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U.S. BANKRUPTCY COURT
PORTLAND, MAINE

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MAINE**

In re: : **Chapter 11**
: :
PEGASUS SATELLITE TELEVISION, INC., et al. : **Case No. 04-20878**
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Debtors. : **(Jointly Administered)**
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**OPPOSITION OF WILLIAM J. DORRAN TO THE PSC LIQUIDATING TRUST'S
MOTION TO DISALLOW CLAIM NUMBER 860 AND ALL OTHER CLAIMS
SUBMITTED ON BEHALF OF WILLIAM J. DORRAN PURSUANT TO
11 U.S.C. § 502(b), BANKRUPTCY RULE 3007, AND D.ME.LBR 3007-1;
DECLARATION OF WILLIAM J. DORRAN IN SUPPORT THEREOF**

TO THE HONORABLE JAMES B. HAINES, JR., UNITED STATES BANKRUPTCY
COURT JUDGE; THE DEBTORS AND ITS COUNSEL OF RECORD, THE PST TRUST AND
ITS COUNSEL OF RECORD; AND INTERESTED PARTIES:

PLEASE TAKE NOTICE that William J. Dorran ("Dorran" or "Creditor"), a creditor herein,
hereby files his opposition (the "Opposition") to the Motion to Disallow Claim Number 860 and All
Other Claims Submitted on Behalf of William J. Dorran (the "Objection"), filed by the PSC

Liquidating Trust (the “PST Trust”).

At the time of the Debtors’ bankruptcy filings, the Creditor was the senior vice president and a director of DTS Management, LLC (“DTS”) and the senior vice president of the “DTS subsidiaries.” On or about October 12, 2004, the Creditor filed a proof of claim (“Proof of Claim”) in each of the jointly-administered debtors’ (collectively, the “Debtors”) cases in order to preserve his rights as against the jointly administered debtor entities which were all jointly and severally liable on the Creditor’s claim.

The Debtors previously sought to disallow each of the Creditor’s proof of claim except his claim against DTS on the basis that only DTS was the “correct debtor entity.” The instant Objection now seeks to disallow, in addition to all other claims previously subject to an objection, the Creditor’s claim against DTS, Claim No. 860. In essence, the PST Trust is seeking a determination from this Court that the Creditor is in fact not a creditor of any of the Debtors. As set forth in more detail below, the Objection is nothing more than a disingenuous attempt by the PST Trust to eliminate a legitimate claim against the estate and deprive a legitimate creditor of any recovery in the joint cases. As set forth in mor detail below, the Objection fails to defeat the prima facie validity of the Creditor’s proof of claim.

To the extent that the Court is unable to fully resolve the Objection on the hearing date, the Creditor requests that this matter be deemed a contested matter under Federal Rule of Bankruptcy Procedure, Rules 3007 and 9014, and that the adversary proceeding rules of Federal Rule of Bankruptcy Procedure 7000, et. seq. be applicable. The Creditor intends to conduct discovery regarding the interrelationship of the debtor entities and the Creditor’s employer-employee relationship with each of the debtor entities and requests that a continued hearing be set 90 to 120 days in the future for a status conference and to set briefing and hearing dates, and that an evidentiary

hearing ultimately be held on this issue.

PLEASE TAKE FURTHER NOTICE that Costell & Cornelius Law Corporation, attorneys for the Creditor, are authorized to reconcile, settle or otherwise resolve the Objection on behalf of the Creditor. Any and all communications regarding the Creditor's claims should be directed to: Costell & Cornelius Law Corporation, Attn: Mitchell Rishe, 1299 Ocean Ave., Suite 400, Santa Monica, CA 90401; Tel: (310) 458-5959; Fax: (310) 458-7959.

PLEASE TAKE FURTHER NOTICE that the PST Trust should serve any Reply to the Objection as follows: Costell & Cornelius Law Corporation, Attn: Mitchell Rishe, 1299 Ocean Ave., Suite 400, Santa Monica, CA 90401; Tel: (310) 458-5959; Fax: (310) 458-7959.

I.

PROCEDURAL HISTORY

1. On or about June 2, 2004 (the "Petition Date"), the approximately 28 affiliated debtors (the "Debtors") each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors cases are being jointly administered pursuant to order of this Court.

2. At the time of the Debtors' bankruptcy filings, the Creditor was the senior vice president and a director of DTS Management, LLC ("DTS") and the senior vice president of the "DTS subsidiaries." A true and correct copy of the Creditor's employment agreement is attached to the Declaration of Bill Dorran (the "Dorran Dec.") as Exhibit "A" and is incorporated herein by this reference as though set forth at length.

3. As of the Petition Date, the Debtors had neither assumed nor rejected the Creditor's Employment Agreement. Accordingly, in order to preserve his rights to severance compensation in the event his Employment Agreement was rejected by the Debtors and his employment terminated,

the Creditor filed a \$175,000 unsecured priority proof of claim¹ against each of the Debtors on October 12, 2004, which is the approximate amount of severance the Creditor would be entitled to should his employment be terminated.²

4. On or about December 23, 2004, the Debtors filed their First Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (the “First Objection”), which sought to: (1) disallow the Creditor’s proof of claim no. 769 against debtor DTS as a duplicate of claim no. 860 also against DTS; and (2) disallow the Creditor’s proofs of claim against all remaining jointly administered Debtors, except debtor Digital Television Services of Indiana, LLC (“DTS Indiana”). On or about January 25, 2005, the Debtors filed and served their Second Omnibus Objection to and Motion to Reclassify, Reduce or Disallow Certain Claims (the “Second Objection”), which sought to disallow the Creditor’s proofs of claim nos. 767 and 859 against DTS Indiana as “multi-debtor claims,” and preserve only the Creditor’s proof of claim no. 860 against DTS.

5. As set forth in the Debtor’s confirmed Chapter 11 Plan (the “Plan”), DTS and DTS Indiana are designated as “PST Debtors,” the claims of which will be paid in full, in cash.³

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¹ The Proof of Claim, and this Opposition, is filed without prejudice to the Creditor’s right to replace and/or amend his Proof of Claim if and when it is determined that either the amounts and/or the classification of the Creditor’s claim is different than that set forth in the Proof of Claim.

² On or about September 1, 2004, the Court entered an order establishing October 12, 2004 as the last day to file proofs of claim against any of the Debtors (the “Bar Date”). The PST Trust does not seek to disallow the Creditor’s claim as being filed after the Bar Date.

³ The Creditor’s Proof of Claim was filed as a Class 2C *priority* unsecured claim pursuant to 11 U.S.C. § 507(a)(3). Although the Objection incorrectly identifies the Proof of Claim as a Class 3C *general* unsecured claim (*See* Objection, para. 7), under the Plan, both priority and general unsecured claims of the “PST Debtors” are to be paid in full, in cash.

6. The hearings on the First Objection and Second Objection (collectively, the “Omnibus Objections”) have been continued from time to time as the Debtor and the Creditor attempted to resolve the Debtors’ objections to the Creditor’s claims. Or about September 30, 2005, while in the midst of settlement discussions and without prior notice or notice that said settlement discussions were terminated, the PST Trust filed the instant Objection.

II.

STATEMENT OF FACTS

7. On or about November 19, 1996, the Creditor entered into the Employment Agreement with Columbia DBS Management, LLC (“Columbia”), which is defined in the Employment Agreement as the “Company”. The Creditor is informed and believes, and based thereon alleges, that debtor DTS is the successor-in-interest to Columbia.

8. The Employment Agreement provides that the Creditor “shall serve the Company as a Senior Vice President or in such other comparable office or offices of the Company or any other member of the Group as the Board may designate from time to time.” *See* Employment Agreement, para. 2. “Group” is broadly defined in the Employment Agreement as “[Columbia DBS Holdings, LLC (“Holdings”)], the Company and all entities controlled by Holdings or the Company whether currently existing or formed in the future...” *See* Employment Agreement, para. 2.

9. The Creditor is informed and believes, and based thereon alleges, that one or more of the Debtor entities are members of the “Group.” For example, in filings made with Securities and Exchange Commission (“SEC”), Debtor Digital Television Services of Indiana, LLC (“DTS Indiana”) is identified as a subsidiary of DTS and therefore is an entity “controlled by ... the Company.” *See* Dorran Dec., Exh. “B.”

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10. Among the duties owed to the Company and the Group, the Employment Agreement provides that the Creditor:

shall use his best efforts to promote the business and interests of the Company and the Group, to diligently, faithfully and to the best of his abilities perform all tasks and duties reasonably assigned to him by the Board or the President, to comply with the rules, regulations, policies and procedures of the Company, and to act and comport himself at all times in the best interest of the Company and the Group.

See Employment Agreement, para. 2.

11. On or about April 27, 1998, DTS was acquired by Pegasus Satellite Communications, Inc. (“PSC”), which, according to the Debtors’ SEC filings, is the parent company of each of the Debtor entities, including DTS.

12. During the term of the Creditor’s employment, the Creditor was repeatedly designated to various offices of different entities of the “Group,” which was not only contemplated, but specifically authorized by the Employment Agreement. For example, as confirmed by email dated November 30, 1998, from Ted Lodge, President, Chief Operating Officer and Counsel of Pegasus Communications Corporation (“PCC”), the parent company of the debtor and non-debtor affiliated companies, the Creditor was designated to an office of Pegasus Development Corporation (“PDC”) while he continued to hold offices of various other entities of the Group, including his continuing office as Senior Vice President of DTS. *See* Dorran Dec., Exhibit “C”. In addition to the positions identified in the November 30, 1998 email, the Creditor is informed and believe, and based thereon alleges, that he had been designated an officer or director of numerous other debtor and non-debtor entities.

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13. Under the terms of the Employment Agreement, in the event the Creditor is terminated other than for cause, but not in the event of a Voluntary Termination (as that term is defined in the Employment Agreement), he is entitled to severance compensation “in the amount of one year’s base salary (at the rate in effect at the time of termination)”. See Employment Agreement, para. 7.c.

14. At the time of the Debtors’ bankruptcy filings, the Creditor was earning a base salary of \$175,000 per year. Because the Debtors had neither assumed nor rejected the Employment Agreement and in order to preserve the Creditor’s rights to severance compensation in the event his Employment Agreement was rejected by the Debtors and his employment terminated, on or about October 12, 2004, the Creditor filed a \$175,000 unsecured priority proof of claim against each of the Debtors, which is the approximate amount of severance the Creditor would be entitled to should his employment be terminated.

15. On or about January 13, 2005, the Creditor was mailed a letter, purporting to *retroactively* terminate the Creditor as an employee of PDC effective December 31, 2004, a copy of which is attached to the Objection as Exhibit “C.” As set forth on the Debtor’s organizational chart (See Dorran Dec., Exhibit “B”), PDC is a non-debtor subsidiary of PCC and an affiliate of the debtor entities, and it is a member of the “Group” to which the Creditor was designated an officer. The letter is not signed by any officer of PDC and does not even identify on whose behalf the letter comes from, other than it being on “Pegasus” letterhead. The PSC Trust has boot-strapped this self-serving, after-the-fact letter from a non-debtor affiliate to advance its position that the Creditor was an employee of PDC, not DTS, and serves as the basis for its Objection.

16. By letter dated June 21, 2005, counsel for the PST Trust confirmed to the Creditor’s counsel that “DTS Management, LLC (“DTS”) is in fact the successor-in-interest to Columbia DBS

Management, LLC (“Columbia”). Accordingly, DTS has assumed the liabilities and other obligations of Columbia, including, but not limited to, any obligation or claim arising under a certain employment agreement between Columbia and your client, Mr. William Dorran.” A true and correct copy of the June 21, 2005 letter is attached to the Declaration of Mitchell Rishe (the “Rishe Dec.”) as Exhibit “A” and is incorporated herein by this reference as though set forth at length.

17. Nowhere in the Objection does the PST Trust contend that the Creditor’s purported termination on December 31, 2004 was voluntary or for cause, and nowhere does the PST Trust dispute the amount of severance the Creditor is claiming. The sole basis for the PST Trust’s Objection is that the Creditor was not an employee of any of the Debtors at the time of his termination. As set forth below, the Objection is wholly without merit.

III.

STANDARD OF PROOF

18. The prima facie evidentiary effect granted to the filing of a properly completed proof of claim by Federal Rule of Bankruptcy Procedure, Rule 3001(f), serves to require an objecting party to provide evidence rebutting the claim. *See, e.g., In re Fidelity Holding Co., Ltd.*, 837 F.2d 696, 698 (5th Cir. 1988). A party objecting to a claim has the initial burden of presenting factual evidence tending to defeat the prima facie validity of a proof of claim without the burden of ultimate persuasion. *In re Distrigas Corp.*, 75 B.R. 770, 772-73 (Bankr.D.Mass. 1987) (citing King, 3 *Collier on Bankruptcy*, 502.01 at 502-17, 18 (15th ed. 1988)). This rebuttal evidence should be equivalent in probative value to that of the creditor to rebut the prima facie effect of the proof of claim. *In re VTN, Inc.*, 69 B.R. 1005, 1008 (Bankr.S.D.Fla. 1987). As set forth below, the PST Trust has failed to present any evidence to rebut the prima facie validity of the Creditor’s claim against DTS or any of the jointly administered Debtors.

IV.

RESPONSE TO OBJECTION

A. **The Creditor's Claim Should Be Allowed Because the Creditor Remained an Employee of Debtor DTS Up Through and Including the Date of His Termination.**

19. The PST Trust contends, at paragraph 18, that “[t]here is no evidence to suggest that [the Creditor]’s transfer from DTS to PDC was anything but a voluntary termination from his position with DTS to PDC, in order to accept a different position with a separate corporate entity, PDC.” *See* Objection, para. 18. The “evidence” the PST Trust ignores is the plain language of the Employment Agreement that contemplates, authorizes and directs the Creditor to “serve...any other member of the Group as the Board may designate from time to time.” Consequently, the Creditor was not transferred from one position to another; rather, he was designated to an additional office. In fact, were the Creditor to refuse the designation of an officer of PDC, he would be in breach of the Employment Agreement.

20. The PST Trust’s contention that the Creditor “accept[ed] a different position with a separate corporate entity” is plainly wrong and contrary to the evidence. As set forth above, in the November 1998 email, the Creditor continued to maintain his office of Senior Vice President of DTS at the time he was designated to an office of PDC. *See* Dorran Dec., Exhibit “C”. Importantly, this email is dated more than seven (7) months after PSC’s April 1998 acquisition of DTS and, thus, his designation as an officer of PDC did not constitute a “transfer” from PDC to DTS, since he remained the Senior Vice President of DTS. The Creditor is informed and believes, and based thereon alleges, that he remained the Senior Vice President and an employee of DTS up through and until his purported termination in December 2004.

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21. In any event, “Voluntary Termination” is defined in the Employment Agreement as “the resignation by the Executive from the Company”. See Employment Agreement, para. 7.b. In order to “resign,” the Employment Agreement requires that the Creditor “give[] *notice* to the Company... (emphasis added).” See Employment Agreement, para. 1. Finally, under the Employment Agreement, “all communications, *notices* and disclosures required or permitted to be given under this [Employment] Agreement *shall be in writing*...(emphasis added).” See Employment Agreement, para. 27. Based thereon, a “Voluntary Termination” requires *written* notice to the Company of the same. The PST Trust has provided no evidence that the Creditor provided written notice to DTS constituting a “[V]oluntary [T]ermination from his position with DTS to PDC.” In fact, the PST Trust has provided no evidence that the Creditor knowingly, voluntarily or intentionally resigned from DTS or agreed to the transfer of his Employment Agreement from DTS to PDC.

22. The PST Trust also alleges that, in or about August 1999, the Creditor “voluntarily accepted a position with non-debtor PDC, who advised [the Creditor] that it would honor [the Creditor’s] Employment Agreement [with DTS].” See Objection, para. 19. This statement is grossly misleading. The PST Trust finds support for its allegation in an email from Larua Andersen, the head of human resources for PCC, dated August 1999. See Dorran Dec., Exhibit “D”. As set forth in the attached email, Ms. Andersen confirmed that “We will continue to honor the employment contract you entered into with DTS (emphasis added).” The email is fatally uncertain as to the definition of “we” and there is nothing to suggest that it is not another debtor entity or that it is not in fact all debtor and non-debtor affiliates. The PST Trust’s suggestion that it was PDC that “advised [the Creditor] that it would honor [the Creditor’s] Employment Agreement” is misleading and is not supported by the plain language of the August 23, 1999 email.

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23. In fact, the Employment Agreement specifically provides that the “Group” may pay the Creditor his bonuses and may reimburse the Creditor for his out-of-pocket expenses (*see* Employment Agreement, paras. 4 & 5), and, thus, Ms. Andersen’s email is nothing more than confirmation that all debtor and non-debtor affiliates continue to remain liable for the obligations due under the Employment Agreement.

24. Furthermore, the August 1999 email does not constitute (i) an offer of employment by PDC, (ii) a transfer of the Creditor’s employment from DTS to PDC; (iii) an assumption by PDC of the Employment Agreement, or (iv) a “Voluntary Termination” by the Creditor of his employment Agreement with DTS. In fact, PDC is not even mentioned in the email. Nothing in the August 1999 email suggests that the Creditor was no longer an employee or an officer of DTS, or that DTS was no longer responsible for the obligations due under his Employment Agreement, including the obligation to pay the Creditor severance compensation.

25. Furthermore, the PST Trust claims that the Creditor “received compensation and other benefits from PDC, not DTS, up until he was terminated by PDC.” *See* Objection, para. 20. Not only does the PST Trust fail to provide any evidence whatsoever that the Creditor “received compensation and other benefits from PDC,” but the Employment Agreement specifically provides that the “Group” may pay the Creditor his bonuses and may reimburse the Creditor for his out-of-pocket expenses and does not specify which member of the “Group” is responsible to pay the Creditor’s salary.⁴ *See* Employment Agreement, paras. 4 & 5.

⁴ In the past five (5) years, only during a four (4) month period, in 2001, was the Creditor’s salary paid on checks from PDC. At all other times, including December 2004, the Creditor’s salary was paid on checks from PCC. Likewise, while the rent on the Creditor’s office space was paid for by various entities of the “Group,” the lease contract was held by DTS until it was terminated in February 2005. A true and correct copy of a letter from PCC, confirming that DTS was the tenant of the Creditor’s office space, is attached to the Dorrان Dec. as Exhibit “E”

26. Finally, the PST Trust's counsel's June 21, 2005 confirmed that "DTS has assumed the liabilities and other obligations of Columbia, including, but not limited to, any obligation or claim arising under a certain employment agreement between Columbia and your client, Mr. William Dorran." See Rishe Dec., Exhibit "A." In an about face, the PST Trust is now claiming that DTS in fact has no liability under the Employment Agreement, and that any such liability is owed by non-debtor PDC. Notwithstanding the Debtors' reservation of rights to object to the Creditor's claim, the June 21, 2005 letter presupposes that any such objection would be made as to the classification, amount and/or validity of the claim, not as to the obligor of the claim. In fact, the June 21, 2005 specifically disclaims such a basis for an objection when it states "DTS has assumed the liabilities and other obligations of Columbia." Accordingly, the Objection should be seen for what it is, a disingenuous attempt by the PST Trust to eliminate a legitimate claim against the estate in order to increase the distribution to other creditors and to deprive a legitimate creditor of his only means of recovery.

B. In the Alternative, the Creditor's Claim Should Be Enforced Against Any Debtor Entity That Has Benefitted from the Creditor's Services to the Debtors.

27. As set forth above, the Creditor is or was an officer of numerous Debtor entities, including, but not limited to DTS and DTS Indiana. The Creditor is informed and believes that he has been named as an officer and/or director of numerous other debtor and non-debtor entities. Accordingly, to the extent the Creditor's services have benefitted a Debtor entity, that Debtor should be liable to the Creditor to account for his claim. Based thereon, even if a jointly administered Debtor does not fall under the broad definition of "Group," to the extent that during the scope of the

and is incorporated herein by this reference as though set forth at length.

Creditor's employment his services benefitted such Debtor, it should nevertheless be held liable to the Creditor on equitable grounds.

28. Furthermore, the Creditor is informed and believes that the Debtors routinely form and dissolve companies, and transfer assets from one Debtor entity to another. The Creditor also is informed and believes that many of the Debtor entities are simply shell companies without sufficient assets formed solely to shield its parent or affiliate from liability, and the fact that there are twenty-eight (28) jointly administered Debtors is compelling evidence that the Debtors have utilized a complex corporate structure in an attempt to shield themselves from liability. Accordingly, to the extent that a responsible Debtor entity is undercapitalized, other Debtor entities should not be permitted to escape liability if they have received assets from such Debtor that could be used to pay the Creditor's claim.

29. Based thereon, the Creditor respectfully requests that it be allowed to seek recovery against any and all any jointly-administered Debtors to the extent such Debtors are proven liable on the Creditor's claim. The Creditor does not dispute that it is not entitled to be paid more than once on the same obligation or debt, but it should not be limited to recovery from only DTS absent a showing of proof that DTS alone is liable on the Creditor's claim. Until such time as the Creditor has had an opportunity to investigate the Debtors to determine the entities that have benefitted from his services and the interrelationships among the various entities, the Creditor's claims against each of the Debtors should be preserved.

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V.

CONCLUSION

30. For the foregoing reasons, the Creditor respectfully requests that the Court allow his claim in the total amount of \$175,000 as a priority unsecured claim.

DATED: November 2, 2005

COSTELL & CORNELIUS Law Corporation

By: 

Mitchell Rishe

Attorneys for Creditor, William J. Dorran

DECLARATION OF WILLIAM J. DORRAN

I, William J. Dorran, declare as follows:

1. I am a creditor of one or more of the jointly administered debtors (“Debtors”) herein. I know the following of my own personal knowledge, information and belief, and if called upon to do so, I could and would competently testify thereto. I make this declaration in support of the opposition (the “Opposition”) to the Motion to Disallow Claim Number 860 and All Other Claims Submitted on Behalf of William J. Dorran (the “Objection”), filed by the PSC Liquidating Trust (the “PST Trust”).

2. On or about November 19, 1996, I entered into an Employment Agreement with Columbia DBS Management, LLC (“Columbia”), which is defined in the Employment Agreement as the “Company”. A true and correct copy my Employment Agreement is attached hereto as Exhibit “A” and is incorporated herein by this reference as though set forth at length. I am informed and believe, and based thereon allege, that debtor DTS Management, LLC (“DTS”) is the successor-in-interest to Columbia.

3. The Employment Agreement provides that I “shall serve the Company as a Senior Vice President or in such other comparable office or offices of the Company or any other member of the Group as the Board may designate from time to time.” “Group” is broadly defined in the Employment Agreement as “[Columbia DBS Holdings, LLC (“Holdings”)], the Company and all entities controlled by Holdings or the Company whether currently existing or formed in the future...”

4. I am informed and believe, and based thereon allege, that one or more of the Debtor entities are members of the “Group.” For example, in filings made with Securities and Exchange Commission (“SEC”), Debtor Digital Television Services of Indiana, LLC (“DTS Indiana”) is identified as a subsidiary of DTS and therefore is an entity “controlled by ... the Company.” A true

and correct copy of an the organizational chart of the Debtors, which I am informed has been filed with the Securities and Exchange Commission, is attached hereto as Exhibit “B” and is incorporated herein by this reference as though set forth at length.

5. On or about April 27, 1998, DTS was acquired by Pegasus Satellite Communications, Inc. (“PSC”), which, according to the Debtors’ SEC filings, is the parent company of each of the Debtor entities, including DTS.

6. During the term of my employment, I was repeatedly designated to various offices of different entities of the “Group,” which was not only contemplated, but specifically authorized by the Employment Agreement. For example, as confirmed by email dated November 30, 1998, from Ted Lodge, President, Chief Operating Officer and Counsel of Pegasus Communications Corporation (“PCC”), the parent company of the debtor and non-debtor affiliated companies, I was designated to an office of Pegasus Development Corporation (“PDC”) while I continued to hold offices of various other entities of the Group, including my continuing office as Senior Vice President of DTS. In addition to the positions identified in the e-mail, I am informed and believe that I have been designated an officer or director of numerous other debtor and non-debtor entities. A true and correct copy of the November 39, 1998 email is attached hereto as Exhibit “C” and is incorporated herein by this reference as though set forth at length.

7. Under the terms of my Employment Agreement, in the event I am terminated other than for cause, but not in the event of a Voluntary Termination (as that term is defined in the Employment Agreement), I am entitled to severance compensation “in the amount of one year’s base salary (at the rate in effect at the time of termination”).

8. At the time of the Debtors’ bankruptcy filings, I was earning a base salary of \$175,000 per year. Because the Debtors had neither assumed nor rejected my Employment

Agreement and in order to preserve my rights to severance compensation in the event my Employment Agreement was rejected by the Debtors and my employment terminated, on or about October 12, 2004, I filed a \$175,000 unsecured priority proof of claim against each of the Debtors, which is the approximate amount of severance I would be entitled to should my employment be terminated.

9. On or about January 13, 2005, I was mailed a letter, purporting to retroactively terminate my employment with PDC effective December 31, 2004, a copy of which is attached to the Objection as Exhibit “C.” As set forth on the Debtor’s organizational chart, PDC is a non-debtor subsidiary of PCC and an affiliate of the debtor entities, and it is a member of the “Group” to which I was designated an officer. Notwithstanding this letter, I am informed and believe, and based thereon allege, that I remained the Senior Vice President and an employee of DTS up through and until my purported termination in December 2004.

10. Attached hereto as Exhibit “D” and incorporated herein by this reference as though set forth at length is a true and correct copy of an email I received from Laura Andersen, Director of Human Resources for PCC. I understood the email to confirm that each of the jointly administered Debtors would honor the obligations under my Employment Agreement. At no time did I knowingly, voluntarily or intentionally resign from DTS or agree to the transfer of my employment from DTS to PDC. Rather, at all times I believed I was simply designated to an office of PDC in accordance with the terms of my Employment Agreement which required that I “serve ...any other member of the Group as the Board may designate from time to time.”

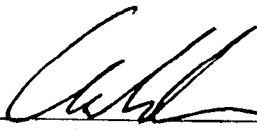
11. In reviewing my past five (5) years of pay-stubs, I found only a four (4) month period, in 2001, that my salary was paid on checks from PDC. At all other times, including December 2004, my salary was paid on checks from PCC. Likewise, while the rent on my office space was paid for

by various entities of the "Group," the lease contract was held by DTS until it was terminated in February 2005. A true and correct copy of a letter from PCC, confirming that DTS was the tenant of the office space that I held, is attached hereto as Exhibit "E" and is incorporated herein by this reference as though set forth at length.

12. I am informed and believe that the Debtors routinely form and dissolve companies, and transfer assets from one Debtor entity to another. I am also informed and believe that many of the Debtor entities are simply shell companies without sufficient assets formed solely to shield its parent or affiliate from liability.

13. Based on the foregoing, I respectfully request that the Debtors' Objection be overruled and that my Proof of Claim be allowed as a priority unsecured claim in the amount of \$175,000.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct of my own personal knowledge, or that I believe the foregoing to be true and correct. This declaration was made on November 2, 2005, and executed by me at SAN FRANCISCO, California.



WILLIAM J. DORRAN