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7 Attorneys for Defendants LARRY THAXTER
 8 JAMES an individual; DEPLOYHR, INC.,
 a California corporation

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 10 IN THE UNITED STATES DISTRICT COURT
 FOR THE NORTHERN DISTRICT OF CALIFORNIA
 11 SAN FRANCISCO DIVISION

12 CORNERSTONE STAFFING SOLUTIONS, INC.,
 13 a California Corporation,

14 Plaintiff,

15 vs.

16 LARRY THAXTER JAMES an individual; DAVID
 17 R. BATTON, an individual; TED MANNELLO, an
 individual; ANDRE DOUZDJIAN, an individual;
 18 MICHAEL SANTOS, an individual; MARCOS
 BARRERA, an individual; BATTON TECHNICAL
 19 ENGINEERING CONSULTANTS, INC., a
 Michigan Corporation; BATTON DIVERSIFIED
 20 STAFFING SOLUTIONS, a Michigan Corporation;
 HANBONCARO I, LLC, a Michigan Limited
 21 Liability Company a/k/a CARO I, LLC; HANBON -
 22 - MI I, LLC, a Michigan Limited Liability Company
 d/b/a TECHNICAL ENGINEERING
 23 CONSULTANTS; HANBON - MI II, INC., a
 Michigan Corporation d/b/a BATTON
 24 TECHNICAL ENGINEERING CONSULTANTS;
 HANBON -- MARLETTE, LLC, a Michigan
 25 Limited Liability Company; HANBON -- PA I, LLC
 26 a Pennsylvania Limited Liability Company;
 HANBON - CT I, LLC a Connecticut Limited
 27 Liability Company; TEC GROUP INC., a Michigan
 28 Corporation d/b/a TEC GROUP ALSO d/b/a TEC-

Case No.: 3:12-cv-01527-RS

Assigned to Hon. Richard Seeborg

**STIPLUATION AND ~~PROPOSED~~
 ORDER FOR PRELIMINARY
 INJUNCTION**

Hearing

Date: April 23, 2012

Time: 10:00 a.m.

Courtroom: 3

Location: 17th Floor, Phillip Burton
 Federal Building & United States
 Courthouse, 150 Golden Gate Avenue,
 San Francisco 94102

Complaint Filed: March 27, 2012

1 CHRYSLER; DEPLOY HR, INC., a Pennsylvania
2 Corpor-ation d/b/a DEPLOY HR STAFFING, INC.;
3 DEPLOYHR, INC., a California Corporation d/b/a
TEC ALSO d/b/a BATTON; and DOES 1- 100,

4 Defendants.

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6 **STIPULATION**

7 A. WHEREAS Plaintiff CornerStone Staffing Solutions Inc. (“CornerStone”) filed the
8 above entitled action on March 27, 2012;

9 B. WHEREAS CornerStone obtained a Temporary Restraining Order on April 9,
10 2012;

11 C. WHEREAS CornerStone filed papers in support of a Preliminary Injunction on
12 April 13, 2012;

13 D. WHEREAS Defendant Larry Thaxter James (“James”) filed a Response to the
14 Preliminary Injunction on April 19, 2012;

15 E. WHEREAS James and the Defendant Entities (which include Batton Technical
16 Engineering Consultants, Inc; Batton Diversified Staffing Solutions Corp., Hanbon Caro, I, LLC;
17 Hanbon Michigan I, LLC, Hanbon MI II,INC., Hanbon-Marlette, LLC, Hanbon PA I LLC,
18 Hanbon CT I, LLC, TEC Group, Inc., DeployHR Staffing, Inc. and DeployHR, Inc. and
19 individuals associated with and employed by James and/or his companies) dispute that
20 CornerStone is entitled to a Preliminary Injunction, and specifically deny that there was any
21 computer tampering, theft of CornerStone property, efforts to interfere with CornerStone
22 employees, or efforts to transfer or solicit CornerStone customers, and assert that the evidence is
23 insufficient to support any of the relief sought by the Proposed Preliminary Injunction; however,
24 the parties mutually wish to avoid the inconvenience, expense, and uncertainty of further litigation
25 with respect to the preliminary injunction;

26 F. WHEREAS the parties mutually wish to preserve the status quo as of April 9,
27 2012 and avoid destabilizing the operations of the respective entities and staffing companies that
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1 are parties to this suit (in order to, among other things, maintain the status quo pending final
2 determination on the merits and in order to provide the entities with stable operations that will
3 discourage financial instability and predatory tactics from third party competitors that may solicit
4 the parties' customers to transfer business away from CornerStone or the Defendants);

5 G. WHEREAS this Stipulation and Proposed Order do not determine the respective
6 ownership rights of the parties with respect to the various entities that are parties to this suit, nor
7 adjudicate or resolve other claims or remedies such as constructive trust, damages, or claims for
8 unpaid annual profits and sales proceeds (all such claims and defenses being reserved by the
9 parties), but the parties do wish to utilize this and perhaps other stipulations and proposed orders
10 as a vehicle to work in good faith to clarify and define their relations *pendente lite*, with an aim
11 towards reducing issues that require court intervention;

12 **IT IS STIPULATED TO AND AGREED AS FOLLOWS:**

13 This Stipulation and Proposed Order is not intended to be, and shall not be construed as, an
14 admission of fact or liability for any purpose, and it shall have no effect on any subsequent
15 determination by the Court with respect to the merits of the claims of the parties.

16 This Stipulation and Proposed Order was drafted equally by CornerStone and James.

17 James and his agents, representatives, employees and all other persons acting in concert
18 with, at the direction of, on behalf of, or in combination with James and the Defendant Entities are
19 hereby enjoined and restrained from:

20 1. Tampering with CornerStone's computer systems, removing physical property
21 from any premises occupied or leased by CornerStone, or seeking to dissuade CornerStone
22 employees from reporting to work, subject to the following exceptions:

23 (a) CornerStone leases certain real property from Hanbon Caro I, LLC in Caro,
24 Michigan, and such lease shall remain in force as in effect on April 9, 2012. For
25 purposes of clarity, nothing herein shall prohibit Hanbon Caro I, LLC or its
26 employees or representatives from communicating with CornerStone personnel
27 regarding issues relating to such lease.
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(b) The Connecticut operation, ownership of which is claimed by both CornerStone and Hanbon CT, will continue to be operated consistent with past practice as a branch of CornerStone for all funding and accounting purposes under the day to day operation of Ted Mannello. For purposes of clarity, nothing herein shall prohibit James from communicating with Ted Mannello, but James shall not have any authority to direct or manage any aspect of the Connecticut operation.

(c) Except as provided in paragraph 1 b) above, the parties further stipulate and agree that the status quo as of April 9, 2012 with James and his respective co-principals in the Defendant Entities exercising executive, managerial and operational control over the Defendant Entities shall continue.

(d) There is currently personal property belonging to James on CornerStone’s premises. James will not remove those items without the consent of CornerStone, however, removal of such items with CornerStone’s consent will not constitute a violation of this order. If there are any such items that are in dispute as to ownership, the parties will work in good faith to try to resolve those issues. If the parties cannot resolve those issues on their own, the court will make the final determination.

2. James and his agents, representatives, employees and all other persons acting in concert with, at the direction of, on behalf of, or in combination with James and the Defendant Entities shall not seek to (i) solicit (i.e., initiate contact with) any employees of CornesStone to terminate their employment with CornerStone, or (ii) transfer CornerStone’s existing customers or solicit the work of any CornerStone customer; provided, however, James and the Defendant Entities may continue to serve their existing customers as of March 23, 2012. As used herein, the term “CornerStone customer” means any customer identified as such on CornerStone’s gross margin reports at any time during the 180 day period preceding March 23, 2012, but excluding any existing customer of James and the Defendant entities as of March 23, 2012. In order to facilitate communication between the parties on this issue, CornerStone shall on or prior to April

1 25, 2012 provide counsel for Defendants with a list of CornerStone customers (the “CornerStone
2 Customer List”). The information in the CornerStone Customer List may be disclosed to James
3 and the Defendant Entities; however, such list shall solely be used by James and the Defendant
4 Entities for the purpose of assisting to James and the Defendant Entities in identifying
5 CornerStone customers that may not be solicited or the subject of transfer efforts. The parties
6 shall meet and confer in good faith should there be disagreement regarding whether any particular
7 customer was a CornerStone customer or a customer of James or the Defendant Entities as of
8 March 23, 2012. It is also acknowledged between the parties that Defendants may actively solicit
9 the business of individuals and entities that are not on the CornerStone Customer List.

10 Additionally, although the status of World Class Distribution, Inc. (“WCD”) as a customer of
11 CornerStone vs. a customer of Defendant DeployHR, Inc./Larry James is an issue in dispute in
12 this lawsuit, for purposes of this Proposed Stipulation and Order Thereon/injunction, WCD is
13 deemed to be a customer of Deploy/Larry James.

14 3. James and the Defendant Entities are enjoined from disposing of any interest in any
15 of the Defendant Entities; however, James may investigate or respond to potential sales
16 opportunities for the Defendant Entities or CornerStone, so long as counsel for CornerStone is
17 informed. Issues short of final sale, such as preliminary discussions through draft sales documents,
18 letters of intent and the like are not prohibited by this Order. No sale may close without Court
19 consent or the agreement of the parties.

20 4. Nothing in this Stipulation and Proposed Order/Injunction shall prohibit any party from
21 seeking to modify the terms of the injunction upon motion and depending on the facts as they
22 develop. The preliminary injunction shall otherwise remain in effect until it is cancelled or
23 modified by application or order of the court, or until judgment is entered, whichever comes first.
24 CornerStone shall continue its \$100,000 bond as security for the injunction, unless modified by
25 application or court order.

26 5. Subject to Court approval, the Order to Show Cause/Hearing on Preliminary Injunction
27 currently set for ~~May~~ April 23, 2012 at 10 am need not proceed.

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6. The parties shall meet and confer in good faith before filing any additional motions related to the subject matter of this Stipulation and Proposed Order/Injunction.

IT IS SO STIPULATED.

For CornerStone Staffing Solutions, Inc.:

Date: April 21, 2012
Name: Neil Martin, Esq.
Signed: /s/ Neil Martin

For Larry James:

Date: April 21, 2012
Name: Paul Marron, Esq.
Signed: /s/ Paul Marron

~~PROPOSED~~ **ORDER**

PURSUANT TO THE FOREGOING STIPULATION, IT IS SO ORDERED.

DATE: 4/23/12



THE HONORABLE RICHARD SEEBORG
JUDGE OF THE NORTHERN DISTRICT OF CALIFORNIA