spelled out in such management agreement [*id.* at 15:3-6], including:
    - speaking with anyone she may need to hire to help run the operations of the LLCs [*id.* at 17:9-11];
    - responding to Uniform Domain Name Dispute Resolution Policy (UDRP) actions filed against domain names under the control of the LLCs [*id.* at 22:23-9];
    - filing taxes on behalf of the LLCs [*id.* at 23:10-12];
    - culling or deletion of domain names under the control of the LLCs [*id.* at 23:13-16];
    - making payment of renewal fees for, or otherwise ensuring the retention of, domain names under the control of the LLCs [*id.* at 23:17-20];

- responding to inquiries for the purchase of domain names under the control of the LLCs [*id.* at 23:21-25];
- paying bills on behalf of the LLCs [*id.* at 25: 23-25];
- contacting the Receiver [*id.* at 17:15-19];
- contacting Mr. Nelson, the Court-appointed Manager of the LLCs [*id.* at 17:20-18:5];
- contacting Messrs. Cox or Jackson, the individuals recognized by this Court as the attorneys for the LLCs [*id.* at 18:9-11, 19:9-11];
- contacting the Trustee or his counsel [*id.* at 19:12-18];
- reading pleadings filed in any of the Federal Courts on behalf of the LLCs [*id.* at 36:23-37:6]; or
- receiving mail on behalf of the LLCs. [*Id.* at 38:14-17.]
- Ms. Katz is unable to identify any examples of domain names to which the LLCs claim ownership. [*Id.* at 38:10-13.]
- Since becoming the purported managed of the LLCs in the spring of 2011, Ms. Katz has spent less than two hours fulfilling her duties on behalf of the LLCs. [*Id.* at 36:7-22.]
- Ms. Katz's Recognition of the Receivership
  - Ms. Katz has not performed any work on behalf of the LLCs because the entities are in receivership. [*Id.* at 33:23-25.]
  - Shortly after executing the management agreement and becoming the purported manager of the LLCs, Ms. Katz was told that the LLCs were “in receivership, and in bankruptcy, and so it would be a while before [she] could do anything.” [*Id.* at 7:1-3.]
  - Ms. Katz has not been paid because the LLCs are “in receivership.” [*Id.* at 24:1-7.]
  - Ms. Katz was told by the persons in the Cook Islands that “there was nothing to do . . . [b]ecause the companies were in receivership.” [*Id.* at 16:8-12, 37:16-18, 38:2-5.]
  - Ms. Katz was told by Mr. Schepps that the LLCs were in receivership and there was nothing for her to do until they came out of receivership. [*Id.* at 30:12-18, 31:4-16.]

- Ms. Katz’s understanding is that “nobody’s really managing [the LLCs] because it can’t begin until [the LLCs] come out of receivership.” [*Id.* at 34:5-9.]
- Ms. Katz testified: “My understanding is that once the companies came out of receivership, then I would be responsible for the rest of the duties or for the duties. But until that occurs, I’m not or I don’t have anything to do, why is why I haven’t done anything.” [*Id.* at 33:7-13.]

Most notably, Ms. Katz testified that she is the manager of the LLCs, having been duly appointed by the member of those entities, and is “the person in charge” of the LLCs. (*Id.* at 34:10-15, 35:10-13, 23-25.) *As the person in charge, Ms. Katz testified, she recognizes “the legitimacy of the receivership order entered by Judge Furgeson.”* (*Id.* at 36:1-4.)

On December 16, 2011, the Receiver filed *The Receiver’s Notice of Lisa Katz’s Sworn Testimony Relating to Her Purported Authority as Purported Manager of the LLCs* with this Court. [Docket No. 745.]

vi) Further Violative Filings by Mr. Schepps.

On November 28, 2011—while subject to the Show Cause Order for making the Violative Filings—Mr. Schepps made yet another filing in the Bankruptcy Court purportedly on behalf of both Novo Point, LLC and Petfinders, LLC, adding to the total number of Violative Filings. [Case No. 09-34784-SGJ, Docket No. 704.] The filing is a notice of appeal of the Bankruptcy Court’s order allowing the sale of petfinders.com, discussed below in Section B.3.b.i.15.xv.

vii) Part three of the show cause hearing.

On December 5, 2011, the Bankruptcy Court conducted the third and final portion of the hearing on its Show Cause Order. [Case No. 09-34784-SGJ, Docket No. 725.] This portion of the hearing largely consisted of the Trustee, the Receiver, and the Netsphere Parties’ examination of Mr. Schepps. Mr. Schepps offered no direct testimony on his behalf and then attempted to assert his Fifth Amendment right against self incrimination in response to

practically every question posed to him including, without limitation, whether he had willfully violated the Authority Orders and orders of the District Court and the Fifth Circuit. [*Id.*] Mr. Schepps also refused to testify regarding the check from CCB Investments, Inc. that he deposited into his IOLTA account on November 30, 2010. [*Id.*]

Mr. Schepps contended that the proceedings were for “criminal contempt” and, thus, he had a right to refuse to testify without it being held against him. [*Id.*] The Bankruptcy Court explained it was conducting a hearing on civil contempt and, thus, the Court could draw a negative inference from his refusal to testify. [*Id.*]

When the Bankruptcy Court concluded the December 5, 2011 hearing, it reserved its ruling on whether to sanction Mr. Schepps and/or Mr. Payne. [*Id.*] Once the Bankruptcy Court issues its ruling on those matters, the Receiver will provide notice to this Court. It should be noted, however, that the Bankruptcy Court announced a “preliminary ruling” from the bench at the hearing that it is “not going to allow Mr. Schepps to file any more pleadings in the Ondova bankruptcy case.” [*Id.*] Mr. Schepps has already violated that preliminary ruling twice. [*See* Case No. 09-34784-SGJ, Docket Nos. 726-27.]

On December 15, 2011, the Bankruptcy Court put its preliminary ruling in writing by issuing its *Order Barring Attorney Gary Schepps from Appearing/Participating Further in Ondova Limited Company Bankruptcy Case*. [*See* Case No. 09-34784-SGJ, Docket No. 728.] The Bankruptcy Court’s order states *inter alia* the following:

- “Based on the evidence presented at the three days of hearings on these matters, this court believes that Gary Schepps represents the interests of Jeffrey Baron—no matter which new or old entity he from time-to-time purports to represent”;
- “The court further believes that Gary Schepps’s activities in the Bankruptcy Case are intended to be obstructionist, are not pursued in good faith or for legitimate purposes under the Bankruptcy Code, and reflect a lack of candor to the court”;

- “This court will not allow Gary Schepps or any other new attorneys to participate in the Bankruptcy Case on behalf of Jeffrey Baron”;
- “Based on the evidence presented, the court determines that Gary Schepps’s alleged representation of different entities—Novo Point or Petfinders, LLC—is a sham”; and
- “This court finds and concludes that all pleadings filed by Gary Schepps, in any capacity, in this Bankruptcy Case should be immediately barred and enjoined.”

[*Id.*] On December 16, 2011, the Receiver filed *The Receiver’s Notice of Bankruptcy Court’s Order Barring Gary Schepps from Further Participation in Ondova Bankruptcy Case*. [Docket No. 744.]

On December 28, 2011, Mr. Schepps filed (purportedly on behalf of himself, Novo Point, LLC, Petfinders, LLC, and Mr. Baron) a notice of appeal of this order to the District Court. [*See* Case No. 09-34784-SGJ, Docket No. 742.] On January 5, 2011, the Bankruptcy Court issued an *Order Clarifying Order Barring Attorney Gary Schepps from Appearing/Participating Further in Ondova Limited Company Bankruptcy Case*, stating the following:

This order clarifies that: (a) Gary Schepps is not prohibited from appealing the Schepps Bar Order itself; and (b) Gary Schepps is not prohibited from continuing to prosecute any appeal for which a Notice of Appeal was filed prior to the Schepps Bar Order. With these two exceptions/clarifications, the Schepps Bar Order stands.

[Case No, 09-34784-SGJ, Docket No. 747.]

viii) Mr. Schepps misrepresents the nature of the Bankruptcy Court’s show cause hearing to the Fifth Circuit.

On December 14, 2011, Mr. Schepps filed an emergency motion with the Fifth Circuit to intervene in a UDRP complaint against another domain name, funnygames.com. (As a side note, Mr. Schepps’ emergency motion regarding funnygames.com was unnecessary and disruptive since the Receiver had already received adequate relief from the district court to obtain a dismissal of the UDRP complaint against funnygames.com.) In a December 19, 2011 filing to

the Fifth Circuit related to his prior funnygames.com emergency motion, Mr. Schepps represented the following to the Fifth Circuit regarding the Bankruptcy Court's show cause hearing on Mr. Schepps' Violative Filings:

Moreover, the hearing held before the Bankruptcy Court was a criminal contempt proceedings brought against the undersigned counsel expressly for the undersigned's seeking appellate relief from the orders of the Bankruptcy Court. As a matter of established law such proceedings are well outside the authority of the Bankruptcy Court.

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The contempt proceedings were clearly conducted to punish counsel for appealing the orders of the Bankruptcy Court . . . The Bankruptcy Judge explained the purpose of the contempt as follows: "I'm thinking of a very high monetary sanction . . . I don't think anything short of 50,000 or so is going to get people's attention here . . . [B]ecause I'm very, very offended."

[Fifth Circuit Case No. 10-11202, Document No. 511700560.]

As explained above, Bankruptcy Court's show cause hearing was clearly non-criminal in nature and Mr. Schepps was well aware of this fact because the Bankruptcy Court explained it to him in the clearest of terms during the show cause hearing:

THE COURT: As we went through on day one, this Court has no power and is not attempting to engage in a criminal contempt proceeding. This is civil contempt. This is governed by Section and the Court's inherent power. So this is about civil contempt.

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[T]his Court considers this a civil contempt matter.

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I think I'm going to take this opportunity to make sure, Mr. Schepps, one last time, you understand and you're a lawyer — you should understand — but I want to make sure you understand the distinction between criminal contempt proceedings and civil contempt proceedings.

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These proceedings are about civil contempt, right, which has been defined many times by the courts in this circuit in cases like *Kellogg versus Chester, L.A. TCO&F, Inc.*; *Petroleos Mexicanos versus Crawford Enterprises*; *Senior Living Properties, LLC*; *In re Allotrack Transportation, Inc.*; *In re Terribell Fuel and Roug* (phonetics), just to name a few.

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When this Court threw out the possibility that I might be inclined to impose something like a \$50,000 sanction, this has nothing to do with criminal contempt; it has nothing to do with 18 U.S.C. 20 Section 401.

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This isn't about me punishing you if I find in contempt.

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[T]his is civil contempt, not criminal contempt. Okay?

[MR. SCHEPPS]: Okay.

[Case No. 09-34784, Docket No. 725 at 10:9-13, 11:1-2, 37:5-9, 38:9-14, 39:16-20, 40:4, 12-14.]

On December 20, 2011, the Receiver submitted a letter to the Bankruptcy Court notifying it of Mr. Schepps' material misrepresentations to the Fifth Circuit.

15) Mr. Baron tried to block the sale of another domain name—petfinders.com—leading to an incredible amount of work on the part of the Receiver.

i) The Protocol.

The Bankruptcy Court has set forth a protocol for Mr. Baron to object to motions filed by the Trustee—*i.e.*, Mr. Baron notifies his attorney (Mr. Martin Thomas) of any objections, Mr. Thomas relays the objections to the Receiver (since Mr. Baron refuses to speak directly to the Receiver or the Receiver's counsel), and the Receiver relays the objections to the Bankruptcy Court (the "Protocol"). [Case No. 09-34784-SGJ, Docket No. 585 at 45:3-10.] As is

demonstrated below, the Receiver has followed the Protocol despite Mr. Baron's decision to pay it little heed.

ii) The Trustee filed his Petfinders Motion.

On October 7, 2011, the Trustee filed a motion with the Bankruptcy Court requesting permission to sell the domain name petfinders.com (the "Trustee's Petfinders Motion"). [Case No. 09-34784-SGJ, Docket No. 658.] According to the Trustee, petfinders.com belongs to the Ondova estate. [*Id.*]

iii) Mr. Baron lodged objection to the Trustee's Petfinders Motion via the Protocol.

On October 27, 2011, Mr. Thomas sent an email to the Receiver's counsel and relayed Mr. Baron's belief that the Trustee Petfinders Motion should be denied. ("Thomas Petfinders Email") [Case No. 09-34784-SGJ, Docket No. 671 at Ex. A.] Specifically, the Thomas Petfinders Email stated the following:

Mr. Baron objects to the sale of any domain names. Without limitation, he specifically objects to the sale of any name that belongs to him individually rather than Ondova and, as we have discussed before, it is the Receiver's responsibility to require the Trustee to prove ownership and the need to sell the asset.

[*Id.*]

iv) The Receiver conducted an independent investigation into the ownership of petfinders.com.

In light of Mr. Baron's assertions contained in the Thomas Petfinders Email, the Receiver instructed the manager for Novo Point, LLC and Quantec, LLC (the "LLCs"), Damon Nelson, to investigate the issue of ownership of petfinders.com. [Case No. 09-34784-SGJ, Docket No. 671 at Ex. B.] Mr. Nelson's research found Ondova, not Mr. Baron personally or the LLCs, to be the owner of petfinders.com. [*Id.*]

v) The Receiver complied with the Protocol.

On October 31, 2011, the Receiver filed his *Response and Reservation of Rights Related to Trustee's Motion for Authority to Sell Property of the Estate* (the "Receiver's Petfinders Response") [Case No. 09-34784-SGJ, Docket No. 671.] The Receiver's Petfinders Response attached the Thomas Petfinders Email and relayed Mr. Baron's objections to the Trustee's Petfinders Motion contained therein. [Id.] The Receiver's Petfinders Response also notified the Bankruptcy Court of the conclusions drawn by Mr. Nelson's independent investigation. [Id.] Lastly, through his Petfinders Response, the Receiver "object[ed] to the sale of the domain name petfinders.com and request[ed] that the [Bankruptcy] Court require the Trustee to offer evidence of ownership of the domain name and the need for its sale or liquidation." [Id.] By filing the Receiver's Servers Response, the Receiver complied with the Protocol.

vi) Baron and Schepps lodged a second set of objections to the Trustee's Petfinders Motion via a Fifth Circuit filing instead of the Protocol.

As the Receiver previously noted to this Court, on November 4, 2011, Messrs. Baron and Schepps filed an *Emergency Motion for Limited Stay, Dissolution or Otherwise to Allow Jeff Baron to Defend His Interest in the "Servers.com" Domain in the Ondova Bankruptcy Proceedings* with the Fifth Circuit ("Baron/Schepps Servers Motion to Fifth Circuit"). [Docket No. 708 at Ex. A.] Although the Baron/Schepps Servers Motion to Fifth Circuit primarily focused on the Trustee's proposed sale of servers.com (discussed in detail below in Section B.3.b.i.16.iii), it also contained assertions about petfinders.com which could be construed as objections to the Trustee's Petfinders Motion (and were not relayed to the Receiver via the Protocol). [Id.]<sup>17</sup>

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<sup>17</sup> The Receiver previously informed this Court that, on November 8, 2011, the Fifth Circuit issued an order denying the Baron/Schepps Servers Motion to Fifth Circuit. [Docket No. 708 at Ex. B.]

- vii) The Receiver complied with the Protocol a second time.

On November 7, 2011, the Receiver filed *The Receiver's Supplement to Response and Reservations of Rights Related to Trustee's Motion for Authority to Sell Property of the Estate* (the "Receiver's First Petfinders Supplement"). [Case No. 09-34784-SGJ, Docket No. 674.] The Receiver's First Petfinders Supplement attached the Baron/Schepps Servers Motion to Fifth Circuit and relayed Mr. Baron's objections to the Trustee's Petfinders Motion contained therein. [Id.] By filing the Receiver's First Petfinders Supplement, the Receiver complied with the Protocol.

- viii) Baron and Schepps lodged a third set of objections to the Trustee's Petfinders Motion outside the Protocol, this time via a contemptuous motion purportedly filed on behalf of a new entity—Petfinders, LLC.

On November 7, 2011, Mr. Schepps the Petfinders LLC Objection, in which he asserted that Novo Point, LLC owned petfinders.com and that "[t]he [unidentified] owner of Novo Point LLC, and beneficial owner of Petfinders.com, assigned its rights and interest in Petfinders.com to Petfinders LLC" (the "Purported Petfinders Assignment"). [Case No. 09-34784-SGJ, Docket No. 676.] The context in which the Petfinders LLC Objection was filed—Mr. Schepps being subject to the Bankruptcy Court Show Cause Order—is explained in detail above in Section B.3.b.i.14.iv. On November 8, 2011, the Receiver filed the Receiver's Second Show Cause Motion, which is also described in detail above in Section B.3.b.i.14.iv. [Case No. 09-34784-SGJ, Docket Nos. 678-79.]

- ix) The Receiver complied with the Protocol a third time.

On November 8, the Receiver filed *The Receiver's Second Supplement to Response and Reservations of Rights Related to Trustee's Motion for Authority to Sell Property of the Estate*

(the “Receiver’s Second Petfinders Supplement”). [Case No. 09-34784-SGJ, Docket No. 677.] The Receiver’s Second Petfinders Supplement attached the Petfinders LLC Objection and relayed Messrs. Schepps and Baron’s objections to the Trustee’s Petfinders Motion contained therein. [*Id.*] By filing the Receiver’s Second Petfinders Supplement, the Receiver complied with the Protocol.

- x) Baron and Schepps lodged a fourth set of objections to the Trustee’s Petfinders Motion outside the Protocol, this time via an e-mail from Mr. Schepps to the Receiver’s counsel.

The Trustee’s Petfinders Motion was heard by the Bankruptcy Court on November 9, 2011. [Case No. 09-34784-SGJ, Docket No. 687.] Less than two hours prior to the hearing, Mr. Schepps sent the Receiver’s counsel an email that included, in addition to personal attacks against the Receiver and his counsel, assertions that could be construed as grounds for objecting to the Trustee’s Petfinders Motion (the “Schepps Objection Email”). [Case No. 09-34784-SGJ, Docket No. 682 at Ex. B.]

- xi) The Receiver complied with the Protocol a fourth time.

On November 9, 2011, the Receiver filed *The Receiver’s Third Supplement to the Receiver’s Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate* (the “Receiver’s Third Petfinders Supplement”). [Case No. 09-34784-SGJ, Docket No. 680.] The Receiver’s Third Petfinders Supplement attached the Schepps Objection Email and relayed the objections to the Trustee’s Petfinders Motion contained therein. [*Id.*] By filing the Receiver’s Third Petfinders Supplement, the Receiver again complied with the Protocol.

- xii) The Receiver attended the hearing on the Trustee's Petfinders Motion.

As mentioned above, the Trustee's Petfinders Motion was heard by the Bankruptcy Court on November 9, 2011. [Case No. 09-34784-SGJ, Docket No. 687.] The Receiver and his counsel attended the hearing and questioned the Trustee, Mr. Nelson, Mr. Schepps, and Mr. Thomas under oath concerning evidence establishing the ownership of petfinders.com. [*Id.*]

- xiii) Baron and Schepps filed a motion with the Fifth Circuit to stay the sale of petfinders.com.

On November 10, 2011—before the Bankruptcy Court had even ruled on the Trustee's Petfinders Motion—Messrs. Baron and Schepps filed an *Emergency Motion to Stay Bankruptcy Court Order to Sell Petfinders.com (an \$82,000.00 Annual Income Asset) for \$25,000.00 in a Private, No Auction Sale* with the Fifth Circuit (the “First Baron/Schepps Petfinders.com Motion to Fifth Circuit”). [Docket No. 710 at Ex. A.] The First Baron/Schepps Petfinders Motion to Fifth Circuit asserted that Novo Point, LLC owned petfinders.com—a representation in stark contrast to the one made, *just three days prior*, by Mr. Schepps to the Bankruptcy Court in the Petfinders LLC Objection (*i.e.*, that Petfinders, LLC owned the rights and interests in petfinders.com). [*Id.*]

- xiv) The Fifth Circuit initially dismissed Baron and Schepps' motion for stay.

On the same day the First Baron/Schepps Petfinders Motion to Fifth Circuit was filed (November 10, 2011), the Fifth Circuit dismissed it without prejudice. [Docket No. 710 at Ex. B.] The Fifth Circuit noted that no written order regarding the Trustee's Petfinders Motion had been entered by the Bankruptcy Court, “making review impossible.” [*Id.*] Further, the Fifth Circuit pointed out that “Novo Point has failed to address this court's jurisdiction to hear such a motion without Novo Point first presenting the question to the district court for ruling.” [*Id.*]

xv) The Bankruptcy Court granted the Trustee's Petfinders Motion.

On November 15, 2011, the Bankruptcy Court issued its *Order Granting Trustee's Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b)*, overruling all responses to the Trustee's Petfinders Motion, finding that petfinders.com is "clearly property of the Estate," and authorizing the Trustee to sell petfinders.com (the "Petfinders Order"). [Case No. 09-34784-SGJ, Docket No. 693.]

xvi) Baron and Schepps filed a second motion with the Fifth Circuit to stay the sale of petfinders.com.

On November 15, 2011, Messrs. Baron and Schepps filed a new version of the Baron/Schepps Petfinders.com Motion to Fifth Circuit (the "Second Baron/Schepps Petfinders Motion to Fifth Circuit"). As noted above, the Fifth Circuit dismissed the First Baron/Schepps Petfinders Motion to Fifth Circuit due, in part, to the motion's failure to explain the Fifth Circuit's jurisdiction in light of the fact that the issue had not been presented to this Court for ruling. [Docket No. 710 at Ex. B.] In response, the Second Baron/Schepps Petfinders Motion to Fifth Circuit asserted that "obtaining relief in the District Court is not practicable" because "the District Court below has ordered counsel not to seek relief on behalf of Novo Point LLC in the District Court." [See Fifth Circuit Case No. 10-11202, Document No. 00511665810.] Apparently, when it is advantageous for Mr. Schepps to argue that this Court has given him authority to represent the LLCs (like when the Bankruptcy Court makes inquiry into his authority, as explained in Section B.3.b.i.14.ii above), Mr. Schepps does so; when it is advantageous for Mr. Schepps to argue that this Court has denied him authority to represent the LLCs (like when the Fifth Circuit wants to know why he did not appeal a Bankruptcy Court order to this Court), Mr. Schepps does so.

xvii) The Fifth Circuit conditionally granted Baron and Schepps' second motion for stay.

On November 15, 2011, the Fifth Circuit issued an order granting the Second Baron/Schepps Petfinders Motion to Fifth Circuit to the extent that the Petfinders Order was stayed until further order of the Fifth Circuit (the "Fifth Circuit's Temporary Petfinders Stay"). [See Fifth Circuit Case No. 10-11202, Document No. 0051166654.] The order requested any responses to be filed by November 21, 2011. [*Id.*]

xviii) The Trustee responded to the Second Baron/Schepps Petfinders Motion to Fifth Circuit.

On November 21, 2011, the Trustee filed his *Response to Novo Point LLC's Emergency Motion to Stay* (the "Trustee's Petfinders Response to Fifth Circuit"). [See Fifth Circuit Case No. 10-11202, Document No. 00511672114.] The Trustee's Petfinders Response to Fifth Circuit stated the following:

- Novo Point, LLC has no interest in petfinders.com;
- Mr. Schepps' claim that Novo Point, LLC owned petfinders.com was a "deliberate lie";
- the Baron/Schepps Petfinders Motions to Fifth Circuit were "nothing more than a deliberate attempt to obstruct the administration of the Ondova bankruptcy through a filing that rests on a falsehood";
- Mr. Schepps does not represent Novo Point, LLC and is acting on his own initiative or for unnamed third parties;
- Mr. Schepps "was acting completely without authority when he filed [the Baron/Schepps Petfinders Motions to Fifth Circuit] and the various prior appeals purportedly on behalf of Novo Point";
- Mr. Schepps either "lied" to the Fifth Circuit or "misrepresented his authority to appear in the Bankruptcy Court" because he claimed to the Fifth Circuit that Novo Point, LLC owned petfinders.com while at the same time representing to the Bankruptcy Court that Petfinders, LLC owned the domain; and
- Mr. Schepps has violated the Bankruptcy Court's orders regarding who may appear on behalf of the LLCs.



[*Id.*]

- xix) Messrs. Baron and Schepps filed a (contemptuous) notice of appeal of the Petfinders Order to this Court.

On November 28, 2011, Mr. Schepps filed with the Bankruptcy Court—purportedly on behalf of both Novo Point, LLC and Petfinders, LLC—a *Notice of Appeal* of the Petfinders Order to this Court. [Case No. 09-34784-SGJ, Docket No. 704.] As an initial matter, such appeal is curious considering Mr. Schepps’ previous representation to the Fifth Circuit that “obtaining relief in the District Court is not practicable” because “the District Court below has ordered counsel not to seek relief on behalf of Novo Point LLC in the District Court.” [See Fifth Circuit Case No. 10-11202, Document No. 00511665810.] Furthermore, by filing such a pleading, Mr. Schepps (again) violated the Bankruptcy Court’s Authority Orders forbidding him from filing any pleadings on behalf of Novo Point, LLC—and this time he made the filing while being subject to the Bankruptcy Court Show Cause Order for identical actions. (*See* Section B.3.b.i.14.ii *supra.*)

- xx) Messrs. Baron and Schepps filed a reply in support of the Second Baron/Schepps Petfinders Motion to Fifth Circuit.

On November 29, 2011, Messrs. Baron and Schepps filed the *Reply of Novo Point, LLC to Sherman’s Petfinders.com Response* (the “Baron/Schepps Petfinders Reply to Fifth Circuit”). [Fifth Circuit Case No. 10-11202, Document No. 00511678226.] The Baron/Schepps Petfinders Reply to Fifth Circuit argues *inter alia* that this Court’s order naming Novo Point, LLC as a Receivership Party is “absolutely void” and, therefore, “Novo Point LLC is free to be represented by whatever counsel it chooses.” [*Id.*]

- xxi) The Fifth Circuit vacated its Temporary Petfinders Stay and denied the Baron/ Schepps Petfinders Motions to Fifth Circuit.

On December 2, 2011, the Fifth Circuit issued the following order:

On November 15, 2011, this court temporarily grant Novo Point L.L.C.'s Emergency Motion to Stay to allow consideration of a response. Thereafter, the court permitted a reply to be filed. Having considered the motion, response, and reply in light of applicable law government stays, the court rules as follows:

The November 15, 2011 order of this court regarding Novo Point's Emergency Motion to Stay is VACATED, and the Motion is DENIED.

[Fifth Circuit Case No. 10-11202, Document No. 00511684035.]

- xxii) Messrs. Baron and Schepps continued to file (contemptuous) pleadings regarding the sale of petfinders.com.

On December 5, 2011, Mr. Schepps filed—purportedly on behalf of Petfinders, LLC—the *Motion of Petfinders, LLC for Stay Pending Appeal* and *Motion for Setting and Request for Expedited Hearing* in the Bankruptcy Court. [Case No. 09-34784-SGJ, Docket No. 719.] Because Petfinders, LLC is clearly a sham organization used by Mr. Schepps to try and circumvent the Bankruptcy's Court prohibition of motions filed on behalf of Novo Point, LLC (*see* Section B.3.b.i.14 *supra*), these motions are plainly contemptuous.

On December 12, 2011, Mr. Schepps filed *Appellants' Statement of Issues on Appeal and Designation of Items for the Record* in the Bankruptcy Court. [Case No. 09-34784-SGJ, Docket No. 727.] This filing is contemptuous on two levels. First, it violates the Bankruptcy Court's Authority Orders prohibiting Mr. Schepps from filing motions on behalf of Novo Point, LLC. (*See* Section B.3.b.i.14 *supra*.) Second, the filing was made after the Bankruptcy Court announced its "preliminary ruling" at the December 5, 2011 hearing that it is "not going to allow Mr. Schepps to file any more pleadings in the Ondova bankruptcy case." (*See* Section B.3.b.i.14.vii *supra*.)

16) Mr. Baron tried to block the sale of another domain name—servers.com—leading to an incredible amount of work on the part of the Receiver.

i) The Trustee filed his Servers Motion.

On October 7, 2011, the Trustee filed a motion with the Bankruptcy Court requesting permission to sale the domain name servers.com (the “Trustee’s Servers Motion”). [Case No. 09-34784-SGJ, Docket No. 658.] According to the Trustee, servers.com belongs to the Ondova estate. [*Id.*]

ii) No objections lodged via the Protocol.

The Receiver never received any objections to the Servers Motion from Mr. Thomas pursuant to the Protocol. However, on November 2, 2011, Mr. Schepps sent an email to the Receiver asking if he would “oppose a motion to allow Jeff to appear in the bankruptcy court and defend his ownership share of servers.com.” [Case No. 09-34784-SGJ, Docket No. 675 at Ex. B.] When the Receiver then asked Mr. Thomas if he—as Mr. Baron’s attorney of record in the Bankruptcy Court—was sponsoring this motion, Mr. Thomas replied, “I have not been contacted about this. I do not know what they are asking nor what my involvement would be, if any.” [*Id.*]

iii) Baron and Schepps lodged objections to the Trustee’s Servers Motion via Fifth Circuit filing instead of the Protocol.

Instead of following the Protocol, Messrs. Baron and Schepps sought relief from the Fifth Circuit. As stated above, on November 4, 2011, Messrs. Baron and Schepps filed the Baron/Schepps Servers Motion to Fifth Circuit. [*See* Docket No. 708 at Ex. A.] The Baron/Schepps Servers Motion to Fifth Circuit—30 pages long with seven exhibits totaling another 50 pages—requested a broad range of relief including a stay of this Court’s Receivership Order, dissolution of the Receivership, and that Mr. Baron be allowed to hire another attorney “in order to object to the sale of domain name ‘servers.com’ and to protect Baron’s property

interest in that domain” in the Ondova bankruptcy proceeding.<sup>18</sup> [*Id.*] Importantly, the Baron/Schepps Servers Motion to Fifth Circuit contained objections to the Trustee’s Servers Motion.

iv) The Receiver complied with the Protocol.

On November 7, 2011, the Receiver filed *The Receiver’s Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b)—Servers.com*, responding the Trustee’s Servers Motion (the “Receiver’s Servers Response”). [Case No. 09-34784-SGJ, Docket No. 675.] The Receiver’s Servers Response attached the Baron/Schepps Servers Motion to Fifth Circuit and relayed Mr. Baron’s objections to the Trustee’s Servers Motion contained therein. [*Id.*] Through his Servers Response, the Receiver “object[ed] to the sale of the domain name servers.com and request[ed] that the [Bankruptcy] Court require the Trustee to offer evidence of ownership of the domain name and the need for its sale or liquidation.” [*Id.*] By filing the Receiver’s Servers Response, the Receiver complied with the Protocol.

v) Schepps and Baron lodged a second set of objections to the Trustee’s Servers Motion outside the Protocol, this time via an e-mail from Mr. Schepps to the Receiver’s counsel.

The Trustee’s Servers Motion was heard by the Bankruptcy Court at the same hearing as the Trustee’s Petfinders Motion (*i.e.*, on November 9, 2011). [Case No. 09-34784-SGJ, Docket No. 687.] As noted above, less than two hours prior to the hearing, Mr. Schepps sent the Receiver’s counsel the Schepps Objection Email. [Case No. 09-34784-SGJ, Docket No. 682 at Ex. B.] In addition to personal attacks against the Receiver and his counsel and objections to the

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<sup>18</sup> As stated in Note 17 *supra*, the Fifth Circuit denied the Baron/Schepps Servers Motion to Fifth Circuit. [Docket No. 708 at Ex. B.]

Trustee's Petfinders Motion, the Schepps Objection Email contained assertions that could be construed as grounds for objecting to the Trustee's Servers Motion. [*Id.*]

- vi) The Receiver complied with the Protocol a second time.

On November 9, 2011, the Receiver filed *The Receiver's Supplement to Response and Reservation of Rights Related to Trustee's Motion for Authority to Sell Property of the Estate—Servers.com* (the "Receiver's Servers Supplement"). [Case No. 09-34784-SGJ, Docket No. 682]. The Receiver's Servers Supplement attached the Schepps Objection Email and relayed the objections to the Trustee's Servers Motion contained therein. [*Id.*] By filing the Receiver's Servers Supplement, the Receiver again complied with the Protocol.

- vii) The Receiver attended the hearing on the Trustee's Servers Motion.

As stated above, the Trustee's Servers Motion, along with the Trustee's Petfinders Motion, was heard by the Bankruptcy Court on November 9, 2011. [Case No. 09-34784-SGJ, Docket No. 687.] The Receiver and his counsel attended the hearing and questioned the Trustee, Damon Nelson (the Manager of the LLCs), Mr. Schepps, and Mr. Thomas under oath concerning evidence establishing the ownership of servers.com. [*Id.*]

- viii) The Bankruptcy Court granted the Trustee's Servers Motion.

On November 15, 2011, the Bankruptcy Court issued its *Order Granting Trustee's Motion for Authority to Sell Property of the Estate*, overruling all objections to the Trustee's Servers Motion and immediately authorizing the Trustee to sell servers.com (the "Servers Order"). [Case No. 09-34784-SGJ, Docket No. 691.]

- ix) Messrs. Baron and Schepps continued to file (contemptuous) pleadings regarding the sale of servers.com.

On November 28, 2011, Messrs. Baron and Schepps filed in the Bankruptcy Court a *Notice of Appeal* of the Servers Order to this Court. [Case No. 09-34784-SGJ, Docket No. 705.] This filing is in violation of the Bankruptcy Court's prior orders. As the Bankruptcy Court stated at its December 5, 2011 hearing (described in detail above in Section B.3.b.i.14.vii), any filing made by Mr. Schepps on behalf of Mr. Baron "circumvents orders and dictates [the Court] made from the bench many, many months ago that Jeff Baron was not going to appear through any further lawyers in this case." [See Case No. 09-34784-SGJ, Docket No. 725 at 163:7-8.]

On December 12, 2011, Messrs. Baron and Schepps filed in the Bankruptcy Court *Appellant's Statement of Issues on Appeal and Designation of Items for the Record*. [Case No. 09-34784-SGJ, Docket No. 726.] This filing is contemptuous on two levels. First, as previously stated, a filing by Mr. Schepps on behalf of Mr. Baron violates the Bankruptcy Court's prior orders. [See Case No. 09-34784-SGJ, Docket No. 725 at 163:7-8.] Second, the filing was made after the Bankruptcy Court announced its "preliminary ruling" at the December 5, 2011 hearing that it is "not going to allow Mr. Schepps to file any more pleadings in the Ondova bankruptcy case." (See Section B.3.b.i.14.vii *supra*.)

- 17) The Receiver provided the Court with notice of the events surrounding petfinders.com and servers.com

On December 16, 2011, the Receiver filed *The Receiver's Notice of Recent Activity Involving Domain Names Petfinders.com and Servers.com* with this Court. [Docket No. 746.]

- 18) There are multiple appeals arising out of the Ondova bankruptcy case.

To date, Messrs. Baron and Schepps have appealed at least six orders from the Ondova bankruptcy proceeding to the District Court, including the *Order Barring Attorney Gary Schepps*

*from Appearing/Participating Further in Ondova Limited Company Bankruptcy Case* and the Orders granting the Trustee's Petfinders and Servers Motions (docketed as District Court case nos. 3:12-cv-0416, 3:12-cv-0387, and 3:12-cv-0367, respectively). [See Case No. 09-34784-SGJ, Docket Nos. 691, 693, 728.] This has created additional work for the Receiver and his counsel.

ii. The Receiver managed the LLC expenses.

The sections below discuss the Receiver's work in managing the LLC expenses—all of which are necessary to maintain the domain names, including those that the Receiver will likely be selling in order to fund the disbursements to the unpaid attorneys. The specific expenses that the Report will discuss below include the (1) registrar payments, (2) operations expenses, and (3) potential expenses through legal claims.

1) The Receiver managed payments to the registrar, including renewals/deletions of domain names.

Payments to the registrar and the renewals/deletions of domain names go hand-in-hand. The Receiver understands that, in order to attract Internet users to websites to click-through and generate Monetizer Revenue, there must be domain names. In addition, there must be domain names to sell in order to pay for the Receivership's anticipated liabilities, including the claims of the Former Baron Attorneys.

The Receiver also understands that the domain names require an annual renewal fee to be paid to the registrar (defined above as the "Renewal Fees"). Failure to pay the Renewal Fees will lead to forfeiting the registration and control over the domain names, which would, in turn, (a) reduce or eliminate certain streams of assets flowing in from the monetizers, and (b) perhaps lead to the non-renewal or deletion of domain names that the Receiver could otherwise have sold to increase cash and pay the Receivership's anticipated liabilities.

In order to be profitable, domain names need to generate revenue at least greater than the cost of the Renewal Fees (plus certain overhead costs, like salaries for the LLC Manager and programmers, rent, etc.) (“Profitable Domain Names”). Some of the domain names are already Profitable Domain Names. Others are not Profitable Domain Names (“Money Losing Domain Names”). Both of those categories can be derived through a statistical analysis of profitability.

- i) The Court ordered the Receiver to delete all Money Losing Domain Names.

On December 16, 2010, the LLCs filed an *Emergency Motion to Compel Deletion of Domain Names*. [Docket Nos. 174-75.] The next day, December 17, 2010, at the courthouse, the Receiver and counsel for the LLCs negotiated for several hours. At the close of the negotiations, the Court issued an agreed order instructing the Receiver not to renew any Money Losing Domain Names. [Docket No. 177.]

- ii) Mr. Harbin advised the Receiver of Money Losing Domain Names that the Receiver should ask for permission not to delete.

After the entry of this agreed order requiring non-renewal of all Money Losing Domain Names, a team of individuals, including Messrs. Cox and Eckels, led by Mr. Harbin (collectively, to be referred to simply as “Mr. Harbin”) advised the Receiver of a third category (or more like a sub-category) of domain names—Money Losing Domain Names that, because of certain characteristics, might someday be Profitable Domain Names (“Future Profitable Domain Names”).<sup>19</sup> Mr. Harbin explained that Future Profitable Domain Names include one or more of the following characteristics: (1) relatively high traffic (specifically, over 100 “uniques,” *i.e.*, visits to a single webpage per year), (2) positive length of the domain name with a shorter

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<sup>19</sup> The Receiver wondered why Mr. Harbin did not advise him of this sub-category before allowing his counsel to propose to the Court an agreed order requiring deletion of all Money Losing Domain Names. Had Mr. Harbin been present at the December 17, 2010 hearing (which the Receiver was surprised he was not), this extra step could likely have been avoided.



domain name translating to higher value, (3) positive “look and feel” of the domain name meaning its appeal to the human eye and ear (*i.e.*, the domain name is catchy, humorous and/or functional), (4) positive spelling of the domain name, specifically the absence of uncommon misspellings, (5) positive “keyword relevance” of the domain name, meaning its containing commonly searched words, (6) high Google.com search-ranking statistics of the domain name with a higher ranking translating to higher value, and/or (7) strong *potential* name branding value and highly sought web search term. [Docket No. 306 at pp. 12-13.]

- iii) The Receiver instructed the Registrar to delete the Money Losing Domain Names that were not Future Profitable Names.

Mr. Harbin asked that the Receiver start out by deleting the Money Losing Domain Names that were not Future Profitable Domain Names (and later, deal with the Future Profitable Domain Names). In compliance with the Court’s agreed order and Mr. Harbin’s recommendation, the Receiver coordinated the non-renewal/deletion of the Money Losing Domain Names that were not Future Profitable Domain Names. [*Id.* at p. 13.]

- iv) The Receiver asked the Court for permission to allow the Receiver to renew certain Money Losing Domain Names that were Future Profitable names.

On January 24, 2011, the Receiver filed a *Joint Verified Motion to Renew Certain Money Losing Domain Names*. [Docket No. 243.] In this motion, which Mr. Harbin verified, the Receiver noted that (1) the Court previously ordered that the Receiver not pay to renew *any* Money-Losing Domain Names [Docket No. 177], (2) the Court also previously ordered that the Receiver take actions necessary to preserve the Receivership Assets [Docket No. 130], (3) the Receiver has since been advised that complying with both orders simultaneously is impossible,

and (4) to fix this problem, the Receiver asked that the Court specifically require the Receiver to renew certain Money-Losing Domain Names—*i.e.*, the Future Profitable Domain Names.<sup>20</sup>

- v) The Court gave the Receiver permission to renew certain Money Losing Domain Names that were Future Profitable names.

On February 4, 2011, the Court issued its *Order Granting Joint Verified Motion to Renew Certain Money-Losing Domain Names*. [Docket No. 289.] In the Order, the Court ordered the Receiver to instruct the domain name registrar to renew the 16,170 domain names as determined by, among others, Mr. Harbin, whose registrations expired in November 2010 and annual revenues do not exceed the costs of their annual registrations.

- vi) In February, the Receiver responded to Mr. Baron's challenge relating to the renewal of certain Money Losing Domain Names.

Even though Mr. Harbin spearheaded the entire process of domain name renewal and deletion, on February 6, 2011, without conferring with the Receiver, Mr. Harbin (through Mr. Jackson and likely at the direction of Mr. Baron) filed an *Emergency Motion* to, among other things, change the protocol relating to determinations of renewals and deletions of domain names. [Docket No. 269.] This appeared to be another tactic by Mr. Baron to take control of the LLCs and, thus, the domain names, and thereby stop the Receiver from selling any of those

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<sup>20</sup> The Receiver prepared and originally intended to file an *Appendix in Support of the Joint Verified Motion to Renew Certain Money Losing Domain Names*. The appendix was to be comprised of confidential, proprietary, and sensitive information related to certain domain names that are valuable Receivership Assets. On December 30, 2010, the Receiver filed the *Receiver's Motion for Leave to File Documents Under Seal*. [Docket No. 194.] On February 3, 2011, the Court issued its *Order Granting the Receiver's Motion for Leave to File Documents Under Seal* [Docket No. 277], which would allow the Receiver to file the appendix under seal. But before the Receiver had an opportunity to file the appendix under seal, on February 4, 2011, the Court issued its *Order Granting Joint Verified Motion to Renew Certain Money Losing Domain Names*—thereby mooted the need for the Receiver to file the appendix. [Docket No. 289.] In an effort to make Mr. Baron and his counsel fully aware of the domain names that were being renewed and not renewed, on February 16, 2011, the Receiver sent them an unfiled copy of the appendix.

domain names. As stated below, the Receiver prevailed—although at a substantial cost of time and resources.

- vii) The Receiver filed a response to the emergency motion relating to the renewal of certain Money Losing Domain Names.

On February 9, 2011, the Receiver filed *The Receiver's Response to Jeffrey Baron's Thirteenth Emergency Since Entry of the Receivership* [Docket No. 306]—which he filed shortly after filing his *Appendix in Support of The Receiver's Response to Jeffrey Baron's Thirteenth Emergency Since Entry of the Receivership* [Not Docketed, but Filed Under Seal]. In the response, the Receiver argued that: (a) the Receiver has already sought, obtained, and followed Mr. Harbin's recommendations for all of the LLCs' domain name renewals and non-renewals., (b) the Court has already issued two orders specifically adopting Mr. Harbin's recommendations on what domain names to renew and what domain names to delete, [Docket Nos. 177 and 243], and (c) the Receiver will continue seeking (and likely following) Mr. Harbin's recommendations (since Mr. Harbin was still the Manager of the LLCs at the time) for future renewals and non-renewals, and to the extent his recommendations contravene a Court Order, the Receiver will file a motion with the Court for guidance on how to proceed. [Docket No. 306.]

- viii) The Court held a hearing on the emergency motion relating to the renewal of certain Money Losing Domain Names.

On February 10, 2011, the Court held a hearing on, among other things, the motion to modify the protocol for renewing and deleting domain names. The Court also ordered Mr. Harbin to meet face-to-face with the Receiver at the Court Ordered Meeting. [Transcript of *Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson*, February 10, 2011, at 17:5-9, 18:19-19:2, 22:14-21.] The topics for the Court Ordered Meeting were to include, among other things, protocol for renewing and deleting domain names.

[*Id.* at 15:1-15, 18:2-3, 19:6-8, 45:17-20.] Specifically, the Court ordered that the Court Ordered Meeting commence on February 16, 2011 [*Id.* at 17:6-7] and continue until such time that the Receiver was satisfied that the Receiver received answers to all of the meeting topics, including protocol for renewing and deleting domain names. [*Id.* at 17:8-9 (“Mr. Harbin and Mr. Vogel are going to meet within the next seven days . . . and they are going to meet if it takes twenty-four days until they work this out.”).] Detailed summaries of the face to face meetings are contained in the previous reports of the Receiver’s work.

- ix) The Receiver began the work to ask the Court for permission to allow the Receiver to renew additional Money Losing Domain Names that were Future Profitable names.

On March 16, 2011, the Receiver filed the *Second Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 382], asking the Court to specifically require the Receiver to renew 19,312 Future Profitable Domain Names that expired in December 2010. Because the appendix in support of this motion was filed under seal, the Receiver delivered hand-delivered a CD containing a copy of the appendix to Mr. Schepps, and mailed CDs containing copies of the appendix to Messrs. Baron and Barrett. On March 22, 2011, the Court issued its *Order Granting the Second Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 403], allowing such renewal.

- x) Mr. Baron would not consent to the next motion to renew his own domain names.

In March 2011, Mr. Baron again unsurprisingly attempted to interfere. Specifically, on March 4, 2011, the Receiver held a face-to-face conference relating to this motion—a motion that the Receiver emphasized was endorsed by four different professionals who directly or indirectly reported to Mr. Baron prior to the Receivership: (1) Mr. Harbin (former LLC Manager since prior the Receivership) (2) Mr. Cox (LLC attorney since prior to the Receivership), (3) Mr.

Eckels (former LLC attorney from prior to the Receivership), and (4) Mr. Nelson (former manager of Ondova). [Transcript of Court Ordered Meeting, March 4, 2011, at 38:20-46:15.] Despite the universal endorsement of all of these people (whom Mr. Baron apparently thought prior to the Receivership were qualified to make this sort of determination), and even though the motion is actually one in Mr. Baron's absolute best interest (*i.e.*, allowing the non-deletion of certain of his domain names that are potential money makers), Mr. Baron would not consent to the motion. [*Id.*]

- xi) The Receiver filed the third through sixteenth motions for the renewal of money losing domain names.

The Receiver's motions to renew money losing domains names filed through February 2012 (*i.e.*, the first through sixteenth motions are discussed in detail in previous Receiver Reports. Each has been granted by this Court.

On May 9, 2012, the Receiver filed his *Seventeenth Joint Verified Motion to Renew Certain Money Losing-Losing Domain Names*. [Docket No. 893.] The motion asks the Court to require the Receiver to renew 8,094 Future Profitable Domain Names that expired in March 2012. The Receiver filed the appendix to this motion under seal and served copies to Messrs. Baron and Schepps. [Docket No. 856 at Ex. C.] The Court granted the seventeenth motion on May 3, 2012. [Docket No. 900.]

- xii) The Receiver made payments to the registrar.

All of the decisions relating to renewing and deleting domain names trigger from the fact that the domain names—if not deleted—require annual renewal fees. In April 2012, the Receiver continued managing the process of paying the renewal fees to the registrar. Below is a chart detailing the payments made to the registrar from December 1, 2010 through April 30, 2012.

<b>Date of Payment to Registrar</b>	<b>Number of Domain Names Renewed</b>	<b>Number of Domain Names Not Renewed</b>	<b>Amounts Paid to Registrar for Domain Name Renewal</b>	<b>Amounts Saved by Not Renewing Certain Money-Losing Domain Names</b>
December 20, 2010	26,318 .coms and 17 .nets <sup>21</sup>	14,905	\$200,639.72	\$113,576.10
January 18, 2011	22,334 .coms and 3,681 .nets	16,453	\$191,093.16	\$125,371.86
February 8, 2011	32,738 .coms and 2 .nets	3,554	\$249,474.92	\$27,081.48
March 1, 2011	17,386 .coms and 5 .nets	10,258	\$132,471.62	\$78,165.96
April 4, 2011	14,681 .coms and 0 .nets	4,360	\$111,869.22	\$33,223.20
May 7, 2011	10,882 .coms and 0 .nets	2,199	\$82,920.84 <sup>22</sup>	\$16,756.38
June 1, 2011	17,341 .coms and 0 .nets	6,351	\$132,138.00 <sup>23</sup>	\$48,394.62
July 18, 2011	1,801 .coms and 22 .nets	1,986	\$13,848.58 <sup>24</sup>	\$15,133.32

<sup>21</sup> From the beginning of the Receivership through December 31, 2011, the annual cost of domain name renewal per “.com” was \$7.62; the cost per “.net” was \$5.68. As of January 1, 2012, these rates have increased to \$8.18 and \$6.19, respectively. The Receiver provided notice of this increase to the Court. [See Docket No. 803.]

<sup>22</sup> In May 2011, the registrar advised the Receiver that the LLCs had accumulated a reserve balance with the registrar that exceeded the \$82,920.84 renewal fee for May 2011. Accordingly, and at the recommendation of the LLCs’ manager, Mr. Nelson, the Receiver instructed the registrar to pay for the May 2011 renewal fees using the LLCs’ reserve balance.

<sup>23</sup> In June 2011, the registrar advised the Receiver that the LLCs had accumulated a reserve balance with the registrar that exceeded the \$132,138.00 renewal fee for June 2011. Accordingly, and at the recommendation of the LLCs’ manager, Mr. Nelson, the Receiver instructed the registrar to pay for the June 2011 renewal fees using the LLCs’ reserve balance.

<sup>24</sup> In July 2011, the registrar advised the Receiver that the LLCs had accumulated a reserve balance with the registrar that exceeded the \$13,848.58 renewal fee for July 2011. Accordingly, and at the recommendation of the LLCs’ manager, Mr. Nelson, the Receiver instructed the registrar to pay for the July 2011 renewal fees using the LLCs’ reserve balance.

<b>Date of Payment to Registrar</b>	<b>Number of Domain Names Renewed</b>	<b>Number of Domain Names Not Renewed</b>	<b>Amounts Paid to Registrar for Domain Name Renewal</b>	<b>Amounts Saved by Not Renewing Certain Money-Losing Domain Names</b>
August 20, 2011	4,551 .coms and 6 .nets	750	\$34,712.70 <sup>25</sup>	\$5,715.00
September 21, 2011	9,794 .coms and 15 .nets	2,519	\$74,715.48	\$17,194.78
October 31, 2011	31,011 .coms and 16 .nets	3,045	\$237,823.33	\$23,202.90
December 2, 2011	32,663 .coms and 16 .nets	5,259	\$250,622.62	\$40,073.58
January 5, 2012	19,021 .coms and 3,040 .nets	6,034	\$174,409.38	\$49,358.12
February 8, 2012	27,001 .coms and 2 .nets	40	\$220,880.56	\$327.20
March 7, 2012	10,006 .coms and 5 .nets	33	\$81,880.03	\$269.94
April 30, 2012	13,302 .coms and 6 .nets	979	\$108,847.50	\$8,008.22
<b>TOTALS:</b>	380,830 .coms and 6,833 .nets	78,725	\$2,298,347.66	\$603,852.66

2) The Receiver managed payments for operations expenses.

i) The Receiver filed motions for disbursements and made disbursements.

Since the beginning of the Receivership through April 30, 2012, the Receiver disbursed \$2,576,726.86 from the LLC Funds for operating expenses such employee salaries, rent and internet expenses for Quasar Services, LLC's office space, bank wire transfer fees, domain name appraisal fees, and domain name renewal fees, as well as copy expenses related to Grant

<sup>25</sup> In August 2011, the registrar advised the Receiver that the LLCs had accumulated a reserve balance with the registrar that exceeded the \$34,724.34 renewal fee for August 2011. Accordingly, and at the recommendation of the LLCs' manager, Mr. Nelson, the Receiver instructed the registrar to pay for the August 2011 renewal fees using the LLCs' reserve balance.

Thornton's audit and tax services. A total of \$111,424.34 of this \$2,576,726.86 was disbursed in April 2012. In addition, since the beginning of the Receivership, the Receiver disbursed from LLC Funds (including proceeds from the Court-ordered sales of domain names) \$1,596,377.74 for Court-ordered disbursements (which were payments to the Receiver, his counsel, LLC attorneys (Messrs. Cox, Eckels, and Jackson), former-Receivership Professional and now-Permanent Manager of the LLCs, Mr. Nelson, and Receivership Professionals Grant Thornton). None of this \$1,596,377.74 was disbursed during April 2012. Below are details of both categories—disbursements for expenses and disbursements per Court Orders.

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 20, 2010	\$200,639.72	Dec. 2010 Domain Name Renewal Fees	Quantec Fabulous.com registrant account
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 18, 2011	\$191,093.16	Jan. 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 31, 2011	\$3,000.00	Programmer Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 31, 2011	\$3,000.00	Programmer Fees	Novo Point, LLC account at Compass Bank
Jeffrey Harbin	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 31, 2011	\$10,010.36	Management Fees and reimbursement for expenses	Quantec, LLC account at Compass Bank



<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Jeffrey Harbin	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 31, 2011	\$3,903.26	Management Fees and reimbursement for expenses	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox</i> [Docket No. 274]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox</i> [Docket No. 190]	Feb. 7, 2011	\$7,187.50	Professional Fees	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox</i> [Docket No. 283]	<i>The Receiver's Second Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox</i> [Docket No. 217]	Feb. 7, 2011	\$7,343.75	Professional Fees	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Third Joshua Cox Fee Application</i> [Docket No. 292]	<i>The Receiver's Third Joshua Cox Fee Application</i> [Docket No. 256]	Feb. 7, 2011	\$5,125.00	Professional Fees	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 8, 2011	\$249,474.92	Feb. 2011 Domain Name Renewal Fees	Quantec, LLC and Novo Point, LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 9, 2011	\$3,000.00	Programmer Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 9, 2011	\$3,000.00	Programmer Fees	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Fourth Joshua Cox Fee Application</i> [Docket No. 297]	<i>The Receiver's Fourth Joshua Cox Fee Application</i> [Docket No. 266]	Feb. 10, 2011	\$4,906.25	Professional Fees	Novo Point, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 16, 2011	\$3,000.00	Programmer Fees	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 1, 2011	\$132,471.62	March 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 10, 2011	\$14,280.00	Programmer Fees	Quantec, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Fifth Joshua Cox Fee Application</i> [Docket No. 369]	<i>The Receiver's Fifth Joshua Cox Fee Application</i> [Docket No. 346]	Mar. 14, 2011	\$7,697.50	Professional Fees	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Thomas Jackson	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 366]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 327]	Mar. 15, 2011	\$17,930.50	Attorney Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 15, 2011	\$80.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Thomas Jackson	<i>Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 370]	<i>The Receiver's Second Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 347]	Mar. 17, 2011	\$20,523.00	Attorney Fees	Quantec, LLC account at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 384]	<i>The Receiver's First Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 372]	Mar. 22, 2011	\$11,499.59	Management and Professional Fees	Quantec, LLC account at Compass Bank
Elite Document Tech.	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 22, 2011	\$501.74	Copy Expenses related to Grant Thornton's Audit	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 31, 2011	\$90.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Quasar Services LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 31, 2011	\$825.00	Rent and Wireless Internet expenses	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 4, 2011	\$111,869.22	April 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 15, 2011	\$12,670.00	Programmer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 15, 2011	\$181.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 15, 2011	\$46.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 463]	<i>The Receiver's Second Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 436]	Apr. 20, 2011	\$17,675.00	Management and Professional Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Thomas Jackson	<i>Order Granting the Receiver's Third Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 462]	<i>The Receiver's Third Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 439]	Apr. 20, 2011	\$5,702.50	Attorney Fees	Quantec, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Sixth Joshua Cox Fee Application</i> [Docket No. 461]	<i>The Receiver's Sixth Joshua Cox Fee Application</i> [Docket No. 446]	Apr. 20, 2011	\$9,687.50	Professional Fees	Novo Point, LLC account at Compass Bank
Domain Name Appraiser	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 25, 2011	\$1,349.70	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 29, 2011	\$400.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 7, 2011	\$82,920.84	May 2011 Domain Name Renewal Fees	LLCs' reserve balance at Fabulous.com ( <i>see supra</i> Note 22)
Thomas Jackson	<i>Order Granting the Receiver's Fourth Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 529]	<i>The Receiver's Fourth Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 487]	May 13, 2011	\$2,960.00	Attorney Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Josh Cox	<i>Order Granting the Receiver's Seventh Joshua Cox Fee Application</i> [Docket No. 530]	<i>The Receiver's Seventh Joshua Cox Fee Application</i> [Docket No. 488]	May 12, 2011	\$6,588.21	Professional Fees	Novo Point, LLC account at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Third Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 537]	<i>The Receiver's Third Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 496]	May 12, 2011	\$13,463.39	Management Fees	Quantec, LLC account at Compass Bank
Grant Thornton	<i>Order Granting the Receiver's First Grant Thornton Fee Application</i> [Docket No. 540]	<i>The Receiver's First Grant Thornton Fee Application</i> [Docket No. 505]	May 13, 2011	\$30,216.91	Fees for Auditing and Tax Services	Quantec, LLC account at Compass Bank
Grant Thornton	<i>Order Granting the Receiver's First Grant Thornton Fee Application</i> [Docket No. 540]	<i>The Receiver's First Grant Thornton Fee Application</i> [Docket No. 505]	May 13, 2011	\$20,455.99	Fees for Auditing and Tax Services	Novo Point, LLC account at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Fourth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 542]	<i>The Receiver's Fourth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 511]	May 12, 2011	\$3,375.00	Management Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 16, 2011	\$203.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 16, 2011	\$38.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 20, 2011	\$824.95	Rent, Wireless Internet expenses, and account maintenance fees	Quantec, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Eighth Joshua Cox Fee Application</i> [Docket No. 573]	<i>The Receiver's Eighth Joshua Cox Fee Application</i> [Docket No. 547]	May 20, 2011	\$1,572.50	Professional Fees	Novo Point, LLC account at Compass Bank
Thomas Jackson	<i>Order Granting the Receiver's Fifth Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 574]	<i>The Receiver's Fifth Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 548]	May 20, 2011	\$2,789.00	Attorney Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 25, 2011	\$12,000.00	Programmer Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 26, 2011	\$12,000.00	Programmer Fees	Quantec, LLC account at Compass Bank
Domain Name Appraiser	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	May 31, 2011	\$1,754.73	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	June 1, 2011	\$132,138.00	June 2011 Domain Name Renewal Fees	LLCs' reserve balance at Fabulous.com ( <i>see supra</i> Note 23)
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	June 15, 2011	\$205.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	June 15, 2011	\$15.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	June 24, 2011	\$1,000.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	June 28, 2011	\$37,117.02	July 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	July 8, 2011	\$12,830.00	Programmer Fees	Quantec, LLC account at Compass Bank



Recipient	Name of Court Order Permitting Disbursement	Name of Motion Seeking Disbursement	Date	Amount	Type	Source
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	July 8, 2011	\$12,818.00	Programmer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	July 15, 2011	\$135.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	July 15, 2011	\$69.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Thomas Jackson	Order Granting the Receiver's Sixth Application for Reimbursement of Fees Incurred by Thomas Jackson [Docket No. 902]	<i>The Receiver's Sixth Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 602]	N/A (not yet paid)	\$2,787.50 (not yet paid)	Attorney Fees	TBD
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	July 18, 2011	\$13,848.58	August 2011 Domain Name Renewal Fees	LLCs' reserve balance at Fabulous.com (see supra Note 24)
Domain Name Appraiser	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 4, 2011	\$264.96	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 8, 2011	\$25,648.00	Programmer Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 11, 2011	\$825.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 12, 2011	\$12,320.00	Programmer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 18, 2011	\$135.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Aug. 20, 2011	\$34,724.34	September 2011 Domain Name Renewal Fees	LLCs' reserve balance at Fabulous.com ( <i>see supra</i> Note 25)
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Second Grant Thornton Fee Application</i> [Exhibit 648 at Ex. C]	N/A ( <i>not yet paid</i> )	\$4,270.74 ( <i>not yet paid</i> )	Fee for Auditing and Tax Services	TBD

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Third Grant Thornton Fee Application</i> [Exhibit 658 at Ex. B]	N/A (not yet paid)	\$8,387.26 (not yet paid)	Fees for Auditing and Tax Services	TBD
Thomas Jackson	<i>Order Granting the Receiver's Seventh &amp; Eighth Applications for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 930]	<i>The Receiver's Seventh Application for Reimbursement of Fees Incurred by Thomas Jackson</i> [Docket No. 671 at Ex. B]	N/A (not yet paid)	\$7,435.00 (not yet paid)	Attorney Fees	TBD
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Sept. 15, 2011	\$105.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Sept. 15, 2011	\$45.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Sept. 21, 2011	\$74,715.48	October 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Sept. 26, 2011	\$12,160.00	Programmer Fees	Quantec, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Sept. 27, 2011	\$832.95	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fourth Grant Thornton Fee Application</i> [Exhibit 687 at Ex. A]	N/A (not yet paid)	\$4,046.76 (not yet paid)	Fees for Auditing and Tax Services	TBD
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 17, 2011	\$15.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 17, 2011	\$180.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
SEDO, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 18, 2011	\$49.00	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Domain Appraisals	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 19, 2011	\$239.97	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 19, 2011	\$499.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 26, 2011	\$1,000.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 26, 2011	\$12,285.00	Programmer Fees	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Oct. 31, 2011	\$237,823.33	November 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Ninth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 700 at Ex. A]	May 3, 2012	\$15,100.00	Management Fees	LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Joshua Cox	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Twelfth Cox Fee Application</i> [Exhibit 701 at Ex. A]	May 3, 2012	\$6,656.21	Professional Fees	LLC accounts at Compass Bank
Domain Appraisals	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 3, 2011	\$239.97	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Domain Appraisals	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 14, 2011	\$649.90	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
SEDO, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 14, 2011	\$147.00	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 15, 2011	\$90.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Domain Appraisals	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 16, 2011	239.97	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 23, 2011	\$12,490.00	Programmer Fees	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Nov. 28, 2011	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 1, 2011	\$250,622.62	December 2011 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 2, 2011	\$850.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Domain Appraisals	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 5, 2011	\$29.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Fifth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 629 at Ex. A]	Dec. 12, 2011	\$16,850.00	Management Fees	LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Damon Nelson	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Sixth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 650 at Ex. 1]	Dec. 12, 2011	\$16,725.00	Management Fees	LLC accounts at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Seventh Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 658 at Ex. C]	Dec. 12, 2011	\$15,425.00	Management Fees	LLC accounts at Compass Bank
Damon Nelson	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Eighth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 678 at Ex. B]	Dec. 12, 2011	\$17,725.00	Management Fees	LLC accounts at Compass Bank
James Eckels	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Fifth Eckels Fee Application</i> [Docket No. 678 at Ex. A]	Dec. 12, 2011	\$18,775.00	Professional Fees	Quantec, LLC account at Compass Bank



<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Josh Cox	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Ninth Joshua Cox Fee Application</i> [Docket No. 603]	Dec. 12, 2011	\$4,433.88	Professional Fees	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Tenth Cox Fee Application</i> [Exhibit 658 at Ex. A]	Dec. 12, 2011	\$14,707.50	Professional Fees	Novo Point, LLC account at Compass Bank
Josh Cox	<i>Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals</i> [Docket No. 734]	<i>The Receiver's Eleventh Cox Fee Application</i> [Exhibit 678 at Ex. E]	Dec. 12, 2011	\$7,187.50	Professional Fees	Novo Point, LLC account at Compass Bank
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Tenth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 713 at Ex. C]	May 3, 2012	\$13,225.00	Management Fees	LLC accounts at Compass Bank

Recipient	Name of Court Order Permitting Disbursement	Name of Motion Seeking Disbursement	Date	Amount	Type	Source
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fifth Grant Thornton Fee Application</i> [Exhibit 725 at Ex. A]	N/A (not yet paid)	\$150.00 (not yet paid)	Fees for Auditing Services	TBD
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 15, 2011	\$147.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 15, 2011	\$30.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 19, 2011	\$12,780.00	Programmer Fees	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 27, 2011	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Dec. 29, 2011	\$850.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Damon Nelson [Docket No. 750 at Ex. C]</i>	May 3, 2012	\$14,050.00	Management Fees	LLC accounts at Compass Bank
Josh Cox	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Thirteenth Cox Fee Application [Exhibit 771 at Ex. B]</i>	May 3, 2012	\$9,187.50	Professional Fees	LLC accounts at Compass Bank
Fabulous.com	<i>Order Appointing Receiver [Docket No. 130]</i>	N/A	Jan. 6, 2012	\$174,409.38	January 2012 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver [Docket No. 130]</i>	N/A	Jan. 17, 2012	\$68.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver [Docket No. 130]</i>	N/A	Jan. 17, 2012	\$23.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 25, 2012	\$12,830.00	Programmer Fees	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 26, 2012	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Jan. 30, 2012	\$825.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 8, 2012	\$220,880.56	February 2012 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 15, 2012	\$68.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 781 at Ex. C]	May 3, 2012	\$13,600.00	Management Fees	LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Josh Cox	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fourteenth Cox Fee Application [Docket No. 798 at Ex. A]</i>	May 3, 2012	\$6,406.71	Professional Fees	LLC accounts at Compass Bank
Thomas Jackson	<i>Order Granting the Receiver's Seventh &amp; Eighth Applications for Reimbursement of Fees Incurred by Thomas Jackson [Docket No. 930]</i>	<i>The Receiver's Eighth Application for Reimbursement of Fees Incurred by Thomas Jackson [Docket No. 827 at Ex. A]</i>	N/A (not yet paid)	\$16,315.00 (not yet paid)	Attorney Fees	TBD
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Damon Nelson [Docket No. 828 at Ex. B]</i>	May 3, 2012	\$13,325.00	Management Fees	LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Sixth Grant Thornton Fee Application</i> [Docket No. 828 at Ex. A]	N/A (not yet paid)	\$6,835.92 (not yet paid)	Fees for Auditing and Tax Services	TBD
Grant Thornton	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Seventh Grant Thornton Fee Application</i> [Docket No. 879 at Ex. F]	N/A (not yet paid)	\$19,074.16 (not yet paid)	Fees for Auditing and Tax Services	TBD
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 22, 2012	\$12,142.00	Programmer Fees	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 27, 2012	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Domain Name Dynamics	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 27, 2012	\$314.94	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
SEDO, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 29, 2012	\$245.00	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Feb. 29, 2012	\$825.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Josh Cox	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fifteenth Cox Fee Application</i> [Docket No. 840 at Ex. A]	May 3, 2012	\$6,072.50	Professional Fees	LLC accounts at Compass Bank
Josh Cox	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Sixteenth Cox Fee Application</i> [Docket No. 879 at Ex. E]	May 3, 2012	\$4,164.25	Professional Fees	LLC accounts at Compass Bank

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
James Eckels	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Sixth Eckels Fee Application [Docket No. 840 at Ex. B]</i>	May 3, 2012	\$16,187.50	Professional Fees	LLC accounts at Compass Bank
James Eckels	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Seventh Eckels Fee Application [Docket No. 879 at Ex. D]</i>	May 3, 2012	\$5,475.00	Professional Fees	LLC accounts at Compass Bank
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Damon Nelson [Docket No. 840 at Ex. E]</i>	May 3, 2012	\$15,575.00	Management Fees	LLC accounts at Compass Bank



<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Damon Nelson	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Fifteenth Application for Reimbursement of Fees Incurred by Damon Nelson</i> [Docket No. 879 at Ex. C]	May 3, 2012	\$28,975.00	Management Fees	LLC accounts at Compass Bank
Domain Name Dynamics	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 1, 2012	\$779.88	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 7, 2012	\$81,880.03	March 2012 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank
Peter Wall	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 7, 2012	\$12,080.00	Programmer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 15, 2012	\$68.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 15, 2012	\$423.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank

Recipient	Name of Court Order Permitting Disbursement	Name of Motion Seeking Disbursement	Date	Amount	Type	Source
SEDO, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 20, 2012	\$147.00	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Domain Name Dynamics	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 21, 2012	\$844.87	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 27, 2012	\$827.95	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Mar. 29, 2012	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Seventh Receiver Fee Application</i> [Docket No. 605]	January 31, 2012	\$40,530.00 (\$13,510.00 still pending)	Receiver Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Seventh Gardere Fee Application</i> [Docket No. 606]	January 31, 2012	\$136,167.02 (\$44,485.00 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Eighth Receiver Fee Application</i> [Docket No. 648 at Ex. A]	January 31, 2012	\$31,710.36 (\$10,570.12 still pending)	Receiver Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Eighth Gardere Fee Application</i> [Docket No. 648 at Ex. B]	January 31, 2012	\$81,362.83 (\$27,120.94 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Ninth Receiver Fee Application</i> [Docket No. 678 at Ex. C]	January 31, 2012	\$39,083.57 (\$13,027.86 still pending)	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Ninth Gardere Fee Application</i> [Docket No. 678 at Ex. D]	January 31, 2012	\$122,815.64 (\$40,938.55 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Tenth Receiver Fee Application</i> [Docket No. 698 at Ex. A]	January 31, 2012	\$18,173.99 (\$6,057.99 still pending)	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Tenth Gardere Fee Application</i> [Docket No. 698 at Ex. B]	January 31, 2012	\$57,460.54 (\$19,153.51 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Eleventh Receiver Fee Application</i> [Docket No. 713 at Ex. A]	January 31, 2012	\$20,580.00 (\$6,860.00 still pending)	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Eleventh Gardere Fee Application</i> [Docket No. 713 at Ex. B]	January 31, 2012	\$54,617.82 (\$18,205.94 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Twelfth Receiver Fee Application</i> [Docket No. 750 at Ex. A]	January 31, 2012	\$51,975.00 (\$17,325.00 still pending)	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Twelfth Gardere Fee Application</i> [Docket No. 750 at Ex. B]	January 31, 2012	\$121,567.34 (\$40,522.45 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Thirteenth Receiver Fee Application</i> [Docket No. 781 at Ex. A.]	January 31, 2012	\$13,177.50 (\$4,392.50 still pending)	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion to Liquidate Assets to Pay Certain of the Receiver's and His Counsel's Fees</i> [Docket No. 807]	<i>The Receiver's Thirteenth Gardere Fee Application</i> [Docket No. 781 at Ex. B]	January 31, 2012	\$35,094.54 (\$11,698.18 still pending)	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Local Counsel David C. Skinner, LLC	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Third Local Counsel Fee Application [Docket No. 725 at Ex. B]</i>	May 3, 2012	\$1,417.50	Receiver's Local Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fourteenth Receiver Fee Application [Docket No. 840 at Ex. C]</i>	May 3, 2012	41,317.50 \$13,772.50 <i>(still pending)</i>	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fourteenth Gardere Fee Application [Docket No. 840 at Ex. D]</i>	May 3, 2012	\$94,715.31 \$31,571.77 <i>(still pending)</i>	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Receiver	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fifteenth Receiver Fee Application [Docket No. 853 at Ex. A.]</i>	May 3, 2012	\$8,977.50  \$2,992.50 <i>(still pending)</i>	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Fifteenth Gardere Fee Application [Docket No. 853 at Ex. B.]</i>	May 3, 2012	\$24,449.99  \$8,150.00 <i>(still pending)</i>	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs [Docket No. 906]</i>	<i>The Receiver's Sixteenth Receiver Fee Application [Docket No. 877 at Ex. A.]</i>	May 3, 2012	\$23,467.50  \$7,822.50 <i>(still pending)</i>	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)

<b>Recipient</b>	<b>Name of Court Order Permitting Disbursement</b>	<b>Name of Motion Seeking Disbursement</b>	<b>Date</b>	<b>Amount</b>	<b>Type</b>	<b>Source</b>
Gardere	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Sixteenth Gardere Fee Application</i> [Docket No. 877 at Ex. B]	May 3, 2012	\$46,743.45  \$19,581.15 <i>(still pending)</i>	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Receiver	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Seventeenth Receiver Fee Application</i> [Docket No. 879 at Ex. A]	May 3, 2012	\$16,265.62  \$5,421.87 <i>(still pending)</i>	Receiver's Fees	LLC accounts at Compass Bank (Domain Sales)
Gardere	<i>Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs</i> [Docket No. 906]	<i>The Receiver's Seventeenth Gardere Fee Application</i> [Docket No. 879 at Ex. B]	May 3, 2012	\$38,179.58  \$12,726.52 <i>(still pending)</i>	Receiver's Counsel Fees	LLC accounts at Compass Bank (Domain Sales)
Fabulous.com	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 9, 2012	\$108,847.50	April 2012 Domain Name Renewal Fees	Quantec, LLC account at Compass Bank



Recipient	Name of Court Order Permitting Disbursement	Name of Motion Seeking Disbursement	Date	Amount	Type	Source
ICANN	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 9, 2012	\$1,372.91	Fees related to Domain Jamboree, LLC's ICANN accreditation	Quantec, LLC account at Compass Bank
Domain Name Dynamics	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 11, 2012	\$159.98	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 16, 2012	\$83.00	Wire Transfer Fees	Quantec, LLC account at Compass Bank
Compass Bank	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 16, 2012	\$30.00	Wire Transfer Fees	Novo Point, LLC account at Compass Bank
Quasar Services, LLC	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 30, 2012	\$831.00	Rent and Wireless Internet expenses	Quantec, LLC account at Compass Bank
Estibot	<i>Order Appointing Receiver</i> [Docket No. 130]	N/A	Apr. 30, 2012	\$99.95	Domain name appraisal for potential sale of domain names	Novo Point, LLC account at Compass Bank

ii) Mr. Baron appealed the orders.

On March 3, 2011, Mr. Baron appealed all Court-ordered disbursements listed in the chart above that had been ordered by that date. [Docket No. 341.] During a transcribed meeting on March 4, 2011, Mr. Schepps stated that should Mr. Baron win on appeal, all of those disbursements are to be disgorged—meaning that individuals for whom these disbursements were made would have worked for months for free, the typical scenario for professionals who

have worked for Mr. Baron. [Transcript of Court Order Meeting, March 4, 2011, at 120:6-14.] On April 11, 2011, Mr. Baron appealed all the Court-ordered disbursements in the chart above that had been ordered since his previous March 3, 2011 appeals. [Docket No. 449.] On May 18, 2011, Mr. Baron appealed all of the Court ordered disbursements on the chart above ordered since his previous appeals. [Docket No. 576.] On December 28, 2011, Mr. Baron filed a *Notice of Appeal to the United States Court of Appeals for the Fifth Circuit* [Docket No. 759] appealing *inter alia* the Court's *Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals* [Docket No. 734] and, in effect, appealing all of the Court ordered disbursements on the chart above ordered since his previous appeals. On May 3, 2012, Mr. Baron filed another notice of appeal [Docket No. 908] appealing *inter alia* the Court's *Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs* [Docket No. 906] and, in effect, appealing all of the Court-ordered disbursements on the chart above ordered since his previous appeals.

In sum, Mr. Baron has appealed the following orders:

- *Order Granting the Receiver's Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox* [Docket No. 274];
- *Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Receivership Professional Joshua Cox* [Docket No. 283];
- *Order Granting the Receiver's Third Cox Fee Application* [Docket No. 292];
- *Order Granting the Receiver's Fourth Cox Fee Application* [Docket No. 297];
- *Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 366];
- *Order Granting the Receiver's Fifth Cox Fee Application* [Docket No. 369];
- *Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 370];

- *Order Granting the Receiver's First Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 384];
- *Order Granting the Receiver's Sixth Cox Fee Application* [Docket No. 461];
- *Order Granting the Receiver's Third Jackson Fee Application* [Docket No. 462];
- *Order Granting the Receiver's Second Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 463];
- *Order Granting the Receiver's Fourth Jackson Fee Application* [Docket No. 529];
- *Order Granting the Receiver's Seventh Cox Fee Application* [Docket No. 530];
- *Order Granting the Receiver's Third Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 537];
- *Order Granting the Receiver's First Grant Thornton Fee Application* [Docket No. 540];
- *Order Granting the Receiver's Fourth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 542];
- *Order Granting the Receiver's Eighth Cox Fee Application* [Docket No. 573];
- *Order Granting the Receiver's Fifth Thomas Jackson Fee Application* [Docket No. 574];
- *Order Granting the Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals* [Docket No. 734], which granted the following fee applications:
  - *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 629 at Ex. A];
  - *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 650 at Ex. 1];
  - *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 658 at Ex. C];
  - *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 678 at Ex. B];
  - *The Receiver's Fifth Eckels Fee Application* [Docket No. 678 at Ex. A];

- *The Receiver's Ninth Joshua Cox Fee Application* [Docket No. 603];
- *The Receiver's Tenth Cox Fee Application* [Exhibit 658 at Ex. A];
- *The Receiver's Eleventh Cox Fee Application* [Exhibit 678 at Ex. E];
- *Order Granting the Receiver's Sixth Thomas Jackson Fee Application* [Docket No. 902];
- *Order Granting in Part the Receiver's Motion for Approval of Administrative Costs and to Disburse Cash and Sell Domain Names to Fund Administrative Costs* [Docket No. 906], which granted the following fee applications:
  - *The Receiver's Fourteenth – Seventeenth Receiver Fee Applications* [Docket Nos. 840 at Ex. C, 853 at Ex. A, 877 at Ex. A, 879 at Ex. A];
  - *The Receiver's Fourteenth – Seventeenth Gardere Fee Applications* [Docket Nos. 840 at Ex. D, 853 at Ex. B, 877 at Ex. B, 879 at Ex. B];
  - *The Receiver's Ninth – Fifteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket Nos. 700 at Ex. A, 713 at Ex. C, 750 at Ex. C, 781 at Ex. C, 828 at Ex. B, 840 at Ex. E, 879 at Ex. D];
  - *The Receiver's Sixth – Seventh Eckels Fee Applications* [Docket Nos. 840 at Ex. B, 879 at Ex. D];
  - *The Receiver's Twelfth – Sixteenth Cox Fee Applications* [Docket Nos. 701 at Ex. A, 771 at Ex. B, 798 at Ex. A, 840 at Ex. A, 879 at Ex. E];
  - *The Receiver's Second – Seventh Grant Thornton Fee Applications* [Docket Nos. 648 at Ex. C, 658 at Ex. B, 687 at Ex. A, 725 at Ex. B, 828 at Ex. A, 879 at Ex. F]; and
  - *The Receiver's Third Local Counsel Fee Application* [Docket No. 725 at Ex. A].

[Docket Nos. 341, 449, 576, 759.]

On May 24, 2011, the Court issued its *Order Regarding Baron's Notice of Appeal to the United States Court of Appeals for the Fifth Circuit (Doc. No. 576)* [Docket No. 586], "advis[ing] the parties that it [sic] is STAYED from taking further action in the various matters involved in" Mr. Baron's May 18, 2011 appeal. [Docket No. 576.] Mr. Schepps is using the appeal, and the Court's "stay" order, as a basis to try and shut down the entire Receivership.

Specifically, he filed a *Motion for Leave to File: Motion to Stay Receivership Pending Appeal* [Docket No. 590], *Motion for Leave to File: Motion to Stay or Vacate Injunction and Civil Lockdown of Jeff Baron* [Docket No. 591], and *Motion for Leave to File: Motion for an Expedited Ruling on the Stay Motions [Docs 590 and 591]*. [Docket No. 592.] The Receiver has resisted devoting valuable time and resources to frivolous motions such as these. Ultimately, the Court denied all three of these motions. [Docket Nos. 596, 597, and 598.]

Mr. Baron is undeterred. On June 22, 2011, Mr. Baron again filed a motion to stay the receivership with the Fifth Circuit and notified this Court as such. [Docket No. 617.] The Fifth Circuit notably denied the motion and admonished Mr. Baron for his practice of filing frivolous motions. [Docket No. 624.] Nevertheless, since the Fifth Circuit's admonishment, Mr. Baron has filed at least seven motions in which he requests that the receivership be stayed and/or dissolved. [See Fifth Circuit Case No. 10-11202, Document Nos. 00511559002, 00511567728, 00511592562, 00511595754, 00511598161, 00511629642, 00511655466.]

iii) Mr. Baron is still fighting.

On September 12, 2011, Mr. Baron filed his *General Response to Motions for Fees for Vogel, His Partners, and Other "Receiver Professionals"* with the Fifth Circuit (Case No. 10-11202). In such response, Mr. Baron objects to the following motions for reimbursement and fee applications, all mentioned in the chart above describing LLC disbursements:

- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 602];
- *The Receiver's Ninth Joshua Cox Fee Application* [Docket No. 603];
- *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 629 at Ex. A];
- *The Receiver's Second Grant Thornton Fee Application* [Exhibit 648 at Ex. C];

- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 650 at Ex. 1];
- *The Receiver's Tenth Cox Fee Application* [Exhibit 658 at Ex. A];
- *The Receiver's Third Grant Thornton Fee Application* [Exhibit 658 at Ex. B];
- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 658 at Ex. C];
- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 671 at Ex. B];
- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 678 at Ex. B]; and
- *The Receiver's Eleventh Cox Fee Application* [Exhibit 678 at Ex. E].

Since then, Mr. Baron has objected to (through filings in the Fifth Circuit) the following motions for reimbursement and fee applications, all mentioned in the chart above describing LLC disbursements:

- *The Receiver's Ninth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 700 at Ex. A];
- *The Receiver's Twelfth Cox Fee Application* [Docket No. 701 at Ex. A];
- *The Receiver's Tenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 713 at Ex. C];
- *The Receiver's Fifth Grant Thornton Fee Application* [Docket No. 725 at Ex. A];
- *The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 750 at Ex. C];
- *The Receiver's Thirteenth Cox Fee Application* [Docket No. 771 at Ex. B];
- *The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 781 at Ex. C];
- *The Receiver's Fourteenth Cox Fee Application* [Docket No. 798 at Ex. A];
- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 827 at Ex. A];

- *The Receiver's Sixth Grant Thornton Fee Application* [Docket No. 828 at Ex. A];
- *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 828 at Ex. B];
- *The Receiver's Fifteenth Cox Fee Application* [Docket No. 840 at Ex. A];
- *The Receiver's Sixth Eckels Fee Application* [Docket No. 840 at Ex. B];
- *The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 840 at Ex. E];
- *The Receiver's Sixteenth Cox Fee Application* [Docket No. 879 at Ex. E];
- *The Receiver's Seventh Eckels Fee Application* [Docket No. 879 at Ex. D]; and
- *The Receiver's Seventh Grant Thornton Fee Application* [Docket No. 879 at Ex. F].

iv) The Receiver requested a modification of this Court's stay so that the LLCs' manager and attorneys may be compensated.

As a result of the stay put in place by the Court in its *Order Regarding Baron's Notice of Appeal to the United States Court of Appeals for the Fifth Circuit* [Docket No. 586], the manager (Damon Nelson) and two attorneys (Joshua Cox and James Eckels) who run the LLCs' business and legal operations did not receive any compensation for their work from May through November 2011. Such lack of compensation jeopardized their ability to continue working on behalf of the LLCs and, by extension, the LLCs' smooth operation as ongoing businesses. Accordingly, on November 1, 2011, the Receiver filed *The Receiver's Motion to Modify Stay and for Approval to Pay the LLCs' Manager and Attorneys* with the Fifth Circuit and this Court. [Docket No. 704 at Ex. A.] Eventually, the District Court approved payments to the Messrs. Nelson, Cox, and Eckels as detailed in the Receiver's Report of Work for the Second Two Weeks of December 2011. Mr. Baron has appealed the Court's order approving these payments. [Docket No. 759.]

As mentioned in Section B.3.b.i.12 *supra*, the Receiver filed another motion with this Court requesting that he be allowed to liquidate certain Receivership Assets and used the proceeds to fund certain fee applications, including those of Messrs. Nelson, Cox, and Eckels. [Docket No. 883] The Court granted this motion on May 3, 2012. [Docket No. 906.]

3) The Receiver managed potential UDRP issues.

All registrars must follow the UDRP. As described above, under the UDRP, disputes alleged to have arisen from inappropriate registrations of domain names may be addressed by expedited arbitration that the holder of trademark rights initiates by filing a complaint with an ICANN-approved dispute-resolution service provider, such as the World Intellectual Property Organization (“WIPO”) or the National Arbitration Forum (“NAF”). The LLCs are currently facing a number of threatened and actual UDRP claims and, potentially, lawsuits relating to allegations of “Cybersquatting”<sup>26</sup> (collectively, the “UDRP Claims”). The Receivership Order, however, provides that during the pendency of the Receivership, claimants are prohibited from “commencing, prosecuting, continuing, entering, or enforcing any of the UDRP Claims (the “UDRP Claims Stay”).” [Docket No. 130 at p. 12.]

The Receiver views his work in this area as maintaining the status quo, including accomplishing the following goals: (1) keeping track of all the UDRP Claims, (2) advising the claimants and the tribunals of the UDRP Claims Stay, (3) avoiding default awards on the UDRP Claims and consequential transfers of domain names (especially the more valuable domain names and the domain names that could serve as a source for paying the Receivership’s liabilities), (4) avoiding money damages and potential liability for attorneys’ fees, and (5) potentially negotiating favorable settlements during the pendency of the UDRP Claims Stay.

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<sup>26</sup> The term “Cybersquatting” refers to Lanham Act violations under the 1999 Anti-Cybersquatting Consumer Protection Act, where individuals allegedly intentionally violate trademarks by registering domain names.



With those goals in mind, in April 2012, the Receiver continually (a) updated his chart of all the actual and threatened UDRP Claims, and (b) continued preparing and sending letters to claimants and tribunals involved in the UDRP Claims, (i) advising them of the UDRP Claims Stay and (ii) offering, as an alternative, to negotiate possible settlements that could involve sales of the domain names at issue. This chart identifies domain names, which will necessarily cause disclosure of who owns them—information which is typically kept confidential for privacy and other reasons. As a result, the chart tracking the status of the Receiver’s work in this area will be filed separately from this Report under seal, pursuant to the Court’s *Order Granting the Receiver’s Motion for Leave to File Documents Under Seal*. [Docket No. 277.] Sufficed to say, this is one area that has been quite time-consuming—regardless of the endless hijinks of Mr. Baron—since this is substantial part of maintaining the LLCs.

4) The Receiver temporarily deactivated certain domain names.

At the outset of the Receivership, the Receiver anticipated the Receivership not lasting nearly as long as it has. So, the Receiver zealously took measures to enforce the stay put in place by the *Order Appointing Receiver* [Docket No. 130], particularly with regard to actual or threatened UDRP claims. However, as the Receivership continued well into 2011 due primarily to Mr. Baron’s tactics, the Receiver was devoting more and more time and resources dealing with actual or threatened UDRP claims. In order to conserve Receivership Assets and also prevent adverse UDRP decisions from being rendered, the Receiver decided to deactivate certain names which were the subject of UDRP complaints. On August 15, 2011, the Receiver detailed his reasoning behind this decision and the names which he approved for deactivation in a motion to the Court (*The Receiver’s Motion to Confirm Propriety of Domain Name Deactivations*). [Docket No. 667 at Exhibit A.] On September 19, 2011, the Receiver filed another motion (*The*

*Receiver's Second Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 685 at Ex. A.] On October 20, 2011, the Receiver filed another motion (*The Receiver's Third Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 702 at Ex. A.] On November 15, 2011, the Receiver filed another motion (*The Receiver's Fourth Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 714 at Ex. A.] On December 16, 2011, the Receiver filed another motion (*The Receiver's Fifth Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 742 at Ex. A.] On January 19, 2012, the Receiver filed another motion (*The Receiver's Sixth Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 797 at Ex. A.] On February 27, 2012, the Receiver filed another motion (*The Receiver's Seventh Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 841 at Ex. A.] On March 23, 2012, the Receiver filed another motion (*The Receiver's Eighth Motion to Confirm Propriety of Domain Name Deactivations*) with another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket No. 856 at Ex. A.] On May 2, 2012, the Receiver filed another motion (*The Receiver's Ninth Motion to Confirm Propriety of Domain Name Deactivations*) with

another list of domain names he has chosen to deactivate for the same reasons as detailed in the first motion. [Docket Nos. 891-92.]

Mr. Baron filed identical responses to seven of the nine motions with the Fifth Circuit (Case No. 10-11202). Mr. Baron argued that because he registered the domain names using an “algorithm” he necessarily registered them in good faith and, thus, the domain names are worthy of withstanding a UDRP complaint. Mr. Baron also accused the Receiver of a conflict of interest and violation of his duties. Nevertheless, the Court granted all nine motions. [Docket Nos. 905, 933.]

5) The Receiver addressed a UDRP complaint against funnygames.com.

In November and December 2011, the Receiver successfully stayed a UDRP complaint against one the LLCs’ premium domain names—funnygames.com. The Receiver’s efforts involved the Internet Corporation for Assigned Names and Numbers (“ICANN”), the organization ultimately responsible for adjudication of UDRP disputes, and litigation before the District Court and the Fifth Circuit. Ultimately, the Receiver prevailed in getting the UDRP action completely stayed but not before Mr. Baron (through Mr. Schepps) tried to interfere. For the sake of brevity, the Receiver will not recount the details here. However, a full examination of the episode—including Mr. Baron’s interference with the Receiver’s efforts to protect this Receivership Asset—are contained in previous Receiver’s Reports. [*See, e.g.*, Docket No. 872 at pp. 158-69.]

6) The Receiver addressed UDRP decisions issued against certain domain names in a second motion to enforce stay.

On December 13, 2011, the Receiver filed *The Receiver’s Second Motion to Enforce Stay*. [Docket no. 739.] In such motion, the Receiver explains that, despite the stay put in place by the Receiver Order, ICANN-approved UDRP arbitrators WIPO and NAF have issued a total

of thirteen decisions against domain names that belong to the LLCs (and thus constitute Receivership Assets). [*Id.*] As a result, the Receiver requested the Court to (1) declare such UDRP decisions void based on the stay, (2) order the Internet registrar of these domain names (Fabulous.com) to disregard the voided UDRP decisions, and (3) order ICANN to retransfer any domain names back to the LLCs that have already been transferred pursuant to the thirteen UDRP decisions. [*Id.*] In his motion, the Receiver provided the Court with the legal authority supporting his ability to void the UDRP decisions, as well as an explanation of Fabulous.com and ICANN's ability to comply with the orders requested by the Receiver. [*Id.*]

The Receiver supplemented this motion with information concerning the termination of WIPO's proceedings against funnygames.com. [Docket No. 756.]

- 7) ICANN requested the Receiver's second motion to enforce stay be denied and the Receiver filed a reply in support of his second motion to enforce stay.

On January 3, 2012, ICANN filed its *Response to the Receiver's Second Motion and Supplement to Second Motion to Enforce Stay*. [Docket No. 772.] Although ICANN did not take a position as to the Receiver's request that the thirteen UDRP decisions against LLC domain names be voided, ICANN again claimed a "lack of authority" to retransfer the domain names back to the LLCs that have already been transferred pursuant to such UDRP decisions. [*Id.*] ICANN's response confirmed that a total of five LLC domain names have been transferred pursuant to UDRP decisions issued in violation of this Court's stay.

On January 5, 2012, the Receiver filed his *Reply in Support of His Second Motion to Enforce Stay*, again requesting an order that the thirteen UDRP decisions against LLC domain names be voided. [Docket No. 775.] The Receiver reiterated the ability of both ICANN and the domain names' registrar (Fabulous.com) to retransfer the domain names back to the LLCs that have already been transferred pursuant to such UDRP decisions. [*Id.*] The Receiver, however,

limited his “retransfer” request to four of the five domain names identified by ICANN as already-transferred because one of the five transferred domains (wetafx.com) is a money-losing domain name, *i.e.*, domain name whose renewal fees exceed revenues (and required by the Court not to be renewed [Docket No. 177]), and not a future profitable domain name, *i.e.*, not a domain name that could be developed into a profitable name with proper development efforts in the future. The Receiver’s second motion to enforce stay remains pending before the Court.

On January 10, 2012, the Court granted the Receiver’s *Second Motion to Enforce Stay* and ordered that the default UDRP decisions for seventeen (17) domain names should be disregarded and their registrar, Fabulous.com, should not transfer them to a new registrar. [Docket No. 782.] The Court also ordered that ICANN and Fabulous.com should re-transfer five (5) domain names back to the LLCs. [*Id.*] The Court finally ordered that ICANN report to the Court on its compliance. [*Id.*]

In the meantime, Fabulous.com confirmed it had complied with the Court’s orders concerning the transfers of the domains with default UDRP decisions. So, ICANN moved for clarification of the Court’s order and the grounds that it was moot. [Docket No. 791.] The Receiver no longer sought relief against ICANN as well. Accordingly, the District Court granted the motion and relieved ICANN from any further action. [Docket No. 793.]

**4. The Receiver alerted the Court to the LLCs’ possession of possible evidence in a criminal prosecution.**

On January 5, 2012, the Receiver filed with the Fifth Circuit his *Motion to Disclose Evidence to the Navarro County District Attorney* (under seal). [Docket No. 776.] The Receiver has become aware of the arrest and prosecution of Joey Dauben, a Baron associate who had been involved in the management of the domain names on Mr. Baron’s behalf. Mr. Dauben was indicted for sexual assault of a child in late December 2011. At the time of the alleged assaults,

Dauben was purportedly managing the domain names in the Quantec, LLC portfolio. Many of those names contained words and phrases promoting child pornography.

Given the gravity of the situation and the Receiver's fiduciary obligation to protect the domain names from disclosure, the Receiver sought guidance from the Court. [Docket No. 776.] Ultimately, after a hearing, the District Court ordered the Receiver to disclose the names in the LLCs' portfolios subject to certain conditions. For the sake of brevity, the Receiver will not recount the specifics in this report. However, previous Receiver Reports do contain such details. [See, e.g., Docket No. 872 at pp. 171-73.]

**5. The Receiver accepted the resignation of Thomas Jackson as the LLCs' attorney.**

On January 17, 2012, Thomas Jackson, an attorney for the LLCs resigned. The Receiver notified the District Court of the resignation and that Joshua Cox would stay on to represent the LLCs. [Docket No. 802.] On February 29, 2012, the Receiver filed the last fee application on Mr. Jackson's behalf. [Docket No. 827 at Ex. A.]

**6. The Receiver negotiated a switch to a new registrar.**

At the onset of the Receivership during a hearing on November 30, 2010, the District Court approved a pre-Receivership decision by the LLCs' (most likely at the behest of Mr. Baron) to designate Fabulous.com, an Australian company, the domains' registrar. [Docket No. 615.] In February 2012, Fabulous.com hesitated when Mr. Baron (through Southpac Trust International) threatened it with legal action in order to stop the transfer domain names to a new registrar upon their sale. The Receiver quickly responded to the threats and convinced Fabulous of the lack of merit in Southpac's claims and positions.

Nevertheless, the Receiver decided to investigate transferring the domains to a new registrar located in the U.S. and more easily under the District Court's influence and control.

The Receiver considered several possible candidates before settling on one—Name.com located in Colorado. The Receiver negotiated an agreement with Name.com and has begun the process of transferring names away from Fabulous.com in stages (*i.e.*, as names come up for renewal with Fabulous.com, they are moved to Name.com.)

**C. Work relating to identifying and resolving claims of Mr. Baron’s unpaid attorneys.**

As stated at the beginning of Section B of this Report, in order to accomplish the goal of recommending disbursements of Receivership Assets to fund claims for unpaid attorneys, the Receiver must accomplish two major tasks:

First Task: Identify, gain access to, and manage the Receivership Assets.

Second Task: Identify and work with Mr. Baron’s unpaid attorneys to collect evidence relating to their claims.

This prior section of the report (Section B) discussed the first task. The section below (Section C) will discuss the second task.

Mr. Baron and the other Receivership Parties (as defined in various Court orders [Docket Nos. 130, 176, 272 and 287])<sup>27</sup> (collectively, “Baron”) engaged a enormous number of lawyers, accepted their services but failed to pay them (the “Former Attorney Claims”). The Court asked the Receiver to collect evidence to make his assessment of the Former Attorney Claims and then make that assessment (his “Assessment”). [Transcript of *Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson*, February 10, 2011, at 40.] In February 2011, the Receiver collected (1) the evidence he reviewed in order to make his

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<sup>27</sup> On March 3, 2011, Mr. Baron appealed the Court’s *Order Granting the Receiver’s Third Motion Clarify the Receiver Order* adding Iguana Consulting, LLC, Diamond Key, LLC, Quasar Services, LLC, Javelina, LLC, HCB, LLC, a Delaware limited liability company, HCB, LLC, a U.S. Virgin Islands limited liability company, Realty Investment Management, LLC, a Delaware limited liability company, Realty Investment Management, a U.S. Virgin Islands limited liability company, Blue Horizon Limited Liability Company, Simple Solutions, LLC, Asiustrust Limited, Southpac Trust Limited, Stowe Protectors, Ltd., and Royal Gable 3129 Trust as Receivership Parties. [Docket No. 340.]

Assessment, and (2) made his Assessment. In March 2011, the Receiver filed his Assessment and, subsequently, motions for the Court's approval of such Assessment.

**1. The Receiver collected evidence to make his Assessment.**

As the Receiver previously reported to the Court, the Receiver sent letters to attorneys and firms whom the Receiver understands to maintain Former Attorney Claims. [Docket No. 254.] The letters requested that the attorneys and firms provide the Receiver with sworn declarations supporting the Former Attorney Claims. [*Id.*] Shortly after transmitting these letters, one of Mr. Baron's former firms contacted the Receiver to inform him that Mr. Schepps was interfering with the Receiver's efforts to obtain the former attorneys' sworn declarations supporting the Former Attorney Claims. Specifically, this firm forwarded an e-mail it had received from Mr. Schepps, which contained the following language:

TO WHOM IT MAY CONCERN:

IF YOU HOLD ANY ATTORNEY-CLIENT OR OTHER PRIVILEGED MATTER WITH RESPECT TO JEFFREY BARON, AND HAVE BEEN SOLICITED BY A "RECEIVER" TO DISCLOSE THE INFORMATION PLEASE ACCEPT THIS NOTICE THAT:

It is our legal opinion that the senior district judge purporting to create a receivership over Mr. Baron is acting without subject matter jurisdiction. Moreover, the purported receivership was entered without notice, hearing, or supporting affidavits, and was entered without any supporting findings. The order is currently being appealed and the senior district judge has been divested of jurisdiction over the purported receivership order.

This letter is to put you on notice that Mr. Baron does not authorize waiver of his attorney-client privilege, and so that you may perform your due diligence in relation to your legal obligations.

Most sincerely,

/s/ Gary Schepps

Appellate Counsel for Mr. Baron



Because Mr. Schepps blind-copied all addressees of this e-mail, the Receiver cannot be certain of the number of recipients. The Receiver can only assume that Mr. Schepps sent this threatening e-mail to every unpaid former attorney with a Former Attorney Claim.

Despite Messrs. Baron and Schepps' interference, in response to the Receiver's letter requesting sworn declarations, 26 attorneys and firms have stated they maintain Former Attorney Claims and submitted sworn declarations to the Receiver.<sup>28</sup>

On March 17, 2011, the Receiver filed *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396] and a supporting appendix. [Not Docketed, but Filed Under Seal.] The supporting appendix contains 25 of the 26 declarations. Because this appendix was filed under seal, on March 18, 2011, the Receiver hand-delivered a CD containing a ".pdf formatted" (.pdf) copy of the appendix, and mailed a copy of the same CD to Messrs. Baron and Barrett. On March 18, 2011, the Receiver filed *The Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 400] and a supporting appendix. [Not Docketed, but Filed Under Seal.] The supporting appendix contains the remaining (*i.e.*, the 26th) declaration. Because this appendix was filed under seal, on the same day, March 18, 2011, the Receiver e-mailed a .pdf copy of the appendix to Messrs. Schepps, Baron, and Barrett. Finally, on March 24, 2011, the Receiver filed *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney*

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<sup>28</sup> The declarations vary in level of detail. Prior to February 10, 2011, the Receiver requested that the declarations (a) attach a copy of all engagement agreements relating to the Former Attorney Claims, (b) attach a copy of all invoices relating to the Former Attorney Claims, and (c) contain a host of other relevant information. [Docket No. 254.] On February 10, 2011, the Court held a hearing and addressed, among other things, the *Motion of Carrington, Coleman, Sloman & Blumenthal, L.L.P. for Protection, Direction, and Determination of Applicable Privilege Issues, and Brief in Support*. [Docket No. 311.] At the hearing, the Court declared the information to be produced to the Receiver in support of the Former Attorney Claims need only include detail indicating, by month or week (as applicable), (i) timekeeper, (ii) hours billed, (iii) billing rates, and (iv) resulting fees due and unpaid. [Transcript of Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson, February 10, 2011, at 30-41.] On February 22, 2011, the Court issued its *Order Granting Motion for Protection, Direction, and Determination of Applicable Privilege Issues*, memorializing the same instruction. [Docket No. 326.]

*Claims* [Docket No. 411] and a supporting appendix. [Not Docketed, but Filed Under Seal.] The supporting appendix contains Additional Evidence relating to one of the Former Attorney Claims included in *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396.] Because this appendix was filed under seal, on the same day, March 24, 2011, the Receiver e-mailed a .pdf copy of the appendix to Messrs. Schepps, Baron, and Barrett.

Below is a chart of the 26 Former Attorney Claims that were included in *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396], *The Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 400], and *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims*. [Docket No. 411.]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>Pronkse &amp; Patel P.C.</b>	GMP	430.4	\$550.00/hr.	\$236,720.00	\$1,413.20	\$241,912.70
	CWS	13.0	\$225.00/hr.	\$2,925.00		
	JPK	1.1	\$160.00/hr.	\$176.00		
	LDW	2.5	\$85.00/hr.	\$212.50.00		
	SLM	4.0	\$100.00/hr.	\$400.00		
	VLD	0.2	\$330.00/hr.	\$66.00		
	<b>TOTAL:</b>	451.2	\$533.02/hr.	\$240,499.50		
<b>Carrington, Coleman, Sloman &amp; Blumenthal, LLP</b>	D. Coale	667.1	\$222.50/hr.	\$148,429.75	\$19,605.52	\$224,233.27 <sup>29</sup>
	P. Smith	206.5	\$182.50/hr.	\$37,686.25		
	L. Barton	536.1	\$127.50/hr.	\$68,340		
	M. Grynwald	34.7	\$182.50/hr.	\$6,332.75		
	K. Hinson	65.7	\$215.00/hr.	\$14,125.50		
	K. Willis	27.6	\$50.00/hr.	\$1,380.00		
	G. Cannaday	7.6	\$235.00/hr.	\$1,786.00		
	E. Porterfield	4.7	\$140.00/hr.	\$658.00		
	D. Benham	20.1	\$120.00/hr.	\$2,412.00		
	D. Stroh	6.3	\$182.50/hr.	\$1,149.75.00		
	Others	19.4	\$119.30/hr.	\$2,314.42.00		
	<b>TOTAL:</b>	1595.8	\$178.36/hr.	\$284,627.66		

<sup>29</sup> According to its Declaration and the exhibits attached thereto, the total amount billed by Carrington, Coleman, Sloman & Blumenthal, LLP ("Carrington Coleman") was \$304,233.18. [Docket 396 at p. 9 n.8.] Carrington Coleman, however, received a \$80,000.00 payment from Baron, reducing its Former Attorney Claim to \$224,233.27. [*Id.*]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
Aldous Law Firm/ Rasansky Law Firm	C. Aldous	n/a	35% contingency fee arrangement	\$200,000.00	\$0.00	\$200,000.00
	J. Rasansky					
Schurig Jetel Beckett Tackett	M. Barsi	22.0	\$220.00/hr.	\$4,840.00	\$509.55	\$117,377.81 <sup>30</sup>
	E. Collins	14.2	\$150.00/hr.	\$2,130.00		
	A. Jetel	17.4	\$375.00/hr.	\$6,525.00		
	A. Jetel	0.2	\$475.00/hr.	\$95.00		
	J. Jones	102.3	\$190.00/hr.	\$19,437.00		
	J. Jones	3.3	\$210.00/hr.	\$693.00		
	M. Rosenblatt	123.8	\$220.00/hr.	\$27,236.00		
	B. Ross	171.1	\$180.00/hr.	\$30,798.00		
	B. Ross	7.4	\$185.00/hr.	\$1,369.00		
	E. Schurig	6.9	\$0.00/hr.	\$0.00		
	E. Schurig	163.2	\$575.00/hr.	\$93,840.00		
	E. Schurig	0.4	\$585.00/hr.	\$234.00		
	D. Sellers	15.6	\$200.00/hr.	\$3,120.00		
	J. Strohmeyer	4.6	\$220.00/hr.	\$1,012.00		
	C. Beckett	30.6	\$575.00/hr.	\$17,595.00		
	D. Pederson	4.7	\$150.00/hr.	\$705.00		
	A. Daniel	3.9	\$100.00/hr.	\$390.00		
	D. Morgan	0.5	\$175.00/hr.	\$87.50		
	R. Rath	4.3	\$150.00/hr.	\$645.00		
	Law Clerk	0.6	\$25.00/hr.	\$15.00		
<b>TOTAL:</b>		673.9	\$298.14/hr.	\$200,409.00		

<sup>30</sup> According to its Declaration and the exhibits attached thereto, as of June 2010, the total amount billed by Schurig Jetel Beckett Tackett ("SJBT") from May through September 2010 was \$200,918.55. (Docket No. 396 at p. 10 n.9.) During that period, however, SJBT received \$83,540.26 in payments from Baron, reducing the amount due and owing to \$117,377.81. [*Id.*]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>Powers Taylor, LLP</b>	M. Taylor	186.85	\$175.00/hr.	\$32,698.75	\$0.00	\$78,058.50
	M. Taylor	39.28	\$115.00/hr.	\$1,564.00		
	L. Logan	13.6	\$120.00/hr.	\$12,144.00		
	L. Logan	74.6	\$240.00/hr.	\$17,904.00		
	A. Johnson	101.2	\$350.00/hr.	\$13,748.00		
	<b>TOTAL:</b>	415.53	\$187.85/hr.	\$78,058.75		
<b>Gary G. Lyon</b>	G. Lyon	933.45	\$80.67/hr.	\$75,304.28	\$75,304.28	\$75,922.22 <sup>31</sup>
<b>Dean Ferguson</b>	D. Ferguson	239.35	\$300.00/hr.	\$71,805.00	\$2,080.00	\$73,885.00 <sup>32</sup>
<b>Friedman &amp; Feiger, LLP</b>	I. Freeman	1.33	\$130.00/hr.	\$172.40	\$1,913.20	\$59,578.37
	J. Krause	1.72	\$400.00/hr.	\$686.81		
	J. Matheus	70.04	\$130.00/hr.	\$9,105.11		
	L. Friedman	23.16	\$600.00/hr.	\$13,894.33		
	R. Lurich	96.59	\$350.00/hr.	\$33,806.52		
	<b>TOTAL:</b>	192.84	\$299.03/hr.	\$57,665.17 <sup>33</sup>		

<sup>31</sup> This amount includes unpaid fees incurred *prior* to the commencement of the Receivership. Since the commencement of the Receivership, the Receiver has submitted a separate fee application for this attorney because this attorney is a Receivership Professional. [See Docket Nos. 317, 348.]

<sup>32</sup> Upon information and belief, Mr. Dean Ferguson and one or more Former Baron Attorneys might also be bringing claims against Mr. Baron, and possibly other Receivership Parties, alleging claims under the Racketeer Influenced and Corrupt Organizations Action (a/k/a RICO) and other statutes. This Assessment is not intended to address any such claims.

<sup>33</sup> Friedman & Feiger, LLP alleges that “[i]n attempting to collect the [unpaid attorney’s fees and expenses], Friedman & Feiger incurred reasonable and necessary attorney’s fees in the amount of \$9,883.87.” [Docket No. 396 at p. 11 n.12.] Because such collection efforts were performed by Friedman & Feiger, LLP in-house, its Resulting Fees Due and Unpaid per Timekeeper and its Expenses include this \$9,883.87, resulting in a total Former Attorney Claim of \$59,578.37. [*Id.*]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>Bickel &amp; Brewer</b> <sup>34</sup>	J. Bickel	74.0	\$900.00/hr.	\$66,600.00	\$7,785.93	\$59,547.63 <sup>35</sup>
	G. Teeter	2.1	\$500.00/hr.	\$1,050.00		
	<b>TOTAL:</b>	76.1	\$888.96/hr.	\$67,650.00		
<b>Robert J. Garrey</b>	B. Garrey	n/a	Flat fees of \$8,500.00/month for Nov. 2010, \$11,000.00/month for Dec. 2010 and Jan. 2011, and completion bonus of \$7,000.00.	\$37,500.00	\$0.00	\$52,275.00 <sup>36</sup>

<sup>34</sup> The Receiver understands that Bickel & Brewer contends that, under Bickel & Brewer's engagement agreement with Baron, an entity called Rivercruise Investments Limited and/or an individual named Gregg McNair guaranteed Baron's payment of Bickel & Brewer's legal fees and expenses. [Docket No. 396 at p. 12 n.13.] The Receiver also understands that Bickel & Brewer contends that, by submitting its Declaration to the Receiver and the Receiver submitting its Former Attorney Claim, it is not waiving any claim it may have against Rivercruise Investments Limited and/or Mr. McNair.

<sup>35</sup> According to its Declaration and the exhibits attached thereto, as of February 2008, Bickel & Brewer was owed a total of \$74,566.64 in unpaid fees and expenses. [*Id.* p. 12 n.14.] Bickel & Brewer, however, received a \$27,804.30 payment from Baron, reducing the amount due and owing to \$46,762.34. [*Id.*] This amount, combined with the \$869.29 in unpaid expenses incurred by Bickel & Brewer in March and April 2008, totals \$47,631.63 in attorney fees and expenses that Bickel & Brewer alleges as due and owing. [*Id.*] Additionally, Bickel & Brewer alleges that it is owed \$11,916.00 in fees and expenses incurred while seeking collection of this \$47,631.63 in unpaid fees and expenses, resulting in a total Former Attorney Claim of \$59,547.63. [*Id.*]

<sup>36</sup> In addition to the \$37,500.00 of unpaid amounts, Mr. Garrey declares, "To date, I have incurred attorney's fees of \$5,000.00 and expenses in the amount of \$400.00 in connection with my lawsuit against the Clients." [*Id.* at p. 12 n. 15.] He also declares, "On February 21, 2010 [*sic*], I began employment at another law firm. Had the Clients honored their Agreement, I would have been paid through January 31, 2011. Thus, I am seeking to recover the value of the three weeks' salary: \$9,375.00 for purposes of this claim." [*Id.*] Thus, his Former Attorney Claim totals \$52,275.00. [*Id.*]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>Hohmann, Taube &amp; Summers, LLP</b>	E.Taube	60.5	\$500.00/hr.	\$30,350.00	\$1,305.62	\$44,649.37 <sup>37</sup>
	M.Taylor	20.0	\$390.00/hr.	\$7,800.00		
	A.M. Jezisek	2.0	\$100.00/hr.	\$200.00		
	S. Savala	1.25	\$75.00/hr.	\$93.75		
	<b>TOTAL:</b>	83.75	\$457.84/hr.	\$38,343.75		
<b>West &amp; Associates, LLP</b>	C. Capua	86.50	\$475.00/hr.	\$41,087.50	\$20.50	\$41,120.50
	L. Davis	0.10	\$125.00/hr.	\$12.50		
	<b>TOTAL:</b>	86.60	\$474.60/hr.	\$41,100.00		
<b>Michael B. Nelson, Inc.</b>	M. Nelson	73.02	\$500.00/hr.	\$42,585.81	\$0.00	\$31,085.81 <sup>38</sup>
<b>Mateer &amp; Shaffer, LLP</b>	R. Shaffer	91.2	\$300.00/hr.	\$27,358.50	\$3,471.90	\$30,897.90
	K.V. Dine	0.9	\$75.00/hr.	\$67.50		
	<b>TOTAL:</b>	92.1	\$297.79/hr.	\$27,426.00		
<b>Broome Law Firm, PLLC</b>	S. Broome	107.7	\$320.00/hr.	\$34,464.00	\$1,005.65	\$28,373.46 <sup>39</sup>
	P. Rogers	22.0	\$125.00/hr.	\$2,750.00		
	<b>TOTAL:</b>	129.7	\$286.92/hr.	\$37,214.00		

<sup>37</sup> Hohmann, Taube & Summers, LLP alleges that “[w]e have expended over \$5,000 in time related to attending hearings for the purpose of collecting the outstanding amounts.” [*Id.* at p. 13 n. 16.] Thus, its Former Attorney Claim, consisting of this \$5,000.00, plus \$38,343.75 in unpaid fees, plus \$1,305.62 in unpaid expenses, equals \$44,649.37.

<sup>38</sup> According to its Declaration and the exhibits attached thereto, the total amount billed by Michael B. Nelson, Inc. was \$42,585.81. [Docket No. 396 at p. 13 n.17. Michael B. Nelson, Inc., however, received payments totaling \$11,500.00 from Baron, reducing its Former Attorney Claim to \$31,085.81. [*Id.*]

<sup>39</sup> This amount reflects the discount and monthly finance charge per Broome Law Firm, PLLC’s engagement letter with Baron. [*Id.* at p. 13 n. 18.]

FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>Fee, Smith, Sharp &amp; Vitullo, LLP</b>	A. Vitullo	61.0	\$350.00/hr.	\$21,350.00	\$153.60	\$27,674.86 <sup>40</sup>
	W. Black	1.8	\$225.00/hr.	\$405.00		
	A. Jariwala	10.0	\$75.00/hr.	\$750.00		
	M. Spurgeon	4.4	\$75.00/hr.	\$330.00		
	<b>TOTAL:</b>	77.2	\$295.79/hr.	\$22,835.00		
<b>Reyna Hinds &amp; Crandall</b>	J. Crandall	28.3	\$300/hr.	\$8,490.00	\$441.84	\$11,681.84 <sup>41</sup>
<b>Jones, Otjen &amp; Davis</b>	S. Jones	25.25	\$350.00/hr.	\$8,837.50	\$88.52	\$11,638.52
	A.B. Feeback	12.5	\$175.00/hr.	\$2,187.50		
	N. Babbitt	3.0	\$175.00/hr.	\$525.00		
	<b>TOTAL:</b>	40.75	\$283.44/hr.	\$11,550.00		
<b>Hitchcock Evert LLP</b>	J. Cone	22.6	\$450.00/hr.	\$10,170.00	\$31.69	\$10,201.69
<b>David L. Pacione</b>	D. Pacione	n/a	Flat fee of \$8,000.00/month	\$10,000.00	\$18.30	\$10,018.30
<b>Shaver Law Firm</b>	S. Shaver	n/a	Flat fee of \$9,500.00/month	\$6,500.00	\$0.00	\$6,500.00
<b>Jeffrey T. Hall</b>	J. Hall	n/a	Flat fee of \$15,000.00/month	\$5,000.00	\$0.00	\$5,000.00
<b>Sidney B. Chesnin</b>	S. Chesnin	n/a	Flat fee of \$10,000.00/month	\$4,952.60	\$0.00	\$4,952.60

<sup>40</sup> Fee, Smith, Sharp & Vitullo, LLP alleges that it is owed \$4,686.26 in fees and expenses incurred while seeking collection of the \$22,988.60 in unpaid fees and expenses. [*Id.* at p. 14 n.19.] Thus, its Former Attorney Claim equals \$27,674.86.

<sup>41</sup> Reyna Hinds & Crandall is asserting a Former Attorney Claim of \$11,681.84. However, as explained in *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 411], Reyna Hinds & Crandall has only provided the Receiver with Evidence for \$8,931.84 of that \$11,681.84. As a result, the Receiver has concluded that there exists *prima facie* evidence supporting \$8,931.84 of such \$11,681.84 Former Attorney Claim and, absent evidence to the contrary, such Former Attorney Claim should be partially paid in the amount of \$8,931.84. [*Id.* at p. 4.]



FIRM/ ATTORNEY NAME	TIME KEEPER	HOURS BILLED	BILLING RATES	RESULTING FEES DUE AND UNPAID PER TIMEKEEPER	EXPENSES	RESULTING AMOUNT DUE AND UNPAID
<b>James M. Eckels</b>	J. Eckels	n/a	Flat fee of \$7,000.00/month	\$4,112.50	\$0.00	\$4,112.50 <sup>42</sup>
<b>Kevin F. D'Amour, P.C.</b>	M. Stewart	9.5	\$205.00/hr.	\$1,947.50	\$0.00	\$1,947.50
<b>Joshua E. Cox</b>	J. Cox	n/a	Flat fee of \$4,750.00/month	\$586.00	\$39.00	\$625.00 <sup>43</sup>
<b>TOTAL:</b>						<b>\$1,453,270.35</b>

## 2. The Receiver made an Assessment.

The Receiver reviewed more than a thousand pages of declarations and exhibits and considered the Former Attorney Claims of the attorneys and firms submitting the aforementioned 26 declarations. For 22 of the 26 Former Attorney Claims, the Receiver concluded that there exists *prima facie* evidence and, absent evidence to the contrary, should be paid (at least partially). Details are summarized below, demonstrating the amounts of the disbursements proposed by the Receiver (which collectively total \$993,253.77).

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<sup>42</sup> This amount includes unpaid fees incurred *prior* to the commencement of the Receivership. Since the commencement of the Receivership, the Receiver has submitted separate fee applications for this attorney, because this attorney is a Receivership Professional. [See Docket Nos. 188, 190, 217, 256, and 266.]

<sup>43</sup> This amount includes unpaid fees incurred *prior* to the commencement of the Receivership. Since the commencement of the Receivership, the Receiver has submitted separate fee applications for this attorney, because this attorney is a Receivership Professional. [See Docket Nos. 189, 196, 314.]

FIRM/ ATTORNEY NAME	AMOUNT OF FORMER ATTORNEY CLAIM	PROPOSED DISBURSEMENT	AMOUNT NOT PROPOSED FOR DISBURSEMENT	REASON FOR NON-PROPOSAL OF DISBURSEMENT (IF APPLICABLE)
<b>Pronkse &amp; Patel P.C.</b>  <i>[Sealed Appendix Relating to the Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims [Not Docketed but Filed Under Seal] at Exhibit A, Appx. 1-61.]</i>	\$241,912.70	\$241,912.70	\$0.00	n/a
<b>Carrington, Coleman, Sloman &amp; Blumenthal, LLP</b>  <i>[Id. at Exhibit B, Appx. 62-65.]</i>	\$224,233.27	\$0.00	\$224,233.27	The Trustee for Ondova Limited Company ("Ondova") has advised the Receiver that this claim will be paid through the Ondova bankruptcy estate.
<b>Aldous Law Firm / Rasansky Law Firm (joint venture)</b>  <i>[Id. at Exhibit C, Appx. 66-85.]</i>	\$200,000.00	\$0.00	\$200,000.00	The Trustee for Ondova has advised the Receiver that this claim will be paid through the Ondova bankruptcy estate.
<b>Schurig Jetel Beckett Tackett</b>  <i>[Id. at Exhibit D, Appx. 86-669.]</i>	\$117,377.81	\$117,377.81	\$0.00	n/a
<b>Powers Taylor, LLP</b>  <i>[Id. at Exhibit E, Appx. 670-722.]</i>	\$78,058.50	\$78,058.50	\$0.00	n/a
<b>Gary G. Lyon</b>  <i>[Id. at Exhibit F, Appx. 723-42.]</i>	\$75,922.22	\$75,922.22	\$0.00	n/a

FIRM/ ATTORNEY NAME	AMOUNT OF FORMER ATTORNEY CLAIM	PROPOSED DISBURSEMENT	AMOUNT NOT PROPOSED FOR DISBURSEMENT	REASON FOR NON-PROPOSAL OF DISBURSEMENT (IF APPLICABLE)
<b>Dean Ferguson</b>  [ <i>Id.</i> at Exhibit G, Appx. 743-57.]	\$73,885.00	\$73,885.00	\$0.00	n/a
<b>Friedman &amp; Feiger, LLP</b>  [ <i>Id.</i> at Exhibit V, Appx. 1178- 1262.]	\$59,578.37	\$59,578.37	\$0.00	n/a
<b>Bickel &amp; Brewer</b>  [ <i>Id.</i> at Exhibit H, Appx. 758-802.]	\$59,547.63	\$59,547.63	\$0.00	n/a
<b>Robert J. Garrey</b>  [ <i>Id.</i> at Exhibit I, Appx. 803-18.]	\$52,275.00	\$52,275.00	\$0.00	n/a
<b>Hohmann, Taube &amp; Summers, LLP</b>  [ <i>Id.</i> at Exhibit J, Appx. 819-867.]	\$44,649.37	\$44,649.37	\$0.00	n/a
<b>West &amp; Associates, LLP</b>  [ <i>Sealed Appendix Relating to the Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims</i> [Not Docketed but Filed Under Seal] at Exhibit A, Appx. 1-58.]	\$41,120.50	\$41,120.50	\$0.00	n/a

FIRM/ ATTORNEY NAME	AMOUNT OF FORMER ATTORNEY CLAIM	PROPOSED DISBURSEMENT	AMOUNT NOT PROPOSED FOR DISBURSEMENT	REASON FOR NON-PROPOSAL OF DISBURSEMENT (IF APPLICABLE)
<b>Michael B. Nelson, Inc.</b>  <i>[Sealed Appendix Relating to the Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims [Not Docket but Filed Under Seal] at Exhibit K, Appx. 868-902.]</i>	\$31,085.81	\$31,085.81	\$0.00	n/a
<b>Mateer &amp; Shaffer, LLP</b>  <i>[Id. at Exhibit L, Appx. 903-931.]</i>	\$30,897.90	\$0.00	\$30,897.90	The Trustee for Ondova has advised the Receiver that this claim will be paid through the Ondova bankruptcy estate.
<b>Broome Law Firm, PLLC</b>  <i>[Id. at Exhibit M, Appx. 932-70.]</i>	\$28,373.46	\$28,373.46	\$0.00	n/a
<b>Fee, Smith, Sharp &amp; Vitullo, LLP</b>  <i>[Id. at Exhibit N, Appx. 971-1007.]</i>	\$27,674.86	\$27,674.86	\$0.00	n/a
<b>Reyna Hinds &amp; Crandall</b>  <i>[Sealed Appendix Relating to the Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims [Not Docket but Filed Under Seal] at Exhibit A, Appx. 1-10.]</i>	\$11,681.84	\$8,931.84	\$2,750.00	As stated above, this firm only submitted Evidence to the Receiver for \$8,931.84 of its \$11,681.84 Former Attorney Claim. ( <i>See supra</i> note 41.)

FIRM/ ATTORNEY NAME	AMOUNT OF FORMER ATTORNEY CLAIM	PROPOSED DISBURSEMENT	AMOUNT NOT PROPOSED FOR DISBURSEMENT	REASON FOR NON-PROPOSAL OF DISBURSEMENT (IF APPLICABLE)
<b>Jones, Otjen &amp; Davis</b>  <i>[Sealed Appendix Relating to the Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims [Not Docketed but Filed Under Seal] at Exhibit O, Appx. 1008-31.]</i>	\$11,638.52	\$11,638.52	\$0.00	n/a
<b>Hitchcock Evert LLP</b>  <i>[Id. at Exhibit P, Appx. 1032-83.]</i>	\$10,201.69	\$10,201.69	\$0.00	n/a
<b>David L. Pacione</b>  <i>[Id. at Exhibit Q, Appx. 1084-1116.]</i>	\$10,018.30	\$10,018.30	\$0.00	n/a
<b>Shaver Law Firm</b>  <i>[Id. at Exhibit R, Appx. 1117-32.]</i>	\$6,500.00	\$6,500.00	\$0.00	n/a
<b>Jeffrey T. Hall</b>  <i>[Id. at Exhibit X, Appx. 1269-74.]</i>	\$5,000.00	\$5,000.00	\$0.00	n/a
<b>Sidney B. Chesnin</b>  <i>[Id. at Exhibit S, Appx. 1133-1144.]</i>	\$4,952.60	\$4,952.60	\$0.00	n/a
<b>James M. Eckels</b>  <i>[Id. at Exhibit T, Appx. 1145-70.]</i>	\$4,112.50	\$4,112.50	\$0.00	n/a

FIRM/ ATTORNEY NAME	AMOUNT OF FORMER ATTORNEY CLAIM	PROPOSED DISBURSEMENT	AMOUNT NOT PROPOSED FOR DISBURSEMENT	REASON FOR NON-PROPOSAL OF DISBURSEMENT (IF APPLICABLE)
<b>Kevin F. D'Amour, P.C.</b>  [ <i>Id.</i> at Exhibit Y, Appx. 1275-95.]	\$1,947.50	\$0.00	\$1,947.50	The Declaration submitted by this firm to the Receiver indicates that its sole client was Ondova. Therefore, the Receiver has forwarded its declaration and related materials to the Trustee for Ondova, so the Trustee can determine if this firm's Former Attorney Claim should be paid (including whether the claim is time-barred).
<b>Joshua E. Cox</b>  [ <i>Id.</i> at Exhibit U, Appx. 1170-77.]	\$625.00	\$625.00	\$0.00	n/a
<b>TOTAL:</b>	<b>\$1,453,270.35</b>	<b>\$993,253.77</b>	<b>\$460,016.58</b>	

**3. The Receiver filed the Assessment and Three Motions to Approve the Assessment and Disbursements of Former Attorney Claims.**

At the hearing on February 10, 2011, the Court instructed the Receiver to provide a draft of this Assessment to Mr. Baron's counsel, Mr. Schepps, and wait seven days for Mr. Schepps to provide the Receiver with objections. [Transcript of *Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson*, February 10, 2011, at pp. 40-41.] On February 28, 2011, the Receiver provided a draft of this Assessment to Mr. Gary Schepps.

On March 4, 2011, the Receiver agreed with Mr. Schepps that (a) on March 7, 2011, the Receiver may file the Assessment without Mr. Baron's objections and (b) the Receiver will not object to a motion by Mr. Baron for an extension of 20 more days to file objections. [Transcript of Court Ordered Meeting, March 4, 2011, at 59:8-72:18.] Accordingly, on March 7, 2011, the Receiver filed *The Receiver's First Assessment Regarding Former Baron Attorneys* [Docket No. 349] and a supporting appendix. [Not Docketed, but Filed Under Seal.] Because the supporting

appendix (which contained sworn declarations from Mr. Baron's unpaid former attorneys, detailing their Former Attorney Claims) was filed under seal, on the same day, March 7, 2011, the Receiver sent a copy of the appendix to Messrs. Schepps, Baron, and Barrett via e-mail. At the March 11, 2011 hearing, the Court instructed the Receiver to "convert" *The Receiver's First Assessment Regarding Former Baron Attorneys* "into something that's not as assessment but is a motion to approve the fees." [Transcript of *Status Conference Before the Honorable Royal Furgeson*, March 11, 2011, at 32:7-14.]

Accordingly, as mentioned above, on March 17, 2011, the Receiver filed *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396] and a supporting appendix [Not Docketed, but Filed Under Seal], which pertained to 25 of the 26 Former Attorney Claims. On March 18, 2011, the Receiver filed *The Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 400] and a supporting appendix [Not Docketed, but Filed Under Seal], which pertained to the remaining (*i.e.*, the 26th) Former Attorney Claim. Lastly, on March 24, 2011, the Receiver filed *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 411] and a supporting appendix. [Not Docketed, but Filed Under Seal.] The supporting appendix contains Additional Evidence relating to one of the Former Attorney Claims included in *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396.]

#### **4. Mr. Baron Responded and Objected to the Assessments.**

On March 7, 2011, in his *Response and Objection to 1000+ Page Document Dump*, Mr. Baron objected to the declarations and supporting materials of the Former Baron Attorneys submitted to support their claims for unpaid fees. [Docket No. 351.] Mr. Baron claimed he was the victim of a "document dump" and that he needed additional time and resources (*i.e.*, an

expert and “experienced counsel”) to assist him in review of the materials. [*Id.* at pp. 1-4.] Mr. Baron then took some unsubstantiated swipes at a few of the former attorneys.<sup>44</sup> [*Id.* at pp. 5-7.]

The next day, March 8, 2011, the Receiver responded and set the record straight in his *Response to Jeffrey Baron’s Motions Relating to the Assessment*. [Docket No. 354.] The Receiver did not perform a “document dump” on Mr. Baron. The Receiver pointed out that courts have found a “document dump” to have occurred when hundreds of thousands or even millions of pages of materials are produced without any culling for relevance. [Docket No. 354 at p. 2.] The Receiver produced 1,201 pages which are all relevant to the issue of unpaid fees in an organized fashion. [*Id.*] Furthermore, it is Mr. Baron who hired the attorneys making the claims and previously received the materials constituting the “document dump” in the course of their representation of him in the form of invoices and bills. [*Id.* at p. 3.] So, none of it should come as a surprise.

The Receiver also noted that he was working to accommodate Mr. Baron’s requests concerning reproduction and organization of the documents. [*Id.* at p. 5.] The Receiver’s third party professional specializing in document reproduction and organization called Mr. Schepps to discuss his requests. [Docket No. 354 at p. 6.] Not surprisingly, Mr. Schepps ignored the call and, instead, decided to waste the Receiver and the Court’s time with a frivolous motion. [*Id.*]

The Receiver also noted that the Court ordered Mr. Baron to respond to the assessment within seven days—the Receiver did not receive a response from Mr. Baron in this time period. [*Id.* at p. 6.] In fact, the Receiver stated on the record at the parties’ face to face conference on

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<sup>44</sup> Mr. Schepps has also taken some unsubstantiated swipes at the same attorneys, including in his April 1, 2011, letter brief to the Court in which he stated, “I am ashamed of the attorneys working so hard to subvert the constitution for the jingle of silver.” [Docket No. 423.]



March 4, 2011, that he did not oppose an extension of time for Mr. Baron to review the materials submitted with the assessment. [*Id.* at p. 7.]

Lastly, the Receiver noted that he did not oppose any of the other relief Mr. Baron sought including hiring an expert to review the assessment, order requiring discovery on the Former Baron Attorneys' claims, and allowance for jury trials of the claims. [*Id.* at pp. 8-9.]

**5. The Receiver Served the Former Baron Attorneys with the Motions to Approve Assessment and Disbursement of Former Attorney Claims.**

On March 18, 2011, the Receiver served the first *Motion to Approve Assessment and Disbursement of Former Attorney Claims* on the Former Baron Attorneys. [Docket No. 413.]

On March 18, 2011, the Receiver served his *Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* on the Former Baron Attorney, Mr. Craig Capua. [*Id.*]

On March 24, 2011, the Receiver served his *Third Motion to Approve Assessment and Disbursement of Former Attorney Claims* on the Former Baron Attorney, Ms. Jeanne Crandall.

[*Id.*]

**6. The Receiver Notified the Former Baron Attorneys of the Hearing (and Re-Settings of the Hearing) on the Motions to Approve the Assessments.**

The Court originally, on March 21, 2011, set the hearing on *The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 396], *The Receiver's Second Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 400], and *The Receiver's Third Motion to Approve Assessment and Disbursement of Former Attorney Claims* [Docket No. 411] for April 11, 2011. Accordingly, the Receiver notified all of the Former Baron Attorneys who submitted declarations in support of unpaid fees of this hearing. [Docket No. 414.] On April 4, 2011, the Court reset the Receiver's motions for approval of disbursements to the Former Baron Attorneys for April 20, 2011 [Docket No. 430] and then again for April 25, 2011. [Docket No. 433.] On April 8, 2011, the Receiver notified

the Former Baron Attorneys of the Court's re-setting of the hearing for April 25, 2011, and Mr. Baron's filing of a response to the motions for disbursements for unpaid fees [Docket No. 443], which is discussed below. [Docket No. 444.]

On April 18, 2011, Mr. Baron filed his *Motion for Leave to File: Expedited Motion to Reset April 25 Hearing Date* [Docket No. 454], which the Court granted [Docket No. 456], requesting the Receiver to respond by April 20, 2011. Mr. Baron's motion requested to reset the April 25 hearing on the grounds that his counsel, Mr. Schepps, could not attend due to the religious holiday of Passover. [Docket No. 454.] The next day, April 19, 2011, the Receiver filed his *Response to Expedited Motion to Reset April 25 Hearing Date* and noted for the Court that he had previously presented a plan to end the Receivership by April 30 and that the April 25 hearing was critical to that goal. [Docket No. 465.] The Receiver also noted Mr. Baron's repeated efforts to terminate the Receivership through Fifth Circuit appeals, motions to the district court, and letters to the district judge. [*Id.*] Thus, the Receiver requested that the Court deny Mr. Baron's request to reset the April 25 hearing or, in the alternative, reset the hearing for another date on or before April 29, 2011. [*Id.*] Ultimately, the Court granted Mr. Baron's motion to reset the April 25 hearing but, in accordance with the Receiver's request, reset the hearing for April 28, 2011. [Docket No. 469.] On April 21, 2011, the Receiver notified the Former Baron Attorneys of the Court's re-setting of the hearing for April 28, 2011 and Mr. Baron's filing of the amended response [Docket No. 445], which is discussed below. [Docket No. 470.]

**7. Mr. Baron objected to the Receiver's assessment.**

On April 8, 2011, Mr. Baron filed his original response to the Receiver's motions for disbursements for unpaid fees. [Docket No. 443.] Mr. Baron's response largely contained legal argument and unsworn factual allegations. [*Id.*] On April 9, 2011, Mr. Baron filed an *Amended*

*Response, Objection, Motion for Leave to File, and Motion for Relief With Respect to Receiver Assessment of Former Attorney Claims.* [Docket No. 445.] The amended response simply added another argument concerning whether this Court has subject matter jurisdiction to proceed with the receivership pending Mr. Baron's appeals of the original order appointing the Receiver. [Id.] The amended response also makes certain allegations about Mr. Baron's fee arrangement with Stan Broome and his law firm Broome Law Firm, pllc. [Id.] Specifically, Mr. Baron alleges that his fees with Mr. Broome were capped at \$10,000 per month and Mr. Broome violated the rules of ethics and committed malpractice. [Id.]

Mr. Broome responded with his *Limited Reply to Jeff Baron's Response and Objection.* [Docket No. 478.] Mr. Broome argued that Mr. Baron's fees were never capped at \$10,000 a month but rather Mr. Baron would never pay more than \$10,000 a month with excess fees and expenses rolling over to the next month's bill. [Id.] Mr. Broome also challenges the allegations of ethical violations and malpractice. [Id.]

On April 13, 2011, the Receiver served a subpoena on Mr. Baron, through Mr. Schepps, directing Mr. Baron to appear for testimony at the hearing on the Receiver's motions for approval of disbursements to the Former Baron Attorneys.

**8. The Court ordered that it would only consider evidence at the hearing on the claims of Former Baron Attorneys.**

In its order originally setting the hearing for April 11, 2011, the Court stated that "[a]ny opposition to the Court approving the former attorney claims detailed in the Motions must be addressed at the hearing through an evidentiary presentation" and "[m]ere objections without evidentiary support will not be considered." [Docket No. 408.] The Court reiterated these instructions as applying to the reset April 28, 2011 hearing when it issued its *Advisory Regarding April 28th Hearing* on April 22, 2011. [Docket No. 474.]

On April 25, 2011, the Receiver notified the Former Baron Attorney's of the Court's *Advisory Regarding April 28th Hearing*. [Docket No. 477.] Because the Court had ordered it would only consider *evidence* in evaluating the claims of Former Baron Attorneys [Docket Nos. 408, 474], the Receiver did not respond to the legal argument or unsworn factual allegations contained in Mr. Baron's response and amended response to the Receiver's motions for disbursements for unpaid fees. [Docket Nos. 443 and 445.] On April 22, 2011, the Receiver's counsel reached out to Mr. Schepps, proposing that the Receiver and his counsel, Mr. Schepps, and the Trustee and his counsel conduct a conference call to discuss the procedural aspects of the April 28, 2011 hearing and, possibly, submit a joint proposal on such issues to the Court. However, the Receiver never heard from Mr. Schepps.

**9. The Court heard evidence on the fee claims of the Former Baron Attorneys.**

At the hearing on April 28, 2011, the Receiver offered into evidence 25 of the 26 declarations attached previously to the Receiver's *Motion to Approve Assessment and Disbursement of Former Attorney Claims*, *Second Motion to Approve Assessment and Disbursement of Former Attorney Claims*, and the *Third Motion to Approve Assessment and Disbursement of Former Attorney Claims*.<sup>45</sup> Additionally, various Former Baron Attorneys appeared at the hearing and made themselves available for cross-examination by Mr. Baron. Mr. Baron did not cross-examine any of the Former Baron Attorneys and offered no evidence to

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<sup>45</sup> The Declaration of Robert Garrey was inadvertently not admitted into evidence at the hearing on April 28, 2011 (the "Garrey Declaration"). [See Docket No. 569 at p. 10 n. 3, p. 23 at n. 33.] However, the Receiver previously filed such declaration as part of *The Receiver's First Assessment Regarding Former Baron Attorneys and The Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims*. [See Docket No. 399 at Appx. 803.] Mr. Garrey also appeared at the hearing on April 28, 2011, and made himself available for examination by Mr. Baron. Finally, Mr. Baron did not offer evidence to controvert the Garrey Declaration. As a result, the Garrey Declaration was deemed admitted and considered by the Court in its *Findings of Fact, Conclusions of Law, and Order on Assessment of Attorney Claims*. [Docket No. 575 at p. 13 n. 4.]

controvert the declarations admitted into evidence by the Court. The Court took the evidence under consideration for ruling.

**10. Mr. Baron attempted to admit evidence the day of the April 28, 2011, hearing.**

On April 28, 2011, Mr. Baron submitted his *Filing of Hearing Evidence*. [Docket No. 499.] The filing contained a declaration from Mr. Schepps in which he stated that he was not qualified to handle a trial on the merits of the claims of the Former Baron Attorneys, did not have adequate assistance to do so, and not received payment for his work. [*Id.*] In fact, at the last Court ordered meet and confer on March 4, 2011, the Receiver was open to allowing Mr. Schepps to retain additional legal help to prepare to defend against the claims of the Former Baron Attorneys. [Docket No. 479 at pp. 108-09.] However, Mr. Schepps did not follow up with the Receiver on his request. [*Id.*]

Mr. Baron also submitted a declaration as part of the same filing in which he complained about fees certain Former Baron Attorneys charged him. [Docket No. 499.] At the April 28, 2011, however, Mr. Baron withdrew this declaration when faced with the possibility of being cross-examined on it.

**11. The Receiver submitted proposed findings of fact, conclusions of law, and order on the assessment and disbursement of attorneys' fees.**

On May 4, 2011, the Receiver submitted to the Court his proposed Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Former Attorney Claims (the "Proposed Findings"). [Docket No. 514.] The Proposed Findings recount the events of the April 28, 2011, hearing and articulate the Court's equitable powers to make the assessment and award the fees to the Former Baron Attorneys. The Proposed Findings also order the disbursement of monies to pay the claims as cash becomes available to the Receivership.

**12. Mr. Baron attempted to admit evidence after the April 28, 2011, hearing.**

On May 1, 2011, Mr. Baron filed his *Post Trial Brief: Specific Evidence Based Defenses*. Among other things, in that pleading, Mr. Baron charged that the Receiver did not provide him with the declaration for the Former Attorney Claim of Reyna Hinds & Crandall. [Docket No. 502.] The Receiver responded to this allegation in his *Notice of Mr. Baron's Erroneous Statement Regarding Evidence of Former Attorney Claim of Reyna, Hinds & Crandall* and pointed out that the Receiver had, in fact, provided Mr. Baron with this declaration. [Docket No. 517.]

On May 5, 2011, Mr. Baron moved for leave to file a response to the Receiver's notice concerning the declaration of Former Attorney Claim of Reyna, Hinds & Crandall. [Docket No. 520.] The Court, though, denied the motion. [Docket No. 545.]

On May 3, 2011, Mr. Baron filed his *Motion for Leave to File: Motion to Supplement Record with Newly Discovered Evidence*. [Docket No. 507.] Mr. Baron points to e-mails from Gary Lyon and Mark Taylor which supposedly discredit their claims. [*Id.*] Mr. Schepps, Mr. Baron's lawyer, claimed he was too busy to discover and submit the evidence in time for the hearing. On May 6, 2011, the Court denied this motion. [Docket No. 541.]

On May 5, 2011, Mr. Baron filed his *Motion for Leave to File: Second Motion to Supplement Record with Newly Discovered Evidence*. [Docket No. 519.] Mr. Baron again complained about Gary Lyon's fees and language included in the Receiver's proposed findings of fact, conclusions of law, and order which allegedly demonstrated his lack of impartiality. [*Id.*] On May 6, 2011, the Court denied this motion. [Docket No. 544.]

On May 6, 2011, Mr. Baron filed his *Motion for Leave to File: Third Motion to Supplement Record with Newly Discovered Evidence*. [Docket No. 523.] In this motion, Mr. Baron charged that the Receiver "solicited" Jeanne Crandall, a Former Baron Attorney, to make

a false claim for unpaid fees. [*Id.*] Mr. Baron, then, again complained about the claims of Former Baron Attorneys, Gary Lyon, Stan Broome, and Gerrit Pronske. [*Id.*] On May 6, 2011, the Court denied this motion. [Docket No. 550.]

On May 6, 2011, Mr. Baron responded with his *Motion for Leave to File Sur-Reply to Broome's False, Misleading, and Fraudulent Reply*. [Docket No. 522.] The Court denied this motion. [Docket No. 549.]

**13. The Court imposed a \$400/hour fee cap.**

On May 6, 2011, the Court issued its *Order Denying Without Prejudice Receiver's Motion to Approve Assessment and Disbursement of Former Attorney Claims*. [Docket No. 527.]<sup>46</sup> The Court ordered the Receiver to impose a \$400/hour fee cap on the claims of the Former Baron Attorneys and re-calculate the claims (the "Fee Cap"). [*Id.*]

**14. The Receiver filed his fourth motion for assessment and disbursement of attorneys' fees claims.**

The Receiver complied with the Court's order and re-calculated the claims of the Former Baron Attorneys with the Fee Cap. The Receiver filed his *Fourth Motion to Approve Assessment and Disbursement of Former Attorney Claims [Corrected Version]*.<sup>47</sup> [Docket No. 569.] After application of the Fee Cap and other reductions (i.e., assumption of the claim of the Former Baron Attorney by the trustee), the Receiver requested permission to disburse \$870,237.19 to satisfy the claims of the Former Baron Attorneys. [*Id.*] On May 13, 2011, the Receiver also

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<sup>46</sup> On May 18, 2011, the Court clarified this order and ruled that the fee cap only applied to those claims "the Receiver had moved to approve in *The Receiver's Fourth Motion to Approve Assessment and Disbursement of Former Attorney Claims*." [Docket No. 580.] The \$400/hour cap did not apply to the Receiver, his counsel, or the Receivership professionals performed on behalf of the Receiver. [*Id.*] The Court also ruled that it was not making a determination with regard to any Former Baron Attorneys who charged and **received** payment for fees in excess of \$400/hour. [*Id.*]

<sup>47</sup> This filing corrected minor typographical and mathematical errors in the original filing located at Docket No. 562.

submitted revised proposed *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Former Attorney Claims*. [Docket No. 570.]

**15. The Court approved the Receiver's proposed Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims.**

On May 18, 2011, the Court approved the Receiver's *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims*. [Docket No. 575.] As part of the Order, the Receiver was responsible for collecting waivers from the Former Baron Attorneys waiving and releasing any potential punitive claims against Baron as well as (if applicable) claims for the amounts lost to due to the Fee Cap in return for the disbursement of funds. [*Id.*] The waivers are subject to being voided and disregarded in the event Mr. Baron brings claims against the Former Baron Attorneys for malpractice. [*Id.*]

As of May 27, 2011, the Receiver had received all 22 waivers from the Former Baron Attorneys eligible to receive payment per the Receiver's *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims*. [Docket No. 589.] As described in further detail in this report, the Receiver now is focused on acquiring the cash needed to make the disbursements. On June 15, 2011, Mr. Baron appealed the Court's *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims*. [Docket No. 614.]

**16. Carrington objected to the Fourth Motion to Approve Assessment and Disbursement of Former Attorney Claims [Corrected Version].**

On May 18, 2011, Former Baron Attorneys Carrington, Coleman, Sloman & Blumenthal, LLC (defined above as "Carrington") objected to the Receiver's fourth motion for assessment of attorneys' fees. [Docket No. 572.] Carrington objected to the Receiver not including Carrington as one of the attorneys who would be included in disbursements from the Receivership estate.



[*Id.*] The Receiver did not include Carrington based on the repeated statements of the Trustee that Carrington's claim would be paid from the bankruptcy estate.

As mentioned in Section A of this Report, on June 15, 2011, Carrington moved the Court to reconsider its *Findings of Fact, Conclusions of Law, and Order on Assessment and Disbursement of Attorney Claims*. [Docket No. 613.] Carrington argued that the Trustee may not have sufficient funds to pay its claims and that Ondova and Mr. Baron individually are jointly and severally liable to Carrington. [*Id.*] On July 5, 2011, the Receiver responded and noted that 1) the Trustee had previously promised to Carrington; 2) Carrington never objected to the Receiver leaving it off of his motions for assessment and disbursement of money for the Former Baron Attorneys; and 3) the Receiver probably will not have sufficient cash to pay Carrington. [Docket No. 633.]

**17. Mr. Barrett filed an application for his fees.**

As mentioned in Section A of this Report, Mr. Peter Barrett is a Former Baron Attorney—but not one in the sense as typically discussed in the Receivership. Mr. Barrett served as one of Mr. Baron's attorneys during the course of the Receivership and has since withdrawn. [Docket No. 457.] On July 6, 2011, Mr. Barrett filed a fee application seeking \$55,166.50. [Docket No. 637.] Approval of this fee application, of course, would add to the Receivership's growing list of obligations.

**D. Work relating to tax filings on behalf of certain Receivership Parties.**

**1. The March 15, 2011, tax deadline.**

In the March/April 2011 Receiver Report, the Receiver detailed his efforts to comply with a March 15, 2011, deadline for tax filing for Receivership Parties The Village Trust, Novo Point, Inc., Quantec, Inc., and Iguana Consulting, Inc. [Docket No. 479] For the sake of brevity, the Receiver will not recount his efforts to comply with this deadline but states that he filed on

behalf of the Village Trust but made no filings on behalf of Novo Point, Inc., Quantec, Inc., and Iguana Consulting, Inc. due to their Mutual Release and Settlement Agreement with the Plaintiffs. The Court approved the Receiver's actions as proper. [Docket No. 406.]

**2. The April 18, 2011 tax deadline.**<sup>48</sup>

Grant Thornton then advised the Receiver that additional tax filings were due on April 18, 2011 for Mr. Baron, The Village Trust, Daystar Trust, Belton Trust, and Royal Gable 3129 Trust. The Receiver then set out to gather the necessary information to make the necessary filings.

The March/April 2011 Receiver Report details the efforts of a Former Baron Attorney, Ms. Schurig, and her firm of Schurig Jetel Beckett Tackett, to assist the Receiver with these tax filings. [Docket No. 479 at pp. 99-103.] For the sake of brevity, the Receiver will not repeat those details in this report. A summary of the events follows. When Mr. Baron discovered that Ms. Schurig was assisting the Receiver, he contacted her threatening to retaliate if she cooperated. [*Id.*] The Receiver, then, filed a motion to compel Ms. Schurig's cooperation. [Docket No. 431.] Ultimately, not even Ms. Schurig was able to provide the Receiver with the information he needed to make the filings—only Mr. Baron could help. Predictably, Mr. Baron refused to cooperate, and the Receiver moved the Court for an order confirming the propriety of not making tax filings on behalf of Receivership Parties The Village Trust, Daystar Trust, Belton Trust, and Royal Gable 3129 Trust. The Court granted the motion. [Docket No. 459.]

**3. The June 30, 2011 tax deadline.**

On June 30, 2011, entities and individuals with an interest in foreign bank accounts with more than \$10,000 US had to make a filing notifying the IRS of the existence of such accounts

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<sup>48</sup> The deadline for tax filings was April 18, 2011, due to the fact that a Washington, D.C., holiday, Emancipation Day celebrating the freeing of the slaves, fell on April 15, 2011.

(an “FBAR Filing”). So, the Receiver undertook an investigation to determine whether any Receivership Parties had interests in such accounts and, thus, needed to make the FBAR Filing. As described above, on June 20, 2011, Mr. Baron contacted Elizabeth Schurig for information regarding an account held at HSBC in Hong Kong. Ms. Schurig provided Mr. Baron with information, and the Receiver proceeded to investigate whether he needed to make an FBAR filing for this account. The Receiver determined he did not. Here’s why.

The Receiver learned that Asiaciti Trust Pacific Limited, which is not a Receivership Party, established the HSBC account for the purpose of holding funds for The Village Trust. [Docket No. 628.] (According to Ms. Schurig, Asiaciti Trust Pacific Limited is an affiliate of Asiaciti Trust, The Village Trust’s original trustee.) However, The Village Trust is a “grantor” trust which means that any trust assets for tax purposes are reflected on Mr. Baron’s personal tax return. [*Id.*] Previously, the Court had ruled that Mr. Baron was responsible for his own personal tax returns. [Docket No. 442.] So, the Receiver is not responsible for making the FBAR filing for the HSBC account based on the information available to him. [*Id.*]

Furthermore, due to Mr. Baron’s overall lack of cooperation regarding his foreign holdings, the Receiver is not aware of any other foreign accounts in which other Receivership Parties have an interest. Mr. Baron’s lack of cooperation, *i.e.* refusal to answer basic questions about his finances, is well chronicled in this report *supra*, previous Receiver reports, and other filings with the Court. [*See, e.g.*, Docket No. 333; Docket No. 416 at pp. 8-9, 31-32; Docket No. 601 at pp. 14-16.] The Receiver’s condensed analysis in this regard is also detailed in his *Sealed Notice of Intent Not to Make FBAR Filings* and As described in *Sealed Supplemental Notice of Intent Not to Make FBAR Filings*. [Docket Nos. 619-20, 628.]

**4. The Receiver Moved for an Order Confirming the Propriety of His Intention to Not Make Tax Filings on Behalf of Certain Receivership Parties.**

On September 2, 2011, the Receiver filed *The Receiver's Sealed Omnibus Motion to Confirm Propriety of Intention Not to Make Tax Filings*, seeking a Court order confirming the propriety of his decision not to make tax filings on behalf of any Receivership Parties (including Mr. Baron, who is responsible for his own taxes [*see* Docket No. 442]). [Docket No. 676 at Ex. A.] In such motion, the Receiver explained his extensive efforts to gather adequate information to make tax filings on behalf of the portfolio of domestic and foreign corporate entities and trusts which are Receivership Parties. [*Id.*] The Receiver detailed what he believes are the obligations of these parties with U.S. and U.S. Virgin Islands tax authorities based on the limited information at his disposal. [*Id.*]

On September 16, 2011, Mr. Baron filed a *Response to Vogel Sealed Motion to Have the Propriety of His Actions Confirmed and Motion for Evidentiary Hearing*, responding (in part) to the Receiver's motion. The Court granted the Receiver's motion on May 3, 2012. [Docket No. 934.]

**5. Mr. Baron conjures up a new tax emergency.**

On January 6, 2012, Mr. Schepps emailed the receiver and stated:

You have failed to pay the governmental fees due for Novo Point, LLC, Quantec, LLC, the Village Trust, and other Receivership Parties. Around \$15,000.00 in fees are past due in the Cook Islands and place the companies at risk, and appear to risk substantial tax penalties (perhaps \$10 Million), if the payment defaults are not cured by 1/10/12.

The Receiver immediately emailed back and asked Mr. Schepps to provide specific details and documents regarding what amounts were supposedly due and owing and where to send the payments. Mr. Schepps never responded. The Receiver emailed three more times and got no response.

Independently, the Receiver researched what fees the LLCs and the Village Trust had paid in the past. The Receiver determined through Former Baron Attorney (Elizabeth Schurig) that the LLCs paid approximately \$2,700 in annual fees to the Cook Islands in 2010. The Receiver could not locate any information concerning the Village Trust or any other Receivership Parties. On March 8, 2012, the Receiver filed a motion with the Fifth Circuit asking for an order confirming the propriety of him not taking further action regarding the supposed “governmental fees” due and owing in the Cook Islands on the basis of lack of information and Mr. Baron’s continued intransigence. [Fifth Circuit Case No. 10-11202, Document no. 511781862.] On March 9, 2012, the Receiver supplemented the motion with information concerning Mr. Baron’s further refusal to provide the requested basic information necessary for the payment of the supposed “governmental fees.” [Fifth Circuit Case No. 10-11202, Document no. 511784013.] On May 9, 2012, the Receiver filed his motion with the District Court. [Docket No. 918.] On May 18, 2012, the District Court granted this motion. [Docket No. 934.]

**6. Tax filings for 2012.**

The Receiver has asked his accountant Grant Thornton to put together a financial statement for the LLCs and the Village Trust based upon the information he knows about concerning income and expenses. Grant Thornton has determined that the LLCs and the Village Trust’s income should be reported on Jeff Baron’s individual tax return because of the way the entities are structured. Per District Court order, Mr. Baron is responsible for the preparation of his own personal taxes. Grant Thornton was unable to determine if The Village Trust and the LLCs are still required to file separate tax returns due to the fact it does not know certain information most likely only known by Mr. Baron.

Accordingly, on March 30, 2012, the Receiver sent Mr. Schepps (in his capacity as Mr. Baron's attorney) a letter enclosing financial statements for The Village Trust and the LLCs for income and expenses experienced in 2011 for reporting on Mr. Baron's personal tax return. The Receiver also stated that he needed to know certain other information so that Grant Thornton could determine if The Village Trust and the LLCs needed to file separate returns for the 2011 tax year.

On April 1, 2012, Mr. Schepps responded to the letter and stated that he did not represent Mr. Baron for the purpose of his tax return. On April 2, 2012, the Receiver transmitted a letter similar to the one he originally sent to Mr. Schepps directly to Mr. Baron. On April 3, 2012, the Receiver wrote Mr. Schepps back and informed him that he was, nevertheless, obligated under the Receiver Order to assist the Receiver by providing any information he possessed to assist the Receiver. On April 6, 2012, Mr. Schepps responded in writing and said *inter alia* that the Receiver Order was "toilet paper."

On April 27, 2012, the Receiver filed a motion with the District Court seeking an order releasing the Receiver from any obligation to file tax returns for the 2011 tax year on behalf of the LLCs or the Village Trust. [Docket No. 881.] On May 3, 2012, the District Court granted the motion and released the Receiver from any such liability. [Docket No. 897.]

**7. Mr. Baron requested funds for tax preparation.**

On April 11, 2012, Mr. Baron sent the Receiver an email seeking funds for the filing of his presumably his personal tax return. [Docket No. 862.] On April 12, 2012, the Receiver informed Mr. Baron he is not authorized to release funds to him for such purposes absent a court order. [*Id.*] Moreover, in the event of such an order, the Receiver would need additional information, i.e. the name of the tax professional or accountant Mr. Baron retained, the amounts

needed, etc. [*Id.*] Mr. Baron had not provided any such information. The Receiver has not heard from Mr. Baron on this issue since.

**E. Work relating to responding to Mr. Baron's various manufactured emergencies.**

If Mr. Baron needs something from the Receiver, Mr. Baron knows perfectly well that he may contact the Receiver at any time. But the truth is that Mr. Baron does not really need anything from the Receiver. Instead, what Mr. Baron craves is attention from this Court—presumably, under the misguided theory that if Mr. Baron were to become so obnoxious and bothersome to the Court, perhaps the Court would simply terminate the Receivership just to be done with him. Since the Receivership commenced, Mr. Baron declared at least 13 separate emergencies with this Court—not counting the numerous ones he has filed with the Fifth Circuit. In addition, emergencies relating to the LLCs have been previously discussed above. For efficiency sake, neither of these categories of emergencies will be repeated here. Specifically, Mr. Baron has declared emergencies regarding (1) housing, (2) automobile, (3) insurance coverage, (4) medical care, (5) Mr. Baron's mental health, (6) daily living expenses, and (7) hiring attorneys. Previous reports of the Receiver's work detail these episodes of crying wolf, and for the sake of brevity, the Receiver will not recount them here with one exception.

On April 17, 2012, Mr. Schepps wrote the Receiver informing the Receiver that he would no longer accept Mr. Baron's monthly living expenses checks from the Receiver absent payment of \$495/hour. [Docket No. 871.] This correspondence was especially curious for three reasons: 1) Mr. Baron had previously refused to accept the Receiver's proposal to open a joint account so that Mr. Baron could have unilateral access to funds for living expenses; 2) the District Court had previously appointed Mr. Schepps counsel for Mr. Baron for all purposes, and Mr. Schepps took this appointment seriously even going so far as to threaten and admonish the Receiver's

counsel for communicating with Mr. Baron directly; and 3) Mr. Schepps for over a year had accepted the checks on Mr. Baron's behalf without incident. [*Id.*]

On April 23, 2012, at a District Court-ordered status conference, the District Court ordered the Receiver to file a motion seeking an order confirming the propriety of the Receiver delivering the check directly to Mr. Baron via courier or U.S. mail. [Docket No. 882.] On April 27, 2012, the Receiver filed his *Motion to Confirm Propriety of Delivering Living Expenses Directly to Jeff Baron*. [*Id.*] On April 30, 2012, the District Court granted the motion and ordered the Receiver to transmit the living expenses directly to Mr. Baron via U.S. regular mail. [Docket No. 884.]

On April 30, 2012, the Receiver complied with the District Court order and mailed the living expenses check directly to Mr. Baron. [Docket No. 888.] Ironically, Mr. Schepps—despite his stance a few days prior as to not representing Mr. Baron for the purposes of the monthly living expenses—contacted the Receiver about the particular address to which he intended to mail Mr. Baron's check. [Docket No. 887.]

**F. Work relating to managing issues concerning the Ondova bankruptcy.**

The Receiver has performed six types of work relating to the management of issues concerning the Ondova bankruptcy: (1) work relating to conferring with Mr. Baron's bankruptcy counsel, Mr. Thomas, (2) preparing fee applications for Mr. Thomas, (3) working to keep unauthorized attorneys working for Mr. Baron from interfering in the bankruptcy proceedings (*see supra* Section B.3.b.i.14), (4) representing the Receivership Estate's interests regarding the domain names petfinders.com and servers.com (*see supra* Section B.3.b.i.15-16); (5) keeping track of Mr. Baron's numerous appeals of orders out of the Ondova bankruptcy proceeding to the District Court (*see supra* Section B.3.b.i.17); and (6) preparing responses to fee applications.



**1. Work relating to conferring with Martin Thomas.**

The Receiver understands that Mr. Thomas' involvement in this case is to represent Mr. Baron's personal interests in the bankruptcy proceeding. [Transcript of *Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson*, February 10, 2011, 38:6-7, 41:24-42:5.] In March 2012, the Receiver continued to work with Mr. Thomas regarding issues pending in the bankruptcy case including (a) evaluating and objecting to claims, (b) evaluating whether to convert the bankruptcy from a Chapter 11 into a Chapter 7 liquidation or dismiss it after the creditors are paid in full, (c) monitoring complete performance of all parties under the Mutual Settlement and Release Agreement, (d) evaluating and responding to the various attorney fee disputes, (e) evaluating and objecting to fee applications, and (f) defending show cause orders.

To date, Mr. Baron has time and again refused to file objections to specific fee applications while routinely appealing those applications approved by the Court. Although Mr. Baron is now complaining about the fees of the Trustee's counsel at Munsch Hardt Kopf & Harr, PC, Mr. Baron has specifically failed to object to such fees. The burden to object to such fees belongs to Mr. Baron. Additionally, this Court has informed the Receiver that it is concerned with the amount of fees surrounding the work of the Receivership. [See Transcript of *Status Conference Before the Honorable Royal Furgeson*, March 11, 2011, at 5:11-14.]

Additionally, Mr. Baron refuses to speak with the Receiver to make him aware of Mr. Baron's specific concerns about the fees of the Trustee's counsel at Munsch Hardt Kopf & Harr, PC. Instead, Mr. Baron claims the Receiver has a conflict due to its supposed relationship with the Trustee. However, Mr. Baron knows how to object to fee applications [see, e.g., Docket Nos. 352, 373], which would be the proper course to object to the fees of the Trustee's counsel at Munsch Hardt Kopf & Harr, PC.

**2. Work relating to filing fee applications for Martin Thomas.**

Mr. Thomas receives \$5,000.00 per month for representing Mr. Baron in the bankruptcy proceeding. [See Docket Nos. 327 and 426.] As documented above in the Report, on June 1, 2011, the Receiver filed *The Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in May 2011. [Docket No. 593.] Likewise, on July 6, 2011, the Receiver filed *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in June 2011. [Docket No. 640 at Ex. 1.] On August 2, 2011, the Receiver filed *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in July 2011. [Docket No. 652 at Ex. A.] On August 31, 2011, the Receiver filed *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in August 2011. [Docket No. 671 at Ex. A.] On October 3, 2011, the Receiver filed *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in September 2011. [Docket No. 689 at Ex. A.] On November 1, 2011, the Receiver filed *The Receiver's Ninth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in October 2011. [Docket No. 705 at Ex. A.] On December 2, 2011, the Receiver filed *The Receiver's Tenth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in November 2011. [Docket No. 727 at Ex. A.] On January 3, 2012, the Receiver filed *The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in December 2011. [Docket No. 771 at Ex. A.] On January 31, 2012, the Receiver filed *The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in December 2011. [Docket No. 815 at Ex. A.] On March 5,

2012, the Receiver filed *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in January 2012. [Docket No. 847 at Ex. A.] On April 4, 2012, the Receiver filed *The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in February 2012. [Docket No. 859 at Ex. A.] On April 30, 2012, the Receiver filed *The Receiver's Fifteenth Application for Reimbursement of Fees Incurred by Martin Thomas*, relating to Mr. Thomas' fees incurred in February 2012. [Docket No. 886.]

The Court has granted all of Mr. Thomas' fee applications. [See Docket Nos. 901, 903, 929.]

**3. Work relating to responding to fee applications in the Bankruptcy Court.**

As explained above in Section B.3.b.i.15.i, the Bankruptcy Court has set forth a Protocol for Mr. Baron to object to motions (including fee applications) filed in that court—*i.e.*, Mr. Baron notifies Mr. Thomas of any objections, Mr. Thomas relays the objections to the Receiver (since Mr. Baron refuses to speak directly to the Receiver or the Receiver's counsel), and the Receiver relays the objections to the Bankruptcy Court. [Case No. 09-34784-SGJ, Docket No. 585 at 45:3-10.] The Receiver has followed such Protocol with respect to fee applications filed in the Bankruptcy Court. On April 13, 2012, the Receiver filed *The Receiver's Objection to Seventh Interim Application of Munsch Hardt Kopf & Harr, P.C., Attorneys for Daniel J. Sherman, Chapter 11 Trustee, for the Allowance of Fees and Expenses for the Period of October 1, 2011 through January 31, 2012*. [Case No. 09-34784-SGJ, Docket No. 780.] Previous Receiver Reports have detailed the Receiver's responses to other fee applications the Trustee for the Ondova estate and its accountants with the Lain Faulkner, P.C. firm have submitted. [See, *e.g.*, Docket No. 872 at pp. 207-210.]

**4. The Receiver filed a motion to direct proceeds of domain names sold to the Receivership Estate.**

The Bankruptcy Court ordered the sale of certain domains (servers.com, petfinders.com, and mondial.com) the Trustee argued were part of the Ondova bankruptcy estate. (*See* sections B.3.b.i.14-16 above for a detailed recounting of Mr. Baron's efforts to interfere with the sale of these domain names.) Mr. Baron (or one of his entities) has objected to the sales of the names by the Trustee for various reasons on the grounds that Ondova did not control the names. The Receiver did not object to the sale of the names in and of themselves but instead moved the District Court, on behalf of Mr. Baron, that the Receivership Estate receive the benefit of the sale proceeds. [Docket No. 880.] This motion remains pending before the District Court.

**G. The Receiver reached an agreement with James Eckels concerning litigation in which he is a party.**

The Receiver became aware of a lawsuit in which Receivership Professional James Eckels is a defendant. [Docket No. 861.] The lawsuit does not appear to concern the Receiver, Mr. Baron, or any of the instant proceedings before the District Court. [*Id.*] Nevertheless, a website (www.lawinjustice.com) containing anti-Receiver/anti-District Court/pro-Baron propaganda had been editorializing about the litigation and Eckels' connection to the Receiver. [*Id.*] So, the Receiver contacted Mr. Eckels and reached an agreement with him that if any discovery is served in the lawsuit which impacts the Receivership in any way, he will notify the Receiver immediately so that he can achieve a stay of the discovery per the Receivership Order. [*Id.*]

**H. The Receiver notified Former Baron Attorneys of developments in the case.**

In addition to other notifications described above, on multiple occasions, the Receiver notified the Former Baron Attorneys regarding developments in the case, particularly those related to the assessment and disbursement of former attorney claims. On April 23, 2012, the

Receiver transmitted a letter to the Former Baron Attorneys notifying them of filings and orders in this Court and the Fifth Circuit which relate to their attorneys' fees claims against Mr. Baron. [Docket No. 875.]

**I. Work relating to Complying with the Court's Fifth Circuit Filing Order.**

On June 20, 2011, the Court issued its *Order Directing Parties to File Pending Motions with the U.S. Court of Appeals for the Fifth Circuit* (the "Fifth Circuit Filing Order"). Docket No. 616.] The Receiver understands the Fifth Circuit Filing Order to apply (1) to not only pending motions, but also appendices filed in support of such pending motions, and (2) not only those pending motions (and related appendices) that were filed prior to the date of the Fifth Circuit Filing Order, but also prospectively to motions (and appendices) brought after such date. Accordingly, in complying with the Fifth Circuit Filing Order, the Receiver has filed the following with the Fifth Circuit:

- *The Receiver's Motion to Permit Cashing Out of Stocks and IRA's* [Docket No. 309];
- *The Receiver's Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol* [Docket No. 425]<sup>49</sup>;
- *The Receiver's Second Sealed Motion to Approve Sale of Specific Domain Names* [Docket No. 480];
- *Sealed Appendix in Support of the Receiver's Second Sealed Motion to Approve Sale of Specific Domain Names* [Docket No. 481];
- *The Receiver's Sealed Ex Parte Motion for Reconsideration of Order Regarding Mr. Baron's Request to Research Financing Options* [Docket No. 581];

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<sup>49</sup> The Receiver filed the *Declaration of Damon Nelson* (the "Declaration") contemporaneously with and in support of *The Receiver's Sealed Motion to Approve Sale of Specific Domain Names and Confirm Propriety of Sales Protocol*. [Docket Nos. 424 and 425.] So, the Receiver filed the Declaration with the Fifth Circuit even though it was not in and of itself a motion for relief.

- *Sealed Ex Parte Appendix in Support of the Receiver's Sealed Ex Parte Motion for Reconsideration of Order Regarding Mr. Baron's Request to Research Financing Options* [Docket No. 582];
- *The Receiver's Fourth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 593];
- *Sixth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 599];
- *Sealed Appendix to the Sixth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 600];
- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 602];
- *The Receiver's Ninth Cox Fee Application* [Docket No. 603];
- *The Receiver's Seventh Receiver Fee Application* [Docket No. 605];
- *The Receiver's Seventh Gardere Fee Application.* [Docket No. 606];
- *Motion Filed Under Seal—the Receiver's Fifth Motion to Clarify the Receiver Order* [Docket No. 609];
- *Seventh Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 611];
- *Sealed Appendix to the Seventh Joint Verified Motion to Renew Certain Money-Losing Domain Names.* [Docket No. 612];
- this Court's *Advisory* [Docket No. 630] and *Supplemental Advisory* [Docket No. 631];
- *The Receiver's Notice of Withdrawal of the Receiver's Omnibus Motion to Permit Cashing Out of Stocks and IRA's* [Docket No. 632];
- *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Damon Nelson* [629 at Ex. A];
- *The Receiver's Fifth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 640 at Ex. 1];
- *The Receiver's Motion to Permit Liquidation of Non-Exempt Stocks—But Not the Liquidation of the IRA's* [Docket No. 640 at Ex. 2];

- *Appendix to the Receiver's Motion to Permit Liquidation of Non-Exempt Stocks— But Not the Liquidation of the IRA's* [Docket No. 640 at Ex. 3];
- *Eighth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 643 at Ex. 1];
- *Sealed Appendix in Support of the Eighth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 643 at Ex. 2];
- *The Receiver's Eighth Receiver Fee Application* [Docket No. 648 at Ex. A];
- *The Receiver's Eighth Gardere Fee Application* [Docket No. 648 at Ex. B];
- *The Receiver's Second Grant Thornton Fee Application* [Docket No. 648 at Ex. C];
- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 650 at Ex. 1];
- *The Receiver's Sixth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 652 at Ex. A];
- *The Receiver's Tenth Cox Fee Application* [Docket No. 658 at Ex. A];
- *The Receiver's Third Grant Thornton Fee Application* [Docket No. 658 at Ex. B];
- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 658 at Ex. C];
- *The Receiver's Response to the Trustee's Motion for Reimbursement of Fees and Expenses from the Receivership Estate and Appendix in Support of the Receiver's Response to the Trustee's Motion for Reimbursement of Fees and Expenses from the Receivership Estate* [Docket No. 663 at Ex. A];
- *Ninth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 665 at Ex. 1];
- *Sealed Appendix in Support of the Ninth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 665 at Ex. 2];
- *The Receiver's Sealed Motion to Confirm Propriety of Domain Name Deactivations and Sealed Appendix to the Receiver's Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 667 at Ex. A];
- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 671 at Ex. A];

- *The Receiver's Seventh Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 671 at Ex. B];
- *The Receiver's Sealed Omnibus Motion to Confirm Propriety of Intention Not to Make Tax Filings* [Docket No. 676 at Ex. A];
- *The Receiver's Fifth Eckels Fee Application* [Docket No. 678 at Ex. A];
- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 678 at Ex. B];
- *The Receiver's Ninth Receiver Fee Application* [Docket No. 678 at Ex. C];
- *The Receiver's Ninth Gardere Fee Application* [Docket No. 678 at Ex. D];
- *The Receiver's Eleventh Cox Fee Application* [Docket No. 678 at Ex. E];
- *The Receiver's Sealed Motion to Liquidate the Baron IRAs Based on Newly Discovered Evidence and Changed Circumstances* [Docket No. 681 at Ex. A];
- *Tenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 681 at Ex. B];
- *Sealed Appendix in Support of the Tenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 681 at Ex. C];
- *The Receiver's Reply in Support of Motion to Permit Liquidation of Non-Exempt Stocks—But Not Liquidation of the IRAs* [Docket No. 684 at Ex. A];
- *The Receiver's Second Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 685 at Ex. A];
- *Sealed Appendix to the Receiver's Second Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 685 at Ex. A];
- *The Receiver's Third Sealed Motion to Approve Sale of a Specific Domain Name* [Docket No. 685 at Ex. B];
- *The Receiver's Fourth Grant Thornton Fee Application* [Docket No. 687 at Ex. A];
- *The Receiver's Sealed Supplement to His Reply in Support of Motion to Permit Liquidation of Non-Exempt Stocks—But Not Liquidation of the IRAs* [Docket No. 688 at Ex. A];
- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 689 at Ex. A];



- *The Receiver's Reply in Support of Sealed Motion to Liquidate the Baron IRAs Based on Newly Discovered Evidence and Changed Circumstances* [Docket No. 690 at Ex. A];
- *Eleventh Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 695 at Ex. A];
- *Sealed Appendix in Support of the Eleventh Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 695 at Ex. B];
- *The Receiver's Tenth Receiver Fee Application* [Docket No. 698 at Ex. A];
- *The Receiver's Tenth Gardere Fee Application* [Docket No. 698 at Ex. B];
- *The Receiver's Ninth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 700 at Ex. A];
- *The Receiver's Twelfth Cox Fee Application* [Docket No. 701 at Ex. A];
- *The Receiver's Third Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 702 at Ex. A];
- *Sealed Appendix to the Receiver's Third Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 702 at Ex. A];
- *The Receiver's Motion to Modify Stay and for Approval to Pay Receivership Professionals* [Docket No. 704 at Ex. A];
- *The Receiver's Ninth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 705 at Ex. A];
- *The Receiver's Eleventh Receiver Fee Application* [Docket No. 713 at Ex. A];
- *The Receiver's Eleventh Gardere Fee Application* [Docket No. 713 at Ex. B];
- *The Receiver's Tenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 713 at Ex. C];
- *The Receiver's Fourth Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 714 at Ex. A];
- *Twelfth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 714 at Ex. B];
- *Sealed Appendix in Support of the Twelfth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 714 at Ex. C];
- *The Receiver's Fifth Grant Thornton Fee Application* [Docket No. 725 at Ex. A];

- *The Receiver's Third Local Counsel Fee Application* [Docket No. 725 at Ex. B];
- *The Receiver's Tenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 727 at Ex. A];
- *The Receiver's Fifth Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 742 at Ex. A];
- *Thirteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 742 at Ex. B];
- *Sealed Appendix in Support of the Thirteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 742 at Ex. C];
- *The Receiver's Twelfth Receiver Fee Application* [Docket No. 750 at Ex. A];
- *The Receiver's Twelfth Gardere Fee Application* [Docket No. 750 at Ex. B];
- *The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 750 at Ex. C];
- *The Receiver's Eleventh Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 771 at Ex. A];
- *The Receiver's Thirteenth Cox Fee Application* [Docket No. 771 at Ex. B];
- *The Receiver's Thirteenth Receiver Fee Application* [Docket No. 781 at Ex. A];
- *The Receiver's Thirteenth Gardere Fee Application* [Docket No. 781 at Ex. B];
- *The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 781 at Ex. C];
- *The Receiver's Sixth Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 797 at Ex. A];
- *Fourteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 797 at Ex. B];
- *Sealed Appendix in Support of the Fourteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 797 at Ex. C];
- *The Receiver's Fourteenth Cox Fee Application* [Docket No. 798 at Ex. A];
- *The Receiver's Twelfth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 815 at Ex. A];

- *The Receiver's Eighth Application for Reimbursement of Fees Incurred by Thomas Jackson* [Docket No. 827 at Ex. A];
- *The Receiver's Sixth Grant Thornton Fee Application* [Docket No. 828 at Ex. A];
- *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 828 at Ex. B];
- *The Receiver's Fifteenth Cox Fee Application* [Docket No. 840 at Ex. A];
- *The Receiver's Sixth Eckels Fee Application* [Docket No. 840 at Ex. B];
- *The Receiver's Fourteenth Receiver Fee Application* [Docket No. 840 at Ex. C];
- *The Receiver's Fourteenth Gardere Fee Application* [Docket No. 840 at Ex. D];
- *The Receiver's Fourteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 840 at Ex. E];
- *The Receiver's Seventh Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 841 at Ex. A];
- *Fifteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 841 at Ex. B];
- *Sealed Appendix in Support of the Fifteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 841 at Ex. C];
- *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 847 at Ex. A];
- *The Receiver's Fifteenth Receiver Fee Application* [Docket No. 853 at Ex. A];
- *The Receiver's Fifteenth Gardere Fee Application* [Docket No. 853 at Ex. B];
- *The Receiver's Eighth Sealed Motion to Confirm Propriety of Domain Name Deactivations* [Docket No. 856 at Ex. A];
- *Sixteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 856 at Ex. B];
- *Sealed Appendix in Support of the Sixteenth Joint Verified Motion to Renew Certain Money-Losing Domain Names* [Docket No. 856 at Ex. C];
- *The Receiver's Thirteenth Application for Reimbursement of Fees Incurred by Martin Thomas* [Docket No. 859 at Ex. A];

- *The Receiver's Sealed Motion to Confirm Propriety of Monetizer Switch* [Docket No. 863 at Ex. A];
- *The Receiver's Sixteenth Receiver Fee Application* [Docket No. 877 at Ex. A];
- *The Receiver's Sixteenth Gardere Fee Application* [Docket No. 877 at Ex. B];
- *The Receiver's Seventeenth Receiver Fee Application* [Docket No. 879 at Ex. A];
- *The Receiver's Seventeenth Gardere Fee Application* [Docket No. 879 at Ex. B];
- *The Receiver's Fifteenth Application for Reimbursement of Fees Incurred by Damon Nelson* [Docket No. 879 at Ex. C];
- *The Receiver's Seventh Eckels Fee Application* [Docket No. 879 at Ex. D];
- *The Receiver's Sixteenth Cox Fee Application* [Docket No. 879 at Ex. E]; and
- *The Receiver's Seventh Grant Thornton Fee Application* [Docket No. 879 at Ex. F].

The Receiver filed notice of such filings with this Court. [Docket Nos. 629, 640, 643, 648, 650, 652, 658, 663, 665, 667, 671, 676, 678, 681, 684-85, 687-90, 695, 698, 700, 702, 704-05, 713-14, 725, 727, 742, 750, 771, 781, 797-98, 815, 827-28, 840-41, 847, 853, 856, 859, 863, 877, 879.]

As stated above, on April 24, 2012, this Court issued an *Advisory* to the Fifth Circuit that it no longer intends to stay its hand during the pending of Mr. Baron's serial appeals. [Docket No. 878.] Accordingly, the Receiver has ceased filing actions with the Fifth Circuit and has re-filed with the District Court the motions he previously filed with the Fifth Circuit. [See Docket Nos. 913-20.]

**J. The Receiver appeared at a Status Conference.**

On April 13, 2012, the District Court ordered the parties to appear for a status conference regarding the underlying lawsuit. [Docket No. 860.] The District Court held the Status Conference on April 23, 2012. Leading up to the Status Conference, Mr. Schepps again took the

position that he did not represent Mr. Baron for the purposes of the proceedings before the District Court. [Docket Nos. 866, 868, and 874.] Mr. Schepps appeared at the Status Conference, addressed the District Court (even objecting to the Receiver's participation), and eventually left counsel's table during the proceedings ostensibly under the guise that he did not represent Mr. Baron. The Receiver updated the District Court on the overall status of the Receivership, the effect of the District Court's self-imposed stay, and other issues including Mr. Schepps' refusal to accept monthly living expenses on Mr. Baron's behalf.

Lastly, the District Court ordered the Receiver to inform it of the pending motions at the Fifth Circuit. The Receiver complied with the order, and on April 30, 2012, and filed a *Notice of Pending Motions with the Fifth Circuit*. [Docket No. 888.]

**K. Work relating to reporting to this Court.**

The Receiver has already mentioned numerous Notices filed with this Court. The Receiver filed his *Notice of the Receivership's Projected Financial Picture as of April 30, 2012*. [Docket No. 864.] On April 22, 2012, the Receiver filed his *Report of Work Performed in March 2012*. [Docket No. 872.]

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this document was served via the Court's ECF system on all counsel of record on May 18, 2012.

/s/ Peter L. Loh  
Peter L. Loh

**GARY N. SCHEPPS**

ATTORNEY & COUNSELOR

DRAWER 670804  
DALLAS, TEXAS 75367

TELEPHONE 972-200-0000  
FACSIMILE 972-200-0535

May 23, 2012

**VIA EMAIL** (and PACER)

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

Re: 3-09CV0988-F *In Re Jeffrey Baron Receivership Order*

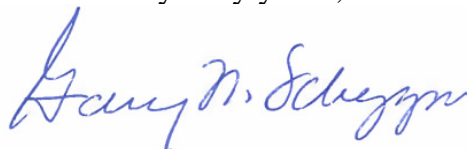
Your Honor,

Before the Court are numerous motions in which Your Honor's receiver, Peter Vogel, is seeking rulings from Your Honor, including rulings to disburse significant receivership assets and to exonerate himself from liability for what might be found by an independent jury to be gross mismanagement and malfeasance. No attorney is representing Mr. Baron with respect to these matters, and Your Honor has excluded me from representing the interests of Novo Point LLC and Quantec LLC before Your Honor.

**It may be helpful for the Court to hear and weigh both sides of a matter before ruling on it.** However, as Your Honor is aware, Jeffrey Baron is not represented in the trial court, and Your Honor has now clearly directed that I not make filings before Your Honor on behalf of Novo Point LLC or Quantec LLC.

If Your Honor would be willing to allow Jeffrey access to his own money, (which has been seized at the Order of Your Honor to prevent Jeffrey from being able to hire counsel), and permission for him to use his money to hire counsel to defend his interests with respect to the receivership, (which Jeffrey has, to date, been ordered under threat of contempt not to do), I would be happy to assist in representing his interests with respect to the receivership related motions in the trial court.

Very truly yours,



Gary N. Schepps  
Appellate Counsel

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

NETSPHERE, INC.,	§	
MANILA INDUSTRIES, INC.; and	§	
MUNISH KRISHAN	§	
	§	
Plaintiffs,	§	CIVIL ACTION NO. 3:09-cv-
	§	00988-F
vs.	§	
	§	
JEFFREY BARON; ONDOVA	§	
LIMITED COMPANY, THE	§	JURY TRIAL DEMANDED
VILLAGE TRUST and EQUITY	§	
TRUST	§	
Defendants.		

**FIRST AMENDED COMPLAINT**

Plaintiffs Netsphere, Inc., Manila Industries Inc. and Munish Krishan (collectively “Plaintiffs” or “Netsphere Parties”), by and through their undersigned attorneys, hereby file this First Amended Complaint against Defendants Jeffrey Baron; Ondova Limited Company; the Village Trust and Equity Trust (collectively “Defendants”), and allege as follows:

**PARTIES**

1. Plaintiff Netsphere, Inc. (“Netsphere”) is a Michigan Corporation, having its principal place of business at 1300 Bristol Street North, Suite 200, Newport Beach, California 92660.

2. Plaintiff Manila Industries, Inc. (“Manila”) is a California corporation,

having its principal place of business at 23312 Eagle Ridge, Mission Viejo, California 92692.

3. Plaintiff Munish Krishan (“Krishan”) is an individual residing in Mission Viejo, California, and is the sole officer, director and shareholder of Manila and president and majority shareholder of Netsphere and the assignee of any claims of Callingcards, Inc. arising out of or related to the Second Settlement Agreement. Manila, Netsphere, and Krishan shall be referred to collectively as the “Netsphere Parties.”

4. Defendant Jeffrey Baron (“Baron”) individually and as the alter ego of the Village Trust, Equity Trust and other foreign entities is an individual residing in Texas at 2200 E. Trinity Mills Rd Carrollton, Texas 75006. Baron is currently subject to the Baron Federal Receivership and may be served personally at the offices of the Receiver Peter Vogel, Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000, Dallas, Texas 75201. The Village Trust (a Cook Islands Trust) and Equity Trust (an Ohio Trust) are trust entities currently under the Baron Federal Receivership and may be served personally at the offices of the Receiver Peter Vogel, Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000, Dallas, Texas 75201.

5. Defendant Ondova Limited Company (“Ondova”) is a Texas limited liability company with a principal place of business at P.O. Box 111501, 2030 Jackson Street, Carrollton, Texas 75011. Plaintiffs are informed and believe and based thereon allege that Baron is the president and sole owner, employee, officer and/or director of Ondova and its alter ego.



## **JURISDICTION AND VENUE**

6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332 as complete diversity exists between Plaintiffs and Defendants and the amount in controversy exceeds \$75,000.00 (US).

7. This Court has personal jurisdiction over Defendants due to the fact that they are citizens of Texas and/or continuously do business in this judicial district. Further, the Second Settlement Agreement at issue was entered into in this judicial district and a substantial portion of the performance of the transaction at issue was to take place in this jurisdiction.

8. Exercise of jurisdiction in this suit comports with the due process requirements of the U.S. Constitution.

9. Venue is proper in this Court under 28 U.S.C. § 1391(a) because a substantial portion of the events, or omissions, giving rise to Plaintiffs' claims occurred in the State of Texas and in this judicial district.

## **FACTUAL BACKGROUND**

10. Manila is in the domain name registration and monetization business. To build an Internet domain name portfolio, Manila initially used proprietary computer software licensed from Netsphere to automatically identify and register popular generic and descriptive words and word combinations as Internet domain names. Manila was the owner and registrant-of-record and Netsphere was the exclusive licensee of several hundred thousand of these automatically-registered domain names.

11. Pursuant to the license, Netsphere monetizes Manila's domain names by operating webpages associated with the domain names that contain advertising links. Advertisers pay a small fee every time a user clicks on one of the advertising links. This arrangement is referred to as "domain name parking."

Even though the individual click-through fee paid by advertisers is very small, the aggregate revenue is significant due to the sheer number of domain names in Manila's portfolio.

12. Ondova is a licensed bulk domain name registrar and is in the business of registering domain names to customers throughout the United States through its interactive website at [www.budgetnames.com](http://www.budgetnames.com). Plaintiffs are informed and believe and based thereon allege that Baron is the alter ego of Ondova, and Baron is therefore liable for the acts of Ondova. Recognition of the privilege of separate existence would promote injustice and a fraud against the Plaintiffs because Baron in bad faith dominated and controlled Ondova as follows: a). Baron is the president and sole owner, employee, officer and/or director of Ondova; b). Baron has commingled funds and other assets of Ondova for his own convenience and to assist in evading legal obligations; c). Baron has failed to adhere to corporate formalities for Ondova, namely he has failed to maintain minutes and/or adequate records of Ondova; d). Baron has diverted funds and other assets of Ondova to other than corporate uses; e). Baron has used Ondova as a mere shell, instrumentality, or conduit for his domain name business; f). Baron has diverted assets from Ondova to himself to the detriment of creditors, including the Plaintiffs; and g). Baron contracted with Plaintiffs with the intent to avoid performance by use of the corporate entity of Ondova as a shield against personal liability.

13. Baron is also the alter ego of the Village Trust. Baron is the sole beneficiary of the Village Trust and has exercised dominion and control over the trust and its assets such that the Village Trust should be disregarded as a separate legal entity. This Court has already found that Baron has exercised dominion and control over the trust and its assets such that it should be disregarded as a separate legal entity and this action in concert with Baron has continued under the Federal

Receivership.

14. Manila's domain names are associated with a particular nameserver and IP address. When a user enters one of Manila's domain names in a web browser, the nameserver associated with that domain name directs Internet users to the website established by Netsphere. The identification of the nameserver and IP address is critical to ensuring traffic is directed to a specific website so that Netsphere and Manila can generate revenue. In the past, Manila (as registrant) has provided information to Ondova (as registrar) regarding where the nameserver should direct traffic and Ondova has complied with Manila's instructions regarding designation of the proper nameserver and IP address.

15. Based on their registrar-registrant relationship, in 2005 Baron initiated discussions with Manila's principal, Krishan, regarding a possible joint business opportunity. Although preliminary steps were taken, the joint business between the Netsphere Parties and Defendants was never consummated.

16. A dispute arose between the Netsphere Parties and Defendants regarding the ownership of Manila's domain names (hereinafter the "Manila Domain Names"). Despite the fact that a joint venture was never finalized, Defendants claimed that they were entitled to half of the Manila Domain Names. As a result, and because he had the control to do so, Baron engaged in improper "self-help" with regards to the Manila Domain Names. Specifically, on November 13, 2006, without warning and without Manila's permission, Baron and Ondova changed the IP addresses/Nameservers for the Manila Domain Names from the IP addresses/Nameservers selected by Manila to new IP addresses/Nameservers selected unilaterally by Ondova, via its registrar interface with VeriSign<sup>1</sup>. By improperly changing the IP addresses/Nameservers for the Manila Domain Names,

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<sup>1</sup> VeriSign is the .com/.net registry operator.

Ondova diverted Manila's web traffic from the pages operated by Netsphere and its ad provider to pages operated by a different domain parking provider. As a result, the Netsphere Parties no longer had, or have, control of the content of the webpages or the revenue generated therefrom.

17. Manila instructed the Defendants to take corrective action to direct the Manila Domain Names back to their original IP address/Nameserver so that the domain names are properly associated with Netsphere and the ad provider it has engaged. Nevertheless, the Defendants refused to return the Manila Domain Names or to cooperate in requiring the parking companies with whom the Defendants had engaged to pay the Netsphere Parties their share of the revenues.

18. On or about November 15, 2006, Manila, Netsphere and Krishan filed an Original Complaint in the United States District Court for the Central District of California, captioned *Manila Industries Inc., et al. v. Ondova Limited Co. d/b/a Ondova LLC, et al.*, (No. SACV06-1105 AG) (the "Cal. Conversion Case") for Conversion and seeking a Declaratory Judgment as to the ownership rights to the Manila Domain Names, as well as other domain names originally owned by Ondova ("Ondova Domain Names")(the Manila Domain Names and Ondova Domain Names are collectively referred to as the "Domain Name Portfolio").

19. On or about November 14, 2006, Ondova filed its Original Petition for Declaratory Judgment in the 68<sup>th</sup> District Court, Dallas County, Texas, captioned *Ondova Limited Company v. Manila Industries, Inc., et al.* (Cause No. 06-11717)(the "TX DJ Case") also seeking a determination of the rights of the parties with regard to the Domain Name Portfolio. The Cal. Conversion Case and the TX DJ Case are collectively referred to herein as the "Litigation".

20. On or about April 26, 2009, after months of negotiations and numerous days of private mediations, the Netsphere Parties and the Defendants entered into a settlement agreement to dispose of the Litigation, all material terms

of which were memorialized in a confidential writing (the "Settlement Agreement"). The Settlement Agreement expressly states that it is intended to be a "full and final settlement agreement containing all material terms." Pursuant to the confidential terms of the Settlement Agreement, certain events were to be completed, by certain deadlines, prior to the dismissal of the Litigation.

21. Pursuant to the Settlement Agreement, the Manila Domain Names were to be divided among the Netsphere Parties and the Defendants, which division was to be determined by a specific procedure set forth in detail in the confidential Settlement Agreement (the "Division"). The Division was to be completed no later than May 10, 2009, fourteen (14) days after the execution of the Settlement Agreement.

22. On April 28, 2009, the Netsphere Parties timely performed under the Settlement Agreement and provided the Division, consisting of two lists of domain names, to the Defendants. Despite this fact, the Defendants refused to rely on the Division in effectuating a transfer of the Netsphere Parties' share of the Manila Domain Names and have even failed to provide a reasonable alternative Division.

23. Pursuant to the Settlement Agreement, the parties were also required to execute an Agreed Order, within ten (10) days of the settlement, wherein the Court would instruct VeriSign to effectuate the transfer of the Netsphere Parties' share of the Manila Domain Names to the registrar designated by Manila. Although the Netsphere Parties prepared and presented the Agreed Order to the Defendants on April 28, 2009, the Defendants refused to execute the Order, or otherwise cooperate in having it issued by the Court.

24. The Netsphere Parties then filed this lawsuit to enforce the Settlement Agreement. After this Court enforced substantial portions of the Settlement Agreement through the issuance of a Preliminary Injunction directing, in part, the return of Manila's domain names to Manila, the parties entered into a second

settlement agreement, the Mutual Settlement and Release Agreement (the “Second Settlement Agreement”) on July 2, 2010. To date, the Defendants have failed to make certain required payments under the Second Settlement Agreement and have also violated other provisions related to tax reporting issues.

25. Following the approval of the Second Settlement Agreement by the Ondova Bankruptcy Court, Defendants continued to engage in efforts to disrupt the proceedings in this Court and the Bankruptcy Court and to block fulfillment of the requirements of the Second Settlement Agreement. Ultimately, to protect the Second Settlement Agreement, particularly with respect to the provisions relating to the Ondova bankruptcy case, the Chapter 11 Trustee sought and obtained the appointment of a Federal Receivership over Defendants and all their assets.

26. At the evidentiary hearing to confirm the propriety of the Federal Receivership, Defendant Jeffrey Baron took the Fifth Amendment in response to all questions he was asked, including questions asserting that he had engaged in vexatious litigation tactics for the express purpose of driving up the costs of the litigation to the Netsphere Parties and the Chapter 11 Trustee. Based upon the evidentiary record at that hearing, this Court found that Defendant Jeffrey Baron was a vexatious litigant and had engaged in vexatious litigation tactics for the purpose of driving up the costs of the litigation.

### **FIRST CLAIM FOR RELIEF**

#### **Specific Performance of Contract (Second Settlement Agreement)**

27. Plaintiffs hereby incorporate the allegations of the preceding paragraphs of this First Amended Complaint.

28. On or about July 2, 2010, the Netsphere Parties and Defendants entered into the written Second Settlement Agreement. Pursuant to Section 20 of the Second Settlement Agreement, the Defendants were not to have any

communication with the USVI taxing authorities (the “USVI BIR”) concerning the tax liability of Quantec, Inc., Iguana Consulting, Inc. or Novo Point, Inc., for taxable years beginning on or after January 1, 2006 without the unanimous consent of the Netsphere Parties.

29. Consideration exchanged under the Second Settlement Agreement was just and reasonable and as set forth in the confidential Second Settlement Agreement.

30. The Netsphere Parties have at all times, and still are, ready, willing and able to perform all conditions required by them remaining to be performed under the Second Settlement Agreement.

31. Defendants have violated their obligations under the Second Settlement Agreement. Specifically, the Defendants’ trust attorneys filed tax returns for Quantec, Inc., Iguana Consulting, Inc. and Novo Point, Inc. for taxable year 2009 with the USVI Bureau of Internal Revenue despite the Netsphere Parties’ refusal to consent to such communication with the USVI BIR and express direction not to make such filings. The Defendants have further breached the terms of Section 16 of the Second Settlement Agreement by failing to have the Village Trust properly execute a W-8 IMY and/or a W-9, to permit Netsphere to make certain payments to the Village Trust under the Second Settlement Agreement related to Pokerstar.com without withholding and paying certain tax amounts to the IRS.

32. The Netsphere Parties have no adequate legal remedy in that the violation of the no communication provision cannot be undone, and damages will be difficult to quantify for both breaches and/or inadequate to compensate the Netsphere Parties for the detriment suffered by them.

## **SECOND CLAIM FOR RELIEF**

### **Breach of Written Contract (Second Settlement Agreement)**

33. Plaintiffs hereby incorporate the allegations of the paragraphs 1 through 32 of this First Amended Complaint.

34. On or about July 2, 2010, the Netsphere Parties and Defendants entered into the Second Settlement Agreement.

35. Pursuant to the terms of Section 13(B) of the Second Settlement Agreement, Defendants were to pay a certain portion of the revenue from phonecards.com to the Netsphere Parties on a monthly basis commencing on July 2, 2010.

36. The Defendants have breached the Settlement Agreement, by failing to make the required payments to the Netsphere Parties of its share of the phonecards.com revenue.

37. The Netsphere Parties have performed all of their duties and obligations pursuant to the Second Settlement Agreement.

38. The Defendants have refused all of the Netsphere Parties' demands to pay the Netsphere Parties' unpaid share of revenues from phonecards.com.

39. As a result of the foregoing, the Netsphere Parties have been damaged in the amount of the unpaid share of revenues from phonecards.com, the exact amount of which is not known to the Netsphere Parties until and unless an accounting of those revenues is received from the Defendants.

## **THIRD CLAIM FOR RELIEF**

### **Conversion of Netsphere Parties Share of Phonecards.com Revenue, Accounting and Constructive Trust**

40. Plaintiffs hereby incorporate the allegations of the preceding



paragraphs of this Complaint.

41. Pursuant to the Second Settlement Agreement, the Netsphere Parties are entitled to a certain share of the revenue from phonecards.com.

42. Without authorization from the Netsphere Parties, the Defendants have not paid the Netsphere Parties all their share of the phonecards.com revenue.

43. The Defendants have failed to comply with the terms of the Settlement Agreement and have refused all of the Netsphere Parties' demands to pay the required share of revenue for almost two years.

44. The Defendants' actions constitute conversion of the Netsphere Parties' share of the phonecards.com revenue. The Defendants, and each of them, have assumed and exercised dominion and control over the Netsphere Parties' share of the phonecards.com revenue in an unlawful and unauthorized manner, to the exclusion of and inconsistent with the Netsphere Parties' rights.

45. The Defendants will continue their conversion of the Netsphere Parties' share of the phonecards.com revenue, if not restrained and enjoined by the Court.

46. As a direct and proximate result of the above-described actions, the Netsphere Parties are being damaged by loss of revenues and loss of profits. To quantify those revenues and damages, the Netsphere Parties need an accounting by the Defendants.

47. The Netsphere Parties are entitled to a judgment that the actions of the Defendants constitute conversion and are entitled to have their assets returned.

48. The Netsphere Parties are entitled to an accounting of the revenues and the revenues generated by the conversion and imposition of a constructive trust over those improperly collected revenues and any profits therefrom for the benefit of the Netsphere Parties.

49. The actions of the Defendants have been willful and with malice.

50. The Netsphere Parties are entitled to an award of exemplary damages.

#### **FOURTH CLAIM FOR RELIEF**

##### **Unjust Enrichment**

51. Plaintiffs hereby incorporate the allegations of the preceding paragraphs of this Complaint.

52. As a result of the Defendants' refusal to pay the Netsphere Parties all of their share of the phonecards.com revenues, the Defendants, and each of them, have been unjustly enriched to the detriment of the Netsphere Parties.

53. The Netsphere Parties are entitled to restitution from the Defendants in an amount to be proven at trial.

#### **FIFTH CLAIM FOR RELIEF**

##### **Recovery of Costs and Attorneys' Fees for Vexatious Litigation Tactics**

54. This Court has found, in connection with the appointment of the Federal Receivership, that Defendant Jeffrey Baron is a vexatious litigant. Further, this Court has found that Defendants have engaged in vexatious litigation tactics for the purposes of driving up the costs of this case to Plaintiffs and the Chapter 11 trustee.

55. This Court has also found that Defendant Baron was mentally competent; fully understood his vexatious actions; and intentionally engaged in vexatious litigation tactics for the purpose of driving up the costs of this case.

56. Based upon the evidentiary record established at the hearing on the propriety of the Federal Receivership including all inferences from Defendant Baron's invocation of his Fifth Amendment rights, and upon existing case-law concerning vexatious litigation, the Netsphere Parties are entitled to recovery of their costs and attorneys' fees for this case.

57. Accordingly, the Netsphere Parties seek an Order from this Court awarding recovery of all their costs and attorneys' fees for this case.

**PRAYER**

WHEREFORE, Plaintiffs respectfully request that this Court grant the following relief:

1. Granting an order for specific performance of the Second Settlement Agreement, requiring that the Defendants:

- a. refrain from filing any further tax returns or engaging in any other communications with the USVI BIR relating to Quantec, Inc., Novo Point, Inc. and Iguana Consulting Inc. without the unanimous consent of the Netsphere Parties;
- b. execute and submit to the Netsphere Parties a properly completed W-8 IMY for the Village Trust and a properly completed W-9 for Jeffrey Baron; and
- c. otherwise comply with the terms of the Second Settlement Agreement;

2. Imposing a constructive trust for the benefit of the Netsphere Parties over their share of the revenue from phonecards.com and any profits generated from that unpaid revenue generated by Defendants through their unlawful conversion of the Netsphere Parties' share of the phonecards.com revenue and ordering an accounting of all such revenues and profits;

3. Granting Netsphere Parties all monetary relief appropriate, including damages caused by Defendants' wrongful conduct, pre- and post- judgment interest where applicable, and appropriate exemplary damages;

4. Granting Netsphere Parties their costs, attorneys' fees, and such other

relief, in equity or at law, including temporarily restraining and enjoining Defendants from further violations of the Second Settlement Agreement and the Netsphere Parties' rights, as to which they are entitled and the Court deems just;

5. Ordering the Defendants to pay restitution to the Netsphere Parties in an amount equal to their unjust enrichment from the unlawful use of the Netsphere Parties' share of the phonecards.com revenue and profits therefrom; and

6. Ordering that Defendants pay all the Netsphere Parties' costs and attorneys' fees for this case based upon the Court's finding that Defendants are vexatious litigants and have engaged in vexatious litigation tactics for the purpose of running up the costs of this case to Plaintiffs.

Dated: May 23, 2012

Respectfully submitted,

/s/John W. MacPete

John W. MacPete

State Bar No. 00791156

MACPETE IP LAW

P.O. Box 224726

Dallas, Texas 75222

(214) 564-5205

ATTORNEYS FOR PLAINTIFFS  
MANILA INDUSTRIES, INC.,  
NETSPHERE, INC. and MUNISH  
KRISHAN

**DEMAND FOR JURY TRIAL**

Plaintiffs hereby demand a trial by jury.

Dated: May 23, 2012

Respectfully submitted,

/s/John W. MacPete

John W. MacPete

State Bar No. 00791156

MACPETE IP LAW

P.O. Box 224726

Dallas, Texas 75222

(214) 564-5205

ATTORNEYS FOR PLAINTIFFS  
MANILA INDUSTRIES, INC.,  
NETSPHERE, INC. and MUNISH  
KRISHAN

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

NETSPHERE, INC.,  
MANILA INDUSTRIES., INC., AND  
MUNISH KRISHAN

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PLAINTIFFS,

V.

CIVIL ACTION NO. 3:09-CV-0988-F

JEFFREY BARON AND  
ONDOVA LIMITED COMPANY,

DEFENDANTS.

**ORDER STAYING TIME TO ANSWER**

The Court ordered Plaintiffs to amend their pleadings on or before May 23, 2012 (Doc. No. 895). Plaintiffs filed their First Amended Complaint on May 23, 2012 (Doc. No. 944). A defendant must serve an answer within 21 days after being served with the summons and complaint. Fed. R. Civ. P. 12(a)(1)(A)(i). This case, however, is stayed (Doc. No. 586), and, accordingly, it is ORDERED that the time period to answer the First Amended Complaint be **STAYED**. The Court will evaluate the First Amended Complaint and issue an advisory as to how it intends to move this case forward.

IT IS SO ORDERED.

SIGNED this 23rd day of May, 2012.



Royal Furgeson  
Senior United States District Judge

AO 440 (Rev. 12/09) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the  
Northern District of Texas

Netsphere Inc et al

*Plaintiff*

v.

Baron et al

*Defendant*

Civil Action No. 3:09-cv-00988-F

Summons in a Civil Action

TO: Equity Trust, (an Ohio Trust)  
Peter Vogel -Receiver  
1601 Elm St., Ste 3000  
Dallas, TX 75201

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) -- or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12(a)(2) or (3) -- you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or the plaintiff's attorney, whose name and address are:

John MacPete  
P.O. Box 224726  
Dallas , TX 75222

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

*[Handwritten Signature]*

Signature of Clerk or Deputy Clerk



DATE: 05/23/2012

13-10696.22674

Civil Action No. 3:09-cv-00988-F

**PROOF OF SERVICE**

*(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (I))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
was received by me on *(date)* \_\_\_\_\_.

I personally served the summons on the individual at *(place)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
\_\_\_\_\_, a person of suitable age and discretion who resides there,  
on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* \_\_\_\_\_, who is designated  
by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

I returned the summons unexecuted because \_\_\_\_\_; or

other *(specify)* \_\_\_\_\_  
\_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
Server's signature

\_\_\_\_\_  
Printed name and title

\_\_\_\_\_  
Server's address

Additional information regarding attempted service, etc:



AO 440 (Rev. 12/09) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the Northern District of Texas

Netsphere Inc et al

Plaintiff

v.

Baron et al

Defendant

Civil Action No. 3:09-cv-00988-F

Summons in a Civil Action

TO: The Village Trust, (a Cook Islands Trust)
Peter Vogel -Receiver
1601 Elm St., Ste 3000
Dallas, TX 75201

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) -- or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12(a)(2) or (3) -- you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or the plaintiff's attorney, whose name and address are:

John MacPete
P.O. Box 224726
Dallas , TX 75222

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

[Handwritten signature]

Signature of Clerk or Deputy Clerk



DATE: 05/23/2012

13-10696.22676

Civil Action No. 3:09-cv-00988-F

**PROOF OF SERVICE**

*(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (I))*

This summons for *(name of individual and title, if any)* \_\_\_\_\_  
was received by me on *(date)* \_\_\_\_\_.

I personally served the summons on the individual at *(place)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

I left the summons at the individual's residence or usual place of abode with *(name)* \_\_\_\_\_  
\_\_\_\_\_, a person of suitable age and discretion who resides there,  
on *(date)* \_\_\_\_\_, and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* \_\_\_\_\_, who is designated  
by law to accept service of process on behalf of *(name of organization)* \_\_\_\_\_  
\_\_\_\_\_ on *(date)* \_\_\_\_\_; or

I returned the summons unexecuted because \_\_\_\_\_; or

other *(specify)* \_\_\_\_\_  
\_\_\_\_\_

My fees are \$ \_\_\_\_\_ for travel and \$ \_\_\_\_\_ for services, for a total of \$ \_\_\_\_\_

I declare under penalty of perjury that this information is true.

Date: \_\_\_\_\_

\_\_\_\_\_  
Server's signature

\_\_\_\_\_  
Printed name and title

\_\_\_\_\_  
Server's address

Additional information regarding attempted service, etc:

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.	§	

**ADVISORY ON FIRST AMENDED COMPLAINT**

The Court ordered Plaintiffs to amend their pleadings on or before May 23, 2012 (Doc. No. 895). Plaintiffs filed their First Amended Complaint on May 23, 2012 (Doc. No. 944), and the Court ordered that the time to answer be stayed (Doc. No. 945).

The Court’s initial inclination is that the Preliminary Injunction issued on June 26, 2009 (Doc. No. 22) addresses Plaintiffs’ first claim of relief for specific performance. The matter is resolved and a final judgment is appropriate.

As to the remaining claims of breach of written contract; conversion of Netsphere Parties’ share of phonecards.com revenue, accounting and constructive trust; unjust enrichment; and recovery of costs and attorneys’ fees for vexatious litigation tactics, the Court proposes to sever these claims and place them in another case before this Court. In this way, the Court can hasten the end of the Receivership. The Court will continue to stay the time period to answer the claims in this case until the Fifth Circuit makes its findings on the Receivership Order.

Any response to this case management proposal is due on or before **June 14, 2012**.

IT IS SO ORDERED.

SIGNED this 23rd day of May, 2012.

A handwritten signature in black ink that reads "Royal Furgeson". The signature is written in a cursive style with a horizontal line underneath the name.

Royal Furgeson

Senior United States District Judge

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.	§	

**THE RECEIVER’S SUMMARY REGARDING THE  
OWNERSHIP OF DOMAIN NAMES IN COMPLIANCE WITH  
ADDENDUM ORDER TO ORDER REQUESTING LETTER BRIEFS**

On May 18, 2012, the Court issued its *Addendum Order to Order Requesting Letter Briefs*. [Docket No. 939.] The Court ordered the parties to offer a “summary of their position” regarding the Ondova Limited Company’s ownership of servers.com and petfinders.com. [*Id.*] The Court also ordered the parties to “cite to the record and attach supporting documents with their submission.” [*Id.*] The following is a summary of Mr. Baron’s and the Receiver’s positions regarding the foregoing.

**A. Petfinders.com.**

*1. Mr. Baron’s position.*

Jeff Baron alleges that petfinders.com was registered to Novo Point, LLC (a Receivership Party) and, thus, the Trustee Daniel Sherman for Ondova Limited Company (the “Trustee”) had no right to sell it. Mr. Baron alleges that on December 30, 2005, Ondova Limited Company (“Ondova”) conveyed petfinders.com to Macadamia Management, LLC (“Macadamia”). [*See Petfinders LLC’s Objection to Trustee’s Motion for Authority to Sell Property of the Estate and*

*Motion of Petfinders, LLC for Stay Pending Appeal*; Case No. 09-34784-sgj-11, in the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Case) at Docket Nos. 676 and 719 and attached hereto as Exhibits A and B, respectively.] On March 10, 2006, Macadamia changed its name to Blue Horizon Limited Liability Company (“Blue Horizon”). [Id.] Pursuant to a settlement agreement approved by the Court on July 28, 2010, Blue Horizon became Novo Point, LLC. [Id.] Thus, Ondova has no interest in petfinders.com. [Id.]

2. *The Receiver’s position.*

The Receiver performed an independent investigation into Mr. Baron’s allegation about the ownership of petfinders.com. [See *Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 671 and attached hereto as Exhibit C.] The Receiver only uncovered evidence supporting the Trustee’s position. [Id.] The Receiver also rebutted Mr. Baron’s scurrilous, unfounded accusations that the Receiver had doctored or hidden evidence supporting the notion that Novo Point, LLC owned petfinders.com. [See *The Receiver’s Supplement to Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 674 and attached hereto as Exhibit D; *The Receiver’s Second Supplement to Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 677 and attached hereto as Exhibit E; *The Receiver’s Third Supplement to Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 680 and attached hereto as Exhibit F.] To the extent the District Court rules that Novo Point, LLC owns petfinders.com, the Receiver requests that the proceeds of the sale be transferred to the Receivership estate.

3. *Bankruptcy Court activity.*

On November 9, 2011, the Bankruptcy Court held an evidentiary hearing on the sale of petfinders.com. At the hearing, the Receiver questioned the Trustee about Mr. Baron's contentions that Novo Point, LLC—not Ondova—owned petfinders.com. [See the Bankruptcy Case at Docket No. 687 and attached hereto as Exhibit G at pp. 11-24.] The Receiver then questioned Damon Nelson, the Court-appointed Permanent Manager of Novo Point, LLC, about his knowledge of the ownership of petfinders.com. [Id. at pp. 40-65.] The Receiver also questioned two of his Mr. Baron's personal attorneys, Martin Thomas and Gary Schepps, concerning their knowledge of evidence on the ownership of petfinders.com. [Id. at 77-89.] The Court itself questioned the Trustee about the ownership of petfinders.com. [Id. at pp. 24-28.] Finally, Mr. Schepps, posing as the lawyer for a sham entity Mr. Baron formed days before the hearing called Petfinders, LLC, questioned Mr. Nelson. [Id. at pp. 65-73.]

On November 15, 2011, the Bankruptcy Court ruled that Ondova controlled petfinders.com, and the Trustee could sell it. [The Bankruptcy Case at Docket No. 693 and attached hereto as Exhibit H.] The Trustee sold petfinders.com for \$25,000. [See *Petfinders, LLC et al. v. Sherman*, Case No. 3:12cv387, in the U.S. District Court for the Northern District of Texas at Docket No. 21.]

**B. Mondial.com.**

1. *Mr. Baron's position.*

Like petfinders.com, Mr. Baron alleges that mondial.com is registered to Novo Point, LLC. Mr. Baron alleges that on December 30, 2005, Ondova conveyed mondial.com to Macadamia through written assignment. [See *Novo Point, LLC's Objection to Trustee's Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 597 and attached

hereto as Exhibit I.] On March 10, 2006, Macadamia changed its name to Blue Horizon. [*Id.*] Pursuant to a settlement agreement approved by this Court on July 28, 2010, Blue Horizon became Novo Point, LLC. [*Id.*] Thus, according to Mr. Baron, Ondova has no interest in mondial.com. [*Id.*]

2. *The Receiver's position.*

The Receiver asked Mr. Thomas if Mr. Baron had any evidence to support his notion that Novo Point, LLC controlled the name. [*See Response and Reservation of Rights Related to Trustee's Motion for Authority to Employ Broker and Trustee's Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 596 and attached hereto as Exhibit J.] Mr. Baron (through Mr. Thomas) did not provide any. [*Id.*] To the extent the District Court rules that Novo Point, LLC owns mondial.com, the Receiver requests that the proceeds of the sale be transferred to the Receivership estate.

3. *Bankruptcy Court activity.*

On July 26, 2011, the District Court conducted a hearing on the sale of mondial.com. [*See Order Granting Trustee's Motion for Authority to Sell Property of the Estate*; the Bankruptcy Case at Docket No. 607 and attached hereto as Exhibit K.] On August 4, 2011, the Bankruptcy Court ruled that mondial.com was the property of the Ondova bankruptcy estate and the Trustee had the authority to sell the domain on behalf of the estate. [*Id.*]

**C. Servers.com.**

1. *Mr. Baron's position.*

Mr. Baron contends there is a settlement agreement between Ondova and an individual named Michael Emke involving servers.com (the "Agreement"). [*See Baron v. Sherman*, Case No. 3:12-cv-367-F, in the U.S. District Court for the Northern District of Texas at Docket No. 9



(the “Servers.com Appeal”).] Mr. Baron alleges that the Agreement calls for the assignment of servers.com to an entity called Servers, Inc. in which Emke and Ondova would each own a 50% stake. [*Id.*] Mr. Baron contends the Agreement contains a provision stating that if certain circumstances occur (*i.e.*, placement of Servers, Inc. into receivership), then Ondova’s ownership interest in servers.com reverts back to Messrs. Baron and Emke, individually. [*Id.*] Mr. Baron claims that due to the Bankruptcy Court’s placement of Servers, Inc. into receivership, ownership in servers.com reverted back to Messrs. Baron and Emke. [*Id.*]

2. *The Receiver’s position.*

The Receiver did not receive any objections from Mr. Baron concerning the sale of servers.com through his personal bankruptcy counsel, Mr. Thomas. [*See The Receiver’s Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate—Servers.com*; the Bankruptcy Case at Docket No. 675 and attached hereto as Exhibit L.] Instead, Mr. Baron filed with the Fifth Circuit (but not the Bankruptcy Court) an *Emergency Motion for Limited Stay, Dissolution or Otherwise to Allow Jeff Baron to Defend His Interests in the “Servers.com” Domain in the Ondova Bankruptcy Proceedings*. [*Id.* at Ex. D.] The Receiver filed Mr. Baron’s emergency Fifth Circuit motion with the Bankruptcy Court. [*Id.* at Ex. D.] On November 9, 2011, Mr. Baron’s other personal attorney, Gary Schepps, accused the Receiver of playing a “game” regarding the ownership of servers.com (and petfinders.com and mondial.com). [*See The Receiver’s Supplement to Response and Reservation of Rights Related to Trustee’s Motion for Authority to Sell Property of the Estate—Servers.com*; the Bankruptcy Case at Docket No. 682 and attached hereto as Exhibit M.] To the extent the District Court rules that Novo Point, LLC owns servers.com, the Receiver requests that the proceeds of the sale be transferred to the Receivership estate.

3. *Bankruptcy Court activity.*

On November 9, 2011, the Bankruptcy Court held an evidentiary hearing on the sale of servers.com. At the hearing, the Receiver questioned the Trustee about Mr. Baron's contentions that Novo Point, LLC—not Ondova—owned servers.com. [See Exhibit G at p. 97.] The Receiver also questioned Mr. Schepps concerning evidence in his possession demonstrating who owns servers.com. [Id. at pp. 100-102.] On November 15, 2011, the Bankruptcy Court ruled that Ondova owned servers.com and could sell it. [The Bankruptcy Case at Docket No. 691 and attached hereto as Exhibit N.]

Respectfully submitted,

/s/ Barry M. Golden

Barry M. Golden

Texas State Bar No. 24002149

Peter L. Loh

Texas Bar Card No. 24036982

GARDERE WYNNE SEWELL LLP

1601 Elm Street, Suite 3000

Dallas, Texas 75201

(214) 999-4667 (facsimile)

(214) 999-3000 (telephone)

bgolden@gardere.com

ploh@gardere.com

**ATTORNEYS FOR THE RECEIVER,  
PETER S. VOGEL**

**CERTIFICATE OF SERVICE**

On May 25, 2012, the undersigned certifies that the Receiver served the foregoing via ECF.

/s/ Peter L. Loh

Peter L. Loh

**E**

**X**

**H**

**I**

**B**

**I**

**T**

**A**

Gary N. Schepps  
Texas State Bar No. 00791608  
5400 LBJ Freeway, Suite 1200  
Dallas, Texas 75240  
(214) 210-5940 - Telephone  
(214) 347-4031 - Facsimile  
Email: legal@schepps.net

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

In re:

ONDOVA LIMITED COMPANY,

Debtor

§  
§  
§  
§  
§  
§

Case No. 09-34784-SGJ  
(Chapter 11)

**PETFINDERS LLC's OBJECTION TO TRUSTEE'S MOTION FOR  
AUTHORITY TO SELL PROPERTY OF THE ESTATE**

TO THE HONORABLE STACEY G. C. JERNIGAN, U.S. BANKRUPTCY JUDGE:

NOW COMES Petfinders, LLC ("Petfinders") and files this Objection to Trustee's Motion for Authority to Sell Property of the Estate and would respectfully show the Court as follows:

**I. BACKGROUND**

1. On or about October 7, 2011, the Trustee filed his Trustee's Motion for Authority to Sell Property of the Estate seeking authority to sell the domain name "PETFINDERS.COM" pursuant to the authority granted in section 363 of the Bankruptcy Code.

2. In such Motion, the Trustee alleges that the Estate owns the internet domain name "Petfinders.com" ("the Domain Name") which he claims must be liquidated. Petfinders objects to the Trustee's Motion as the Estate does not own the name he now seeks to sell, the domain is worth around 100 to 400 times the price the Trustee seeks to sell the asset for in private, non-

auction sale, and the asset does not present any liability to the Estate. Rather, Novo Point LLC is the owner of these name pursuant to a previous assignment by Ondova Limited Company (“Ondova”) to Macadamia Management, LLC (“Macadamia”) on December 30, 2005, a copy of which is attached hereto as Exhibit “A” and is incorporated herein for all purposes (“the Assignment”).

3. Pursuant to the terms and conditions of the Assignment, Ondova conveyed all right, title and interest which it had in “All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims ... “

4. Petfinders.com was registered with Ondova Limited Company before December 29, 2005 and was not subject to an active claim against Ondova. Similarly, the name was registered prior to Discovery Communications’ registration of the singular “PetFinder”.

5. Accordingly, the domain name was conveyed pursuant to the Assignment from Ondova to Macadamia dated December 30, 2005, and Ondova has no ownership interest in this name.

6. Moreover, until relatively recently, Ondova Limited Company was an approved domain registration company. Domain registration companies do not own the names which are registered with them. In fact ICANN policies and requirements prohibit registrar companies from owning domain names.

7. Ondova presumably assigned all of its right, title and interest to Macadamia in order to comply with the ICANN requirements/policies which prohibit a registrar from owning names.

8. Macadamia, a US Virgin Islands limited liability company, filed a Change of Name Certificate with the Secretary of State's office of the US Virgin Islands on March 10, 2006, pursuant to which it changed its name to Blue Horizon Limited Liability Company (“Blue

Horizon”). A true and correct copy of the Virgin Islands Secretary of State's certificate accepting the name change is attached as Exhibit “B” and is incorporated herein for all purposes.

9. Novo Point LLC is the successor in interest to all Blue Horizon domain names pursuant to the Mutual Settlement and Release Agreement which was approved by the Court on or about July 28, 2010 and which became a final Order on or about August 28, 2010 (“the Settlement Agreement”). Pursuant to the Settlement Agreement, Ondova and the Trustee quitclaimed “any interest in any and all domain names that were previously registered through Ondova, exclusive of the Even Group Portfolio, the Odd Group Portfolio, and any domain name not registered through or at Ondova as of February 22, 2010, pokerstar.com and servers.com and the Excluded Disputed Domains.” As Ondova had previously assigned all of its right, title and interest in these names, neither it nor the Trustee had any ownership interest to quitclaim in such names. Ownership was transferred to NovoPoint LLC by virtue of the quitclaim from Blue Horizon which was a part of the Settlement Agreement.

10. Moreover, the Mutual Settlement and Release Agreement conspicuously lacks any quitclaim, assignment or transfer of any parties' interests in the Excluded Disputed Domains to Ondova or to the Trustee. Absent such a quitclaim, assignment, transfer or other conveyance to either Ondova or the Trustee, neither Ondova, nor the Trustee has any ownership in such names, and they should not now be allowed to sell assets that they do not own.

11. Moreover, both the Trustee and Peter Vogel have conceded that the above described transfer of ownership was effectuated and that Novo Point thereby owned domain names held by Ondova on the ‘disputed domains’ list. See Exhibit C. The underlying ownership facts concerning Petfinders.com are exactly the same as the facts concerning the domain names the

Trustee and the Receiver have conceded on the record are not the property of Ondova.

12. The owner of Novo Point LLC, and beneficial owner of Petfinders.com, assigned its rights and interest in Petfinders.com to Petfinders LLC.

13. Accordingly, Petfinders, objects to the Trustee's Motion for Authority to Sell this asset and requests that the Trustee's Motion be in all things denied.

## II PRAYER

WHEREFORE, PREMISES CONSIDERED, Petfinders respectfully requests that the Court enter an Order Denying the Trustee's Motion for Authority to Sell Property of the Estate.

Respectfully submitted this November 7, 2011.

Respectfully submitted,

/s/ Gary N. Schepps

Gary N. Schepps  
Texas State Bar No. 00791608  
5400 LBJ Freeway, Suite 1200  
Dallas, Texas 75240  
(214) 210-5940 - Telephone  
(214) 347-4031 - Facsimile  
Email: legal@schepps.net

Attorney for Petfinders, LLC

**Certificate of Service**

On this date, I electronically submitted the foregoing document with the clerk of court for the U.S. Bankruptcy Court, Northern District of Texas, Dallas, using the electronic case filing system of the Northern District. I hereby certify that I have served all counsel and/or *pro se* parties of record electronically who receive service via the Bankruptcy Court's PACER system.

/s/ Gary N. Schepps



# Exhibit A

## ASSIGNMENT

THIS ASSIGNMENT ("Assignment") is dated as of December 30, 2005 from ONDOVA LIMITED COMPANY, a ~~California~~ <sup>WYOMING</sup> corporation ("Assignor"), to MACADAMIA MANAGEMENT, LLC, a U.S. Virgin Islands limited liability company ("Assignee").

1. Assignor hereby assigns to Assignee, and Assignee hereby accepts from Assignor, all of the right, title, and interest that Assignor possesses and has the right to assign in and to the assets listed on Exhibit A attached hereto (the "Assets") in exchange for Assignee's payment of \$460,560, as evidenced by Assignee's Secured Promissory Note of even date herewith.

2. Assignor will take such additional steps necessary to register the Assets in Assignee's name over a reasonably practicable time period and will take such additional actions, and execute and deliver to Assignee such instruments of sale, transfer, conveyance, and such consents, assurances, powers of attorney, and other instruments necessary in order to vest in Assignee all right, title, and interest of Assignor in and to the Assets and otherwise to carry out the purpose and intent of this Assignment.

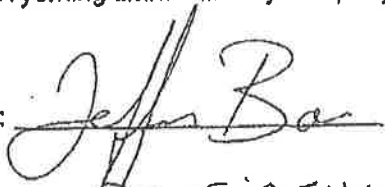
3. This Assignment may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by the Assignor and the Assignee shall constitute a full and original Assignment for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed and delivered on the date first above written.

**ASSIGNOR:**

Ondova Limited Company,  
A Wyoming limited liability company

By: \_\_\_\_\_

  
\_\_\_\_\_  
PRESIDENT

**ASSIGNEE:**

Macadamia Management, LLC,  
A U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

DEC. 30. 2005 5:34AM

6 9 T

NO. 3787 P. 14/55

**ASSIGNMENT**

THIS ASSIGNMENT ("Assignment") is dated as of December 30, 2005 from ONDOVA LIMITED COMPANY, a California corporation ("Assignor"), to MACADAMIA MANAGEMENT, LLC, a U.S. Virgin Islands limited liability company ("Assignee").

1. Assignor hereby assigns to Assignee, and Assignee hereby accepts from Assignor, all of the right, title, and interest that Assignor possesses and has the right to assign in and to the assets listed on Exhibit A attached hereto (the "Assets") in exchange for Assignee's payment of \$460,560, as evidenced by Assignee's Secured Promissory Note of even date herewith.

2. Assignor will take such additional steps necessary to register the Assets in Assignee's name over a reasonably practicable time period and will take such additional actions, and execute and deliver to Assignee such instruments of sale, transfer, conveyance, and such consents, assurances, powers of attorney, and other instruments necessary in order to vest in Assignee all right, title, and interest of Assignor in and to the Assets and otherwise to carry out the purpose and intent of this Assignment.

3. This Assignment may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by the Assignor and the Assignee shall constitute a full and original Assignment for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed and delivered on the date first above written.

**ASSIGNOR:**

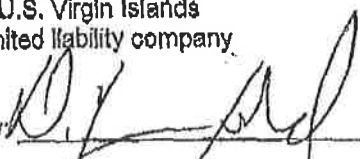
Ondova Limited Company,  
A Wyoming limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

Macadamia Management, LLC,  
A U.S. Virgin Islands  
limited liability company

By:  \_\_\_\_\_

Its: Manager \_\_\_\_\_

**EXHIBIT A**

**ASSETS**

1. All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims. The approximate number of domain names that are not subject to claims is 2,500 and the approximate number of domain names that are subject to claims is 20.
2. Referral fee agreements in existence on December 29, 2005.



**SECURED PROMISSORY NOTE**

**Date:** 30 December 2005

**Principal Amount:** \$460,560

**Borrower:** Macadamia Management, LLC, a U.S. Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Borrower's Mailing Address:** 2GA Ridge Road  
Estate Nazareth  
St. Thomas, US Virgin Islands, 00805

**Lender:** Ondova Limited Company, a Wyoming limited liability company having its principal offices in Carrollton, Texas

**Place for Payment:** P. O. Box 111501  
Carrollton, TX 75011

**Annual Interest Rate:** 5.0%

**Annual Interest Rate on Matured, Unpaid Amounts:** 10.0%

**Maturity Date:** 30 December 2015

**Terms of Payment (principal and interest):**

The Principal Amount and interest are due and payable in equal annual installments of \$59,644.63, beginning 30 December 2006, and continuing until the unpaid principal and accrued, unpaid interest have been paid in full. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount. An amortization schedule reflecting the payments to be made on the loan is attached hereto as Exhibit A.

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. After the Maturity Date, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

A default exists under this note if (1) Borrower fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower; or (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower is materially false when made.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses will become part of the debt evidenced by the note and will be secured by any security for payment.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

**Security for Payment:**

This note is being executed in conjunction with an Assignment of even date, under which Borrower, as Assignee, is purchasing from Lender, as Assignor, the rights to certain Assets that the Lender owns at this time. This note is secured by a Security Agreement, also of even date, executed by Borrower as the Debtor in favor of Lender as the Secured Party, and which covers the Collateral listed on Exhibit A to the Security Agreement.

**Counterparts:**

This note may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Secured Promissory Note for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

**BORROWER:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: [Signature]  
Print Name: D. Klein  
Title: Manager

**LENDER:**

Ondova Limited Company,  
a Wyoming limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A default exists under this note if (1) Borrower fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower; or (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower is materially false when made.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses will become part of the debt evidenced by the note and will be secured by any security for payment.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

**Security for Payment:**

This note is being executed in conjunction with an Assignment of even date, under which Borrower, as Assignee, is purchasing from Lender, as Assignor, the rights to certain Assets that the Lender owns at this time. This note is secured by a Security Agreement, also of even date, executed by Borrower as the Debtor in favor of Lender as the Secured Party, and which covers the Collateral listed on Exhibit A to the Security Agreement.

**Counterparts:**

This note may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Secured Promissory Note for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

**BORROWER:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LENDER:**

Ondova Limited Company,  
a Wyoming limited liability company

By:   
Print Name: JEFFREY BARON

Title: PRESIDENT

Ondova - Secured Promissory Note

Compound Period ..... : Annual

Nominal Annual Rate .... : 5.000 %

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 12/30/2005				460,560.00
2005 Totals	0.00	0.00	0.00	
1 12/30/2006	59,644.63	23,028.00	36,616.63	423,943.37
2006 Totals	59,644.63	23,028.00	36,616.63	
2 12/30/2007	59,644.63	21,197.17	38,447.46	385,495.91
2007 Totals	59,644.63	21,197.17	38,447.46	
3 12/30/2008	59,644.63	19,274.80	40,369.83	345,126.08
2008 Totals	59,644.63	19,274.80	40,369.83	
4 12/30/2009	59,644.63	17,256.30	42,388.33	302,737.75
2009 Totals	59,644.63	17,256.30	42,388.33	
5 12/30/2010	59,644.63	15,136.89	44,507.74	258,230.01
2010 Totals	59,644.63	15,136.89	44,507.74	
6 12/30/2011	59,644.63	12,911.50	46,733.13	211,496.88
2011 Totals	59,644.63	12,911.50	46,733.13	
7 12/30/2012	59,644.63	10,574.84	49,069.79	162,427.09
2012 Totals	59,644.63	10,574.84	49,069.79	
8 12/30/2013	59,644.63	8,121.35	51,523.28	110,903.81
2013 Totals	59,644.63	8,121.35	51,523.28	
9 12/30/2014	59,644.63	5,545.19	54,099.44	56,804.37
2014 Totals	59,644.63	5,545.19	54,099.44	
10 12/30/2015	59,644.63	2,840.26	56,804.37	0.00
2015 Totals	59,644.63	2,840.26	56,804.37	
Grand Totals	596,446.30	135,886.30	460,560.00	

SECURED PROMISSORY NOTE  
EXHIBIT A





**SECURITY AGREEMENT**

**Date:** 30 December 2005

**Debtor:** Macadamia Management, LLC, a U.S. Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Debtor's Mailing Address:** 2GA Ridge Road  
Estate Nazareth  
St. Thomas, US Virgin Islands, 00805

**Secured Party:** Ondova Limited Company, a Wyoming limited liability company having its principal offices in Carrollton, Texas

**Secured Party's Mailing Address:** P. O. Box 111501  
Carrollton, TX 75011

**Collateral (including all accessions):** All of Debtor's interest in the assets listed on Exhibit A attached hereto

**Obligation:**  
Promissory Note executed of even date herewith, partially described as follows:

**Date:** 30 December 2005

**Amount:** \$460,560

**Maker:** Macadamia Management, LLC, a US Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Payee:** Ondova Limited Company, a Texas limited liability company having its principal offices in Carrollton, Texas

**Final Maturity Date:** 30 December 2015

**Terms of Payment:** As set forth therein

Debtor hereby grants to Secured Party a security interest in the Collateral and all of its proceeds to secure payment and performance of Debtor's obligations under

this Security Agreement and all renewals, modifications, and extensions of any part of the Obligation.

Debtor's Warranties:

1. Other Security Interests. Except for any in favor of Secured Party, no part of the Collateral is subject to any previous pledge or grant of a security interest therein; and except for the interest granted to the Secured Party pursuant to this Security Agreement, the Debtor owns (and will keep) the Collateral free and clear of all liens, security interests, claims, charges, restrictions, and other encumbrances whatsoever, and shall not, without the prior written consent of the Secured Party, sell, assign, pledge, transfer, mortgage, or otherwise dispose of all or any part of the Collateral, or all or any part of any of Debtor's interest therein.
2. Ownership. Debtor owns the Collateral and has the authority to grant this security interest. The Debtor's ownership is free from any setoff, claim, restriction, lien, security interest, or encumbrance of which Debtor is aware, except this security interest and any liens for taxes not yet due.

Debtor's Covenants:

1. Protection of Collateral. Debtor will defend the Collateral against all claims and demands adverse to Secured Party's interest in it and will keep it free from all liens except those for taxes not yet due and from all security interests except this one. The Collateral will remain in Debtor's possession or control at all times, except as otherwise provided in this Security Agreement.
2. Costs. Debtor will pay all expenses incurred in obtaining, preserving, registering, defending, and enforcing this security interest or the Collateral and in collecting or enforcing the Obligation. Expenses for which Debtor is liable include, but are not limited to, taxes, assessments, reasonable attorney's fees, and other legal expenses.
3. Additional Documents and Actions. Debtor will sign any documents and will take any additional actions that Secured Party considers necessary to obtain, maintain, and register this security interest or to comply with any applicable law.
4. Notice of Changes. Debtor will immediately notify Secured Party of any: (a) material change in the Collateral; (b) change in the Debtor's name, address, or location; (c) change in any matter warranted or represented in this Security Agreement; (d) change that may affect this security interest; and (e) event of default.

5. Sale. Debtor will not distribute any assets from the Collateral that would have the effect of reducing the value of the Collateral without the prior written consent of Secured Party.

Events of Default:

Each of the following conditions is an event of default:

1. If Debtor defaults in timely payment or performance of the Obligation;
2. If any warranty, covenant, or representation made to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made;
3. If any financing statement of the Collateral that is not related to this security interest and that does not favor Secured Party is filed;
4. If Debtor fails to execute any document that Secured Party considers necessary to obtain, maintain, and register this security interest or to comply with any applicable law; and
5. If any lien attaches to any of the Collateral.

Remedies of Secured Party on Default:

During the existence of any event of default, Secured Party may declare the unpaid principal and earned interest of the Obligation immediately due in whole or part, enforce the Obligation, and exercise any rights and remedies granted under applicable law or by this Security Agreement, including the following:

1. require the Debtor to deliver to Secured Party all books and records relating to the Collateral;
2. require the Debtor to sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a secured party under applicable law after giving any required notice;
3. require the Debtor to apply any proceeds from disposition of the Collateral after default in the manner specified under applicable law, but including payment of Secured Party's reasonable attorney's fees and court expenses; and
4. If disposition of the Collateral leaves the Obligation unsatisfied, collect the deficiency from Debtor.

General Provisions:

1. Parties Bound. Secured Party's rights under this Security Agreement shall also inure to the benefit of its successors and assigns. Assignment of any part of the Obligation and delivery by

Secured Party of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If Debtor is more than one, all their representations, warranties, and agreements are joint and several. Debtor's obligations under this Security Agreement shall bind Debtor's successors and assigns.

2. Waiver. Neither delay in exercise nor partial exercise of any of Secured Party's remedies or rights shall waive further exercise of those remedies or rights. Secured Party's failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. Secured Party's waiver of any default does not waive further default. Secured Party's waiver of any right in this Security Agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.
3. Reimbursement. If Debtor fails to perform any of Debtor's obligations, Secured Party may perform those obligations and be reimbursed by Debtor on demand at the place where the Obligation is payable for any sums so paid, including attorney's fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this Security Agreement.
4. Modifications. No provisions of this Security Agreement shall be modified or limited except by written agreement.
5. Severability. The unenforceability of any provision of this Security Agreement will not affect the enforceability or validity of any other provision.
6. Applicable Law. This Security Agreement will be governed by and construed under the laws of Texas.
7. Place of Performance. This Security Agreement is to be performed in Texas.
8. Singular and Plural. When the context requires, singular nouns and pronouns include the plural.
9. Priority of Security Interest. This security interest shall neither affect nor be affected by any other security for any part of the Obligation. Neither extensions of any part of the Obligation nor releases of any of the Collateral will affect the priority or validity of this security interest with reference to any third person.
10. Cumulative Remedies. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell

Case 09-34784-sgj11 Doc 676 Filed 11/07/11 Entered 11/07/11 23:53:48 Desc  
Main Document Page 19 of 24

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the Collateral under the terms of this Security Agreement. All remedies of Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this Security Agreement.

- 11. Counterparts. This Security Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Security Agreement for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

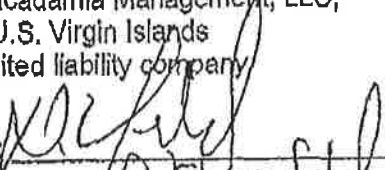
IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first written above.

**DEBTOR:**

**SECURED PARTY:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

Ondova Limited Company,  
a Texas limited liability company

By:   
 Print Name: D. Clemons  
 Title: Manager

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

the Collateral under the terms of this Security Agreement. All remedies of Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this Security Agreement.

- 11. Counterparts. This Security Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Security Agreement for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first written above.

DEBTOR:

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SECURED PARTY:

Ondova Limited Company,  
a Wyoming limited liability  
company


By:   
Print Name: JEFFREY BARON  
Title: PRESIDENT

EXHIBIT A

DESCRIPTION OF COLLATERAL

1. All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims. The approximate number of domain names that are not subject to claims is 2,500 and the approximate number of domain names that are subject to claims is 20.
2. Referral fee agreements in existence on December 29, 2005.



# Exhibit B

**GOVERNMENT OF  
THE VIRGIN ISLANDS OF THE UNITED STATES**

-O-  
CHARLOTTE AMALIE, ST. THOMAS, VI 00802

Corp. No. 55400

**OFFICE OF THE LIEUTENANT GOVERNOR**

To Whom These Presents Shall Come:

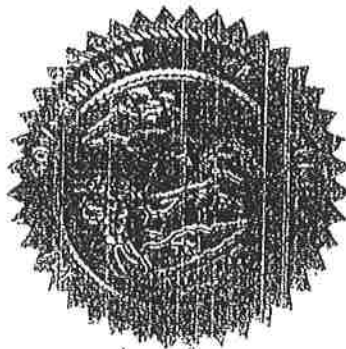
I, VARGRAVE A. RICHARDS, Lieutenant Governor of the Virgin Islands, do hereby certify that:

**MACADAMIA MANAGEMENT, LLC**

a Virgin Islands Limited Liability Company, filed in the Office of the Lieutenant Governor on March 1, 2006, as provided for by law, Articles of Amendment to Articles of Organization, duly acknowledged; changing its name to

**BLUE HORIZON LIMITED LIABILITY COMPANY**

WHEREFORE the said Correction is hereby declared to have been duly recorded in this office on the aforesaid and to be in full force and effect from that date.



In Witness Whereof, I have hereunto set my hand and affix the seal of the Government of the United States Virgin Islands, at Charlotte Amalie, this 10<sup>th</sup> day of March, A. D., 2006.

*Vargrave Richards*

**VARGRAVE A. RICHARDS**

Lieutenant Governor of the Virgin Islands

1 time. Mr. Payne's been in the case since April. Mr. Schepps  
2 has been in the case since last November. So all of the  
3 things raised in the appeal -- and I'm not here to talk about  
4 the appeals in substance -- it's absolutely ludicrous. These  
5 attorneys have had notice. Everyone watches the Ondova  
6 docket. And for them to come in and say we were surprised by  
7 the Court's order and the Court's approval of the sale of the  
8 name, truly is -- it's absolutely false.

9 In fact they participated in the hearing. Mr. Olson  
10 was here and was able to participate in the hearing, and fully  
11 was -- in fact I had had numerous conversations with Mr. Olson  
12 prior to the hearing, and they were fully aware of what was  
13 going on.

14 THE COURT: And remind me, the sale order ended up  
15 carving this all down to just one domain name, right?

16 MR. URBANIK: That is correct, Judge.

17 THE COURT: Which one was it? I can't remember?

18 MR. URBANIK: Mondial.com.

19 THE COURT: Okay.

20 MR. URBANIK: And, Your Honor, the settlement  
21 agreement between -- the big settlement agreement from the  
22 summer of 2010 provided that certain domain names were  
23 property of Ondova, but permitted Mr. Baron to raise an  
24 objection to their ownership. Mr. Vogel now stands in the  
25 shoes of Mr. Baron. And prior to the hearing we had on the

1 sale, there was extensive meetings between the receiver and  
2 the trustee about which names were receivership names and  
3 which names were Ondova names. And as a result of those  
4 meetings, it was determined that Ondova did own Mondial. The  
5 receiver owned the other ones, and both sides were comfortable  
6 with that. That's why the receiver wasn't here in July  
7 complaining about the trustee having that one domain name to  
8 sell. So Mr. Vogel fulfilled his duties under the settlement  
9 agreement by examining which names were which.

10 Mondial.com is a name that was owned by Ondova on the  
11 petition date. And what we did, Your Honor, to investigate  
12 that, was to purchase a software program that allowed us to  
13 investigate ownership of names at certain points in time. Mr.  
14 Nelson is here today; if there was any evidence needed that  
15 shows that that name was owned by Ondova on the petition date  
16 in 2009.

17 I'm going at little fast, Your Honor. But what I  
18 think the Court needs to -- we need to jump into here is, you  
19 know, what these attorneys could have done instead of what  
20 they did. They filed three appeals and a motion to stay.  
21 They could have immediately filed with this Court a motion to  
22 appear in accordance with your order; a motion to document  
23 their role in this case, that they represented Nova Point or  
24 Quantec. They would have given therefore -- they could have  
25 had a legitimate chance to present why they're Novo Point's

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Gary N. Schepps  
Texas State Bar No. 00791608  
5400 LBJ Freeway, Suite 1200  
Dallas, Texas 75240  
(214) 210-5940 - Telephone  
(214) 347-4031 - Facsimile  
Email: legal@schepps.net  
Counsel for Petfinders, LLC

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

In re: § Case No. 09-34784-SGJ  
§ (Chapter 11)  
ONDOVA LIMITED COMPANY, §  
Debtor §

**MOTION OF PETFINDERS, LLC FOR STAY PENDING APPEAL**

TO THE HONORABLE BANKRUPTCY JUDGE:

NOW COMES Petfinders, LLC, (“Petfinders”) and respectfully moves this Honorable Court to enter an order staying the authority granted to sell the Petfinders.com domain for \$25,000.00 and staying the sale of the Petfinders.com domain, and in support shows:

I. OVERVIEW

The following issues are presented:

- 1. Procedural Background.**
- 2. Relief Sought.**
- 3. Basis for Granting Relief.**
  - i. Novo Point LLC holds the chain of title to the domain name “Petfinders.com”.**
  - ii. The Ondova Chapter 11 Trustee, Sherman, conceded that Ondova transferred ownership of its domain names to Macadamia LLC in December 2005.**
  - iii. Sherman had the burden of proof to establish ownership in the asset he sought to sell, and failed to meet that burden.**
  - iv. The Bankruptcy Court was not authorized to determine the ownership of Petfinders.com through a 11 U.S.C. §363 motion.**
- 4. Likelihood of Success.**

5. **Irreparable injury to Petfinders, LLC.**
6. **No substantial harm to interested parties.**
7. **Conclusion.**

## II. ARGUMENT & AUTHORITIES

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### 1. Procedural Background.

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1. On November 11, 2011 this Court entered its Order Granting Motion to sell property under Section 363(b) [Doc 693 (Petfinders)] (the “Order”) which granted the Trustee authority to sell the domain name “petfinders.com”.

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### 2. Relief Sought.

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2. Petfinders seeks a stay pending appeal before this court pursuant to Bankruptcy Rule 8005. The criteria for a stay pursuant to Rule 8005 are well established. The Movant must show: (1) likelihood of success on the merits, (2) irreparable injury if the stay is not granted, (3) absence of substantial harm to the other parties from granting the stay and (4) service to the public interest from granting the stay. *Hunt v. Bankers Trust Co.*, 799 F. 2d 1060, 1067 (5<sup>th</sup> Cir. 1986). With regard to the likelihood of success prong, a movant should only have to present a substantial case on the merits. *S.C. of Okaloosa, Inc.*, 2006 U.S. Dist. LEXIS 57187 (W.D. La. 2006).

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### 3. Basis for Granting Relief.

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3. As this Motion is filed, Petfinders has not yet filed its statement of issues on appeal. Without limiting the issue to be presented on appeal, there are substantial legal questions presented, as follows—

a. There are no exigent circumstances requiring that the sale occur immediately and, granting a stay may be necessary to allow for review by an Article III court as required by the U.S. Constitution. There is authority holding that where a stay is not granted, an order authorizing sale pursuant to Section 363 (b) may be non-appealable “unless such authorization and such sale or lease were stayed pending appeal”. See 11 U.S.C. §363(m). Specifically, “statutory mootness” attaches to an order pursuant to section 363(b) where “(1) the underlying sale or lease was not stayed pending the appeal, and (2) the court, if reversing or modifying the authorization to sell or lease, would be affecting the validity of such a sale or lease.” *E.g., Krebs Chrysler-Plymouth v. Valley Motors*, 141 F.3d 490, 499 (3rd Cir. 1998).

b. Novo Point LLC owns the domain name “Petfinders.com”, as follows:

i. **Novo Point LLC holds the chain of title to the domain name “Petfinders.com”.**

(1) On December 30, 2005, Ondova Limited Company (“Ondova”) owned the domain name and transferred it, along with all other domain names it owned not then in litigation, to Macadamia Management, LLC (“Macadamia”). A copy of the transfer instrument is attached hereto as Exhibit “A” and is incorporated herein for all purposes (“the Assignment”). Pursuant to the terms and conditions of the Assignment, Ondova conveyed all right, title and interest which it had in “All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims ...” The domain name Petfinders.com was registered with Ondova Limited Company before December 29, 2005 and was not then subject to any active claim against Ondova. Accordingly, the domain name was conveyed pursuant to the Assignment from Ondova to Macadamia on December 30, 2005, and Ondova has no ownership interest in this name.

(2) Macadamia, a US Virgin Islands limited liability company, filed a Change of Name Certificate with the Secretary of State's office of the US Virgin Islands on March 10,

2006, pursuant to which it changed its name to Blue Horizon Limited Liability Company (“Blue Horizon”). A true and correct copy of the Virgin Islands Secretary of State’s certificate accepting the name change is attached as Exhibit “B” and is incorporated herein for all purposes. Novo Point LLC is the successor in interest to all Blue Horizon domain names pursuant to the Mutual Settlement and Release Agreement which was approved by the Bankruptcy Court on or about July 28, 2010 and which became a final Order on or about August 28, 2010 (“the Settlement Agreement”). Pursuant to the Settlement Agreement, Ondova and the Trustee quitclaimed “any interest in any and all domain names that were previously registered through Ondova, exclusive of the Even Group Portfolio, the Odd Group Portfolio, and any domain name not registered through or at Ondova as of February 22, 2010, pokerstar.com and servers.com and the Excluded Disputed Domains.” As Ondova had previously assigned all of its right, title and interest in these names, neither it nor the Trustee had any ownership interest to quitclaim in such names. Accordingly, ownership was transferred to NovoPoint LLC by virtue of the quitclaim from Blue Horizon as a part of the Global Settlement Agreement.

**ii. The Ondova Chapter 11 Trustee, Sherman, conceded that Ondova transferred ownership of its domain names to Macadamia LLC in December 2005.**

(1) Sherman and Vogel met and agreed that Novo Point owned all the domain names held by Ondova on the ‘disputed domains’ list other than ‘mondial.com’. See Exhibit “C”. Further, this Honorable Court’s attention is directed to Sherman’s “Motion for Approval of Settlement Agreement Pursuant to Rule 9019, Federal Rules of Bankruptcy Procedure”. On Page 7 of that motion, Sherman made the following representation to this Honorable Court: “[T]he Trustee is releasing certain claims including a debt owed to the Estate pursuant to a Note dated December 31, 2005 in the original principal amount of \$460,000 from Macadamia Management, LLC, the current balance of which is approximately \$600,000 .... **The Estate is also waiving and releasing certain avoidance action claims related, inter alia, to: (a) the transfer of a**



**valuable portfolio of domain names from Ondova to Blue Horizon Limited Liability Company, formerly known as Macadamia Management, LLC in December 2005”.**

**iii. Sherman had the burden of proof to establish ownership in the asset he sought to sell, and failed to meet that burden.**

(1) Pursuant to Bankruptcy Rule of Procedure 363(p), the entity asserting an interest in property has the burden of proof on the issue of the extent of such interest. Bankr.R.P. 363(p); 11 U.S.C. §101 (15) (“entity” includes the estate). However, the only ‘evidence’ offered by Sherman was a third party’s hearsay report of “WHOIS” information. However, “WHOIS” Data is Hearsay Contact Information, and not evidence of Title. A “WHOIS” database is a contact directory that contains whatever information the registrant decides to publish to the public. Accordingly, WHOIS information is hearsay contact information and is not title. *See Register.com, Inc. v. Verio, Inc.*, 356 F.3d 393, 395 (2nd Cir. 2004). As the Second Circuit explained in *Register.com*:

“[A]pplicants ... submit to the registrar contact information, including at a minimum, the applicant’s name, postal address, telephone number, and electronic mail address. The ICANN Agreement, referring to this registrant contact information under the rubric “WHOIS information,” requires the registrar, under terms discussed in greater detail below, to preserve it, update it daily, and provide for free public access to it through the Internet as well as through an independent access port, called port 43. See ICANN Agreement § II.F.1.”

(2) Notably, Ondova provided a ‘privacy protection service’, that is now commonly available at other registrars, whereby Ondova listed itself in the public contact information database to protect the privacy information of the registrant. Thus, EVERY name registered by Ondova, by default, was listed in the WHOIS information database with Ondova’s contact information, not the registrants’.

**iv. The Bankruptcy Court was not authorized to determine the ownership of Petfinders.com through a 11 U.S.C. §363 motion.**

(1) Federal Rule of Bankruptcy Procedure 7001(2) provides that a proceeding to determine the Estate's "interest in property" be an "adversary proceeding" and "governed by the rules of this Part VII." Fed.R.Bankr.P. 7001. However, a Section 363 motion to sell an asset of the Estate is merely a "contested matter" governed by Rule 9014. Fed.R.Bankr.P. 9014. Accordingly, a bankruptcy court is not authorized to determine ownership of an asset through a motion under Section 363. *E.g., In re Hearthside Baking Co., Inc.*, 397 BR 899, 902 (Bkrcty. N.D. Ill. 2008); *In re Whitehall Jewelers Holdings, Inc.*, 2008 WL 2951974 \*6 (Bankr.D.Del. 2008), holding:

**"The Court cannot determine whether the [property is] property of the estate through a contested matter, such as a sale motion under Section 363. Federal Rule of Bankruptcy Procedure 7001(2) requires that an adversary proceeding be commenced to determine the 'validity, priority or extent of [an] interest in property.'"**

(2) Thus, this Honorable Court erred in ordering the sale of Petfinders.com without first establishing the Bankruptcy Estate's interest, if any, in the asset in an adversary proceeding pursuant to Rule 7001(2). *Id.* Notably, the public policy served by this rule is substantial— before businesses outside of bankruptcy proceedings can be stripped of their assets, the bankruptcy court must conduct a full adversarial proceeding including service of process on the interested parties and the full disclosures required by Fed.R.Civ.P. 26(a). *See* Fed.R.Bankr.P. 9014(c) (mandatory disclosure requirements of 'adversary proceedings' do not apply in 'contested matters').

#### **4. Likelihood of Success.**

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4. As discussed above, Petfinders attached documentation to its Objection to Trustee's Motion for Authority To Sell Property of the Estate demonstrating its claim of ownership preceding the Petition date by several years. Neither the Trustee nor any other party presented the Court with any evidence of title addressing, let alone refuting, Petfinders's superior claim of title by virtue of the conveyance. Petfinders established that it has the superior claim. Moreover, the Bankruptcy Court is without authority to determine ownership in a mere contested matter. Rather, the Bankruptcy Court must hold a full adversary proceedings to determine issues of ownership. Fed.R.Bankr.P. 7001; and *e.g.*, *In re Hearthside Baking*, 397 BR at 902.

---

#### **5. Irreparable injury to Petfinders, LLC.**

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5. Because of the doctrine of "statutory mootness", discussed above, the granting of a stay may be necessary for Petfinders LLC to be heard on appeal. Accordingly, Petfinders' very right to appeal may be at risk unless stay is granted. Thus, stay is necessary to insure that the decision of the Bankruptcy Court may be reviewed on appeal and corrected. Further, as demonstrated in the attachments to Petfinders's objections, Novo Point LLC (the ownership rights in which have been assigned to Petfinders, LLC., with respect to the Petfinders.com domain; see Exhibit "F") has been the owner of the domain name "petfinders.com" since December of 2005 by virtue of Ondova's conveyance of all of its right, title and/or interest in any and all domain names it purported to own to Macadamia Management, the predecessor in interest to Petfinders. "Petfinders.com" is an extremely valuable domain name, and a primary revenue stream for Novo Point LLC, generating over \$80,000.00 per year in income. See Exhibit "D". Should the Trustee sell the domain name and it is later determined, as Petfinders alleges, that Ondova is not in fact the true owner of the domain name, Petfinders may have no remedy

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for its loss as Petfinders, LLC can only be made completely whole only through the rightful return of Novo Point LLCs rights to the domain name.

---

## 6. No substantial harm to interested parties.

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6. For the same reasons as stated above, the attorneys and the Estate have no risk of actual loss. Moreover,:

a. If the domain name is proven to be owned by Novo Point LLC, the Ondova Estate will have suffered no loss as it did not have any ownership rights to start with. If, in the unlikely event it is determined that the domain name is actually owned by the Trustee, no harm will have occurred to the estate because the value of the domain name will not diminish or decrease, but should remain constant or even increase in the coming weeks and months.

b. Similarly, there is no harm to the public interest. This is a narrow dispute among the parties to this action. There is no public interest to this court's decision whether to grant or deny the requested stay. Further, there is a substantial **disruptive effect to commerce** in erroneously dissolving companies not in bankruptcy by **liquidating their assets** and in allowing 3rd parties assets to be stripped from them **without a petition being filed, without service of process, without an adversary hearing as required by the Rules of Bankruptcy Procedure, and without allowing for substantive review of the decision by an Article III court.**

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## 7. Conclusion.

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Wherefore, Petfinders prays that this Court grant its Motion for Stay Pending Appeal and for such other and further relief to which it may show himself justly entitled.

Respectfully submitted,

/s/ Gary N. Schepps

Gary N. Schepps  
Texas State Bar No. 00791608  
5400 LBJ Freeway, Suite 1200  
Dallas, Texas 75240  
(214) 210-5940 - Telephone  
(214) 347-4031 - Facsimile  
Email: legal@schepps.net  
Counsel for Petfinders, LLC

**Certificate of Service**

On this date I electronically served the foregoing document using the electronic case filing system of the Bankruptcy Court, and served every party receiving service through the official PACER system.

/s/ Gary N. Schepps

**Certificate of Conference**

To the extent practicable, before filing this motion, an attempt to confer with an attorney for the affected parties was made to determine whether this motion was opposed. A request for agreement was made to Ray Urbanik, and agreement could not be reached because said counsel opposes the motion.

/s/ Gary N. Schepps

Case 0934734-11 Doc 761 Filed 11/20/11 Entered 11/23/11 12:05:45 Desc  
Exhibit De Curves Stay Page 6 of 29

# Exhibit A

## ASSIGNMENT

THIS ASSIGNMENT ("Assignment") is dated as of December 30, 2005 from ONDOVA LIMITED COMPANY, a ~~California~~ <sup>WYOMING</sup> corporation ("Assignor"), to MACADAMIA MANAGEMENT, LLC, a U.S. Virgin Islands limited liability company ("Assignee").

1. Assignor hereby assigns to Assignee, and Assignee hereby accepts from Assignor, all of the right, title, and interest that Assignor possesses and has the right to assign in and to the assets listed on Exhibit A attached hereto (the "Assets") in exchange for Assignee's payment of \$460,560, as evidenced by Assignee's Secured Promissory Note of even date herewith.

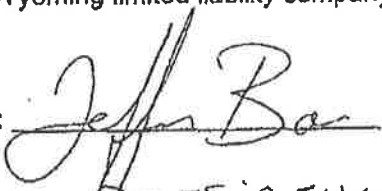
2. Assignor will take such additional steps necessary to register the Assets in Assignee's name over a reasonably practicable time period and will take such additional actions, and execute and deliver to Assignee such instruments of sale, transfer, conveyance, and such consents, assurances, powers of attorney, and other instruments necessary in order to vest in Assignee all right, title, and interest of Assignor in and to the Assets and otherwise to carry out the purpose and intent of this Assignment.

3. This Assignment may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by the Assignor and the Assignee shall constitute a full and original Assignment for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed and delivered on the date first above written.

**ASSIGNOR:**

Ondova Limited Company,  
A Wyoming limited liability company

By:   
Its: PRESIDENT

**ASSIGNEE:**

Macadamia Management, LLC,  
A U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Case 0934784-11 Doc 7861 Filed 11/20/11 Entered 11/20/11 12:05:34 Desc  
Exhibit A of Court Stay Page 7 of 29

DEC. 30. 2005 5:34AM @ 3 T

NO. 3787 P. 14/55

**ASSIGNMENT**

THIS ASSIGNMENT ("Assignment") is dated as of December 30, 2005 from ONDOVA LIMITED COMPANY, a California corporation ("Assignor"), to MACADAMIA MANAGEMENT, LLC, a U.S. Virgin Islands limited liability company ("Assignee").

1. Assignor hereby assigns to Assignee, and Assignee hereby accepts from Assignor, all of the right, title, and interest that Assignor possesses and has the right to assign in and to the assets listed on Exhibit A attached hereto (the "Assets") in exchange for Assignee's payment of \$460,560, as evidenced by Assignee's Secured Promissory Note of even date herewith.

2. Assignor will take such additional steps necessary to register the Assets in Assignee's name over a reasonably practicable time period and will take such additional actions, and execute and deliver to Assignee such instruments of sale, transfer, conveyance, and such consents, assurances, powers of attorney, and other instruments necessary in order to vest in Assignee all right, title, and interest of Assignor in and to the Assets and otherwise to carry out the purpose and intent of this Assignment.

3. This Assignment may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by the Assignor and the Assignee shall constitute a full and original Assignment for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed and delivered on the date first above written.

**ASSIGNOR:**

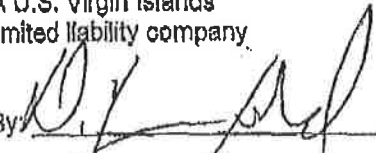
Ondova Limited Company,  
A Wyoming limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**ASSIGNEE:**

Macadamia Management, LLC,  
A U.S. Virgin Islands  
limited liability company

By:  \_\_\_\_\_

Its: Manager \_\_\_\_\_

**EXHIBIT A**

**ASSETS**

1. All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims. The approximate number of domain names that are not subject to claims is 2,500 and the approximate number of domain names that are subject to claims is 20.
2. Referral fee agreements in existence on December 29, 2005.



Case 09-34784-sjs Document 7196-1 Filed 11/20/11 Entered 11/20/11 12:30:59 Desc  
Exhibit D - Curfew Stay Page 4 of 29

**SECURED PROMISSORY NOTE**

**Date:** 30 December 2005

**Principal Amount:** \$460,560

**Borrower:** Macadamia Management, LLC, a U.S. Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Borrower's Mailing Address:** 2GA Ridge Road  
Estate Nazareth  
St. Thomas, US Virgin Islands, 00805

**Lender:** Ondova Limited Company, a Wyoming limited liability company having its principal offices in Carrollton, Texas

**Place for Payment:** P. O. Box 111501  
Carrollton, TX 75011

**Annual Interest Rate:** 5.0%

**Annual Interest Rate on Matured, Unpaid Amounts:** 10.0%

**Maturity Date:** 30 December 2015

**Terms of Payment (principal and interest):**

The Principal Amount and interest are due and payable in equal annual installments of \$59,844.63, beginning 30 December 2006, and continuing until the unpaid principal and accrued, unpaid interest have been paid in full. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount. An amortization schedule reflecting the payments to be made on the loan is attached hereto as Exhibit A.

Borrower promises to pay to the order of Lender the Principal Amount plus interest at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. After the Maturity Date, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Case 0933784-11 Doc 761 Filed 12/07/11 Entered 12/07/11 12:30:59 Desc

DEC. 30. 2005 5:34AM

Exhibit Document Stay Page 16 of 29

NO. 3787 P. 17/55

A default exists under this note if (1) Borrower fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower; or (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower is materially false when made.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses will become part of the debt evidenced by the note and will be secured by any security for payment.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

**Security for Payment:**

This note is being executed in conjunction with an Assignment of even date, under which Borrower, as Assignee, is purchasing from Lender, as Assignor, the rights to certain Assets that the Lender owns at this time. This note is secured by a Security Agreement, also of even date, executed by Borrower as the Debtor in favor of Lender as the Secured Party, and which covers the Collateral listed on Exhibit A to the Security Agreement.

**Counterparts:**

This note may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Secured Promissory Note for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

**BORROWER:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: [Signature]  
Print Name: J. Klein  
Title: Manager

**LENDER:**

Ondova Limited Company,  
a Wyoming limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Case 09-324784-ssj 11 Doc 76-1 Filed 11/20/11 Entered 11/20/11 12:05:45 Desc Exhibit A - Carver Stay Page 27 of 29

A default exists under this note if (1) Borrower fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower; or (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower is materially false when made.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses will become part of the debt evidenced by the note and will be secured by any security for payment.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

**Security for Payment:**

This note is being executed in conjunction with an Assignment of even date, under which Borrower, as Assignee, is purchasing from Lender, as Assignor, the rights to certain Assets that the Lender owns at this time. This note is secured by a Security Agreement, also of even date, executed by Borrower as the Debtor in favor of Lender as the Secured Party, and which covers the Collateral listed on Exhibit A to the Security Agreement.

**Counterparts:**

This note may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Secured Promissory Note for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

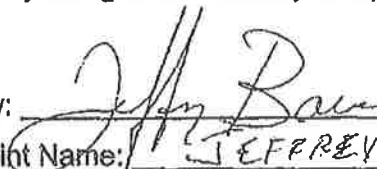
**BORROWER:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LENDER:**

Ondova Limited Company,  
a Wyoming limited liability company

By:   
Print Name: JEFFREY BARON  
Title: PRESIDENT

Case 09-34784-ssj-11 Doc 719-1 Filed 12/05/11 Entered 12/05/11 13:05:34 Desc  
 Exhibit A for Stay Page 3 of 29

12/12/2005 2:55:10 PM Page 1

Ondova - Secured Promissory Note

Compound Period ..... : Annual

Nominal Annual Rate .... : 5.000 %

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	12/30/2005				460,560.00
2005 Totals		0.00	0.00	0.00	
1	12/30/2006	59,644.63	23,028.00	36,616.63	423,943.37
2006 Totals		59,644.63	23,028.00	36,616.63	
2	12/30/2007	59,644.63	21,197.17	38,447.46	385,495.91
2007 Totals		59,644.63	21,197.17	38,447.46	
3	12/30/2008	59,644.63	19,274.80	40,369.83	345,126.08
2008 Totals		59,644.63	19,274.80	40,369.83	
4	12/30/2009	59,644.63	17,256.30	42,388.33	302,737.75
2009 Totals		59,644.63	17,256.30	42,388.33	
5	12/30/2010	59,644.63	15,136.89	44,507.74	258,230.01
2010 Totals		59,644.63	15,136.89	44,507.74	
6	12/30/2011	59,644.63	12,911.50	46,733.13	211,496.88
2011 Totals		59,644.63	12,911.50	46,733.13	
7	12/30/2012	59,644.63	10,574.84	49,069.79	162,427.09
2012 Totals		59,644.63	10,574.84	49,069.79	
8	12/30/2013	59,644.63	8,121.35	51,523.28	110,903.81
2013 Totals		59,644.63	8,121.35	51,523.28	
9	12/30/2014	59,644.63	5,545.19	54,099.44	56,804.37
2014 Totals		59,644.63	5,545.19	54,099.44	
10	12/30/2015	59,644.63	2,840.26	56,804.37	0.00
2015 Totals		59,644.63	2,840.26	56,804.37	
Grand Totals		596,446.30	135,886.30	460,560.00	

SECURED PROMISSORY NOTE  
 EXHIBIT A

Case 09334784 sggj11 Doc 761 Filed 12/07/11 Entered 12/07/11 12:30:59 Desc  
Exhibit C for Stay Page 49 of 229

Case 09-34784-ssj-11 Doc 76-1 Filed 12/05/11 Entered 12/05/11 12:30:59 Desc  
Exhibit A-Confidential Page 5 of 29

**SECURITY AGREEMENT**

**Date:** 30 December 2005

**Debtor:** Macadamia Management, LLC, a U.S. Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Debtor's Mailing Address:** 2GA Ridge Road  
Estate Nazareth  
St. Thomas, US Virgin Islands, 00805

**Secured Party:** Ondova Limited Company, a Wyoming limited liability company having its principal offices in Carrollton, Texas

**Secured Party's Mailing Address:** P. O. Box 111501  
Carrollton, TX 75011

**Collateral (including all accessions):** All of Debtor's interest in the assets listed on Exhibit A attached hereto

**Obligation:**  
Promissory Note executed of even date herewith, partially described as follows:

**Date:** 30 December 2005

**Amount:** \$460,560

**Maker:** Macadamia Management, LLC, a US Virgin Islands limited liability company having its principal offices in St. Thomas, US Virgin Islands

**Payee:** Ondova Limited Company, a Texas limited liability company having its principal offices in Carrollton, Texas

**Final Maturity Date:** 30 December 2015

**Terms of Payment:** As set forth therein

Debtor hereby grants to Secured Party a security interest in the Collateral and all of its proceeds to secure payment and performance of Debtor's obligations under

this Security Agreement and all renewals, modifications, and extensions of any part of the Obligation.

Debtor's Warranties:

1. Other Security Interests. Except for any in favor of Secured Party, no part of the Collateral is subject to any previous pledge or grant of a security interest therein; and except for the interest granted to the Secured Party pursuant to this Security Agreement, the Debtor owns (and will keep) the Collateral free and clear of all liens, security interests, claims, charges, restrictions, and other encumbrances whatsoever, and shall not, without the prior written consent of the Secured Party, sell, assign, pledge, transfer, mortgage, or otherwise dispose of all or any part of the Collateral, or all or any part of any of Debtor's Interest therein.
2. Ownership. Debtor owns the Collateral and has the authority to grant this security interest. The Debtor's ownership is free from any setoff, claim, restriction, lien, security interest, or encumbrance of which Debtor is aware, except this security interest and any liens for taxes not yet due.

Debtor's Covenants:

1. Protection of Collateral. Debtor will defend the Collateral against all claims and demands adverse to Secured Party's Interest in it and will keep it free from all liens except those for taxes not yet due and from all security interests except this one. The Collateral will remain in Debtor's possession or control at all times, except as otherwise provided in this Security Agreement.
2. Costs. Debtor will pay all expenses incurred in obtaining, preserving, registering, defending, and enforcing this security interest or the Collateral and in collecting or enforcing the Obligation. Expenses for which Debtor is liable include, but are not limited to, taxes, assessments, reasonable attorney's fees, and other legal expenses.
3. Additional Documents and Actions. Debtor will sign any documents and will take any additional actions that Secured Party considers necessary to obtain, maintain, and register this security interest or to comply with any applicable law.
4. Notice of Changes. Debtor will immediately notify Secured Party of any: (a) material change in the Collateral; (b) change in the Debtor's name, address, or location; (c) change in any matter warranted or represented in this Security Agreement; (d) change that may affect this security interest; and (e) event of default.



5. Sale. Debtor will not distribute any assets from the Collateral that would have the effect of reducing the value of the Collateral without the prior written consent of Secured Party.

Events of Default:

Each of the following conditions is an event of default:

1. If Debtor defaults in timely payment or performance of the Obligation;
2. If any warranty, covenant, or representation made to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made;
3. If any financing statement of the Collateral that is not related to this security interest and that does not favor Secured Party is filed;
4. If Debtor fails to execute any document that Secured Party considers necessary to obtain, maintain, and register this security interest or to comply with any applicable law; and
5. If any lien attaches to any of the Collateral.

Remedies of Secured Party on Default:

During the existence of any event of default, Secured Party may declare the unpaid principal and earned interest of the Obligation immediately due in whole or part, enforce the Obligation, and exercise any rights and remedies granted under applicable law or by this Security Agreement, including the following:

1. require the Debtor to deliver to Secured Party all books and records relating to the Collateral;
2. require the Debtor to sell, lease, or otherwise dispose of any of the Collateral in accord with the rights, remedies, and duties of a secured party under applicable law after giving any required notice;
3. require the Debtor to apply any proceeds from disposition of the Collateral after default in the manner specified under applicable law, but including payment of Secured Party's reasonable attorney's fees and court expenses; and
4. if disposition of the Collateral leaves the Obligation unsatisfied, collect the deficiency from Debtor.

General Provisions:

1. Parties Bound. Secured Party's rights under this Security Agreement shall also inure to the benefit of its successors and assigns. Assignment of any part of the Obligation and delivery by

Secured Party of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If Debtor is more than one, all their representations, warranties, and agreements are joint and several. Debtor's obligations under this Security Agreement shall bind Debtor's successors and assigns.

2. Waiver. Neither delay in exercise nor partial exercise of any of Secured Party's remedies or rights shall waive further exercise of those remedies or rights. Secured Party's failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. Secured Party's waiver of any default does not waive further default. Secured Party's waiver of any right in this Security Agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.
3. Reimbursement. If Debtor fails to perform any of Debtor's obligations, Secured Party may perform those obligations and be reimbursed by Debtor on demand at the place where the Obligation is payable for any sums so paid, including attorney's fees and other legal expenses, plus interest on those sums from the dates of payment at the rate stated in the note for matured, unpaid amounts. The sum to be reimbursed shall be secured by this Security Agreement.
4. Modifications. No provisions of this Security Agreement shall be modified or limited except by written agreement.
5. Severability. The unenforceability of any provision of this Security Agreement will not affect the enforceability or validity of any other provision.
6. Applicable Law. This Security Agreement will be governed by and construed under the laws of Texas.
7. Place of Performance. This Security Agreement is to be performed in Texas.
8. Singular and Plural. When the context requires, singular nouns and pronouns include the plural.
9. Priority of Security Interest. This security interest shall neither affect nor be affected by any other security for any part of the Obligation. Neither extensions of any part of the Obligation nor releases of any of the Collateral will affect the priority or validity of this security interest with reference to any third person.
10. Cumulative Remedies. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell

Case 09-34734-ssj-11 Doc 78-1 Filed 11/20/11 Entered 12/05/11 12:05:39 Desc  
Exhibit C - Cure Stay Page 94 of 229

DEC. 30. 2005 5:35AM

A B T

NO. 3787 P. 22/55

the Collateral under the terms of this Security Agreement. All remedies of Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this Security Agreement.

- 11. Counterparts. This Security Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Security Agreement for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first written above.

**DEBTOR:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

*[Handwritten Signature]*  
*[Handwritten Name: D. Elmsted]*  
*[Handwritten Title: Manager]*

**SECURED PARTY:**

Ondova Limited Company,  
a Texas limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Case 09-33784-ssj-11 Doc 719-1 Filed 11/20/11 Entered 11/20/11 12:05:39 Desc  
Exhibit A Curfew Stay Page 20 of 29

the Collateral under the terms of this Security Agreement. All remedies of Secured Party may be exercised at the same or different times, and no remedy shall be a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this Security Agreement.

- 11. Counterparts. This Security Agreement may be signed in any number of counterparts. Any single counterpart or a set of counterparts signed in either case by all the parties hereto shall constitute a full and original Security Agreement for all purposes. A facsimile copy or an electronic image of a signed counterpart shall be deemed to be equivalent to a signed original.

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement on the date first written above.

**DEBTOR:**

Macadamia Management, LLC,  
a U.S. Virgin Islands  
limited liability company

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SECURED PARTY:**

Ondova Limited Company,  
a Wyoming limited liability  
company


By:   
Print Name: JEFFREY BARON  
Title: PRESIDENT

EXHIBIT A

DESCRIPTION OF COLLATERAL

1. All domain names owned by Assignor on December 29, 2005, as registrant, less those domain names that are currently subject to active claims. The approximate number of domain names that are not subject to claims is 2,500 and the approximate number of domain names that are subject to claims is 20.
2. Referral fee agreements in existence on December 29, 2005.

Case 09334784 ssgj 11 Doc 71961 Filed 11/20/11 Entered 11/20/11 12:30:59 Desc  
Exhibit A - Curfew Stay Page 27 of 29

# Exhibit B

## GOVERNMENT OF THE VIRGIN ISLANDS OF THE UNITED STATES

-O-  
CHARLOTTE AMALIE, ST. THOMAS, VI 00802

Corp. No. 55400

### OFFICE OF THE LIEUTENANT GOVERNOR

To Whom These Presents Shall Come:

I, VARGRAVE A. RICHARDS, Lieutenant Governor of the Virgin Islands, do hereby certify that:

**MACADAMIA MANAGEMENT, LLC**

a Virgin Islands Limited Liability Company, filed in the Office of the Lieutenant Governor on March 1, 2006, as provided for by law, Articles of Amendment to Articles of Organization, duly acknowledged; changing its name to

**BLUE HORIZON LIMITED LIABILITY COMPANY**

WHEREFORE the said Correction is hereby declared to have been duly recorded in this office on the aforesaid and to be in full force and effect from that date.



In Witness Whereof, I have hereunto set my hand and affix the seal of the Government of the United States Virgin Islands, at Charlotte Amalie, this 10<sup>th</sup> day of March, A. D., 2006.

*Vargrave Richards*  
VARGRAVE A. RICHARDS  
Lieutenant Governor of the Virgin Islands

# Exhibit C

1 time. Mr. Payne's been in the case since April. Mr. Schepps  
2 has been in the case since last November. So all of the  
3 things raised in the appeal -- and I'm not here to talk about  
4 the appeals in substance -- it's absolutely ludicrous. These  
5 attorneys have had notice. Everyone watches the Ondova  
6 docket. And for them to come in and say we were surprised by  
7 the Court's order and the Court's approval of the sale of the  
8 name, truly is -- it's absolutely false.

9 In fact they participated in the hearing. Mr. Olson  
10 was here and was able to participate in the hearing, and fully  
11 was -- in fact I had had numerous conversations with Mr. Olson  
12 prior to the hearing, and they were fully aware of what was  
13 going on.

14 THE COURT: And remind me, the sale order ended up  
15 carving this all down to just one domain name, right?

16 MR. URBANIK: That is correct, Judge.

17 THE COURT: Which one was it? I can't remember?

18 MR. URBANIK: Mondial.com.

19 THE COURT: Okay.

20 MR. URBANIK: And, Your Honor, the settlement  
21 agreement between -- the big settlement agreement from the  
22 summer of 2010 provided that certain domain names were  
23 property of Ondova, but permitted Mr. Baron to raise an  
24 objection to their ownership. Mr. Vogel now stands in the  
25 shoes of Mr. Baron. And prior to the hearing we had on the

1 sale, there was extensive meetings between the receiver and  
2 the trustee about which names were receivership names and  
3 which names were Ondova names. And as a result of those  
4 meetings, it was determined that Ondova did own Mondial. The  
5 receiver owned the other ones, and both sides were comfortable  
6 with that. That's why the receiver wasn't here in July  
7 complaining about the trustee having that one domain name to  
8 sell. So Mr. Vogel fulfilled his duties under the settlement  
9 agreement by examining which names were which.

10 Mondial.com is a name that was owned by Ondova on the  
11 petition date. And what we did, Your Honor, to investigate  
12 that, was to purchase a software program that allowed us to  
13 investigate ownership of names at certain points in time. Mr.  
14 Nelson is here today; if there was any evidence needed that  
15 shows that that name was owned by Ondova on the petition date  
16 in 2009.

17 I'm going at little fast, Your Honor. But what I  
18 think the Court needs to -- we need to jump into here is, you  
19 know, what these attorneys could have done instead of what  
20 they did. They filed three appeals and a motion to stay.  
21 They could have immediately filed with this Court a motion to  
22 appear in accordance with your order; a motion to document  
23 their role in this case, that they represented Nova Point or  
24 Quantec. They would have given therefore -- they could have  
25 had a legitimate chance to present why they're Novo Point's



Domain	Page Views	Uniques	Clicks	Searches	Est Search Revenue
petfinders.com	572,945	404,720	400,695	1,370,847	\$82,248.34
fun	1,323,774	1,312,102	551,180	1,741,550	170,626.09
fun					8,910.87
spe					9,696.71
joh					0,712.97
dir					9,567.80
rew					7,294.71
ccs					5,726.28
me					0,647.95
din					8,933.79
orie					6,446.54
lea					3,425.74
bik					2,013.85
car					5,984.50
silv					5,548.36
chil					3,671.20
bur					3,003.56
swi					0,672.46
hea					9,857.26
bra					9,311.31
iow					8,348.39
mo					8,086.13
fre					7,692.83
job					7,381.54
gas					7,377.25
aut					7,256.82
scie					6,597.91
coll					6,445.46
nee					6,284.08
buy					6,093.70
sup					5,896.39
sca					5,883.32
cof					5,314.02
diti					5,177.36
ren					5,066.40
dre					4,918.16
des					4,809.31
ins					4,711.54
bro					4,657.95
allj					4,483.41
car					4,254.72
ign					4,237.37
dre					4,032.60
ima					3,903.40
am					3,800.63
dici					3,724.63
po					3,715.02
liftk					3,506.46
trav					3,492.65
fam					3,363.27
trai					3,300.25

Case 09-34784-SGJ-11 Doc 719-1 Filed 10/27/11 Entered 10/27/11 17:01:53 Desc  
Ex Main Document Page 2 of 29

Raymond J. Urbanik, Esq.  
Texas Bar No. 20414050  
Lee J. Pannier, Esq.  
Texas Bar No. 24066705  
**MUNSCH HARDT KOPF & HARR, P.C.**  
3800 Lincoln Plaza  
500 N. Akard Street  
Dallas, Texas 75201-6659  
Telephone: (214) 855-7500  
Facsimile: (214) 855-7584  
[rurbanik@munsch.com](mailto:rurbanik@munsch.com)  
[lpannier@munsch.com](mailto:lpannier@munsch.com)

ATTORNEYS FOR DANIEL J. SHERMAN,  
CHAPTER 11 TRUSTEE

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

In re: §  
ONDOVA LIMITED COMPANY, § Case No. 09-34784-SGJ  
Debtor. § (Chapter 11)  
§  
§

**TRUSTEE'S MOTION FOR AUTHORITY TO SELL PROPERTY  
OF THE ESTATE PURSUANT TO 11 U.S.C. § 363(b)**

**THE HEARING ON THE PROPOSED SALE IS SET FOR NOVEMBER 9, 2011 AT 9:30 A.M. (PREVAILING CENTRAL TIME), WHICH IS AT LEAST TWENTY-FOUR (24) DAYS FROM THE DATE OF SERVICE HEREOF. NO OBJECTION TO SUCH SALE WILL BE CONSIDERED UNLESS A WRITTEN RESPONSE IS FILED WITH THE CLERK OF THE UNITED STATES BANKRUPTCY COURT AT 1100 COMMERCE STREET, ROOM 1254, DALLAS, TX 75242-1496 AT LEAST FOUR (4) DAYS IN ADVANCE OF SUCH HEARING DATE.**

**A COPY OF ANY WRITTEN RESPONSE SHALL BE SERVED ON COUNSEL FOR THE MOVING PARTY AT LEAST FOUR (4) DAYS IN ADVANCE OF SUCH HEARING DATE. IF NO RESPONSE IS TIMELY FILED AND SERVED, THE RELIEF REQUESTED HEREIN SHALL BE DEEMED TO BE UNOPPOSED, AND THE COURT MAY ENTER AN ORDER GRANTING THE RELIEF SOUGHT HEREIN.**

TO THE HONORABLE STACEY G. C. JERNIGAN, U.S. BANKRUPTCY JUDGE:

COMES NOW Daniel J. Sherman (the "Trustee"), the duly-appointed Chapter 11 trustee of Ondova Limited Company, and files his *Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b)* (the "Motion"), respectfully stating as follows:

## I. BACKGROUND

### A. Procedural Background And Jurisdiction

1. On July 27, 2009 (the "Petition Date"), Ondova Limited Company ("Ondova" or "Debtor") filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), thereby initiating the above-referenced bankruptcy case (the "Bankruptcy Case") and creating the Debtor's bankruptcy estate (the "Estate"). On September 17, 2009, the Court entered its order approving the appointment of the Trustee.

2. This Court has jurisdiction over this Bankruptcy Case and this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Such jurisdiction is core under 28 U.S.C. § 157(b)(2). Venue of this Bankruptcy Case before this Court is appropriate pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 105 and 363 of the Bankruptcy Code, Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 9007-1 of the United States Bankruptcy Court for the Northern District of Texas.

### B. The Domain Name Petfinders.com And The Trademark Case

4. Ondova is the owner of the domain name petfinders.com (the "Domain Name"). Two third-party entities had been involved in a trademark dispute relating to the mark "PETFINDER" for several years. Discovery Communications, LLC ("Discovery") first used the trademark PETFINDER at least as early as 1995 in connection with various goods and services. In February 2007, Discovery filed an application to register its PETFINDER mark with the United States Patent and Trademark Office ("PTO"). Several months later, in October 2007, Location Based Technologies, Inc. ("LBT") filed an application with the PTO to register the same mark, "PETFINDER." On September 8, 2008, Discovery filed a Notice of Opposition with the United States Trademark Trial and Appeal Board (the "Trademark Board"), opposing LBT's application to register the trademark PETFINDER. On February 1, 2011, the Trademark Board entered

judgment in favor of Discovery. The Trademark Board's order sustained Discovery's Notice of Opposition with prejudice, and refused LBT's application to register the PETFINDER mark. Further, the Trademark Board's order allowed Discovery to register its PETFINDER mark (the "Petfinder Mark"). Thereafter, Discovery obtained a federal trademark registration for the Petfinder Mark in connection with various goods and services related to, among other things, pet adoption services and pet supplies.

5. The Trustee became aware of the trademark dispute in 2010, and was advised by Discovery in early 2011 that Discovery was successful in the trademark opposition proceeding. The Trustee and Discovery thereafter engaged in good faith settlement discussions regarding a purchase by Discovery of the Domain Name and negotiated a sale price of \$25,000.00.

6. Ondova's ownership of the Domain Names goes back many years. Prior to the Trustee's appointment, there may have been a trademark infringing, pet-related website operated by the Debtor. As part of the proposed sale of the Domain Name, the Trustee and Discovery are agreeing to release any claims and causes of action between each other related to the Domain Name arising prior to the entry of an order approving the Motion, including any previous possible infringement related to the Petfinder Mark.

## II. RELIEF REQUESTED

7. By and through the Motion, the Trustee respectfully requests that this Court grant him the authority to sell the Domain Name free and clear of all liens, claims and encumbrances, as set forth herein. Additionally, the Trustee respectfully requests that this Court waive the fourteen (14) day stay provided for under Bankruptcy Rule 6004(h).

### A. **The Terms Of The Proposed Sale Of The Domain Name**

8. The Trustee proposes to sell the Domain Name to Discovery pursuant to the following terms (collectively, the "Sale Terms"):

- (a) The purchase price for the Domain Name shall be \$25,000 (the "Purchase Price").
- (b) Discovery shall deliver the Purchase Price to the Trustee within five (5) business days of the order approving the Motion becoming a final, non-appeal order and, thereafter, the Trustee shall take all steps necessary to immediately transfer and convey the Domain Name to Discovery.
- (c) Effective upon the entry of an order approving the Motion, Discovery and the Trustee (for himself and the Debtor's estate) and their respective employees, agents, attorneys, affiliates, and any successors, fully release each other from any and all claims and causes of action, whether known or unknown, absolute or contingent, matured or unmatured, foreseeable or unforeseeable, previously existing, presently existing or hereafter discovered, at law, in equity or otherwise, whether arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever related to the Domain Name, except for causes of action relating to any breach of the Sale Terms and/or any violation of the Court's order relating to the transfer of the Domain Name to Discovery.

### **III. ARGUMENT AND AUTHORITY**

#### **A. The Proposed Sale Of The Domain Name Should Be Approved**

##### **1. The Section 363 Standards**

9. A trustee may sell property of the estate "other than in the ordinary course of business" with court approval and after notice and a hearing. 11 U.S.C. §363(b)(1). As recognized by the Fifth Circuit, a trustee is entitled to use his or her business judgment in determining whether to sell assets outside of the ordinary course of business. See *Institutional Creditors of Cont'l Air Lines Inc. v. Cont'l Air Lines Inc. (In re Cont'l Air Lines Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986). Also, a trustee should be allowed to sell property of the estate outside the ordinary course if that sale benefits the estate and its creditors. See *Four B. Corp. v. Food Barn Stores, Inc.*, 107 F.3d 558, 564-65 (8th Cir. 1997) (reminding courts, when faced with bankruptcy sales, to be mindful of "the ubiquitous desire of the unsecured creditors" and of one of the "primary objective[s] of the Code, to enhance the value of the estate at hand"); *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc.*, 147 B.R. 650, 659 (S.D.N.Y. 1992) (explaining that "[i]t is a well-established principle of bankruptcy law that the

objective of bankruptcy sales and the Debtor's duty with respect to such sales is to obtain the highest price or overall greatest benefit possible for the estate" (quoting *In re Atlanta Packaging Prod., Inc.*, 99 B.R. 124, 131 (Bankr. N.D. Ga. 1988)). Therefore, if a trustee exercises his sound business judgment when attempting to sell property of the estate outside the ordinary course of business and, if that sale will benefit the estate and its creditors, then a court should approve the sale.

10. Additionally, a trustee may sell property of the estate outside of the ordinary course of business and "free and clear of any interest in such property of an entity other than the estate", only if –

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest."

11 U.S.C. § 363(f).

11. Satisfaction of any one of the five requirements listed above will suffice to permit a sale "free and clear" of liens, claims and encumbrances. *In re CPower Products, Inc.*, 230 B.R. 800 (Bankr. N.D. Tex. 1998) (stating that, for a sale of assets free and clear of liens, claims and encumbrances, "...one of the conditions of 363(f)(1) through (5) must be met").

12. Finally, Bankruptcy Rule 6004 provides that a sale outside the ordinary course of business "may be by private sale or by public auction". Fed. R. Bankr. P. 6004(f)(1).

## **2. Application Of The Section 363 Standards**

13. The Trustee has concluded, as an exercise of his sound business judgment, that the sale of the Domain Name pursuant to the Sale Terms is in the best interests of the Estate

and all parties-in-interest. First, the proposed sale to Discovery is appropriate under the circumstances. Due to Discovery's Petfinder Mark, the Trustee is unable to sell the Domain Name to any party that would, or might, use the Domain Name in connection with any pet-related business in the United States without exposing himself and the Estate to possible liability under federal trademark law for trademark infringement. Although the Trustee could sell the Domain Name to a party that would use the Domain Name for non-infringing uses, the Trustee has determined that locating such a party willing to pay more than the Purchase Price is unlikely.

14. In addition, as part of the sale of the Domain Name, Discovery is releasing the Trustee and the Estate for any and all claims, including any claim Discovery may have against the Debtor for the Debtor's possible infringing use of the Domain Name under federal trademark law. Although the Trustee does not acknowledge that Discovery has viable causes of action against him, the Debtor, or the Estate, the release from Discovery ensures that the Estate's resources will not be spent defending any litigation related to the Domain Name. Therefore, considering the foregoing, the sale of the Domain Name to Discovery pursuant to the Sale Terms is appropriate under the circumstances and is an exercise of the Trustee's sound business judgment.

15. Finally, the Trustee submits that he can sell the Domain Name free and clear of any and all interests, claims, and encumbrances. The Trustee is unaware of any party that might have an interest in the Domain Name, disputed or otherwise, and, even if an entity asserts an interest in the Domain Name, such entity may be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest. See 11 U.S.C. § 363(f)(5).

**B. A Waiver Of The Fourteen-Day Stay Under Bankruptcy Rule 6004(h) Is Justifiable**

16. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the

court orders otherwise." Fed. R. Bankr. P. 6004(h). The Trustee submits that waiving the fourteen (14) day stay under Bankruptcy Rule 6004(h) is appropriate under the circumstances because the parties desire to consummate the proposed sale of the Domain Name as soon as possible.

**IV. PRAYER**

WHEREFORE, PREMISES CONSIDERED, the Trustee respectfully requests that the Court enter an order, substantially in the form of the proposed order attached hereto as Exhibit "A": (i) granting this Motion; (ii) authorizing the Trustee to sell the Domain Name to Discovery pursuant to the Sale Terms; (iii) waiving the fourteen (14) day stay under Bankruptcy Rule 6004(h); and (iv) granting the Trustee such other and further relief to which he has shown himself to be justly entitled.

Respectfully submitted this 7<sup>th</sup> day of October, 2011.

**MUNSCH HARDT KOPF & HARR, P.C.**

By: /s/ Raymond J. Urbanik  
Raymond J. Urbanik, Esq.  
Texas Bar No. 20414050  
Lee J. Pannier, Esq.  
Texas Bar No. 24066705  
3800 Lincoln Plaza  
500 N. Akard Street  
Dallas, Texas 75201-6659  
Telephone: (214) 855-7500  
Facsimile: (214) 855-7584  
[rurbanik@munsch.com](mailto:rurbanik@munsch.com)  
[lpannier@munsch.com](mailto:lpannier@munsch.com)

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



Case 09-34784-sjg Document 756 Filed 10/07/11 Entered 10/07/11 17:01:36 Desc  
Exhibit A-6 Court Stay Page 28 of 29

**CERTIFICATE OF SERVICE**

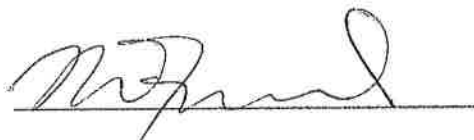
I hereby certify that, on October 7, 2011, a true and correct copy of the foregoing document was sent to all parties requesting electronic service through the Court's ECF system and to the following party by first class U.S. mail, postage prepaid:

Arent Fox, LLP  
c/o Ross Q. Panko  
1050 Connecticut Avenue NW  
Washington, DC 20063

*/s/ Raymond J. Urbanik* \_\_\_\_\_  
Raymond J. Urbanik

SOUTHPAC TRUST INTERNATIONAL, INC, as trustee of the Village Trust (hereinafter "SouthPac") QUITCLAIMS to Petfinders, L.L.C., a Texas limited liability company, all of its right, title, and interest in and to the domain name "Petfinders.com", including but not limited to all rights legal and equitable, present and future, contingent and vested, real and beneficial, and including all interest in and to the name directly held by SouthPac and including all interest held by virtue of SouthPac's membership in Novo Point LLC.

Dated this 7<sup>th</sup> day of November 2011

A handwritten signature in black ink, appearing to read 'Tine Faasili Ponia', is written over a horizontal line.

Southpac Trust International Inc., as trustee of the Village Trust  
By its authorised signatory, Tine Faasili Ponia

**E**

**X**

**H**

**I**

**B**

**I**

**T**

**C**

Barry M. Golden (TX 24002149)  
Peter L. Loh (TX 24036982)  
Deidre B. Ruckman (21196500)  
**GARDERE WYNNE SEWELL LLP**  
3000 Thanksgiving Tower  
1601 Elm Street  
Dallas, Texas 75201-4761  
Telephone: (214) 999-3000  
Facsimile: (214) 999-4667  
bgolden@gardere.com  
ploh@gardere.com  
druckman@gardere.com

**COUNSEL FOR PETER S. VOGEL  
RECEIVER FOR JEFFREY BARON**

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

**IN RE:**

§  
§  
§  
§  
§  
§

**Chapter 11**

**ONDOVA LIMITED COMPANY,**

**Case No. 09-34784-SGJ**

**DEBTOR.**

**RESPONSE AND RESERVATION OF RIGHTS RELATED TO TRUSTEE'S  
MOTION FOR AUTHORITY TO SELL PROPERTY OF THE ESTATE**

Peter S. Vogel, as receiver for Jeffrey Baron (the "Receiver") hereby files this *Response and Reservation of Rights Related to Trustee's Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b)* (the "Response"). In support of this Response, the Receiver respectfully states as follows:

**I.  
Background**

1. On July 27, 2009, (the "Petition Date"), the Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.<sup>1</sup>

---

<sup>1</sup> References to the Bankruptcy Code refer to 11 U.S.C. §§ 101 *et seq.*

2. On September 17, 2009, this Court entered an order approving the appointment of Daniel J. Sherman as Chapter 11 Trustee in the Bankruptcy Case. [Docket No. 98].

3. On November 24, 2010, the District Court for the Northern District of Texas entered its *Order Appointing Receiver* [Civil Action No. 3-09CV0988-F Docket No. 130] appointing Peter S. Vogel as Receiver for Jeffrey Baron.

4. Prior to the Receivership, Mr. Baron hired Martin Thomas as his attorney in the bankruptcy. Throughout the Receivership, Mr. Thomas has continued to serve as Mr. Baron's attorney in this matter, and the District Court has authorized the Receiver to pay Mr. Thomas a monthly retainer to act in this capacity.

5. On October 7, 2011, the Trustee filed the *Trustee's Motion for Authority to Sell Property of the Estate Pursuant to 11 U.S.C. § 363(b)* seeking authority to sell the domain name petfinders.com [Docket No. 656] (the "Trustee Motion").

6. A hearing on the Trustee Motion is set for November 8, 2011 at 9:30 a.m. prevailing Central Time.

## **II. Response and Reservation of Rights**

7. Counsel for the Receiver was contacted by Mr. Thomas and informed that Mr. Baron believes that the Trustee Motion should be denied. [See attached Exhibit A.] Specifically, Mr. Thomas stated in an October 27, 2011 e-mail to the Receiver:

Mr. Baron objects to the sale of any domain names. Without limitation, he specifically objects to the sale of any name that belongs to him individually rather than Ondova and, as we have discussed before, it is the Receiver's responsibility to require the Trustee to prove ownership and the need to sell the asset.

[*Id.*]

8. Accordingly, the Receiver instructed the manager for Novo Point, LLC and Quantec, LLC, Damon Nelson, to investigate the issue of ownership of petfinders.com. Mr. Nelson produced an email dated June 2, 2010, in which Mr. Baron's attorney at the time, Gerrit Pronske, agreed that a list of twelve domain names provided by counsel for the Trustee including petfinders.com belonged to the Ondova Company Limited ("Ondova") bankruptcy estate as part of the parties' Global Settlement Agreement (A true and correct copy of the e-mail dated June 2, 2010, is attached as Ex. B-1.) Notably, the distribution for this email included Mr. Baron personally. (*Id.*) Mr. Baron did not object to the inclusion of petfinders.com as property of the Ondova estate.

9. Moreover, Mr. Nelson also independently researched the identity of the domain's registrant (or owner) through publicly available internet records on [www.domaintools.com](http://www.domaintools.com). Mr. Nelson's research demonstrates that Compana, LLC, Ondova's predecessor entity, was the registrant for petfinders.com as of September 25, 2009—approximately two months after the Petition Date. (A true and correct copy of the [www.domaintools.com](http://www.domaintools.com) record dated September 25, 2009, is attached as Ex. B-2.) Recent records dated October 13, 2011, again confirm that Ondova owns petfinders.com. (A true and correct copy of the [www.domaintools.com](http://www.domaintools.com) record dated October 13, 2011, is attached as Ex. B-2.)

10. Notwithstanding the foregoing, the Receiver objects to the sale of the domain name petfinders.com and requests that the Court require the Trustee to offer evidence of ownership of the domain name and the need for its sale or liquidation.

/s/ Peter L. Loh

Barry M. Golden (TX 24002149)

Peter L. Loh (TX 24036982)

Deidre B. Ruckman (21196500)

**GARDERE WYNNE SEWELL LLP**

3000 Thanksgiving Tower

1601 Elm Street

Dallas, Texas 75201-4761

Telephone: (214) 999-3000

Facsimile: (214) 999-4667

bgolden@gardere.com

ploh@gardere.com

druckman@gardere.com

**COUNSEL FOR PETER S. VOGEL  
RECEIVER FOR JEFFREY BARON**

**CERTIFICATE OF SERVICE**

I hereby certify that on October 31, 2011, 2011 a true and correct copy of the foregoing document was served electronically on all registered ECF users in this case.

/s/ Peter L. Loh

Peter L. Loh

# EXHIBIT A



**LOH, PETER**

---

**From:** MRTN THMS,NL, SBL,LNDA [thomas12@swbell.net]  
**Sent:** Thursday, October 27, 2011 11:21 AM  
**To:** GOLDEN, BARRY; VOGEL, PETER; RUCKMAN, DEE; LOH, PETER  
**Subject:** Motion to Sell Pet Finders

Mr. Baron objects to the sale of any domain names. Without limitation, he specifically objects to the sale of any name that belongs to him individually rather than Ondova and, as we have discussed before, it is the Receiver's responsibility to require the Trustee to prove ownership and the need to sell the asset.

# EXHIBIT B

**DECLARATION OF DAMON NELSON**

I, Damon Nelson, state and declare as follows:

1. I served 18 months as the registrar for the domain names at issue as part of the bankruptcy proceedings for Ondova Limited Company ("Ondova"). On April 22, 2011, the Court granted the Receiver Peter S. Vogel's motion to appoint me as permanent manager of Novo Point, LLC and Quantec, LLC (the "LLCs").

2. The Receiver instructed me to investigate the ownership of the domain name petfinders.com.

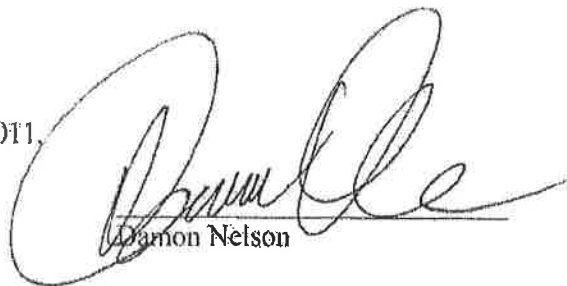
3. On October 28, 2011, I received an email from counsel for the Chapter 11 Trustee, Ray Urbanik, in *In re: Ondova Company Limited*, Case No. 09-34784-SGJ, U.S. Bankruptcy Court for the Northern District of Texas. (A true and correct copy of the email is attached hereto as Ex. B-1.)

4. I also researched the ownership of petfinders.com on a website called [www.domaintools.com](http://www.domaintools.com). My research demonstrates that on September 25, 2009, Compana, LLC, Ondova's predecessor entity, was the registrant or owner of petfinders.com. (A true and correct copy of a printout from the domaintools.com website dated September 25, 2009, for petfinders.com is attached as Ex. B-2.)

5. My research further demonstrates that as of October 13, 2011, according to domaintools.com, Ondova was still the registrant for petfinders.com. (A true and correct copy of a printout from the domaintools.com website dated October 13, 2011, for petfinders.com is attached as Ex. B-3.)

6. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on October 31, 2011.



Damon Nelson

# EXHIBIT B-1



Damon Nelson <ondovalimited@gmail.com>

---

## FW: 12 domain names that are registered and owned by Compana

1 message

---

Urbanik, Raymond <RUrbanik@munsch.com>  
To: Damon Nelson <ondovalimited@gmail.com>

Fri, Oct 28, 2011 at 11:08 AM

Notice: This email message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. Nothing contained in this message or in any attachment shall constitute a contract or electronic signature under the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act or any other statute governing electronic transactions.

IRS Circular 230 Notice: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or matter addressed herein.

---

**From:** Gerrit Pronske [mailto:[gpronske@pronskepatel.com](mailto:gpronske@pronskepatel.com)]  
**Sent:** Wednesday, June 02, 2010 12:36 PM  
**To:** Urbanik, Raymond; [ravinsphere@gmail.com](mailto:ravinsphere@gmail.com); MacPete, John W.; [craig.c@westllp.com](mailto:craig.c@westllp.com); Eric Taube; [Corky@syllp.com](mailto:Corky@syllp.com)  
**Cc:** [jeffbaron1@gmail.com](mailto:jeffbaron1@gmail.com)  
**Subject:** RE: 12 domain names that are registered and owned by Compana

Ray,

We agree that these are the 12 disputed names for purposes of the Settlement Agreement paragraph 4.

Gerrit M. Pronske\*

PRONSKE & PATEL, P.C.

2200 Ross Avenue  
Suite 5350  
Dallas, TX 75201

\* Licensed in the States of Texas and New Mexico

---

( Direct Dial: [214.658.6501](tel:214.658.6501)  
( Cell Phone: [214.762.1100](tel:214.762.1100)

Case 09-34784-sgj11 Doc 671-1 Filed 10/31/11 Entered 10/31/11 17:12:22 Desc  
Gmail - FW: 12 domain names that are registered and owned by Compana - <https://mail.google.com/mail/?ui=2&ik=aad7b6c6d6&view=pt&search=...>  
Exhibit Exhibits A - B-3 Page 8 of 13

3 Fax: [214.658.6509](tel:214.658.6509)

- E-mail: [gpronske@pronskepatel.com](mailto:gpronske@pronskepatel.com)

8 Web: [www.pronskepatel.com](http://www.pronskepatel.com)

Please click [here](#) to download vCard.

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---

**From:** Urbanik, Raymond [<mailto:RUrbanik@Munsch.com>]  
**Sent:** Wednesday, June 02, 2010 9:52 AM  
**To:** [ravinsphere@gmail.com](mailto:ravinsphere@gmail.com); MacPete, John W.  
**Cc:** Gerrit Pronske; [Corky@syllip.com](mailto:Corky@syllip.com)  
**Subject:** FW: 12 domain names that are registered and owned by Compana

In addition to: [servers.com](http://servers.com), the estate owns:

**DomainName**

[BUDGETNAMES.COM](http://BUDGETNAMES.COM)

[COMPANA.COM](http://COMPANA.COM)

[FASHIONMERCHANTISING.COM](http://FASHIONMERCHANTISING.COM)

[LOWPRICEPREPAID.COM](http://LOWPRICEPREPAID.COM)

[MONDIAL.COM](http://MONDIAL.COM)

[ONDOVA.COM](http://ONDOVA.COM)

[PETFINDERS.COM](http://PETFINDERS.COM)

[REFICONSOLIDATION.COM](http://REFICONSOLIDATION.COM)

[ROSAPARKS.COM](http://ROSAPARKS.COM)

[SPAMHAUS.COM](http://SPAMHAUS.COM)

[STRATONET.COM](http://STRATONET.COM)

[ZVMAIL.COM](http://ZVMAIL.COM)

Additionally, pending approval of this Agreement, the Trustee does not waive any and all other claims of ownership to other domain names in the Odd Group Portfolio.

NOTICE: This e-mail message is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. Nothing contained in this message or in any attachment shall constitute a contract or electronic signature under the Electronic Signatures in Global and National Commerce Act, any version of the Uniform Electronic Transactions Act or any other statute governing electronic transactions.

Case 09-34784-sgj11 Doc 671-1 Filed 10/31/11 Entered 10/31/11 17:12:22 Desc  
Gmail - FW: 12 domain names that are registered and owned by Compara <https://mail.google.com/mail/?ui=2&ik=aad7b6c6d6&view=pt&search=...>  
Exhibit Exhibits A - B-3 Page 9 of 13

IRS Circular 230 Notice: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (a) avoiding penalties under the Internal Revenue Code or (b) promoting, marketing or recommending to another party any transaction or matter addressed herein.

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ch...



# EXHIBIT B-2

You are logged in as duren\_7164 [Upgrade Your Account](#) | [Log out](#) | [Help](#) | [1 Item in Cart](#)



[Overview](#) [Whois Lookup](#) [Reverse Whois](#) [Whois History](#) [Hosting History](#) [Screenshot History](#) [Name Server Report](#) [Reverse IP](#) [DNS Tools](#)

<1K

### Whois History for Petfinders.com on 2009-09-25

Enter a domain name to get its history  
Domain Name:

[< Previous](#) [Next >](#)

**Domain:** [petfinders.com](#) - Whois History  
**Cache Date:** 2009-09-25  
**Registrar:** COMPANA, LLC  
**Server:** whols.budgetnames.com  
**Created:** 2003-01-08  
**Updated:** 2009-08-27  
**Expires:** 2010-01-08

**Reverse Whois:** Click on an email address we found in this whois record to see which other domains the registrant is associated with:  
[admin@compana.com](#)

**Registrant:**  
Compana LLC -  
P.O. Box 111501  
Carrollton, TX, 75011  
US

**Registered Through:** BudgetNames.com  
**Domain Name:** petfinders.com  
**Created:** 2003-01-08 01:56:25  
**Expires:** 2010-01-08 01:56:25

**Administrative Contact:**  
Compana LLC -  
P.O. Box 111501  
Carrollton, TX, 75011  
US  
[admin@compana.com](#)  
972-535-4155

**Technical Contact:**  
Compana LLC -  
P.O. Box 111501  
Carrollton, TX, 75011  
US  
[admin@compana.com](#)  
972-535-4155

**Domain Nameservers:**  
[ns1.compana.com](#)  
[ns2.compana.com](#)

[Memberships](#) | [Developer API](#) | [About Us](#) | [Blog](#) | [Desktop Tools](#) | [Terms of Service](#) | [Privacy](#) | [Support](#) | [Careers](#) | [Contact Us](#) | [Site Map](#)

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# EXHIBIT B-3

You are logged in as [dunrent\\_7164](#) | [Upgrade Your Account](#) | [Log out](#) | [Help](#) | [1 Item in Cart](#)



[Overview](#) | [Whois Lookup](#) | [Reverse Whois](#) | [Whois History](#) | [Hosting History](#) | [Screenshot History](#) | [Name Server Report](#) | [Reverse IP](#) | [DNS Tools](#)

### Whois History for Petfinders.com on 2011-10-13

Enter a domain name to get its history  
Domain Name:

[« Previous](#)

**Domain:** [petfinders.com](#) - Whois History  
**Cache Date:** 2011-10-13  
**Registrar:** GODADDY.COM, INC.  
**Server:** whols.godaddy.com  
**Created:** 2003-01-08  
**Updated:** 2010-10-29  
**Expires:** 2012-01-08

**Reverse Whois:** Click on an email address we found in this whois record to see which other domains the registrant is associated with:  
[dunrent@swbell.net](#)

**Registrant:**

Ondova Limited Company  
400 North St. Paul  
Suite 1040  
Dallas, Texas 75201  
United States

**Domain Name:** PETFINDERS.COM  
**Created on:** 08-Jan-03  
**Expires on:** 08-Jan-12  
**Last Updated on:** 29-Oct-10

**Administrative Contact:**

Nelson, Damon [dunrent@swbell.net](mailto:dunrent@swbell.net)  
Ondova Limited Company  
400 North St. Paul  
Suite 1040  
Dallas, Texas 75201  
United States  
+1.2149650852 Fax --

**Technical Contact:**

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**Domain servers in listed order:**

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