

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X

In re:

BARRICADE BOOKS, INC.

Chapter 11

Case No. 07-13176 (SMB)

Debtor.

-----X

MELISSA BYRUM,

Plaintiff,

v.

Adv. Pro. No. 07-03248 (SMB)

BARRICADE BOOKS, INC.,

Defendant.

_____X

**STIPULATION AND ORDER RESOLVING CLAIMS
AND ACTIONS OF MELISSA BYRUM**

Recitals

WHEREAS:

A. In 1996, the above-captioned debtor and debtor-in possession (the “Debtor”) published a book titled *Great Big Beautiful Doll (The Anna Nicole Smith Story)* (the “Book”), which was authored by Eric and D’Eva Redding (together, the “Authors”), pursuant to a publication agreement between the Authors and the Debtor dated November 8, 1995 (the “Publication Agreement”).

B. Shortly after the publication and release of the Book, on or about June 30, 1997, Melissa Byrum (“Byrum”) commenced an action against the Debtor and others in the 152nd Judicial District Court of Harris County, Texas (the “1997 Lawsuit”), alleging that statements made in the Book about Byrum were defamatory and libelous.

C. The Debtor filed for protection under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) on October 15, 1997 (the “Prior Bankruptcy Case”). That case was consensually dismissed on or about September 26, 2002.

D. After the Prior Bankruptcy Case had been filed but prior to its dismissal, Byrum sought and obtained a default judgment against the Debtor in the 1997 Lawsuit, in violation of the automatic stay established by section 362 of the Bankruptcy Code. A copy of the default judgment is attached hereto as **Exhibit A**.

E. The Debtor published an updated edition of the Book in early 2007. On or about August 30, 2007, Byrum commenced a new action against the Debtor and the Authors in the 280th Judicial District Court of Harris County, Texas (the “2007 Lawsuit”), again alleging libel and defamation. A copy of the complaint in the 2007 Lawsuit is attached hereto as **Exhibit B**.

F. The Debtor filed the instant bankruptcy case on October 10, 2007, and has continued in the management of its business and property as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

G. Byrum filed a proof of claim in the instant case dated December 27, 2007, which was recorded as claim 36, and commenced an adversary proceeding by complaint dated December 28, 2007.

H. The Authors filed an initial and then an amended proof of claim in this case, which claims were recorded as claims 19 and 22, respectively.

I. The Debtor, Byrum and the Authors have engaged in good faith, arms' length negotiations, and reached a resolution of all of these matters that avoids the expense, delay and uncertainty of litigation.

NOW, WHEREFORE, the Debtor, Byrum and the Authors hereby agreed as follows:

1. Byrum shall have an allowed administrative claim in this case in the amount of \$9,100.00.

2. The allowed claim shall be payable in three equal installments, as follows: (i) the first payment shall be made by the Debtor within ten days after this Stipulation and Order become a final order; (ii) the second payment shall be made by the Debtor thirty days after the initial payment; and (iii) the final payment shall be made thirty days after that.

3. An *errata* shall be prepared by the Debtor and provided to the Debtor's distributor, with instructions to the distributor to insert the *errata* at page 92 in all unsold copies of the 2007 edition of the Book. The *errata* shall read as follows:

We wish to correct any implication that Melissa Byrum had participated in the events recounted at page 75 of this book where Vicky and an unnamed friend purportedly purchased sex toys at an adult toy store and then had sexual relations in an elevator. We apologize for any innuendo that Ms. Byrum was involved in such activities. It was also incorrectly stated at page 92 that Anna met Ms. Byrum at a car show in Ohio. We now understand that they had met in 1987, much earlier.

4. Promptly after this Stipulation and Order becomes a final order, Byrum shall take all steps necessary to vacate the default judgment entered in the 1997 Lawsuit and to have each

of the 1997 Lawsuit and the 2007 Lawsuit dismissed with prejudice and without costs as to the Debtor and the Authors.

5. Byrum shall provide the Debtor and the Authors with evidence of the dismissal of the two lawsuits and the vacatur of the default judgment within six months of the date of this Stipulation.

6. Byrum's proof of claim shall be deemed withdrawn, and the adversary complaint (if not dismissed prior to the date hereof) shall be dismissed with prejudice and without costs.

7. The Authors' pre-petition claims against the Debtor, including their scheduled claim in the amount of \$5,607.01 and their filed proofs of claim in unliquidated amounts, shall be waived and the proofs of claim filed by or on behalf of the Authors shall be deemed withdrawn, and the Authors shall also waive any claim to the first \$1,393 in post-petition royalties owed or to be owed to the Authors by the Debtor. (The Authors' pre-petition claims and the sum of \$1,393 in post-petition royalties are collectively referred to hereinafter as "the Authors Waived Royalties"). Debtor shall pay Authors, in the ordinary course of Debtor's business, all royalties which may hereinafter become due to them under the Publication Agreement in excess of the Authors Waived Royalties.

8. Except for the rights and claims provided in this Stipulation, Byrum hereby absolutely, fully and forever, releases, relieves, waives, relinquishes and discharges the Debtor, its bankruptcy estate and the affiliates, subsidiaries and divisions of the foregoing entities, and each of the Authors (collectively, the "Publishing Entities") of and from any and all manner of actions, causes of action, suits, debts, deficiencies, liabilities, demands, defaults, claims, obligations, costs, expenses, sums of money, controversies, damages, accounts, reckonings and liens of every kind or nature whatsoever, whether known or unknown, direct or indirect, claimed

or unclaimed, suspected or unsuspected, choate or inchoate, liquidated or unliquidated, contingent or determined, in law or in equity, from the beginning of time through the date of this Stipulation.

9. Except for the rights and claims provided in this Stipulation, the Publishing Entities do hereby absolutely, fully and forever, release, relieve, waive, relinquish and discharge Byrum from any and all manner of actions, causes of action, suits, debts, deficiencies, liabilities, demands, defaults, claims, obligations, costs, expenses, sums of money, controversies, damages, accounts, reckonings and liens of every kind or nature whatsoever, whether known or unknown, direct or indirect, claimed or unclaimed, suspected or unsuspected, choate or inchoate, liquidated or unliquidated, contingent or determined, in law or in equity, from the beginning of time through the date of this Stipulation.

10. This Stipulation represents a compromise of disputed issues, and shall not be deemed an admission of liability or fault by or against any party hereto.

11. Upon approval by the Bankruptcy Court, this Stipulation shall be binding upon the parties and their predecessors, successors and assigns, including any trustee.

12. This Stipulation may be executed by facsimile or electronic signature and in counterparts, each of which (upon execution of a counterpart by each party), individually or taken together, shall constitute a single integrated agreement.

13. This Stipulation constitutes the entire written agreement of compromise and settlement between the parties, and there are no other agreements modifying its terms. The terms of this Stipulation can only be modified by a writing signed by each of the parties hereto, expressly stating that such modification is intended.

14. All parties and their attorneys, if any, have reviewed and participated in the drafting of this Stipulation and this Stipulation shall be construed as having been equally written by all parties.

15. This Stipulation shall be construed and governed in all respects by the laws of New York. Any disputes arising from or relating to this Stipulation shall be heard by the Bankruptcy Court for the Southern District of New York before which this bankruptcy case is pending.

16. Each of the parties shall bear its own costs and attorneys' fees incurred in connection with all matters settled herein, and shall not seek reimbursement or compensation from the other party in connection with same. In the event that litigation is required to enforce the provisions of this Stipulation against another party hereto, the prevailing party shall be entitled to recover reasonable costs and attorneys' fees incurred in connection with such litigation.

17. The stipulation and agreement of the parties set forth herein is expressly subject to and conditioned upon (i) approval by the Bankruptcy Court, and (ii) such order becoming final and non-appealable.

HALPERIN BATTAGLIA RAICHT, LLP
Counsel to the Debtor

By: /s/ Donna H. Lieberman
Alan D. Halperin (AH 3852)
Donna H. Lieberman (DL 3553)
555 Madison Avenue, 9th floor
New York, New York 10022
(212) 765-9100

MELISSA BYRUM,
Pro Se

By: /s/ *Melissa Byrum*
Melissa Byrum

BRACEWELL & GIULIANI, LLP
Counsel to Eric and D'Eva Redding

By: /s/ *David Albalah*
David Albalah
1177 Avenue of the Americas, 19th floor
New York, NY 10036
(212) 508-6120

SO ORDERED THIS 4th
DAY OF March, 2008

/s/ **STUART M. BERNSTEIN**
HONORABLE STUART M. BERNSTEIN
CHIEF JUDGE