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January 31, 2023

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Re: In re Donadio & Olson, Inc., Chapter 7 Case No. 18-13915 (DSJ)

Our firm is Counsel to Deborah J. Piazza as Chapter 7 Trustee of Donadio & Olson, Inc., whose bankruptcy case is presently pending in the United States Bankruptcy Court for the Southern District of New York, Case No. 18-13915 (DSJ). We are writing to you because we know from other bankruptcy cases in which our firm has been involved that your company has an interest in purchasing remaining assets and/or judgment rights from bankruptcy estates. This form letter is also being sent to a number of other entities with which we are familiar that have an interest in purchasing such assets and/or judgment rights.

Donadio & Olson was a well-known New York City-based literary agent which negotiated and procured contractual arrangements with publishers on behalf of its author clients (including such prominent authors as Mario Puzo, author of The Godfather, Joseph Heller, author of Catch-22 and Chuck Palahniuk, author of Fight Club) for publication of its clients' written works. Pursuant to those contractual arrangements, the publishers would transmit to Donadio & Olson royalty payments in connection with the authors' works, from which Donadio & Olson would retain for itself its agreed upon commissions ("**Commissions**"), usually in the range of 10%-15% of the royalties, and then remit the balance of the payments to its respective author clients.

Donadio & Olson filed for bankruptcy after discovering a fraudulent scheme committed by its longtime outside bookkeeper Darin Webb ("**Webb**") and his company, whereby for a decade or more they had without authority transferred substantial funds, ultimately aggregating in excess of \$3.5 million, from Donadio & Olson's bank accounts to their own accounts. In an adversary proceeding we brought on behalf of the Trustee against Webb and his company Sum Innovation, a default judgment was entered against both of them in the amount of \$3,409,650.00 (the "**Default Judgment**"). In addition, in a criminal case brought against Webb by the United States, in addition to sentencing Webb to a 2-year prison term (which he has already served), the Judge entered an Order and a Judgment (the "**Restitution Judgment**") requiring Webb to make restitution to the Trustee in the amount of \$3,414,650.00.

On behalf of the Trustee, we have filed, and served upon each of you by mail, a motion in the bankruptcy case to sell the following remaining assets of the bankruptcy estate (the “**Assets**”):

- (a) Commissions due and to become due from publishers, based upon royalties from sales of works earned by authors for whom the Debtor served as literary agent. As of January 25, 2023, the Trustee has collected in excess of \$282,000 of Commissions on behalf of the bankruptcy estate.
- (b) The rights to collect upon the Default Judgment and the Restitution Judgment (the “**Judgment Rights**”). (The amounts of those \$3.4+ million Judgments are not cumulative; collection under one of them will reduce the amount payable under the other.)
- (c) Any remnant assets of the Debtor’s estate whose identity and location are presently not known to the Trustee (the “**Remnant Assets**”).

As set forth in the motion, the Trustee proposes to offer the above-mentioned assets at an auction (the “**Auction**”). Under the proposed bidding procedures set forth in the motion, the Assets will be offered for sale at the auction in two alternative ways: (a) separate bids for the aforesaid three (3) respective components of the Assets, i.e., separate bids for the Commissions, for the Judgment Rights, and for the Remnant Assets (“**Separate Bids**”); and (b) bulk bids for all of the Assets together as a single package (“**Bulk Bids**”). The proposed requirements for qualifying as a bidder at the Auction and the proposed minimum starting amounts of the Separate Bids and the Bulk Bid are set forth in the proposed Notice of Auction and of Sale Hearing annexed as an exhibit to the motion, an additional copy of which is attached to the cover email by which this letter has been transmitted. It is also proposed that the Trustee have sole discretion to conduct multiple rounds of bidding with respect to each of those two methods, in order to maximize the value of the Assets for the benefit of the Debtor’s estate and its creditors. The Assets would then be sold pursuant to which of those two methods were to yield the highest and most expeditious total recovery for the bankruptcy estate. The hearing on those aspects of the motion that seek approval of those proposed bidding procedures and the setting of the Auction date is scheduled to be heard before Bankruptcy Judge David S. Jones on **March 2, 2023 at 10:00 a.m.**

A digital “Due Diligence Room” is being set up through a website link that will contain: (a) a copy of a multipage “Analysis of Commission Payments,” setting forth by, among other things, author, published work and publisher the Commission payments received by the Trustee through January 25, 2023, (b) copies of the contracts between publishers and authors who were clients of the Debtors that are in the Trustee’s possession, and (c) copies of the Default Judgment and of the Restitution Judgment. If you are interested in reviewing the documents in the Due Diligence Room for purposes of considering whether to make a bid(s) for some or all of the Assets, you will need to execute a Non-Disclosure Agreement (an “**NDA**”), a copy of which is an exhibit to the motion papers and an additional copy of which is annexed to the cover email transmitting this letter. Once the NDA is executed and delivered by email to Bob Wolf at Tarter Krinsky & Drogin LLP ([rwolf@tarterkrinsky.com](mailto:rwolf@tarterkrinsky.com)), you will be furnished with a link and password that will enable you to review the documents in the Due Diligence Room.

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If you have any questions regarding the Assets, the proposed bidding procedures or any other matter pertaining to the motion or the proposed Auction, please feel free to contact either Robert A. Wolf ([rwolf@tarterkrinsky.com](mailto:rwolf@tarterkrinsky.com); 212-216-1159) or Michael Z. Brownstein ([mbrownstein@tarterkrinsky.com](mailto:mbrownstein@tarterkrinsky.com); 212-216-8036) at Tarter Krinsky & Drogin LLP.

Thank you for your consideration.

Sincerely,

/s/ Robert A. Wolf

Robert A. Wolf

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