

CLERK US DISTRICT COURT
NORTHERN DIST. OF TX
FILED

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

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DEPUTY CLERK

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

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EXHIBIT D 1

v.

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

JEFFREY BARON AND
ONDOVA LIMITED COMPANY,
DEFENDANTS.

ORDER REGARDING MOTION TO CLARIFY INSTRUCTION
TO RECEIVER ON PAYMENTS TO FORMER BARON ATTORNEYS

BEFORE THE COURT is Receiver's Motion to Clarify Instruction to Receiver on Payments to Former Baron Attorneys (Docket No. 980). Because of the importance of the issue, the Court has given this matter priority. The Court granted the Trustee's Motion to Lift Stay Imposed by this Court's Order of May 24, 2011 for two primary purposes: 1) progressing the underlying litigation, and 2) addressing matters impacting the administration of the Receivership. In determining which administrative acts the Receiver may now perform, the Court will first consider how best to preserve the status quo for appeal. In some instances preserving the status quo will require granting the Receiver leave to complete the proposed action. In others, it will require setting money aside or taking other action to ensure a fair result is obtained by all parties upon resolution of those matters now on appeal. After due consideration, the Court is of the opinion that payments should not be made at this time to the Former Baron Attorneys, in

order to preserve the amounts on hand until the Court of Appeals for the Fifth Circuit can rule on the pending appeal.

A brief review of the history of this matter is in order. After the Ondova Bankruptcy was filed, this action was stayed in order for the Bankruptcy Court to resolve the issues in bankruptcy. As the Bankruptcy Court was employing her best efforts to do so, the case became overwhelmed by a revolving door of lawyers entering and exiting the proceedings at the behest of Jeffrey Baron, the other Defendant in the instant action before this Court. Given that the Bankruptcy Court manages a docket of approximately 4,000 cases, the disruption to the work of that Court threatened the administration of her entire docket. At the same time, claims by Baron's attorneys against the Ondova estate threatened to completely bury the ability of the Bankruptcy Court to resolve the bankruptcy itself. So that the Bankruptcy Court could accomplish her work in the one case and adequately administer her docket of all her cases, this Court created the Receivership. Also, to try to deal with the numerous claims for fees and expenses of the numerous lawyers that Baron had hired and fired, the Court set up a procedure to receive and adjudicate the claims, again in order to relieve the burden on the Bankruptcy Court. Again, the goal was to give the Bankruptcy Court the ability to complete the bankruptcy case.

At no point did this Court decide that the Receivership would continue passed the time needed to achieve its goals. The Court also was at the time and still is of the opinion that the Receivership was the least restrictive way of achieving its goals, including the

resolution of the claims by the Baron lawyers. Since one of the appeals of Receivership Orders deals with the Court's decision regarding those claims, Baron should be able to contest the decision before funds are distributed.

At the same time, given the importance of the appeal to the former Baron attorneys, those attorneys should be afforded the opportunity to have their voice heard before the Court of Appeals. Exactly how that would be accomplished is not within the purview of this Court.

Accordingly, it is ORDERED that no funds be distributed to the former Baron attorneys until the completion of the appeal. Those funds now available will be segregated and set aside by the Receiver until a decision is made by the Court of Appeals.

It is further ORDERED that the Receiver notify the former Baron attorneys of this decision, of the appeal, and of the Court's view that they, as a group, should intervene in the appeal of their issue so that the Court of Appeals has a clear understanding of their stake in this matter.

IT IS SO ORDERED.

Signed this 18th day of June, 2012.



Royal Furgeson
United States Senior District Judge