

Mandelbrot Law Firm

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February 4, 2022

Jay Buteyn
The State Bar of California
180 Howard Street, San Francisco, CA 94105

Re: Case Number: 19-O-10253
Complainant: Judge Sheri Bluebond
Respondent: Michael J. Mandelbrot, Esq.

Introductory Statement

Please take note at the outset that the filing of this Complaint by Judge Sheri Bluebond is Judicial Misconduct for retaliating against complainants (Michael Mandelbrot) for “participating in the judicial conduct and disability process, and for report and disclosing judicial misconduct or disability.”¹ I would urge you file a Judicial Complaint for this conduct.

As your letter correctly notes, Judge Sheri Bluebond presided in Trial and multiple hearings where I was the Defendant in adversary proceedings (2012-2018). The Plaintiffs’ in those cases were the J.T. Thorpe, Inc. and Thorpe Insulation Settlement Trusts (hereinafter “Thorpe Trusts”) represented by Bluebond’s “close and personal friend” Eve Karasik², and former Asbestos Defense Lawyers.³

Simultaneous with the Thorpe Trust Filings against me and my office, the *exact same* Lawyers and individuals, on behalf of the Western Asbestos Settlement Trust, filed *an identical Complaint* in the

¹ The Judicial Conduct and Disability Act of 1980(link is external) (“Act”), 28 U.S.C. §§ 351–364, and the Rules for Judicial-Conduct and Judicial-Disability Proceedings (“Rules”) (pdf), as amended on March 12, 2019, govern this complaint process.

² See **Exhibit 1** which details the connections of Judge Bluebond to the Thorpe Trust Lawyers and to Mandelbrot. Mandelbrot was unaware of the “Close and Personal” relationship between Karasik and Bluebond until sometime in 2015 (detailed in Judicial Complaint #1). Bluebond *should have recused* herself from all proceedings due to bias, favoritism, appearance of impartiality. Bluebond refused.

³ Despite the Department of Justice Rules prohibiting “Interested Parties” (such as former Asbestos Defense lawyers) from employment by the Trust, these rules (like all D.O.J. Rules) were ignored by Judge Bluebond to appease her “friends” employed by the Thorpe Trusts (Eve Karasik and many others).

Northern California Bankruptcy Court (before an impartial and unbiased Judge). The (identical) Complaint filed by Eve Karasik and Asbestos Defense lawyers simultaneously in the Northern District was dismissed by the (unbiased) Judge as having no merit (2013).⁴

The Thorpe Trusts cases against my office proceeded to Trial. Not only did Judge Bluebond refuse my Constitutional right to a Jury, but throughout the cases, Judge Bluebond

- used the judge's office to obtain special treatment for friends (Eve Karasik and Thorpe Trust)
- accepted personal favors related to the judicial office (speaking engagements, 'campaigning' for Judge Bluebond's re-appointment)
- engaged in improper ex parte communications with parties or counsel for one side in a case (extensively with Eve Karasik and Thorpe Trust lawyers)
- treated litigants (me) in a *demonstrably* egregious and very hostile manner
- retaliating against complainants for participating in the judicial conduct and disability complaint process, or for reporting or disclosing judicial misconduct or disability (this Complaint!)
- failing to call to the attention of the relevant district chief judge or circuit chief judge any reliable information likely to constitute judicial misconduct or disability (Bluebond's favoritism and close personal connections to the Thorpe Trust lawyers).

Following my successful Appeal before the 9th Circuit Appeals Court of Judge Bluebond's improper and unwarranted rulings and for a determination if the (involuntary and void) settlement agreement violated Business and Professions Code 16600 (as noted on Page 2 of your letter), the case remanded to the District Court. Eve Karasik and Appellate Counsel (also very 'close and personal' friends with Bluebond) filed a Motion to ensure the case was transferred to Judge Sheri Bluebond. Despite my urging Judge Bluebond to recuse herself (for the appearance of bias and favoritism), Bluebond refused (solely to retaliate against me) so that *she* could make the determination if the settlement agreement violated Business and Professions Code Section 16600. Judge Bluebond's ruling in that case (and the improper exclusion of ALL of my evidence) defined her corruption.

California Business and Profession Code Section 16600 provides that "every contract (settlement agreement) by which anyone is restrained from engaging in a lawful profession, trade, or business of any kind is to that extent void." The Thorpe Trusts "settlement agreement" (a contract) under appeal – which '*banned*' my office for life from filing Thorpe Trust claims *and* claims with the Western Asbestos Settlement Trust (where the unbiased Judge dismissed the case against me) – was clearly such a restraint from my engaging in my lawful profession (attorney) and thus "void" (as a violation of Section 16600). But not when appearing before a biased, dishonest, and hostile Judge such as Bluebond (who was overturned on appeal twice and had a previous Judicial Complaint filed against her).

⁴ See **Exhibit 2** Signed and Filed October 29, 2013 by Thomas E. Carlson U.S. Bankruptcy Judge (attached) dismissing an *identical case* against Mandelbrot.

Judge Bluebond's finding that the settlement agreement did not violate BPC 16600 on February 18, 2018 further *exemplified* not just her Judicial Misconduct, but also displayed a disgraceful ignorance to the facts and law solely so Judge Bluebond could rule for the Thorpe Trusts. Please review the transcript. At no time did I act in an unprofessional manner. I may have raised my voice out of "shock" at Judge Bluebond's improper exclusion of evidence in that hearing, but never did I act unprofessional.

At that hearing, Judge Bluebond: 1) Excluded all of my evidence (despite being supported by a Declaration) of "Restraint"; 2) Had the Thorpe Trusts (her favored party) provide her with an "Order" *weeks before* the hearing so that Judge Bluebond could rule *exactly* as her friends desired; 3) Threatened to remove me from Courtroom and tried to intimidate me on multiple occasions when I simply challenged her rulings; and 4) Ultimately and disgracefully created "bad law" (totally incomprehensible) to please her buddies and to thwart any Mandelbrot Appeal. As a result, the *second* Special Notice of Judicial Misconduct was filed against Judge Sheri Bluebond.⁵

In June of 2018, I discovered "new" information revealing criminal conduct (theft of Trust funds) taking place among Fiduciaries at the Thorpe Trusts (including those *exact* Thorpe Trust individuals extensively involved in the cases against my office).⁶ A former Thorpe Trust employee provided me with irrefutable definitive evidence of criminal theft of funds at the Thorpe Trusts including but not limited to:

1. Thorpe Trust Funds (funds *designated* by Judge Sheri Bluebond for victims of Asbestos Diseases) used to pay for the Managing Trust Advisory Committee Member Alan Brayton's *Wedding!*⁷ An "actual" Trust Check -- with confirming e-mails, invoices, and confirmations all included. All Thorpe Trust employees were present at the wedding with accommodations included (again, paid for with Thorpe Trust Funds). The Thorpe Trust Fiduciaries (as I knew!) were using Asbestos Victim's funds as their "personal piggy banks". This is Fiduciary Criminal Conduct in clear violation of the Department of Justice Rules.
2. Thorpe Trust Funds (funds *designated* by Judge Sheri Bluebond for victims of Asbestos Diseases) used to pay for a lavish, all expenses paid trip (including flights) to San Francisco, California for the entire Thorpe Trust staff (approximately twenty employees) to celebrate a "Trust Anniversary".⁸ The Thorpe Trust Fiduciaries were using Asbestos Victim's funds for personal "lavish trips". This is Fiduciary Criminal Conduct and Criminal misappropriation of Asbestos Trust funds.⁹
3. Thorpe Trust Funds misappropriated by Trust Fiduciaries and staff for weekly "The Bachelor" watch parties. These catered Thorpe Trust "The Bachelor" watching events

⁵ Like the first Judicial Complaint filed against Judge Sheri Bluebond, the Judicial Council seemingly ignored the egregious conduct of Bluebond and dismissed the Complaint. Judges (include 'friends' of Judge Bluebond) reviewing the conduct of other Judges is protectionism.

⁶ See **Exhibit 3** - Department of Justice Rules on "Criminal Conduct".

⁷ The Thorpe Trusts and the Western Asbestos Settlement Trust have a "shared operating agreement" (since they all have the same Fiduciaries, facilities, employees, frauds, etc..).

⁸ See **Exhibit 4**, a picture of the Shirts made for this event (again, paid for with Asbestos Victim's monies).

⁹ See **Exhibit 3**, select portions of the Department of Justice Rules – Chapter 11 Trusts

included hotel rooms, drinks, and more. This is Fiduciary Criminal Conduct and Criminal misappropriation of Asbestos Trust funds.¹⁰

Additionally, in August of 2018, I was provided confidential information from a litigant that *proved with absolute certainty* that Judge Sheri Bluebond had a *common practice* of engaging in (unethical) ex parte communications with litigants in her Court. I was provided e-mails from a litigant wherein her attorney (Sandy Frey) sought a legal referral from Judge Sheri Bluebond and advice on his action.¹¹ Given Judge Bluebond's longstanding bias's against my office and her disgraceful, improper, and overturned rulings in Thorpe Trust cases against me, I had long suspected an unethical pattern of ex parte communication by Judge Sheri Bluebond (with Eve Karasik specifically, and other Trust lawyers), this e-mail received in August of 2018 confirmed it. Judge Bluebond had engaged in (a pattern and practice of) ex parte communications with litigants in her Courtroom about pending matters – another clear violation of Judicial Ethics by Judge Bluebond.

The September 7, 2018 Special Notice of Judicial Misconduct referenced in your letter is addressed above. The follow up Requests for Judicial Notice on September 17, September 18, September 27, and October 2, 2018 all relate to the “newly discovered” information of Thorpe Trust Judicial and Fiduciary (criminal) misconduct. It is my duty as a lawyer to report criminal conduct (criminal misappropriation of Thorpe victim Trust Funds entirely “enabled” by Judge Sheri Bluebond).

Response to Specific Judge Sheri Bluebond Allegations:

Judge Sheri Bluebond Allegation: Mandelbrot Violated Rule of Professional Conduct 3-200 and Business and Professions Code 6068

Mandelbrot Response: Denied. The Department of Justice rules place a “*continuing obligation*” (Italics added) on parties to disclose their level of “disinterestedness” and to “report criminal conduct”. Judge Bluebond's Court Orders in February 2004 and February 2010 appointing various individuals to serve in professional “Fiduciary” capacities – although violating Department of Justice Rules¹² – had a “continuing obligation” to report a “disinterestedness”. Filings by Mandelbrot were entirely proper. None of the filings were for the purpose of harassing or maliciously injuring, but to report (ongoing and concealed) criminal conduct. As a 28-year Attorney and advocate for victims of Asbestos Diseases (whose funds are being stolen by Trust Fiduciaries), these filings are legal, just, and necessary. The Judge Sheri Bluebond Allegations made in *every filing* are supported by facts as discussed above. Follow up filings in 2018 (as discussed above) were made *in good faith*

¹⁰ See **Exhibit 5**, E-mails regarding “The Bachelor” watch parties

¹¹ I will provide this confidential e-mail upon request.

¹² Each Fiduciary (attorneys Eve Karasik, Alan Brayton, Stephen Snyder, Gary Fergus, Steven Kazan, David McClain, Michael Molland) had submitted a perjured Declaration by failing to adequately disclose that each was an interested party. See **Exhibit 6**- Thorpe Trust Annual reports wherein Judge Sheri Bluebond improperly awarded Alan Brayton and Steven Kazan millions of dollars (clearly an “interest” prohibited by the Department of Justice).

based on *newly discovered information* of Judicial Misconduct and Criminal Fiduciary Misconduct (ignored for decades by Judge Sheri Bluebond).¹³

Judge Sheri Bluebond Allegation: Mandelbrot in Fall 2018 Filings purported to represent beneficiaries of the J.T. Thorpe Settlement Trusts when I was barred by the (improper) Court Order from representing asbestos claimants in those proceedings

Mandelbrot Response: Denied. I have not represented beneficiaries of the J.T. Thorpe Inc. Settlement Trust since Judge Bluebond's orders. I have filed no Thorpe Trust claims. I have received no monies from the Trust. Prior to Judge Bluebond's orders, my office passed over \$40,000,000.00 in claims for Asbestos Victims with the Thorpe Trusts. I have abided by Judge's Bluebond's sham rulings. I suspect that in an effort to deceive the State Bar, Judge Sheri Bluebond is referring to Mandelbrot Law Firm brochure (from 2008) wherein I listed the J.T. Thorpe, Inc. Trust as a claim which I filed. I specifically told Judge Bluebond (on the record) that the brochure was from 2008 (since I had hair on my head) but as always, she thought I was lying.¹⁴

Judge Sheri Bluebond Allegation: Mandelbrot violated Business and Professions Code 6068(b) when I made statements which were false and defamatory regarding Judge Sheri Bluebond.

Mandelbrot Response: Denied. I have never made any statements which were false or defamatory. *All* Statements I have made in Court, and *everything* stated in court filings and blog posts regarding public figures (Judge Sheri Bluebond) are accurate, factual, supported by evidence.

Judge Sheri Bluebond Allegation: Mandelbrot made a False Statement regarding Judge Sheri Bluebond that attorneys for the trusts acted as Judge Bluebond's campaign manager while she was seeking re-election to the bench in 2014.¹⁵

Mandelbrot Response: Denied. This statement is entirely true. Please see the *first* Judicial Complaint filed against Judge Sheri Bluebond by my office.¹⁶ The Thorpe Trust lawyer was "effectively" acting as Judge Sheri Bluebond's campaign manager (*throughout the Thorpe Trust cases against me and my office*). While Sheri Bluebond sought re-appointment to the

¹³ Note that the stipulated dismissal referenced in your letter of May 10, 2018 was done for financial reasons. It was regrettable but given the 5 years of Judicial Misconduct and the "bad law" she had created following my successful Appeal, I could no longer face the injustice and judicial bad faith in her Courtroom.

¹⁴ See **Exhibit 7** - Ironically, this same brochure was *excluded* (as with all exculpatory evidence) by Judge Sheri Bluebond following my successful Appeal since it clearly displayed my business was "restrained" in violation of BPC 16600.

¹⁵ Mr. Buteyn, your letter incorrectly states that Judge Sheri Bluebond sought "re-election" in 2014. Bankruptcy Judges (such as Sheri Bluebond) are **not** elected. Nor is their Appoint made by politicians. Bankruptcy Judges such as Bluebond apply for the job (just as someone would apply at a 7-11). They then seek "recommendation" or "reappointment letters" from the local community (in Bluebond's case, the Thorpe Trust lawyers). Candidates (such as Bluebond) then "interview" (at a dinner where alcohol is served) with Judges from the U.S. Court of Appeals for the Ninth Circuit (in Bluebond's case, former Judge Alex Kozinski) who make the appointment. An unqualified, dishonest, and corrupt Judge such as Sheri Bluebond would *never* be elected.

¹⁶ See **Exhibit 1**.

bench in 2014 (and simultaneous with Thorpe Trusts v. Mandelbrot cases), Thorpe Trust lawyer **Eve Karasik** *actively sought recommendation letters from the local community* regarding Judge Sheri Bluebond's 2014 re-appointment. As noted, in the *weeks before my Trial before Sheri Bluebond*, Eve Karasik and Bluebond's close and personal friend Daniel J. Bussel (who handled the Thorpe Trust Appeal against my office) sponsored a "Speaking Engagement" (January 10, 2013) for Hon. Sheri Bluebond before the local community.¹⁷ Undoubtedly, recommendations were sought. Throughout the Thorpe Trust cases against me, Eve Karasik's Law Firm (Stutman, Treister & Glatt) posted on their Law Firm website an "Invitation" for "Reappointment of U.S. Bankruptcy Judge Sheri Bluebond" with a deadline (in bold) of **Friday, April 4, 2014**. Eve Karasik, the Thorpe Trust lawyer, and Judge Bluebond also continued to serve on 4 or 5 Local Bankruptcy Boards of Directors together during this time wherein Karasik promoted Bluebond's reappointment.¹⁸

Judge Sheri Bluebond Allegation: Mandelbrot falsely asserted Judge Sheri Bluebond had an inappropriate sexual relationship with retired (due to sexual harassment) Ninth Circuit Judge Alex Kozinski.

Mandelbrot Response: Denied. I have never (!) stated that Judge Sheri Bluebond had an inappropriate sexual relationship with Alex Kozinski. To the contrary, I opined posed a question in my blog whether former Judge Alex Kozinski (a "serial" sexual harasser), who interviewed Bluebond for her original appointment, sexually harassed Sheri Bluebond or saw her as a future victim of his sexual perversions.¹⁹ I have never made a statement or implied that "Judge Sheri Bluebond had an inappropriate sexual relationship with retired Ninth Circuit Judge Alex Kozinski". Like all Judge Bluebond's allegations, this allegation is entirely false.

Judge Sheri Bluebond Allegation: Mandelbrot sent a letter to the Attorney General of Nevada which *falsely* alleged Judge Bluebond "knowingly approved Trust misappropriations, theft and fraud."

Mandelbrot Response: Denied. Mandelbrot sent a letter to the Attorney General of Nevada *accurately stating* (and providing the pages from Thorpe Trust Annual Reports) that Judge Bluebond "knowingly approved Trust misappropriations, theft, and fraud."²⁰ See also the newly discovered information above relating Thorpe Trust Fiduciary Alan Brayton's

¹⁷ See **Exhibit 8** - "Bluebond-Stutman-Eve Karasik". Note that this totally impermissible (Judge Bluebond serving on Boards with litigants in her Courtroom) under the Judicial Canons but again, ignored by Bluebond.

¹⁸ See **Exhibit 1** - "Improper Relationship- Karasik and Bluebond" - This displays the depth of connection (close personal friendship) between Judge Bluebond and the Thorpe Trust lawyers. She should have recused herself.

¹⁹ See **Exhibit 9** - Compilation of articles relating to former Judge Alex Kozinski's 'serial' sexual harassment. Prior to the public's discoveries of Kozinski's wrongdoing (2017), Bluebond often touted her "fantastic" interview with Judge Alex Kozinski which led to her appointment.

²⁰ See **Exhibit 6** - Select portion of Thorpe Trusts Annual Reports. Note on pages 2 (J.T. Thorpe December 31, 2006) and 3 (Thorpe Insulation December 31, 2010), Judge Sheri Bluebond approved contingent fee payments totaling over \$40 million to Fiduciaries and Trust Advisory Committee Members Alan Brayton and Steven Kazan. Brayton and Kazan are both "Fiduciaries" to the Thorpe Trusts (appointed by Bluebond) and prohibited from having an "interest" in the Trust funds. In addition, from 2006-present, *every* Thorpe Trust Annual Report filed by Eve Karasik has been approved by Bluebond -- wherein Bluebond *knew* (from my previous filings) insider corruption, misappropriations, sham expenditures on lawsuits, and other wrongdoings were taking place at the Thorpe Trusts.

wedding. Despite having this irrefutable information of Thorpe Trust Fiduciary misappropriations, theft, and fraud (lawsuits), Judge Bluebond did in fact “knowingly approve Trust misappropriations, theft and fraud.” This statement is 100% accurate.

Allegation: Mandelbrot behaved in an unprofessional manner in Court on February 1, 2018 and November 28, 2018.

Mandelbrot Response: Denied. I have never behaved in an unprofessional manner in Court.. I do recall on these occasions Judge Sheri Bluebond attempted to intimidate me by calling for an extra Bailiff in the Courtroom positioned directly behind me. Each time I questioned Judge Bluebond’s ruling (clearly, my right as an advocate), she threatened to “throw me out”. Bluebond, before I entered the Courtroom, was already treating litigants (me) in a demonstrably different manner from Bluebond’s close and personal friends. In addition, Judge Bluebond was “blinded with corruption” such that she couldn’t comprehend simple analogies made in Court.

Requested State Bar Follow Up for Judge Sheri Bluebond: Judge Bluebond notes that she “remain(s) available to answer any questions that the bar may have with regard to the matter and provide any additional or documentation that it may find helpful.” As such – please follow up with Judge Bluebond with the following questions:

1. Did you notify anyone after Mandelbrot provided you irrefutable evidence that Trust Fiduciaries including Alan Brayton (Managing Trust Advisory Committee Member), Stephen Snyder (Managing Trustee) and Sara Beth Brown (Executive Director) were stealing Trust funds in 2018?
 - a. Did you notify the United States Trustee?
 - b. Why is Alan Brayton still serving as a Fiduciary?
 - c. Did you investigate additional theft of Trust funds?
 - d. Why did you permit your friend Eve Karasik from concealing this information (clearly germane to Beneficiaries) from every Annual Report from 2018-present.
2. Why didn’t you recuse yourself from the Mandelbrot cases when it was clear you had a “close and personal relationship” with the Thorpe Trust lawyers?
3. What is your relationship with Eve Karasik? How many cases have you worked on with Eve Karasik? How many Boards of Directors did you serve on with Karasik? Please disclose all ex parte communications with Eve Karasik
4. Why haven’t you supplemented this State Bar Complaint after additional information of Thorpe Trusts Fiduciary misconduct was presented to you?
5. Why haven’t you supplemented this State Bar Complaint after you represented Thorpe Trusts “interested party” Gary Fergus was “no longer employed” as a Fiduciary by the Trusts?²¹

²¹ See **Exhibit 10** (highlighted) – Fraudster and “Interested Party” Gary Fergus, former Brobeck asbestos defense lawyer, former attorney for Thorpe Trusts Futures Representative (where Fergus misappropriated \$\$Billions from the Thorpe Trusts), and lawyer in the Thorpe Trusts v. Mandelbrot cases – despite Judge Bluebond’s representation – is still “stealing trust monies” and violating Department of Justice rules.

Conclusion:

Judge Sheri Bluebond's Complaint containing allegations against me, and my office are entirely false. Judge Bluebond solely filed this Complaint to retaliate against my office for participating in the Judicial Complaint process against her.

In addition, Judge Bluebond presiding over the Thorpe Trusts v. Mandelbrot cases was egregious Judicial Misconduct which should have resulted in her recusal and discipline. As a direct result of the Thorpe Trusts v. Mandelbrot cases and Bluebond's unethical oversight (of this completely sham lawsuit filed by Bluebond's 'friends') the following has resulted:

- 1) *Thousands* of Thorpe Trust Beneficiaries will never receive Compensation.
- 2) Hundreds of Millions of dollars in Thorpe Trust Funds has been misappropriated to "insiders," "interested parties," and individuals prohibited by the DOJ from serving as Fiduciaries (Alan Brayton, Steven Kazan, Steven Snyder, Gary Fergus, Morgan Lewis firm, Snyder Miller).²²
- 3) *Dozens* of Annual Reports (for both Thorpe Trusts) were "approved" by Judge Sheri Bluebond "knowing" they contain fraudulent information (to Beneficiaries) regarding misappropriations, expenditures, lawsuits, and insider dealing. The Thorpe Trust Beneficiaries have been entirely deceived.
- 4) Completely incomprehensible and "Bad Law" has been created by Judge Bluebond solely to appease her "buddies" (relating to BP 16600 and "restraint") and to retaliate against me and my office.
- 5) A completely unblemished, top notch, and esteemed 25-year Legal reputation (mine) was completely destroyed by Judge Bluebond's unethical and bad faith rulings (solely to appease her close and personal friends).²³

I would urge the California State Bar to initiate disciplinary proceedings against Judge Sheri Bluebond. This Complaint filed by Sheri Bluebond was filed to retaliate against Mandelbrot for participating in the judicial conduct and disability complaint process, and for reporting or disclosing judicial misconduct or disability (the *definition* Judicial Misconduct). In addition, while acting with *impunity*, Judge Bluebond has *knowingly* concealed and further enabled Thorpe Trust Fiduciary criminal conduct and Thorpe Trust misappropriations, including her close friend Eve Karasik, for well over a decade.²⁴

Sincerely,

Michael Mandelbrot Dated: 02/07/22

²² In 2004-2009, each of these individuals submitted perjured Declarations to the Court (Judge Bluebond) by failing to identify the fact they are "interested parties." Each lied about their status as an "interested party." Judge Sheri Bluebond approved the employment of Fiduciaries based on perjured Declarations.

²³ It was no consolation that my former lawyer in the Thorpe Trust cases Dennis Davis settled a malpractice case relating to the same.

²⁴ See **Exhibit 11. MSP Recovery v. Thorpe Insulation** (Case No. 2:07-bk-20016-BB) – filed 08/24/21 – details supporting evidence of Thorpe Trust Fiduciary corruption, fraud, and misappropriation of funds.

