

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

In re:

BKY No. 20-32155

Chapter 11

DigitalTown, Inc.,

Debtor.

Richard Pomije,

Plaintiff,

ADV No. 21-03003

v.

DigitalTown, Inc.,

Defendant.

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**DECLARATION OF ROB MONSTER**

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Comes now, Rob Monster, who upon penalty of perjury, states and declares as follows:

1. I was the chief executive officer of DigitalTown, Inc. (“DTI”) during the period of June 2015 through August 2018.
2. I make this declaration of my own knowledge, except where statement indicated to be made upon information and belief. If called to testify orally in these proceedings I would testify substantially as follows.
3. In the early spring of 2015 I was contacted by Mr. Richard Pomije of DTI. Mr. Pomije was the chief executive officer of DTI at that time. He advised me that he intended to resign and was soliciting me to take on the chief executive officer role at DTI.

4. Over the course of several weeks, we had several discussions directed towards my taking over the management of the company. Among other things, Mr. Pomije introduced me to a prospective investor named Darvin Habben. I had several conversations with Mr. Habben.
5. It was agreed that I would travel to Minnesota to discuss the possibility of my taking over management of the company. I came to Minnesota on May 11, 2015 for meetings with Mr. Pomije and Mr. Habben. Also in attendance were Jeff Mills and James Parsons.
6. As I understood it, Mr. Pomije had invested years in implementing a business model that was based on selling websites to schools. Aside from the fact that the model had failed to produce revenue, I did have questions about whether the business model would work.
7. My understanding was that Mr. Habben agreed with these basic ideas and agreed to invest in the company going forward with the understanding that I would come on board as the new CEO.
8. One of the first impediments to moving forward was that the funds that Mr. Habben invested in May 2015 were no longer available for the new project as of June 3, 2015 when I began work with more than half of the new investment reserves depleted. During the last weeks of his tenure, Mr. Pomije had spent hundreds of thousands of dollars in repaying debt to himself, his family members and friends. Mr. Habben's investment which, I understood, was intended to move the company forward had been substantially depleted by Pomije's paying off old debt. So, right at the outset we were hindered by not having all of the cash that

was intended to move the company forward. Mr. Pomije effectively hobbled the company from the outset.

9. During the summer of 2015, I led a very intensive development program to design, code and release a sports portal concept that built on the legacy of Mr. Pomije's domain portfolio. It was a fully working product. However, we quickly discovered that most if not all school districts prohibit publishing pictures of students under the age of 18 for obvious safety and security reasons. Consequently, producing a third-party website with the intent to publish pictures of school events and activities was problematic from the outset. In addition, many schools have established booster programs that run websites and sell school merchandise. Consequently, there were many stakeholders that vigorously opposed the idea of third-party, school-based websites that were monetized through the sale of branded merchandise for which we had secured a supply chain relationship. At this point, by September 2015, my basic thought was that the core concept of Mr. Pomije's plan for school sports portals was structurally flawed without a massive amount of capital with which to onboard school Boards of Education at the District level and across the country. This was not compatible with a bootstrap operating budget. Around that same time, I was approached by a fellow named Chris Maxwell, who had been incubating a concept for powering digital commerce in local communities using mobile apps and web portals and was operating a test market in Leavenworth, WA. Rather than go to the DTI Board with a message of "Sorry, the entire concept is doomed, let's shut down", I

intensively investigated a possible alternate business model around creating “Digital Towns” which also matched the company name.

10. By the end of Summer 2015, the company had almost no cash, and the company still had virtually no revenue but still substantial expenses. The company was leasing expensive office space in Burnsville, that was suitable for a much larger staff than what we had. The company was also burdened with substantial payroll expense that, in light of its income, was inappropriately high. It was my decision, approved by the board, to cut overhead by eliminating all Minnesota staff including Mr. Pomije. We did not need an account executive selling a product when we were no longer going to pursue the sale of that product. I opted instead to run DTI from my home in Sammamish, Washington and further agreed to not draw a salary through the end of 2015 in order to conserve the little bit of cash DTI had remaining for critical services.

11. I made these decisions that were then approved by the board based solely on the best interests of the company. These cost-cutting measures were necessary both because of the lack of revenue and because we intended to implement a radically different business model.

12. In summary, I came on the board of directors after Mr. Pomije had tendered his resignation and entered into his employment agreement. I did not participate in and had no knowledge of the discussions and negotiations that resulted in Mr. Pomije’s employment agreement. The decision to terminate Mr. Pomije and close the Burnsville office was based solely on the company’s financial circumstances and the business model we intended to implement.

I make this declaration upon penalty of perjury this 17<sup>th</sup> day of March, 2021, City of Sammamish County of King, State of Washington.

DocuSigned by:  
*Robert Monster*  
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Robert W. Monster