

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

NETSPHERE, INC.,	§	
MANILA INDUSTRIES, INC., AND	§	
MUNISH KRISHAN	§	
	§	
PLAINTIFFS,	§	
	§	
V.	§	CIVIL ACTION NO. 3:09-CV-0988-F
	§	
JEFFREY BARON AND	§	
ONDOVA LIMITED COMPANY,	§	
	§	
DEFENDANTS.	§	

**THE RECEIVER’S MOTION TO COMPEL INFORMATION FOR PREPARATION
OF TAX FILINGS AND REQUEST FOR EXPEDITED RELIEF**

The Receiver, on behalf of over a dozen Receivership Parties, must file tax forms with the IRS. The filing deadline is in eleven days. The Receiver lacks certain key information necessary to complete the tax forms, and the only person who appears to have that information is one of Mr. Jeffrey Baron’s former attorneys. Intent on obstructing the Receiver, Mr. Baron and his counsel, Mr. Gary Schepps, have engaged in a despicable pattern of threatening and intimidating this attorney. And unfortunately, Mr. Baron’s unseemly tactics worked perfectly.¹ One of Mr. Baron’s former attorneys is now so scared of Messrs. Baron and Schepps, that she will not cooperate with the Receiver absent a Court Order. In fact, she actually asked the Receiver to file this very motion, so that when Mr. Baron sues or files a frivolous grievance against her for cooperating with the Receiver in filing the tax forms, she can say she simply had

¹ The Receiver is, once again, confused by Mr. Baron’s tactics. It makes no sense why someone would want to obstruct the Receiver where the Receiver’s work is for the specific goal of preventing Mr. Baron from possible criminal liability, tax penalties, and/or fines for non-compliance with tax regulations. But then again, throughout the course of the Receivership, Mr. Baron has consistently and repeatedly conducted himself in a manner that is obviously counter to his own best interests (*e.g.*, filing countless emergency motions accomplishing nothing except a drain on his own cash funds).

no choice. April 15 is quickly approaching, so the Receiver seeks immediate relief from this Court.

A. Who is the attorney that has the necessary tax information?

The attorney with the necessary information to complete the tax filings is Ms. Elizabeth Schurig and her law firm, Schurig Jetel Beckett Tackett law firm (collectively, “Schurig”). Schurig specializes in “international tax, estate, and asset protection planning.” (*See* <http://www.sjbt.com/internal.html?dst=our-firm.html>). Schurig represented Mr. Baron and, for tax purposes, actually formed many of the Receivership Parties whose filing deadlines are approaching. Up until Mr. Baron retained Mr. Jeffrey Harbin to serve as the manager of the two entities holding the domain names, Quantec, LLC and Novo Point, LLC (collectively, the “LLCs”), Schurig also managed the LLCs. Since Mr. Harbin will not cooperate with the Receiver,² Schurig appears to be the sole source of certain (non-privileged) information necessary to complete the tax filings (the “April 15 Tax Filings”).

In order to prepare the April 15 Tax Filings, the Receiver engaged an international tax preparation and audit firm, Grant Thornton LLP (“Grant Thornton”). [Docket No. 313.] Grant Thornton has advised the Receiver that, without Schurig’s assistance, it simply cannot insure the accuracy of the April 15 Tax Filings. In other words, the Receiver must obtain the information held solely and exclusive by Schurig.

² The Court will recall the recent saga of Mr. Harbin. Mr. Harbin refused to provide the Receiver with information about the LLCs, assist in the potential sale of domain names, or even meet with the Receiver. [Docket No. 306 at p. 10; Docket No. 416 at pp. 45-46, 49-50.] Learning about that, the Court stated that it suspected that Mr. Harbin was reporting to Mr. Baron—something that Mr. Harbin clearly should not have been doing. [Transcript of *Emergency Motion to Clarify and Further Emergency Relief Before the Honorable Royal Furgeson*, February 10, 2011, at 18:21-19:2.] Thus, the Court then ordered him to meet with the Receiver and answer the Receiver’s questions. [Docket No. 331 at pp. 1-2; Docket No. 416 at pp. 61, 70.] Before the Receiver completed his questions, Mr. Harbin abruptly resigned without notice. Then, Mr. Harbin refused to appear at the conclusion of the Court-ordered meeting. [Docket No. 322; Docket No. 331 at p. 4; Docket No. 416 at pp. 31, 49-51.] The interim manager of the LLCs is now Mr. Damon Nelson. [Docket No. 362; Docket No. 416 at p. 50.]

B. Mr. Baron has intimidated Schurig from assisting with the April 15 Tax Filings.

In order to obtain the information held solely and exclusively by Schurig, on April 1, 2011, the Receiver's counsel, Gardere Wynne Sewell LLP ("Gardere"), arranged for a conference call with Schurig and Grant Thornton. Hoping that Mr. Harbin would cooperate and provide additional information for the filings, Gardere invited Mr. Harbin to participate in the call as well. Gardere did not invite Messrs. Baron and Schepps, fearing that they would use the opportunity to obstruct the work of the Receiver. As described below, Gardere's fear was not without legitimate basis.

To conduct the call, Gardere circulated to Schurig, Grant Thornton, and Mr. Harbin a bridge line with a confidential pass code (the "April 1 Tele-Conference"). As described below, Messrs. Baron and Schepps apparently found out about April 1 Tele-Conference (presumably from Mr. Harbin) and began to threaten and harass Schurig.

1. Mr. Schepps e-mailed Schurig.

Minutes before the April 1 Tele-Conference began, Mr. Schepps e-mailed Schurig, threatening legal action if Schurig assisted the Receiver with the April 15 Tax Filings. Mr. Schepps' threat read as follows:

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

Sent: Friday, April 01, 2011 5:14 PM

To: Elizabeth M. Schurig; Michelle Rosenblatt

Subject: Jeffrey Baron

TO WHOM IT MAY CONCERN:

IF YOU HOLD ANY ATTORNEY-CLIENT OR OTHER PRIVILEGED MATTER WITH RESPECT TO JEFFREY BARON, AND HAVE BEEN SOLICITED BY A "RECEIVER" TO DISCLOSE INFORMATION REGARDING JEFFREY BARON'S TAXES OR OTHER INFORMATION, PLEASE ACCEPT THIS NOTICE THAT:

This letter is to put you on notice that Mr. Baron does not authorize waiver of his attorney-client privilege, and so that you may perform your due diligence in relation to your legal obligations.

Most sincerely,
/s/ Gary Schepps
Appellate Counsel for Mr. Baron

(the “April 1 Schepps Threat”). (*See Appendix in Support of the Receiver’s Motion to Compel Information for Preparation of Tax Filings and Request for Expedited Relief* (“Appx.”), filed contemporaneously herewith, at Exhibit A, Appx. 1-3.) Ms. Schurig promptly e-mailed Gardere asking for “protection” from the “harassment.” (*Id.* at Exhibit A, Appx. 2.) She then spoke with Gardere on the phone, asking that Gardere consider filing a motion to protect her and her firm.

2. Mr. Schepps called into the April 1 Tele-Conference.

After the April 1 Schepps Threat, Schurig became concerned about assisting the Receiver. This, of course, was Mr. Baron’s plan all along, and it was working.

Despite Schurig’s concern about the harassment, Schurig nonetheless bravely called into the April 1 Tele-Conference. And that is when the most shocking event occurred.

Who was on the private call? Mr. Schepps!

How did Mr. Schepps get the private number and code? Schurig, Grant Thornton, and Gardere did not tell Mr. Schepps about the call, let alone give him the code. The Receiver surmises that it must have been Mr. Harbin.

In any event, the Receiver ended the call immediately and reconnected with Schurig on a private line. But it was too late. According to Schurig, Mr. Schepps’ conduct intimidated Schurig to the point where Schurig had now become too scared to assist the Receiver absent a Court Order. Schurig then insisted that the Receiver file this motion.

C. Is Schurig being overly sensitive?

Apparently not. This, after all, was just the latest in a series of threats and intimidation by Messrs. Baron and Schepps against Mr. Baron's former attorneys.

1. The February Schepps Threat.

In February, Mr. Schepps apparently attempted to intimidate all of the former and unpaid Baron attorneys—*i.e.*, Schurig and many others—into not providing the Court with declarations to support their claims. Here is what Mr. Schepps circulated to a blind-copy list:

From: Gary Schepps <legal@schepps.net>
Date: Thu, 10 Feb 2011 11:28:51 -0600
To: <legal@schepps.net>
Subject: ATTORNEY-CLIENT OR OTHER PRIVILEGED MATTER RE:
JEFFREY BARON

TO WHOM IT MAY CONCERN:

IF YOU HOLD ANY ATTORNEY-CLIENT OR OTHER PRIVILEGED MATTER WITH RESPECT TO JEFFREY BARON, AND HAVE BEEN SOLICITED BY A "RECEIVER" TO DISCLOSE THE INFORMATION PLEASE ACCEPT THIS NOTICE THAT:

It is our legal opinion that the senior district judge purporting to create a receivership over Mr. Baron is acting without subject matter jurisdiction. Moreover, the purported receivership was entered without notice, hearing, or supporting affidavits, and was entered without any supporting findings. The order is currently being appealed and the senior district judge has been divested of jurisdiction over the purported receivership order.

This letter is to put you on notice that Mr. Baron does not authorize waiver of his attorney-client privilege, and so that you may perform your due diligence in relation to your legal obligations.

Most sincerely,
/s/ Gary Schepps
Appellate Counsel for Mr. Baron

(the “February Schepps Threat”). (*See* Exhibit B, Appx. 4-5.) The Receiver learned of the February Schepps Threat from other former Baron attorneys concerned about the intimidation tactics.

2. The March Felony Accusation.

With respect to Schurig, in particular, the harassment has been even more extreme. Apparently in order to stop Schurig from assisting the Receiver with locating and accessing Receivership assets, Mr. Baron publically accused Schurig of a felony! Specifically, Messrs. Baron and Schepps charged that Ms. Schurig—a well-respected attorney with numerous professional accolades and who has licensed by the State Bar of Texas for close to 25 years—stole over \$2 million dollars from her former client! [Docket No. 337.] The Receiver’s investigation, however, has revealed that these serious accusations against Schurig (the “March Felony Accusation”) have absolutely no merit whatsoever. (*See* Exhibit C, Appx. 6-10.) But that appears to be beside the point. After all, after the February Schepps Threat and the March Felony Accusation, Schurig was worried. The April Schepps Threat and the unlawful surprise entry of Mr. Schepps on the April 1 Tele-Conference pushed Schurig over the edge. Schurig is now too scared to assist the Receiver absent a Court Order.

D. The Receiver has no choice but to move to compel Schurig’s assistance.

The Receiver considered filing a motion to restrain Messrs. Baron and Schepps from further intimidating Schurig (and other third-parties assisting the Receiver with (a) the April 15 Tax Filings, (b) the Former Attorney Claims, and (c) the potential sale of domain names). But that would likely be fruitless. Messrs. Baron and Schepps have demonstrated no respect either for this Court or its Orders.³ Thus, although the Receiver would rather not seek to compel a third

³ Some examples of their indifference to Court orders include their refusal to:

party—especially one who has cooperated with the Receiver and appears to be a victim of Mr. Baron’s intimidation—the Receiver is left with no other option. The Receiver has identified certain specific information he needs for the April 15 Tax Filings (the “Compelled Schurig Tax Information”). (See Exhibit D, Appx. 14-20.) The Receiver seeks an order compelling Schurig to provide the information described below and whatever else the Receiver deems as necessary by no later than April 7, 2011.⁴

PRAYER

The Receiver respectfully requests that the Court order 1) Schurig Jetel Beckett Tackett (including, without limitation, Elizabeth Schurig and Michelle Rosenblatt) to provide the Receiver with whatever information he deems necessary for accurate completion of the April 15 Tax Filings (including, without limitation, the Compelled Schurig Tax Information), 2) Schurig Jetel Beckett Tackett to provide the Receiver with documentation sufficient to demonstrate any and all fees and expenses incurred arising from assisting the Receiver with the April 15 Tax Filings, and 3) for all other relief to which he shows himself to be just entitled.

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- provide the Receiver with information concerning or access to Receivership Assets (including, without limitation, overseas accounts in the Cook Islands);
 - appear at Court-ordered, face-to-face meetings;
 - provide reports on Mr. Baron’s personal therapy sessions; and
 - provide information concerning Mr. Schepps’ authority to represent the LLCs.

[See Docket Nos. 130, 156, 158, 167, 176, 208, 220, 230, 248, 291, 320, 321, 333, 339, 357, 379, 415, 416, and 423.] While the Receiver does not seek the Court’s sanction of Messrs. Baron or Schepps for their behavior as described in this motion, it is, of course, well within the purview of the Court to do so *sua sponte*.

⁴ The deadline for the April 15 Tax Filings is imminent. The Receiver needs Schurig to provide the Compelled Schurig Tax Information and any other information the Receiver subsequently determines is needed well enough in *advance* of April 15, 2011 to allow Grant Thornton to prepare the necessary filings. Hence, the Receiver asks the Court for expedited relief.

Respectfully submitted,

/s/ Barry M. Golden
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**ATTORNEYS FOR THE RECEIVER,
PETER S. VOGEL**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served via the Court's ECF system on all counsel of record on April 4, 2010.

/s/ Peter L. Loh
Peter L. Loh

CERTIFICATE OF CONFERENCE

The undersigned hereby certifies he counsel attempted to confer with counsel for Mr. Baron via e-mail on April 1, 2011. Counsel for Mr. Baron did not respond. The undersigned hereby further certifies he conferred with counsel for the SJBT Firm, Eric Taube, via telephone on April 3, 2011. **Mr. Taube indicated that he was not opposed to the relief requested herein.**

/s/ Peter L. Loh
Peter L. Loh