

IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
BROWARD COUNTY, FLORIDA

OFFICE OF THE ATTORNEY GENERAL,
DEPARTMENT OF LEGAL AFFAIRS,
STATE OF FLORIDA,

CASE NO. CACE-08-007686-3

Plaintiff,

vs.

LAURA L. HESS, ESQ.,
LAURA HESS & ASSOCIATES, P.A.,
HESS KENNEDY CHARTERED LLC, and
THE CONSUMER LAW CENTER, LLC,

Defendants.

A TRUE COPY
JUN 11 2012
HOWARD C. FORMAN
CLERK OF CIRCUIT COURT
BROWARD COUNTY

**RECEIVER'S NOTICE OF FILING RECEIVER DANIEL J. STERMER'S
MONTHLY REPORT AS OF MAY 31, 2012**


Receiver Daniel J. Stermer, by and through the undersigned counsel, hereby gives notice of filing the attached Receiver Daniel J. Stermer's Monthly Report as of May 31, 2012.

Dated: June 11, 2012

Respectfully Submitted,

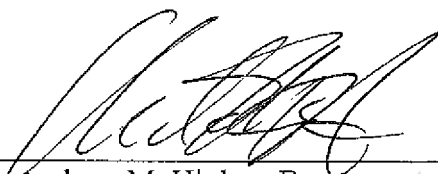
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By:


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been sent via U.S. Mail, postage prepaid, on this 11th day of June, 2012, to the parties listed on the attached Service List.

By: 
Andrew M. Hinkes, Esq.

From Article at GetOutOfDebt.org

SERVICE LIST

(Office of the Attorney General v. Hess)

(Case No. CACE08-007686 (08))

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IN THE CIRCUIT COURT OF THE 17TH
JUDICIAL CIRCUIT IN AND FOR
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OFFICE OF THE ATTORNEY GENERAL,
DEPARTMENT OF LEGAL AFFAIRS,
STATE OF FLORIDA,

CASE NO. 08-007686 (08)

Plaintiffs,

vs.

LAURA L. HESS, ESQ.,
LAURA HESS & ASSOCIATES, P.A.,
HESS KENNEDY CHARTERED LLC, and
THE CONSUMER LAW CENTER, LLC,

Defendants.

**RECEIVER DANIEL J. STERMER'S
MONTHLY REPORT AS OF MAY 31, 2012**

Pursuant to the *Ex-Parte Order Appointing Receiver*, dated July 18, 2008, as well as the December 10, 2008 Order, and Florida Rule of Civil Procedure 1.620, the Receiver provides the following Report of the Receiver's actions and investigation as of May 31, 2012:

I. Inventory

On August 5, 2008, the Receiver filed an initial inventory report in this Action. Since that date, no additional property or effects have been discovered or come to the Receiver's hands except as set forth in this or prior Reports. The Receiver has continued to facilitate the sale of certain personal property of the Receivership Estates, including desktop computers and related computer equipment. The net proceeds of these sales to date through May 31, 2012, have been \$14,798.00, which have been deposited into the operating accounts of the Receivership Entities. The remaining inventory has an estimated value of approximately \$500.00 due to current economic conditions which have resulted in a surplus of used office furniture and equipment in South Florida.

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II. Banking & Accounting

As of May 31, 2012, the Receivership Entities held the following cash assets inclusive of all operating funds and escrow funds at Sabadell United Bank f/k/a Mellon Bank:

	<u>IOTA</u>	<u>Operating</u>	<u>Total</u>
Debt Management	\$32,261.05	\$365,243.15	\$397,504.20
Debt Settlement	\$7,298.90	\$12,894.51	\$20,193.41
Total	\$39,559.95	\$378,137.76	\$417,697.61

	1 st Distribution 12/30/2009	2 nd Distribution 12/30/2010	Total
Claims Distribution Segregated Accounts	\$0 ¹	\$1,877.99 ²	\$1,877.99

	IOTA	Operating	Claims Distribution Accts.	Total
Total	\$39,559.95	\$378,137.76	\$1,877.99	\$419,575.60

Prior to the appointment of the Receiver, the Receivership Entities did not have trust accounts that complied with the Interest on Trust Accounts Program ("IOTA"), as required by The Florida Bar. The Receiver established compliant IOTA accounts during the early stages of the receivership. As a result, the Florida Bar has received \$85,268.43 through May 31, 2012, as the interest proceeds from the IOTA accounts established by the Receiver.

¹ In accordance with the Court's July 30, 2010 *Order Approving and Authoring Motion for Instructions Regarding Unclaimed Distribution Funds* ("July 30, 2010 Order") the Receiver distributed the balance of the unclaimed first distribution funds to the three entities set forth in the Order.

² In accordance with the Court's December 1, 2011 *Order Approving and Authorizing Motion for Instructions Regarding Unclaimed Second Distribution Funds* ("December 1, 2011 Order"), the Receiver distributed the balance of the unclaimed second distribution funds, in addition to the remaining funds from the initial distribution, to the three entities set forth in the Order. Limited funds remain in the second distribution account as certain of the distribution checks were resent out recently, thus allowing time for those checks to be negotiated by the claimant.

Since the last Report – *i.e.*, between May 1 - May 31, 2012 – the Receiver has approved the following receipts and expenditures in connection with the operation and general management of the Receivership Entities:

Receipts

Hess Kennedy DM Commissions (including payments for creditors)	\$87,472.11
Campos DM Commissions (including payments for creditors)	\$58,952.46
Orlando DM Commissions (including payments for creditors)	\$90,731.85
Third-party payments	
Interest Income	
Client Trust Funds Transferred	
Sale of Assets	
Refunds from Vendors	
Customer Refunds	
Net Receipts	\$237,156.42

Expenditures

Americorp	\$9,360.00
CBDC Fees for Processing	\$2,823.00
Hess Kennedy DM payments to Creditors	\$93,400.11
Campos DM payments to Creditors	\$58,475.33
CBDC DM to payments Creditors	\$80,690.85
Labor	\$2,805.44
Occupancy Expense	\$4,250.00
Advertising/Marketing	
Legal & Professional Fees	\$62,916.96
Claims Disbursed	
Litigation Settlements (including global settlements)	
Consulting Fees	\$32,956.25
Equipment Rental	
Insurance Expense	
Office Supplies	\$425.93
Repairs and Maintenance	
Travel, Meetings & Conferences	
Licenses & Permits	
Dues & Subscriptions	
Postage & Delivery	

Telephone & Communications	\$694.33
Bank Charges	\$2126.03
Computer Expense	\$3,890.00
Miscellaneous Expense	
Distribution of Unclaimed Funds	
Total Operating Expenditures	\$354,814.23

The Receiver expects the Receivership Entities will continue to receive certain commissions due from the debt management operations, as well as additional recoveries under existing settlement agreements, pending lawsuits, and additional lawsuits that may be filed.

In addition to the amounts paid recited above, the Receiver and his engaged professionals have incurred outstanding fees and expenses. As of May 31, 2012, the Receiver has incurred unpaid fees and expenses in the amount of \$11,425.00 in fees and \$5.99 in expenses which represents professional time for the period of April 1, 2012 - May 31, 2012. Pursuant to the Court's December 10, 2008 Order, the Receiver's engaged professionals are subject to a five percent (5%) holdback on their fees. As of May 31, 2012, the only holdbacks (5%) were \$1,077.32 for Berger Singerman, P.A., and \$0.00 for Rosenbaum Sobel, LLC.

III. Claims Process/Approved Claimant Relief

Pursuant to the Court's December 1, 2011 Order, the Receivership was obligated to distribute all approved distribution funds to the entities noted on the face of the Order. As noted above, on January 6, 2012, the Receiver remitted payments in the amount of \$29,983.36 to the Florida Attorney General's Division of Victim Services, \$29,983.37 to the Florida Attorney General's Seniors Versus Crime Project and \$29,983.37 to Legal Aid Service of Broward County.

The Receiver posted a Narrative on the Receiver's web site advising interested parties that the distributions would be made as required by the Court's Orders.

Particulars of Initial Distribution

As previously reported, the Receiver effected a 25% distribution to all Approved Claimants in the total amount of \$13,569,681.01³ on December 30, 2009. As of December 31, 2011, of the total distribution amount of \$13,569,681.01, \$29,254.21 remained unpaid. This unclaimed initial distribution amount was fully disbursed as part of the January 6, 2012 checks to the entities named above.

Particulars of Second Distribution

As previously reported, the Receiver effected a second 5.5% pro rata distribution to all Approved Claimants in the total amount of \$2,985,334.68 on December 30, 2010. As of May 31, 2012, 32 recently issued replacement checks of the 16,167 disbursement checks (having a total value of \$1,877.99) sent on December 30, 2010 remain unpaid.

The particulars of the initial and second pro rata distributions detailed above do not include the approximately \$150 million in credit card obligations that were forgiven (and the respective tradelines deleted) pursuant to the global settlements negotiated by the Receiver with Capital One, HSBC and Chase.

IV. Operations

Between May 1 and May 31, 2012, the Coral Springs facilities handled 1,311 calls regarding the claims process, client files, and related matters. As of May 31, 2012, the Receivership Estates continue to fund the expenses for 1 employee engaged through a third-party provider. The Receiver will continue to review staffing needs as appropriate based upon the posture of the matter and the claims process.

³ Subsequent to the initial distribution of 13,568,326.86, additional distributions in the amount of \$1,354.15 were made due to the reporting of the Chase Global Settlement. Thus, the first distribution totaled \$13,569,681.01.

V. Litigation

Five lawsuits initiated by the Receiver against individuals and/or advertisers/marketers remain pending with their current status as follows:

1. *Daniel J. Stermer as Receiver v. Joe Jacucci*, Case No. 08-43490 (08) (Cir. Ct., Broward Cty., Florida) The Receiver argued its Motion for Partial Summary Judgment on Count IV of Receiver's Complaint on February 27, 2012, at 2:00 p.m., and the Court entered the Partial Final Summary Judgment in favor of the Receiver. The Receiver filed a notice of Voluntary Dismissal of all other counts of the complaint against Defendant on April 4, 2012.
2. *Daniel J. Stermer as Receiver v. The Credit Exchange Corporation*, Case No. 08-64343 (08) (S.D. Fla.) The Receiver settled with The Credit Exchange Corporation and Credit Exchange LLC ("Defendants"), who agreed to make payments to the Receiver and stipulated to a judgment which was entered by the Court on 7/27/10. Defendants breached the settlement agreement by non-payment, and the Receiver has perfected a judgment lien against Defendants, both of whom are located in California, and continues efforts to satisfy the judgment against Defendants.
3. *Daniel J. Stermer as Receiver v. Steven Vanderhoof*, Case No. 11-CV-62076-Zloch/Rosenbaum (S.D. Fla.); Demand was served upon Steven Vanderhoof in accordance with the terms of the Settlement Agreement and Mr. Vanderhoof's Personal Guaranty of Defendant's obligation pursuant to the Settlement Agreement. The Receiver filed suit in the United States District Court, Southern District of Florida, Case No.: 11-CV-62076-Zloch/Rosenbaum, and obtained service on Mr. Vanderhoof, who was found to reside in Chicago, Illinois, on October 4, 2011. On October 31, 2011, the Clerk of the United States District Court for the Southern District of Florida entered a Default against Steven Vanderhoof. The Court entered Default Final Judgment against Steven Vanderhoof on November 18, 2011. The Receiver has submitted necessary paperwork to reduce the judgment to a lien in Illinois and California.
4. *Daniel J. Stermer, as Receiver v. 1st Platinum Financial, LLC*, Case No.: 11-5813 (08) (Cir. Ct. Broward Cty., Florida); On April 23, 2011, counsel for 1st Platinum filed a Motion to Quash Service, which was heard by the Court on November 30, 2011. The Court denied the Motion, and Ordered 1st Platinum to file an Answer in response to the Plaintiff/Receiver's Complaint within 20 days from entry of the Order, or December 20, 2011. On January 5, 2012, the Receiver filed a motion for clerk's default for 1st Platinum's failure to serve a paper in response to the Court's Order of December 20, 2011. The Clerk entered a default judgment and then removed the default judgment from its docket advising that a judicial default must be entered since 1st Platinum had filed a paper (the Motion to Quash Service) in this proceeding. Thereafter, the

Receiver filed a motion for judicial default with the Broward County Clerk's Office on January 31, 2012. A Judicial Default was entered on January 31, 2012. On March 5, 2012, the Receiver's counsel served the Defendant with a Motion for Final Judgment by Judicial Default Against the Defendant. On March 6, 2012, the Court entered a Final Default Judgment in Favor of Plaintiff/Receiver, Daniel J. Stermer, and Against Defendant, 1st Platinum Financial, LLC, also known as First Platinum Financial, LLC. The Receiver engaged a process server to serve a copy of the Order upon the principal Lisa Dill, and was advised by the process server that Lisa Dill no longer lives at the address on file. Attempts are being made to locate Lisa Dill's current address.

5. *Daniel J. Stermer, as Receiver v. United Family Services, Inc., also known as United Family Services of Florida, Inc., a Florida corporation*, Case No.: 11-005812 (08) (Cir. Ct. Broward Cty., Florida); Final Default Judgment in Favor of Plaintiff/Receiver, Daniel J. Stermer, and Against Defendant, United Family Services, Inc., also known as United Family Services of Florida, Inc. ("UFS") was entered April 29, 2011. Judgment Debtor UFS failed to timely complete and submit to counsel Form 1.977, the Information Fact Sheet, and the Receiver has filed a Motion for Order to Show Cause which was argued on August 4, 2011. The Court entered an Order requiring Judgment Debtor to produce the Rule 1.977 fact information sheet by August 29, 2011. Thereafter, the Receiver filed its Motion for Imposition of Sanctions Against Judgment Debtor for Failing to Comply with the Court's Order of August 5, 2011. On November 30, 2011 the Court Granted the Plaintiff's Motion entering an Order requiring the Defendant to serve one hundred and seventy nine days (179) in the Broward County Jail which sentence may be purged by paying twelve hundred dollars (\$1,200.00) to cover the Plaintiff's attorneys' fees and complying with the Court's August 5, 2011 Order. The November 30, 2011, Order also required the Judgment Debtor corporation to pay a fine in the amount of \$10,000.00. In accordance with the Judge's ruling, on January 3, 2012, an Order issued Finding Judgment Debtor in Contempt of Court and Imposing Sanctions Against the Judgment Debtor and the Principal of the Judgment Debtor. Pursuant to the terms of the Order, the Receiver engaged a process server who served copy of the Order on the principal on January 9, 2012. No response has been received from the Judgment Debtor. Counsel for the Receiver has drafted a Writ of Bodily Attachment to apprehend the principal of the Defendant and will file it after review and approval.

The Receiver is continuing to review the remaining marketing/advertising companies that referred clients to the Receivership Entities and certain third-parties who did business or provided services to the Receivership Entities to determine whether and which additional lawsuits should be filed.

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