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Attorney for Beneficiaries of the J.T. Thorpe, Inc. Settlement Trust

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:

J.T. THORPE, INC.

and

THORPE INSULATION COMPANY,

Debtors.

J.T. THORPE SETTLEMENT TRUST

and

**THORPE INSULATION COMPANY
ASBESTOS SETTLEMENT TRUST,**

Plaintiffs,

v.

**MICHAEL J. MANDELBROT and THE
MANDELBROT LAW FIRM,**

Defendants.

Chapter 11

Case No. 02-14216-BB

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

**Case No. 07-18271-BB (Case Closed)
(Jointly Administered with Case No. 07-200016-BB)**

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

**DECLARATION OF MICHAEL J. MANDELBROT
IN SUPPORT OF OPPOSITION TO THE EIGHTH
ANNUAL REPORT AND OBJECTING TO THE
DECLARATION OF BENJAMIN SMITH –
OBJECTION – FRAUD, PERJURY,
MISREPRESENTATION OF MATERIAL FACTS,
CONFLICTS OF INTEREST**

Date: June 4, 2014

Time: 2:00 p.m.

Ctrm: 1475

Place: 255 E. Temple St., 14th Floor

Los Angeles, CA 90012

Judge: Honorable Sheri Bluebond

I, Michael J. Mandelbrot, declare:

1. I am an attorney licensed to practice before all courts in the State of California, and make this

1 declaration in support of the Beneficiaries and Mandelbrot's Objection to the Eighth Annual Report and
2 Accounting and to object to the Annual Report and to the Declaration of Benjamin P. Smith in Support of
3 Motion to Approve and the J.T. Thorpe, Inc. Settlement Trust's Eighth Annual Report and Accounting.

4 2. I have filed over 1,000 claims with J.T. Thorpe, Inc. Settlement Trust since 2007 and
5 represented hundreds of present and future claimants with the Trust. From 2009-2012, my office filed
6 approximately 25% of all claims with the J.T. Thorpe, Inc. Trust on behalf of Law Firms from all over the
7 country.

8 3. I litigated against J.T. Thorpe, Inc. (J.T. Thorpe) in many cases from 1994 through 1999, while
9 working at the office of the Chairman of the Trust Advisory Committee, Alan Brayton (Brayton Purcell)
10 and I am intimately familiar with J.T. Thorpe, Inc., their history, their jobsites, their asbestos products,
11 their employees and their overall liability in asbestos litigation. I voluntarily left my employ at the office
12 of Alan Brayton in 1999 when I perceived extensive fraud taking place at Alan Brayton's office (Brayton
13 Purcell) on bankruptcy claims and Western Asbestos default judgments. I raised these issues with then
14 Managing Partner Francine Curtis and was told "well, just don't work on those."

15 4. I have been in litigation with the J.T. Thorpe, Inc. Trust since 2011. The Western Asbestos
16 case against me was dismissed by the Honorable Thomas Carlson due to the case having no merit. The
17 attorney in that case against me was Benjamin P. Smith, a former Brobeck and Morgan, Lewis co-worker
18 of J.T. Thorpe, Inc. Trustee Stephen Snyder. I have interacted with Mr. Smith on at least 100 occasions
19 through in-person meetings, phone and written correspondence and throughout the litigation. Mr. Smith,
20 who clearly is not "disinterested," is a known perjurer and clearly has interests adverse to the
21 beneficiaries. See Exhibit A, Declaration of Michael J. Mandelbrot, dated March 12, 2014, ¶¶ 21, 22,
22 inclusive

23 5. I hereby incorporate by reference a Declaration I signed in Opposition to the Thorpe Trust's
24 Motion to Enforce a Settlement Agreement. This Declaration accurately describes the facts and
25 circumstances of the Thorpe and J.T. Thorpe, Inc. Trust's case against me and my office, and the
26 extensive and ongoing fraud and cover up taking place at the J.T. Thorpe, Inc. Trust since inception. See
27 Exhibit A, Declaration of Michael J. Mandelbrot, dated March 12, 2014.

28 6. The Judge in the Thorpe Trust's case against my office was the Honorable Sheri Bluebond.

1 The attorneys in that case were Stutman, Treister and Glatt, and Morgan, Lewis. On March 29, 2014, I
2 discovered Judge Bluebond had simultaneously served on at least four to five Boards of Directors with
3 the Stutman firm, was guest speaker at fundraising events sponsored by Stutman during the Thorpe case
4 while Stutman was soliciting positive comments through their sponsored websites for Judge Bluebond's
5 upcoming reappointment in 2015. Stutman and Judge Bluebond clearly were friends and Bluebond clearly
6 had a "close and personal" connection to Stutman dating back decades so that her impartiality was
7 questionable. Judge Bluebond, Stutman and Morgan never notified Mandelbrot of this close and personal
8 connection or the friendships. As a result of this close and personal connection, Judge Bluebond clearly
9 had a bias for Stutman and prejudice against me and my office. Bluebond also had a financial interest in
10 the outcome of the case – her reappointment. On March 27, 2014, these issues were raised by me to the
11 Honorable Bluebond. When I raised the issue of Bluebond's connection with Stutman, she stated "well,
12 you don't come to the meetings (referring to Southern California bankruptcy meetings)." I live in the San
13 Francisco Bay Area. In addition, Judge Bluebond had no clue that the Futures Representative attorney
14 since the inception of the Trusts has had adverse interests (Gary Fergus). Recusal was appropriate due to
15 the close and personal connection between Stutman and the Judge Bluebond, Judge Bluebond's financial
16 interest in the outcome of the case and Judge Bluebond's reliance on those with adverse interests. A
17 judicial complaint is pending.

18 7. I hereby object to any Declaration from Benjamin Smith attached to the Annual Report as it
19 materially misstates the evidence and facts and clearly constitutes bankruptcy fraud. Smith's declaration is
20 rife with inconsistencies, fraud, perjury and clear misstatements intended to conceal the actual facts of the
21 Trust's case against Mandelbrot. The Declaration of Michael J. Mandelbrot filed in the Opposition of the
22 Motion to Enforce Settlement Agreement accurately represents the facts of the case. See **Exhibit A**.

23 8. The May 24, 2013 letter to Mandelbrot referred to in the Smith Declaration of the J.T.
24 Thorpe, Inc. Annual Report was a fraud. The letter, written by attorneys with a conflict of interest (see
25 Objections, filed concurrently herewith), relied on a fraudulent and biased "study" of Mandelbrot's claims
26 using a defective "control group." Extensive perjury was committed by the Trust and its attorneys
27 regarding this study, including testimony of Benjamin Smith, Laura Paul and Stephen Snyder. As a result
28 of that fraudulent study of Mandelbrot's claims, the Thorpe Trusts improperly terminated Mandelbrot's

1 privilege to file claims. See Exhibit H, Fraudulent "May letter" sent by Trust to Mandelbrot and signed
2 by Snyder, dated May 24, 2013.

3 9. Any representations regarding the case against my office are complete misrepresentations of
4 facts and a fraud upon the Court. In fact, prior to trial on January 21, 2014, the Attorneys for the Trust
5 offered to settle on behalf of the Western Asbestos Trust, the J.T. Thorpe, Inc. Trust, the Thorpe
6 Insulation Trust and the Plant Insulation Trust on the exact terms of the settlement agreement up on
7 appeal. I immediately rejected the Trust's offer on January 21, 2014, and indicated "Plant and Western
8 aren't even part of this case." I was looking forward to taking the stand at trial on January 23, 2014, and
9 only "hesitantly" agreed to resolve the matters under duress and fraud. See Exhibit A, Declaration of
10 Michael J. Mandelbrot, dated March 12, 2014.

11 10. In addition, during trial and as an example of Judge Bluebond's misconduct and bias, she
12 indicated to me that I "better settle" or "I won't like the result." This factor also played into my decision
13 to "hesitantly" settle the case.

14 11. The Smith Declaration referred to in the Annual Report also entirely mischaracterizes and
15 misstates the evidence both against the Trust and Mandelbrot. For example, references to Mr. Genthner
16 and Captain F.J. Burger, both Mandelbrot experts are entirely incorrect. Both Genthner and Burger fully
17 supported Mandelbrot's position and claims. See Exhibit K, Declaration of Captain Frank J. Burger,
18 USN (Ret.) dated October 15, 2013. See Exhibit L, Declaration of Paul Genthner, Long Beach Navy
19 Shipyard employee dated October 1, 2013.

20 12. The "Stipulated Resolution" described in the Annual Report is clearly void, unethical and
21 unconscionable. I have never filed an unreliable claim with any Trust. The J.T. Thorpe, Inc. Trust, and its
22 Trustees, Attorneys and Agents, have committed extensive criminal fraud as detailed in this Objection. In
23 addition, the resolution with the Western. Asbestos Company Trust and the Plant Insulation Trust is
24 clearly invalid as the Honorable Thomas Carlson must approve the settlement.

25 13. On and after January 29, 2014, I unequivocally rescinded the settlement agreement prior to its
26 formation and opposed the enforcement of the same. (See Exhibit M, Mandelbrot's Opposition to Trusts'
27 Motion to Enforce Disputed Settlement Agreement dated March 14, 2013.)

28 14. On March 27, 2014, despite my vociferous and extensive objection on multiple legal, ethical

1 and jurisdictional grounds, the Honorable Sheri Bluebond determined the settlement was not only
2 enforceable, but that the Trust could publish extensive defamatory material relating to Mandelbrot. (See
3 Hearing Transcript, March 27, 2014.) I filed a timely Appeal to Judge Bluebond's improper Orders and a
4 Motion to Stay Enforcement of the Settlement Agreement. Judge Bluebond denied the Motion to Stay on
5 March 27, 2014.

6 15. At a minimum, all Orders signed on April 7, 2014, as they relate to the Western Asbestos
7 Settlement Trust and the Plant Insulation Settlement Trust should be deemed invalid as Judge Bluebond
8 did not have authority to enter these Orders. See Exhibit F, Department of Justice Chapter 11 Trustee
9 Handbook, published May 2004, pg. 47, Chapter 8 (Compromises and Settlements).

10 16. The implementation of the settlement agreement by the J.T. Thorpe, Inc., Plant and Thorpe
11 Trusts is retaliatory, in bad faith, fraudulent and causes irreparable harm to the beneficiaries and
12 claimants. The law is also very clear that the settlement is illegal and void. I've raised these and other
13 issues in my appeal. The implementation of the "void" settlement agreement requires claimants to find
14 another lawyer despite the fact they want me as their lawyer. The implementation also requires hundreds
15 of valid claims with Trusts to be re-filed to the extreme detriment of beneficiaries.

16 17. In my 20 years as a licensed California attorney I have interacted with thousands of attorneys
17 and legal representatives. I have never personally encountered or dealt with attorneys like those at the
18 Trusts who are willing to commit perjury, the subornation of perjury, the misappropriation of funds and
19 fraud. The specific attorneys who I know have committed extensive perjury and fraud are Benjamin
20 Smith, Gary Fergus, Alan Brayton, Sara Beth Brown and, of course, the biggest criminal Stephen Snyder.
21 I have no doubt that each has engaged in a criminally unethical pattern of fraud, bad faith,
22 misappropriation of funds from this Trust and each has adverse interests to the Trust.

23 I declare under penalty of perjury under the laws of the State of California that the foregoing is
24 true and correct to my own knowledge, except as to those matters which are herein alleged on information
25 and belief, and as to those matters, I believe them to be true.

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27 Dated: ^{June} ~~May~~ 1, 2014

28 /s/ 
MICHAEL J. MANDELBROT
Attorney for Beneficiaries

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