IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE: **ETOYS, INC., et al.,** **Debtors.**	**Chapter 11** **Case No. 01-706 (MFW)** **Through Case No. 01-709 (MFW)** **Jointly Administered**
Steven (Laser) Haas **Petitioner "PRO SE"**	**Status Conference: 11/09/11 at 3:00 p.m.** **Objection Deadline: 11/09/11 at 4:00 p.m.** **Hearing Date: To Be Set by The Court**

MOTION BY PRO SE STEVEN 'LASER' HAAS PETITIONING COURT TO REMOVE BAD FAITH PARTIES BY DISQUALIFICATION BY THE COURT TAKE JUDICIAL NOTICE UNDER FRCP 201 OF COPIOUS NEW AND OLD FRAUDS ON THE COURT

I. OPENING COMMENTS - THE STORY OF 100 UNPROSECUTED CRIMES

Occupy Wall Street is about those who are visibly above the law. The swindling of America by the 1% of *insiders*, *good ole boy*s illicit law firms and Wall Street Banks; who fleece the 99%. As Rolling Stone's Taibbi recently and concisely stated; "*it's about cheating*". This eToys debacle is a poster child, *case in point* ***proof;*** that the Occupy Wall Street protests are justified!

Toys R Us is in possession of eToys stolen property because you have Goldman Sachs secret law firm (MNAT) confessing to 15 false affidavits and the court taking six (6) months to conclude that MNAT's lying under oath is not Perjury. All prosecutions of Goldman Sachs's/ BAIN law firm MNAT are halted by making one of their own the Delaware US Attorney (Connolly). When this is documented, another US Attorney threatens Asst US Attorneys and illicitly shuts down the DOJ's Public Corruption Task Force.

It is now publicly known that the Department of Justice's OSC and SEC units speciously destroyed case files. For more than a decade, *akin to Madoff*, this petitioner has tried the regular, civil and *due process* ways. Despite profuse proof irrefutable of three separate $100 million dollar *intentional* frauds on a court; authorities have refused to investigate/ prosecute the case. As a result, the eToys cases will likely be historically listed as the largest bankruptcy fraud scheme ever uncovered; bar none!

To make sure that everyone understands how serious this petitioner takes this pleading; I, Steven Haas, generally known as Laser Haas, *pro se party*; this, the 29th day of October 2011, doth solemnly state, "**UNDER PENALTY OF PERJURY**" that everything in these opening comments and details below are true and correct. If Goldman Sachs and BAIN's attorney, MNAT, lies under oath and placing their illegal cohort within as a post-petition President and CEO is not Perjury, nor a crime, then the solution is simple. Arrest them - ***or arrest me*** - that way relief from BS is certain!

Aiding and abetting crimes inside the Dept. of Justice by cover ups, conspiracies, obstruction, and illicit evidence SEALs has now reached the point where even Asst US Attorneys have been victimized too. This whistle blower presented facts/proofs of the rogue federal agent crimes to the DOJ's Public Corruption Unit in California; they then dismantled the task force entirely. http://articles.latimes.com/2008/mar/20/local/me-shakeup20

It all began in November 2000, at a time when Paul Traub knew that eToys was going to file bankruptcy. So he conspired to help Wells Fargo, through its Foothill entity, to loan eToys $40 million. Then they delayed the filing of the case, transacting/ taking over $100 million and closed the loan ***BEFORE*** eToys filed for bankruptcy on March 7, 2001. This is a documented case of Fraud as per *In re Bucyrus* 94-20786 (Bankr. E.D. Wisc (1994)). If the reader reviews the on point John Gellene Perjury trial and the issues of Gellene and Milbank & Tweed firm's $35 million loan (*coincidently by a former Goldman Sachs associate*); you will see that they were, (*eventually*), caught years later and prosecuted for only a few frauds upon the court.

Gellene, informed the court "*that's the way we do back east*" and the Wisconsin Judge responded correctly that "*we go by the Code & Rule of Law here*". As a result of proper rulings the Milbank & Tweed firm had to Disgorge their entire $1.9 million in fees and lost more than $20 million in litigation. It is documented in a book entitled "**Eat What You Kill**" *the Fall of a Wall Street Lawyer;* by Milton C. Regan. Reading Gellene provides corroborative proof, by a *good faith* Dept of Justice party, that these *frauds on the court* are serious crimes of amazing cunning and deceit. In Attachment A & B are excerpt detailed discussions.

Here, Traub's firms became the creditors counsel in eToys and the Department of Justice removed Irell & Manella so that

www.MNAT.com could become the eToys debtor's counsel. Once those two firms were in place (*who both had undisclosed connections to BAIN and Goldman Sachs*); they sealed the success of their plots and ploys to defraud a public company by fleecing eToys federal bankrupt estate. Paul Traub and MNAT *illegally* placed within Barry Gold (Traub's partner), as the post petition President and CEO of the eToys estate case; *and the sole bankruptcy authority*.

Pretending they were doing *good faith* work for eToys and its Creditors; the bad faith parties colluded with each other to reward themselves more than $10 million in a **Fee Fixing** scheme. In a *Nitti* prosecutes *Capone* type pattern Goldman Sachs and BAIN affiliated case attorney in Delaware, illegally became the eToys debtor's counsel and then assisted their cohorts in crimes (*Paul Traub and Barry Gold*) to sell the bulk of their court appointed clients assets (*eToys and the Creditors*) to their *undisc*losed, *illegitimate* client BAIN/ Kay Bee Toys; *for less than pennies on the dollar*. Though the **Janet Reno Reform Act of 1994** emphasized the need to address Fee Fixing Scheme issues, there has never, *ever*, been any public prosecution of any attorney **18 U.S.C. § 155 Fee Fixing** case. The skullduggery also benefited MNAT's Goldman Sachs in its classic *pump-n-dump* scheme of the eToys public entity. They made sure Barry Gold was furtively placed within as the eToys Confirmed PLAN Administrator and in charge of the NY Supreme Ct case of eToys v Goldman Sachs 601805/2002!

Then in 2002, Goldman Sachs counsel MNAT, with Barry Gold's permission as eToys President, CEO and Confirmed Plan executive; illegally handpicks their buddy Paul Traub to prosecute the New York Supreme Court case. Lo and behold, Goldman Sachs refused to adequately prosecute Goldman Sachs and the complete case is now placed entirely Under SEAL; *hiding the frauds from public view*.

They also had the gall to place in the Reorganization PLAN *illicit* clauses, approved by the court; to state that the PLAN Administrator (Barry Gold) can settle all items less than $1 million without the need to seek the court's permission. The only approval Barry Gold needed was the Creditors, (*his partner in crime Paul Traub*). The Confirmed Plan also stated that Barry Gold needs only give a detailed report of where the money went, if, *and when*, the Creditors (Paul Traub) asked him to do so.

Unfortunately, (*especially for this petitioner*), the items that boggle the mind, *shock the conscience* and the brilliant big scope of their audacity/ mendacity does not stop there. This ***Bankruptcy Ring*** cabal also threatened this petitioner to *back off*; inferring they had enough wanton influence over the process to punish any whistle blower. This petitioner became awestruck when that boast to terrorize enigmatically came to fruition. Speciously, those who confessed intentional deception admitting to more than thirty false affidavits also submitted an obvious forgery that was absurdly accepted under the bogus premise that

this activist simply gave up the ghost to their wicked power and waived his right's to be compensated for an arduous year of work.

That's right folks, though MNAT confessed they submitted false **Rule 2014/ 2016** Affidavits; which failed to disclose that Goldman Sachs was also their client. An issue compounded by the fact that Paul Traub and Barry Gold also admitted that Traub's law firm(s) filed erroneous **Rule 2014/ 2016** Affidavits over several years. Despite the fact that Traub was also warned NOT to replace any key executive of the eToys estate with persons associated with the retained professionals of the case. Where it is also known by the court that Traub "***deliberately***" deceived the court; as the United States Trustee (*the Police of the bankruptcy court system*), testified on February 15, 2005, that the acts were intentional. With all that abundant proof and confessions that *fraud on the court* by *officers of the court* transpired and was confessed by the perpetrators; the court then defied the *Brady* and *Giglio doctrines* and allowed those who owned up to falsity; the ability to punish this whistle blower. After all, if *the People will* accept the fact that the Public Corruption Task Force was closed because there are no cases to prosecute; who will care about destroying whistle blower HAAS?

Therefore, this petitioner reiterates the above, combined with the detail proofs below, (*being* ***all*** *public docket records*), that this eToys case has everything that the Occupy Wall Street

protestors are complaining about. You have Robber Baron Banks like BAIN, Wells Fargo and Goldman Sachs benefiting from fraud. You also have various insiders from the organized ***Bankruptcy Ring*** of perpetrators who are *good ole boy* gangs of nationally known attorneys participating in the schemes and artifices to perpetrate frauds in the hundreds of millions of dollars range; to benefit their more lucrative clients BAIN and Goldman Sachs.

This includes the firms Traub Bonacquist & Fox, Dreier LLP, Morris Nichols Arsht & Tunnel (MNAT), Pomerantz, Sullivan & Cromwell, Frederick Rosner, Xroads LLC, Wachtel & Masyr and Epstein Becker and Green. They all have the evidence from this whistle blower. Yet they circled the wagons at the direct, *material adverse harm* of their (*purported*) clients, for the sake of secret friends. Violating all **18 U.S.C. § 152** and **18 U.S.C. § 157** Bankruptcy Fraud statutes; plus **Intimidation of Victim/ Witness**, lying under oath with **Fee Fixing** scheme extraordinary!

The fix is obviously in. Power has assisted the fraudsters *too many times to stop now* simply because a mere *pro se* whistle blower points out the public docket record facts. These lawyers & Robber Baron Banks are getting away with it ***Scot Free*** because the court and Dept of Justice also have no respect for the law. Going as far as shutting down the CA DOJ Corruption Task Force after a Goldman Sachs/ MNAT lawyer became the DE US Attorney. http://www.justice.gov/archive/olp/colmconnollyresume.htm

II. JURISDICTION

1. This Court has jurisdiction pursuant to **28 U.S.C. §§ 1334 & 157(b)(2)(A), (B) & (O). As well as 18 U.S.C. § 3057(a)**. The court also has the ability to order federal officers to perform their duties under **28 U.S.C. § 1361** and/ or "***sua sponte***" under **§ 105,** to address these readily apparent bad faiths acts.

III. HISTORY OF ESTATE AND KEY PROFESSIONALS

2. Though this court is well aware of the prior detailed battle over the conflicts of interest, a background is provided for all other authorities to understand the disobedience and betrayal of the public's trust profusely transpiring here. As this brief is being sent to the Administrator of the US Courts, the SEC, the FBI and everyone else we can think of; it is also necessary to provide the background on a few of the 100 crimes.

3. To be a legitimate post petition approved fiduciary of a bankruptcy estate, a party involved in bankruptcy matters must apply to the court per **§ 327(a)** as **Professional Person** and aver, under ***Penalty of Perjury***, by a **Rule 2014 Affidavit**, that they are a **Disinterested Person** per **§ 101(14**) with no conflicts of interest and thoroughly explain *potential* issues. Failures to disclose a conflict of interest must result in disqualification.

4. On or around March 7, 2001 ("the Petition Date"), the public company named eToys, Inc., and various parties thereof

(*collectively* "the Debtors") filed a surfeit of briefings and petitions for relief and Retentions under chapter 11 of the Bankruptcy Code. The Debtors were electronic retailers of toys.

4. April 2001, the Debtors filed applications to retain the California firm Irell & Manella ("Irell") and the Delaware firm Morris Nichols Arsht & Tunnel ("MNAT") as their co-bankruptcy counsels. Dryly the UST objected to Irell's retention arguing that Irell was not ***disinterested*** under section **327(a).** In connection with the MNAT retention application, partner Robert Dehney ("Dehney") submitted **Rule 2014/ 2016** affidavits denying conflicts of interest like Goldman Sachs existed. As a result of the success of MNAT's ruse the Court was deceived and approved MNAT's retention as Debtor's counsel in April 2001.

5. On March 16, 2001, the U.S. Trustee appointed the Official Committee of Unsecured Creditors ("the Committee") with Traub Bonacquist & Fox ("TBF") as its counsel being approved by the Court on April 25, 2001. TBF a New York entity owned by Paul Traub, used Frederick Rosner as TBF's Delaware co-counsel.

6. Former Senior Executives of the Debtor, (*even founder Toby Lenk*) were abandoning the Debtor. On, or about May 21, 2001, the Debtors *secretly* hired Barry Gold ("GOLD") to become the "*post-petition*" President/ CEO of the Debtor's estate. Contrary to the Bankruptcy **Code & Rules** of Law per **§ 327(a**) pertaining to post bankruptcy petition engagement of a **Professional Person**s,

MNAT & TBF supplied Barry Gold to the estate without applying for the court's approval. Paul Traub of TBF has since confessed that Barry Gold is his partner, thus a direct connection.

7. On July 23, 2001, the Debtors cancelled its original D&O insurance and obtained new D&O insurance specifically for Barry Gold, with the assistance of the New York firm Wachtel & Masyr and CrossRoads LLC ("Xroads"). Xroads is the court approved Financial Consultant of the Debtor in charge of cash.

8. During that same period of time, the court also approved the appointment of Collateral Logistics, Inc ("CLI") as the Liquidation Consultant of the Debtor. The 100% sole owner of CLI was Steven Haas, more commonly known as Laser Haas ("HAAS").

9. An appointment of an outside fiduciary to run the wind-down of the Debtor was deemed necessary because an auction was scheduled to sell all the assets of the Debtor's estate for paltry sums of a mere $3 to $5.4 million dollars. Instead of HAAS personally, as a purported way to save expenses, CLI was hired at the request of the MNAT, TBF and Debtor. MNAT sought and received the court's permission to submit CLI's fee details/ paperwork to the court (docket item ("D.I") 253).

10. Giving a prime example of surreptitiousness from the outset, prior to CLI or HAAS's arrival, an Order was sought and incredibly granted "*doubling*" the pay of the more than fifteen hundred (1500) employees of the estate. Also MNAT, lying about

its connections to Goldman Sachs and BAIN/ Kay Bee sought/ gets permission to ***Destroy*** *Books n Records* (D.I. 300); then destroyed evidence benefiting MNAT's secret clients BAIN & Goldman Sachs.

IV. UNDISCLOSED CONFLICTS OF INTEREST BELATEDLY CONFESSED

11. MNAT and TBF fought with HAAS at every turn despite CLI's getting tens of millions of dollars in returns. Speciously, the parties planned to sell all of the eToys Debtor's assets for $3.5 million to BAIN/ Kay Bee. HAAS halted this endeavor and did assist the Debtor to get back more than $45 million. HAAS also found $2 million dollars of overseas cash deposits hidden by Executive Vice President of eToys, David Haddad. Though this hiding of assets is a major felony, TBF, MNAT and Xroads declared HAAS should stay out of such matters, that they wanted someone else to run the company besides HAAS. Then Paul Traub of TBF suggested Barry Gold to be the new President/ CEO of the Debtor. He stated he witnessed a (*purported*) ***"independent"*** Barry Gold work in the liquidation of *HomeLife Furniture*, also a 2001 Delaware bankruptcy estate case (*In re HomeLife* 01-2412).

12. However, TBF and Barry Gold failed to disclose their long term connections together. Paul Traub, the founding partner of TBF, and Barry Gold are co-principals of Asset Disposition Advisors ("ADA"). A company that was created in Delaware. Xroads & TBF had sought to supply their own handpicked person to be CEO

of the Debtor, but The United States Trustee ("US Trustee") told them NO; and stated on the record the fact that it *forewarned* the parties not to violate the Code. Plainly, in parts 19 & 35 of ("D.I.") 2195 ("Exhibit 1"), the US Trustee with particularity states in ¶35 of its Motion against TBF, that;

> "*Unlike R&R Associates, this case does not involve novice bankruptcy counsel who borrowed a form of Rule 2014 affidavit from another attorney in the firm. It instead involves experienced bankruptcy practitioners who have filed applications to be retained as Section 327 or Section 1103 counsel in numerous large and sophisticated Chapter 11 cases, both in Delaware and elsewhere. TBF's partners are well-versed in the comprehensive and ongoing relationships analysis required of a professional employed at estate expense. And as discussed earlier in this Motion, TBF had engaged in discussions with the Office of the United States Trustee about replacement officers of the debtors, and was aware of the UST's concern that the replacement officers not be related to any of the professionals employed in the case. This, it is respectfully submitted, is all of the intent needed to demonstrate that TBF's Rule 2014 disclosure violation was a fraud upon the court*".

13. TBF and MNAT, to protect Mr. Gold and defeat the US Trustee's instruction, trashed § **327(a)** and drafted a *secret* engagement letter ("HIRING LETTER") ("Exhibit 2"). It is illegal to duplicate services. The GOLD HIRING LETTER term "*wind-down coordinator*" is a *pseudonym* for CLI's "*Liquidation Consultant*". Disobeying the Police of the courts, *the US Trustee's* **omen** *not to violate the Code;* Barry Gold nefariously seized control of the eToys Debtor's estate and all of the liquidation process. He was duplicating CLI and HAAS's job; *purportedly* in *good faith*.

14. With huge unmitigated gall they furthered their plot by adding "*fine print*" that Barry Gold, on his own [illicit] volition, may "*waive*" the court's approval requisite. This is incontrovertible; because Barry Gold supplied it in his defense

response January 25, 2005 (D.I. 2169). It specifically seeks to grant illegal bypass of **§ 327(a)** where the HIRING LETTER states;

> *".—As of the Commencement Date, your position with the Company shall be as Wind Down Coordinator and you shall retain such position until* ***(i)*** the approval of your employment as an officer of the Company by order of the U.S. Bankruptcy Court for the District of Delaware (the "Bankruptcy Court), ***(ii)*** *the retention by the Company of a directors' and officers' liability insurance policy with coverage satisfactory to you and the Company (the "D&O Insurance"), and* ***(iii)*** *approval of the Company's retention of such D&O Insurance by the Bankruptcy Court; provided, however, that if the conditions in the preceding clauses* ***(i), (ii)*** *and* ***(iii)*** *have not been satisfied on or before July 10, 2001, then you may terminate your employment with the Company upon three (3) days prior written notice to the Company. If, on or before July 10, 2001, the conditions in clauses* ***(i), (ii)*** *and* ***(iii)*** *of the preceding sentence have been satisfied or the conditions in clauses* ***(ii)*** *and* ***(iii)*** *have satisfied* and you have waived the condition in **clause (i),** *then you shall be appointed as President and Chief Executive Officer of the Company and your employment with the Company will be for an initial term ending May 20, 2002.*

15. Susan Balaschak, an attorney with TBF, threatened HAAS in 2004. HAAS's CLI attorney (Henry Heiman) emailed Susan's threats to HAAS, warning HAAS to "***back off***" from his campaigns, or not only would HAAS and CLI not get proper recompense, HAAS's career would suffer and she also warned that they [TBF] had enough power to come after fees previously paid . HAAS then contacted the Delaware Department of Justice and once again, tried to get them to arrest the *bad faith* behavior. The Delaware Department of Justice went livid about the emailed threat and derided HAAS stating he did not understand the Law. He said the matter of any *conflict of interest* between TBF and GOLD was handled in Bonus Sales. It was a *faux pas* by the federal trial attorney to mention the *In re Bonus Sales* 03-12284 (DE Bankr

(2003)) as the *lapse linguae* of the ***Bonus Sales*** case led to the ***Smoking Gun***. Unbeknownst to them *the* [*layman*] HAAS had begun to research cases on Lexis Nexus, Westlaw and PACER. Utilizing those public research tools and the Department of Justice bankruptcy fraud instructions on indictments, the affidavits of ADA from *In re Homelife* case (DE Bankr 01-2142 (2001)) and *Bonus Sales* case became helpful. At the bottom of the *HomeLife* and *Bonus Sales* ADA affidavit's vanity stationary are denotes of the fact that Barry Gold and Paul Traub were co-principals of ADA – this is the crushing and unarguable ***Smoking Gun*** ("Exhibit 3").

16. When this proof was entered into the docket record in October and November 2004, the eToys equity holders joined HAAS. Additionally HAAS also contacted Department of Justice branches, including Executive Office of US Trustee's ("EOUST"). A Deputy Director thereof emailed HAAS promises to remedy. On December 22, 2004, an Emergency Hearing was held to address the issues raised by HAAS. Coincidently, on that very same day, a US Trustee Press release by the EOUST stated that the Region 3 Trustee over Delaware was replaced by a professional in fraud prosecutions.

17. Convinced by the watertight ***Smoking Gun,*** the Asst US Trustee hand was forced and he stated during the December 22, 2004 hearing that "*it is apparent that TBF has failed to disclose a serious conflict of interest" (*Transcript of December 22, 2004 hearing *("D.I.") 2151 – pg* **7** *lines 1- 16).*

18. Consequently, the Delaware Bankruptcy Court ordered the parties to respond to allegations by January 25, 2005 (the "***Responses***"). TBF responded as Objection (D.I. 2171); MNAT responded with an Omnibus document (D.I. 2173) and Barry Gold responded through his attorney, Mark Minuti (D.I. 2169). Caught red handed MNAT admitted some indiscretions, as Barry Gold and Paul Traub then confessed the secret that they were partners.

19. Upon those ***Responses*** being entered a hearing transpired on February 1, 2005. The US Trustee again remarked on the failures to disclose (see Transcript of February 1, 2005 hearing (D.I. 2191) (*pg 12 lines 24 & 25, continuous to pg 13 lines 1 thru 5 inclusive*).The US Trustee notes "*material facts*";

> "*it has now been admitted, subject to certain explanations and characterizations by Traub, Bonacquist, and Fox, that there was a material fact – several material facts, as Your Honor has seen, that were not timely disclosed, in fact, were not admitted by Traub, Bonacquist, and Fox and Mr. Gold until very recently*"

20. Shareholders and HAAS were then granted the right by the court to depose MNAT, TBF and Barry Gold on February 9, 2005. Voluminous confession by TBF, Barry Gold and MNAT occurred during the February 9, 2005 depositions such as MNAT admitting Goldman Sachs plus GECC connections. As a result of the admittances in the ***Responses*** and the compounding confessions during the depositions, the US Trustee submitted the one decent Police item, the Motion To Disgorge TBF for $1.6 million on February 15, 2005(D.I. 2195)(the "***Disgorge Motion***")(Exhibit 1).

21. An evidentiary hearing transpired on March 1, 2005 (Transcript - D.I. 2228). At that time the court permitted the depositions to be entered in the docket record, along with proof that the TBF law firm was of "***Revoked***" status in New York State with a colored ink certified copy from the New York Secretary of State submitted then (D.I. 2228 pages 144 & 148).

22. Additionally, the court itself, directly deposed Paul Traub of TBF on the stand. He confessed that the TBF law firm had paid Barry Gold four (4) payments of $30,000.00 each between January and May 2001. Mr. Traub then stated the payments stopped when Barry Gold was made President/ CEO of eToys in May 2001. (*Please see Transcript of the March 1, 2005 evidentiary hearing pages 60 thru 69 of the 1st part of the transcript* (D.I. 2228 page 63 – Traub's confession that his law TBF paid payments of $30,000 each to Barry Gold)). This was a *de facto* confession that Barry Gold is a paid person of the TBF. It also provides proof that TBF was relieved costs at the Debtor's expense. This is evidence of **18 U.S.C. § Scheme to Fix Fees** felony violation.

23. On October 4, 2005 the Delaware Bankruptcy Court addressed some issues in its lengthy Opinion (the "OPINION") (D.I. 2139). Within the Court's OPINION it affirms that at no time did Gold or TBF disclose Barry Gold and TBF's senior partner Paul Traub together owned an entity known as Asset Disposition Advisors, LLC ("ADA"). The court's OPINION also

states that on November 1, 2002, MNAT and TBF had obtained the confirmation of the Debtors' First Amended Consolidated Liquidating Plan of Reorganization ("the PLAN"). The OPINION also notes that Barry Gold was confirmed as the PLAN Officer.

V. BARRY GOLD's ERRONEOUS TESTIMONY AND FRAUD ON THE COURT

24. Pursuant to the PLAN, the Debtors' remaining assets were vested in EBCI, Inc. (the "Reorganized Debtor"), which was to be managed by a Plan Administrator [GOLD] and the Creditors Committee as the Post Effective Date Committee (the "PEDC"). In the OPINION (D.I. 2319) pages 50 to 52, the court concludes there is no proof that Barry Gold committed perjury. However, in GOLD's PLAN Declaration he submitted "***under penalty of perjury***", he states in PLAN **Part C** sub part **44** ("Exhibit 4");

> "**44.**-- *The Plan represents extensive arms' length negotiations among the Debtors' the Creditors' Committee, and other significant parties in interest, as well as their advisors. The Debtors proposed the Plan in good faith in order to achieve the greatest distribution for their unsecured creditors, and to avoid delay and unnecessary cost in making such distributions. The Plan was proposed in good faith in so far as it is the logical and best method for administering the consideration received by the debtors from their sale of substantially all their assets*"

25. Emphasis is added under "*extensive --*" and "*Debtors' Creditors' Committee*" because Barry Gold is testifying, "***under penalty of perjury***", that there were "*extensive arms' length*" negotiations between eToys (Barry Gold) and the Creditors (Paul Traub). Obviously there's no "*arms' length*" between GOLD and TBF. Thus it is impossible to have any "*good faith*" transactions.

VI ADDITIONAL FAILURES TO DISCLOSE CONFLICTS OF INTEREST

26. HAAS had potential mergers with Toys International/ *Playco* 01-11756 (SDNY Bankr (2001)), a New York bankruptcy of Californian retail stores. EToys had a probable 100% on the cost dollar return of $30 million in remaining retail inventory that was sold to BAIN/ Kay Bee Toys for only 24.5%. HAAS did not know at the time when TBF nixed it, that Traub was in the Playco case.

27. Prior to the eToys bankruptcy petition being filed, Barry Gold was working as the executive for the Directors of the Southern Texas bankruptcy case of *In re Stage Stores* 00-35078. BAIN/ Kay Bee Toys affiliated parties were the shrewd members of Stage Stores. TBF was also working at Stage Stores as counsel. Due to allegations, (*prior to eToys*), about TBF and Barry GOLD's relations; TBF was forced to submit a ***Supplemental Rule 2016 Affidavit***. The Stage Stores case docket item 206 of *In re Stage Stores* 00-35078 (S TX Bankr. (2000))("Exhibit 5"), states major factual link reference items of TBFs Paul Traub & Barry Gold way before June 2000 and thus long before the eToys 2001 case;

A. Witmark, Inc. – "*In or about 1997, TB&F was engaged as counsel to unsecured creditors committee ---. Barry Gold, a restructuring office of the Debtors ---. At no time did Mr. Gold participate in any way in the selection or engagement of TB&F as unsecured creditors' counsel in this matter*".

B. Sports & Recreation, Inc (f/k/a Jumbo Sports) – "*Beginning in October 1998 and continuing through April 1999, TB&F was engaged as special counsel. --- Jack Bush, a director of the [Stage Stores] Debtors, was also a director of Jumbo Sports -----. Upon information and belief, Mr. Gold did not participate in the selections or engagement process involving TB&F*".

C. Luria, Inc. – --"*In 1997, TB&F was engaged as court-approved counsel to the official committee of unsecured creditors --. Barry Gold a restructuring officer of the Debtors, was ---. Upon information and belief Mr. Gold played no role in the creditors' committee's selection and engagement of TB&F as its counsel*".

28. Each one of those pre 2001 cases discussed in the Stage Stores ***Supplemental Affidavit;*** has Paul Traub doggedly stating over and over that, *though Barry GOLD had a prior relationship to Paul Traub's law firm*, GOLD had nothing to do with engaging TBF. As surreptitious as that appears on its face, the fact of the matter remains that Barry Gold, *prior to eToys 2001*, was the person who signed the engagement letter to hire TBF for the Stage Stores case in 2000 ("Exhibit 6").

29. Testimony important by Paul Traub and therefore beyond evidentiary dispute is Paul Traub acknowledging in the Stage Store Supplemental affidavit that Jack Bush in Stage Stores was also in the Jumbo Sports case he worked with Barry Gold. During Barry Gold's deposition of February 9, 2005, he testified that Jack Bush obtained work engagements for him on several occasions too. As this is Barry Gold's testimony, entered into the record per the court's permission, this issue's probative proof value is also beyond contention.

VII. FRAUD ON THE COURT ISSUES NOT YET ADDRESSED BY THE COURT

30. What has not been disclosed in eToys, *prior to this time*, is the fact that Jack Bush is also from BAIN's IdeaForest, was director at Stage Stores that's *also owned by BAIN's founder*

and *controlled by various BAIN executive persons*. A significant *undisclosed* BAIN related party too, is Michael Glazer, who also just happens to be a director and stockholder at Stage Stores in 2001. Mr. Glazer was also the CEO of BAIN's Kay Bee who bought the bulk of the eToys estate assets for paltry sums in 2001.

31. We then have the issue remaining on MNAT's connection to BAIN. One need merely look at the Delaware Bankruptcy docket *In re: Kay Bee Toys* 04-10120 (DE Bankr (2004)). Michael Glazer, *while still at Stage Stores and also CEO of BAIN's Kay Bee*, paid himself and BAIN nearly $100 million from Kay Bee and then filed bankruptcy. In the Kay Bee Toys case MNAT represents BAIN in $100 million pre petition privileged [fraudulent] transfer issue ("Exhibit 7"). Thus we have MNAT, Paul Traub and Barry Gold all connected to BAIN/ KB. Yet they sold eToys to BAIN/ KB for zilch.

32. Amazing enough to *shock the conscience* of readers even further, not only is MNAT defending BAIN in the Kay Bee Toys $100 million preferential issue, Paul Traub & GOLD's ADA entity was engaged in the Kay Bee case too ("Exhibit 8"). Also, Paul Traub had the absolute impudence to petition that court over the Kay Bee Toys bankruptcy case, *as another Nitti/ Capone syndrome item*, to be the prosecutor of Michael Glazer and BAIN in the $100 million dollar preferential transfer issue ("Exhibit 9").

33. MNAT was being less than totally candid concerning The Learning Company. While MNAT made note of The Learning Company

in its **Rule 2014** disclosure, MNAT failed to unveil the fact that The Learning Company, a BAIN affiliate, was merged with Mattel by MNAT ("Exhibit 10"). Breaching its fiduciary duty to eToys estate while selling the assets of MNAT's client to their big, "***secret***", patron BAIN/ Kay Bee, for far less than market value.

34. Meanwhile MNAT assisted their other *undisclosed* client (Goldman Sachs) to escape culpability for Sachs's Breaches of Fiduciary Duty; as MNAT had won earlier, duplicitous approval to ***Destroy*** *Books n Records* (D.I. 300). In the Supreme Ct. of New York #601805/2002 eToys sued Goldman Sachs who had taken eToys public ("IPO") in mid 1999. The stock price of eToys was projected by Goldman Sachs to be around $18. A contract was drawn that eToys would basically get $16.50 and Goldman Sachs would keep $1.50 in commission. However the stock soared to above $78 and eToys surreptitiously, ***only***, received $16.50.

35. Each time that Barry Gold paid his cohorts monies from the Debtor's accounts, a crime was committed. As Administrator Barry Gold is forbidden, by the PLAN, to have any transactions with related persons. Per **Transactions with Related Persons**;

> **Section 3.12** – "*Notwithstanding any other provisions of the Agreement, the Plan Administrator shall not knowingly, directly or indirectly, sell or otherwise Transfer all or any part of the assets of the Estate(s') to, or contract with, (a) any relative, employee or agent (acting in their individual capacities) of the Plan Administrator or (b) any Person of which any employee or agent of the Plan is an affiliate by reason of being a trustee, director, officer, partner or direct or indirect beneficial owner of five percent (5%) or more--"*

36. Cunningly by *unjust enrichment,* they stole back those extra millions of dollars that pesky HAAS forced the parties to cough up when CLI brought in higher bidding *good faith* parties. A tightly kept secret is the fact that Liquidity Solutions was Co-Debtor with BAIN's Stage Stores ("Exhibit 12").

37. Also, exculpatory [illicit] benefits for BAIN/ Kay Bee occurred with furtive *fine print* for their "*undisclosed*" clients Bain/ KB; as the court unwittingly Ordered the schemes successes to be unalterable. **Plan Order ¶36** ("Exhibit 13") explicitly says;

> *"For the avoidance of doubt between the parties, all contracts and agreements entered into with the approval of this Court by one or more of the Debtors with KB Consolidated, Inc., KBkids.com, LLC, and/or KB Toys of Massachusetts, Inc. (collectively, the "KB Entities"), or any of the KB Entities' respective affiliates, successors or assigns, on or after the Petition Date are not executor contracts subject to assumption, assumption and assignment or rejection pursuant to sections 3654 and 1123(b)(3) of the Bankruptcy Code*".

38. Another *crook help villain syndrome* effort is in PLAN **Section 4.3(d)(i)** stating that the PLAN Administrator can settle (*and hide*) any [*self*] dealings as long as he kept the payments under $1,000,000 dollars. GOLD only needed the permission of one person, the counsel of the PEDC/ Paul Traub (*Barry Gold's cohort in wrongdoings)*. Shrewdly written to fleece, as per **4.3(d)(i);**

> "*if the proposed amount at which the Disputed Claim is to be allowed is less than or equal to $1,000,000, then the Plan Administrator shall be authorized and empowered to settle the Disputed Claim and execute necessary documents, including a stipulation of settlement or release upon the Plan Administrator's receipt of the PEDC's consent to* **or** *Bankruptcy Court approval of such settlement and the Plan Administrator shall have no liability to any Person for the reasonableness of such settlement*"

39. After Barry Gold became the CEO of the eToys, *speciously*, Liquidity Solutions and their affiliated Madison Liquidity went shopping and acquired many eToys claims ("Exhibit 14"). By not disclosing these connections; they perpetrated vast *frauds on the court.* The cohorts permitted their connected pas improper benefit; due to more lucrative future opportunities.

40. Judicial equity permits adjudication of such schemes by **Rule 510 (c) Equitable Subordination** and/ or to be *expunged* entirely per **Rule 502 (d) Expunge of Claim.** Hundreds of millions of dollars can be ordered to be returned to the estate. Since the PLAN was made in November 2002, the Debtors *secured* accounts of $40 million; is down to less than $1.4 million ("Exhibit 15").

VIII. ETOYS GELLENE TYPE CRIME WITH WELLS FARGO FOOTHILL CAPITAL

41. As discussed above and detailed in this pleadings "Attachment A & B", lying to the court while concealing loans that made money prior to a bankruptcy case is a criminal act. Thus, the issue of Paul Traub, Xroads LLC and Barry Gold to connections to the Foothill Capital loan to the Debtor of $40 million in November 2000, (*when everyone was already aware of eToys intent to file for relief*) and the failure to disclose those connections are also criminal acts. Not only did the $40 million dollar loan transact over $100 million, the money and whatever lucrative fees, went to Wells Fargo ("Exhibit 16").

42. Barry Gold, unaware that HAAS knows about the secret of Foothill, confessed in his February 9, 2005 deposition, that he and Mr. Traub worked with Wells Fargo and perhaps Foothill.

43. Ellen Gordon of Xroads LLC was Barry Gold's right hand. Xroads also has an *undisclosed* connection to Wells Fargo that is just as serious, if not more so, than GOLD or TBF's, because Xroads LLC is the Financial Consultant of the Debtor and in charge of all the bookkeeping as an accountant. Xroads billing statement denotes their work on Wells Fargo items. Ellen Gordon also states "*Mr. Gold's employment is pending court approval--*" ("Exhibit 17"). While Mrs. Gordon's Xroads billing statements did take credit for the Debtor obtaining new D&O Insurance GOLD.

IX HAAS STANDING AS A PERSON AGGRIEVED

44. HAAS's company CLI was the court appointed liquidation consultant of this Debtor. MNAT, TBF and Gold (*belatedly*) confessed in January 2005, that they supplied erroneous **Rule 2014/ 2016 Affidavits**. They did so over several years by false interim, monthly and their final fee applications that deceived the court and *parties of interest* over thirty-five (35) times ("Exhibit 18"). Though it ought to be ridiculous to allow those robbing the bank, to receive the keys to the vault from the Police and, *at the same time*, have the Police participate in striking the person who pointed out that the robbery is

transpiring; that is exactly what is going on in this case. CLI and HAAS have been ostracized for reporting the crimes while those who already confessed to lying have been allowed to also steal from CLI and HAAS; supplying a counterfeit HAAS Affidavit.

45. TBF also confessed that the firm *deliberately* allowed their false testimony to stand to constantly deceive parties of interest and the court. Corroborative excerpt of this fact is the US Trustee Disgorge Motion ¶18 (D.I. 2195) (Exhibit 1) that references the January 25, 2005 TBF RESPONSE as the US Trustee cites TBF admittance in its ***Disgorge Motion*** ¶18 stating;

> *"TBF further asserts that although Traub and Fox considered amending their disclosures in 2003 (as a result of their July 2003 disclosure of the relationship between TBF and ADA in the Bonus Stores case, No. 03-12284 (MFW)), they [TBF] determined that it was not necessary to do so because the eToys plan had already been confirmed and gone effective* [TBF Objection¶38]"

46. As the US Trustee states "*TBF's failure to disclose any of its three distinct connections with Gold is difficult to understand as inadvertent rather than deliberate*" (Exhibit 1 Disgorge Motion (D.I. 2195) ¶18). The US Trustee, in ¶35 of the ***Disgorge Motion***, without the new evidence of other frauds within this briefing; concluded fraud on the court occurred. CLI's engagement was court approved. The court's orders, at the specific request of MNAT, Barry Gold and TBF, stipulated that the Debtor's counsel shall submit CLI's paperwork to the court. MNAT duplicitously fail in that regard, refusing to submit CLI's fee applications. Yet, *remarkably*, the court permitted evildoers

confessing to acts of deliberate fraud to gain *unjust enrichment* by submitting a ***forged*** HAAS Affidavit for the singular purpose of expunging HAAS. This is contrary to the court's stipulation that such travesties of justice should not transpire. As seen in the courts OPINION (D.I. 2319) pg 16 - citing the case of *Benjamin's-Arnold* 1997 WL 86463, at *10 which holds that;

> "*--the failure of an attorney employed by the estate to disclose a disqualifying conflict of interest, whether intentional or not, constitutes sufficient 'extraordinary circumstances' to justify relief – To hold otherwise would only serve to penalize the [Plaintiff] for delay that was beyond his control and to reward conflicted attorneys*--"

47. MNAT, TBF and Barry Gold took advantage of HAAS being a layman and argued to the court that *HAAS* was not a *person aggrieved* because CLI waived all rights to be paid. That HAAS lacked standing and is moot party of interest. Gold, MNAT and TBF despicably stated to the court, that the HAAS Affidavit (D.I. 816) ("Exhibit 19") is a purported "*waiver*" by HAAS of all fees/ expenses due CLI or HAAS from the Debtor. Yet, inexplicably, in a manner *conscience shocking;* the court punished this plaintiff and rewarded the conflicted attorneys. If any reader would actually take the time to look at the HAAS Affidavit (Exhibit 19) it does not say what the bandits claim it does. Specifically it states in ¶11 of the ***purported*** waiver, that CLI is entitled to recover fees. When a document stipulates you are entitled to be paid, it most certainly is not a ***waiver*** of compensation rights! How can anyone ever trust the *integrity of the judicial process*?

48. Arguments that HAAS is not a "*person aggrieved*" are greatly inconsistent with the facts. The court bizarrely denied new counsel for CLI to speak during the CLI claims expulsion hearing of August 25, 2005. At that time, under the premise that HAAS is not a *person aggrieved* and accepting the outrageous notion that HAAS "***waived***" CLI's rights to be compensated, while also holding some evidentiary hearing that HAAS was not a part of, the court stipulated that HAAS and/or CLI never submitted any details of what CLI sought to be compensated for.

49. Yet the two (2) CLI court orders ("Exhibit 20") signed by the court on April 25, 2001 and July 9, 2001 specifically states that CLI is "***excused***" from the [reporting] requirements of **Rule 2016-2(d)**. The courts orders actually state that "*except as to that portion of Local* ***Rule 2016-2(d)*** *that requires CLI to identify the general project categories in which it provided services*". Beyond any shadow of doubt CLI complied with the court's reporting requisites and is permitting MNAT to fail the court order to supply CLI's paperwork and then punish HAAS and CLI for MNAT's calculated self indulgent schemes.

50. There's also is the two (2) court approved contracts for CLI that grant the right to HAAS and/ or even a janitor of CLI to be compensated by the Debtor. The contracts were drafted by TBF, MNAT and Barry Gold. It is standard that any ambiguity issues against them. Also, *as they are bad faith parties* they're

subject to the standard of ***Brady*** materiality and/ or Giglio v United States 405 U.S 150, 154-55 92 S. Ct. 763, 766 31 L.Ed.2d 104 (1972)) concluding that *"party is found unfaithful by false declarations, all other testimony is not worth a grain of salt".*

51. Within both of CLI contracts, it states obligations of the Debtor to HAAS and CLI categorical. Specifically the clauses of ***Indemnification*** in the Court's approved CLI contracts (D.I. 253 & 523)("Exhibit 21") state that the Debtor must ***Indemnify*** and ***Hold Harmless*** CLI and its affiliates, officers, directors, etc; from *willful misconduct* and *gross negligence* by the Debtor.

52. It also states that the Debtor is to directly pay HAAS for his work, (not CLI). Thus HAAS has standing as an employee of the Debtor. Per **Section 6. Additional Obligations of Parties**,

> **4(b)(i)** -- "*Except as provided in Section 4(a)(i), the Debtors shall be obligated to provide all staff, employee(s) and/or other personal (and/or to pay the expenses of such persons provided by CLI or others at the Debtors' request) that may be required (as agreed among the Debtors, the Committee and CLI) to manage, move, provide security and sell the Remaining Collateral. The expenses, including but not limited to payroll and benefits, for providing these employees shall be paid by the Debtors*".

53. For a long period of time the CLI contracts were kept from HAAS. But Traub's local counsel Frederick Rosner has made a slip up and provided the CLI contracts as an exhibit. The powerful ***Indemnification***s of CLI directors, officers, agents and employees are documented verbatim;

CLI Contract 1 – **MAINTANCE And LIQUIDATION SERVICES**

Part 6 Indemnification. "*eToys shall defend, indemnify and hold CLI and its affiliates and the officers, directors, agents and employees of such, harmless from and against any and all claims, suits, damages, losses, liabilities, obligations, fines, penalties, costs and expenses (whether based on tort, breach of contract, product liability, patent or copyright infringement or otherwise), including reasonable legal fees and expenses, of whatever kind or nature, arising out of or based on any loss of the Collateral other than any such loss arising out of CLI's negligence or intentional misconduct*".

54. Beyond any shadow of a doubt, *bad faith* parties of the Debtor have engaged in profuse *willful misconduct and gross negligence;* deceiving the court, clients, equity holders, parties of interest and HAAS. Even the court approved 2nd CLI Contract, the AMENDMENT to COLLATERAL MAINTAINCE; undeniably continues the protections of Indemnification as stated by **¶10;**

¶ 10 **Indemnification**. "*In regard to performance under this Amendment Agreement, each party shall defend, indemnify and hold harmless the other party, and the other party's directors, officers employees and agents, from and against any and all claims, suits, damages, losses, liabilities, obligations, fines, penalties, judgments, costs and expenses, including reasonable attorney's fees and disbursements arising out of or relating to; (i) the death or personal injury of any person resulting from the negligence or willful misconduct of itself, its employees, agents or contractors (or their employees, agents or contractors); (ii) the loss of or damage to any property resulting from the negligence or willful misconduct of itself, its employees, agents or contractors (or their employees, agents or contractors); or (iii) the material breach of this Amendment Agreement by such parties or its employees, agents or contractors (or their employees agents or contractors)*".

55. HAAS's rights to address compensation issues are undeniable. The *failures* here are obviously not HAAS's or CLI's. The perpetrators of fraud should have been expunged a long time ago and HAAS appropriately compensated. If, but for no other basis than under **503(b) Substantial Contribution**, for initial discovery of the *Smoking Gun* proof of the Traub's nondisclosure

of the GOLD ADA issues; resulting in a Disgorgement of TBF. Yet, enigmatically, those who confessed to *deliberate* fraud on the court are allowed to punish this whistleblower while keeping the keys to the federal (***protected***) estates they are always robbing.

X. CONCLUSION AND PRAYER FOR RELIEF

56. Many bad faith parties violated the Code & Rule of Law in eToys by assaulting the Constitutional mandates to assure genuine "*arm's length*"/ good faith; ruining the *integrity of the judicial process*! They collectively destroyed Congressional requisites for a 100% diametrically opposed *creditor v debtor* illegally seizing the Debtors estate for their bad faith benefit.

57. Profuse and overwhelming evidence here is unassailable being public docket record items. Such as the court's own OPINION (D.I. 2139). An OPINION that agrees that MNAT and TBF intentionally failed to disclose. Yet, due to evidence *disregarded* by the court, it errantly/ totally ignored the vast amounts of false **Rule 2014/ 2016** Affidavits and the fact that they transpired even after the Police, the US Trustee told them not to do the crime; which the schemers went ahead and did anyway. Dragging its feet, taking more than six (6) months to make errant finding of facts & conclusion of law that Barry GOLD did not commit **Perjury** (OPINION (D.I. 2319, pg 52)). Despite the artful dodger efforts of the HIRING LETTER, along with the vast,

detailed, new evidence above; it is incongruous to come to any other conclusion, other than - Barry Gold's Declaration is packed full of false testimonies and vast schemes. Barry Gold promoted his plot to become PLAN Administrator even further in 2002; giving false witness on the stand during his confirmation.

58. Nor is there any reasonable doubt that TBF, GOLD and MNAT are guilty of *bad faith* as the court ordered corroborative proofs of their admissions to be part of the evidence record permitting the submission into the docket of the ***Responses*** of January 25, 2005, the ***Depositions*** of February 9, 2005 and TBF being revoked in NY. Those facts are cemented in stone (*with a transcript therefore*) per the court's March 1, 2005 all day long evidentiary hearing (D.I. 2228). There only remains questions of, *whether or not*, when the court ordered the parties to respond on January 25, 2005; did they totally "*come clean*" on ***all*** *non-disclosure issues*? No is the obvious answer. Beginning with MNAT now needing judgment for the extreme bad faith of being less than totally honest about issues pertaining to BAIN, Mattel Toys and The Learning Company. It is also plain to see that Barry Gold & Paul Traub also have unrevealed connections to BAIN/ Kay Bee vis-à-vis their Jack Bush (of BAIN) confessions; which are made morose by the serious Michael Glazer/ Bain/ Kay Bee item.

59. We are also way beyond "*net*" arguments here. A *prima facie* case of *adverse harm* is recognized by the fact that HAAS

sold the eToys domain names to BAIN/ Kay Bee for $10 million that MNAT, TBF and Barry Gold artfully reduced the price of to the lesser sum of $3 million. Selling court approved clients' assets cheaply to their *undisclosed* affiliates BAIN/ KB; posing *bona fide* sale questions. They also nixed sales/ mergers efforts with Scholastic or the fusion of the eToys online retailer with the brick and mortar well established local Playco toys stores.

60. An issue of Obstruction of Justice and Destruction of Evidence is Goldman Sachs *secret* firm MNAT, *while lying about its connections to Goldman Sachs*, did conspire and receive the court's permission to Destroy Books n Records. MNAT with GOLD, also deceitfully handpicked their *cohort* TBF/ Traub to prosecute Goldman Sachs in the NY Supreme Ct eToys v Goldman Sachs case. The court approved TBF to expand its work entirely based on the premise that no conflict of interest issue existed. Surely if the court had known at that time that Paul Traub's partner GOLD had been secretly planted within the Debtor and that the Debtor's counsel had connections to Goldman Sachs, *it would not have approved TBF* to be the one to prosecute the case worth potentially hundreds of millions of dollars to the estate!

61. Why HAAS comes before the court today; is to stop the crimes. As a result of the success of their ruse, *Traub's firm(s) surreptitious failure to properly prosecute Goldman Sachs*; the case has now been closed. With pretentious appeals going nowhere

in another Nitti/ Capone scheme effort; the bad faith parties, (*intensely aware HAAS ferrets out items*), have placed the entire New York eToys v Sachs case docket 100% under Seal from view.

62. More evidence of *frauds on the court* are Gellene type *In re Bucyrus* style frauds by Xroads, Barry GOLD and Traub's/TBF *nondisclosure* of the connections to the Wells Fargo $100 million dollar preferential. They should have been seeking each other's disqualification and disgorgement, yet MNAT, Mr. Traub, Xroads, Mr. Rosner and GOLD while violating vital ethics codes, have protected each other's *bad faith* acts at the direct, *material advers**e,*** harm of their court appointed clients. Contravening **18 U.S.C. § 155 Scheme to Fix Fees** by false **Rule 2014/ 2016** affidavits; the bandits rewarded themselves $10 million dollars.

63. Manifest injustice is also transpiring by Liquidity Solutions/ Madison claim buying issues. Though anyone, *including the Debtor*, may acquire claims, all links *must* be disclosed; as associated parties are not permitted to profit from *preferential* treatments. The BAIN/ Kay Bee, Liquidity Solutions matters are extensive designs to commit frauds by the charade of GOLD/Debtor and Traub's as creditors firms being *good faith/ arm's length* parties. The court unwittingly approved GOLD's ability to fleece the Debtor by Barry Gold (*deceptively*) only needing to keep all issues under $1 million. GOLD simply had to ask the PEDC (*his **cohort** Paul Traub*) for permission to do the Machiavellian deals.

64. It is a Law, by **18 U.S.C. § 3057(a)** to **Notify & Refer** this case to the US Attorney's office for *proper* investigation; *but that has* issues *in Delaware too*. The Court has the ability to order, under **28 U.S.C. § 1361 Compel US Officer to Do a Duty,** as well as authority by **Rule 2020 to Review Failures to Act** and/ or **§ 105 *sua sponte;*** including seeking a **Special** (*independent*) **Prosecutor** in order to achieve justice and/ or *changing venue*.

65. Another case where authorities failed to address bad matters, even after that court had ruled *fraud on the court* had transpired, is In re M.T.G. (Matrix Technology Group) 366 B.R. 730 (E.D. Mich. 2007) E.D. of Michigan Southern Division Case No. 98-48268. The M.T.G. court denoted the fact that the standing of a party doesn't matter; when it brings forth *fraud on the court* by *officers of the court* issues to the court's attention. What's relevant are the issues of the *integrity of the judicial process*. As the M.T.G. court emphasized in bold "**FOR PUBLICATION**" stating that it is the court's duty to address *frauds on the court;*

> "*The Court has an inherent authority, and indeed a duty, to consider whether there has been a fraud on the court, and if so, to order appropriate remedy, whenever a fraud comes to the Court's attention*".

66. Of this eToys case, both the Court and US Trustee mentioned the Precedental United States Supreme Court case of In re Hazel Atlas Glass v Hartford Empire ***322 U.S. 238, 244-45 (1944)*** (see Disgorge Motion (Exhibit 1) ¶29 & OPINION (D.I. 2319) pgs 15/16:

"*In re Southmark Corp., 181 B.R. 291, 295 (Bankr. N.D. Tex. 1995) (granting relief under Rule 60(b)(6) from final fee order which had been entered nearly three years earlier). See also Hazel-Atlas Glass Co. v. Hartford Empire Co., 322 U.S. 238, 244-45 (1944) (holding that fraud upon the court equitably tolls the time for seeking to set aside a judgment or order); Pearson v. First HN Mort. Corp., 200 F.3d 30, 35-41 (1st Cir. 1999) (holding that attorney's false disclosure which denied any connection with creditors could support a finding that attorney had committed a fraud on the court); Benjamin's-Arnold, 1997 WL 86463, at *10 (holding that "the failure of an attorney employed by the estate to disclose a disqualifying conflict of interest, whether intentional or not, constitutes sufficient 'extraordinary circumstances' to justify relief under Rule 60(b)(6). To hold otherwise would only serve to penalize the [Plaintiff] for delay that was beyond his control and to reward conflicted attorneys for failing to disclose their conflicts beyond the one-year period.")."*

67. Speciously the Dept of Justice had the Creditor's Chairman Affidavit ("Exhibit 22") stricken from the KB Delaware docket records. It states that HAAS and CLI did no waiver, HAAS did an excellent job & that TBF deceived the Creditors Committee about Barry Gold. HAAS is a "*person aggrieved*" party *indemnified* by two courts orders; yet he was expunged by the preposterous notion that he simply "*waived*" his right to be compensated. Thus HAAS begs that the Court take **Judicial Notice** under **Federal Rule of Civil Procedure 201** of certain unquestionable facts – that;

a. MNAT, TBF, Xroads, Rosner & Gold are *officers of the court*
b. That MNAT and TBF confessed to supplication of more than thirty FALSE **RULE 2014/ 2016** affidavits
c. The Court affirm the Disgorge Motion denoting that TBF's deception was deliberate
d. That the Court clearly indicate Fraud on the Court has transpired **mandating immediate Disqualification**
e. Barry Gold is void *ab initio* = as both President/ CEO and unequivocally void as the PLAN Administrator
f. MNAT is invalid as Debtor's counsel and Paul Traub's various firms are null and void as Creditors' Counsel
g. HAAS and CLI are Indemnified from MNAT, GOLD & TBF's misconducts and should be reinstated and compensated

68. This *pro se* petitioner does not know how to assuage the court from the conundrum before it relating to the previous labors in leniency; which has clearly failed. Surely fairness

understands the public welfare demands that their agencies of justice not be powerless servants to Wall Street. Civil unrest, such as "***Occupy Wall Street***" has tens of thousands of citizens speaking out about eToys type fraud cases with one-hundred (100) felony violations illegally benefiting Wells Fargo, Goldman Sachs, and BAIN types in a *beyond the law* fashion. This is a poster case on *above the law* issues that the 99% are protesting.

69. Also Apropos immobile, is the 2005 US Trustee **Disgorge Motion** (D.I. 2195) stating of Hazel Atlas, ¶ 29, that;

> "[*T]ampering with the administration of justice in the manner indisputably shown here [counsel fraudulently created evidence and introduced it trial] involves far more than an injury to a single litigant. It is a wrong against the institutions set up to protect and safeguard the public, institutions in which fraud cannot complacently be tolerated consistently with the good order of society. Surely it cannot be that preservation of the integrity of the judicial process must always await upon the diligence of litigants. The public welfare demands that the agencies of public justice be not so impotent that they must always be mute and helpless victims of deception and fraud".*

70. Other courts are citing this eToys case stipulating that "*—Bankruptcy Code and Rules pertaining to disclosure and disinterestedness do not provide for exceptions*" In re Balco., 345 B.R. 87, 112 (S.D.N.Y. 2006). In Florida, *In re Baron's* cited eToys to re-open the case due to Fraud on the Court.

71. Congress and the 3rd Circuit previously took issue of the fact that sophisticated attorney efforts strive to seize control of estates by "***bankruptcy ring***" of perpetrators. The 3rd Circuit stipulated in the case of *In re Arkansas Co.,* 798 F.2d 645 (3rd Cir. 08/13/1986) of attorney detrimental cronyisms;

> *It is significant that Congress chose to place the requirement of court approval for the employment of an attorney, accountant, or other professional by the creditors committee directly in the Bankruptcy Code in 1978.* ***11 U.S.C. § 1103(a)****. The legislative history makes clear that the 1978 Code was designed to eliminate the abuses and detrimental practices that had been found to prevail. Among such practices was the cronyism of the "****bankruptcy ring****" and attorney control of bankruptcy cases.*

72. Citing Congress the 3rd Circuit also denoted in the case of *In re Arkansas*, that failures to police the system always results in benefiting attorneys at creditors expense;

> *"*In fact, the House Report noted – *'in practice . . . the bankruptcy system operates more for the benefit of attorneys than for the benefit of creditors'.* H.R. No. 595, 95th Cong., 2d Sess. 92, reprinted in 1978 U.S. Code Cong. & Ad. News 5963, 6053*"*

73. It seems everyone else knows what is mandatory here. Stating what should have transpired, *the removal of the bad faith parties*; the American Bankruptcy Institute quotes eToys in its 2011 Ethics Volume 8, as US Trustee Vara (*who worked eToys*) states twice the court was "*granting motion to disqualify professional from employment*" In re eToys, Inc., *B.R. 176, 189-190* (2005). An end to the odious ***Bankruptcy Ring*** cabal can occur by getting a *handle on the truth*. Can it really be that a case so full of frauds shall be allowed to continue without proper adjudication; just because the witnessed is insignificant?

74. Their bad faith acts are the problem here; HAAS's blowing the whistle is in the interest of justice. Sadly the court cannot simply pay HAAS the balance of monies from the Debtor's accounts to settle the larceny that MNAT, TBF, Xroads,

Barry Gold and Mr. Rosner have perpetrated upon HAAS and CLI; even under Section ***503(b).*** Though ***they*** reached out from back door communications to settle the case; asking that I close my blogs and sign keep quiet agreements. It would still allow Capone/ Nitti schemers the ability to be able to bribe a whistle blower and achieve success. As ***needy*** as I am, I must say no!

75. Conclusively these vast new evidences of Dreier, BAIN, Mattel, Wells Fargo, Liquidity Solutions, **Fee Fixing** and Goldman Sachs frauds, along with Barry Gold paying items by only needing his cohort TBF's permissions, and the tricky closing of the New York Supreme Court case; should convince the court's indignation of fraud to be paramount. MNAT should be disqualified on Goldman Sachs alone, much less items including Mattel, BAIN and The Learning Company. It would be absurd to permit any more back door dealings the ability to deceptively pick their successors. Barry Gold should be *void ab initio* and HAAS placed back in.

76. Are the requisites for Goldman Sachs success in *fraud* by *officers of the court;* simply that a party need only hire a long standing firm like MNAT - who is <u>apparently above the law</u>? Even though they have confessed? Does it take 200 crimes instead of a ***<u>mere</u>*** 100 felonies to get a court to stop blatant/ flagrant law breaking in the hundreds of millions of dollars intensity?

77. Oddly enough HAAS *had* ample enough ***standing*** to *waive* CLI's right to be paid; but lacked any standing to point out the

fact that the paper is an obvious forgery and massive frauds are transpiring without relent. The irony vastly boggles the mind. Outrageously HAAS was denied standing; as bad faith parties won the court's approval to submit a forged HAAS Affidavit. Being damned if I do and damned if I don't, this supplicant refused a bribe and endured threats that proved to be valid as the system of justice was cruel and unusual in its punishment for whistle blowing. As per *Brady* and/ or *Giglio*, those who have confessed to deceiving the court should not be able testify so bizarrely.

78. Allowing modern day Robber Baron's like Sachs, Wells Fargo and BAIN to get away with this much jerky of our federal system of justice, by their law firms lying to the court, is **intolerable**. Are we a nation of the Rule of Law or of vice? Slapping their wrist has fostered criminal growths. Paul Traub took his leniency and then partnered with Ponzi schemers Marc Dreier, Tom Petters and handled the OKUN 1031 Tax Group case from both sides, *just like eToys*. Even Asst US Attorneys were threatened to keep their mouths shut; thereby assaulting our Nation, the Constitution and our public servants without remorse.

79. Without any doubt, the bad faith parties will beg the court to rush to close the case, stating the court has already addressed the *non disclosure* issues; and time is on their side. However, *previously*, the court was only able to see but a small portion of the bad faith acts as they *only* confessed the items

they were "*caught*" upon at that time. Arguably the court cannot shield pirates by letting the robbers confess to some crimes and then allow the entire decade of hundreds of millions in larceny & Fraud to go *Scot Free*! Disqualifications are mandatory, as established by the Precedental case of *In re Middleton Arms, L.P.,* 934 F.2d 723, 724 (6th Cir. 1991) affirmed by the 3rd Circuit in *US Trustee v Price Waterhouse* 19 F.3d (1994), stating properly *"courts cannot use equitable [**any**] principals to circumvent the clear and "unambiguous" language of Section **327(a)**".*

80. Visibly, the Debtor's estate can be made whole; invoking the Rule for a whole new mindset. Must Delaware be Occupied Too? HAAS is entitled to compensation and has every right in the world to be upset at the manifest injustice thus far. Fortunately there is a "***comfort***" order permitting addressing of these extra issues exist; by the court's OPINION (D.I. 2139 - pages 50 thru 52) which allows - "*In the future, however, the failure of an officer of a debtor disclose such relationships will subject that officer to review*". Haas prays the court excuse him for being a pro se whistle blower and that the court slam down the hammer of justice by disqualifying the *bad faith* parties, reinstating HAAS and/ or any other suitable wish of the court to halt these vast *frauds on the court*?

Respectfully Submitted,
/S/ **Steven Haas** (*a/k/a Laser*)
Pro Se Person Aggrieved Party