

**DECLARATION OF LAUREN
KRONMILLER**

I. ROLE AND RESPONSIBILITY

1. From late 2008 until January 1, 2009, I was a contractor for MOD Systems with the title Special Projects Manager; on January 1, 2009 I became a full-time employee and took the role of Executive Assistant. I was initially hired by Mr. Phillips when I discussed two serious issues with my current job: 1) how unsatisfying it was given that they gave me no work and 2) my need to take time off work to visit my stepfather, who was dying from cancer, to which my current job was not particularly amenable. He noted my desire for more challenging work and said that MOD Systems had more work than they could handle if I was looking to put in more time and effort somewhere. He then gave me some time to visit home before starting my job. I was endlessly appreciative for both the job and the compassion he showed.

2. While at MOD Systems, I was privy to the business and personal communications of primarily Mark Phillips, but also of Kenn Gordon, Rich Barber and Derek de Bakker. When I was informed that Mr. Phillips and Mr. Gordon were to be taking administrative leave from MOD Systems, I then acted as Executive Assistant to Anthony Bay until my dismissal on April 24, 2009.

3. Along with the standard responsibilities of an executive assistant, it also unfortunately fell under my purview, since I monitored executive communications and schedules, to spend a fair amount of time warding off the aggression and repeated attempts of Jan Wallace to verbally accost Mr. Phillips via his business telephone line as well as harass him via email on his MOD Systems account. Other instances, detailed below, required my attention as Ms. Wallace increasingly became a nuisance to Mr. Phillips as he struggled to cope with her disruptions while maintaining focus on his role at MOD Systems.

4. Having worked closely with Mr. Phillips and, to a lesser extent, other executives, I observed a relentless commitment by Mr. Phillips and Mr. Gordon to the unmitigated success and well-being of MOD Systems. Their dedication and commitment to the company's success

1 is evident to anyone who has been genuinely concerned for its welfare. Both Mr. Phillips and
2 Mr. Gordon kept ungodly office hours and worked 24 hours a day to ensure MOD Systems was
3 on track; as I was in charge of scheduling, I can say that there was no day, no time of day, no
4 personal event or commitment that took precedence over the company. The pace at MOD
5 Systems was relentless and extremely demanding and Mr. Phillips and Mr. Gordon were at the
6 forefront, supporting staff members, communicating the company's mission and driving the
7 company's success. I was consistently in awe of their personal sacrifice and unrelenting work
ethic during the months that I was there.

8 5. At the same time, I observed a pattern of undermining behavior by both Mr. Barber
9 and, to a lesser extent, Mr. de Bakker. Primarily this came in the context of conversations
10 between them and these conversations were far more frequent upon Mr. Phillips and Mr.
11 Gordon leaving MOD Systems; these discussions are also detailed below. I have always
12 doubted Mr. Barber's commitment to the best interest of MOD Systems in particular and felt
that his attitude and behavior belied his loyalty to MOD Systems executives

13 6. While Mr. Bay was in charge of MOD Systems, communication with staff was
14 nonexistent and an environment of suspicion and fear was fostered such that I had many
15 discussions with staff members concerned for their jobs, their families and their financial
16 welfare. It was clear that Mr. Bay had no interest in us or in the success of the company. His
17 blatant disingenuousness and conspicuous absence from the office, including taking vacation at
18 the very time he was named acting CEO in Mr. Phillips and Mr. Gordon's absence, was
19 alarming to those of us for whom MOD Systems was our financial security. I feel absolutely
20 and with complete confidence, given what I have seen, heard and experienced, that Mr. Barber,
21 Mr. de Bakker or Mr. Bay in no way, shape or form have MOD Systems, its mission and most
decidedly its employees' interests at heart.

22 7. Upon Mr. Phillips and Mr. Gordon leaving MOD Systems, it was Mr. Barber who told
23 me I was not allowed contact with Mr. Phillips, which I agreed to for fear of my job. In point of
24 fact, there were many such times that I acted for fear of losing my job. Mr. Barber and other
25 executives were aware that I was closing on the purchase of my first home around the time that
26 Mr. Phillips and Mr. Gordon took administrative leave. I was, however, assured that my job
was secure. Nonetheless, I was dismissed on April 24, 2009 – the very day that I closed on my

1 home – and I have always felt that the peculiar timing of this was punishment for my loyalty to
2 Mr. Phillips and a repercussion of my knowledge of the actions of Jan Wallace and their desire
3 to keep certain facts from coming to light. That my dismissal was executed in a manner and at a
4 time that inflicted the maximum of financial and emotional damage to me personally – with the
5 full knowledge of those who dismissed me that it would do so – has, along with the litany of
6 other actions I observed, fully and completely convinced me of the dubiousness of their actions
and of their characters.

7 8. Below is a list of facts that led up to my dismissal on April 24, 2009. Below that is a
8 review of Jan Wallace's actions that I observed while acting as Executive Assistant at MOD
9 Systems. I have seen and heard the repeated abuse foisted on Mr. Phillips by Ms. Wallace and I
10 have experienced first-hand the undermining and manipulation that Mr. Barber and Mr. de
11 Bakker, in Mr. Bay's employ, undertook with wanton disregard for the welfare of MOD
Systems, its investors and shareholders and most decidedly for its employees.

12 13 **I. EVENTS LEADING UPTO MY DISMISSAL**

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15 9. This is a list of facts assembled shortly after my dismissal from MOD Systems. This
16 series of events begins on the date that Mark Phillips and Kenn Gordon took Administrative
leave from MOD Systems.

17 10. Mr. Bay relocated me away from executive offices and to the reception area almost
18 immediately after Mr. Phillips & Mr. Gordon took administrative leave; Doug Lower called me
19 and was very apologetic but told me it was temporary and what Anthony wanted.

20 11. Mr. Bay ceased giving me any work aside from telling me to go get some plants over
21 the weekend for the Toshiba meeting he held in late April – apparently he was unaware, on
22 vacation as he was the first week Mr. Phillips & Mr. Gordon were gone, that MOD did not
have a credit card. Afraid of losing my job, I put these plants on my personal credit card.

23 12. Mr. Bay hastily put together a Toshiba meeting, having me make a few of the travel and
24 meeting arrangements, all of which were changed a number of times. PMs and others were
25 flustered and unsure what the object of the meeting was. I made several reservations at Mr.
26 Bay's request [private dining rooms] that he cancelled last minute; I worked to avoid the \$800

1 and other cancellation fees, for instance booking the room instead for one of the upcoming
2 Board meetings. One of these fees was recently charged to my card by Flying Fish restaurant
3 due to miscommunication with MOD Systems after I left. They had my credit card number
4 since I had no other means of reserving the room. They have since credited my card back and
apologized, though I do not know how MOD Systems is dealing with this.

5 13. During the Toshiba meeting, I overheard two men – lawyers, I would guess, though I’m
6 ultimately unsure – in the lobby discussing how they “have all the intellectual property they
7 need from Mark [Mr. Phillips] and don’t need him around anymore.” Knowing Mr. Phillips and
8 Mr. Gordon’s contributions to MOD Systems, this made me extremely anxious for the
9 company’s ability to continue functioning; if the Toshiba meeting was any indication of the
10 way MOD Systems was to be run under Mr. Bay, then I would characterize it at best as a
“train-wreck.”

11 14. When in the office, Kyleen Cane was unknown to almost everyone and to myself,
12 though I admitted her access to the office and helped her assistant with travel arrangements; I
13 was never sure what she was doing. She was apparently diabetic and unhappy with the Toshiba
14 meeting food I had ordered so Mr. Bay had me go buy her fruit and yogurt last minute. She did
15 not speak much and generally looked a little lost or awkward. From my experience, she was
16 curt and unpleasant to MOD Systems employees.

17 15. The Toshiba meeting – I could well take stock given my new location at the reception
18 desk – looked a complete mess. Many employees expressed confusion about what they were
19 supposed to present to the Toshiba investors and were frustrated and stressed by the lack of
communication on Mr. Bay’s part.

20 16. I was told by Mr. Lower that Mr. Bay wanted ideas for showing his appreciation for the
21 staff after the Toshiba meeting since it was not even lost on him, absent as he generally was,
22 that it left the staff in a completely confused and frustrated state. My idea, which Mr. Lower
23 liked very much, was a whole roast pig from a Chinese BBQ restaurant. I ordered the meal,
24 putting the deposit on my own credit card, and scheduled it for Friday, April 24. On that
25 morning Mr. de Bakker asked me to “drop by” his office when I got a chance. I was working
26 on Accounting at the time and kept seeing Mr. Barber in his office so that I kept waiting until
they were finished until I tried to talk to Mr. de Bakker, but he called me in from the desk upon

1 seeing that I was waiting. Mr. Barber told me the following: that he had spoken with the Board
2 this morning and that he was sorry to tell me that he was letting me go “because of the lawsuit.”
3 I became upset and told them that I had just closed on my condo the day before, a fact that at
4 least Mr. Barber was well aware of; he said, “Oh, I thought that was today.” He then suggested
5 that there may be a way to get out of it and, thinking for a moment, said, “No, actually,
6 probably not.” I sat for a moment and said that they probably do this [i.e. firing people
7 unceremoniously] all the time, but for me it was a bit of a shock. Mr. de Bakker looked
8 regretful and said that he had never done this before. I asked then if I could talk to someone or
9 if there was anything I could do to keep my job. Mr. Barber replied that it was nothing to do
10 with me and my work and that I had a “great work ethic” and was “very intelligent.” Mr. de
11 Bakker agreed and said I would have no trouble finding a new job. Mr. Barber asked if it would
12 “make a difference,” in other words make me feel better, if he told me they were eliminating
13 my position, to which I replied that no, that would not make me feel better since I already know
14 that’s not true based on what he’d already told me and that furthermore an office such as MOD
15 needed an executive assistant. He did not dispute that it was a lie. I asked again if it was
16 anything to do with me and again I was assured that it was not. I became frustrated and
17 wondered if the real reason was speculation about my relationship with Mr. Phillips that I know
18 Ms. Wallace was fueling; I told Mr. Barber and Mr. de Bakker that I was irritated that these
19 rumors existed and that no one bothered to discuss them with me at the same time that I was
20 being let go for some unknown reason. I let him know that I wanted to clear the air where these
21 rumors were concerned and let him know that I met Mr. Phillips through my friend who was
22 working for him and it was strictly professional, that I knew this didn’t matter, but that I didn’t
23 want to leave MOD with people making assumptions about why I was there in the first place. I
24 then became more upset and asked them for a minute to collect myself. Mr. Barber handed me
25 a packet of information about the severance. He mentioned the two weeks’ pay, which I told
26 him was completely unhelpful given the state of the job market. I then apologized for being
upset and told them I knew it was not their fault and that I had enjoyed working with them
because at this point I didn’t know whose fault all of this was, who was on my side, who I
needed to talk to – in essence, I was completely lost and didn’t want to be holding anyone
accountable, at this point Mr. Barber and Mr. de Bakker, until I was sure what was happening.

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1 Mr. Barber then walked me out – after telling me not to talk to anyone as I left; first I gathered
2 my things from my desk and I walked out crying as several people watched.

3 17. Upon looking over the severance agreement, I realized that it was contingent upon
4 signing documents that, among other things, required my future cooperation in any legal issues
5 and forbade any disparagement of MOD or its officers or associates. It seemed immediately
6 clear to me that they were taking advantage of the fact that they full well knew I was a new
7 homeowner and would need any severance offered; I felt bullied and confused. While I once
8 considered Mr. Barber someone who was working to facilitate progress in the office upon Mr.
9 Phillips and Mr. Gordon leaving since he had worked for them, I saw him now as extremely
10 untrustworthy and underhanded. Furthermore, two weeks' severance given the explicit
admission that my firing was nothing to do with my merit seemed unreasonable; I was
collateral damage in the lawsuit and all seemed willing to admit as much.

11 18. Mr. Barber had Kole Harwood in Accounting email me that I needed to return the MOD
12 Systems set-top box that they had given me the day before firing me for testing. I decided to
13 call Mr. Barber to discuss the severance at this point. I told Mr. Barber that since my firing was
14 in no way merit-based, is there a way to extend the severance given my situation with my
15 home, their knowledge of it and the disastrous job market. I told him we should work on that
16 and I would be happy to return the set-top box. At this point he became irrationally defensive;
17 he asked if I was saying that if he didn't give me more money was I saying that I wouldn't sign
18 the documents and would hold the set-top box hostage? I assured him that this was not an
19 attempt at extortion, and that given my situation that I didn't really have a choice but to sign
20 them. He said extorting them did not help my case. I became very angry at his accusations and
21 let him know that I was only interested in keeping things above-board and that "I'm not going
22 to be an asshole to you, the question is: are you going to be an asshole to me?" I continued that
23 I would be more than happy to "disparage the shit out of Anthony Bay" given that he was
24 clearly behind my being fired for whatever reason and I knew full well he did not have the
25 interest of MOD Systems at heart and was tired of pretending otherwise. However, I told Mr.
26 Barber that if I signed the papers I would follow my commitment not to say anything. Mr.
Barber seemed confused about why I would direct my anger toward Mr. Bay. At this point, I
realized Mr. Barber had no concept of what was going on around him and it was a waste of

1 time trying to communicate with him on any level that would require him to recognize the truth
2 of the situation. I then noted that I could not sign my name to documents making false claims –
3 the severance agreement clearly stated that I was laid off due to the elimination of my position,
4 a statement Mr. Barber had expressly denied earlier. He seemed taken aback and asked if that
5 was what it really said, that he had not read it. I assured him that it did, and was even further
6 convinced of his obliviousness. Knowing how touchy the situation was, I reiterated that I had
7 no intention of extortion or otherwise not returning MOD property. At this point, he told me he
8 would talk to Mr. Bay about the severance and look over the claims made in the documents. I
9 thanked him. A few hours later, Mr. Barber called to tell me Mr. Bay had denied my request. I
10 responded that I would not be accepting the severance pay as I would not be party to signing
11 documents I knew to be false and thanked him for his time.

12 19. Shortly after, I walked to the MOD offices and returned the set-top box to Kole
13 Harwood, who met me in the lobby. I did not want Mr. Barber fabricating any stories about me
14 holding any MOD property hostage, lenient with the truth as I now realized he was. Mr.
15 Harwood let me know how worried everyone was about what was happening, lacking any kind
16 of information about the situation such as they did.

17 20. Given my distrust of anyone at MOD after being treated such, I contacted a lawyer,
18 afraid as I was to sign any documents that would bind me to my own detriment and sought my
19 severance without them. My lawyer then communicated with Mr. de Bakker. She found them
20 consistently “unreasonable” and they refused to reconsider the severance or the signing of the
21 papers. In the end – and after much stonewalling on their part, we agreed to change the wording
22 of the agreement so that I was comfortable and added a few lines to safeguard myself. I was
23 also given a reference signed by Mr. Barber, the primary concern I had with the conflict –
24 without such a reference, finding work again would be very difficult. I signed the papers and
25 after weeks without receiving the money, I contacted Mr. Barber, who eventually had me
26 reimbursed for MOD charges on my personal card and had the two-week severance put into my
account – half of which I paid to my lawyer.

1 II. REVIEW OF JAN WALLACE'S ACTIONS

2 21. In monitoring Mark Phillips' email and phone correspondences as part of my job
3 responsibilities as Special Projects Manager at MOD Systems, I encountered many
4 communications from Jan Wallace. While some of the messages – both email and voicemail –
5 were benign in nature, the majority of them were highly aggressive and overtly hostile. Further,
6 the frequency of her voicemails to Mr. Phillips could most decidedly be considered within the
7 realms of harassment; oftentimes there would be several in a day, each one with Ms. Wallace
8 sounding more irritated and hostile than the last. I found myself consistently shocked by her
9 willingness to use Mr. Phillips' business channels to air such highly personal and emotionally
charged issues.

10 22. I can recall several instances of Ms. Wallace's communications in particular, due to
11 their vicious nature. The first was a long series of emails in which Ms. Wallace called Mr.
12 Phillips a "dog" and attacked his Architect and friend, Amber Murray, as "fat" after assaulting
13 both her professional skills as well as her personally. This particular email was rife with foul
14 language, accusations, name-calling and generally illustrated – to my mind - that Ms. Wallace
was out of control.

15 23. Many voicemails indicated that Ms. Wallace was angry with Mr. Phillips for not
16 returning her phone calls. She berated him and her tone was patronizing as if speaking to a
17 small child. These voicemails demanded that Mr. Phillips return her phone calls and these were
18 generally followed by any number of follow-up calls within a short period. Her tone ranged
19 from livid to despondent, all of them, however, highly emotional.

20 24. Another instance involved Mr. Phillips leaving his personal belongings in a vehicle in
21 Los Angeles after a business trip; I contacted Astrid Mazmanian, who was responsible for
22 scheduling the driving services of her brother, Hratch Mazmanian, to inquire about the
23 belongings. After a time she let me know that Ms. Wallace had picked them up. Mr. Phillips'
24 reaction was surprise and discomfort and he clearly indicated that she was not authorized to do
25 so. I was instructed to let Ms. Mazmanian know that Ms. Wallace was not to take possession of
26 any of his belongings. An email followed from Mr. Phillips to Ms. Mazmanian confirming that
his relationship with Ms. Wallace was such that it was not appropriate for her to have been
given these personal items. I'm unsure how Ms. Wallace knew his personal items were there or

1 why she decided to pick them up; I only know that the inappropriateness of doing so was
2 evident by Mr. Phillips' reaction.

3 25. The tone of Ms. Wallace's emails and voicemails was such that I was very
4 uncomfortable being privy to such personal and vindictive communications, though they were
5 sent via business channels so that avoiding them was impossible given my responsibility for
6 taking messages for Mr. Phillips. The frequency and the duration of Ms. Wallace's
7 communications indicated to me that she had been hostile toward Mr. Phillips for some time. In
8 all of these communications, only one was conciliatory. However, it was followed shortly
9 thereafter by another string of her diatribes aimed at Mr. Phillips' character and at his
10 acquaintances.

11 26. I was mentioned only once and this email was so emotional so that making sense of
12 parts of it was very difficult; I could only decipher that the "Lauren Kronmiller thing," as she
13 called it, was totally unacceptable to her and a joke, or something dismissive along those lines.
14 I felt very vulnerable given that someone I did not know and had never met would convey such
15 hostility toward me for any number of completely fabricated and wholly unfounded reasons. To
16 this day, I have had extremely limited correspondence with Ms. Wallace, in particular
17 involving her and Mr. Phillips' Arizona property; I emailed her looking for some kind of
18 financial information for the property. Mr. Phillips later let me know that he would have to
19 communicate with her directly in the future as she demanded direct communication and had
20 displayed her hostility to intermediary communication through myself or anyone else after
21 receiving my email.

22 27. It was clear to me that Ms. Wallace was intent on badgering Mr. Phillips for something
23 – whether emotional or material, I'm unsure – that he was unwilling to give her and this led her
24 to these regular aggressive interludes. What is undeniable from these messages is the intense,
25 antagonistic and highly volatile anger she feels both toward Mr. Phillips and, as an extension of
26 her relationship with him, toward Ms. Murray and, to a lesser extent it would seem, toward me.

27 28. Through these communications, I am comfortable asserting that Ms. Wallace
28 characterizes herself as emotionally unstable, doggedly persistent in her demands of Mr.
29 Phillips and a consistently malicious personality prone to aggressive and extremely personal
30 invectives at will.

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DATED this 2nd day of March, 2010.

By: _____
LAUREN KRONMILLER

VERIFICATION

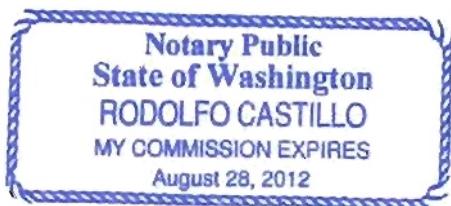
STATE OF WASHINGTON)
) ss.
COUNTY OF King)

I, Lauren Kronmiller, having been first duly sworn on oath, depose and say: I am the Lauren Kronmiller of INDIVIDUAL:

I have read the within and foregoing DECLARATION, know the contents thereof, and believe the same to be true and correct, and hereby verify that all documents and things in INDIVIDUAL NAME possession or to which it has access have been or are made available for inspection by Plaintiff's attorneys.

Lauren Kronmiller
Name: [Signature]
Title: _____

SUBSCRIBED AND SWORN to before me this 3 day of March, 2010.



[Signature]
(Printed Name) Rodolfo Castillo
NOTARY PUBLIC in and for the State of Washington residing at Seattle
My Commission Expires: 8/28/12