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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

MICHAEL E. ANDERER, Plaintiff, v. INAURA, INC., PETER V3, RODNEY A RASMUSSEN, DAVID M. MOCK, DAVID G. TURCOTTE, and V3 SYSTEMS, INC. Defendants.	**DECLARATION OF JEFFREY W. SHIELDS IN SUPPORT OF MEMORANDUM IN OPPOSITION TO MOTION FOR PRELIMINARY INJUNCTION, TEMPORARY RESTRAINING ORDER, AND APPOINTMENT OF RECEIVER** Case No. 2:13-cv-00111- RJS-DBP Judge Robert Shelby Magistrate Judge Pead

Jeffrey W. Shields, pursuant to 28 U.S.C. S 1746 hereby declares as follows:

1. I am over 18 years of age, of sound mind and otherwise competent to make this Declaration. The statements set out in this Declaration are based on my personal knowledge unless otherwise stated.

2. I am a licensed attorney at law in good standing in the State of Utah, having been admitted to practice on October 5, 1980.

3. I am a shareholder with the Salt Lake City law firm of Jones Waldo Holbrook & McDonough, PC. During part of the time relevant to this Declaration, I was a partner with the Salt Lake City office of Phoenix-based regional law firm, Snell & Wilmer, LLP. Specifically, I was with Snell & Wilmer from October 26, 2012 to May 12, 2014, at which time I accepted an offer to return to Jones Waldo Holbrook & McDonough, PC where I had been a shareholder for 21 years.

4. I am the Chair of the Bankruptcy and Reorganization Group at Jones Waldo Holbrook & McDonough.

5. I have practiced in the areas of bankruptcy, creditors rights, dissolutions, reorganizations, and related commercial litigation of complex business disputes for nearly my entire career.

6. I have been listed for several years in ***Best Lawyers in America*** in bankruptcy and creditors rights, commercial litigation, and bankruptcy litigation. In 2013, I was Lawyer of the Year in Bankruptcy Litigation in ***Best Lawyers in America.*** I have been listed in *Utah Business Magazine "Legal Elite"* under Bankruptcy/Creditors Rights for many years.

7. I have been listed for several years in ***Chambers USA-Best Lawyers for Business*** under general commercial litigation. I hold a Martindale-Hubbell "AV Preeminent" rating.

8. I am a member of the Utah State Bar Bankruptcy Practice Section, the Utah Bankruptcy Lawyers Forum, and the American Bankruptcy Institute. I served as Chair of the

Bankruptcy Committee of the Utah State Bar Committee of Bar Examiners for several years until the subject was discontinued on the Utah Bar Examination two years ago.

9. In November 2013, while still a partner at Snell & Wilmer, I was retained by V3 Systems, Inc., ("V3") to advise its Board concerning bankruptcy, workout, dissolution and restructuring options for the Company. I did not take the place of, but worked alongside, the law firm of Pia Anderson Dorius Reynard & Moss ("PADRM") which was representing V3 on a number of litigation fronts, including this matter against Plaintiff Michael Anderer ("Anderer").

10. Shortly after I began my representation of V3, negotiations commenced for a transaction with Sphere 3D Corporation ("S3D"). Snell & Wilmer was retained to assist in negotiations and documentation of any transaction which was consummated. Eventually, an agreement for the purchase of V3's assets by S3D was reached under the terms of an Asset Purchase Agreement dated February 11, 2014 and closed March 21, 2014 (the "APA"). As S3D is a public company, the APA was the subject of public announcements as to certain of its key terms.

11. The APA contains a confidentiality clause.

12. The consideration for the APA consisted of some cash (although not enough to pay nearly all of V3's debts), restricted stock of S3D (which traded at that time on the Canadian TSXV exchange) and an earn out payable over 15 months if certain revenue goals from the V3 business are met. The cash was exhausted at closing primarily paying debt essential to the transfer of the assets and administrative costs.

13. While I am not a securities lawyer, I have consulted with securities counsel and my clients and understand that in a transaction of this type, the stock is subject to a legend on the certificate and a restriction that it cannot be sold on the open market for a period of time after it is acquired. Under the APA, V3 could sell the shares on the Canadian market after four months under Canadian law and the application of the exemption from US securities law under Regulation S/Rule 904 if Sphere gives consent to the transfer agent after request. I am further informed and believe that if the Regulation S/Rule 904 exemption is not available for any reason, then the restriction period of US Rule 144 applies such that the stock cannot be sold for six (6) months from date of acquisition. The US holding period expires on September 23. The Canadian holding period expired on July 24, 2014 had V3 been able to take advantage of it.

14. In this case, S3D objected to V3's request through its transfer agent when the transfer agent requested consent to lift the legend on the certificate to begin to sell shares in Canada after July 24, 2014. This objection was made by Jason Meretsky, through an email to the transfer agent dated July 31, 2014. While V3 takes issue with S3D's motives and good faith in making the objection, nevertheless the legend has not been lifted and V3 has not sold any of its shares and cannot do so until the legend is lifted, probably after the US restricted period.

15. V3 sold all of its assets, including intellectual property, to S3D in the sale. Under the APA, it was required to change its name as S3D acquired the name and trade style "V3" in the APA. As such, V3 is now known as U.D. Dissolution Corp. but I will refer to it as V3 for sake of clarity.

16. Until V3 is able to liquidate the stock and receives earn out payments, it has no liquidity whatsoever.

17. Because V3 ceased doing business with the sale of its assets, it then undertook to comply with this post closing obligations and to wind up its affairs. I am advising the Board of Directors on wind up and dissolution. The Board signed a consulting contract with Gerard "Bill" Kesselring, an experienced businessman, to perform winding up and dissolution tasks.

18. V3 is a Nevada corporation and therefore subject to Nevada law.

19. V3 believes it has completed its post closing obligations which precede formal dissolution. On August 20, 2014, V3's Board approved, for submission to the shareholders, a Plan of Dissolution. V3 has since been garnering shareholder support for the Plan.

20. I have read the pleadings filed by Plaintiff Anderer in this action and attended all of his deposition in this matter. As such, although I am not counsel to V3 in this case, I am familiar with Anderer's claims of irreparable harm, dissipation of assets, and the other allegations he makes.

21. The Nevada Revised Statutes ("NRS") contain specific provisions concerning priority of payment in dissolution. Specifically, NRS SS 78.565 through 78.620, entitled "Sale of Assets: Dissolution and Winding Up," govern that process.

22. Section 78.590, NRS, converts the Board of Directors to liquidating trustees upon dissolution.

23. Section 78.610, NRS, regulates the payment of claims and distributions to shareholders in a strict priority. It provides:

The trustees…., after payment of all allowances, expenses, and costs, and the satisfaction of all special and general liens upon the funds of the corporation to the extent of their lawful priority, shall pay the other debts due from the corporation, if funds in their hands shall be sufficient therefore, and if not, they shall distribute the same ratably among all creditors who shall prove their debts….. If there shall be any balance remaining after the payment of the debts and necessary expenses (or making adequate provision therefore), they shall distribute and pay the same to and among those who shall be justly entitled thereto, as having been stockholders of the corporation….

24. In other words, all debts must be paid or provided for (the latter language dealing with contingent, unliquidated or disputed debts) before any distributions to stockholders can be made. I have advised the Board that this priority as between creditors and equity must be observed. Also, as to "lawful priority," dissolution estates typically adopt the priority scheme of the United States Bankruptcy Code which is similar to, but more specific, than the Nevada statute. The Plan of Dissolution approved by the Board for V3 adopts those provisions. Under the so-called "absolute priority rule" under the Bankruptcy Code, equity is typically the last class of interests to be paid even under reorganizing Chapter 11 plans, assuming equity interests survive at all. To my knowledge, no distributions of any kind have been made, or promised ahead of creditor claims, to any equity interest holder. In fact, an information letter was sent to all shareholders on August 5, 2014 explaining this priority and providing an earlier draft of the Plan of Dissolution. I assisted in the authorship of that letter.

25. Based upon the obligations of Nevada law and the priorities that creditors normally receive over equity holders, Anderer's expressed fears that V3 will exhaust V3's assets to pay stockholders and non-creditor third parties before creditors is legally unfounded. I know of no justification for that viewpoint.

26. Anderer is, in this circumstance, a disputed, contingent and unliqudated general unsecured claim. He has no higher priority than that even if he can prove up on any claim which V3 disputes.

27. In my role with V3, I have been engaged in active negotiations with, and research to identify, creditors of V3 and to identify all holders of, classes of, and priorities among equity interests.

28. V3 has many third party trade creditors, wage and salary claims, state and federal tax debts, secured creditors and other typical claims that it owes. It is subject to other lawsuits. Most of those claims are liquidated and undisputed. Anderer's disputed claim is one of 78 claims we have identified, which I am informed, from Mr. Kesselring's accounting work, totals over $5,179,680.00 As is typical in winding up or in bankruptcy, I, along with Mr. Kesselring and PADRM lawyers, have been in active and constant negotiations and discussions with creditors of all kinds working with them to achieve provable payment once V3 can sell its stock and get some liquidity.

29. The stock of S3D that V3 owns trades on the Canadian exchange, TSXV, and also now on the NASDAQ exchange in the United States (Symbol: ANY on NASDAQ) and it is subject to market fluctuations in value. The stock closed at $6.71 per share at the close of

trading on Friday, September 12, 2014. This calculation does not count the earn out which could be as much as $5,000,000.00 in cash or stock.

30. Anderer's apparent allegations that provision for his contingent, disputed and unliquidated claim have not been made are simply not true. Anderer's lawsuit was pending before the APA closed. I had some role in structuring the terms of the APA, particularly on claims of this type. We reviewed his damages claim of "$600,000" contained on his civil cover sheet filed with the Clerk of this Court in this case. The arrangements are confidential and would need to be disclosed in camera.

31. In structuring this holdback, we relied on his representations to this Court and in the file that his claim was $600,000.00. To my knowledge, Anderer never amended that statement of damages until a recent appearance in this Court where he threw out a figure of some $30 million in open court.

32. If Anderer is awarded the relief he seeks, specifically freezing all sales of V3's S3D shares, many other innocent creditors with honest and liquidated claims in the millions of dollars (including claims of the Internal Revenue Service) will be adversely affected to the benefit of a contingent, disputed and unliquidated creditor who allowed this litigation to sit stagnant for almost 14 months.

33. None of the many other creditors of V3 have suggested, threatened, sought to obtain, or obtained such extraordinary relief to my knowledge.

34. Appointing a receiver is unnecessary and burdensome and would be unduly expensive for a new professional to get up to speed. Corporate formalities are, to my knowledge,

being followed. The plan of dissolution approved by the Board follows Nevada law and the adopted priorities of the US Bankruptcy Code.

35. If Anderer is awarded the relief he seeks, the Company may need to immediately file a petition in bankruptcy in the United States Bankruptcy Court to insure equitable distribution to creditors and interest holders.

DATED THIS 15th DAY OF SEPTEMBER, 2014.

s/ Jeffrey Weston Shields
JEFFREY WESTON SHIELDS