

Brad Bernstein

From: "Baum, Michael" <MBaum@BaumHedlundLaw.com>
 To: "James Devine" <JDevine@dgdk.com>; <joelkreiner@aol.com>; "Baum, Michael" <MBaum@BaumHedlundLaw.com>; <ronaldwgoss@cs.com>; <brad@gnjcpas.com>
 Cc: "Slatkin Work Group" <SlatkinWorkGroup@dgdk.com>
 Sent: Tuesday, January 07, 2003 7:50 PM
 Subject: RE: #204306 v1 - IGA: blank objection to DS

Generally speaking, I like this brief and its arguments, although I also liked Ron's methodical and, in many ways, elegant presentation in what he sent today. One thing I was going to suggest to add is an objection that the trustee has failed to adequately disclose or investigate the status of Slatkin's assets in foreign banks or brokerage houses--not one single document from any foreign bank has been obtained, despite the Trustee's having promised to conduct that tracing at the first creditors hearing. The trustee says there was only evidence of a small closed account of about \$1800, while the Beren Proof of Claim shows a deposit on April 11, 2000 of \$250,000 in UBS Zurich. Why is the trustee pursuing all the fraudulent conveyance cases, spending estate assets in litigating them, when he has not exhaustively looked for non-domestic slatkin assets or even asked the already identified banks what accounts they ever had or have under any of Slatkin's aliases?

Also, the requested relief is different in the two briefs--ron's asks for some discovery, if the court won't dismiss on the record already in. This brief only asks for disapproval. I don't know which is right or better, I am just pointing out the difference.

I am still comparing the two, and have noticed some typos/grammar errors in the attached brief that need correction.--Michael

-----Original Message-----

From: James Devine [mailto:JDevine@dgdk.com]
 Sent: Tuesday, January 07, 2003 6:58 PM
 To: joelkreiner@aol.com; mbaum@baumhedlundlaw.com; ronaldwgoss@cs.com; brad@gnjcpas.com
 Cc: Slatkin Work Group
 Subject: #204306 v1 - IGA: blank objection to DS

Dear Messrs. Baum, Kreiner, Goss, and Bernstein:

Please find attached hereto, in MS Word format, the revised draft objection to the disclosure statement. This draft incorporates the objections that Mr. Goss included in his most recent draft, as well as the objections that I believed needed to be made. Because of page limitations, I have condensed certain portions of Mr. Goss' objections. Notwithstanding, I believe that the issues and arguments that Mr. Goss wanted to make are adequately addressed in the objection. Additionally, upon further review, I have determined that some of my objections are

really plan objections and will be raised when we object to the plan.

Please review the draft and let me know whether you believe any further changes need to be made.

Mr. Bernstein, I will need your approval to file the document.

If you have any questions, please contact me at your earliest convenience.

Sincerely,

James B. Devine, Esq.
Danning, Gill, Diamond & Kollitz LLP
2029 Century Park East, Third Floor
Los Angeles, California 90037-2904
Telephone: (310) 277-0077
Facsimile: (310) 277-5735
Email: JDevine@dgd.com

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8 January 03

Dear Investor,

Please contact any net loser you know and try and get them to join the objection to the trustee's disclosure statement. Ideally this should be done by 9:00 a.m. Friday. Attached is the objection and the blank form for the losers to sign, with instructions on what to do with it. Thank you. Stina Hans

Dear Net Loser,

I would like you to join Brad Bernstein's objection to a plan filed by the trustee. A blank joinder is attached that you can fill out with your name and address at the top, and signature below. You can fax the filled out version to 310-277-5735 Attn: Richard Burstein. He will arrange for its being filed. Send the original to him at Danning, Gill, Diamond & Kollitz' 2020 Century Park East, Third Floor, Los Angeles, CA 90067-2904.

The trustee has filed a plan and disclosure that essentially permits him and his professionals (his accountants and lawyers) to continue billing against the Slatkin estate assets while they sue all the investors who received more money than they gave to Slatkin. Those investors have valid defenses, but the trustee is aggressively and expensively litigating against them anyway. The trustee is doing this on behalf of the Creditors Committee--four of them received substantial preference payments from Slatkin within 90 days of Slatkin's bankruptcy, one of whom is making a claim for \$10 million in loans that should be subordinated to securities investors like you, and one of whom gave Slatkin several million dollars at the end of 2000 with a promise of getting 60% returns while the market was tanking--their claims make up about half of the claims being made against the estate, but each are subject to these objections. In other words, half of the money leftover after the trustee pays off himself, his lawyers and attorneys will go to the creditors committee members who may not have valid claims. Moreover, some of these creditor committee members were in on the EarthLink deal through Slatkin and made huge profits which they are not declaring as part of the equation of their money received from Slatkin compared against the money they gave him.

We think we have a better plan that will result in more money being netted by claimants like you instead of the trustee and his professionals.

Brad Bernstein, a net loser with a claim against the estate like yours, is filing a detailed objection to the trustee's plan. This is attached. I would like you, and any other net-loss Slatkin investors opposed to what the trustee is doing to submit joinders ASAP. Ideally, they would get filed with Brad's objections on this Friday morning, but if you can't get it done by then, later will be better than nothing at all.
Thank You.

323 874 -4049

Exhibit 11
211

Thursday, January 09, 2003 America Online: MG ARCH PC



Brad Bernstein

From: "Avi Lonstein" <avi@airespring.com>
To: <brad@gnjcpas.com>
Sent: Monday, January 13, 2003 4:47 PM
Subject: FW: URGENT- Slatkin- Joinder to Objections to Disclosure Statement -

Brad,

I am forwarding you this as I did not do it when I answered Al.

Avi

-----Original Message-----

From: Avi Lonstein [mailto:avi@airespring.com]
Sent: Monday, January 13, 2003 1:15 PM
To: 'alribisi@earthlink.net'
Cc: 'Tony Lonstein'; Michael Baum (E-mail)
Subject: RE: URGENT- Slatkin- Joinder to Objections to Disclosure Statement -

Al,

As I am the Committee Member on the Investor Action Committee (Net gainers), Tony has passed this on to me to answer.

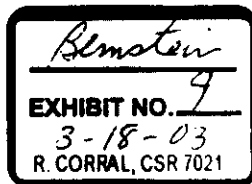
In answer to your questions/comments, here are the facts:

1. The Objection to the Disclosure, which was attached to the email you received, quite clearly lays out that the net gainers believe that the Trustee's case is flawed, and that he has a minimal chance of recovering funds from the supposed big "winners". Remember that the net winners were, as a whole, also wiped out of their supposed "nest egg" with Slatkin, just as the net losers were. Based on our talking with net gainers, many of them would probably have to file bankruptcy as they do not have the resources to pay the huge sums the Trustee wants.

The whole point of the objection is that we believe instead of having the Trustee and his attorneys making lots of money (\$12 million spent to date, and things have hardly got started) chasing a weak case, the net losers and net gainers should simply get together and reach an amenable settlement that returns as many dollars as possible to the net losers now.

Some of this money would come from net gainers, but a lot would simply come from stopping the massive legal bills that the Trustee and his team are building up, disposing of Reed's assets on hand, and focusing on distributing monies to the net losers right now.

Also, with the closure of the bankruptcy case, the IRS would be hard pressed



03/08/2003

Exhibit 12
212

9

to delay the distribution of tax refunds to all those (both net gainers and net losers) who have submitted refund claims.

I think if you reread the email that was sent, you will see that there is no attempt to hide the interests of net gainers, but rather to make everyone aware of what is going on.

2. The web site you referred to is not a website of our Committee or even of the net gainers. The facts are that one member on our Committee, (who is not a Scientologist) decided on his own initiative to put up a web site. He has his personal views on the matter, which he has stated in his personal web site. I have looked at that site, and nowhere does it make out that Reed was not a criminal. Personally, I believe he is the very worst kind of criminal, and is very rightly declared for creating huge suffering for parishioners and the Church (both net gainers and net losers.)

3. While I understand your comm about the Church, there is no "positioning" going on here. It is a fact that we have received interrogatories from the Trustee, listing out the various entities of the Church, and asking for information about them. It certainly appears that he is getting ready to at least attempt to sue the Church. Have you seen the interrogatory listing all the Church entities?

To say that this is simply a matter for OSA misses the mark as to all of our personal responsibility. If the Church is sued, then each person involved in this Slatkin mess, (be it net losers or net gainers) is personally responsible to fully handle the situation. I think that rather than just wait for the Trustee to sue the Church, we should all (net gainers and net losers) take pre-emptive actions to stop him right now.

And just for the record, I personally believe that the Trustee's actions are suppressive, and that his suit of hundreds of upstanding, ethical, productive Scientologists is suppressive, and that his attempts use the legal system to strong-arm Scientologists into paying him by trying to get their assets attached in advance of a judgement are suppressive, and that his posturing to sue the Church is grossly suppressive, and if he sues the Church, he is 100% suppressive, and that anyone who actively backs him up or sits quietly on the sidelines getting monetary benefit from his actions is aiding and abetting a Suppressive. Think about it, one of the distributions you receive from the Trustee could potentially be money extracted from the Church. No-one would want that to occur.

These are strong words, but the fact is that the legal system is unjust and capricious, and it is being used by a "clever" attorney to unleash much pain and suffering on upstat and ethical Scientologists whose only crime is taking out more money from Reed than they put in, in some cases over a 15 year period. The Trustee's actions are based on a completely arbitrary piece of wog law that doesn't produce justice for anyone. Many of these withdrawals went to pay taxes or to donations, or personal living expenses. There were no "crimes" committed here.

We should all apply the reference HCOPL "The Justice of Scientology, its Use and Purpose", where LRH says:

"Don't react to Scientology justice as though it were wog law. In society's "courts" one is given the works, and truth has little bearing on the findings. A mean judge or clever attorney and small legal errors decide a lot of their cases. Wog courts are like throwing dice. There is huge cost and publicity and punishment galore even for the innocent.

So we must preserve our justice.

And use it.

That's the main lesson. If we don't use it in all questions where the truth of the matter is in doubt, we'll just go on being wogs."

I would be happy to discuss this matter in more detail with you both by phone or by email.

The joke is that Reed has managed to add one more suppressive act to all the rest of his actions, and that is getting Scientologists arguing amongst themselves, and splitting up the power of our group. What a sad situation.

ARC,

Avi

-----Original Message-----

From: Al Ribisi [mailto:alribisi@earthlink.net]

Sent: Monday, January 13, 2003 10:25 AM

To: Tony Lonstein

Cc: Brad Bernstein; Howard Gross

Subject: Re: URGENT- Slatkin- Joinder to Objections to Disclosure Statement -

I have a problem with this.

First, it does not openly state your self-interest in this - if you were a net gainer. I never withdrew a penny from my account and can't even get my "false" capital gains back from the IRS. I guess you'd say I'm a real net loser.

State your interest openly and completely, then let's work together on a solution that actually benefits all. In actual fact, the trustee gets paid for what he distributes.

Secondly, Reed Slatkin is declared, yet I'm told the website "Slatkin-info"

was posted by Net Winners and shows a picture of Reed's family - instead of him in an orange jumpsuit & handcuffs. He's declared. Why would he be portrayed as anything more?

Thirdly, I don't like Net Winners positioning this issue in any way with our Church. Leave the Church out of it. It's off-line. We have an Office of Special Affairs to handle these things.

Best, Al Ribisi

----- Original Message -----

From: "Tony Lonstein" <tony@airespring.com>

To: "Tony Lonstein (E-mail)" <tony@airespring.com>

Sent: Thursday, January 09, 2003 7:21 PM

Subject: FW: URGENT- Slatkin- Joinder to Objections to Disclosure Statement -

- > Dear Friend,
- >
- > I am sending you a copy of an objection to the Trustee's Reorganization
- > plan, which I would like you, as a net loser in the Slatkin estate, to
- > consider joining as have Brad Bernstein and others.
- >
- > There is no cost to you to join the objection, and I believe while some of
- > us are net losers, and some of us are net gainers, nonetheless we should
- > be
- > united against the Trustee's plan, which includes much needless litigation
- > and pain for everyone.
- >
- > You can read Michael Baum's (a Scientology attorney) email below which
- > goes
- > over why the Trustee's
- > plan is a bad one. I can add the following data to it:
- >
- > 1. The Trustee is out of control, suing anyone he can find. As an
- > example,
- > in the 50 page interrogatory which he just sent us, there is a full page
- > devoted to listing out every single corporate entity of the Church,
- > followed
- > by questions related to our dealings with the Church. Despite the fact
- > that
- > this is highly inappropriate, it does lead one to believe that the Trustee
- > has taken significant time researching all the Church's legal entities,
- > and
- > one must wonder if he doesn't intend to use this information in some sort
- > of
- > a suit or other attack against the Church, which I am sure you would not
- > want to support.
- >
- > 2. The Trustee is expecting to make a big payday from the net gainers.

It
> is my belief that a large number of the net gainers were wiped out as a
> result of their losses with Slatkin, and it is highly unlikely that he is
> going to collect anywhere near the \$185 million he mentions. Furthermore
> the costs of litigation may chew up any small collections he may get,
> leaving creditors with very little to show for all his legal activity.
>
> 3. Almost 50 cents of every dollar collected is on behalf of 4 very rich
> creditors on the Creditors Committee, who may have unclean hands, and
> appear
> to have made significant profits from "side" transactions with Slatkin.
As
> an example, John Poitras give money to Reed on the promise that Reed
> pay him returns in excess of 60% on his investment. For a sophisticated
> investor like John Poitras, this reeks of bad faith.
>
> A far better plan (I believe) is to quickly reach settlements with the net
> gainers, stop all the expensive and painful litigation, and get money
> distributed out to the net losers.
>
> One big bonus: If the case goes into Chapter 7, as we contend it should
> and if there is a quick distribution of funds to the net losers, then the
> IRS will have no grounds to hold up all the tax refunds, as they have been
> doing.
> They have been using as their objection the fact that the "bankruptcy case
> is not yet
> complete". With the case complete, the IRS refunds should come through
> rapidly.
>
> You would only need to sign the single joinder page, and fax to Richard
> Burnstein as per the instructions in Michael's email below.
>
> Time is of the essence!!
>
> The key point is that the Trustee is taking some pretty suppressive
> actions,
> not to mention pushing a plan which is not necessarily in the best
> interests
> of the
> net losers. Disagreeing with the Trustee doesn't mean you have to agree
> to
> anyone else's arguments.
>
> I personally don't think anyone should be supporting this Trustee, based
> on
> his actions and intentions.
>
> Best,
>
> Tony Lonstein
>

> Brad Bernstein, a net
> filing a detailed objection
> you
> when it is completed
> Slatkin investors open
> asap. Ideally, they want
> morning, but if you can't
> nothing at all.
>
> If you have any questions
>
>
>

- > -----Original Message-----
- > From: Baum, Michael [mailto:MBaum@BaumHedlundLaw.com]
- > Sent: Wednesday, January 08, 2003 6:39 PM
- > To: Murgatroyd, George; Hedlund, Paul; vnf@vnf-law.com;
- > igdowney@mindless.com; fgodwin@aol.com; edorsett2002@yahoo.com
- > Subject: FW: Joinder to Objections to Disclosure Statement
- >
- >
- > Lisa, Neil, Ellen and Frances:
- >
- > I would like you to join Brad Bernstein's objection to a plan filed by the
- > trustee. A blank joinder is attached that you can fill out with your name
- > and address at the top, and signature below. You can fax the filled out
- > version to 310-277-5735 Attn: Richard Burstein. He will arrange for its
- > being filed. Send the original to him at Danning, Gill, Diamond &
- > Kollitz'
- > 215 Century Park East, Third Floor, Los Angeles, CA 90067-2904.
- >
- > The trustee has filed a plan and disclosure that essentially permits him
- > and
- > his professionals (his accountants and lawyers) to continue billing
- > against
- > the Slatkin estate assets while they sue all the investors who received
- > more
- > money than they gave to Slatkin. Those investors have valid defenses, but
- > the trustee is aggressively and expensively litigating against them
- > anyway.
- > The trustee is doing this on behalf of the Creditors Committee--four of
- > them
- > received substantial preference payments from Slatkin within 90 days of
- > Slatkin's bankruptcy, one of whom is making a claim for \$10 million in
- > loans
- > that should be subordinated to securities investors like you, and one of
- > whom gave Slatkin several million dollars at the end of 2000 with a
- > promise
- > of getting 60% returns while the market was tanking--their claims make up
- > about half of the claims being made against the estate, but each are
- > subject
- > to these objections. In other words, half of the money leftover after the
- > trustee pays off himself, his lawyers and attorneys will go to the
- > creditors
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- > creditor committee members were in on the Earthlink deal through Slatkin
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- > made huge profits which they are not declaring as part of the equation of
- > their money received from Slatkin compared against the money they gave
- > him.
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- > Brad Bernstein, a net loser with a claim against the estate like yours, is
- > filing a detailed objection to the trustee's plan. I will forward it to
- > you
- > when it is completed tomorrow, but would like you, and any other net-loss
- > Slatkin investors opposed to what the trustee is doing to submit joinders
- > asap. Ideally, they would get filed with Brad's objections on this Friday
- > morning, but if you can't get it done by then, later will be better than
- > nothing at all.
- >
- > If you have any question, please give me a call 310-207-3233.--Michael
- >
- >
- >

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