

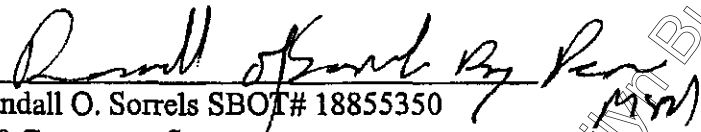
IN THE EVENT THE DISCOVERY IN THIS ORDER IS
NOT PROVIDED AS ORDERED
Ordered that Rudman and Chappell pay a sanction in the amount of
\$ 500.00 to Plaintiffs on or before November 24, 2008.

Signed this 12 day of November, 2008.


JUDGE PRESIDING

APPROVED AS TO FORM AND SUBSTANCE:

Abraham, Watkins, Nichols, Sorrels & Friend


Randall O. Sorrels SBOT# 18855350
800 Commerce Street
Houston, Texas 77002
Ph: (713) 226-5175
Fax: (713) 225-0827

ATTORNEY FOR KSPR HAMILTON, INC.
ROBERT J. KRUCKEMEYER, PETER SCHMAR
AND PERRY PODARAS

Davenport, Hartman & Novotny

Valorie Davenport SBOT# 05419500
Tribeca Lofts Suite 3
1210 West Clay Avenue
Houston, Texas 77019
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ATTORNEYS FOR JAY RUDMAN
AND JOSHUA CHAPPELL

P-2
C PROX

CAUSE NO. 2008-28901

KSPR HAMILTON, INC,
ROBERT J. KRUCKEMEYER,
PETER SCHMAR, AND
PERRY PODARAS,

PLAINTIFFS,

v.

JAY RUDMAN AND
JOSHUA CHAPPELL,

DEFENDANTS.

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IN THE DISTRICT COURT OF
FILED
Loren Jackson
District Clerk

DEC 19 2008

Time: _____
Harris County, Texas

By _____
HARRIS COUNTY, TEXAS

125th JUDICIAL DISTRICT

**ORDER GRANTING PLAINTIFF'S
MOTION TO COMPEL RESPONSES TO DISCOVERY AND
MOTION FOR SANCTIONS**

Came on to be considered KSPR Hamilton, Inc. ("Hamilton") Motion to Compel Responses to Discovery and Motion for Sanctions pursuant to Pursuant to Tex. R. Civ. P. 215.1(b)(3)(A-D). The Court, having read the Motion and considered the argument of the respective parties' counsel is of the opinion that said Motion should in all things be granted. IT IS THEREFORE,

ORDERED that Defendants Jay Rudman and Joshua Chappell shall respond to the following discovery requests on or before the 5 day of January, 2008:

- A. Plaintiffs' Request for Disclosure to Joshua Chappell;
- B. Plaintiffs' Request for Disclosure to Jay Rudman;
- C. Plaintiffs' Request for Production of Documents to Joshua Chappell;
- D. Plaintiffs' Request for Production of Documents to Jay Rudman;
- E. Plaintiffs' Interrogatories to Joshua Chappell; and
- F. Plaintiffs' Interrogatories to Jay Rudman.

It is further,

Ordered that Jay Rudman and Joshua Chappell shall produce the responsive documents on or before the 5 day of January, 2008. It is further,

IN THE EVENT THE DISCOVERY IN THIS ORDER IS
NOT PROVIDED AS ORDERED
Ordered that Rudman and Chappell pay a sanction in the amount of
\$ 500.00 to Plaintiffs on or before January 5 9 AT NOON.
2008.
PLUS THE \$ 500. SANCTION ORDERED ON NOVEMBER 12, 2008

Signed this 19 day of December, 2008.


JUDGE PRESIDING

APPROVED AS TO FORM AND SUBSTANCE:

Abraham, Watkins, Nichols, Sorrels & Friend

Randall O. Sorrels SBOT# 18855350
800 Commerce Street
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**ATTORNEY FOR KSPR HAMILTON, INC.
ROBERT J. KRUCKEMEYER, PETER SCHMAR
AND PERRY PODARAS**

Davenport, Hartman & Novotny

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**ATTORNEYS FOR JAY RUDMAN
AND JOSHUA CHAPPELL**

- D. Plaintiffs' Request for Production of Documents to Jay Rudman;
- E. Plaintiffs' Interrogatories to Joshua Chappell; and
- F. Plaintiffs' Interrogatories to Jay Rudman.

It is further,

ORDERED that Jay Rudman and Joshua Chappell shall produce all documents requested by Plaintiffs to Mr. Sorrels' office on or before the 5:00 p.m. on February 23, 2009 with appropriate bates labeling; It is further

ORDERED that in answering the Interrogatories, Rudman and Chappell shall reference the bates labeled documents if they refer to a document in the Interrogatory Answer. It is further,

ORDERED that Rudman and Chappell pay a sanction in the amount of \$1,000.00 to KSPR Hamilton, Inc. and deliver the payment to Mr. Sorrels at Mr. Sorrels' office on or before 5:00 p.m. on February 23, 2009. It is further

ORDERED that the parties will enter into a Protective Order. If the parties cannot agree on the content of the Protective Order both parties shall submit a Protective Order to the Court on or before 5:00 p.m. on February 23, 2009 and the Court shall enter one of the Protective Orders.

Signed this 17th day of February 2009.



JUDGE PRESIDING

Unofficial Copy Office of Marilyn Burgess District Clerk

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CAUSE NO. 2008-28901

KSPR HAMILTON, INC,
ROBERT J. KRUCKEMEYER,
PETER SCHMAR, AND
PERRY PODARAS,

PLAINTIFFS,

v.

JAY RUDMAN AND
JOSHUA CHAPPELL,

DEFENDANTS.

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IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

125th JUDICIAL DISTRICT

CLERK OF DISTRICT COURT
HARRIS COUNTY, TEXAS

2009 FEB 26 PM 4: 50
BY 02-26-09 DEPUTY

PLAINTIFFS' MOTION FOR SANCTIONS

Plaintiffs KSPR Hamilton, Inc., Robert J. Kruckemeyer, Perry Podaras and Peter Schmar (collectively "Hamilton") move for Sanctions against Jay Rudman and Joshua Chappell as follows:

1. On May 9, 2008 a Temporary Restraining Order was entered that that provided, in part, as follows:

IT IS THEREFORE ORDERED that Rudman and Chappell, Defendants herein, be, and hereby are, commanded forthwith to desist and refrain from deleting any and all email from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jraig.chappell@yahoo.com from the date of the entry of this order and to the fourteenth day after the entry of this order or until further order of this Court.

2. On May 23, 2008 an Injunction Hearing was held in which much testimony was elicited about Rudman and Chappell's attempts to steal the Angolan opportunities for themselves to the detriment of Hamilton. The hearing was continued and on July 1, 2008 a Temporary Injunction was entered which held the following:

Plaintiffs have shown a probable right to recover on the merits of a claim and have shown that unless Rudman and Chappell are enjoined from deleting any and all email from their personal email accounts, including, but not limited to, their

accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com that Rudman and Chappell will commit the foregoing acts before a trial of this matter. Further, Plaintiffs have shown that if the commission of these acts is not temporarily enjoined, Plaintiff's will suffer irreparable harm.

IT IS THEREFORE, ORDERED that Rudman and Chappell, Defendants herein, be, and hereby are, commanded forthwith to desist and refrain from deleting any and all email from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com from the date of the entry of this order until a trial on the merits of this case or until further order of this Court.

3. In the meantime, on June 23, 2008 Hamilton served the following discovery on Defendants:

- A. Plaintiffs' Request for Disclosure to Joshua Chappell;
- B. Plaintiffs' Request for Disclosure to Jay Rudman;
- C. Plaintiffs' Request for Production of Documents to Joshua Chappell;
- D. Plaintiffs' Request for Production of Documents to Jay Rudman;
- E. Plaintiffs' Request for Admissions to Joshua Chappell;
- F. Plaintiffs' Request for Admissions to Jay Rudman;
- G. Plaintiffs' Interrogatories to Joshua Chappell; and
- H. Plaintiffs' Interrogatories to Jay Rudman.

4. On or about November 12, 2008, the Court entered an Order Granting Plaintiff's Motion to Compel answers to discovery and mandated that the discovery be answered on or before November 17, 2008. On November 17, Defendants filed responses to Plaintiffs discovery requests. The Defendants responses were so inadequate that they in fact made a mockery of the judicial proceedings and the authority of this Court. Specifically, Defendants did not provide one email that discussed in any way their dealings with Angola.

5. Accordingly, on November 20, 2008, Hamilton filed its Second Amended Motion to Compel Responses to Discovery and for Sanctions. On December 19, 2008, the Court entered an Order Granting Plaintiff's Motion to Compel answers to discovery and mandated that the

discovery be answered on or before January 5, 2009. Rudman and Chappell have not responded to the Court's December 19, 2008 order in any way.

6. Respondents were fully aware of both Orders as they were delivered to their attorney of record, Valorie Davenport, as shown by the Facsimile Transmission Reports.

7. On February 17, 2009 the Court entered the Order Granting Plaintiff's Motion for Contempt ("Order"). The Order required Defendants to take certain action by 5:00 p.m. on February 23, 2009. The Order could not have been clearer. The Order required certain action on Defendants part. The Order did not excuse Defendants' non-performance if they had no staff to assist them. The Order did not excuse Defendants' failure to pay the fine if they have not closed a deal.

8. **DEFENDANTS HAVE NOT PRODUCED ANY DOCUMENTS.** At the hearing Davenport represented to the Court that she already had in her possession a stack of documents that she had available for the Court's in camera inspection. After the hearing, on February 16, 2009, Davenport could have employed any copy service in the Houston area to bates label and copy the documents. They could have been available for production on February 17, 2009 if Defendants and Davenport had taken the Court Order seriously.

9. **DEFENDANTS HAVE NOT SUPPLEMENTED ANY WRITTEN DISCOVERY.** Presumably, Defendants' original answers to the written discovery are on Davenport's computer. Had Davenport and Defendants worked diligently they could have had supplemental answers available for production on February 18, 2009. Had Defendants and Davenport worked at a casual pace they could have had supplemental responses served by the Court deadline of 5:00 p.m. on February 23, 2009.

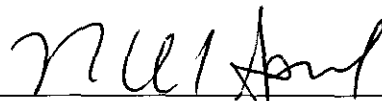
10. **DEFENDANTS HAVE NOT PAID THE FINE.** There is no excuse for not paying the fine. Defendants have not offered a paupers affidavit.

11. Defendants failed to take any action as ordered by the Court. Instead of complying with the Order, Davenport began her usual tactic of asking for an extension of time just hours prior to the time required for action. Plaintiffs (having been waiting since July 23, 2008 for Defendants to produce the required discovery) refused to grant any extension.

12. Despite being ordered by this Court on two occasions to produce relevant documentation and to identify their Angolan contacts in interrogatories, and despite a further Order of Contempt being entered against Defendants, Defendants steadfastly refuse to comply with either the original Court Orders or the Order of Contempt. Plaintiffs seek sanctions against Defendants pursuant to Tex. R. Civ. P. 215.2(5) striking Defendants pleadings, dismissing with prejudice their counterclaims against the Plaintiffs and the rendering of a judgment by default against the Defendants.

Accordingly, Plaintiffs request that this Court enter an Order striking Defendants pleadings, dismissing with prejudice their counterclaims against the Plaintiffs and the rendering of a judgment by default against the Defendants. Plaintiffs further request that the Court set a date and time to conduct a hearing so that Plaintiffs may prove their damages herein.

**ABRAHAM, WATKINS, NICHOLS
SORRELS & FRIEND**



Randall O. Sorrels; SBO# 18855350
800 Commerce Street
Houston, Texas 77002
Ph: (713) 222-7211
Fax: (713) 225-0827

ATTORNEY FOR KSPR HAMILTON, INC.

**ROBERT J. KRUCKEMEYER, PETER
SCHMAR AND PERRY PODARAS**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing instrument has been sent to all counsel of record by certified mail, return receipt requested, facsimile, and/or hand delivery, on this the 26th day of February, 2009.



Randall O. Sorrels

Unofficial Copy Office of Marilyn Burgess District Clerk

personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com from the date of the entry of this order and to the fourteenth day after the entry of this order or until further order of this Court.

IT IS FURTHER ORDERED that Rudman and Chappell, Defendants herein, appear before the 125th Judicial District Court of Harris County, Texas on the 23rd day of May, 2008 at 10:30 2:00 P.M. AM, then and there to show cause, if any there be, why a temporary injunction should not be issued as requested by Plaintiffs. The Clerk of the Court shall forthwith, on the filing by Plaintiffs of the bond or cash deposit in lieu thereof, hereinafter required, and on approving the same according to the law, issue a temporary restraining order in conformity with the law and the terms of this order.

This order shall not be effective unless and until Plaintiffs execute and file with the clerk a bond, in conformity with the law, or makes a cash deposit in lieu thereof, in the amount of One Hundred ~ (\$ 100). It is further,

Ordered that Plaintiffs may serve Rudman and Chappell by serving their attorney, Ms. Valorie Davenport, Tribeca Lofts, Suite 3, 1210 West Clay Avenue, Houston, Texas 77019.

Signed this 9 day of May, 2008 at 10:15 a . M.

Christopher Kay
Judge Presiding

Lofts, Suite 3, 1210 West Clay Avenue, Houston, Texas 77019.

6. Joshua Chappell is a resident of Harris County, Texas and may be served with process at 6310 Old Glory, Katy, Texas 77449 or through his attorney Valorie Davenport, Tribeca Lofts, Suite 3, 1210 West Clay Avenue, Houston, Texas 77019.

III. **Venue**

7. Venue is proper in Harris County, Texas pursuant to Tex. Civ. Prac. & Rem. Code § 15.002 in that Harris County is the county in which all or a substantial part of the events or omissions giving rise to the claim occurred.

IV.

Factual Background

8. International Drawback Services, Inc. ("IDS") was incorporated in late 2002. Rudman and Chappell were two of the initial Directors of IDS. IDS was formed to perform duty drawback/tariff recovery/trade consulting services.

9. By August of 2003, IDS sought additional capital and Mr. Steve Harter was brought in as an investor. Mr. Harter became a director and majority stockholder of IDS.

10. In the summer of 2006 Jimmy Podaras introduced his brother Perry Podaras to IDS and Rudman. Perry Podaras has business contacts in the United Arab Emirates ("UAE") and Podaras and IDS entered into a commission agreement whereby Podaras agreed to assist IDS to obtain business in the UAE in exchange for certain commissions. Podaras and Rudman spent weeks in Abu Dhabi in 2006 attempting to obtain this business. However, no business was consummated and Podaras and Rudman ceased communicating.

11. By late 2007, Rudman had a falling out with Harter, and Harter decided to cease

operation of IDS. Rudman and Chappell were unemployed. Rudman approached Podaras and asked Podaras whether he would be interested in starting a duty drawback/tariff recovery/trade consulting business. Podaras saw the potential of such a business and asked Kruckemeyer and Schmar whether they would be interested in investing in such a business.

12. During meetings between Rudman, Podaras, Kruckemeyer and Schmar, either separately or together, Rudman represented the following:

- A. That although he had a non-compete agreement with IDS, his attorney, Stephen Schueler at Winstead, had advised him that the non-compete would not prevent him from engaging in the duty drawback/tariff recovery/trade consulting business;
- B. That Rudman had over 20 years experience in the duty drawback/tariff recovery/trade consulting business and that he would immediately be able to obtain clients that would produce revenue for a new company; and
- C. That Rudman was close to a deal with the country of Angola and that the initial commission for the new company would be approximately \$1,300,000.00.

13. Based on these representations, Podaras, Kruckemeyer, Schmar and Rudman agreed to start a new duty drawback/tariff recovery/trade consulting business on the following basis:

- A. Kruckemeyer, Schmar and Podaras would each own 20% of the company for an initial investment of \$16,666.66 each;
- B. Rudman would own 40% of the company and the company would pay him a salary of \$100,000 per year. Since the company would elect Subchapter S treatment, Rudman would obtain 40% of distributions on an ongoing basis; and
- C. Rudman would be President of the company.

14. Hamilton was formed on December 20, 2007. The initial directors of Hamilton were

Kruckemeyer, Podaras and Schmar (the "Directors"). Rudman was elected President of Hamilton on December 20, 2007. Although Hamilton would not move into its lease space until January 2, 2008 Rudman was expected to start obtaining clients for Hamilton. Because Hamilton had not begun its payroll service yet, Hamilton paid Rudman his monthly check of \$8,333.33 on or about December 21, 2007 to insure that Rudman could have a nice Christmas with his family. Beginning January 15, 2008, Rudman was paid a salary at the rate of \$100,000.00 per year through PayChex. On January 2, Rudman hired Chappell as Vice President of Hamilton, and Hamilton agreed to pay Chappell a salary at the rate of \$60,000.00 per year through PayChex.

15. Hamilton was in the duty drawback/tariff recovery/trade consulting business. Hamilton was formed to assist clients in enhancing their revenue through duty drawback/tariff recovery and/or trade consulting. Rudman and Chappell were expected to obtain the clients and do the day-to-day work related to the Company. Everyone would benefit by Hamilton obtaining clients that would produce revenue and the Directors were willing to use their various contacts to obtain business for Hamilton.

16. When the Directors asked Rudman about the progress of the contract with Angola Rudman always had an excuse as to why the agreement had not been signed. By the end of January 2008, Rudman had not obtained any clients for Hamilton.

17. In late January or early February 2008, Schmar spoke with his friend Boudy Degeyter about contacts that Mr. Degeyter had with the Port of New Orleans. Mr. Degeyter told Mr. Schmar that he had a close personal relationship with Valerie S. Cahill, a newly appointed member of the Board of Commissioners for the Port of New Orleans. Mr. Schmar was advised that Ms. Cahill had many good contacts with companies that used the ports services and that these companies were in Hamilton's target market for trade consulting services. To compensate Mr. Degeyter for introducing

Hamilton to Ms. Cahill, Hamilton and Mr. Degeyter entered into an Agency Agreement dated February 7, 2008. Mr. Schmar asked Rudman to meet with Ms. Cahill to introduce Ms. Cahill to Hamilton's services and to see if she had any recommendations with regard to potential clients for Hamilton. Mr. Schmar was interested in attending the meeting also and asked Rudman to keep him informed about the time and place of the meeting. Rudman did not inform Mr. Schmar about the meeting and met with Ms. Cahill on his own.

18. When the Directors asked Rudman about the progress of the Angola contract, Rudman would always have an excuse as to why it had not been obtained. When the Directors asked Rudman about the progress of any other attempts to obtain clients, Rudman always had an excuse as to why he had not yet obtained any. When the Directors asked Chappell about the progress of any attempt to obtain clients, Chappell advised them that they would have to refer to Rudman.

19. On or about February 25, 2008, unbeknownst to the Directors, Rudman entered into an Agency Agreement with Cahill whereby Rudman obligated Hamilton to pay Cahill 20% of revenue that Hamilton obtained from companies introduced to Hamilton by Cahill. The Agency Agreement recited that it voided the Agency Agreement that had been entered into between Hamilton and Degeyter. However, Mr. Degeyter was not a party to the Cahill agreement and did not acknowledge the voiding of his agreement. By this action, Rudman had obligated Hamilton to pay 40% of its revenue to Ms. Cahill and Mr. Degeyter. By the end of February, Hamilton had not obtained any clients.

20. Throughout March of 2008, Rudman represented to the Directors that he had fashioned a close relationship with Ms. Cahill. Rudman never told the Directors that Hamilton had entered into an Agency Agreement directly with Ms. Cahill. Rudman represented that Ms. Cahill had introduced him to Ms. Gail Seaman at Burlington Northern. Rudman represented that he had

forwarded a proposed contract to Ms. Seaman and that he expected a signed contract with Burlington Northern to be returned to Hamilton's offices by March 21, 2008. The contract did not arrive as represented. Further, Rudman represented to the Directors that he had sent proposed contracts to the following companies:

Airbus
Angola et al.
Burlington Northern
Carnival Corporation PLC
CSX Transportation
Ethanol Inc.
Morgan Stanley – Heidmar
Nike, Inc.
Norwegian Cruise Lines
Servisair
Singapore Airlines
Union Pacific Railroad
Westlake

However, Rudman had no documentation to evidence that he had done so and had no communication with the companies showing progress on the negotiations.

21. On March 25, 2008 the Directors met with Rudman and Chappell to discuss the progress of Hamilton. Although Rudman and Chappell knew about the agenda for the meeting they brought nothing to the meeting to show the Directors what progress the company had made in obtaining clients. Another point of discussion was Rudman's non-compete agreement with IDS. Although he had told Kruckemeyer and Podaras on numerous occasions that he would provide it to them, he never did.

22. Since Rudman did not provide any documentation to the directors by March 31, 2008, Kruckemeyer wrote a Memorandum to Rudman and Chappell formally requesting the following documents by 2:00 p.m. on April 2, 2008:

1. Jay Rudman's Non-Compete Agreement with his immediate former employer.

2. The proposed contracts between KSPR Hamilton, Inc. and any entity to whom a contract has been provided.
3. The transmittal information showing the method by which the proposed contract was transmitted to the potential client.
4. All written communication with the potential client discussing the proposed contracts.
5. The point of contact between Hamilton and each potential client. This should include the person's name, job title, address and phone numbers where they can be reached.

The requested documentation was not provided by April 2, 2008. After the March 25, 2008 meeting, Chappell did not return to the Hamilton offices during normal business hours and Rudman was observed to be there only for a few hours between March 25 and April 15, 2008.

23. Although Rudman and Chappell continuously refused to provide the Directors of Hamilton with any information the Directors requested, Rudman continuously verbally assured Podaras that everything would work out. Rudman represented that Chappell was sick or that he was working on Hamilton business from home.

24. Neither Rudman nor Chappell had provided the Directors with any documents that they had requested by April 11, 2008 and accordingly Kruckemeyer sent a second Memorandum to Rudman and Chappell by email at 5:04 p.m. on Friday, April 11, 2008 again requesting the documentation originally requested in the March 31, 2008 Memorandum. The Memorandum requested that Rudman and Chappell provide the information to the Directors by 5:00 p.m. on April 15, 2008.

25. Sometime during the weekend of April 12 and 13 Rudman and Chappell removed all of their personal belongings from the Hamilton offices, downloaded all the information off of the Hamilton computers and deleted all information from Hamilton's computers. Even though Rudman and Chappell knew they had deleted all information off of Hamilton's computers on April 12 or 13, Rudman verbally represented to Podaras that they would be able to work out their differences.

Podaras advised Rudman that a meeting was to be held at 4:00 p.m. on April 15 at which time Rudman could produce the documentation that had been requested. Rudman and Chappell did not attend the meeting but instead attended a meeting at their lawyers' office to seek counsel on how to proceed. Since Rudman and Chappell were minority shareholders and were not Directors of Hamilton they had no power to direct company actions. The Directors removed Rudman as President and Chappell as Vice President at the meeting on April 15, 2008. Later that day, Kruckemeyer discovered that Rudman and Chappell had deleted all information from Hamilton's computers.

26. Unbeknownst to the Directors, Rudman and Chappell were conducting business for themselves or for other entities they owned or had formed during the time they were officers of Hamilton and were being paid a salary by Hamilton. After April 15, 2008 the following information was discovered:

a. In January of 2008, Rudman prepared a Trade Consulting Services Agreement between himself, personally, (not Hamilton) and The Republic of Angola.

b. By letter of intent dated February 14, 2008, Rudman solicited The Republic of Angola to enter into a trade consulting agreement with him personally (not Hamilton).

c. By letter dated February 19, 2008, Rudman thanked the Ambassador for The Republic of Angola for arranging a meeting at Sonangol USA with him personally (not Hamilton).

d. On March 6, 2008, Rudman and Chappell, personally (not as officers of Hamilton) executed a Non-Circumvention, Non-Disclosure and Working Agreement with a Joyce Ness.

e. On March 13, 2008, Rudman, as an officer of Petroleum Partners, LLC (not as an officer of Hamilton) executed an NCND Agreement & Fee's Protection with New Day Group LLC.

f. In March of 2008, Rudman and Chappell began making plans to form a consulting company with Valerie Cahill. They discussed naming the company Chapman & Hill Consulting with offices at Rudman's home. Chapman is presumably a combination of Chappell and Rudman and Hill is a part of Cahill's last name.

Rudman, Chappell and Cahill prepared a proposed Drawback Services Agreement between Chapman & Hill Consulting and AEP Industries, Inc. for signature in March of 2008.

Rudman and Chappell took all of the above actions while they were officers of Hamilton and were being paid by Hamilton.

27. By letter dated April 18, 2008 from Ms. Davenport, Rudman and Chappell's attorney, to Mr. Kruckemeyer, Ms. Davenport acknowledged that Rudman and Chappell had removed material from the Hamilton computers and proposed to send it back to Hamilton on a computer "jump stick."

28. By letter dated April 28, 2008, from Ms. Davenport to Mr. Kruckemeyer, Ms. Davenport agreed to accept service of any petition that Hamilton chose to file.

29. This Application is supported by the Affidavit of Robert J. Kruckemeyer which is attached hereto as Exhibit 1. A true and correct copy of the April 18, 2008 letter is attached to Mr. Kruckemeyer's Affidavit as Exhibit A. A true and correct copy of the April 28, 2008 letter is attached to Mr. Kruckemeyer's Affidavit as Exhibit B.

V. Application for Temporary Restraining Order

30. On or about April 12 or 13, 2008 Rudman and Chappell copied all information from Hamilton's computers and then deleted all information from Hamilton's computers. During the time that Rudman was the President of Hamilton Rudman used the email address jrudman0@comcast.net. During the time that Chappell was the Vice President of Hamilton Chappell used the email address jcraig.chappell@yahoo.com. Hamilton believes that Rudman and Chappell used these email addresses while they were officers of Hamilton to breach their fiduciary duty to Hamilton and to usurp Hamilton's corporate opportunities.

31. Rudman and Chappell have already shown their willingness to delete relevant information by deleting all information from Hamilton's computers. If Rudman and Chappell are

served with the instant lawsuit without an accompanying order restraining them from deleting emails from these personal accounts that are relevant to the Plaintiffs' case they will certainly delete the relevant emails from their personal email accounts.

32. If Rudman and Chappell are not immediately restrained from deleting all emails from their personal email accounts, Plaintiffs will be irreparably harmed. It may be impossible to recover the evidence that Rudman and Chappell delete from their personal email accounts from independent sources.

33. Plaintiffs will continue to be damaged and injured by Rudman and Chappell if they are not immediately restrained from deleting emails from their personal email accounts. Rudman and Chappell's conduct in deleting their personal emails will hamper discovery in the instant lawsuit.

34. The Plaintiffs have no adequate remedy at law. If Rudman and Chappell are allowed to delete their personal emails it may be impossible to measure what evidence may be lost. It may be impossible to recreate the roadmap of deceit, lies and betrayal of Rudman and Chappell without the emails that exist on their personal email accounts.

35. For the reasons set forth herein, Plaintiffs request that the Court issue and order, *ex parte*, immediately restraining Rudman and Chappell from deleting any and all email from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com. It is essential that this action be taken *ex parte* because Rudman and Chappell have shown that they will delete information if allowed to do so.

36. Plaintiffs further request that, after hearing, this Court enter a temporary injunction restraining Rudman and Chappell from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of

jrudman0@comcast.net and jcraig.chappell@yahoo.com.

37. Plaintiffs further request that, after trial, this Court permanently enjoin Rudman and Chappell from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com.

38. In order to preserve the status quo and the discovery rights of Plaintiffs during the pendency of this action, Rudman and Chappell should be cited to appear and show cause why they should not be temporarily restrained from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com.

For these reasons, Plaintiffs' request:

1. A temporary restraining order be issued without notice to Rudman and Chappell, restraining Rudman and Chappell from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com;
2. An order allowing service of the temporary restraining order to be made on Rudman and Chappell by serving the temporary restraining order on their attorney, Valorie Davenport, Tribeca Lofts, Suite 3, 1210 West Clay Avenue, Houston, Texas 77019.
3. A temporary injunction be issued, after notice to Rudman and Chappell and an evidentiary hearing, restraining Rudman and Chappell from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com;
4. A permanent injunction be issued, on final trial hereof, enjoining Rudman and Chappell

from deleting any and all emails from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com;

5. Plaintiffs' recover their costs of suit and reasonable and necessary attorneys' fees; and
6. Plaintiffs' have such other and further relief to which Plaintiffs may be justly entitled.

Respectfully submitted,

Abraham, Watkins, Nichols,
Sorrels & Friend



Randall O. Sorrels; SBOT# 18855350
800 Commerce Street
Houston, Texas 77002
Ph: (713) 226-5175
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**ATTORNEY FOR KSPR HAMILTON, INC.
ROBERT J. KRUCKEMEYER, PETER
SCHMAR AND PERRY PODARAS**

Unofficial Copy Office of Marianne Housley District Clerk

CAUSE NO. _____

KSPR HAMILTON, INC,
ROBERT J. KRUCKEMEYER,
PETER SCHMAR, AND
PERRY PODARAS,

PLAINTIFFS,

v.

JAY RUDMAN AND
JOSHUA CHAPPELL,

DEFENDANTS.

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IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

JUDICIAL DISTRICT

AFFIDAVIT OF ROBERT J. KRUCKEMEYER

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Robert J. Kruckemeyer, who is personally known to me and after being by me duly sworn, according to law and upon his oath, stated as follows:

My name is Robert J. Kruckemeyer. I am over 21 years of age, have never been convicted of a crime and am fully competent to make this affidavit. I am a Director of KSPR Hamilton, Inc. ("Hamilton") and I am authorized on its behalf to make this affidavit. I have personal knowledge of the facts stated herein and they are all true and correct.

True and correct copies of the following documents are attached here as follows:

Exhibit A. The letter dated April 18, 2008 from Valorie Davenport; and

Exhibit B. The letter dated April 28, 2008 from Valorie Davenport.

On or about April 15, 2008 I entered Hamilton's offices at 800 Commerce Street,

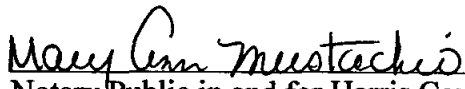


Houston, Texas 77002. It was my intention to review the data that was stored on both of Hamilton's computers at the office. I discovered that access to both computers had been password protected. I did not have the passwords so I enlisted the assistance of a computer technician, Mr. Alan Roesch. Mr. Roesch was able to bypass the computer passwords and reset them to ones of my choice. Mr. Roesch advised me that all information that had been stored on the computers had been downloaded to another storage device and that all of the data had been deleted. Mr. Roesch offered his assistance to try to restore the computer data and began his attempts to do so.

"Further Affiant sayeth not."


Robert J. Kruckemeyer

SUBSCRIBED AND SWORN TO BEFORE ME, on this the 8th day of May, 2008.


Notary Public in and for Harris County, Texas



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April 18, 2008

Mr. Robert Kruckemeyer

Mr. Perry Podaras

Mr. Peter Schmar

KSPR Hamilton, Inc.

800 Commerce Street

Houston, TX 77702

Re: The Status and Operations of KSPR Hamilton, Inc. (hereinafter referred to as "KSPR") and continuing revelations....

Dear Sirs:

I have read Mr. Kruckemeyer's letter of April 16, 2008. While we disagree with and dispute many of his statements and characterizations, it seems counter-productive to address those directly and at this time. Hostility breeds hostility: what I hope for now is cooperation and agreement.

My clients and I agree that, if possible, the best course of action for all concerned is a mutual "walk away and don't look back" approach, based on the agreements (or lack of agreements) which are or are not presently in place by and between the parties. This allows everyone to go their own way and use their personal skills and expertise to acquire, fund and develop clients as they see fit (and are able to do so).

Our proposed terms are simple. Messrs. Rudman and Chappell will be allowed to resign as President and Vice President of KSPR Hamilton, Inc. (as opposed to their present status as "terminated.") They will reassign their combined 40% ownership (in shares of KSPR) back to the company, as requested, and without further compensation. The parties will all execute a "no disparagement" agreement: Messrs. Rudman and Chappell will not "bad-mouth" any of you (or KSPR Hamilton, Inc.) as being "psycho",



"a thief" or "an idiot" (or anything negative as to their business or personal integrity etc.) and KSPR and its members will extend the same courtesy (and silence) to my clients and to any new venture in which they next engage. All parties acknowledge that none of the contacts made at KSPR, directly or indirectly, have resulted in a signed contract. All potential clients have yet to culminate into solid, committed and confirmed business. Therefore, to the extent either side is able to develop or acquire business where the contact was originally initiated through KSPR's efforts, they are free to do so (within the restrictions of the no disparagement agreement as contemplated and to be executed by all parties, of course.) One particular matter may need further discussion and/or clarification.

As to Ms. Valerie Cahill, all parties agree that Ms. Cahill is aware that Messrs. Rudman and Chappell have left KSPR Hamilton and that Mr. Krackermeyer has assumed Mr. Rudman's position and is now the company's President. She is also aware that Mr. Podaras is KSPR's new Vice President in charge of operations. All parties further agree that contact with Ms. Cahill has not, as of this date, resulted in her commitment or contract for tariff recovery business with KSPR Hamilton, Inc. (or with any undisclosed third party, through a KSPR member or officer). Messrs. Rudman and Chappell will agree not to interfere with any meetings KSPR may presently have scheduled with Ms. Cahill. In fact, to the extent the times/dates of such meetings are timely made known to my clients, they will also agree not to consciously accept any meetings proposed by Ms. Cahill which may conflict with or require cancellation of any meetings already scheduled between Ms. Cahill and KSPR.

While Messrs. Rudman and Chappell will agree not to *initiate* further contact with Ms. Cahill; they will not agree to refuse (or not return) Ms. Cahill's telephone calls, to the extent Ms. Cahill makes the next move. They likewise will not agree to refuse to discuss or accept business from or with Ms. Cahill, should she seek them out with this intent.

To the extent the members of KSPR Hamilton Inc. have approached Ms. Cahill about business other than "tariff recovery" business, my clients have no knowledge of this effort and, if so advised, will not only "not attempt to interfere" but will also agree not to interfere with any existing, ongoing discussions regarding their respective fields.

As to the issue of potential "tariff recovery" work: in light of the specific expertise required for this type of work, Messrs. Rudman and Chappell are deeply concerned that KSPR Hamilton, Inc. would accept tariff recovery work through Ms. Cahill (or others) even if it is available. As we all know, with the exit of Messrs. Rudman and Chappell from KSPR Hamilton, Inc., the company has lost all personnel familiar with and capable of performing this specialized process. In fact, if they are directly asked whether KSPR Hamilton has the knowledge, education and expertise to professionally and competently engage in this business (or fulfill any future contract for tariff recovery services) using only its current officers and staff, my clients would be hard pressed to answer in the affirmative. Although the correct answer is not disparagement, "the truth" clearly would not be helpful to KSPR Hamilton Inc.'s efforts, should it continue to try to obtain clients and enter into this arena.

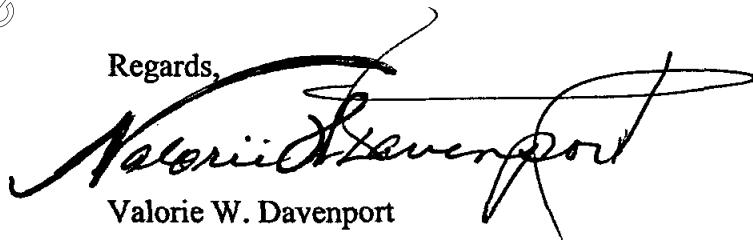
My next question should be obvious: What do you want or expect Messrs. Rudman and Chappell to say in response to such an inquiry, especially if made by Ms. Cahill? The truth will hurt; however, misrepresentations are not an option. Your thoughts would be very much appreciated as we feel certain this question is coming (and soon). In the event KSPR Hamilton, Inc. is not intending to pursue this area of business (e.g. tariff recoveries) as would seem to be prudent, please advise me (and through me, my clients) immediately and our problem is solved.

Next issue: I have requested that Jay and Craig review the material which they removed from their computers at KSPR Hamilton, Inc. over the last weekend of March. Upon their review, I will reload all KSPR material on a jump stick (e.g. all material that was generated at or in furtherance of their tariff recovery efforts for KSPR since December 20, 2007) and have it delivered to your office on or before Wednesday of next week. Jay and Craig are to do their part over the weekend and I will then need time to create a full (and a redacted) inventory of all material removed, including Messrs Rudman and Chappell's personal files and files related to prior/unrelated work, should that accounting later become necessary.

I am hand-delivering this response together with the guys' keys and gate openers, prior to 5 o'clock on Friday, April 18, 2008. Please feel free to respond with your (or KSPR Hamilton, Inc.'s Board of Directors) thoughts or ideas.

Finally, in closing and again, please fax copies of all incorporating documents, board meeting minutes, documents reflecting the assignment or issuance of KSPR stock, and all agency agreements between KSPR Hamilton and any nonofficer/nondirector third party to either of the above fax numbers ASAP. Your cooperation is greatly appreciated.

Regards,

A handwritten signature in black ink, appearing to read "Valorie W. Davenport", with a large, sweeping flourish extending to the right.

Valorie W. Davenport

CC: Mr. Jay Rudman
Mr. Craig Chappell

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April 28, 2008

Mr. Robert Kruckemeyer

Mr. Perry Podaras

Mr. Peter Schmar

KSPR Hamilton, Inc.

800 Commerce Street

Houston, TX 77702

Re: KSPR Hamilton, Inc. (hereinafter referred to as "KSPR")

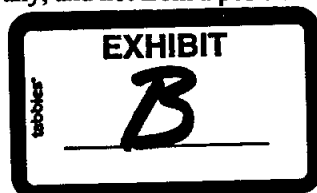
Dear Sirs:

This letter is in further follow-up to your letter of last week. You stated that you were surprised that my client, Mr. Rudman, *as President of KSPR* had entered into an agency agreement directly between Ms. Cahill and KSPR Hamilton, Inc. Let me explain.

Shortly after Boudy De Geyter required an agency agreement between himself and KSPR Hamilton assigning him 20% of sales acquired through his contacts (with Ms. Cahill) my clients, in furtherance of the interest of KSPR Hamilton, went to dinner with Ms. Cahill to further discuss future business endeavors, between herself and the company. During their conversation, the agreement with Boudy arose, at which time Ms. Cahill explained that she would prefer that all commissions be paid through her directly (and that she would compensate Boudy as she felt was fair). Boudy was contacted immediately, by cell phone, by Ms. Cahill, at which time he was fully informed as to Ms. Cahill's wishes and her instructions. During this same conversation, Boudy agreed to the change in agency and to allowing Ms. Cahill complete discretion over his compensation.

Following that dinner, a substitute agency agreement, between KSPR Hamilton, Inc. and Ms. Cahill, was drafted to reflect the requested and agreed upon change.¹ It was signed by Mr. Rudman and given to Ms. Cahill for her review and signature. To the best of my clients' knowledge and belief (and frankly their memory at this point), they do not

¹ Note: The new Agency Agreement was drafted between KSPR Hamilton, Inc. and Ms. Cahill. My clients clearly operated on behalf of the company, and not from a position of self dealing.



recall whether that proposed "Agency Agreement" between Ms. Cahill and KSPR was ever signed by Ms. Cahill and returned. They believe that if it had been executed and returned, it would have been sent to the only return address Mr. Rudman would have provided to Ms. Cahill, KSPR Hamilton, Inc.'s office at 800 Commerce, Houston, Texas. Upon its return, Mr. Rudman would certainly have advised all board members and other officers, who were present at the time it was received, of that fact. He would also certainly have advised any officer who asked of that fact. Any Agency Agreement directly with Ms. Cahill also would have been a part of KSPR Hamilton, Inc.'s records, as well.

Interestingly, after separate discussions between you and Boudy (apart from KSPR's then President and Vice President), Boudy re-urged his initial request for a direct deal, and asked that the original Agency Agreement, between Boudy and KSPR Hamilton, Inc. be signed as written. You did so without first consulting KSPR's acting President or its Vice President in charge of Operations. This exemplifies the problems which can occur with too much "hands-on" by an overly aggressive Board. Now there are two agreements, both signed by KSPR personnel, and both of which assign 20% of KSPR's gross income, simply as a result of Ms. Cahill's contacts. In addition, I feel certain that Ms. Cahill is left to wonder why her later request (e.g. that she be made the point of payment) was not honored, as agreed. I respectfully suggest that you (KSPR) clear this up with Ms. Cahill immediately.

On another note, I am still waiting for the documents requested by my clients, shareholders Rudman and Chappell. As President of KSPR, will you please comply with these now multiple requests, or at least provide some explanation for your continued refusal to do so. To the extent that you (Mr. Kruckemeyer) refuse to do so personally, or as President of KSPR, I ask that this request be submitted to the Board of Directors for a recorded vote, so that my clients will have proof of consideration of their requests, and the refusal by all parties presently affiliated with the company, who are also in some position of authority and/or control.

Further, although possibly irrelevant at this point, I remain confused about your implication (as I read your letters) that it was somehow unethical or a breach of fiduciary duty for Messrs. Rudman and/or Chappell to discuss the possibility of other services, not a part of KSPR's business, or to discuss other business entirely, before or after April 15, 2008, with Ms. Cahill. I am assuming, as I have alluded to in earlier letters, that Messrs. Rudman and Chappell's memories are correct in that there were not (nor are there now) any confidentiality agreements or non competition agreements which were signed by and between KSPR and any of its officers and directors, including my clients. I also understand that each of you have separate business interests outside KSPR which you each continue to operate and pursue. Finally, and as is specifically relevant here, I also note several instances where at least Mr. Schmar utilized KSPR Hamilton's initial introduction to Ms. Cahill in his attempts to secure business for one of his side (Insurance and/or Investment Capital) ventures. His signature on these letters/e-mails is clearly limited to his capacity as an officer with that insurance entity. It is a venture in which my

clients, as shareholders of KSPR, do not now and have not at any time, held an interest. I am unaware of whether either of the remaining two of you hold an interest in that entity; however, that is almost beside the point. I simply do not see a difference between Mr. Schmar's conduct, which you are either openly encouraging (or at least placidly allowing) and conduct (alleged as prohibited) advanced by Messrs. Rudman and Chappell. Please explain.

To the extent that you insist of proceeding forward, despite the fact that my repeated request for information has gone unanswered and my client's attempts at an amicable resolution are still available, I will agree to accept service of any petition, no matter of how frivolous, which KSPR chooses to file. I expect that we will respond with both an answer and a counter claim. Again, I anxiously await some reciprocal cooperation, by you and/or KSPR Hamilton, Inc., transmitting the previously requested documents and, now, clarifying the basis and scope of your proposal.

Sincerely and ever so patiently,

Valorie W. Davenport

p.s. There has been a delay in the inventory promised, but it should be delivered to you tomorrow by noon.

cc: Mr. Jay Rudman
Mr. Craig Chappell

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~~through the loss of evidence to assist in establishing their cause of action for breach of fiduciary duty.~~

IT IS THEREFORE, ORDERED that Rudman and Chappell, Defendants herein, be, and hereby are, commanded forthwith to desist and refrain from deleting any and all email from their personal email accounts, including, but not limited to, their accounts with email addresses of jrudman0@comcast.net and jcraig.chappell@yahoo.com from the date of the entry of this order until a trial on the merits of this case or until further order of this Court.

The injunction bond previously filed by Plaintiffs herein shall remain in full force and effect.

Signed this 1 day of July, 2008.



Judge Presiding

APPROVED AS TO FORM AND SUBSTANCE:

Abraham, Watkins, Nichols, Sorrels & Friend



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APPROVED AS TO FORM ONLY:

Davenport, Hartman & Novotny

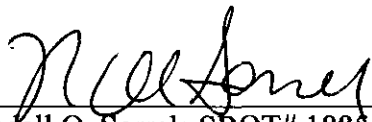
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**ATTORNEYS FOR JAY RUDMAN
AND JOSHUA CHAPPELL**

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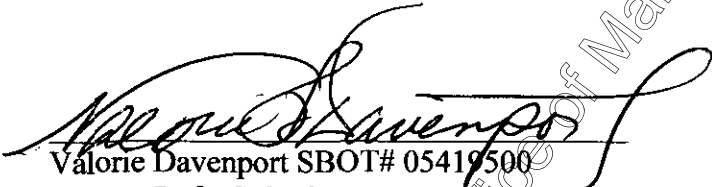
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