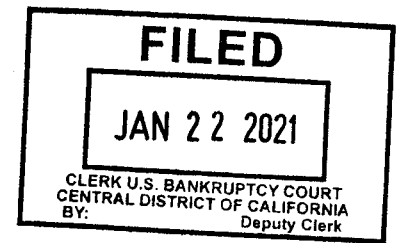


Mandelbrot Law Firm

1223 Grant Avenue, Suite C
Novato, CA 94945
Phone: 415.895.5175
Fax: 415.727.4700
Web: www.mesothelioma.pro
E-Mail: mandelbrot@asbestoslegalcenter.org



January 11, 2021

Honorable Sheri Bluebond, Chief Judge
United States Bankruptcy Court
Central District of California
Edward R. Roybal Federal Building and Courthouse
255 E. Temple Street, Suite 1534 / Courtroom 1539
Los Angeles, CA 90012

Re: Justice Department Files Statement of Interest Urging Transparency in the Compensation of Asbestos Claims

Dear Judge, Bluebond:

Have you read the Justice Department's "Statement of Interest Urging Transparency in the Compensation of Asbestos Claims"? I have attached a copy for your records.

Please note that you are in large part responsible for this *unprecedented* filing by the Justice Department in *In re Bestwall LLC* in the U.S. Bankruptcy Court for the Western District of North Carolina. Asbestos Trust matter. *Every* bad faith act discussed by the Justice Department's filing relating to Asbestos Trusts was accomplished (by your "close friends") in your Courtroom – with your complete blessing, knowledge, comprehension, and approval.

For the past 15 years, you have confirmed and presided over the *Thorpe Insulation* and *J.T. Thorpe* Asbestos Trusts *with full knowledge there was*:

1. Collusion among Plaintiff lawyers/Trust Advisory Committee Members and other Trustees (Steven Kazan, Alan Brayton, your close buddy Eve Karasik, Managing Trustee and "interested party" Stephen Snyder" et al.).
2. *Excessive* (grossly) payments on (fraudulent) claims (by Kazan, Brayton's and others).
3. Excessive duplicative recoveries ("Double Dipping) from the *J.T. Thorpe and Thorpe Insulation Trusts* (Kazan and Brayton).
4. Diminishing and depleting of Asbestos Trust funds through *illegal* and excessive improper payments to Asbestos Trust Fiduciaries (including your buddy Eve Karasik) through your sham billing and excessive payment to favored Law Firms -- so that ALL future Asbestos victims get a small fraction of what they should have received from the *Thorpe* Trust funds.
5. Insider dealing and *favoritism* among Asbestos Trust Fiduciaries on both *Thorpe* Trusts – including your extensive involvement.
6. *Completely* "Sham" Audits (by hiring interested parties) to ban esteemed Lawyers and Doctors and misappropriate Trust funds; and

7. Gross mismanagement of Asbestos Trusts (both Thorpe Trusts) and misappropriation of tens of millions in Thorpe Beneficiary Trust Funds (you approved *millions* of dollars in improper payments – *disguised as “Attorney Fees” to Steven Kazan and Alan Brayton*).

Why have you permitted this criminal conduct to take place over the past 15 years? You were provided with *extensive evidence* that the Chairman of the Trust Advisory Committee (Alan Brayton) was filing fraudulent Asbestos Trust claims (the *Kananian* matter). **You did nothing!** You were provided *actual Trust checks* (attached) proving Asbestos Trust funds were being used by Asbestos Trust Fiduciaries *to pay for Brayton's wedding*. **You did nothing!** You received Thorpe and J.T. Thorpe Inc. Annual Reports year after year which *you know* contain information relating misappropriation of funds, insider dealing, Trustee fraud, and deceit. **You sign off every year like a ‘puppet’!** Disgraceful!

For well over a decade, you have effectively been an “active participant” in Asbestos Trust fraud by **inviting Asbestos Trust Fraud in your Courtroom**. All *J.T. Thorpe Inc. and Thorpe Insulation Settlement Trust* Fiduciaries *know* you will rule with favoritism, bias, and bad faith by approving ANY Motion, Request, or Annual Report filed in your Courtroom. In fact, in the *Thorpe v. Mandelbrot* matters, you knowingly ordered the deposition of a convicted felon and perjurer simply because your buddies deemed him credible. In those cases, you also ruled ‘buddies’ on EVERY Motion, Brief, and filing despite little merit (and substantial harm to Trust Beneficiaries). Even worse, after a successful Mandelbrot Appeal, you created “Bad Law” (completely incomprehensible) solely to assist your ‘buddies’ at the *Thorpe* Trusts.

It is no coincidence that many of the Asbestos Trust Fiduciaries (Trustees/Trust Advisory Committee Members/Fraudsters) on the two *Thorpe* Trusts in your Courtroom *are also* Trust “Fiduciaries” in the *Bestwall* matter including Steven Kazan, Ankura Consulting, Sander Esserman, and Alan Brayton. And while it is clear that *these* Asbestos Trusts Fiduciaries (Plaintiff Lawyers and Trustees) are engaging in fraud, bad faith, and mismanagement relating to Asbestos Trusts, at least one Judge is too! Judge Sheri Bluebond. *None of the Trust Fiduciary fraud and theft of Thorpe Insulation and J.T. Thorpe, Inc. Trust funds could have been accomplished if it were not for your ‘criminal’ assistance* – but you have always obliged, indulged and accommodated the Fiduciaries -- simply because they are your ‘buddies’, and you are *forever indebted* to them for assisting you with recommendations for the Bench.

We are providing a copy of this letter to Justice Department, in addition to the information relating to Asbestos Trust fraud and mismanagement in which you are entirely entangled and enmeshed. You have known for decades about Asbestos Trust Fraud in your Courtroom and refused to act – thus harming *thousands* of Asbestos Beneficiaries – solely because the *Thorpe* Trusts’ Attorneys are your former co-workers and friends who assisted you in your application to the Bench.

You really are the “Most Corrupt Judge in the Country” – an embarrassment to the Judiciary who has been an active participant by *inviting* Asbestos Trust insider dealing and fraud.

Sincerely,



Michael J. Mandelbrot, Attorney for Asbestos Victims

Copies: DOJ, J.T. Thorpe, Inc. and Thorpe Insulation Settlement Trusts

Home » Office of Public Affairs » News

SHARE

JUSTICE NEWS

Department of Justice
Office of Public Affairs

FOR IMMEDIATE RELEASE
Monday, December 28, 2020

Justice Department Files Statement of Interest Urging Transparency in the
Compensation of Asbestos Claims

The Department of Justice today filed a Statement of Interest in *In re Bestwall LLC* in the U.S. Bankruptcy Court for the Western District of North Carolina. In this bankruptcy case, the debtor Bestwall LLC seeks to establish a trust to resolve its asbestos liabilities pursuant to 11 U.S.C. § 524(g), a provision in the Bankruptcy Code that provides the framework for responding to the unique issues associated with asbestos liability.

As part of the bankruptcy, the court will evaluate the submitted asbestos claims and estimate the amount of the debtor's asbestos liabilities. In order to ensure the accuracy of the estimation, the debtor has asked the court to require asbestos claimants to fill out a questionnaire providing basic information about their claims and to authorize discovery from other asbestos trusts to which claimants have submitted claims. The department's Statement of Interest supports these proposed procedures on the ground that they will further transparency in the evaluation of the submitted asbestos claims and ensure the reliability of the estimation of the debtor's asbestos liabilities.

"It has become increasingly common for claimants' counsel to seek duplicative recoveries from multiple sources by misrepresenting the asbestos products to which claimants were exposed," said Deputy Assistant Attorney General Douglas Smith of the Justice Department's Civil Division. "Such duplicative claiming depletes resources that would otherwise be available to compensate deserving claimants filing claims in the future. Today's Statement of Interest is one of many actions the department has taken over the last several years to encourage greater transparency in asbestos bankruptcy proceedings and prevent fraud."

"In recent years, numerous courts and commentators have recognized that many asbestos claims are based on inaccurate or even fraudulent information," said U.S. Attorney R. Andrew Murray for the Western District of North Carolina. "That lack of transparency in the compensation of asbestos claims has been a significant problem."

Congress enacted 11 U.S.C. § 524(g) to create a comprehensive mechanism for addressing injuries caused by asbestos. Under section 524(g), asbestos-related claims may be channeled to a special trust created under the bankruptcy plan of reorganization, which then assumes responsibility for both the defense and payment of those claims. The trusts are managed by trustees, who often must secure support for major decisions from a "trust advisory committee," whose members are often the same attorneys who represented asbestos claimants during the bankruptcy. Since 1994, more than 60 such trusts have been established by chapter 11 debtors with asbestos-related liabilities. According to the Government Accountability Office, asbestos bankruptcy trusts paid \$17.5 billion from 1988 through 2011, and more recent studies estimate higher amounts.

Both courts and commentators have expressed growing concerns that claims submitted in these bankruptcies may be fraudulent. In 2014, the same bankruptcy court in which the United States today filed its Statement of Interest found a substantial pattern of misrepresentation in another case, *In re Garlock Sealing Technologies LLC*, 504 B.R. 71 (Bankr. W.D.N.C. 2014). The court found that, in a sample of asbestos claims submitted before the bankruptcy, in each and every case key evidence about

asbestos exposure had been misrepresented or withheld. In several instances, plaintiffs made claims against defendants to whose products they had previously represented they had never been exposed. Similarly, several studies have demonstrated problems with claims submitted to asbestos trusts. One study found that, in the study period, people without malignant asbestos injury accounted for 86 percent of all claims made to the trusts and 37 percent of all trust payments. Another found that many of the claim forms submitted by the same claimants and law firms to different trusts contradicted each other. The secrecy with which asbestos claims are processed by asbestos trusts has facilitated the payment of claims that do not deserve compensation and has made it difficult to detect when plaintiffs are seeking a recovery based on inaccurate or fraudulent representations. Recognizing this problem, 16 states have already passed legislation requiring disclosure of basic information regarding other sources of asbestos compensation as well as the asbestos products to which claimants were exposed.

The United States' Statement of Interest argues that there should be transparency in the estimation of asbestos claims in bankruptcy proceedings in order to prevent fraud and abuse. As the statement explains, courts presiding over asbestos bankruptcy cases increasingly are putting in place procedures requiring claimants to provide basic information documenting their allegations regarding product identification (and other elements of their claims) as well as any prior claims they have filed in the courts or with other asbestos trusts. Courts increasingly recognize that such transparency is critical to the fair and efficient resolution of asbestos claims.

Today's filing is part of broader efforts by the department to look for opportunities to increase the transparency of asbestos bankruptcy proceedings and asbestos trusts in order to protect the interests of legitimate claimants and the United States. This includes objecting to bankruptcy plans that lack critical provisions to ensure transparency and accountability and to prevent fraudulent claims and mismanagement of asbestos trust funds, including provisions: that require compliance with the Medicare Secondary Payer Statute that notify claimants of their potential obligation to reimburse Medicare; that prevent excessive administrative costs and attorney contingency fees; that avoid conflicts of interest among members of the trust advisory committee; and that prevent payments to those who cannot demonstrate exposure to the defendants' products or who have made inconsistent claims in other asbestos proceedings.

This matter is being handled by the Justice Department's Civil Division with assistance from the U.S. Trustee Program and the U.S. Attorney's Office for the Western District of North Carolina.

Attachment(s):

[Download Bestvail US Statement of Interest.pdf](#)

Component(s):

Civil Division

Press Release Number:

20-1395

J. T. Thorpe Settlement Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2006

NOTE D - CLAIM LIABILITIES

The Trust distinguishes between claims that were resolved prior to the establishment of the Trust (Pre-Confirmation Liquidated Claims) and claims received and processed using the Trust Procedures after the creation of the Trust (Trust Claims).

For all claims, a liability for unpaid claims is recorded at the time the offer is extended and the release form is sent. Funds are released after the release form is signed and received by the Trust. Unpaid claims liabilities remain on the Trust's books until the offer is accepted or expires after six months. Offers may be extended an additional six months upon written request and good cause. During the period ended December 31, 2006, there were no expired offers.

All claimants are entitled to the full liquidated value of their claim. Under the TDP, claimants receive an initial pro rata payment equal the approved Payment Percentage of the claims' liquidated value. The remaining obligation for the unpaid portion of the liquidated amount is not recorded, and is not a liability of the Trust, unless the Payment Percentage is increased. In that instance, the Trust would be obligated and retroactively pay the increased percentage to all previously paid claimants. The approved Payment Percentage during the period ended December 31, 2006 was 50%.

The cases underlying the Pre-Confirmation Liquidated Claims were stayed by the courts until the Plan was approved. The Trust approved and immediately made offers to pay, subject to receiving a claimant release, the approved Payment Percentage of the liquidated value of each Pre-Confirmation Liquidated Claim. The total dollar amount of the net Pre-Confirmation Liquidated Claims approved in the period ended December 31, 2006 was approximately \$34,219,000.



Additionally, in October 2006, the bankruptcy court ordered approximately ~~\$13,805,000~~ of contingency fees, substantial contribution claims and related costs to be paid to the ~~trustees~~ claimants' attorneys. These fees were reduced by approximately \$2,323,000 paid prior to the inception of the Trust. During the period ended December 31, 2006, the Trust paid approximately \$11,863,000 against this obligation. The remaining obligation is scheduled to be paid in the year ended December 31, 2007.

*Improper
payments
ordered
by
Birkhoff*

The Trust processed and approved approximately \$719,000 of Trust Claims during the period ended December 31, 2006.

NOTE E - FACILITY SHARING AGREEMENT

The Trust has entered into a facilities sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through a common Trustee. Under the agreement, and in exchange for advance payments of \$21,000 per month, the Western Trust provides use of its facilities and services relating to administration and claims processing. The agreement expires June 30, 2007, and will automatically renew for additional one-year periods unless either party provides six months written notice. Annually (subsequent to the first anniversary of the agreement), the Western Trust is required to provide a written reconciliation of the annual services costs compared to the advance payments. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The future minimum payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

Thorpe Insulation Settlement Trust
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2010

NOTE D - LEGAL FEES - COURT ORDERED

The Trust is required to pay legal fees that were authorized by bankruptcy court order incurred through the effective date of the Plan. For the period from inception (October 22, 2010) through December 31, 2010, the Trust incurred a total of ~~\$22,710,789~~ of contingent and hourly fees for coverage litigation. Of this amount, \$11,523,416 was paid and \$11,187,373 is represented in accrued expenses on the accompanying Statement of Net Claimants' Equity.



Improper payments

NOTE E - FACILITY AND STAFF SHARING AGREEMENT

The Trust has entered into a facilities and staff sharing agreement with the Western Asbestos Settlement Trust, (the Western Trust). The two trusts are related through common trustees. Under the agreement, and in exchange for advance monthly payments, the Western Trust provides use of its facilities and services relating to administration and claims processing. The initial monthly payment of \$35,000 will be in place through June 30, 2011, and will be lowered to \$27,000 effective July 1, 2011 and for all months thereafter. The agreement expires December 31, 2011; however, provisions allow for automatic renewal for additional one-year periods unless either party provides six months written notice. The Western Trust is required to provide a written calendar year reconciliation of the annual services costs compared to the advance payments. Any excess of cost over payments or payments over cost is required to be repaid by the benefited party with interest. The first reconciliation period will be the fourteen-month period ending December 31, 2011. The future payments under this agreement have been recorded as a liability on the accompanying statement of net claimants' equity.

NOTE F - NET CLAIMANTS' EQUITY

The Trust was created pursuant to the Plan confirmed by the United States Bankruptcy Court for the Central District of California, Los Angeles Division. The TDP was adopted pursuant to the Plan and concurrently with the Trust Agreement. It is designed to provide fair and equitable treatment for all Trust claims that may presently exist or may arise in the future. The TDP prescribes certain procedures for distributing the Trust's limited assets, including pro rata payments and initial determination of claim value based on scheduled disease values, and individual factual information concerning each claimant as set forth in the Trust Documents.

Under the TDP, the Trust forecasts its anticipated annual sources and uses of cash until the last projected future claim has been paid. A pro rata Funds Received Ratio is calculated such that the Trust will have no remaining assets or liabilities after the last future claimant receives his/her pro rata share.

The Trustees, with the consent of the Trust Advisory Committee ("TAC") and Futures Representative, set the Initial Funds Received Ratio at 17.5%, based upon the analysis and advice of the Trust's expert economist. The TDP requires the Trustees, with the consent of the TAC and the Futures Representative, to periodically review the Funds Received Ratio and, if appropriate, propose additional changes in the pro rata Funds Received Ratio based on updated assumptions regarding the Trust's future assets and liabilities.

**WESTERN ASBESTOS SETTLEMENT TRUST
OPERATING ACCOUNT**
201 EAST BEAUMONT STREET, SUITE 1410
RENO, NEVADA 89501-1200

WELLS FARGO BANK, N.A.
www.wellsfargo.com
602.733.6200

17008

15410718
10000000

Lisa Corbett

\$ 1,781.72

One Thousand Seven Hundred Eighty-One and 72/100

02/24/16

Lisa Corbett

[Signature]
NO SIGNATURE REQUIRED BY DEBITOR

⑆000017009⑆ 1234567890123 1185454874⑆

WESTERN ASBESTOS SETTLEMENT TRUST OPERATING ACCOUNT

17008

Date	Type	Reference	Original Amt	Balance Due	9/25/2015 Discount	Payment
9/25/2015	DR	exp. remitt	1,781.72	1,781.72		1,781.72
					Check Amount	1,781.72

Opening Deposit

1,781.72

WESTERN ASBESTOS SETTLEMENT TRUST OPERATING ACCOUNT

17008

Date	Type	Reference	Original Amt	Balance Due	9/25/2015 Discount	Payment
9/25/2015	DR	exp. remitt	1,781.72	1,781.72		1,781.72
					Check Amount	1,781.72

Opening Deposit

1,781.72