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Committee of Unsecured Creditors

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9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

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13 In re:)
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14 **TECHNOLOGY PROPERTIES LIMITED LLC,**) Case No. 13-51589-SLJ-11
fka TECHNOLOGY PROPERTIES LIMITED)
15 **INC., A CALIFORNIA CORPORATION,**) Chapter 11
fka TECHNOLOGY PROPERTIES LIMITED,)
16 **A CALIFORNIA CORPORATION,**) Date: TBD
) Time: TBD
17 Debtor.) Place: United States Bankruptcy Court
) 280 S. First Street, Room 3099
18) San Jose, CA 95113
) Judge: Honorable Stephen L. Johnson
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21 **DECLARATION OF GLORIA FELCYN IN SUPPORT OF MOTION OF**
22 **CREDITORS' COMMITTEE FOR ORDERS: (1) APPOINTING A CHAPTER 11**
23 **TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO APPEAR AND SHOW CAUSE**
WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS COURT'S ORDER

24 I, Gloria Felcyn, hereby declare:

25 1. I am a Certified Public Accountant licensed in California and a member of the Board
26 of Directors of Patriot Scientific Corporation ("Patriot"). I am a member of the Official Committee
27 of Unsecured Creditors (the "Committee") in the case of Technology Properties Limited LLC, the
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1 debtor and debtor in possession (the “Debtor”). I have personal knowledge of the facts set forth in
2 this Declaration, except as to those matters set forth on information and belief and as to those
3 matters, I believe them to be true. If called to testify, I would and could testify competently thereto.

4 2. This Declaration is filed in support of the MOTION OF CREDITORS’ COMMITTEE FOR
5 ORDERS: (1) APPOINTING A CHAPTER 11 TRUSTEE; AND (2) DIRECTING DANIEL E. LECKRONE TO
6 APPEAR AND SHOW CAUSE WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR VIOLATION OF THIS
7 COURT’S ORDER (the “Order”).

8 3. I have been authorized by the Committee to make this Declaration to communicate to
9 the Court the depth of the Committee’s frustration with the Debtor’s actions in this case. The Debtor
10 has apparently collected over \$7,000,000 through October 2013 during this Bankruptcy Case, and
11 another approximately \$3,000,000 of which were not approved by the Committee as required, and
12 has yet to reserve one cent for the benefit of unsecured creditors. If this conduct is allowed to
13 continue, the Committee is convinced that the creditors will receive nothing in this case.

14 4. The Committee has spent over six months negotiating with the Debtor's CEO, Dan
15 Leckrone, toward a consensual plan of reorganization. While it initially seemed progress was being
16 made, Mr. Leckrone would back track on commitments previously made. The Debtor has clearly
17 conducted its negotiations with the Committee in bad faith for the purpose of delaying the case and
18 allowing its insiders to be paid exorbitant salaries despite its continuing losses during this case. It
19 was due to the Committee's observation of the lack of progress that the Committee ultimately
20 decided that further mediation would only provide Debtor with additional time and further delays
21 that were benefitting only the debtor and not the Committee.

22 5. The Committee’s patience with the Debtor is exhausted. Debtor is primarily a
23 holding company since all of its licensing is farmed out to his wholly owned entity, Alliacense
24 Limited LLC, and all of its litigation is being handled by two outside law firms. As a holding
25 company, it can and should function with a staff of at most 2 persons. Yet it continues to employ 7
26 or 8 persons and refuses to reduce its monthly and annual operating overhead expenses, and ongoing
27 payments of outlandish salaries and fees to Dan Leckrone, his children, the executive team and
28 related entities. Debtor's continuing refusal to set aside any funds for creditors can no longer be

1 tolerated. The Committee is fed up, frustrated and angry over the continued delays in the case, the
2 obvious extreme conflicts of interest of Dan Leckrone, the Debtor's non-compliance with the
3 settlement protocol order and the siphoning off of estate assets for the benefit of Alliacense and the
4 Debtor's continued refusal to make even the slightest provisions for creditors as it pillages the estate.
5 Many of the Debtor's creditors have been waiting for years to receive some kind of payment on their
6 claims. Dan Leckrone is aware of this and yet makes no attempt to make provision for creditor
7 payments.

8 6. One or two days after Debtor filed its bankruptcy, Debtor paid a visit to me at my
9 office and let me know that "Patriot should not look upon the bankruptcy as an opportunity." I
10 assumed Mr. Leckrone intended this as some kind of scare tactic and was making reference to the
11 fact that he was aware that even then, Patriot itself, was experiencing a number of its own
12 frustrations with Debtors. Dan Leckrone even went so far as to advise one of the other Patriot Board
13 members that he intended to file lawsuits against Patriot board members and he would turn me in for
14 "insider trading," presumably having to do with my role on the Creditors Committee.

15 7. The relationship with Alliacense has been very strained during 2013. We have a
16 disagreement over whether TPL or Alliacense is due a licensing fee on an installment of a license
17 written before July 2012 when Alliacense began to directly contract with PDS. Our position is that
18 TPL did the work and earned the fee. Alliacense has been threatening to sue PDS and "others" over
19 this issue unless it is paid. Dan Leckrone has insisted to me that PDS pay this fee.

20 8. Beginning in September 2013, several of us at Patriot have had questions and
21 concerns about Alliacense's billings for certain litigation support matters. It has resisted our
22 requests for backup information and argued it does not have to provide it. We have asked to have an
23 independent auditor consider its bills but Alliacense has declined. Alliacense has made multiple
24 litigation threats to us over this issue because we have held back payments of sums claimed by
25 Alliacense to be due until our questions are answered and the details we seek are provided. Dan
26 Leckrone has participated in the calls in which these threats were made and has expressed no interest
27 in understanding our concerns about Alliacense's bills.

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1 I declare under penalty of perjury under the laws of the State of California and of the United
2 States that the foregoing is true and correct and that this Declaration was executed on December 16,
3 2013 in the County of Santa Clara, State of California.

4 /s/ Gloria H. Felcyn
5 Gloria H. Felcyn

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