

**(Trustee's Sixth Status Report)**

**DEBORAH C. MENOTTE  
Federal Bankruptcy Trustee  
Southern District of Florida**

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February 2, 2016

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.

### **SUBSTANTIVE CONSOLIDATION**

Since the last report, the Court entered an Order [Doc. # 1115], as amended by Doc. #1120, substantively consolidating certain non-debtor trust entities with (i) CLSF III IV, Inc.; (ii) the thirty-two affiliates of CLSF III IV, Inc.; (iii) certain non-debtor entities substantively consolidated pursuant to the Court's order dated October 2, 2013 [ECF No. 561]; (iv) Deborah Catherine Peck; and (v) non-debtor, Deborah C. Peck, Esq., P.A.

### **LITIGATION MATTERS**

I, as Trustee for the CLSF Debtors and as Trustee for Debtor, Deborah Catherine Peck, have 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; (ii) objecting to the discharge of Deborah Catherine Peck; and (iii) objecting to the dischargeability of the debt owed to the Trustee by the Debtor's spouse, Joe Kelly Bloomer.

Below is a summary of the pending 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**

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; and (iv) Quality Investments, B.V. in the amount of \$7,646,435.54, plus post-petition interest.

The Trustee also filed a motion for default judgment against Dennis Edward Moens which is set for hearing on February 11, 2016.

The Trustee has retained special counsel in The Netherlands to advise the Trustee with respect to collection of these judgments overseas.

**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 and Collingwood in the amount of \$1,605,797.81, plus post-judgment interest at the applicable federal statutory rate.

Each of Sunstar and Collingwood claim that the final default judgments entered against them are uncollectible. The Trustee has hired a collection attorney to pursue collection of these judgments said retention on a contingency fee basis.

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

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 without approval of the Trustee. 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. The Trustee has recently filed a motion requesting authorization to retain an attorney in New Jersey to pursue collection of the final default judgment against Mr. Phillips.

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

The husband of Deborah Peck, Joe Kelly Bloomer, filed a chapter 7 bankruptcy proceeding on April 2, 2014. Due to Mr. Bloomer's bankruptcy filing, the Trustee was not permitted to commence a lawsuit against Mr. Bloomer in the CLSF III IV, Inc. cases for the avoidance and recovery of fraudulent transfers. The Trustee filed a Proof of Claim in Mr. Bloomer's Chapter 7 bankruptcy case for the sum of \$4,453,456.91, representing the fraudulent transfer payments received by Mr. Bloomer by funds of CLSF III IV, Inc. and Ms. Peck.

The Trustee filed a lawsuit against Mr. Bloomer in Mr. Bloomer's bankruptcy case objecting to the dischargeability of the debt owed to the Trustee. On August 24, 2015, the Court entered a final default judgment against Mr. Bloomer and in favor of the Trustee, which provides that the debt owed by Mr. Bloomer to the Trustee in the amount of \$4,453,456.91 is non-dischargeable.

**Deborah C. Menotte, Trustee v. Euroclubs**  
**Adv. No. 14-01597-EPK**

The Trustee commenced an action against Euroclubs, Inc. for the avoidance and recovery of fraudulent transfers in the amount of \$169,064.00. The Trustee obtained a final default judgment against Euroclubs, LLC in the amount of \$169,064.00, plus post-judgment interest at the applicable federal statutory rate.

**Deborah C. Menotte, Trustee v. Deborah Catherine Peck**  
**Adv. No. 15-01438-EPK**

The Trustee objected to the discharge of Deborah C. Peck. This litigation matter is on-going and

there currently is a status conference scheduled for February 11, 2016, although a motion has recently been filed to postpone this hearing for ninety days to allow Mrs. Peck to finalize her settlement in a class action case filed by certain investors.

**SETTLED ADVERSARY PROCEEDINGS**

In addition to the above lawsuits, the Trustee filed lawsuits that have been settled and are no longer pending. 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.

<b>Name of Action</b>	<b>Funds Received by the Trustee</b>
<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 &amp; 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
<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,</i>	\$2,200,000.00

<i>The Montage Financial Group, Inc. and Jonathan Polter – Adv. No. 12-02124-EPK</i>	(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

**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**

The Trustee recently resolved the adversary proceeding commenced by Parcside Equity, LLC as well as the related adversary proceeding brought by the Trustee against the principal of Parcside Equity, LLC, Philip Lian. Pursuant to that settlement, the Trustee was authorized to market and sell a life insurance policy issued on the life of Ibrahim Rabadi, to the highest and best bidder. The Trustee hopes to have a signed purchase and sale agreement shortly for the sale of the Rabadi policy, which should bring additional monies into the Debtors’ estate, once approved by the Court.

**ADDITIONAL ASSET RECOVERIES**

The Trustee recently retained a real estate broker in New Jersey to assist the Trustee with marketing and selling real property located in Spring Lake, New Jersey to which Deborah Peck held an interest. The Trustee hopes to recover some proceeds from the sale of the real property, however, the proceeds from the sale, if any, is unknown at this time.

The Trustee also retained special counsel in The Netherlands to advise and assist the Trustee with regard to any potential recoveries overseas.

**CLAIMS**

As of the date of this status report, 1,106 claims have been filed against the CLSF III IV, Inc., *et al.* Debtors, as well as 819 claims filed against Debtor, Deborah Catherine Peck, however, the Trustee’s claims analysis is not yet complete.

**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 [lcloyd@bergersingerman.com](mailto:lcloyd@bergersingerman.com) by email and agree to accept service by way of email. In addition, if your email address changes, please notify [lcloyd@bergersingerman.com](mailto:lcloyd@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