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Breakfast with the InnoVida receiver

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There was a weird breakfast meeting between Claudio Osorio's new bankruptcy attorney, Geoffrey Aaronson, and the receiver who has taken over Osorio's InnoVida companies.

I don't know if they had bagels or doughnuts, but Aaronson gave plenty of other details in a recent filing within Osorio's Chapter 11 case.

In case you haven't followed the story, Osorio is a well-known fundraiser for Bill Clinton and Hillary Clinton who is now facing receivership, bankruptcy and fraud investigations connected to InnoVida.

Aaronson recently took up representation of Osorio with a vengeance. He is battling receiver Mark Meland's requests to have Osorio surrender a passport and sit for depositions.

So Meland and Aaronson apparently decided to have a breakfast meeting.

Little did Aaronson know that Meland's colleague was – only a short distance away – filing new motions to depose Osorio and his wife.

Aaronson says in his court filing that while he was "naively attempting to discuss matters of mutual interest and cooperation in good faith, undersigned was being noticed for … examination of the Osorios." Aaronson goes on to accuse Meland of hysteria.

I've been reading motions filed in bankruptcy cases every day for years, and I have never seen anything like this.

Aaronson refers to himself as "undersigned" in the filing. He accuses Meland of many

things:

“Public outcries and constant hysteria.”

“Allegations designed to titillate the press.”

“Acrimony, harassment, and unprofessionalism.”

“Shrieking … for the benefit of newspaper reporters.”

In an interview, Aaronson said he didn’t want the case to get personal or turn into a media circus, but he believes Osorio can reorganize his companies.

“There are real factories and real equipment,” he said. “We’re trying to do the right thing. If we do nothing here, the assets will be liquidated for scrap metal and creditors will receive a fraction of a cent.”

I asked Meland for a response and got an e-mail from law firm partner, Michael Budwick, who said: “Unfortunately, Mr. Osorio insists on avoiding the serious question of exactly what happened to the monies he raised and moved offshore. We hope he will cease invoking his 5th Amendment privilege and provide us and his creditors concrete, useful information.”

Meland was appointed receiver because a judge said Osorio had defied orders to sit for an deposition and to turn over documents in a lawsuit by businessman Chris Korge, an investor.

Meland has reported to the court that InnoVida was $2 million behind on bills and had less than $100,000 in local accounts, while millions of dollars were transferred offshore in the last year. He also alleged that Osorio ordered e-mails deleted before Meland took over.

Aaronson writes that Osorio cited the Fifth Amendment against self-incrimination in a recent deposition because, according to Aaronson, Meland worded the questions in a leading format, like this: “Isn’t it true that you withdrew funds … as part of a fraud?”

Aaronson also denies that his client ordered the destruction of any e-mails, and filed a motion to hold Korge in contempt of court for violating the bankruptcy court stay

by seeking the garnishments. Korge's attorney, Kendall Coffey, said the writs of garnishment were filed before the bankruptcy stay was in effect.

And then there are the three passports. Osorio surrendered his U.S. and Venezuelan passports in response to a court order, but then Meland discovered Osorio also has a Spanish passport. Aaronson claims Osorio should not be required to surrender the passport from Spain because he is an international businessman and needs to travel while formulating a bankruptcy reorganization plan.

Aaronson sums up his response for Osorio like this: "To suggest that the Osorios have contemptuously violated any order in this case is patently absurd."