

(Trustee's Ninth Status Report)

DEBORAH C. MENOTTE
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Southern District of Florida

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January 16, 2020

Re: CLSF III IV, Inc., Debtor (and all related/consolidated cases)
Case No. 12-30081-BKC-EPK, et al

Dear Investors and Creditors:

Below is an update as to the status of these cases since my last report.

CLAIMS

As of the date of this status report, 1,108 claims were filed against CLSF III IV, Inc., as well as 819 claims filed against Debtor, Deborah Catherine Peck, and additional claims were filed in each of the thirty-two cases affiliated with CLSF III IV, Inc. The Trustee has made significant progress on the claims review process since her last report. The Trustee and her counsel have been reviewing and analyzing claims and have objected to all of the claims filed in the Deborah Catherine Peck case that were duplicative of claims filed in the CLSF III IV, Inc. case, and has filed objections to the claims filed in the thirty-two cases affiliated with CLSF III IV, Inc. on the basis that they were duplicative of claims filed in the CLSF III IV, Inc. case. In addition, the Trustee and her counsel have reviewed all claims filed in the CLSF III IV, Inc. case, have objected to multiple claims that are duplicative of other claims filed in the CLSF III IV, Inc. case, and have resolved various disputed claims with multiple claimants. In addition, the Trustee has resolved disputes between the Trustee and MQIC with respect to the claims filed by MQIC on behalf of its members, and has also resolved claim disputes with 66 non-MQIC members who filed claims for their interests in BGI Funds. The Trustee has recently filed another omnibus claim objection to address the claims of the non-MQIC members who filed claims for their interests in BGI Funds that did not affirmatively accept the Trustee's proposal to resolve the disputes as to their claims as set forth in the previous motion filed by the Trustee on November 6, 2019 [ECF No. 1832]. This is the last round of claim objections the

Trustee will be filing in these substantively consolidated bankruptcy cases.

As of the date of this status report, the Court had entered fifty-seven orders sustaining omnibus objections to claims or resolving claim disputes.

LITIGATION AND CONTESTED MATTERS

As you know, as Trustee for the CLSF Debtors and Deborah Peck, the Trustee filed multiple adversary proceedings against various individuals and entities (i) seeking the avoidance and recovery of fraudulent transfers; (ii) seeking the avoidance and recovery of preferential transfers; (iii) objecting to the discharge of Deborah Catherine Peck; (iv) objecting to the dischargeability of the debt owed to the Trustee by the Debtor's spouse, Joe Kelly Bloomer; and (v) to set aside the conveyance of, and cancel the deed and quiet title to, a condominium located in Palm Beach Gardens, Florida.

Below is a summary of the adversary proceedings, including those in which judgments have been entered in favor of the Trustee.

Deborah C. Menotte, Trustee v. Dennis E. Moens, Simon Franciscus Wilhelmus Laan, et al. – Adv. No. 14-01591-EPK

As you are aware from prior status reports, the Trustee obtained final default judgment against (i) Zilwood, S.A. in the amount of \$750,000.00 plus post-petition interest; (ii) Crystal Life International FZE a/k/a Crystal Life Capital, S.A. in the amount of \$5,402,732.69, plus post-petition interest; (iii) Watershed, LLC in the amount of \$21,903,545.45, plus post-petition interest; (iv) Quality Investments, B.V. in the amount of \$7,646,435.54, plus post-petition interest; (v) Dennis Edward Moens ("Moens") in the amount of \$73,615,910.87, plus post-petition interest.; and (vi) Simon Wilhelmus Franciscus Laan ("Laan") in the amount of \$20,584,687.46.

The Trustee's special counsel in The Netherlands has been assisting the Trustee with the attempted recovery of assets seized from Moens and Laan in connection with the Dutch criminal proceedings pending in The Netherlands. On February 6, 2018, the Court of Amsterdam, The Netherlands, conducted a hearing in the Netherlands to consider objection motions (*verzetprocedure*) dated June 8, 2017, filed by Moens and Laan and the Dutch company, Quality Investments B.V., after they were served with the Dutch default judgment of April 26, 2017, in which the rulings of the U.S. judgments of August 17, 2015 and February 16 and November 21, 2016 were incorporated based upon Clause 431 section 2 of the Dutch Civil Procedural Code.

Moens, Laan and Quality Investments, B.V. initially failed to appear in the Dutch proceeding resulting in the Dutch default judgment of April 26, 2017. By filing the objection motions, the first instance main proceeding was reopened based on Clause 147 of the Dutch Civil Procedural Code. Since the objection motions were considered to be the statements of defense in the reopened main

proceeding, the Court of Amsterdam scheduled the February 6, 2018 hearing based on Clauses 131, 87 and 88 of the Dutch Civil Procedure Code, meaning a hearing with the personal appearance of the parties was required to provide information and/or to attempt to reach a settlement. The Trustee attended a four hour hearing on February 6, 2018 in The Netherlands, as did both Moens and Laan. To date, the Court of Amsterdam has ruled that the default judgments the Trustee obtained against Laan and Moens in the bankruptcy proceedings in the United States are enforceable in Europe. Mr. Laan has agreed not to appeal that judicial recognition ruling, and is cooperating with the Trustee in her liquidation of assets he owns that have been seized by various governmental authorities in Europe. However, Mr. Moens, who no longer has counsel in the judgment enforcement proceedings in The Netherlands, has not cooperated with the Trustee and his time to appeal the judicial recognition order from the Court of Amsterdam does not run until March 18, 2020. Thus, until the deadline for Mr. Moens to appeal the judicial recognition order runs, the Trustee is taking no action regarding seizure and/or liquidation of any assets of Mr. Moens in Europe.

**Deborah C. Menotte, Trustee v. Sunstar Financial, LLC
and Reed Collingwood - Adv. No. 14-01595-EPK**

The Trustee commenced an action against Sunstar Financial, LLC (“Sunstar”) and its principal, Reed Collingwood (“Collingwood”), for the recovery of fraudulent transfers paid by the Debtor to Sunstar and Collingwood of over \$1.4 million in “consulting fees” or commissions in connection with the purchase or sale of life insurance policies. Neither Sunstar nor Collingwood was a licensed provider or broker in Florida, and were not entitled to receive commissions pursuant to regulations which govern the sale of life insurance policies.

The Trustee obtained final default judgments against each of Sunstar Financial, LLC (“Sunstar”) and Reed Collingwood (“Collingwood”) in the amount of \$1,605,797.81, plus post-judgment interest at the applicable federal statutory rate, with respect to the action commenced by the Trustee against Sunstar and Collingwood for the recovery of fraudulent transfers paid by the Debtor to Sunstar and Collingwood for “consulting fees” or commissions in connection with the purchase or sale of life insurance policies. As indicated in prior status updates, neither Sunstar nor Collingwood was a licensed provider or broker in Florida and they were not entitled to receive commissions pursuant to regulations which govern the sale of life insurance policies

The Trustee’s collection attorney in Phoenix, Arizona is continuing to investigate the assets of Sunstar and Collingwood in an effort to collect on these judgments.

Judgments entered against Arthur Mark Feuerborn

As indicated in prior status reports, as part of the Trustee’s pursuit against Sunstar and Collingwood, referenced above, the Trustee discovered that an attorney, Arthur Mark Feuerborn held funds on behalf of Sunstar and Collingwood in his attorney trust account, which he routinely disbursed at the request of Collingwood. The Court entered several sanction and contempt orders against Mr. Feuerborn, as well as judgments, and the Trustee was owed the sum of \$323,988.00 by Mr.

Feuerborn.

The Trustee's collection attorney in California assisted the Trustee with the filing of a lawsuit in California against Mr. Feuerborn, in an attempt to collect the \$323,988.00 owed to the Trustee, and the Trustee entered into a settlement with Mr. Feuerborn regarding that lawsuit. Pursuant to that settlement, Mr. Feuerborn executed a Promissory Note in favor of the Trustee, in the amount of \$120,000.00 and the Trustee holds a mortgage on Mr. Feuerborn's real property to secure the Promissory Note. Pursuant to the Promissory Note, the sum of \$120,000.00, together with interest was paid, in full, on March 20, 2018.

Deborah C. Menotte, Trustee v. Jack Barry Phillips
Adv. No. 15-01461-EPK

As stated previously, the Trustee commenced an action against Jack Barry Phillips, as well as CJ VJ Realty Associates, LLC ("CJ-VJ"), and the two daughters of Deborah Peck. CJ-VJ is an entity formed by Ms. Peck for purposes of holding real property as an investment. Ms. Peck's daughters each held a 30% interest, Mr. Phillips held a 1% interest, and Ms. Peck held a 39% interest in CJ-VJ. The Trustee settled her disputes with Ms. Peck's daughters, and each of their 30% interests was transferred to the Trustee. CJ-VJ was the owner of real property located in Palm Beach Gardens, Florida, which was sold in February 2015. The Trustee commenced the lawsuit and demanded the turnover of the proceeds from the sale of the real property.

In December 2015, the Trustee obtained a final default judgment against Jack Phillips in the amount of \$149,215.65, plus post-judgment interest at the applicable federal statutory rate; and determined that Mr. Phillips had no interest in CJ-VJ.

The Court has also entered numerous orders against Mr. Phillips, awarding sanctions in the aggregate amount of \$16,146.50 against him, and in favor of the Trustee, for Mr. Phillips' failure to comply with multiple orders of the Court.

The Trustee's special counsel in New Jersey is still investigating the assets of Mr. Phillips in an attempt to collect amounts owed by him to the Trustee.

Deborah C. Menotte, Trustee v. Joe Kelly Bloomer
Adv. No. 15-01357-EPK

As stated in prior reports, the Trustee holds a judgment against Joe Kelly Bloomer, in the amount of \$4,453,456.91. The debt to the Trustee is non-dischargeable. Mr. Bloomer is the husband of Deborah Peck, who filed his own chapter 7 bankruptcy proceeding on April 2, 2014. The amount owed to the Trustee by Mr. Bloomer is based upon the fraudulent transfer payments that Mr. Bloomer and companies that he owns or controls received from CLSF III IV, Inc. and Ms. Peck.

Many months following the entry of the judgment against Mr. Bloomer, Mr. Bloomer filed a motion with the Court seeking to vacate the final judgment. The Court conducted a hearing on Mr. Bloomer’s motion to vacate and then entered an order denying Mr. Bloomer’s motion. Mr. Bloomer then appealed the Bankruptcy Court’s decision to the United States District Court for the Southern District of Florida, and the United States District Court entered an order affirming the Bankruptcy Court’s ruling.

The Trustee retained special counsel in Palm Beach County, Florida to collect on the judgment entered against Mr. Bloomer and ultimately collected \$198,224.68 from multiple garnishments of Mr. Bloomer’s account(s).

On February 5, 2019, the Trustee filed a motion to approve a stipulation for compromise and settlement between the Trustee and Cohen, Norris, Wolmer, Ray, Telepman & Cohen (“Cohen Norris”), whereby Cohen Norris paid the sum of \$150,000.00 to the Trustee, in exchange for an assignment of the judgment entered against Mr. Bloomer. On March 4, 2019, the Court approved the settlement between the Trustee and Cohen Norris and the Trustee has received the sum of \$150,000.00 from Cohen Norris pursuant to the settlement.

SETTLED ADVERSARY PROCEEDINGS

In addition to the above lawsuits, the Trustee has settled various lawsuits that have resulted in monies coming into the Debtors’ estate. Below is a chart reflecting the name of the action and the proceeds that have been received by the Trustee on account of each settled adversary proceeding. In addition, attached is the Trustee’s interim report, through September 30, 2017, which reflects the receipts and disbursements made to date.

Name of Action	Funds Received by the Trustee
<i>Deborah C. Menotte v. Steven C. and Dara L. Draeger, Steven C. Draeger and/or Dara L. Draeger, as Trustees of the Draeger Family Revocable Trust, Kenneth McCarty and Debra McCarty, and Kenneth McCarty, as Trustee of the McCarty Family Trust – Adv. No. 14-01594-EPK</i>	\$120,000.00 An additional \$20,000.00 is to be paid by Defendants, Steven C. Draeger, Dara L. Draeger and Steven C. Draeger and Dara L. Draeger, as Trustees of the Draeger Family Revocable Trust.
<i>Deborah C. Menotte v. Richard Warburton – Adv. No. 14-01593-EPK</i>	\$436,500.00
<i>Deborah C. Menotte v. Plantation Boat Mart & Marina, Inc. – Adv. No. 14-01598-EPK</i>	\$50,000.00
<i>Deborah C. Menotte v. Michael L. Glaser, LLC – Adv. No. 14-01596-EPK</i>	\$350,000.00
<i>Deborah C. Menotte v. Clifford Chance, LLC – Adv. No. 14-01599-EPK</i>	\$15,000.00

Name of Action	Funds Received by the Trustee
<i>Deborah C. Menotte v. George C. Peck, Sr., Courtyard Gardens Rehabilitation Center, LLC and Courtyard Gardens at Wellington, LLC and The Rinaldi Group of Florida, LLC – Adv. No. 15-01648-EPK</i>	\$1,319,348.00
<i>Deborah C. Menotte v. Deborah C. Peck, as Trustee of the Moens Family Trust – Adv. No. 13-01759-EPK</i>	\$150,000.00 (Proceeds from the sale of real property in Palm Beach Gardens, Florida)
<i>Deborah C. Menotte v. Life Capital Group II, LLC, The Montage Financial Group, Inc. and Jonathan Polter – Adv. No. 13-01153-EPK</i>	\$1,150,000.00 (Proceeds from sale of life insurance policy)
<i>Deborah C. Menotte v. Life Capital Group, LLC, The Montage Financial Group, Inc. and Jonathan Polter – Adv. No. 12-02124-EPK</i>	\$2,200,000.00 (Proceeds from the sale of life insurance policy)
<i>Deborah C. Menotte, Trustee v. Lifetime Settlements, Inc., Lifetime Legacies, Inc. and 3825892 Canada, Inc. – Adv. No. 13-01328-EPK</i>	\$525,000.00
<i>Deborah C. Menotte, Trustee v. Philip Lian; Adv. No. 14-01600-EPK and Parcside Equity, LLC v. Deborah C. Menotte, Trustee; Adv. No. 13-01479-EPK</i>	\$1,150,000.00 (Net proceeds from the sale of Ibrahim Rabadi life insurance policy)
<i>Deborah C. Menotte, Trustee v. Oleg Rudoy; Adv. No. 16-01092-EPK</i>	\$35,000.00

SERVICE BY ELECTRONIC MAIL

EMAIL ADDRESSES: We have previously requested that all investors/claimants provide an email address and agree to accept service of pleadings regarding this case by email rather than regular mail. Email service rather than regular mail service will not only get you important updates and Court documents quicker, but it will save this case money. Every time we have to do a mass mailing to those who have not contacted us to accept email service, it only increases the expenses for copies and postage that come off the top of any monies available for payment to creditors. We are trying to save the estate money, and we are trying to get you service of Court documents in the most expeditious and cost effective way. If you have not already done so, and continue to receive copies of documents by mail, PLEASE contact Kerry Burns, paralegal at kburns@bergersingerman.com by email and agree to accept service by way of email. In addition, if your email address changes, please notify kburns@bergersingerman.com of your change in email address and we will make sure

to make the necessary changes.

Please review under Pleadings/Court Filings Doc # 957, which explains and gives detail as to accepting service by way of email. Your cooperation in this regard would be appreciated.

Sincerely,

/s/

Deborah C. Menotte, as Trustee