We have said it before about **The eToys Perjury Matter** and we'll say it again: This **eToys case** just

won't go away !

How many public servants will audaciously contort themselves like a tangled ostrich in order to avoid their duty in the face of clear facts of false declarations before a court? How many States will become tangled in the web? Who among the Judiciary and the Department Of Justice would really prefer the congeniality of non-confrontation and complacency over the risk of infamy at being associated with any ring of criminals whose reign is surely ending? Who among them wants to be remembered as having ignored the charge, in front of an international audience, to uphold the imperative for " law enforcement and justice sectors to keep our own houses clean " , as urged by U.S. Attorney General John D. Ashcroft?

The public has seen **Martha Stewart** imprisoned. Why pick on Martha Stewart? She is much better looking than nearly every bankruptcy lawyer we have ever met, with the possible exception of **Debra Grassgreen** . We have seen **Li'l Kim** incarcerated. We have seen countless famous persons, baseball stars, and countless ordinary persons severely punished for their purportedly having lied under oath. **Yet some bankruptcy lawyers and bankruptcy professionals file blatantly false sworn statements in *Federal Courts* with impunity** . Worse, their bold faced, and admitted, lying is in furtherance of acts which take moneys from other persons and are criminal.

John Grisham please take note. Why not focus your special skills, knowledge, and talent upon a work based upon actual events? We believe that only one of the most talented writers

of our time could really succeed at illuminating the nubilous muck under which the Billion Dollar Bankruptcy Rings thrive - *and make it fun*. Would not the chance to help put an end to perhaps the longest running and most profitable web of organized crime since the abolition of slavery in the free world be a worthy pinnacle for an already illustrious career?

You can **download here a copy of a pleading** regarding a lawsuit against Goldman, Sachs & Co originating from the same eToys bankruptcy case which we have previously made note. Below is a copy with *emphasis added*

.

Our reading, simplification, of this document

is that one particular bankruptcy professional, this guy Laser Haas, got suspicious because a bunch of other "professionals" kept opposing his efforts at maximizing the recovery on the Debtors various assets that were being liquidated. It turns out that not only were there false declarations (a criminal act) by lawyers saying that they had no relationship with the other professionals, there are also alleged undisclosed relationships between the professionals and the ultimate buyer of the eToys assets. This buyer was alleged by Haas to be paying less than the sales which Haas was arranging.

Kind of a really simple story once you get into it.

"Same old Song"

But none of it needs to be true beyond the already admitted facts of false declarations, a criminal act, in order for prosecutions and incarcerations to have already commenced.

- *Why haven't they?*

- Wouldn't a few indictments for the obvious and admitted crimes get these guys talking?

- Is **prosecutorial discretion** being swapped by revolving door lawyers masquerading as honorable public servants in career boosting **quid pro quo** ?

- Are the administrators of the prosecutorial departments living in **glass houses**?

Perhaps previously living in them, or looking to move into expensive **glass houses** after leaving "public service" and returning to private practice.

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_____

THE SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

----------x

EBC I, INC., f/k/a ETOYS, INC.,
BY THE POST EFFECTIVE
DATE COMMITTEE,
Index No. 601805 - 2002
Plaintiff,
The Honorable _____
-against-
IAS Part _____
GOLDMAN, SACHS, & CO.,

Defendant,

----------x

AMICUS CURIAE BRIEF

Informing the Court of Fraud upon the Court

May it please the Court this petitioner, Steven Haas (a/k/a Laser Haas) comes before this honorable body today with matters of grave concern. The parties of the former firm **Traub Bonacquist & Fox**, along with their cohorts, **Wachtel & Masyr**, **Barry Gold** and others are deceiving this Court, perpetrating Fraud upon this Court, as they have successfully accomplished thus far where **Paul Traub** has already confessed to the Delaware Bankruptcy Court to supplying more than nineteen (19) false affidavits to the Delaware Federal Courts after placing Barry Gold, a confessed paid associate of Paul Traubs former firm, secretly within the **eToys Debtor** bankruptcy estate, as Paul Traub acquired the duty in this court by Perjury.

Wherefore I Steven Haas (a/k/a **Laser Haas**) (HAAS), being a pro se, not highly educated (no HS diploma), as a party of interest in the eToys matters; hereby states to this Court, under penalty of perjury, the following items are both True and Correct.

BACKGROUND

1. The entity of **eToys.com** and the many related companies thereof went public in 1999. This Court is already familiar, greatly with the issues of contention here, concerning how the eToys entity only received $16 per share and the difference between $16 and $80 per share being a matter of great dispute in how such was handled by **Goldman Sachs** as a fiduciary.

2. For reasons never fully, correctly revealed, eToys then became a distressed company in the fall of 2000. At that time the law firm of Traub Bonacquist & Fox (TBF) was working with the Unofficial Creditors Committee in eToys. TBF was also working on a Southern Texas Bankruptcy case of In re Stage Stores 00-35078 (S TX Bankr. 2000) where TBF was a special counsel thereof for the entity Stage Stores.

3. The Debtor Stage Stores as a member assisting the Board of Directors of Stage Stores engaged Barry Gold.

4. Due to issues of non-disclosure in Stage Stores; TBF filed a supplemental remarking upon the fact that Barry Gold had nothing to do with TBF being engaged in the Stage Stores issues. TBF specifically remarks in the Supplemental Rule 2014 affidavit to the S TX Bankruptcy Court of Stage Stores; that concerning the entities of Jumbo Sports, Luria Brothers and Witmark, Barry Gold had nothing to do with TBFs becoming a hired professional entity in those cases. (please see TBF Supplemental Stage Stores Bankruptcy case 00-35078).

5. The eToys bankruptcy case began on or about March 7, 2001.

6. The bankruptcy court in the eToys matter approved TBF as the counsel for the Official Committee of Unsecured Creditors.

7. The Bankruptcy Court also approved the counsel of **Morris Nichols Arsht & Tunnel (MNAT)** as the counsel for the eToys bankruptcy estate 01-706 thru 01-709 (the Debtor). As well as **CrossRoads LLC**, that became **Xroads LLC** as consultant.

8. The Bankruptcy Court also approved the firm of Collateral Logistics, Inc., (CLI) as the sole liquidation consultant of eToys. (please see eToys docket item 253 & 523). HAAS is the sole 100% owner of CLI and per the Court approved contracts HAAS was one of the required personnel by the Debtor.

9. Sometime after the approvals of TBF, MNAT and CLI, among others, TBF and MNAT did plot and scheme to place Barry Gold within the Debtor as the wind-down coordinator of the Debtor. Thereafter, being successful in the stratagem to deceive, TBF also placed Barry Gold

as President, CEO and then the confirmed Plan Administrator of the Post Effective Date Committee (PEDC). TBF supplied Barry Gold, doing so without notifying the Court, also violating the instructions of the US Trustee, who forewarned the parties against replacing key personnel of the Debtor with anyone connected to the retained professionals of the estate. As such an item would violate not only the Model Rules of Conduct, the bankruptcy Code 327(a) and 101(14), combined with the affidavit requisites of Rule 2014 and Rule 2016, forbid connected parties from being able to be employed. (please see US Trustee Disgorge Motion eToys D.I. 2195).

10. **After a period of time HAAS had discovered that strange dealings were going on within the eToys Debtor . Such as the bankruptcy court approved the unusual issue of Destruction of Books n Records.** (eToys docket item 300). That combined with the fact that
Barry Gold seemed to be working in concert with TBF, MNAT and Ellen Gordon from Xroads LLC
(the court approved financial consultant of eToys)
to harass and destroy the positive sales efforts of HAAS and CLI
led to a diligent search into connections between the parties and the inexplicable motivations thereof.

11. Researching for the reasons why the **collaborative parties were finding fault with HAAS and CLIs efforts led to the discovery of the possibility that Barry Gold and TBF might be connected, along with the possibility that those parties may also be connected to Bain/KB Toys, where eToys Debtor estate sold the bulk of the assets to Bain/KB.**
Selling assets to undisclosed connected parties is collusion to defraud.

12. Part of the negotiations of the CLI contracts were that, in order to seek a cost saving benefit to the Debtor, CLI would be hired, instead of HAAS individually and that TBF and the Debtors counsel, MNAT would submit the fee applications of CLI to the Court. Also as a cost saving benefit to the Debtor, HAAS and CLI did not need independent counsel as MNAT and TBF would supply all paperwork for CLI and HAAS to the Delaware Bankruptcy Court. The Court approved this function.

13. Within the CLI court approvals, the parties had sought and the bankruptcy court had approved that CLI was basically excused from the Local Rules requisite of LR 2016. CLI would only have to generally describe its work areas and did not have to get into details of its exact functions.

14. CLI and HAAS were warned by the TBF and others to back off from investigating issues or doing any further pursuits to sell or merge the public company of eToys with any other company. HAAS discussed this with the US Trustee. HAAS was offered the chance to receive the benefit of a reduced sales price in a transaction that was declined.

15. At the end of 2001 MNAT refused to transmit any final fee applications to the Courts on behalf of CLI. TBF, MNAT and Barry Gold refused to permit HAAS review of books n records

to supply a CLI correct final fee application to the Court. At this same time the Chairman of the Creditors Committee had retired from Mattel Toys. The Chairmanss affidavit of these affairs is attached as the only exhibit to this brief concerning Fraud on the Court as EXHIBIT 1. The Chairman states that the efforts to defraud CLI and HAAS are false and that the former Chairman is surprised at the apparent unwillingness to correct the bad faith acts.

16. TBF & MNAT defied the caution by the United States Trustee against placing anyone connected within the Debtor. MNAT, TBF, Barry Gold and others participated in drafting a Hiring Letter for Barry Gold that gave Barry Gold contractual permission to Circumvent the Court and the Bankruptcy Code, doing an end run around the authoritative instruction by the US Trustee. (please see Disgorge Motion 19).

17. HAAS engaged separate counsel for the CLI senior priority, court contract, administrative claims after MNAT refused to submit such to the court. One of those attorneys Henry Heiman, a former Trustee, had stated that the CLI contracts would be addressed in short order. More than three years later, HAAS had become extensively more familiar with the fact that Barry Gold and TBF had an undisclosed conflict of interest, but had yet to find concrete prima facie evidence thereof.

18. In the fall of 2004, **HAAS was receiving numerous threats to back off from the issues** or not only would HAAS and CLI not be paid, HAASs career would suffer and TBF may engage the Courts to come after HAAS and CLI for previously paid monies. Henry Heiman felt so secure about this issue he actually emailed the threat to HAAS.

19. HAAS had been continuously in contact with the US Trustees office and was told that there was no violation of laws or codes. When HAAS informed the attorney for the US Trustee, one **Mark Kenney**, of the new emailed threat HAAS received, Mr. Kenney became greatly annoyed and bellowed out about the fact that the issues of TBF and Barry Gold had been handled in the Bonus Sales case.

20. Research of the Bonus Sales case led to the discovery of a company that was mutually owned by Paul Traub of TBF and Barry Gold, entitled **Asset Disposition Advisors** (ADA).

21. The issue concerning the fact of the existence of the clandestine Hiring Letter is not disputed. Barry Gold supplied the Hiring Letter as his defense of his actions as part of his January 25, 2005 responses. (etoys docket item 2169).

22. The issue of the fact that Barry Gold and Paul Traub being connected is not disputed either. As the proof of the such is affidavits in the Court docket records of In re Homelife 01-2412 and In re Bonus Sales 03-12284 both cases being Delaware Bankruptcy Cases and one of which was before the same Justice as the eToys case.

23. The proofs and confessions to the deception were detailed greatly by TBF and Barry Gold after HAAS provided the irrefutable documentations. Where the Delaware Bankruptcy Court actually questioned Paul Traub of TBF as to the details of the four (4) payments of $30,000.00 each that TBF paid Barry Gold prior to placing Mr. Gold within the Debtor as

wind-down coordinator of the Debtor. (please see Transcript of the March 1, 2005 hearing eToys D.I. 2228).
HAAS has Standing

24. One of the many inexplicable acts that have occurred in the matters thus far is the fact that TBF, MNAT and Barry Gold have been engaged in actively defending each other, breaching their fiduciary duties to their respective clients. Of the many bogus color of law issues that the nefarious parties seek to utilize in this affair is the contention that HAAS does not have standing to bring the matters before the Court. HAAS contends that this is the only way the parties can hope to successfully Obstruct Justice. If you simply throw out HAASs proof of fraud and perjury, there is no record.

25. The US Trustees office supplied a Motion to Disgorge TBF for $1.6 million on February 15, 2005 (the Disgorge Motion) (eToys docket item 2195). This occurred after the HAAS allegations documented the existence of ADA, as the eToys shareholders, specifically Robert Alber, adopted the HAAS allegations to that also as the facts concerning the shareholders. Multiple hearings occurred and depositions of Mr. Gold, TBF and MNAT. (The Court had denied the equity parties in eToys any official committee status so Mr. Alber appeared pro se also).

26. CLI had counsel representation, by eight different firms/attorneys from the date that HAAS had discovered the intention of TBF, MNAT and Barry Gold to stiff CLI. The law firms/attorneys include **Morris James, Henry Heiman, Michael Weiss, Fox Rothschild, Brad Brook, Hochman, the Bayard Firm** and **Michael Kennedy**.

27. The CLI claims hearing were scheduled for February 4, 2005. It was rescheduled multiple times by Brad Brook while Brad Brooks local counsel the Bayard Firm had never informed HAAS that it was representing the **Back Bay Capital** (a Bain associated entity) in the KB Toys bankruptcy case. (Del Bank 04-10120).

28. All the aforementioned firms staunchly refused, despite 18 USC 4 MisPrison, to inform the Court of the criminality and bad ethics that were ongoing. The final representation that HAAS could obtain for CLI was Mr. Michael Kennedy whom the Delaware Bankruptcy Court refused to permit to address the court, in August 2005, the very day the Court expunged CLI and HAAS senior priority administrative claim worth more than $3 million.

29. The CLI contracts were drafted and supplied to the Court by MNAT, TBF and Barry Gold, as such, under the doctrine(s) of Trust or Equity, any ambiguity is to be construed against the drafter. Especially after discouraging HAAS to have counsel.

30. The CLI contracts specifically state that the Debtor is to pay all expenses, fees, including, but not limited to, taxes, labor, etc., HAAS has standing to be paid as a laborer. HAAS also has standing under the Bankruptcy Code 503(b) Substantial Contribution that gives anyone the right to have a hearing when a positive contribution to the estate has occurred. If for no other reason than HAAS discovery of the proof of ADA and the fact that TBF agreed to be disgorged $750,000.00. (please see WSJ article on TBFs settlement at

www.wjfa.net/bk/etoys.html)

31. Furthermore, the drafting of the CLI contracts provide for Indemnification of CLI and its agents, employees, etc., for any reason. The CLI contracts specifically state that the Debtor shall Defend CLI or its employees. So when the parties are stating that CLI is without counsel they are finding fault and seek to benefit from their own material breach. As this court can see the actual wording of the CLI contract as;
Indemnification. The Debtors shall defend, indemnify and hold CLI and its affiliates, the officers, directors, agents and employees of each, harmless from and against any and all claims, suits, damages, losses, liabilities, obligations, fines, penalties, costs and expenses (whether based in tort, breach of contract, product liability or otherwise), including reasonable attorneys fees and expenses, arising out of or based on any loss of the Remaining Collateral other than any such loss arising from or in connection with CLIs, its agents and/or employees negligence or intentional misconduct.

32. Furthermore, while the US Bankruptcy Court, specifically in Delaware, may seek to abuse discretion and deny Constitutional due process in tossing out the Article III standing issues. This Court is not within the realm of the Bankruptcy area.

33. As a final note to this Honorable Court, on the issue of HAASs standing, the facts are clearly self-evident that TBF has confessed to supplying false affidavits. At the barest of minimums this Court has to give consideration to the notion that all efforts by TBF are retaliatory against HAAS and CLI.

UNITED STATES TRUSTEE Has Breached their Fiduciary Duties in eToys

34. The issues of Fraud on the Court and sanctions are already far reaching as per eToys. The Barons case in Florida cited eToys to reopen a case closed for several years (S FL Dist Ct 07-60770) . The N Y case of the US Trustee Paul Banner v Cohen Estis and Assoc, cited eToys as a case precedent for the denial of all fees for non-disclosure. (The Balco/Estis case involved only 1 non-disclosure issue, where eToys has over 20 failures to disclose). The case of M.T.G. In re Matrix Tech Grp 95-48268) (Michigan District Ct) states that Fraud upon the Court voids a decision based upon such ab initio.

35. The US Trustee is the watchdog and the policing agent of the Bankruptcy Courts. The US Trustee does not have the latitude to defer prosecutions. As per the Janet Reno Reform Act of 1994 the US Trustee is specifically a watchdog to protect public equity estates. For some inexplicable reason the US Trustee is defending the criminality in eToys and refusing to refer the matter to the US Attorneys office. This despite the statutory requisites to do so for the US Trustee per 28 USC 586(a)(3)(F) and 18 USC 3057(a).

36. The original Disgorge Motion made an erroneous finding of fact that did effort leniency in stating in the first footnote of the Disgorge Motion that Barry Gold did not have to apply per 327(a). The US Trustee Handbook specifically instructs on these issues also In re Seatrain Lines, Inc., 13 B.R. 980, 981 (S.D.N.Y. 1981) and In re Fretheim, 102 B.R. 298, 299 (D. Conn. 1989). In re Twinton Properties 27 B.R. 817 Bankr. (CCH) 69096 (MD. Tenn. 1983) listing the 9

elements to be clear and convincing of no conflict. In re: Childress v. Middleton Arms (Bankruptcy Court may not authorize even if the [Plan] debtor would be better served.) (The Sup Ct and Third Cir affirmed Middleton Arms certification that failure to disclose mandates disqualification.) The quotes comes from the US Trustees Manual vol. 3, United States - Kraft v. Aetna Casualty and Sur. Co., 43 B.R. 119 (M.D. Tenn. 1984)([Trustee] cannot bypass 327(a) by stating mechanical services.) All Circuits, including the Second Circuit, have adopted autonomy as the key
http://www.usdoj.gov/ust/eo/public_affairs/sig_guidance/index.htm This Dept of Justice Trustee Handbook and Guidelines is on a website so that everyone may know the Law. To keep the system Kosher.

Barry Gold is a paid associate of TBF and is thereby conflicted

37. *Barry Gold is the confessed paid associate of TBF and as such both TBF and Barry Gold are forbidden from participating in the EBC I v Goldman Sachs issues.* The fact of Barry Gold and TBFs connections are not in dispute, as a matter of fact the connections are detailed explicitly, even with TBF detailing to the Bankruptcy Court in Delaware the fact of four (4) separate payments of $30,000 each by TBF (Transcipt of March 1, 2005 hearing eToys D.I. 2228) where payments to Barry Gold prior to TBF supplying Barry Gold to the Debtor in secret by the clandestine Hiring Letter. The Hiring Letter documents that Barry Gold then received $40,000 per month plus a bonus promised at the end of the case. (This is the first concrete, slam dunk case of the Janet Reno Reform Act 18 USC 155 Fee Fixing).

38. At the time of the pre Plan confirmation hearings Robert Alber (Mr. Alber), an eToys shareholder, deposed Barry Gold, on the stand, concerning his connections to TBF, the court approved counsel for the Official Committee of Unsecured Creditors. Whereupon Barry Gold denied being connected to TBF prior to eToys, specifically stating that he was not involved with TBF in particular cases (the Transcript of the October 16, 2002 Omnibus and Confirmation hearing) (eToys D.I. 1394).

39. Prior to the query by Mr. Alber of Barry Gold on the stand; Mr. Gold had submitted the Plan Administrator Declaration, entitled the Barry Gold Declaration (the PAA). Many items thereof are false and shall be documented below. (Currently Barry Gold has a motion before the bankruptcy court in Delaware seeking payment of his attorney fees in defending himself personally of the non-disclosure issues. Barry Gold testifies in his Motion to Indemnify payments, that he has been absolved of all wrongs).

40. Barry Gold signed the PAA on October 11, 2002 stating that such was done so under penalty of perjury (eToys D.I. 1312). While perjury is a criminal issue and the Bankruptcy Courts authority concerning such is somewhat benign, the fact is the Code and established precedents mandate, if by none other than the very item Mr. Gold seeks in the Indemnify Motion, that being sua sponte provisions provided by 105(a) that the Court utilize its equitable powers to assure compliance with due process for the sake of integrity.

41. Section 105(a) is specifically designed to provide where the Court has a fiduciary duty, as a part of equitable justice, to address such issues as false testimony before the court. Especially when false testimony is intentionally proffered, as such is Fraud on the Court, being

assisted by Officers of the Court such as TBF and MNAT. (Barry Gold also became an officer of the Court once he submitted the PAA declaration to be Court approved).

42. Mr. Gold had submitted the PAA affidavit prior to his on the stand false testimony, where the PAA is also written proof of false testimony as Mr. Gold states that the PLAN was negotiated in extensive arms length negotiations between Debtor and Creditors. That is between Mr. Gold and TBF where arms length good faith negotiations are impossible in any sense of elucidation. HAAS should not have to emphasize this over and over. Failing to adjudicate this obvious perpetration of Fraud on the Court is as if the Code and authoritative adherence to such has gone into the Twilight Zone in Delaware with everyone including the US Trustee.

43. The Opinion of the Bankruptcy Court in Delaware that approved the improper Stipulation to Settle, states that no one proved Barry Gold did perjury and that the Court refused to refer the matter to the US Attorneys office. The Opinion was done on October 4, 2005, after HAAS had filed the appeal and presented issues and records for the appeal that addressed the fraud on the court issues. You can see the entire 57 page Opinion at http://www.deb.uscourts.gov/Opinions/2005/EtoysMNATfees.pdf .

44. What is odd is the Delaware Bankruptcy Court simply ignores the fact that MNAT and TBF have already confessed to filing false affidavits. (more than 40). The Court is mandated by 18 USC 3057(a) to report the mendacity to the US Attorneys office. The amount of statutory abuse under the pretense and color of law remains mind-boggling, even to this day.

45. The Delaware Bankruptcy Court even ignores its own findings, when it remarked in The OPINION on pg 16, as part of the very same paragraph that mentions In re Hazel Atlas-Glass, (the US Supreme Ct stated in Hazel Atlas that Fraud on the Court has no statute of limitations) in referencing Benjamins-Arnold 1997 WL 86463 at * 10; where the Delaware Bankruptcy Court concluded that extra-ordinary circumstances existed to justify relief as this Court specifically remarked
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

46. Yet the Bankruptcy Court ignored its own case quotes, is punishing HAAS and rewarding Fraud upon the Courts. Mr. Gold is also guilty of honest services fraud under 18 USC 1346. Mr. Gold has also breached provisions of the Plan clause 3.17 that stated that the Plan Administrator must give detailed reports into the docket record. All requests to review Books n Records, even under Rule 2004 have simply been ignored thus far.

47. Additionally Mr. Gold has breached the Plan clause 3.12 Transactions with Related Persons provisions that forbid Mr. Gold from dealing with connected parties. Yet TBF and MNAT are connected to Barry Gold through undisclosed connections and he has paid them millions in fees. As well as the undisclosed gerrymandering of the vote rigging issues tied to the undisclosed connection of **Liquidity Solutions et al** and Bain. Where Bain/KB Toys acquired the bulk of the eToys assets at discounts in the tens of millions.

48. Strangely, after the US Trustees office sought to disgorge TBF more than $1.6 million for the non-disclosure of conflicts of interest, less than ten (10) days later the US Trustees office engaged in double-mindedness and breached their fiduciary duty to the public and the Courts by issuing a Stipulation to Settle the Disgorge Motion (eToys D.I. 2201).

49. The US Trustee original Disgorge Motion addressed two false affidavits of TBF and the non-disclosure that TBF and Barry Gold were connected. Now we know that there are more than forty false affidavits and declarations in this case. Nineteen of which are directly attributed to TBF (TBF filed monthly, quarterly and final fee applications, each one required either a Rule 2014 or Rule 2016 affidavit affirming that no conflicts of interest existed). Even though the original Disgorge Motion only addressed the issue of two false items, the US Trustee concluded in the Disgorge Motion that TBF had breached its fiduciary duty, that the [diametric] lines between Creditor and Debtor had been destroyed, that the issues were materially adverse and willful fraud on the court had occurred. (please see Disgorge Motion eToys D.I. 2195).

50. Inexplicably the Stipulation to Settle has given TBF implied, blanket immunity, where the US Trustee attorney, Mark Kenney, agreed to the following illegal stipulation;

WHEREAS the United States Trustee shall not seek to compel TBF to make additional disclosures

51. This clause by the US Trustee is incongruous. It is established in the Third Circuit and the Second Circuit that Fraud on the Court is the most serious of crimes, it is also established within the First, Second and Third Circuits that not even a Federal Justice has any authority to circumvent the clear and unambiguous statutory mandate of 327(a), as is noted in the case of In re Middleton Arms, Ltd. Partnership , 934 F.2d 723 (6th Cir. 1991) courts may not contravene the statute, even if the estate would be better served, non disclosure of conflict of interest mandates disqualification.

CONGRESS has Established PER SE guidelines on the TBF and Barry Gold issues

52. Congress has warned the Circuits of how bankruptcy dealings can create a bankruptcy ring of attorneys. The 3rd Circuit has addressed the issue of bankruptcy rings where attorneys endeavor to remedy circumvention of the Code after the fact,. (In re Arkansas Co., 798 F.2d 645 (3rd Cir. 08/13/1986)). The Circuit remarked upon the fabric of the stabs to clean up errant efforts, after the fact, to circumvent the Code, concerning offending applications of 327(a) and Rule 2014 affidavits. This Circuit remarked;
[W]e reject the notion that a complete and thorough post-application review may substitute for prior approval in most cases. This approach would render meaningless the structure of the Bankruptcy Code and Rules, which contain provisions requiring both prior approval of employment and after the fact approval of compensation. 11 U.S.C. 327(a), 1103(a), 330; Bankruptcy Rules 2014(a), 2016, 2017

53. The Matter of Arkansas was concerning a much less ruthless effort, being a nunc pro tunc employment, yet this Circuit felt it necessary to remark upon Cronyism and bankruptcy rings in the Arkansas matter to send a clear message and warning that the Circuit was aware

of such nefarious possibilities, so that those that would engage in any efforts of end runs around the law and the Courts auspice would think twice. Where this Circuit specifically remarked;

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. In fact, the House Report noted that "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

54. So restrictive is the statutory requisite on disqualification it is beyond the flexible powers of a Federal judge to circumvent the mandate, as is confirmed by In re Middleton Arms, Ltd. Partnership , 934 F.2d 723 (6th Cir. 1991). The Second & 3rd Circuit has affirmed that disqualification is a Code mandate when non-disclosure violations occur. The US Trustee Manual instructs on the definition of a professional person - failure to disclose constitutes an independent basis for disqualification see In re Diamond Mortgage Corp., 135 B.R. 78 (Bankr. N.D. Ill. 1996). The United States Trustee is instructed that the classic definition of professional person for purposes of 11 U.S.C. 327(a) limits the term to "persons in those occupations which play a central role in the administration of the debtor proceeding." In re Marion Carefree Ltd. Partnership, 171 B.R 584 (Bankr. N.D. Ohio 1994); In re Seatrain Lines, Inc., 13 B.R. 980, 981 (Bankr. S.D.N.Y. 1981). The degree of autonomy and discretion exercised by the firm or individual in question is also a relevant consideration in determining whether the requirements of 11 U.S.C. 327(a) apply. In re Bicoastal Corp., 149 B.R. 216 (Bankr. M.D. Fla. 1993); In re Park Ave. Partners Ltd. Partnership, 95 B.R. 605 (Bankr. E.D. Wis. 1988). See USTM 3-2.8.2.1. Barry Gold was the sole authority. (see USTM http://www.justice.gov/ust/eo/ust_org/ustp_manual/volume3/vol3ch06.htm). Barry Gold was the President and CEO of the Debtor, acquiring his job post-petition.

55. Even the new Asst US Trustee Mr. Vara, who replaced Asst US Trustee, **Frank Perch**, (Mr. Perch emailed everyone the Disgorge Motion and then resigned after the Stipulation to Settle was submitted), where Mr. Vara has automatically failed to comply with the Code in eToys as he has joined in overt actions to defeat HAAS in the Circuit Court appeal (07-2360) as the US Trustee stated HAAS is a non-party (inferring that Court approved entities and persons thereof is a non-party is absurd).

56. Even the new Asst Trustee Mr. Vara handled the case of In re Cold Metal 02-43619 (E D Ohio Bankr 2002) where Trustee **Andrew Vara** addressed, extensively, the on-point issue of 327(a) as the brief signed by Trustee Vara cited the accurate case of Stahl v Bartley Lindsay Co. (In re Bartley Co.,) 137 B.R. 305, 309 (D. Minn. 1991) stating financial advisor or workout consultant is considered a professional subject to retention. (Barry Gold was required to apply and eve the New Asst US Trustee is aware of this fact).

57. At the same time former Region 3 Trustee **Roberta DeAngelis**, in a report to the

Subcommittee on Commercial and Administrative Law which was to the Committee on the Judiciary cited cases demonstrative of the US Trustees office detailed knowledge of Barry Gold scenarios, as DeAngelis quoted In re: Harnischfeger, case 99-02171 (Bankr. D. Del. 1999) The US Trustee [successfully] moved to disqualify the [financial advisor] firm for failure to disclose. Barry Gold was required to apply and any first year law student would understand this. The erroneous conclusion of law that he did not have to apply is a necessary part of the false logic tree in order to avoid prosecution for wrongdoing. The decision that Barry Gold did not have to apply is both capricious and contrary to the Code.

58. Additional issues exist such as the fact that the Counsels working with Paul Traub and **Susan Balaschak**
are now
Dreier LLP
, as TBF disbanded, sold and closed after the eToys issues became public in the Wall Street Journal article.

59. The Law firms of **Pomerantz and Wachtel**, while not having documented any great wrong doings thus far are under suspicion due to the Giglio doctrine, the issue of unclean hands, as well as unjust enrichments. Being that they have been informed by HAAS that they should inform this court and have not, means they are unworthy of their fiduciary position. As well as other issues such as the fact that Wachtel & Masyr helped draft the Barry Gold D&O insurance, there are many reasons to be conflicted out.

60. There remains the additional issues also that after Barry Gold became a wind down coordinator of the Debtor, **Liquidity Solutions** began to buy up many claims in the eToys Debtor case. Liquidity Solutions is Co-Debtor with
Stage Stores
and is therefore connected to Bain/KB. (Michael Glazer the CEO of KB was also a director and stockholder of Stage Stores).

61. The testimony that **Susan Balaschak** gave to this NY Supreme Court concerning keeping everyone informed is also perjury. They have played a merry go round game with who is on the PEDC committee. Where Susan Balaschak previously named
Scott Henkin
of
Fir Tree Value Fund
, the issue of that is that Scott Henkin told HAAS he was the one who approved off the record of the Barry Gold hiring. Now Scott Henkin is a Senior Exec at
D E Shaw
that owns the new public entity of eToys on NASDQ at stock symbol KIDS. Mrs Balaschak also speaks to this Court of Ellen Gordan, while not informing this Court that Ellen Gordon is not with Xroads LLC any longer as Ms. Gordon was Barry Golds right hand. There are no mentions in the Delaware Bankruptcy record of the ongoing issues here. As the former TBF parties and Barry Gold are connected to Stage Stores/Liquidity Solutions, research needs to be done by independent investigations into if they are indeed - intent on paying themselves.

62. Also, as CLI was the Court appointed fiduciary in eToys and HAAS now seems to be the only one left who is actually doing a job to protect the Debtors estate, at the barest of minimums this Court should request that the Bankruptcy Court permit a Rule 2004 Examination, that specifically states, within the Bankruptcy Code, that such examiniation can be a fishing expedition. At the barest of minimums due to the Giglio policy that the many false affidavits of TBF and its ongoing breach of fiduciary duty in efforts to defend itself and their connected party Barry Gold is grave cause for concerns that the Decisions of this NY Supreme Ct will have to be consistently revisited due to the Fraud on the Court.

CONCLUSION and PRAYER FOR RELIEF

63. It is obvious that extra-ordinary circumstances exist here. This Court apparently has been deeply deceived thus far, by officers of the Court of TBF, Barry Gold and now Dreier LLP. At the barest of minimums TBF has failed to disclose ongoing connections. Including the fact that TBF and Barry Gold worked for a Goldman Sachs controlled company during this case. (please see the NY Bankruptcy In re Cosmetics Plus).

64. Furthermore, TBF acquired the bankruptcy Courts permission to handle the NY Supreme Court case by a false supplemental affidavit. This is documented by the the US Trustees Disgorge Motion that specifically references that TBF affirmatively misrepresented that TBF had no conflict of interest when it applied to the Delaware Bankruptcy Court to handle the Goldman Sachs case. (please see Disgorge Motion, eToys docket item 2195 17) as the US Trustee remarked in the Disgorge Motion that TBF compounded its previous Rule 2014 violation when affirmatively represented that it continued to be a disinterested person.

65. Thus far the Delaware Courts, maybe due to the fact that we are pro se, and greatly due to the fact that TBF is enjoying the power that MNAT has over Delaware Federal Systems (as the Justice Dept never mentions MNAT, while disgorging TBF for its false affidavits).

66. MNAT, having just as many false affidavits as TBF and having participated in the Hiring Letter is never mentioned. **The US Attorney in Delaware who has refused to prosecute this case is now discovered to have been a partner with MNAT in 2001 when the fraud and perjury began** . *TBF stated that HAAS should take any chump change or deal that is thrown because TBF is connected all the way to the top*
.

67. The US Trustee, in its obvious breach of fiduciary duties, has also violated the laws of 28 USC 586 and 18 USC 3057(a). While the standard is that Trustees etc are immune, the fact remains the acts of blatant violations of the Code also take risk into the real issues of Title 18 U.S.C. 3. Accessory after the fact. Whoever, knowing that an offense against the United States had been committed, receives, relieves, comforts or assists the offender in order to hinder or prevent his apprehension, trial or punishment, is an accessory after the fact and 241Conspiracy against rights. Also Title 42 Subchapter 21 1986. Action for neglect to prevent.

68. Even without this NY Supreme Court issue there are $300 million in fraud issues, Scheme to Fix Fees, Intimidation of Victim and Witness, Breach of Fiduciary Duties, Bribery, Extortion, Retaliation, Fraud, Willful Circumvention of Code/Rule, Conspiracy and RICO

involving eToys. Along with the fact that it is already confessed to filing more than 40 false affidavits, as the parties, TBF, MNAT and Barry Gold believed that the eToys estate was their own because the original eToys management sought to hide something, after the Order to destroy books and records was approved, the Debtor became void of original management, except for **David Gatto**, who it turns out, has a relationship history with Bain.

69. Paul Traub of TBF told HAAS, that TBF was connected, everywhere and that HAAS can become part of the good ole boys or learn the hard way. **The testimony of these facts mandates a full blown investigation**
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70. The facts herein are Court docket records, corroborated by the EXHIBIT 1, that being the **Chairman of the Creditors Committee, whom TBF worked for, stating that TBF and Barry Gold deceived him also**
. Being that everything is in the record, the actions and lack thereof, speak for themselves. HAAS therefore prays that this Court help put a stop to this malfeasance and refer the matter to the US Attorney in NY, as well as the US Trustee in NY and that the Court consider the fact of equitable justice that if these parties can do these criminal acts openly, what is going on behind closed doors.

71. TBFs power center to get willfully blind justice in Delaware cannot have reached here in NY. Though HAAS is deeply concerned with all the sealed records, the fact remains that Susan Balaschak and her new firm cannot hide from the Truth of Paul Traubs own confessions. It is readily apparent that TBF has not disclosed to this court the false testimony and conflict issues in Delaware that relate to this instant case. That this Court is now, hopefully, no longer in the dark about by this briefing. To permit the parties to silence this issue under the guise that HAAS does not have standing or is a disgruntled claim holder is akin to a police officer saying to a bank customer, I am sorry we cannot stop the robbery because your accounts is with this bank!

72. While this case shows that the service upon Goldman Sachs, Wachtel, Pomerantz and Susan Balaschak can be electronically. HAAS testifies that today, hard copies by Fedex expedited mail are sent out to them also and they will receive an email copy of this brief as well.

73. Again these items are testified to this New York Supreme Court case of 601805/2002 under penalty of perjury, whereas I Steven Haas (a/k/a Laser Haas) (HAAS) doth state these are serious matters and HAAS hopes this Honorable Court does most certainly agree. **If this Court has the power to stop organized criminal activity!**

/s/ Steven Haas
(a/k/a Laser Haas)(HAAS)