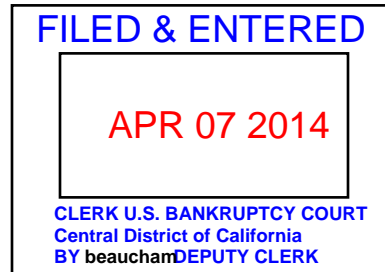


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18 Asbestos Settlement Trust

19 UNITED STATES BANKRUPTCY COURT
20 CENTRAL DISTRICT OF CALIFORNIA
21 LOS ANGELES DIVISION

22 In re	)	Chapter 11
23 J.T. THORPE, INC.,	)	Case No. 02-14216-BB
24 THORPE INSULATION COMPANY,	)	Adversary Case No. 2:12-ap-02182-BB
25 Debtors	)	Case No. 07-19271-BB
26 _____	)	Adversary Case No. 2:12-ap-02183-BB
27 J.T. THORPE SETTLEMENT TRUST,	)	ORDER FOLLOWING TRIAL ON ADVERSARY COMPLAINTS AND MOTION FOR INSTRUCTIONS
28 THORPE INSULATION COMPANY)	
29 ASBESTOS SETTLEMENT TRUST,)	
30 Plaintiffs,	)	<u>Trial Schedule</u>
31 vs.	)	Date: January 21-23, 2014
32	)	Time: 10:00 a.m.
33	)	Place: Courtroom 1475
34 MICHAEL J. MANDELBROT and THE	)	255 E. Temple St., 14th Floor
35 MANDELBROT LAW FIRM,	)	Los Angeles, CA 90012
36 Defendants.	)	Judge: Honorable Sheri Bluebond
37 _____)	

ORDER FOLLOWING TRIAL

1 From January 21, 2014 to January 23, 2014, this Court held a trial in the above-captioned
2 adversary proceedings on the complaints filed by the J.T. Thorpe Settlement Trust (the “J.T.
3 Thorpe Trust”) and the Thorpe Insulation Company Asbestos Settlement Trust (the “Thorpe
4 Insulation Trust”) (collectively the “Thorpe Trusts”) against Michael J. Mandelbrot and the
5 Mandelbrot Law Firm (collectively “Mandelbrot”), as well as the Thorpe Trusts’ Motion for
6 Instructions Regarding (1) The Trusts’ Audit Findings Regarding Mandelbrot and (2) The Trusts’
7 Remedy (“Motion for Instructions”).¹

8 The Court, having considered the evidence submitted prior to and during the trial; the
9 Thorpe Trusts’ Motion for Instructions; Mandelbrot’s objections thereto, submitted prior to and
10 during the trial; the stipulation and agreement (the “Agreement”) by and among Mandelbrot, the
11 Thorpe Trusts, the Western Asbestos Settlement Trust (individually referred to as the “Western
12 Trust”) and the Plant Insulation Company Asbestos Settlement Trust doing business as the Plant
13 Asbestos Settlement Trust (individually referred to as the “Plant Trust”), that was stated on the
14 record on January 23, 2014; Mandelbrot’s subsequent objections to the Agreement; the Thorpe
15 Trusts’ Motion to Enforce the January 23, 2013 Agreement and For Award of Attorneys’ Fees and
16 Costs, as well as associated opposition and reply briefs and arguments of counsel; the Thorpe
17 Trusts’ governing documents that were previously approved by this Court, including each of the
18 Thorpe Trusts’ Trust Distribution Procedures and Claims Valuations Matrices, as amended; as
19 well as the arguments of counsel and other pleadings of record, and based on the Court’s Findings
20 of Fact and Conclusions of Law, which are incorporated herein by reference, including the terms
21 of the Agreement reached by the parties described therein; and due and proper notice of the
22 Motion for Instructions and the matters raised at trial having been given; and it appearing that
23 sufficient cause exists for granting the relief sought in the Motion for Instructions and the
24 Agreement; hereby ORDERS and instructs the Thorpe Trusts as follows:

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26
27 ¹ The Motion for Instructions was filed under seal pursuant to an order entered by this Court
28 dated January 13, 2014. [Adv. Docket No. 182].

1 (1) The Motion for Instructions is GRANTED in accordance with the terms of this
2 Order.

3 (2) All objections to the Motion for Instructions not previously withdrawn or resolved
4 are OVERRULED.

5 (3) The Court has jurisdiction to approve, and hereby approves and finds valid and
6 enforceable, the Agreement reached in open court on January 23, 2014. As noted in the Court's
7 order on the Thorpe Trusts' Motion to Enforce the Agreement, the Agreement contains all material
8 terms of the agreement reached by the parties and affirmed by Mr. Mandelbrot and his counsel on
9 the record on that date.

10 (4) The Court has jurisdiction to issue the orders herein with respect to each of the
11 Thorpe Trusts, the Western Trust, and the Plant Trust. Any further enforcement of the terms of the
12 Agreement with respect to the Western Trust and Plant Trust shall be brought before the
13 supervising U.S. Bankruptcy Court of those trusts.

14 (5) The Court adopts its tentative rulings, specified in paragraph 17 of its Findings of
15 Fact and Conclusions of Law, as its final rulings on those matters.

16 (6) Effective immediately, Mandelbrot shall file no new claims with the J.T. Thorpe
17 Trust, the Thorpe Insulation Trust, the Western Trust, or the Plant Trust.

18 (7) Effective immediately, Mandelbrot shall cease all activity with respect to claims
19 ("Pending Claims") for the J.T. Thorpe Trust, the Thorpe Insulation Trust, and the Western Trust
20 and shall transfer each Pending Claim to an attorney who will take responsibility as if he or she
21 were the attorney that originally filed the Pending Claim. Any document submitted to the any of
22 these trusts with respect to Pending Claims that bears Mandelbrot's signature shall not be
23 considered valid by the any of the trusts. The new attorney must substitute in full for Mandelbrot
24 and Mandelbrot cannot serve as co-counsel of record with respect to Pending Claims. All Pending
25 Claims shall be withdrawn and refiled by the new attorney, but no additional filing fee will be
26 assessed and the original date of filing will be preserved. Effective immediately, Mandelbrot shall
27 not receive any payments from any of these trusts for any reason. The trusts will pay submitted
28 claims that have valid releases bearing a post-mark of prior to and including January 23, 2014.

1 (8) For all claims resolved prior to the date of this Order for which Mandelbrot has
2 represented claimants with the J.T. Thorpe Trust, the Thorpe Insulation Trust, and the Western
3 Trust, those claims will also be transferred to a new attorney and Mandelbrot shall not be counsel
4 of record nor serve as co-counsel of record with respect to such claims. For example, Mandelbrot
5 shall have no standing to challenge the fiduciary decisions or conduct of those trusts, with respect
6 to any rights of those claimants to future payments for the J.T. Thorpe Trust, the Thorpe Insulation
7 Trust and the Western Trust, such as decisions whether or not to change the payment percentage or
8 funds received ratio.

9 (9) The Court finds, declares, and instructs that the J.T. Thorpe Trust's, the Thorpe
10 Insulation Trust's, and the Western Trust's determinations stated in the May 24th letter, including
11 the trusts' determinations that Mandelbrot the person and the entity are unreliable, and have
12 engaged in a pattern and practice of filing unreliable evidence in support of claims filed with the
13 J.T. Thorpe Trust and the Thorpe Insulation Trust, are reasonable in light of the evidence assessed
14 in connection with the audit.

15 (10) The Court further finds, declares, and instructs that, with respect to the J.T. Thorpe
16 Trust, the Thorpe Insulation Trust, and the Western Trust, the conduct of all trust fiduciaries, trust
17 staff, counsel for the fiduciaries and staff, and counsel for the trusts, and the three trusts
18 themselves, in initiating, conducting and concluding the joint investigation and adversary
19 proceeding, was in every respect, reasonable, not an abuse of discretion, and was authorized and
20 appropriate.

21 (11) The Court further finds, declares, and instructs that the remedy imposed by the J.T.
22 Thorpe Trust and the Thorpe Insulation Trust in the May 24th letter – the disallowance of all
23 further evidentiary submissions by Mandelbrot – is authorized under the Trust Distribution
24 Procedures of each trust and found reasonable in light of the trusts' audit and investigative
25 findings.

26 (12) The Court further finds, declares, and instructs that the J.T. Thorpe Trust's, the
27 Thorpe Insulation Trust's and the Western Trust's joint investigation of Mandelbrot and the
28 determinations and the remedy imposed on Mandelbrot were reasonable and not based upon

1 improper interpretation of the terms of the three trusts' governing documents, including the Trust
2 Distribution Procedures and that the three trusts' joint investigation of Mandelbrot and the
3 determinations and the remedy imposed on Mandelbrot were and are consistent with the trusts'
4 fiduciary duties, conducted pursuant to a valid trust purpose, not done in bad faith, and not an
5 abuse of discretion.

6 (13) If the J.T. Thorpe Trust and the Thorpe Insulation Trust have not received a notice
7 of substitution of counsel by July 23, 2014, for any claim submitted by Mandelbrot, then the J.T.
8 Thorpe Trust, and the Thorpe Insulation Trust are authorized by this Court to deem those claims
9 withdrawn without any further approval of this Court. Mandelbrot agreed in the Agreement that
10 the Western Trust may also deem as withdrawn those claims filed by Mandelbrot for which the
11 Western Trust has not received a notice of substitution of counsel by July 23, 2014. Mandelbrot
12 has agreed to and shall use best efforts to notify all claimants he represents that substitutions of
13 counsel must be filed with the J.T. Thorpe Trust, and the Thorpe Insulation Trust, and the Western
14 Trust, respectively. By June 23, 2014, Mandelbrot shall provide the last known contact
15 information for any claimant which has not yet submitted a notice of substitution of counsel to
16 these three trusts.

17 (14) If Mandelbrot violates any of terms set forth herein, the J.T. Thorpe Trust and the
18 Thorpe Insulation Trust shall have the right to bring such violations to the attention of this Court.
19 The Agreement provides that the Western Trust and the Plant Trust shall have the right to bring
20 such violations to the attention of this Court of their supervising bankruptcy courts.

21 (15) The *Barton* doctrine applies to any disputes between Mandelbrot, on the one hand,
22 and any of the trust fiduciaries for the J.T. Thorpe Trust and the Thorpe Insulation Trust, on the
23 other hand, and therefore this Court has exclusive jurisdiction over any and all such disputes. This
24 Court also concludes that the Agreement provides that the *Barton* doctrine applies to any disputes
25 between Mandelbrot, on the one hand, and any of the trust fiduciaries for the Western Trust, and
26 the Plant Trust, on the other hand, and therefore the supervising United States Bankruptcy Court
27 that appointed those trust's fiduciaries has exclusive jurisdiction over any and all such disputes.

28

1 (16) The Court's Findings of Fact and Conclusions of Law, as well as the unredacted
2 May 24, 2013 letter of Mr. Stephen Snyder, will become a part of the public record.

3 (17) Each party shall bear its own costs and attorney's fees in this matter.

4 IT IS SO ORDERED.
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8 PREPARED AND SUBMITTED BY:
9 STUTMAN, TREISTER & GLATT

10 /s/ Gabriel I. Glazer

11 GABRIEL I. GLAZER, Members of
12 STUTMAN, TREISTER & GLATT
13 PROFESSIONAL CORPORATION
14 Attorneys for J.T. Thorpe Settlement Trust and
15 Thorpe Insulation Company Asbestos Settlement Trust
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24 Date: April 7, 2014



Sheri Bluebond
United States Bankruptcy Judge

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