

**COMPLAINT OF JUDICIAL MISCONDUCT OR DISABILITY**

To begin the complaint process, complete this form and prepare the brief statement of facts described in item 5 (below). The RULES FOR JUDICIAL-CONDUCT AND JUDICIAL-DISABILITY PROCEEDINGS, adopted by the Judicial Conference of the United States, contain information on what to include in a complaint (Rule 6), where to file a complaint (Rule 7), and other important matters. The Ninth Circuit Judicial Council also adopted local misconduct rules. The rules are available in federal court clerks' offices, on individual federal courts' Web sites, and on [www.uscourts.gov](http://www.uscourts.gov), and [www.ce9.uscourts.gov/misconduct/judicial\\_misconduct.html](http://www.ce9.uscourts.gov/misconduct/judicial_misconduct.html).

Your complaint (this form and the statement of facts) should be typewritten and must be legible. Under the Ninth Circuit's local misconduct rules, you are required to file five copies of your misconduct complaint and exhibits, plus one copy for each additional judge if more than one subject judge is named in your complaint. Enclose your complaint in an envelope marked "COMPLAINT OF MISCONDUCT" or "COMPLAINT OF DISABILITY" and submit it to the appropriate clerk of court. **Do not put the name of any judge on the envelope.**

1. Name of Complainant: Michael J. Mandelbrot  
Contact Address: 11 Bridle Path  
Novato, CA 94945  
Daytime telephone: ( ) 415-408-3632
  
2. Name(s) of Judge(s): Sheri Bluebond  
Court: U.S. Bankruptcy Court, Central District, Los Angeles, CA
  
3. Does this complaint concern the behavior of the judge(s) in a particular lawsuit or lawsuits?  Yes [ ] No  
If "yes," give the following information about each lawsuit:  
Court: U.S. Bankruptcy Court, Central District, Los Angeles  
Case Number: 02-14216-BB, Adversary Case No. 2:12-ap-02182-BB9th  
Docket number of any appeal to the 9th Circuit: 2:14-CV-03883-VAP  
Are (were) you a party or lawyer in the lawsuit?  
 Party  Lawyer [ ] Neither

If you are (were) a party and have (had) a lawyer, give the lawyer's name, address, and telephone number:

Former Attorney: Dennis Davis, 44 Montgomery St., San Francisco, CA 94104

(415) 362-5045

4. Have you filed any lawsuits against the judge?

[ ] Yes  No

If "yes," give the following information about each such lawsuit:

Court: \_\_\_\_\_

Case Number: \_\_\_\_\_

Present status of lawsuit: \_\_\_\_\_

Name, address, and telephone number of your lawyer for the lawsuit against the judge:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Court to which any appeal has been taken in the lawsuit against the judge:

\_\_\_\_\_  
Docket number of the appeal: \_\_\_\_\_  
Present status of the appeal: \_\_\_\_\_

5. **Brief Statement of Facts.** Attach a brief statement of the specific facts on which the claim of judicial misconduct or disability is based. Include what happened, when and where it happened, and any information that would help an investigator check the facts. If the complaint alleges judicial disability, also include any additional facts that form the basis of that allegation. Local Rule 6.1(b) provides that your statement of facts must not be longer than five pages (five sides), or 1,200 words, whichever is less.

**You must provide objectively verifiable proof such as the names of witnesses or recorded documents or transcripts to support your allegations.** Adverse rulings do not support misconduct allegations, as the appropriate forum for an argument that a judge erred is the appellate court. Thus, you need not include copies of your filings in the underlying case or the judge's orders because even if a review of those documents is necessary, the documents are accessible via PACER. Excess or irrelevant documentation will be returned to the complainant.

6. Acknowledgment, declaration and signature:

In the space provided below, please write the following statement: "I understand that even if I successfully prove that the judge engaged in misconduct or is disabled, this procedure cannot change the outcome of my underlying case." (If this statement is not written, your complaint will not be processed and will be returned to you.)

*I understand that even if I successfully prove that the judge engaged in misconduct or is disabled, this procedure cannot change the outcome of my underlying case.*

I declare under penalty of perjury that the statements made in this complaint are true and correct to the best of my knowledge.

(Signature) Michael J. Roberts (Date) August 1, 2014

## **Statement of Facts – Judicial Complaint for Misconduct against Judge Sheri Bluebond**

I, Michael Mandelbrot, hereby file this Complaint under penalty of perjury against Judge Sheri Bluebond for Judicial Misconduct.

### **Statement of Facts:**

Since July 2012 to the present, I have been in litigation before the Hon. Sheri Bluebond. *Thorpe v. Mandelbrot* 2:12-ap-02182. The Thorpe Chapter 11 plans were confirmed by Judge Bluebond. The law firm of Stutman Treister and Glatt (hereinafter “Stutman”) has been counsel for the Thorpe Trusts since 2006 and were counsel to the Trusts in *Thorpe v. Mandelbrot*. Unknown to me, Judge Bluebond is a close and intimate friend to the Stutman firm and its lawyers (see Exhibits 1-3) and has been for decades. I was never notified of the close and personal ties between Judge Bluebond and Stutman. Nor was I notified that Stutman was ‘campaigning’ for Bluebond’s reappointment in 2015 throughout the case against me. All facts below were discovered on or after March 29, 2014 through research I conducted.

Judicial misconduct by Judge Sheri Bluebond in 2:12-ap-02182 included but was not limited to:

1. Using the judges office to obtain special treatment for friends (Stutman and co-counsel)
2. Accepting personal favors from Stutman related to the judicial office
3. Treating litigants and attorneys in a demonstrably egregious and hostile manner while being complimentary to Stutman including “congratulating” them (on the record) after trial
4. Engaging in partisan political activity (her *reappointment*) and making inappropriately partisan statements throughout trial.
5. Solicitation of funds and guest speaking engagement for numerous organizations sponsored by Stutman while Stutman was litigating before her.
6. Violating multiple Judicial Canons including simultaneously serving as the “Guest Speaker” for Stutman and Judge in the case with Stutman and engaging in extrajudicial activities maximizing the risk of conflict with judicial obligations;
7. Failing to avoid impropriety and the appearance of impropriety through favoritism, bias, “coaching” and prejudicial activities;
8. Failing to maintain the integrity and independence of the Judiciary
9. Wholly failing to remain impartial and diligent.

(See *Table 1 and Table 2, attached hereto as Exhibit 1 and Exhibit 2; See also Exhibit 8.*

**Judge Bluebond had Undisclosed Intimate and Personal Ties with Stutman Dating Back Decades (See Exhibits 2 and 3)**

Biographical information related to Bluebond's professional membership's reveal close friendships and personal ties to the Stutman firm (See Exhibit 3). This includes simultaneously and concurrently serving with Stutman on the Boards of Directors of the following organizations:

a) **Financial Lawyers Conference**

- a. In conflict with judicial obligations, on January 10, 2013, Judge Bluebond was the keynote “Guest Speaker” at a fundraising event hosted by this organization (See Exhibit 2, Exhibit 3 and Exhibit 4).

b) **Los Angeles Bankruptcy Forum**

- a. This organization sponsored by Plaintiff (Stutman) actively solicited comments from its members for reappointment of Judge Bluebond. This was clearly a *personal favor* to Judge Bluebond. (See Exhibits 2-3)

c) **Turnaround Management Association**

- a. Bluebond and Stutman served as Board members of the Turnaround Management Association. (See Exhibits 2-3).

d) **American Bankruptcy Institute**

- a. Judge Bluebond was the “Guest Speaker” at the 2013 fundraising Winter leadership conference with many Stutman lawyers in attendance. (See Exhibits 2-3).

The connections and friendships between Judge Bluebond, Eve Karasik (Stutman lawyer) and the Stutman firm go back decades. Same local organizations. Same local Boards. Same local colleagues. Same business circles. Same friends.

When asked about these connections in Court, Bluebond admitted a close and personal relationship with Stutman and her ignorance to the adverse relationship of Stutman co-Counsel (see Exhibit 5).

Unquestionably, Bluebond used her judicial office to obtain special treatment for Stutman and Stutman's co-counsel. See Table 1 detailing extensive special unethical treatment for Stutman and Stutman co-counsel (attached as Exhibit 1).

**Bluebond's Accepts Personal Favors - Stutman Solicits “Positive” comments for Bluebond's Reappointment Bid in 2015 while Litigating Against Mandelbrot (See Exhibit 3).**

Desiring reappointment, Judge Bluebond had a direct financial interest in outcome of the instant case – Positive Comments to the Court of Appeals. More positive comments = More likely to be reappointed = More likely to earn over 2 million dollars. The most critical rulings in this case **in favor of Stutman** (as with every other ruling) occurred on **March 27, 2014**, just 8 days before comments were due. Bluebond clearly was engaging in trading “rulings for

recommendations” and clearly accepted personal favors from Stutman (recommendations for reappointment) during the case with Mandelbrot. (See Exhibits 1-3).

**Bluebond Treats Attorneys in a Demonstrably Egregious and Hostile Manner (Mandelbrot)**

Bluebond demonstrated a clear bias for Stutman and prejudice against Mandelbrot. See Table 1. Improper prejudicial comments by Judge Bluebond directed towards me included comments such as “you better settle”, “sit down,” “you had your chance to speak” and “you only get 5 minutes”. In addition, trial and hearing transcripts show a ‘mocking’ and ‘sarcastic’ hostility towards Mandelbrot and his office and clear and inappropriate partisanship. Examples include tentative rulings where Judge Bluebond literally “made up” allegations and facts (judicial perjury) adverse to Mandelbrot to assist Stutman. Displaying clear partisanship, Bluebond committed perjury and stated that I “had a practice of submitting claims for “as high a value as possible.” (see transcript March 27, 2014). This was totally contrary to the *allegations and all the evidence* which all involved “*low value*” claims. This was judicial misconduct and judicial perjury. Bluebond often mocked Defendant’s arguments (i.e. comments like “Huh”) and always complimented Plaintiffs (including their request to take the deposition of a *known* convicted felon and pathological liar).

Bluebond’s bias and friendship was clearly obvious at the conclusion of Trial where Bluebond stated on the record “Congratulations” (with a huge smile) to her friends at Stutman. (See January 23, 2014 Trial Transcript). See also **Exhibit 8**.

**Bluebond Engaged in Partisan Political Activity (her own reappointment) and inappropriately Partisan Statements**

Clearly, Judge Bluebond “*traded*” positive rulings for Stutman for recommendations from Stutman in 2:12-ap-02182. (See Exhibits 1-3, 5)

**During Litigation, Judge Bluebond Solicited Funds for Stutman, in addition to the Solicitation of Comments for Reappointment.**

Judicial Ethics Canon 4C states that “[a] judge may attend fund-raising events of law-related and other organizations although the judge may not be a speaker, a guest of honor, or featured on the program of such an event.” Bluebond violated this rule on January 10, 2013 in speaking for Stutman (See Exhibits 2, 3, 5). This clearly created a bias which required recusal and displayed extrajudicial activities that were not consistent with her obligation of the office.

**Conclusion:**

Judge Sheri Bluebond has engaged in irreparable and despicable judicial misconduct. Bluebond has used her office to obtain special treatment for the Stutman firm and co-counsel. Bluebond has accepted personal favors related to the Judicial Office. Bluebond treated litigants as a demonstrably egregious and hostile manner. Bluebond engaged in partisan political activity and made extensive partisan comments. Moreover, Bluebond solicited funds as the Guest Speaker for groups sponsored by Stutman who in turn, solicited comments for her reappointment. Bluebond violated numerous mandatory standards of Judicial Conduct. **See Exhibits 1 and Exhibit 5.** This Court is urged to take further action against Judge Bluebond due to the unethical and despicable Judicial Misconduct.

Signed under penalty of perjury in the State of California



Michael Mandelbrot

8/1/14

## **Exhibit List – Judicial Complaint for Misconduct of Sheri Bluebond**

1. **Exhibit 1** – Table 1: Judge Sheri Bluebond’s Special Treatment for Friends/Plaintiffs in *Thorpe v. Mandelbrot*
2. **Exhibit 2** – Table 2: Judge Sheri Bluebond’s Close and Intimate Connections to the Plaintiff Attorneys in *Thorpe v. Mandelbrot*
3. **Exhibit 3** – Documents Confirming Close and Personal Relationship between Judge Sheri Bluebond and Counsel for Plaintiff in *Thorpe v. Mandelbrot* (Stutman Treister & Glatt). Also see **Exhibit 5**.
4. **Exhibit 4**- Judicial Canons all violated by Judge Sheri Bluebond
5. **Exhibit 5** – May 27, 2014 Hearing Transcript (select portions) where Bluebond admits close and personal relationship with Stutman, ignorance of the adverse relationships of counsel (violations of Fed. R. Bankr. P. 2007.1(c) and 11 U.S.C. Section 101(14) and violations of Judicial Canon regarding speaking and fundraising.
6. **Exhibit 6** - United States Department of Justice – Chapter 11 Handbook: Selected pages re: Violations by Stutman and co-counsel requiring recusal and disengagement known to Judge Bluebond (adverse relationships and lack of disinterestedness)
7. **Exhibit 7** – Orders filed June 6, 2014 and signed by Sheri Bluebond attempting to relieve Stutman and co-counsel of a decade of criminal conduct and corruption. Order also awards Stutman millions of dollars as a “Significant Vendor.”
8. **Exhibit 8** – Declaration of Michael J. Mandelbrot dated January 23, 2014 (*Thorpe v. Mandelbrot*) detailing perjury, adverse relationships, bad faith and misappropriation of funds by Stutman and Co-Counsel Morgan Lewis



**Exhibit 1** – Table 1: Chart Detailing Judge Sheri Bluebond’s extensive Judicial Misconduct - Special Treatment for Stutman Treister and Glatt (Plaintiff Counsel and close friend of Bluebond) in *Thorpe v. Mandelbrot*  
2:12-ap-02182

**Table 1: Chart Detailing Judge Sheri Bluebond's Judicial Misconduct - Special Treatment for Stutman Treister and Glatt (Plaintiff Counsel and close friend of Bluebond) in 2:12-ap-02182 Thorpe v. Mandelbrot**

Bluebond's Special Treatment for Friends in <i>Thorpe v. Mandelbrot</i> (December 2011-July 2014)	Supporting Documentation
1. For Stutman, Bluebond orders the deposition taken of a convicted felon and known pathological liar who had just burglarized Defendant's Office	2:12-ap-02182 Docket #1; Lynch Testimony
2. Bluebond refuses Defendant's Constitution Right to a Jury Trial and declares a Bench Trial to assist Stutman.	2:12-ap-02182 Docket #108-124
3. Bluebond hastily excludes Defendant's critical and verified evidence before Trial at the request of Stutman	2:12-ap-02182 -Trial Transcripts dated January 21, 2014
4. Bluebond assists Stutman witnesses in Testifying adverse testimony	2:12-ap-02182 -Trial Transcripts dated January 21-22, 2014. Exhibit 8
5. Bluebond tells Defendant early in Trial "You'd better settle or you won't like the result" and engages in intimidation of defendant throughout Trial. At the conclusion of Trial, Bluebond "congratulates" Stutman for their "victory" on the record.	2:12-ap-02182 -Trial Transcripts dated January 21, 2014- January 23, 2014, Page 21, Lines 7-14
6. Bluebond allows Stutman to elicit clearly perjured testimony from multiple adverse witnesses while accepting the testimony as "fact."	2:12-ap-02182 -Trial Transcripts dated January 21-22, 2014; Docket #215, See also Exhibit 8
7. Bluebond enforces Stutman's wholly unethical, invalid, fraudulently obtained and previously rescinded settlement agreement with Defendant	2:12-ap-02182 -Docket #223-239 Exhibit 8
8. Bluebond fails to understand and remains wholly ignorant to the Conflicts of Interest Bankruptcy Fraud and Adverse Relationships among attorneys for Stutman	2:12-ap-02182 -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports
9. Bluebond orders a clearly defamatory "Notice" to be posted on multiple websites and mailed to nearly 100 attorneys regarding Defendant despite a protest by Defendant and agreement to abide by the Settlement Agreement.	2:12-ap-02182 -Docket #228-229; See also Hearing transcript dated March 27, 2014;
10. Despite known and clear criminal violations of Bankruptcy Code Sections 11 U.S.C. 327 and 11 U.S.C. Sections 152-157 and the Sarbanes-Oxley Act by Stutman, Bluebond approves Annual Reports awarding Stutman and other "adverse" attorneys millions of dollars	2:12-ap-02182 -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports; Exhibit 7 and Exhibit 8
11. Bluebond admits strong connection to Stutman and admits no connection to Mandelbrot because he doesn't "attend the meetings" (of Los Angeles Bankruptcy Organizations)	2:12-ap-02182 -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports
12. Bluebond commits Perjury in stating "Mandelbrot had a practice of submitting as large a claim as possible"	Tentative Ruling/Hearing March 27, 2014
13. <b>Bluebond verbally "congratulates" and compliments Stutman at the conclusion of trial.</b> This clearly showed a long friendship and a strong reminder by Bluebond to "recommend me for the Bench".	2:12-ap-02182 -Trial Transcripts dated January 23, 2014-Page 21, Lines 7-14.
14. Bluebond trades "Rulings for Recommendations" for her Reappointment to the Bench. Rulings for Stutman in exchange for Stutman's recommendations for Bluebond's reappointment	2:12-ap-02182 (Every) Ruling for Plaintiff -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports
15. Bluebond speaks at multiple Fundraisers for Stutman during Litigation with Defendant and clearly has Prejudicial contact	2:12-ap-02182 -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports
16. Bluebond approves Annual Reports filed by Stutman which clearly contain fraud, criminal conduct, perjury, misappropriated funds, tax fraud and bad faith.	2:12-ap-02182 -Hearing Transcripts dated May 27, 2014; Mandelbrot Objections to Annual Reports
17. Bluebond approves J.T. Thorpe, Inc. and Thorpe Insulation Annual Reports 2006-2013 (Order dated June 6, 2014 in 04-14216 and Case No. 2:07-bk-19271 improperly awarding over \$20,000,000 to her friends. Order also attempts to relieve Stutman and co-counsel of decades of criminal conduct and corruption.	See J.T. Thorpe, Inc. Annual Reports 2005-2013 under "Significant Vendors" (Stutman and Fergus) See Thorpe Insulation Annual Reports 2009-2013 under "Significant Vendors" See also Mandelbrot Objections to the 2013 Thorpe and J.T. Thorpe, Inc. Insulation Annual Reports

**Exhibit 2** – Table 2: Judge Sheri Bluebond’s Close and Intimate Connections to the Plaintiff Attorneys in Thorpe v. Mandelbrot 2:12-ap-02182

**Table 2: Judge Sheri Bluebond's Close and Intimate Connections to the Plaintiff Attorneys (Stutman Treister & Glatt) in *Thorpe v. Mandelbrot* 2:12-ap-02182 versus Bluebond's Connections to Mandelbrot**

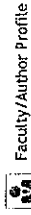
Bluebond's Connection to Stutman and Co-Counsel	Bluebond's Connection to Mandelbrot and Mandelbrot Attorneys
1. Bluebond currently serves together with Stutman on the Board of Directors of the Financial Lawyers Conference with Thorpe Attorneys (see Hearing Transcript dated May 27, 2014 page 28, lines 16-23 where Bluebond confirmed the same).	None!
2. Bluebond currently serves together with Stutman on the Board of Directors of the Los Angeles Bankruptcy Institute with Stutman. (see Hearing Transcript dated May 27, 2014 page 28, lines 16-23 where Bluebond confirmed the same) attached as Exhibit 5.	
3. Bluebond currently serves together with Stutman on the Board of Directors of the American Bankruptcy Institute with Thorpe Attorneys	
4. Prior service together with Stutman on the Board of Directors of the Turnaround Management Association	
5. Bluebond regularly and frequently speaks at fundraising events and conferences sponsored by Stutman. (see Hearing Transcript dated May 27, 2014 pages 31-34 where Bluebond confirmed the same).	
6. Stutman and their Sponsored Organizations actively campaign for Bluebond's reappointment (See Exhibit 3)	
7. Bluebond approves Stutman prepared J.T. Thorpe, Inc. and Thorpe Insulation Annual Reports 2006-2013 <b>improperly awarding over \$20,000,000 to her friends</b> and other clearly and criminally adverse parties. (See all J.T. Thorpe, Inc. and Thorpe Insulation Annual Reports). <b>See Exhibits 7 and 8.</b> See Mandelbrot Objections to the Annual Reports.	
8. Bluebond speaks at Conferences with Thorpe Attorneys going back <i>decades</i> . (see Hearing Transcript dated May 27, 2014 pages 31-34 where Bluebond confirmed the same). See also Exhibit 3.	
9. From 1995-2014, Bluebond and Stutman attend at least 20 conferences together with both, at times, serving as Guest Speakers. (see Hearing Transcript dated May 27, 2014 pages 31-34 where Bluebond confirmed the same).	

It should be clearly noted that when Judge Bluebond was asked about her connection to Mandelbrot in open Court, her response was "I've never seen you (referring to Mandelbrot) attend a meeting of one of those organizations." (see: 2:12-ap-02182 Hearing Transcript dated 5/27/2014 – Page 31, Lines 9-10). This was clearly an admission by Bluebond of a close and intimate connection to Thorpe Attorneys and Bluebond's perverse requirement that attending bankruptcy meetings for Organizations in Los Angeles, CA (Mandelbrot lives in the Bay Area) is essentially required to win cases in her Courtroom.

**Exhibit 3** – Documents Confirming Close and Personal Relationship between Judge Sheri Bluebond and Counsel for Plaintiff in Thorpe v. Mandelbrot (Stutman Treister & Glatt)

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**Hon. Sheri Bluebond**  
 U.S. Bankruptcy Court, Central District of California  
 Los Angeles, CA, USA

**BIOGRAPHY**   ASSOCIATED ITEMS

On February 1, 2001, SHERI BLUEBOND was appointed by the Ninth Circuit as a bankruptcy judge for the Central District of California, sitting in downtown Los Angeles. Prior to taking the bench, she was a partner in the law firm of Irell & Manella LLP, where she co-chaired the Creditors' Rights and Insolvency Group, specializing in bankruptcy, debtor/creditor relations and business litigation, representing debtors in possession and trustees as well as secured and unsecured creditors.

She is a graduate of UCLA Law School, where she served on the UCLA Law Review, earned numerous American Jurisprudence Awards and graduated Order of the Coif, first in her class. Judge Bluebond is a Fellow of the American Bankruptcy College and a member of the Los Angeles County Bar Association, the American Bar Association and the American Bankruptcy Institute. She currently serves on the Executive Committee and the Bankruptcy Committee of the Commercial Law and Bankruptcy Section of the Los Angeles County Bar Association and has at various times served on the Board of Trustees of Jewish Big Brothers Big Sisters of Los Angeles/Camp Max Straus, the Board of Governors of the Financial Lawyers Conference, the Board of Governors of the Los Angeles Bankruptcy Forum and the Board of Directors of the Turnaround Management Association.

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## Sheri Bluebond

From Judgepedia

## Sheri Bluebond

Sheri Bluebond is a Federal Bankruptcy Court Judge for the United States bankruptcy court, Central District of California. She was appointed February 1, 2001 by the United States Court of Appeals for the Ninth Circuit and her term will expire January 31, 2015.<sup>[1]</sup>

### Education

Judge Bluebond received her undergraduate degree from the University of California at Los Angeles in 1982 and her J.D. from the University of California at Los Angeles School of Law in 1985.<sup>[2][1]</sup>

- 1 Education
- 2 Career
- 3 Awards and associations
  - 3.1 Work as an author
- 4 See also
- 5 External links
- 6 References

Do you have a photo that could go here? Submit it for this profile by emailing us! (mailto:submitphoto@judgepedia.org)

### Career

From 1995 to 2001, Judge Bluebond was a Partner with Irell & Manella LLP in Los Angeles, California. From 1991 to 1995, she was a shareholder with Murphy, Weir & Butler in Los Angeles, California. Then she was an associate for Gendel, Raskoff, Shapiro & Quitner in Los Angeles from 1983 to 1991.<sup>[1]</sup>

### Awards and associations

- Los Angeles County Bar Association (<http://www.lacba.org/>)
- Financial Lawyers Conference
- Los Angeles Bankruptcy Forum
- American Bankruptcy Institute (<http://www.abiworld.org//AM/Template.cfm?Section=Home>)
- American Bar Association (<http://www.abanet.org/>)
- Jewish Big Brothers Big Sisters of Los Angeles/Camp Max Straus<sup>[1]</sup>

### Work as an author

- "To File or Not to File," American Bar Association Journal, July 1999
- "Assessing the Usefulness of Chapter 11 Filing," Business Workouts Manual (Supp. 1999)
- "Insulating Purchasers in Bankruptcy from Successor Liability," The Review of Banking & Financial Services (April 1998)<sup>[1]</sup>

### See also

- United States bankruptcy court

### External links

- Central District of California bankruptcy court (<http://www.cacb.uscourts.gov>)

### References

- ↑ 1,0,1,1,1,2,1,3,1,4 Sheri Bluebond Biography (<http://www.cacb.uscourts.gov/cacb/Welcome.nsf/Information-Judge-BB-Bio?OpenPage>)
- ↑ Judge Profile: Sheri A. Bluebond (<http://www.martindale.com/Sheri-A-Bluebond/134184-lawyer.htm>)

**Current Court Information:**  
 United States bankruptcy court,  
 Central District of California  
**Title:** Judge  
**Service:**  
 Active: *1/1/2001-1/31/2015*  
 Past position: Partner, Irell & Manella LLP  
**Personal History**  
 Undergraduate: UCLA, 1982  
 Law School: UCLA School of Law, 1985

Bluebond as Guest Speaker at Fundraiser

(Stutman's) Spoon



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## "Don't Be Cruel: Cramdown Issues Affecting Classes of Unsecured Creditors" Thursday, January 10, 2013

← During Trial/Litigation

While there is extensive case law, including Supreme Court case law, addressing the cramdown of classes of unsecured creditors, there is relatively sparse case law addressing issues that arise when a dissenting class of unsecured creditors opposes a plan. Where the plan provides that equity retains its interest, section 1129(b)(2)(B)(i) requires that each member of the dissenting class must receive or retain property of a value, as of the effective date of the plan, equal to the allowed amount of its claim, which appears to require payment in full with interest. But what does this mean in context? Is the debtor permitted to pay the class the Supreme Court decision in *Tiff* control regarding the determination of interest rates, or is that decision limited to secured claims? Should the interest rate be higher than for secured claims because of the lack of collateral, or lower because the creditor did not bargain for collateral or even interest? How is the cramdown requirement different than the best interest of creditors test if the debtor is solvent? If the debtor is solvent, is the class entitled to postpetition interest through the effective date? Are any of these questions relevant in individual chapter 11 cases if the broad view of the BAPCPA changes is applied? The panel will discuss recent decisions that address some of these issues and make sense of what cramdown really requires with respect to an unsecured class.

### Speakers:

Hon. Sheri Bluebond, United States Bankruptcy Judge for the Central District of California  
Scott F. Gautier, Peitzman Weg LLP  
Justin E. Rawlins, Winston & Strawn

### Location:

The Omni Hotel  
251 S. Olive Street  
Los Angeles, California

**Time:**  
6:00pm - 6:45pm - Registration and Cocktails  
6:45pm - 7:30pm - Dinner  
7:30pm - 8:30pm - Program

**Cost:** \$75.00 FLC Member \$90.00 Nonmembers \$40.00 Lawyers in Gov't Svc.

### Registration Form

Name(s) \_\_\_\_\_  
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Mail completed registration form and payment to:

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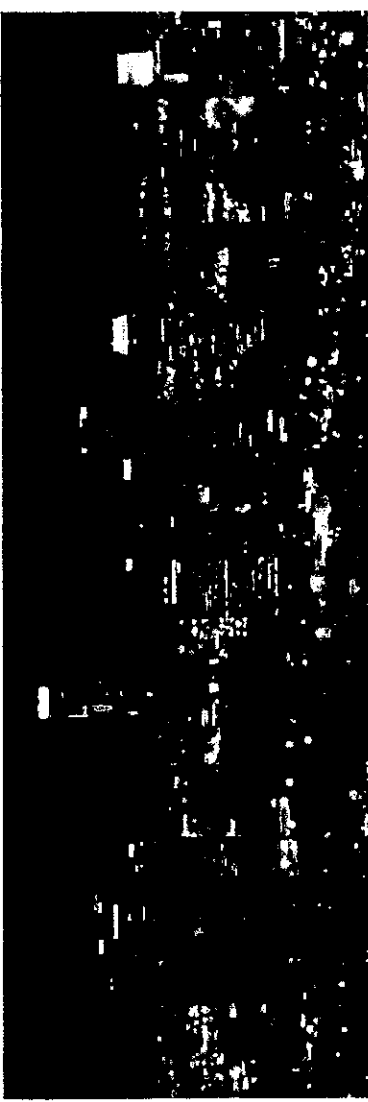
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The Los Angeles Bankruptcy Forum's membership is diverse. Members include bankruptcy judges, attorneys, and other professionals (including accountants, receivers, trustees, assignees, auctioneers, management and turnaround specialists). The Clerk of the Court and the United States Trustee actively participate in the Forum. This diversity ensures a balanced approach to education and practice issues and provides opportunities for networking among a wide cross-section of the local insolvency community.

Members of the Los Angeles Bankruptcy Forum meet every two months at a dinner program held in Los Angeles. Panelists (often including bankruptcy judges) provide education and instruction to our insolvency practitioners.

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The Forum sponsors this web site (<http://labankruptcyforum.org>) and honors our co-founder, Joseph Bemfeld, with a special lecture in the first quarter of every year.

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Invitation for Public Comment  
on the Reappointment of U.S. Bankruptcy Judge Sheri Bluebond

The current term of the Honorable Sheri Bluebond, U.S. Bankruptcy Judge for the Central District of California, is due to expire in January 2015. The U.S. Court of Appeals for the Ninth Circuit is considering the reappointment of the Judge to a new term of office of 14 years. The Court invites comments from the bar and public about Judge Bluebond's performance as a Bankruptcy Judge. The duties of a Bankruptcy Judge are specified by statute, and include conducting hearings and trials, making final determinations, and entering orders and judgments.

Members of the bar and public are invited to submit comments concerning Judge Bluebond for consideration by the Court of Appeals in determining whether or not to reappoint her. Anonymous responses will not be accepted. However, respondents who do not wish to have their identities disclosed should so indicate in the response, and such requests will be honored.

Comments should be submitted no later than Friday, April 4, 2014, to the following address:



Office of the Circuit Executive  
P.O. Box 193939  
San Francisco, CA 94119-3939

Attn: Reappointment of U.S. Bankruptcy Judge Bluebond  
Fax: (415) 355-8901

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## Bankruptcy Judgeship Opportunity in Woodland Hills

The Ninth Circuit is inviting applications for the position of Bankruptcy Judge for the Central District's San Fernando Valley division. Applications must be received by May 22, 2014. [Click HERE](#) for details.

03/04/2014

## Supreme Court ruling in Law v. Siegel

The Supreme Court has ruled unanimously in *Law v. Siegel* to reverse and remand. [Click HERE](#) for the ruling.

02/19/2014

## Invitation for Public Comment on the Reappointment of Judge Sheri Bluebond

The Bankruptcy Court has announced that the current term of the Honorable Sheri Bluebond, U.S. Bankruptcy Judge for the Central District of California, is due to expire in January 2015. The U.S. Court of Appeals for the Ninth Circuit is considering the reappointment of Judge Bluebond to a new term of office of 14 years. The Court invites comments from the bar and public about Judge Bluebond's performance as a Bankruptcy Judge. The deadline for submitting comments is Friday, April 4, 2014. For more information, please [click HERE](#).



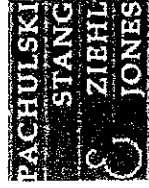
02/13/2014

## In memoriam: Herbert Katz

The Los Angeles Bankruptcy Forum is saddened to announce that Herbert Katz passed away on February 4, 2014. Herb's obituary in the Los Angeles Times may be viewed here: <http://bit.ly/1jD7xK5>.  
02/04/2014

LNRY&B

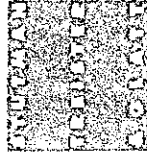
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Hon. Sheri Bluebond — *During Litigation*

Plan Support Agreements/ Pre-Arranged Cases: Part 2

Conference: Winter Leadership Conference 2013

Speakers: Mark Shinderman, Andrew I. Sifen, Joshua I. Sussberg, Hon. Sheri Bluebond, Randall S. Eisenberg

Topics: Plan Confirmation, Business Reorganization, Unsecured Trade Creditors

11 U.S.C. sections: § 1125, § 1126

FRBP: 3017, 3018

Plan Support Agreements/ Pre-Arranged Cases: Part 1

Conference: Winter Leadership Conference 2013

Speakers: Mark Shinderman, Andrew I. Sifen, Joshua I. Sussberg, Hon. Sheri Bluebond, Randall S. Eisenberg

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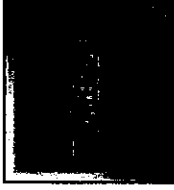
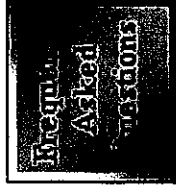
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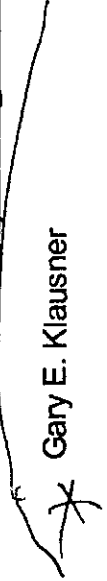
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*Counsel for Thorpe*

*Same conference*

**Exhibit 4- Judicial Canons all violated by Judge Sheri  
Bluebond**

**EFFECTIVE JANUARY 1, 2013**

**CALIFORNIA CODE OF JUDICIAL ETHICS**

Amended by the Supreme Court of California effective January 1, 2013; previously amended March 4, 1999, December 13, 2000, December 30, 2002, June 18, 2003, December 22, 2003, January 1, 2005, June 1, 2005, July 1, 2006, January 1, 2007, January 1, 2008, and April 29, 2009.

***Preface***

***Preamble***

***Terminology***

***Canon 1. A judge shall uphold the integrity and independence of the judiciary.***

***Canon 2. A judge shall avoid impropriety and the appearance of impropriety in all of the judge's activities.***

***Canon 3. A judge shall perform the duties of judicial office impartially, competently, and diligently.***

***Canon 4. A judge shall so conduct the judge's quasi-judicial and extrajudicial activities as to minimize the risk of conflict with judicial obligations.***

***Canon 5. A judge or candidate for judicial office shall not engage in political or campaign activity that is inconsistent with the independence, integrity, or impartiality of the judiciary.***

***Canon 6. Compliance with the code of judicial ethics.***

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CANON 4

**A JUDGE SHALL SO CONDUCT THE JUDGE'S QUASI-JUDICIAL AND  
EXTRAJUDICIAL ACTIVITIES AS TO MINIMIZE THE RISK OF  
CONFLICT WITH JUDICIAL OBLIGATIONS**

**A. Extrajudicial Activities in General**

- A judge shall conduct all of the judge's extrajudicial activities so that they do not
- (1) cast reasonable doubt on the judge's capacity to act impartially,\*
  - (2) demean the judicial office;
  - (3) interfere with the proper performance of judicial duties; or
  - (4) lead to frequent disqualification of the judge.

**ADVISORY COMMITTEE COMMENTARY**

*Complete separation of a judge from extrajudicial activities is neither possible nor wise; a judge should not become isolated from the community in which he or she lives. Expressions of bias or prejudice by a judge, even outside the judge's judicial activities, may cast reasonable doubt on the judge's capacity to act impartially\* as a judge. Expressions that may do so include inappropriate use of humor or the use of demeaning remarks. See Canon 2C and accompanying Commentary.*

*Because a judge's judicial duties take precedence over all other activities (see Canon 3A), a judge must avoid extrajudicial activities that might reasonably result in the judge being disqualified.*

**B. Quasi-Judicial and Avocational Activities**

A judge may speak, write, lecture, teach, and participate in activities concerning legal and nonlegal subject matters, subject to the requirements of this code.

**ADVISORY COMMITTEE COMMENTARY**

*As a judicial officer and person specially learned in the law,\* a judge is in a unique position to contribute to the improvement of the law, the legal system, and the administration of justice,\* including revision of substantive and procedural law\* and improvement of criminal and juvenile justice. To the extent that time permits, a judge may do so, either independently or through a bar or judicial association or other group dedicated to the improvement of the law.\* It may be necessary to promote legal education programs and materials by*



**Exhibit 5 – May 27, 2014 Hearing Transcript** (select portions) where Bluebond admits close and personal relationships with Stutman, ignorance of the adverse relationships of counsel (violations of Fed. R. Bankr. P. 2007.1(c) and 11 U.S.C. Section 101(14) and violations of Judicial Canon regarding speaking and fundraising.

1 UNITED STATES BANKRUPTCY COURT  
2 CENTRAL DISTRICT OF CALIFORNIA

3 --000--

4 In Re: ) Case No. 2:02-bk-14216-BB  
5 J.T. THORPE, INC., ) Chapter 11  
6 Debtor. ) Los Angeles, California  
7 ) Tuesday, May 27, 2014  
8 J.T. THORPE SETTLEMENT TRUST, ) 2:00 p.m.  
9 et al., ) Adv No. 2:02-ap-02182-BB  
10 )  
11 )  
12 )  
13 )

14 Plaintiffs,

15 vs.

16 MANDELBROT, et al.,

17 Defendants.  
18 )

19 MOTION TO STAY ENFORCEMENT OF  
20 JUDGMENT IN ADVERSARY  
21 PROCEEDING AND ORDER FOLLOWING  
22 TRIAL ON ADVERSARY COMPLAINTS  
23 AND MOTION FOR INSTRUCTIONS

24 TRANSCRIPT OF PROCEEDINGS  
25 BEFORE THE HONORABLE SHERI BLUEBOND  
UNITED STATES BANKRUPTCY JUDGE

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transcript produced by transcription service.

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1 claims. That's what they've lost. Is the public hurt?  
2 Absolutely. They've got someone who is inexperienced in  
3 filing these claims. And I'm forced to send these claims in  
4 an unethical manner, I think, to firms that are  
5 inexperienced, firms who have never filed these claims  
6 before.

7           When you say there's lack of harm to the  
8 claimants, to me it's absurd as well. First of all, their  
9 claims have been sitting through the pendency of this action  
10 years. Years where people are dying, families who are  
11 destitute are waiting for their recovery, and they've  
12 refused for years to process my claims.

13           To now have to have those claims refiled and  
14 resubmitted and go back to the back of the line and wait  
15 years again to be reviewed, that is harmful to families.  
16 That's harmful to the public. That is harmful to victims of  
17 asbestos disease.

18           And for them to lose the best lawyer to handle  
19 their case -- their claims, that is harmful as well. I'm  
20 not sure what part of that isn't understood, but the public  
21 is severely harmed by this settlement agreement. Severely.

22           I think it should also be noted that our appeal,  
23 your Honor -- you said that you will -- which I  
24 appreciate -- you will give us an order immediately so that  
25 we can seek an appeal. Let's let it clearly be noted that

1 they already know the strength of our argument. They've  
2 already ran away from the BAP and sought the initial appeal  
3 that we filed to be heard in the District Court.

4 It's very clear they don't want three judges to  
5 hear it because they know they're going to lose. They hope  
6 they can get a District Court judge who they have an  
7 influence on and hopefully win the argument against me.

8 Clearly, they have a loser argument, and they know  
9 it. And it's not just the arguments that are here. It's  
10 the jurisdictional argument. All case law, everything about  
11 Chapter 11 bankruptcies says that the judge sitting on a  
12 Chapter 11 bankruptcy must approve a settlement over that  
13 Chapter 11 bankruptcy.

14 They are, as we speak, currently trying to subtly  
15 get the settlement agreement that we had approved by Judge  
16 Carlson by burying it in the back of their annual report.  
17 And if the judge signs off on it, which I'm going to be sure  
18 that won't -- I'll be there on June 27th at that annual  
19 report hearing. I can assure you that that judge isn't  
20 going to approve that settlement. He had dismissed the case  
21 against me, found no merit to it whatsoever, unlike  
22 yourself, your Honor.

23 THE COURT: I think he thought it wasn't ripe. I  
24 think he thought it wasn't ripe. Didn't he think it wasn't  
25 ripe?

1 MR. MANDELBROT: No. He thought there was no  
2 merit. It wasn't ripe because they never found anything  
3 that I did wrong. That's why it wasn't ripe, your Honor.

4 THE COURT: They hadn't finished their  
5 investigation, right?

6 MR. MANDELBROT: No. They did it, and they didn't  
7 find anything. We'd been in litigation for two years at  
8 that point, your Honor. They found nothing. You can call  
9 it not ripe. There was nothing there, and there is nothing  
10 there.

11 And so I can assure you, your Honor, not just on  
12 these grounds, but on jurisdictional grounds, the settlement  
13 is invalid. You didn't have the authority over Chapter 11s  
14 that you're not the sitting judge over to approve  
15 settlements under those Chapter 11s. You just didn't. Only  
16 the judge who sits over those Chapter 11s must approve any  
17 litigation and any settlements.

18 THE COURT: Well, you just told me that there was  
19 no pending lawsuit at that point. So I wasn't settling or  
20 approving the settlement of a pending lawsuit. I'm  
21 approving a settlement as between you and the Trusts in  
22 which you agree not to propose -- not to prosecute claims  
23 before those Trusts.

24 MR. MANDELBROT: Are you saying it doesn't involve  
25 the Western Trust? It clearly does. It's a settlement that

1 involves the Western Trust. And the case law is very clear.  
2 It's very clear. It's very clear. So to argue that it's  
3 not a settlement that involves the Western Trust, I don't  
4 understand what you're saying, your Honor, because that's  
5 exactly what it was, a settlement involving the Western and  
6 the plan Trust.

7 *Start*  
8 *Here until*  
9 *end of*  
10 *document*  
11 Additionally, your Honor, while it wasn't  
12 raised -- it will be raised in my objections to the annual  
13 report. Clearly, every single person here has an adverse  
14 interest. Okay. And the -- I don't know --

11 THE COURT: Adverse to what?

12 MR. MANDELBROT: An adverse interest to the --

13 THE COURT: Adverse to one another or --

14 MR. MANDELBROT: -- claimants, the beneficiaries  
15 and my office. These are all former defense lawyers who  
16 litigated cases against the claimants, arguing they're  
17 liars, they weren't exposed to -- they weren't exposed to  
18 asbestos, they weren't exposed to insulation.

19 On the very same cases that they litigated against  
20 these people as defense lawyers, they're now coming in as  
21 Trust representatives saying, oh, these people are sick.  
22 These people need help. These people need help in the  
23 future. It's an adverse interest.

24 THE COURT: Are you saying that Mr. Patterson or  
25 Mr. Fergus litigated any of these lawsuits?



1 MR. MANDELBROT: Absolutely.

2 THE COURT: You think that Ms. Karasik litigated  
3 any of these lawsuits?

4 MR. MANDELBROT: Mr. Fergus, I was in dozens and  
5 dozens of depositions with him. He was the worst defense  
6 lawyer I've ever run across in my career. Dozens. Mr.  
7 Fergus should never have accepted his position as attorneys  
8 for the future rep. He had an adverse interest and a  
9 conflict of interest.

10 And I can assure you, your Honor, I'll be raising  
11 it in the annual reports. It was unethical for him to ever  
12 take the position as futures rep. He was Gary Fergus -- he  
13 was Steven Snyder's --

14 THE COURT: What does that have to do with  
15 anything we're talking about today? How does that go to  
16 whether or not I ought to stay the enforcement of the stay?

17 MR. MANDELBROT: Because clearly the <sup>subpoena</sup> ~~sub~~ case was  
18 brought by individuals with adverse interests, conflicts of  
19 interest, bad faith and through corruption and fraud to  
20 attack my office. If you can't see through it, your Honor,  
21 I think it is a factor. I'm sorry if you don't.

22 I will be raising it in an objection to the annual  
23 report. Mr. Fergus litigated against dozens, if not  
24 hundreds of the victims and future victims of this Trust.  
25 He argued they were not sick. He extended depositions ad

1 nauseam. There is absolutely no question Mr. Fergus has an  
2 adverse interest, an unethical and corrupt adverse interest  
3 and has utilized that to work with Steven Snyder, his former  
4 co-worker.

5 THE COURT: What about Mr. Patterson? What about  
6 Mr. Patterson? Did he have any involvement in the  
7 litigation?

8 MR. MANDELBROT: This is the first time I've ever  
9 seen Mr. Patterson. I know that you and he served on a  
10 number of boards or you and his firm have served on boards  
11 together. But as far as his relationship to the Trust, I  
12 have no idea. But Mr. --

13 THE COURT: What about Ms. Karasik? Did she do  
14 any of the litigation that you're talking about?

15 MR. MANDELBROT: Ms. Karasik obviously has gotten  
16 involved only since the J.T. Thorpe and the Thorpe Trust and  
17 recently the Western Trust. I don't know about her, but I  
18 know that --

19 THE COURT: What about Mr. Smith?

20 MR. MANDELBROT: I know that she either replaced  
21 you or has been --

22 THE COURT: Replaced him?

23 MR. MANDELBROT: -- campaigning for your re-  
24 election extensively over the past couple of months.

25 THE COURT: Excuse me? I'm not elected. I'm

*Bluebond clueless about  
corrupt adverse interests*

1 appointed.

2 MR. MANDELBROT: Appointed. Excuse me.

3 Campaigning for your reappointment through a sponsored  
4 website, so --

5 THE COURT: That's --

6 MR. MANDELBROT: Whether or not she had a prior  
7 involvement in asbestos litigation, I don't know. But does  
8 it matter if two did --

9 THE COURT: But --

10 MR. MANDELBROT: Does it matter if two people  
11 didn't and five did?

12 THE COURT: What five people? Mr. Bussel? Did  
13 Mr. Bussel do anything?

14 MR. MANDELBROT: Mr. Fergus, Mr. Molland  
15 (phonetic) --

16 THE COURT: Mr. Smith. Was Mr. Smith involved?

17 MR. MANDELBROT: Mr. Molland, Mr. Fergus, Mr.

18 Snyder. Hold on. Mr. Molland, Mr. Fergus, Mr. -- oh, Chuck  
19 Lagrave (phonetic). The inside claims process or outside,  
20 inside, whatever they wanted to call him. All former

21 Brobeck lawyers with adverse interests who litigated against  
22 the very claimants of the Trust. Four. At least four that  
23 we know of. Not to mention the Morgan Lewis -- all the  
24 other Morgan Lewis lawyers who also have adverse interests.

25 THE COURT: And everybody is out to get you?

1 MR. MANDELBROT: Well, absolutely, your Honor.

2 When somebody accuses them of fraud and corruption and  
3 stealing money from the Trust and stealing money from  
4 beneficiaries, absolutely. Al Braten (phonetic) is my  
5 former employer and competitor. Absolutely he's out to get  
6 me.

7 These guys I accused of corruption. Gary Fergus  
8 knows he's got a conflict of interest. He should have never  
9 taken that position. And they've been able to engage in  
10 corruption and fraud for years. At Western, a decade  
11 because of him.

12 And what he does, your Honor, just so you know --  
13 and you'll see it at the next annual report hearing. He  
14 uses the advanced age of Judge Renfrew, who is 86 years old,  
15 to selectively tell him facts and circumstances about the  
16 Trust so he could continue to engage in these acts of  
17 corruption. I have absolutely no doubt about it.

18 THE COURT: Okay. And I'm out to get you also?

19 MR. MANDELBROT: I know that every ruling you have  
20 made, your Honor, has been against me. And after our trial,  
21 your Honor, you heavily complimented these guys right --  
22 what was it, five days, six days before comments were due  
23 for your reappointment. Oh, God, the professionalism and  
24 how great you guys were as lawyers.

25 Yes. I don't know, but I do think you had a bias

1 and a prejudice against me. If you're asking me that  
2 question, do I think there was a close and personal  
3 relationship between you and Stutman so that there was a  
4 bias and prejudice against me and that you had a financial  
5 interest in the outcome of the case, your reappointment --  
6 are you asking me yes or no, do I think that inference --

7 THE COURT: Yeah. Yeah. I'm asking you, yes, do  
8 you think I'm --

9 MR. MANDELBROT: And I'm asking you -- that  
10 inference can absolutely 100-percent be made, yes.

11 THE COURT: Okay. Okay. All right. Anything  
12 further?

13 MR. MANDELBROT: Nope.

14 THE COURT: Thank you very much.

15 MR. MANDELBROT: Thank you.

16 THE COURT: Anyone want to respond? Or not.

17 MR. PATTERSON: Nothing further, your Honor.

18 THE COURT: Okay. Thank you.

19 Did you want to supplement the record with those  
20 additional materials? I mean, you don't have an opportunity  
21 to file a response to factual assertions that are asserted  
22 for the first time in a reply. So do you want to do that or  
23 no?

24 MR. PATTERSON: No, your Honor.

25 THE COURT: Okay. All right. Well, then the

1 tentative ruling will stand. I will deny the motion. But  
2 again, I'll renew my invitation. If you want to -- well,  
3 let's talk about how I'm going to get the order. I'd like  
4 to get the order as quickly as possible so that he does have  
5 the ability to take this to the District Court if he would  
6 like to do so.

7 So how are we going to -- what's the fastest way  
8 to get from Point A to Point B here?

9 MR. PATTERSON: Well, your Honor, we can certainly  
10 make sure that we circulate a draft by no later than the end  
11 of the day tomorrow.

12 THE COURT: Okay.

13 MR. PATTERSON: And we could circulate that to Mr.  
14 Mandelbrot for his comment, make sure that it faithfully  
15 encompasses the Court's rulings.

16 THE COURT: Okay.

17 MR. PATTERSON: And assuming that he agrees to the  
18 form, I'll lodge it with the court.

19 THE COURT: Okay. And I'm around all week. I'm  
20 around next week. So I mean, I could certainly -- once you  
21 upload it, call chambers, let me know that it's been  
22 uploaded, and I'll get to it right away. So --

23 MR. MANDELBROT: Excuse me, your Honor.

24 THE COURT: Uh-huh.

25 MR. MANDELBROT: There were a couple of things

1 that you have just addressed, so I just want to make them  
2 clear.

3 THE COURT: Okay.

4 MR. MANDELBROT: All the facts and circumstances  
5 regarding your connection to Eve Karasik and the Stutman  
6 firm were discovered by me on March 29th, 2014, after you  
7 had already indicated that you were going to enforce the  
8 settlement agreement.

9 None of these facts and circumstances about the  
10 simultaneously serving on, I think, four or five boards of  
11 directors with Stutman, you speaking at --

12 THE COURT: First of all --

13 MR. MANDELBROT: -- you speaking at their -- you  
14 guest-speaking at their fund-raising events during the  
15 case --

16 THE COURT: Whoa, whoa, whoa, whoa. Stop. Okay.  
17 The boards of directors that I serve on are the Los Angeles  
18 Bankruptcy Forum. I've served on the board of directors  
19 with representatives of Stutman on the Los Angeles  
20 Bankruptcy Forum, as do many practitioners in town.

21 I have served -- I haven't for years, but I have  
22 served on the board of directors for the Financial Lawyers  
23 Conference.

24 MR. MANDELBROT: How about the Turnaround  
25 Management?

1 THE COURT: It's not -- just a minute. It's not a  
2 board -- it's not a board of directors, but I also serve on  
3 the Bankruptcy Committee of the Commercial Law and  
4 Bankruptcy Section of the L.A. County Bar Association and on  
5 the Executive Committee of the L.A. County Bar Association.

6 And now, you had mentioned something else. What  
7 was the other one you had mentioned?

8 MR. MANDELBROT: The Turnaround Management  
9 Association.

10 THE COURT: It has been since before I took the  
11 bench that I served on the board of directors of Turnaround  
12 Management Association.

13 MR. MANDELBROT: Who was it who replaced you on  
14 that?

15 THE COURT: There isn't such a thing as replacing  
16 you. The directors serve for a period --

17 MR. MANDELBROT: I know that Eve Karasik is now on  
18 there.

19 THE COURT: Okay. Well, that's lovely. But there  
20 are a certain number of spaces, and the board fills the  
21 spaces.

22 MR. MANDELBROT: So that's -- so that's four  
23 exclusive boards of directors that you served with Stutsman.  
24 Okay.

25 THE COURT: Stutman. Stutman. Stutman.



1 MR. MANDELBROT: Stutman. Whatever it is.  
2 Stutman.

3 THE COURT: Stutman.

4 MR. MANDELBROT: We know who we're talking about.

5 THE COURT: Okay. And as -- there is about 30 to  
6 35 people on all of these boards.

7 MR. MANDELBROT: No. Some of them only have about  
8 five.

9 THE COURT: No.

10 MR. MANDELBROT: Six. Turnaround Management  
11 Association, I think --

12 THE COURT: Which I have not served on since I've  
13 been a judge, which has been 13 years.

14 MR. MANDELBROT: Okay.

15 THE COURT: In any event, no, it doesn't just have  
16 five people. There's a full room full of a board of  
17 directors. But in any event, that statement could be made  
18 of me of every lawyer that serves on that board.

19 MR. MANDELBROT: How about me? How many have you  
20 served on with me, your Honor?

21 THE COURT: Are you a member of the bankruptcy  
22 community? Do you serve on any --

23 MR. MANDELBROT: I'm asking you.

24 THE COURT: -- board of directors that is a  
25 bankruptcy-related association?

1 MR. MANDELBROT: I'm not trying to influence  
2 people.

3 THE COURT: No. But you don't serve --

4 MR. MANDELBROT: I just want to do my job.

5 THE COURT: You don't serve on those  
6 organizations. I have never seen you involved in any of  
7 those organizations.

8 MR. MANDELBROT: That's right.

9 THE COURT: I've never seen you attend a meeting  
10 of any of those organizations.

11 MR. MANDELBROT: Fine.

12 THE COURT: Now, I don't know what you're talking  
13 about a fund-raising event for Stutman. I have never --  
14 MR. MANDELBROT: I think it was January of 2013.  
15 There was a CLE. They were charging about \$90. You were  
16 the guest speaker. I sent a copy of the flier to them.  
17 They've got it now.

18 THE COURT: I speak at educational programs all  
19 the time. And in January of 2013 or 2014 -- I can't recall  
20 which -- I spoke at the Financial Lawyers Conference dinner.

21 MR. MANDELBROT: Great.

22 THE COURT: I'm speaking next month at the Los  
23 Angeles Bankruptcy Forum dinner. I spoke last fall at the  
24 American Bankruptcy Institute.

25 MR. MANDELBROT: Great.

*All for  
Stutman*

1 THE COURT: I spoke in April at the American Bar  
2 Association. I'm speaking at Loyola University on Thursday  
3 night. I speak all the time on professional functions.  
4 That isn't a fund-raiser for any of these attorneys.

5 MR. MANDELBROT: Well, they -- no, but it is for  
6 their sponsored organizations. They're charging money to  
7 come to --

8 THE COURT: For the Los Angeles Bankruptcy Forum,  
9 which is a nonprofit organization. And believe me --

10 MR. MANDELBROT: It's still fund-raising.

11 THE COURT: -- Stutman puts more money into the  
12 L.A. Bankruptcy Forum than they ever get out of the L.A.  
13 Bankruptcy Forum.

14 MR. MANDELBROT: How would you know that? I mean,  
15 geez.

16 THE COURT: Because I sit on the board of  
17 directors for the Los Angeles Bankruptcy Forum, and they're  
18 not giving money.

19 MR. MANDELBROT: So you obviously have a  
20 favoritism for them because they put so much money into this  
21 organization that --

22 THE COURT: Okay.

23 MR. MANDELBROT: -- you're on the board of.

24 THE COURT: Are you done?

25 MR. MANDELBROT: No, I'm not, actually.

Close  
Relationship

admission

1 THE COURT: Okay. What else would you like to  
2 say?

3 MR. MANDELBROT: In addition -- well, let me ask.  
4 You've already mentioned now four exclusive boards of  
5 directors you've served on them. Are there others?

6 THE COURT: Why are you calling them exclusive  
7 boards of directors?

8 MR. MANDELBROT: Because any board of directors to  
9 me would be considered exclusive. If there's thousands of  
10 members and there's 20 people on the board --

11 THE COURT: There's not thousands of members.

12 MR. MANDELBROT: -- to me, it's exclusive.

13 THE COURT: It's 300 members to the L.A.  
14 Bankruptcy Forum approximately.

15 MR. MANDELBROT: And how many on the board?

16 THE COURT: About 30, 35.

17 MR. MANDELBROT: Ten percent. Pretty exclusive to  
18 me.

19 THE COURT: Yeah. Yeah.

20 MR. MANDELBROT: So are there any others, I'm just  
21 curious, that I should know about?

22 THE COURT: Any other board of directors that I  
23 serve on?

24 MR. MANDELBROT: Well, no. You just mentioned a  
25 number of guest speaking engagements. I'll get those out of

1 the transcript. Are there any others that I should know  
2 about?

3 THE COURT: I speak several times a month. And my  
4 C.V. is readily available. And there's speaking engagements  
5 all over. You can Google Sheri Bluebond, and you'll find  
6 lots of places that I'm speaking.

7 MR. MANDELBROT: Okay. Well, I mean, when I read  
8 the judicial canons, your Honor, they specifically say that  
9 a judge should not serve as the guest speaker at various  
10 events.

11 THE COURT: Yes.

12 MR. MANDELBROT: And so --

13 THE COURT: But that isn't one of them. They also  
14 specifically say that judges participating in educational  
15 programs is encouraged. There is not one of those  
16 presentations that I've spoken at that runs afoul of any of  
17 those judicial canons or I wouldn't do it.

18 MR. MANDELBROT: And I guess it's just, you know,  
19 ironic or circumstance as well, your Honor, that Stutsman  
20 and these organizations are actively campaigning for your  
21 re-election -- or reappointment -- excuse me -- during the  
22 outcome of the case. I guess it's just ironic, but during  
23 the entire case. Just one of those things, right, your  
24 Honor?

25 THE COURT: I don't know, and it is not -- it is

1 not disclosed to me except here by you who writes or doesn't  
2 write letters for or against my reappointment.

3 And it's not required that anyone do so. They  
4 post a notice, and people can write what they want to write  
5 or not write what they want to write. And you know what?  
6 They don't tell me who writes or doesn't write.

7 Maybe they wrote because they think I'm a good  
8 judge. Maybe.

9 MR. MANDELBROT: Maybe they did, and maybe they  
10 wrote because you impacted their cases. And let me just  
11 make my record clear. I have absolutely no doubt that you  
12 did have an interest in the outcome of this case, your  
13 Honor. You did have a financial interest.

14 THE COURT: How do I have a financial interest in  
15 the outcome of this case?

16 MR. MANDELBROT: If you had ruled -- because  
17 clearly, if you had ruled for me, the recommendations for  
18 your reappointment from Stutsman, from their boards, from  
19 Morgan Lewis, for the others would have been far, far fewer  
20 recommendations.

21 THE COURT: Actually, I don't think so. I think  
22 if I come out wrong on this one, they would not change their  
23 view.

24 MR. MANDELBROT: We'll find out. Thank you, your  
25 Honor.

1 THE COURT: Okay. You're welcome.

2 All right. So Mr. Patterson, you'll circulate a  
3 form of order. Let me know when it's ready to be uploaded.

4 And --

5 MR. PATTERSON: Thank you, Your Honor.

6 THE COURT: You're welcome. All right. Thank you  
7 very much. That concludes the matters -- thank you. That  
8 concludes the matters on calendar for Tuesday, May 27th. We  
9 are off the record.

10 (Proceedings concluded.)

11  
12  
13  
14  
15 I certify that the foregoing is a correct  
16 transcript from the electronic sound recording of the  
17 proceedings in the above-entitled matter.

18  
19 /s/Shonna Mowrer  
20 Transcriber

5/30/14  
Date

21 FEDERALLY CERTIFIED TRANSCRIPT AUTHENTICATED BY:

22  
23 /s/L.L. Francisco  
24 L.L. Francisco, President  
Echo Reporting, Inc.

25

**Exhibit 6 - United States Department of Justice – Chapter**

**11 Handbook: Selected pages re: Violations by Stutman and co-counsel requiring recusal and disgorgement known to Judge Bluebond (adverse relationships and lack of disinterestedness)**



CHAPTER 11 TRUSTEE  
HANDBOOK



May 2004

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Bankr. P. 2003(e). Finally, the United States Trustee may call a special meeting of creditors on request of a party in interest or on the United States Trustee's own initiative. Fed. R. Bankr. P. 2003(f).

If a chapter 11 trustee is appointed prior to the conclusion of the § 341 meeting of creditors, the chapter 11 trustee has an immediate opportunity to conduct an examination of the debtor or the debtor's principals, under oath, at the creditors' meeting. If, however, the trustee is appointed after the § 341 meeting has been concluded, the trustee may request that the United States Trustee convene a special meeting of creditors. See Fed. R. Bankr. P. 2003(f). In addition, the trustee should carefully review the recordings of all meetings conducted prior to the trustee's appointment.

Alternatively, the trustee may seek court approval to examine the debtor, or any other entity, pursuant to Bankruptcy Rule 2004. See Fed. R. Bankr. P. 2004. A Rule 2004 examination "may relate only to the acts, conduct, or property or to the liabilities and financial condition of the debtor, or to any matter which may affect the administration of the debtor's estate, or to the debtor's right to a discharge . . . [or] to the operation of any business and the desirability of its continuance, the source of any money or property acquired or to be acquired by the debtor for purposes of consummating a plan and the consideration given or offered therefor, and any other matter relevant to the case or to the formulation of a plan." Fed. R. Bankr. P. 2004(b).

#### **D. CONTROL AND PRESERVATION OF PROPERTY**

Upon court approval of the trustee appointment, it is imperative that the chapter 11 trustee secure the assets of the estate. The trustee must immediately assume control of all bank accounts held in the name of the debtor, whether or not they are designated as "debtor in possession" accounts, see Chapter 7, *infra*; identify, secure, and ascertain the value of the assets of the estate; review and implement internal controls of an operating debtor to safeguard assets; obtain and/or maintain adequate and appropriate insurance coverages, see Chapter 7, *infra*; and determine whether the initial bond set by the United States Trustee is sufficient to protect the estate against loss. See Chapter 3, *supra*. Monitoring insurance and bond coverage is an ongoing duty of the trustee. If a loss occurs as a result of a trustee's failure to ensure or otherwise protect property of the estate, the trustee could be liable.

#### **E. BANKRUPTCY CRIMES**

Chapter 11 trustees are often appointed after a judicial finding of "cause, including fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor by current management, either before or after the commencement of the case." 11 U.S.C. §1104(a)(1). After the trustee assumes control of the debtor, it is the trustee's duty to investigate the affairs of the debtor and the status of the case. See 11 U.S.C. § 1106(a)(3). To the extent that the trustee either



discovers or verifies the existence of fraudulent activity, the trustee should notify the United States Trustee immediately.

### **1. Duty to Report Criminal Conduct**

Unless a judge or receiver has already made such report, 18 U.S.C. § 3057 requires a trustee to report suspected violations of federal criminal law to the appropriate United States Attorney. Section 586 of title 28 imposes a similar duty on the United States Trustee to refer any matter that may constitute a violation of criminal law to the United States Attorney and, upon request, to assist the United States Attorney in prosecuting the matter. 28 U.S.C. § 586(a)(3)(F).

A chapter 11 trustee should coordinate efforts with the United States Trustee in the criminal referral process. As noted above, if the trustee has reasonable grounds to believe that a crime has been committed, the trustee is required to refer the matter to the United States Attorney. 18 U.S.C. § 3057(a). However, depending on local practice, the trustee should either submit the referral through the United States Trustee or provide a copy of the referral to the United States Trustee. The mechanics of the actual referral should be discussed with the United States Trustee, the Assistant United States Trustee, or the Regional Criminal Coordinator for the Criminal Enforcement Unit, as they have developed specific procedures with the local offices of the United States Attorney and the Federal Bureau of Investigation.

In making a criminal referral, it is important to provide specific factual and documentary information. At a minimum, the referral should include:

- the bankruptcy case name, file number, and chapter;
- a chronological summary, including dates and specific facts related to the who, what, where, when, and how of the suspected crime;
- a brief narrative of what occurred in relation to each allegation, referring to copies of relevant documents;
- an estimate of the amount of loss involved;
- names, addresses, phone numbers, titles, and descriptions of likely witnesses;
- copies of all written documents relevant to the allegations; and
- a statement of other related referrals made to law enforcement agencies.

### **2. Types of Criminal Conduct**

The most common bankruptcy crimes are set forth in 18 U.S.C. § 152. Section 152 makes it a crime for any individual to “knowingly and fraudulently” (1) conceal property of the estate; (2) make a false oath or account in relation to a bankruptcy case; (3) make a false declaration, certification, verification, or statement in relation to a bankruptcy case; (4) make a false proof of claim; (5) receive a material amount of property from the debtor with intent to defeat the Bankruptcy Code; (6) give, offer, receive, or attempt to obtain money, property, reward, or

*Handwritten note:*  
Handwritten checkmark and text: "Handwritten" and "permitted this conduct".

advantage for acting or forbearing to act in a bankruptcy case; (7) transfer or conceal property with the intent to defeat the Bankruptcy Code; (8) conceal, destroy, mutilate, or falsify documents relating to the debtor's property or affairs; or (9) withhold documents related to the debtor's property or financial affairs from a trustee or other officer of the court. 18 U.S.C. § 152.

Persons other than the debtor, the debtor's principals, or the debtor's management may commit bankruptcy crimes. For example, a chapter 11 trustee may discover potential theft or embezzlement by professionals employed by the debtor, or by the debtor's employees.

Sections 153 and 154 of title 18 are specifically directed to trustees and other officers of the court. Section 153 relates to the knowing and fraudulent misappropriation, embezzlement, or transfer of property, or destruction of any estate document, by the trustee or other officer of the court. The Bankruptcy Reform Act of 1994, Pub. L. 103-394, 108 Stat. 4106, 4139 (1994), broadened the scope of those affected by this statute to include an agent, employee, or other person engaged by the trustee or officer of the court.

Section 154 of title 18 prohibits a trustee or other officer of the court from knowingly purchasing, directly or indirectly, any property of the estate of which such person is a trustee or officer; or from knowingly refusing to permit a reasonable opportunity for the inspection of estate documents or accounts when directed by the court to do so. It also specifically identifies the United States Trustee as the only party in interest who does not require a court order directing the trustee or court officer to permit a reasonable opportunity for inspection. 18 U.S.C. § 154(3).

Section 155 of title 18 makes it a crime for any party in interest or its attorney to knowingly and fraudulently enter into an agreement with another party in interest or its attorney, for the purpose of fixing the fee or compensation to be paid them for services rendered in connection therewith, from assets of the estate. 18 U.S.C. § 155.

The Bankruptcy Reform Act of 1994 added 18 U.S.C. § 156, "Knowing Disregard of Bankruptcy Law or Rule," and 18 U.S.C. § 157, "Bankruptcy Fraud." See Pub. L. 103-394, 108 Stat. 4106, 4140 (1994). Section 156 makes it a misdemeanor if a bankruptcy case or related proceeding is dismissed because of a knowing attempt by a "bankruptcy petition preparer" in any manner to disregard the requirements of the Bankruptcy Code or the Federal Bankruptcy Rules. 18 U.S.C. § 156. The term "bankruptcy petition preparer" does not include the debtor's attorney or an employee of the debtor's attorney, but applies to a person who prepares for compensation a document for filing by a debtor in bankruptcy court or district court. 11 U.S.C. § 110(a).

*Bluebond permitted all of the above by Statman &  
Co-Counsel (Morgan Lewis)*

Section 157 is similar to the federal mail fraud and wire fraud statutes in that it requires a person to devise or intend to devise a scheme or artifice to defraud. A person, not only a debtor, commits bankruptcy fraud if, for the purpose of executing or concealing this scheme or artifice to defraud, that person:

- (1) files a petition under title 11;
- (2) files a document in a proceeding under title 11; or
- (3) makes a false or fraudulent representation, claim, or promise concerning or in relation to a proceeding under title 11, at any time before or after the filing of the petition, or in relation to a proceeding falsely asserted to be pending under such title.

See 18 U.S.C. § 157.

If a person falsely claims to be in bankruptcy, this is a violation of § 157.

Further, the Sarbanes-Oxley Act of 2002, Pub. L. 107-204, 116 Stat. 745 (2000), added 18 U.S.C. § 1519, making the “destruction, alteration, or falsification of records in federal investigations and bankruptcy” a felony. Under § 1519,

Whoever knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States or any case filed under title 11, or in relation to or contemplation of any such matter or case, shall be fined under this title, imprisoned not more than 20 years, or both.

18 U.S.C. § 1519.

There are several other criminal statutes that may be relevant to bankruptcy crimes including those relating to bank fraud, tax fraud, mail and wire fraud, and money laundering.

*See Mandelbrot Objection to Annual Reports*

**CHAPTER 3: QUALIFICATIONS AND ACCEPTANCE**

**A. GENERALLY**

A chapter 11 trustee or examiner must be a “disinterested person,” successfully complete a background investigation, and, in the case of a trustee, post a bond. In addition, pursuant to § 321(a), the trustee must be competent to perform the statutory duties set out in § 1106, which are discussed in more detail in Chapter 6, *infra*. Additional considerations for the selection will be based on the unique circumstances of the specific case. The unique circumstances of the case frequently dictate the terms of the court order directing the appointment.

Some persons are automatically precluded from serving as a trustee or examiner. For example, an examiner appointed in a case may not serve as a trustee in the same case, 11 U.S.C. § 321(b); and the United States Trustee is precluded from serving as either a chapter 11 trustee, 11 U.S.C. §§ 321(c), 1104(d), or examiner, 11 U.S.C. § 1104(d). Finally, relatives of the United States Trustee in the region where the case is pending, or of the bankruptcy judge approving the appointment, are ineligible to serve. Fed. R. Bankr. P. 5002(a).

The United States Trustee does not select the chapter 11 trustee or examiner in isolation from other parties in the case. Section 1104(d) requires the United States Trustee to consult with the parties in interest prior to the appointment. 11 U.S.C. § 1104(d). The United States Trustee will give full and fair consideration to each candidate. Although the United States Trustee is not required to select one of the candidates nominated by the parties, the qualifications of the person(s) recommended and the views of parties in interest will be given due consideration. Further, unsecured creditors may seek the election of a trustee if they are dissatisfied with the United States Trustee’s selection. See Chapter 4, *infra*.

**B. A TRUSTEE OR EXAMINER MUST BE A “DISINTERESTED PERSON”**

The word “person” is defined at § 101(41) and includes partnerships and corporations, as well as individuals. Pursuant to § 321(a)(2), partnerships and corporations that are authorized by their charters or bylaws to act as trustee are eligible to serve as trustees. However, the United States Trustee generally appoints individuals.

The term “disinterested person” is defined at § 101(14). The trustee or examiner must not be one of the following:

- a creditor, equity security holder, or insider (which includes relatives of an individual debtor and persons in control of a debtor that is a corporation or partnership; see § 101(31) for definition of “insider”);

- an investment banker for any outstanding security of the debtor, either at present or at any time in the past;
- an investment banker for a security of the debtor within three years before the filing of the petition, or an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the debtor;
- a present director, officer, or employee of the debtor or of the debtor's investment banker;
- a former director, officer, or employee of the debtor or of the debtor's investment banker within the two years prior to the date of the filing of the petition;
- a person holding an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in the debtor or the debtor's investment banker or attorney for the debtor's investment banker.

See 11 U.S.C. § 101(14).

#### **1. Full Disclosure**

When the United States Trustee files an application for court approval of the appointment of a trustee or examiner, the application must be accompanied by an affidavit of the person being appointed. Fed. R. Bankr. P. 2007.1(c). The application and affidavit must describe all of the connections of the proposed trustee or examiner to other persons involved in the case. *Id.* This allows the bankruptcy judge to ensure that the person appointed satisfies all the requirements for appointment, particularly the requirement of disinterestedness. Because the determination of "disinterestedness" can turn on so many variables, it is imperative that the trustee or examiner candidate disclose all connections to the debtor, all other parties, and all professionals in the case prior to selection. Determining these connections early in the process will also facilitate the appointment approval process if the person is selected.

In addition to the United States Trustee's application, Bankruptcy Rule 2007.1 also requires the designated person to submit a verified statement listing all connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, and any employee of the United States Trustee. *Id.* Although the term "connections" is not defined in the rules, the Advisory Committee note accompanying Bankruptcy Rule 2007.1 contains the following explanation:

The requirement that connections with the United States trustee or persons employed in the United States trustee's office be revealed is not intended to enlarge

the definition of “disinterested person” in § 101(13) [redesignated as § 101(14)] of the Code, to supersede executive regulations or other laws relating to appointments by United States trustees, or to otherwise restrict the United States trustee’s discretion in making appointments. This information is required, however, in the interest of full disclosure and confidence in the appointment process and to give the court all information that may be relevant to the exercise of judicial discretion in approving the appointment of a trustee or examiner in a chapter 11 case.

Fed. R. Bankr. P. 2007.1 Advisory Committee Note (1991).

A former employee of the United States Trustee’s office responsible for the case, or anyone with a past professional relationship with either the United States Trustee or an employee of the United States Trustee in the region where the case is pending, must disclose that relationship. Other factors may be significant and any reasonable doubts regarding the relevance of a particular set of circumstances should be resolved in favor of full disclosure. See *In re The Leslie Fay Cos., Inc.*, 175 B.R. 525, 533 (Bankr. S.D.N.Y. 1994).

## 2. Full Disclosure – A Continuing Obligation

The determination of “disinterestedness” does not end with the appointment. Any new connections that the trustee or examiner, or any professional employed by the trustee or examiner, establishes or discovers after appointment should be brought to the attention of the court and the United States Trustee through the filing of a supplemental verified statement. See e.g., *In re Granite Partners, L.P.*, 219 B.R. 22, 35 (S.D.N.Y. 1998) (Rule 2014 and § 327 contain implied duty of continuing disclosure). Failure to reveal connections that are later determined to have rendered the trustee or examiner not “disinterested” could result in removal as well as the denial or disgorgement of compensation. See 11 U.S.C. §§ 327, 328; *United States v. Schilling (In re Big Rivers Elec. Corp.)*, 355 F.3d 415 (6<sup>th</sup> Cir. 2004).

## 3. Conflicts and Related Estates

In the interest of judicial economy and cost reduction, a single trustee is sometimes appointed to serve in two or more related chapter 11 cases. See Fed. R. Bankr. P. 2009(c)(2). Generally, the trustee appointed in multiple cases will employ the same set of professionals to represent each of the related estates. However, both the trustee and the professionals appointed to serve in more than one related case must be extremely sensitive to the independent duty imposed upon them to identify and disclose any actual or potential conflicts among the estates.

Although some courts have determined that multiple representation in related estates creates a rebuttable presumption that the representation is *per se* improper, see, e.g., *In re Lee*, 94 B.R. 172, 180 (Bankr. C.D. Cal. 1988), the greater weight of authority favors a case by case



review of the facts to determine the propriety of the representation. See *In re BH&P, Inc.*, 949 F.2d 1300, 1312 (3d Cir. 1991) (citing *In re Martin*, 817 F.2d 175 (1<sup>st</sup> Cir. 1987)).

Whenever the interests of separate, related estates diverge, the trustee should immediately consult with the United States Trustee and file such disclosures as are necessary and appropriate to protect each estate and the trustee from charges of a lack of "disinterestedness." Based on the particular facts, a trustee appointed in multiple cases may be required to resign from one or more of the cases. *Accord* Fed. R. Bankr. P. 2009(d) (court shall order separate trustees for jointly administered estates where conflict of interest).

### **C. BACKGROUND INVESTIGATION**

All persons appointed to serve as trustees or examiners in a chapter 11 case must undergo a security background investigation. In addition to the initial application form, the appointee is required to complete an affidavit in a format prescribed by the Executive Office for United States Trustees and provide the information necessary for completion of name, fingerprint, tax, and credit checks. This information will be forwarded by the local Office of the United States Trustee to the Office of Review and Oversight ("ORO"), Executive Office for United States Trustees, within ten working days after an appointment is made. If additional or clarifying information is needed, ORO will contact the United States Trustee who will then notify the appointee. The resolution of questionable information may require an affidavit from the trustee or examiner, and/or additional information or documents.

New security application forms are not required if a background investigation is in progress or has been completed within the preceding five years in connection with another chapter 11, chapter 7, or standing trustee appointment.

### **D. BOND**

To qualify as a chapter 11 trustee, the trustee must post a bond in favor of the United States of America within five days after selection. 11 U.S.C. § 322(a). The initial amount and sufficiency of the bond is determined by the United States Trustee, 11 U.S.C. § 322(b)(2); however, it is the trustee's duty to monitor the bond and ensure that it is maintained in an appropriate amount throughout the pendency of the case. The United States Trustee can assist the trustee in obtaining a bond by providing contact with bonding companies used by other trustees. If the trustee wishes to obtain a bond from a different company, the trustee must ensure that the company appears on Treasury Circular 570, which lists those companies holding certificates of authority as acceptable sureties on federal bonds. Only companies appearing on this list are approved by the United States Trustee as sureties on trustee bonds.

Type of Misappropriation of Trust Funds	Amount Misappropriated from Claimants/Beneficiaries (dollars/est.)
misappropriated extensive funds on bad faith lawsuits (Zurich and Mandelbrot). (See Western Annual Reports 2004-2013.)	
//	
<b>Table 2: Summary of Criminal and Unethical Conduct by the Western Trustees, Trust Advisory Committee Members, Futures Representative and their Attorneys and Professionals.</b>	
<b>Advisory Committee Members, Futures Representative and their Attorneys and Professionals.</b>	
<b>Individual Committing Criminal Bankruptcy Fraud and/or Unethical Conduct</b>	<b>Criminal and Ethical Conduct</b>
Stephen Snyder, Managing Trustee	Bankruptcy Fraud 18 U.S.C. Section 152-157; 11 U.S.C. Section 104. 11 U.S.C. 326(d), 328. California Rule of Professional Conduct 3-310 Perjury
Alan Brayton, Chairman of the Trust Advisory Committee	Bankruptcy Fraud 18 U.S.C. Section 152-157 California Rule of Professional Conduct 3-310 Perjury; Many others
Gary Fergus, Attorney for the Futures Representative	Bankruptcy Fraud 18 U.S.C. Section 152-157; 11 U.S.C. Section 328 California Rule of Professional Conduct 3-310 Perjury
David McClain, Trust Advisory Committee Member	Bankruptcy Fraud 18 U.S.C. Section 152-157 California Rule of Professional Conduct 3-310
Sara Beth Brown, Executive Trustee	Bankruptcy Fraud 18 U.S.C. Section 152-157 California Rule of Professional Conduct 3-310 Extensive Perjury
Laura Paul, Head of Claims Processing	Bankruptcy Fraud 18 U.S.C. Section 152-157 Extensive Perjury
Benjamin Smith (Morgan Lewis and Bockius)	Bankruptcy Fraud 18 U.S.C. Section 152-157; 11 U.S.C. 328 California Rule of Professional Conduct 3-310 Perjury
Steven Sacks (Shepherd Mullin)	Bankruptcy Fraud 18 U.S.C. Section 152-157 California Rule of Professional Conduct 3-310 Perjury

\*\*\*\*\*

The Beneficiaries and Mandelbrot submit this Objection to the Annual Report and attached exhibits in order to demonstrate that the Trust, Trustees, Trust Advisory Committee Members and their respective Agents/Attorneys acted in bad faith, misappropriated millions of dollars, committed criminal

**Exhibit 7 – Orders Filed June 6, 2014 and signed by Sheri Bluebond attempting to relieve Stutman and co-counsel of a Decade of criminal conduct and corruption. Order also awards Stutman millions of dollars as a “Significant Vendor”.**

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2 GABRIEL I. GLAZER (Cal. Bar No. 246384)  
3 STUTMAN TREISTER & GLATT  
4 PROFESSIONAL CORPORATION  
5 1901 Avenue of the Stars, 12th Floor  
6 Los Angeles, California 90067  
7 Telephone: (310) 228-5600  
8 Facsimile: (310) 228-5788

9 Attorneys for the J.T. Thorpe Settlement Trust

10 UNITED STATES BANKRUPTCY COURT  
11 CENTRAL DISTRICT OF CALIFORNIA  
12 LOS ANGELES DIVISION

13 In re

14 Chapter 11

15 J.T. THORPE, INC., a California  
16 corporation; J.T. THORPE, INC., a dissolved  
17 California corporation;

18 Case Nos. LA-02-14216-BB &  
19 LA-04-35876-BB

20 Debtors.

21 (Jointly Administered Under Case No. LA-02-  
22 14216-BB)

23 ORDER TO APPROVE AND SETTLE J.T.  
24 THORPE SETTLEMENT TRUST'S  
25 EIGHTH ANNUAL REPORT AND  
26 ACCOUNTING, AUDITED FINANCIAL  
27 STATEMENTS, AND CLAIM REPORT

28 Hearing:

Date: June 4, 2014  
Time: 2:00 p.m.  
Place: Courtroom 1475  
255 East Temple Street  
Los Angeles, CA 90012

This matter came before the Court on the hearing held on June 4, 2014 (the

“Hearing”) on the Trustees of the J.T. Thorpe Settlement Trust’s Motion to Approve and Settle J.T.

Thorpe Settlement Trust’s Eighth Annual Report and Accounting, Audited Financial Statements, and

1 *Claim Report* [Docket No. 1719] (the “Motion”). The J.T. Thorpe Settlement Trust’s Eighth Annual  
2 Report and Accounting and the Appendix to the Eighth Annual Report and Accounting of J.T.  
3 Thorpe Settlement Trust with the Audited Financial Statements and the Claim Report attached  
4 [Docket Nos. 1718, 1718-1, 1718-2, 1718-3, 1718-4, 1718-5 and 1718-6] (the “Annual Report”), was  
5 filed concurrently with the Motion.

6 The “Objection – Eighth Annual Report and Accounting, Audited Financial  
7 Statements, and Claim Report; Declaration of Michael J. Mandelbrot: Attached Exhibits A-P  
8 inclusive” [Docket No. 1730] filed by Mandelbrot and the Mandelbrot Law Firm (“Mandelbrot”) was  
9 filed untimely on June 2, 2014. The opposition deadline was May 21, 2014 pursuant to L.B.R.  
10 9013-1(f).

11 Eve Karasik and Gary Fergus appeared at the Hearing in person on behalf of the Trust  
12 and the Futures Representative, respectively. Stephen Snyder, Managing Trustee of the Trust, Sara  
13 Beth Brown, Executive Director of the Trust and Jeanine Donohue, General Counsel of the Trust  
14 appeared by telephone. Mandelbrot did not make an appearance at the Hearing.

15 Upon consideration of the Motion, the Annual Report and attachments thereto, the  
16 Declaration of Sara Beth Brown [Docket No. 1720], the Declaration of Benjamin P. Smith [Docket  
17 No. 1721], the Supplemental Declaration of Sara Beth Brown [Docket No. 1731] and all other  
18 documents filed in support of the Motion, all evidence presented and arguments made at the hearing  
19 in connection with the Motion, the Court’s Tentative Ruling on the Motion posted on the Court’s  
20 calendar on June 2, 2014, and good cause appearing,

21 IT IS HEREBY ORDERED PURSUANT TO THIS COURT’S CONTINUING  
22 JURISDICTION AND NEVADA LAW THAT:

- 23 1. The Objection is untimely, waived because Mandelbrot failed to appear, and  
24 overruled for the reasons stated on the record at the Hearing.
- 25 2. The J.T. Thorpe Settlement Trust’s Annual Report, for the fiscal year ended  
26 December 31, 2013, and all acts of the Trustees described in the Report (and all attachments filed  
27 therewith) whether before or after December 31, 2013, are APPROVED and SETTLED, and the

28

Entered on Docket  
July 14, 2014  
EDWARD J. EMMONS, CLERK  
U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA



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Signed and Filed: July 11, 2014

Attorneys for the Western Asbestos Settlement Trust  
THOMAS E. CARLSON U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

In re:  
WESTERN ASBESTOS COMPANY,  
Debtor.

Case No. 13-31914  
(Original Case No. 02-46284)  
Chapter 11

**ORDER TO APPROVE AND SETTLE  
TENTH ANNUAL REPORT AND  
ACCOUNTING, AUDITED  
FINANCIAL STATEMENTS, AND  
CLAIM REPORT**

Date: June 27, 2014  
Time: 9:30 a.m.  
Place: 235 Pine Street, 19<sup>th</sup> Floor  
San Francisco, CA 94104

This matter came on for hearing before the Court on the Trustees of the Western Asbestos Settlement Trust's *Motion to Approve and Settle Tenth Annual Report and Accounting, Audited Financial Statements, and Claim Report* [ECF No. 1801] (the "Motion"). The Western Asbestos Settlement Trust's Tenth Annual Report and Accounting, including the Appendix thereto (the "Tenth Annual Report") [ECF No. 1800], with the Audited Financial Statements and the Claim Report attached, the supporting Declarations of Sara Beth Brown [ECF No. 1802] and Benjamin P. Smith and the exhibits thereto [ECF No. 1803] were filed concurrently with the Motion.

1 A letter by Michael McDermott was submitted in response to the Motion [ECF  
2 No. 1808] (the "Letter"). The Western Asbestos Settlement Trust filed the *Western Asbestos*  
3 *Settlement Trust's Statement Re Letter from Michael McDermott Re Motion to Approve Annual*  
4 *Report* and the exhibits thereto [ECF No. 1812] in response to the Letter.

5 Michael J. Mandelbrot filed the *Objection – Tenth Annual Report and*  
6 *Accounting, Audited Financial Statements, and Claim Report, Declaration of Michael J.*  
7 *Mandelbrot; Attached Exhibits A-P, inclusive* [ECF No. 1809] (the "Mandelbrot Objection"), the  
8 *Declaration of Michael J. Mandelbrot in Support of Opposition to the Tenth Annual Report and*  
9 *Objecting to the Declaration of Benjamin Smith – Objection – Fraud, Perjury, Misrepresentation*  
10 *of Material Facts, Conflicts of Interest* and the exhibits thereto [ECF No. 1811], and the *Request*  
11 *for Judicial Notice Re Attorney Michael J. Mandelbrot, d.b.a., Mandelbrot Law Firm's*  
12 *Objection – Tenth Annual Report and Accounting, Audited Financial Statements, and Claim*  
13 *Report* [ECF No. 1821]. In response to the Mandelbrot Objection, the Western Asbestos  
14 Settlement Trust filed the *Objection of Western Asbestos Settlement Trust to Evidence Submitted*  
15 *by Michael J. Mandelbrot In Support of Opposition to the Tenth Annual Report and Objecting to*  
16 *the Declaration of Benjamin Smith – Objection – Fraud, Perjury, Misrepresentation of Material*  
17 *Facts, Conflicts of Interest, and Supporting Exhibits* [ECF No. 1814]; *Response of the Western*  
18 *Asbestos Settlement Trust to Objections of Mandelbrot to the Trust's Tenth Annual Report* [ECF  
19 No. 1816]; *Supplemental Declaration of Benjamin P. Smith in Support of Response of the*  
20 *Western Asbestos Settlement Trust to Objections of Mandelbrot to the Trust's Tenth Annual*  
21 *Report* and the exhibits thereto [ECF No. 1818]; *Declaration of Gary S. Fergus in Support of*  
22 *Response of the Western Asbestos Settlement Trust to Objections of Mandelbrot to the Trust's*  
23 *Tenth Annual Report* and the exhibits thereto [ECF No. 1819]. The Futures Representative filed  
24 *The Future Representative's Joinder in Response of the Western Asbestos Settlement Trust to*  
25 *Objections of Mandelbrot to the Trust's Tenth Annual Report* [ECF No. 1817] (the "Joinder").

26 Appearances of counsel were made as stated on the record. Upon consideration  
27 of the Motion, the Tenth Annual Report and attachments thereto, the Declarations of Sara Beth  
28 Brown, Benjamin P. Smith and Gary S. Fergus submitted in support of the Motion, the Letter,

1 the Mandelbrot Objection, the responses to the Letter and the Mandelbrot Objection, the Joinder,  
2 and all other pleadings and documents filed in connection with the Motion, and all other  
3 evidence presented and arguments made in connection with the Motion, having found that the  
4 Letter was not an objection to the Annual Report, the Trust having withdrawn on the record the  
5 motion to strike the Mandelbrot Objection, and good cause appearing,

6 IT IS HEREBY ORDERED PURSUANT TO THIS COURT'S CONTINUING  
7 JURISDICTION AND NEVADA LAW THAT:

8 1. The Mandelbrot Objection is overruled.  
9 2. The Western Asbestos Settlement Trust's Tenth Annual Report and  
10 Accounting, for the fiscal year ended December 31, 2013, and all acts of the Trustees described  
11 in said report, whether before or after December 31, 2013, are APPROVED and the Trustees are  
12 hereby released and discharged from any and all liability as to all matters disclosed in the Motion  
13 and Annual Report (including, without limitation, the Audited Financial Statements and Claim  
14 Report).

15 3. The Audited Financial Statements attached to the Annual Report as  
16 Exhibit "A" are APPROVED.

17 4. The Claim Report attached to the Annual Report as Exhibit "B" is  
18 APPROVED.

19 \*\* END OF ORDER \*\*  
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28



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10 Bankruptcy Counsel for the Thorpe Insulation  
11 Company Asbestos Settlement Trust

12 UNITED STATES BANKRUPTCY COURT  
13 CENTRAL DISTRICT OF CALIFORNIA  
14 LOS ANGELES DIVISION

15 In re )  
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In re )  
PACIFIC INSULATION COMPANY, )  
Debtor. )  
Case No. 02:07-bk-20016-BB  
Chapter 11  
(Jointly Administered with Case No. 2:07-bk-19271-BB)

In re )  
THORPE INSULATION COMPANY, )  
Debtor. )  
Case No. 2:07-bk-19271-BB  
(Case Closed)  
**ORDER TO APPROVE AND SETTLE  
THORPE INSULATION COMPANY  
ASBESTOS SETTLEMENT TRUST'S  
FOURTH ANNUAL REPORT AND  
ACCOUNTING, AUDITED FINANCIAL  
STATEMENTS, AND CLAIM REPORT**

**Hearing:**  
Hearing Date: June 4, 2014  
Hearing Time: 2:00 p.m.  
Place: Courtroom 1475  
255 E. Temple St., 14th Floor  
Los Angeles, CA 90012

This matter came before the Court on the hearing held on June 4, 2014 (the  
“Hearing”) on the Trustees of the Thorpe Insulation Company Asbestos Settlement Trust’s *Motion  
to Approve and Settle Thorpe Insulation Company Asbestos Settlement Trust’s Fourth Annual  
Report and Accounting, Audited Financial Statements, and Claim Report* [Docket No. 51] (the  
“Motion”). The Thorpe Insulation Company Asbestos Settlement Trust’s Fourth Annual Report and

1 Accounting and the Appendix to the Fourth Annual Report and Accounting of Thorpe Insulation  
2 Company Asbestos Settlement Trust with the Audited Financial Statements and the Claim Report  
3 attached [Docket Nos. 50, 50-1, 50-2, 50-3, 50-4, 50-5, 50-6, 50-7 and 50-8] (the “Annual Report”),  
4 was filed concurrently with the Motion.

5 The “Objection – Fourth Annual Report and Accounting, Audited Financial  
6 Statements, and Claim Report; Declaration of Michael J. Mandelbrot: Attached Exhibits A-P  
7 inclusive” [Docket No. 61] filed by Mandelbrot and the Mandelbrot Law Firm (“Mandelbrot”) was  
8 filed untimely on June 2, 2014. The opposition deadline was May 21, 2014 pursuant to L.B.R.  
9 9013-1(f).

10 Eve Karasik and Gary Fergus appeared at the Hearing in person on behalf of the Trust  
11 and the Futures Representative, respectively. Stephen Snyder, Managing Trustee of the Trust, Sara  
12 Beth Brown, Executive Director of the Trust and Jeanine Donohue, General Counsel of the Trust  
13 appeared by telephone. Mandelbrot did not make an appearance at the Hearing.

14 Upon consideration of the Motion, the Annual Report and attachments thereto, the  
15 Declaration of Sara Beth Brown [Docket No. 52], the Declaration of Benjamin P. Smith [Docket No.  
16 53], all other documents filed in support of the Motion, all evidence presented and arguments made  
17 at the hearing in connection with the Motion, the Court’s Tentative Ruling on the Motion posted on  
18 the Court’s calendar on June 2, 2014, and good cause appearing,

19 IT IS HEREBY ORDERED PURSUANT TO THIS COURT’S CONTINUING  
20 JURISDICTION AND NEVADA LAW THAT:

- 21 1. The Objection is untimely, waived because Mandelbrot failed to appear, and  
22 overruled for the reasons stated on the record at the Hearing.
- 23 2. The Thorpe Insulation Company Asbestos Settlement Trust’s Annual Report,  
24 for the fiscal year ended December 31, 2013, and all acts of the Trustees described in the Report  
25 (and all attachments filed therewith) whether before or after December 31, 2013, are APPROVED  
26 and SETTLED, and the Trustees are hereby released and discharged from any and all liability as to  
27 all matters disclosed in the Motion and the Annual Report, including the Audited Financial  
28 Statements and Claim Report.

1 3. The Audited Financial Statements attached to the Annual Report as Exhibit  
2 “A” are APPROVED.

3 4. The Claim Report attached to the Annual Report as Exhibit “B” is  
4 APPROVED.

5 ###

6 Submitted by:

7 /s/ Danielle A. Pham  
8 EVE H. KARASIK, and  
9 DANIELLE A. PHAM, Members of  
GORDON SILVER

10 Bankruptcy Counsel for the Thorpe Insulation  
11 Company Asbestos Settlement Trust

**Exhibit 8** – Declaration of Michael J. Mandelbrot dated January 23, 2014 (*Thorpe v. Mandelbrot*) detailing perjury, adverse relationships, bad faith and misappropriation of funds by Stutman and Co-Counsel Morgan Lewis

1 MICHAEL J. MANDELBROT, ESQ. (CSB# 172626)  
2 Mandelbrot Law Firm  
3 505 San Marin Drive, Suite 200  
4 Novato, CA 94945

5 Phone:(415) 895-5175  
6 Fax: (415) 895-1328  
7 Defendants *Pro Se*

8 UNITED STATES BANKRUPTCY COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
10 LOS ANGELES DIVISION

11 In re

12 J.T. THORPE, INC.,  
13 THORPE INSULATION COMPANY,

14 Debtors

15 J.T. THORPE SETTLEMENT TRUST,  
16 THORPE INSULATION COMPANY  
17 ASBESTOS SETTLEMENT TRUST,

18 Plaintiffs,

19 vs.

20 MICHAEL J. MANDELBROT and THE  
21 MANDELBROT LAW FIRM,

22 Defendants.

Chapter 11

Case No. 02-14216-BB

Adversary Case No. 2:12-ap-02182-BB

Case No. 07-19271-BB

Adversary Case No. 2:12-ap-02183-BB

**DEFENDANT MICHAEL J.  
MANDELBROT, d.b.a., MANDELBROT  
LAW FIRM'S OPPOSITION TO THE  
PLAINTIFFS' MOTION TO ENFORCE  
JANUARY 23, 2014, SETTLEMENT  
AGREEMENT, AND CROSS-REQUEST  
FOR AWARD OF ATTORNEYS' FEES  
AND COSTS**

Date: March 27, 2014

Time: 10:30 a.m.

Place: Courtroom 1475

255 E. Temple St., 14th Floor

Los Angeles, CA 90012

Judge: Honorable Sheri Bluebond

26  
27 **DECLARATION OF MICHAEL J. MANDELBROT, IN SUPPORT**

**DECLARATION OF MICHAEL J. MANDELBROT, IN SUPPORT**

I, Michael J. Mandelbrot, declare:

1. On or about December 6, 2011, I learned for the first time that the J.T. Thorpe, Inc. Settlement Trust and Thorpe Insulation Settlement Thorpe Trusts (hereinafter “Thorpe” or “Thorpe Trusts” or “Trusts”) were investigating claims filed by my office, the Mandelbrot Law Firm (hereinafter “Mandelbrot” or “the Mandelbrot Firm”) when I received a letter from Thorpe Trust Counsel John Sande dated December 5, 2011. The Mandelbrot Law Firm has never filed an unreliable or fraudulent claim with any asbestos Trust, let alone the Thorpe Trusts. I was startled by this letter. Attached hereto as **Exhibit 1** is a true and correct copy of a letter received by Mandelbrot from Trust attorney John Sande.

2. I responded in detail to the Thorpe Trusts in letters dated December 12, 2011 and December 15, 2011. In my responses, I explained in detail why the investigated claims were valid, and I also offered to meet and confer to resolve the concerns of the Trusts and in the hope to avoid any further conflict or potential litigation. The Trusts refused my requests and instead opted to litigate this case. In the process the Trusts has now spent millions of dollars of monies (earmarked for Trust Beneficiaries) supporting the Trust’s lawyers, many of whom are former co-workers of the Thorpe Trust’s Executive Trustee Stephen Snyder (hereinafter “Snyder) and former asbestos defense lawyers. Attached hereto as **Exhibit 2 and 3** are true and correct copies of Mandelbrot letters.

3. Prior to this time and throughout 2011, I had notified the Thorpe Trusts by e-mails and letters of my concerns of bad acts by managers of the Trusts, including evidence of cronyism, conflicts of interest, bad faith, misappropriation of funds and the apparent strategy to

1 favor some of the law firms who filed compensation claims with the trusts, and disfavor other  
2 law firms (such as mine), by failure to properly publish site and ship lists for the benefit of Trust  
3 Beneficiaries. During this period of time, the Thorpe Trusts had never accused me of  
4 wrongdoing in any way. Attached hereto as Exhibit 4 is a true and correct copy of a sampling of  
5 letters and e-mails written by Mandelbrot to the Trust prior to September 2011.

6  
7 4. Through pretrial discovery in the instant lawsuit with the Thorpe Trusts, I  
8 discovered the Thorpe Trusts hired lawyers (former co-workers of Snyder's) in September 2011  
9 as an effort to "wipe out" my office. It is my belief that this lawsuit was prompted not by my  
10 offices claim filing practices (which I believe are professional and first rate), but by completely  
11 unrelated events including:

12  
13 a. The numerous material notifications by the Mandelbrot Firm just prior to  
14 September 2011 regarding breaches at the Thorpe Trusts including bad faith,  
15 misappropriation of funds, failure to publish hundreds of known Thorpe sites for the  
16 benefit of beneficiaries in addition to retroactive Thorpe Trust modifications. See Exhibit

17 4.

18  
19 b. Thorpe Trusts' Executive Trustee Stephen Snyder's bad faith,  
20 capriciousness, and clear desire to harass the Mandelbrot Firm and put it out of business  
21 as detailed herein.

22  
23 c. To "deflect attention" from Snyder's criminal cover up of a known  
24 Bankruptcy Trust fraud totaling 1.7 million dollars (the "Kananian matter") by Thorpe  
25 Trust's Advisory Committee Chairman Alan Brayton. Snyder, a former partner at  
26 asbestos defense firm Brobeck, Phegler and Harrison (before their bankruptcy) gave  
27

28

1           Brayton the “license to commit fraud” in Trust claim filings and defaults. (See  
2           **Mandelbrot Decl. ¶ 26-41** herein, inclusive and associated **Exhibits** detailed below).  
3  
4           d.       Trust Counsel Morgan, Lewis & Bockius’ LLP (hereinafter  
5           “Morgan Lewis”) Partners and Stephen Snyder’s conflicts of interest and corrupt desire  
6           to continue to generate fees in the ongoing business of Western MacArthur and  
7           MacArthur Company and ongoing MacArthur (“Western”) insurance coverage litigation  
8           transferred to the firm upon the bankruptcy of Brobeck. Snyder, in a clear apparent  
9           conflict of interest and act of corruption simultaneously served as the head of Brobeck’s  
10          liquidating committee and as Executive Trustee of the Western Asbestos Trust. Snyder  
11          (in his role as Executive Trustee of Western) awarded Snyder (in his role as head of the  
12          Brobeck liquidating committee) 15 million dollars in fees. Attached hereto as **Exhibit 5**  
13          is a true and correct copy of an article detailing this payment. At the same time, Snyder  
14          awarded his old buddies at Morgan Lewis millions in fees too and the ongoing Western  
15          MacArthur work. This payment “just South of 50 million dollars” was never approved by  
16          the Bankruptcy Court and never identified in any Western Annual Reports despite its  
17          material impact on the assets of Trust Beneficiaries. Attached hereto as **Exhibit 6** is a  
18          true and correct copy of the 2006 Western Asbestos Trust Annual Report. Not  
19          surprisingly, the Trust, in this Annual Report adopted an “indemnification fund” in a  
20          similar amount.  
21

22  
23  
24          5.       To bolster their potential case against the Mandelbrot Law Firm, the  
25          Trust’s also opted to take a deposition of a former employee of both the Trusts and my office ,  
26          John Lynch. Without question, the Thorpe Trusts KNEW that Lynch was a complete and  
27          pathological liar and clearly one of the most unreliable witness and individual in history.  
28



1 Attached hereto as Exhibit 7 are true and correct copy of true and correct copies of affidavits  
2 and filings extensively detailing Lynch fraud known Trust counsel.

3  
4 6. I informed Trust Attorney Michael Molland of his ethical violation for taking the  
5 deposition of a known perjurer (subornation of perjury). Extensive documentation has been  
6 provided to the Thorpe Trusts proving Lynch committed perjury, but the Thorpe Trusts have  
7 never acknowledged the same. See Exhibit 7.

8 7. Also in an effort to unethically harass my office, the Trust utilized an  
9 attorney with a disturbing and unethical conflict of interest, Chuck LaGrave. In this case,  
10 LaGrave committed perjury (in addition to other fraud and misconduct). LeGrave signed a  
11 declaration under oath in this case wherein he stated he acts as "in-house counsel" (to protect his  
12 bad faith communications with the Trust, Trustees, and its staff). Attached hereto as Exhibit 8 is  
13 a true and correct copy of LaGrave's declaration filed in this case. This was a lie and perjury. As  
14 indicated in the Fourth Annual Western Annual Report (submitted April 25, 2008 to the U.S.  
15 Trustee) LaGrave was the Trust's "outside claims consultant." Attached hereto as Exhibit 9 is a  
16 true and correct copy of Western Asbestos 2006 Annual Report. I believe this perjury and fraud  
17 was committed not only to further the case against my office, but also so that Snyder, in  
18 conjunction with Morgan Lewis, could continue to perpetrate fraud.

19  
20 8. In early 2012, the Thorpe Trusts, along with the Western Asbestos  
21 Settlement Trust filed virtually identical lawsuits against me seeking Declaratory and Equitable  
22 Relief. At this time, I was unaware that the Thorpe Trusts had in its possession an Affidavit  
23 from Certified Industrial Hygenist Ken Cohen which would have provided a complete defense to  
24 some of the most serious allegations ("unusual trades" and "shipyard exposures") against my  
25 office. This affidavit clearly applicable to Mandelbrot Firm claims was filed with hundreds of  
26  
27  
28

1 claims with the Thorpe and Western Trust and clearly was well known by the Thorpe Trusts and  
2 its processing staff. Attached hereto as Exhibit 10 is a true and correct copy of the Kenneth  
3 Cohen Declaration. I know the Trust had this document in its possession because I observed  
4 individuals at the Brayton office utilizing this document for Trust filings and I personally  
5 discussed this document with the head of Thorpe Trust Processing Laura Paul.  
6

7 . The Trust maliciously concealed this evidence in an attempt to deceive opposing  
8 counsel.

9 9. Once the instant litigation began, I learned that most opposing Counsel were  
10 former co-worker of Snyder's at the Law Firm of Brobeck, Phegler and Harrison, LLP – a firm  
11 that is now bankrupt. I knew many of the opposing counsel in this case from my 20 years  
12 experience in asbestos litigation including Snyder, Chuck LaGrave and Gary Fergus while at  
13 Brobeck. . Additional opposing counsel Benjamin Smith and Michael Molland, who also worked  
14 with Snyder at Brobeck prior to its bankruptcy were also put on the 'payroll' in my litigation.  
15 These former co-workers of Snyder at Brobeck have now billed the Thorpe Trusts millions of  
16 dollars litigating this case. I have always been willing to provide full and complete  
17 documentation supporting every claim filed with the Trusts to resolve this litigation as I know I  
18 have never filed an unreliable or fraudulent claim with the Thorpe Trusts.  
19

20 10. Litigation with the Thorpe Trusts was incredibly time consuming and expensive  
21 with my small office spending well over a million dollars in fees and costs defending my office  
22 and reputation. On this Motion alone, I have spent well over \$10,000 dollars investigating,  
23 researching and writing.  
24

25 11. The Western Asbestos case filed concurrently with the Thorpe Trusts case  
26 was dismissed without prejudice on October 29, 2013. There was clearly no finding of any  
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28

1 wrongdoing whatsoever by my office. Attached hereto as Exhibit II is a true and correct copy  
2 of Judge Carlson's Order dismissing the Western Case against my office. The Thorpe Trust  
3 implies in its brief that some misconduct occurred by my office with Western filings, but this is  
4 clearly a fiction created by the Thorpe Trusts.  
5

6 12. Trial against the Thorpe Trusts began on January 21, 2014. On that morning, just  
7 prior leaving for Court, my former counsel Dennis Davis informed me for the first time that there  
8 was a tentative ruling against the Mandelbrot firm. Although concerned, I remained confident in  
9 this case. I told Mr. Davis, "I sure hope you prepared a good Opening Statement." Mr. Davis  
10 replied "I don't prepare anything for Opening Statements." As we arrived to Court that morning,  
11 I suggested to Mr. Davis that we determine if the Thorpe Trusts wanted to discuss settlement.  
12

13 13. At the Courthouse on the morning of January 21, 2014, I met with Defendant  
14 attorneys Benjamin Smith, Gary Fergus and Michael Molland to determine if there was a  
15 settlement offer. Attorney for the Futures Representative Gary Fergus did most of the speaking  
16 and indicated the offer was that Mandelbrot would file "no more claims with Western, Plant, J.T.  
17 Thorpe and Thorpe Insulation...". I immediately stated that the "Western and Plant Trusts aren't  
18 even part of this litigation" and that my office has had already been "dismissed by Judge Carlson  
19 in the Western case." I immediately rejected, and even scoffed at this settlement offer and  
20 elected to start trial. Contrary to Plaintiffs assertion, no other negotiations or settlement  
21 discussions took place on this day.  
22

23  
24 14. From Opening Statement by Plaintiff attorney Benjamin Smith on January 21,  
25 2014 through trial on January 22, 2014, nearly every Plaintiff witness committed perjury.  
26 Specifically instances of perjury at trial on major issues included but are not limited to:  
27

28

1 Perjury #1: Benjamin Smith and Plaintiff witness Laura Paul (amongst  
2 other perjured testimony) committed perjury on core issues in this case by indicating that “Long  
3 Beach Naval Shipyard is a site on the J.T. Thorpe, Inc. Site List.” Attached hereto as **Exhibits 12**  
4 is a true and correct copy of Smith’s testimony and pages from the Thorpe site lists. This perjury  
5 was critical on a core issue which prompted this litigation – the so called “disembarkment  
6 claims.” Long Beach Naval Shipyard has never been a site on the J.T. Thorpe, Inc. Attached  
7 hereto as **Exhibit 13** is a true and correct copy of pages from the Thorpe site lists.

8  
9  
10 Perjury #2: Laura Paul committed perjury on a core claim in this case.  
11 Paul indicated in Trial that only J.T. Thorpe, Inc. site for C.F. Braun is “C.F. Braun, Alhambra”.  
12 Paul stated, “You couldn’t have been at C.F. Braun somewhere else in the country. You had to  
13 be in proximity where J.T. Thorpe performed work, and that was where they were with C.F.  
14 Braun Alhambra.” This was clearly perjury. The J.Thorpe, Inc. records (posted on the website  
15 and in the Trust’s possession since at least 2006) prove J.T. Thorpe worked at close to 100 C.F.  
16 Braun sites, including at least 10 out-of-state job sites. This was perjury by Paul in an effort to  
17 show I filed an unreliable claim for an out-of-state claimant. It should be noted that these facts  
18 (C.F. Braun working at many sites) was detailed in my initial letter to the Trust on. See **Exhibit**  
19 **2**. Also attached hereto as **Exhibit 14** is a true and correct copy of Paul’s perjured testimony.  
20 Also attached hereto as **Exhibit 15** is a true and correct copy of the J.T. Thorpe published job  
21 book relating to the many, many jobs performed by J.T. Thorpe at C. F. Braun sites both in and  
22 out of state.

23  
24  
25 Perjury #3: Steven Sacks, Attorney for the Trust Advisory Committee  
26 lied to this Court in trial when he denied the Court (in Ohio related to the fraudulent Brayton  
27 activities) “essentially disbarred the Brayton firm from practicing law before that court because  
28

1 of what it felt were indiscretions and improprieties in Brayton’s handling of the (Kananian)  
2 claim.” Sacks lied. Judge Hanna in a signed order noted Brayton Purcell “institutionally” had  
3 “failed to abide” by the Court rules, “not conducted themselves with dignity” in Court, “not  
4 honestly discharged the duties of an attorney” and therefore, “forfeited their privileges to practice  
5 before this Court.” This lie by Sacks was clearly to ‘protect’ Alan Brayton and his firm and to  
6 assist in the cover up of Brayton’s fraudulent activities. Attached hereto as **Exhibits 16 and**  
7 **16(a)** are true and correct copy of Judge Hanna’s signed Order, Sack’s perjury, and Judge  
8 Hanna’s transcript dated January 3, 2007 detailing Brayton’s fraud.  
9

10  
11 15. On the morning of January 23, 2014 before trial, I was working in the Business  
12 Center of a local hotel when my former attorney Dennis Davis entered. I was looking forward to  
13 and excited to testify that day. Immediately upon entering, Davis stated, “As your attorney, I  
14 have to tell you that this is the worst judge that I’ve had in 30 years of practice and if you testify  
15 today, I think she will try and throw you in jail!” He then stated, “Judges will refer cases to the  
16 U.S. Attorney for criminal prosecution and if you testify, you could go to federal prison.” I didn’t  
17 say another word to my attorney exiting the hotel or on the drive to Court that morning.  
18

19 16. Given the extensive undue influence, duress and fraud (perjury) by Plaintiffs on  
20 the first 2 days of trial and the incredible undue influence/duress placed upon me by my own  
21 attorney that I could go to prison (which was clearly mistaken), I called my wife upon arriving at  
22 Court. I told my wife what my attorney said and my wife said, “we (the family) know you did  
23 nothing wrong, we love you, just get out of there and come home.”  
24

25 17. At this point on January 23, 2014, I communicated with my former attorney that I  
26 would consider settling the case so long as I could still “refer” Thorpe and Western Trust claims  
27

28

1 to other attorneys. The ongoing ability to refer cases was critical for the survival of my office and  
2 clearly a condition precedent to resolving any dispute.

3  
4 18. At this point on the morning of January 23, 2014 and before trial began that day,  
5 the duress, fraud and undue influence placed upon me by both my former attorney and the  
6 plaintiffs mistakenly caused me to ask the plaintiffs “if the deal communicated Tuesday was still  
7 open?” I again met with Mr. Molland, Mr. Smith and Mr. Fergus. My former attorney was  
8 present. In a conversation which lasted approximately 4 minutes, Mr. Fergus reiterated the offer  
9 of January 21, 2014 and clearly seeing that I was under duress/undue influence added numerous  
10 material and unconscionable terms to the offer to settle. These additional terms included but  
11 were not limited to:

12  
13 a. That I could not “co-counsel” (refer Western Asbestos, Thorpe Trust or Plant  
14 Trust claims;

15  
16 b. That any outstanding offers from all the Thorpe Trusts and the Western Trusts  
17 would be cancelled if the Release was not mailed by January 23, 2014; and

18  
19 c. Language that was incorrect, false and never presented to me in the very brief  
20 negotiations related to admissions, transferring of claims and other details.

21 19. I was admittedly in a ‘fog’ during this “settlement” meeting due to the lack of  
22 sleep (over the past 2 years and none the prior evening) and the duress, undue influence clearly  
23 mistaken beliefs. No negotiations took place. Mr. Fergus just unethically “told us” what the deal  
24 “would be” and I just nodded. Had I not been under the duress and undue influence placed upon  
25 me by Plaintiffs and my former attorney, and the clearly mistaken belief that I could go to jail  
26 (and there would be no attorney discipline), I would have never even discussed settling the  
27 litigation on the unconscionable unethical terms proposed. Numerous additional material terms  
28

1 were added to the agreement which were never negotiated. I was shown no documents, never  
2 engaged in negotiations (except on very minor terms), and never discussed many the material  
3 terms of the settlement in detail with Plaintiffs.  
4

5 20. The Plaintiffs immediately communicated with Your Honor that a settlement had  
6 been negotiated. I said nothing. Mr. Fergus began furiously working on his laptop to prepare the  
7 Thorpe Trusts settlement demand to read into the record. At one point, this Court indicated that  
8 “if we can’t get this done in 10 minutes, everyone needs to come back at 2 O’Clock.” Mr. Fergus  
9 indicated he would complete the terms of the proposed settlement on his laptop.  
10

11 21. Approximately 5 minutes later, Mr. Fergus came over with his laptop and  
12 showed my former attorney the language on the proposed terms on his laptop. There were no  
13 written documents for me to refer to and I never personally read any of the material terms from  
14 Mr. Fergus’ laptop. To my surprise, the terms of the proposed settlement were much more  
15 extensive than previously discussed and included a reference to an extensive document (the  
16 “May letter”) which I hadn’t seen in over 8 months, if ever. I said nothing.  
17

18 22. The proposed settlement agreement was clearly void and unconscionable for the  
19 following reasons:

- 20 a. It involved two Trusts, Western and the Plant Asbestos Trust which were not part  
21 of the litigation and which this Court had no jurisdiction over;  
22  
23 b. It contained numerous “material terms” which were false and the product of  
24 fraud, undue influence, duress and bad faith  
25  
26 c. It was incredible complex and detailed and a copy was never provided to  
27 Mandelbrot prior to going on the Record;

28

1 d. It may have required Mandelbrot self report to the State Bar although Mandelbrot  
2 has never filed an unreliable or fraudulent claim;

3 e. It entirely restrained me from engaging in my occupation as plaintiff's asbestos  
4 attorney and should have been void. If this Court were to enforce the proposed settlement  
5 agreement, I would no longer be able to engage in my lawful profession as an asbestos attorney.  
6 I could no longer (without committing malpractice) retain new clients, no longer fulfill my duties  
7 to my current clients and would be put "out of business." Applicable Business and Professions  
8 Code Section 16600 states "every contract (settlement) by which anyone is restrained from  
9 engaging in a lawful profession, trade, or business of any kind is void. Attached hereto as  
10 Exhibit 17 is a true and correct copy of Business and Professions Code Section 16600.

11 f. The settlement agreement of January 23, 2014 would have required me to violate  
12 my ethical duties as an Attorney to report fraud (of Brayton, Snyder and the Trusts).

13 g. It violated my due process

14 h. Various additional reasons not stated herein

15 23. On the Record on January 23, 2014, Your Honor then asked Mr. Fergus to read  
16 the terms of the proposed settlement into the Record. At the time, I didn't agree to any of the  
17 material terms read into the record by Mr. Fergus nor did I understand the complete terms of the  
18 settlement or implications thereof. In addition, I knew that any potential (unconscionable)  
19 settlement was a product of fraud, duress, undue influence and the mistaken belief that if I didn't  
20 settle, I would lose my personal freedom. Consequently, despite shaking my head "no"  
21 throughout Mr. Fergus' reading of his terms, I paused and answered "hesitantly, yes" when Your  
22 Honor asked if I agreed to the settlement. I should have said "no". There were no parts of the  
23 material terms of the proposed settlement agreement to which I agreed, and I knew the  
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1 unconscionable settlement agreement was a product of perjury, the subornation of perjury, bad  
2 faith and malicious conduct by the Trusts, Snyder, Paul and Trust staff as I have never filed an  
3 unreliable claim with the Thorpe Trusts.  
4

5 24. On January 25, 2014, I advised my former counsel that “I wanted out of the  
6 deal.” I do not know if he ever communicated this with Plaintiffs. I substituted my former  
7 attorney Mr. Davis out of this case for, among other things, incompetence on January 31, 2014.

8 25. On January 31, 2014 I immediately communicated to Plaintiffs by e-mail that the  
9 “deal was off” and that it was “null and void”. I suggested a conference call on the morning of  
10 February 3, 2014 to discuss. See **Exhibit 9** to the Declaration of Benjamin Smith. In addition, I  
11 wanted to alert the Plaintiffs to a portion of the newly discovered documents. The Plaintiffs  
12 responded on February 3, 2014 and suggested a conference call the following day and I obliged.

13 26. From January 26, 2014 until the present time, I have discovered and continue to  
14 discover extensive information and documentation which not only provides a complete defense  
15 for my office on critical issues before this Court, but also details concealment fraud and  
16 corruption by Trust Advisory Committee Member Alan Brayton, Stephen Snyder and extensive  
17 perjury by Plaintiffs to cover up and conceal said fraud.

18 27. Alan Brayton is the Thorpe and Western Trust’s highest level fiduciary as  
19 defined by the Trust’s By-Laws relating to Trust Advisory Committee Members. A fiduciary  
20 duty is “highest standard of care” at either equity or law. A fiduciary is expected to be extremely  
21 loyal to the person to whom he owes the duty and must not put his personal interests before the  
22 duty and must not profit from his position as a fiduciary. In addition, a fiduciary should not have  
23 a conflict of interest Attached hereto as **Exhibit 18** is a true and correct copy of the definition of  
24 “Fiduciary.”  
25  
26  
27  
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1           28. As detailed below, Brayton clearly breached these fiduciaries duties to the Thorpe  
2 and Western Trusts by committing extensive fraud on bankruptcy claims, covering up and  
3 concealing the same, and not disclosing his clear fraud to the Thorpe Trusts. In addition, Brayton  
4 clearly has a conflict of interest in his role at Trust Advisory Committee member who takes part  
5 in establishing rules and policy decisions for the Trusts and as plaintiffs trust counsel who  
6 regularly submits claims the Trusts.

7  
8           29. Since January 26, 2014, depositions, documents and e-mails which I have now  
9 discovered display extensive fraud by the Trusts, Trust lawyers, Trust staff and specifically  
10 Stephen Snyder and Alan Brayton.

11  
12           30. One example of these critical documents the Trusts attempted to conceal is the  
13 Exhibits to the Sara Beth Brown Deposition dated March 22, 2010. These documents detail  
14 extensive fraud by Brayton. Thorpe specifically attempted to prevent me from obtaining the  
15 Exhibits from this deposition. During discovery in this case, I personally phoned Bonanza Court  
16 Reporting in an effort to get these Exhibits. I was told by Bonanza Reporting that “all parties had  
17 to approve the release of these Exhibits” and the Plaintiffs would not approve it. I obtained a  
18 copy of these Exhibits on January 26, 2014.

19  
20           31. This deposition of Sara Beth Brown taken March 22, 2010 and especially the  
21 Exhibits (since they detailed extensive Brayton Fraud), were clearly part of a legal matter  
22 (*Kananian v. Brayton* malpractice case) and Sara Beth Brown received a subpoena to testify on  
23 that date. The criminal cover up of these documents by the Trust included but was not limited to:

24           a. Failure to Identify the Legal Matter, Subpoena and the Deposition (and its  
25 contents) received by Sara Beth Brown in the Trust Annual Reports filed with the United States  
26 Trustee. In all Annual Reports both before and after Brown received the subpoena, the Trusts  
27  
28

1 have identified “Legal Matters” and “Subpoenas Received.” Attached hereto as Exhibit 19 is a  
2 true and correct copy of Annual Reports which fail to detail the fraud. Amazingly, the same Sara  
3 Beth Brown certifies that all Trust Annual Reports are “true and correct.”  
4

5 b. Failure to identify the Kananian matter or the resulting lawsuits in any  
6 Annual Reports and to Trust Beneficiaries. The Trusts, Snyder, Morgan Lewis and Brayton have  
7 gone at great lengths to cover up the Kananian matters and have never publicly disclosed the  
8 Brayton fraud to the various supervising bankruptcy courts and, of course, never disclosed the  
9 fraud to Trust Beneficiaries. See Exhibit 19.  
10

11 32. Additionally, the Exhibits to the Sara Beth Brown deposition discovered on  
12 January 27, 2014 also provided documentary evidence critical to the defense of this action  
13 relating to the reliability of my firm’s claims. The key document included in these Exhibits was:

14 a. Declaration of Certified Industrial Hygienist Kenneth Cohen (provided to  
15 the Trusts in hundreds of claims by other firms). This Declaration would have provided a  
16 complete defense to the substantial allegation that Defendant had filed claims for trades with  
17 “unusual occupations” who were not exposed to asbestos “on ships or in shipyard”. In this  
18 general Declaration about asbestos exposures both on and off of ships, Cohen concludes the  
19 “exponential decay of asbestos contamination, asbestos fibers and dust from all sources...once  
20 released, are re-trained and circulated through the site (building, ship or otherwise) via the re-  
21 circulation ventilation system and by a number of activities including cleaning, walking, minor  
22 repairs and vibration-generating movements resulting in exposure to asbestos.” Cohen adds, “any  
23 one in the vicinity at the time or subsequent to the release of fibers would more likely than not  
24 have been exposed to hazardous levels of asbestos.” See Exhibit 10.  
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1 33. Additional and extensive fraud by Trust Advisory Committee Chairman Alan  
2 Brayton is also displayed in the Exhibits to the Sara Beth Brown deposition of March 22, 2010.  
3 These documents include but are not limited to:  
4  
5 a. An internal Brayton Purcell Memorandum wherein the firm evaluated the  
6 (fraudulent) Western Asbestos claim filed for Harry Kananian and determined there was “not  
7 enough exposure” to qualify for the Western Asbestos Trust. (Exhibit). Despite this memo  
8 ‘rejecting’ the claim, the Brayton firm took a default in the claim. The Western Asbestos Trust  
9 has paid Trust Advisory Committee Member Alan Brayton over \$700,000 on this fraudulent  
10 Kananian claim. The monies were never repaid to the Trust. Attached hereto as Exhibit 20 is a  
11 true and correct copy of the Brayton internal memo rejecting this fraudulently paid claim.  
12  
13 b. The actual fraudulent default claim for the Kananian family “proven up”  
14 by the Brayton firm. In the claim, the Brayton firm committed perjury and fraud by claiming  
15 exposure to Western Asbestos while “stationed on board the GENERAL JOHN POPE at Hunters  
16 Point Naval Shipyard.” The GENERAL JOHN POPE is not a Western Asbestos ship and  
17 Kananian was not at Hunters Point Naval Shipyard. Additionally included in this claim file are  
18 various addition ‘boilerplate’ affidavits used to prove damages and exposure. Attached hereto as  
19 Exhibit 21 is a true and correct copy of Kananian claim with Western Asbestos.  
20  
21 c. Internal Brayton Purcell e-mails which we discovered had previously been  
22 produced in malpractice/State Bar litigation in Ohio but not disclosed by the Trusts. These e-  
23 mails by Alan Brayton and his staff detail and acknowledge that his firm was “making up  
24 information” on bankruptcy claims, extensively utilizing “boilerplate” documents and filing  
25 Trust claims with “outright fabrications.” Attached hereto as Exhibit 22 is a true and correct  
26  
27  
28

1 copy of copies of internal Brayton e-mails detailing “fabricated claims” and efforts to conceal the  
2 same.

3  
4 34. I am also now in possession of Judge Harry A Hanna’s Order  
5 disqualifying Brayton in the Kananian matter and detailing Brayton’s extensive fraud in  
6 bankruptcy claims. See **Exhibit 16**.

7 35. In the instant Motion, the Thorpe Trusts represent that the Law firm of Keker and  
8 Van Nest has investigated the Kananian claim and cleared the Trusts of any wrongdoing. This is  
9 clearly *another* attempt by the Trust to mislead this Court, the Western Court and the Trust  
10 Beneficiaries. Keker & Van Nest has never filed an asbestos bankruptcy claim, never been  
11 involved in asbestos litigation, and could not have fully investigated the claim. The documents  
12 actually filed with the Kananian claim and all evidence and investigation clearly reveal that the  
13 claim and the Brayton firm committed fraud and attempted to conceal the same.  
14

15  
16 36. In addition to the above newly discovered documents, I am also in possession on  
17 extensive additional documentation detailing fraudulent activities in the filing of Bankruptcy  
18 Claims at Brayton Purcell. Combined with my experience as employee of Brayton Purcell from  
19 1994 to 1999 where I witnessed bankruptcy fraud and raised it with the Managing Partner  
20 Francine Curtis, I have no doubt that Brayton Purcell has filed hundreds, if not thousands, of  
21 fraudulent bankruptcy claims with the Thorpe and Western Trusts totaling tens of millions of  
22 dollars.  
23

24 37. The Western MacArthur fraud by Brayton is also detailed in a recent  
25 Complaint filed by attorney Chris Andreas. Attached hereto as **Exhibit 23** is a true and correct  
26 copy of the Andreas Complaint against Brayton – see specifically ¶ 52-119, inclusive.  
27

28

1 a critical issue in the case. See **Exhibit 12**. I also informed Smith of his personal subornation of  
2 perjury relating to his eliciting of false testimony Laura Paul. Smith clearly told Laura Paul to  
3 testify falsely relating to this site. I have no doubt that Laura Paul knows that Long Beach Naval  
4 Shipyard is not a site on the J.T. Thorpe, Inc. site list as she and I have had numerous  
5 conversations about this specific site.  
6

7  
8 47. I hereby urge this Court to reject the Proposed Settlement Agreement, dismiss the  
9 actions against my office and/or to reset this case for Trial.  
10

11 I declare that the foregoing is true and correct under penalty of perjury under the laws of  
12 the State of California. Executed this <sup>th</sup>12 day of March, 2014.  
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17 Michael J. Mandelbrot  
18 Signed in Novato, California.  
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