

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

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

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December 23, 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.

**LITIGATION AND CONTESTED 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; (iii) objecting to the dischargeability of the debt owed to the Trustee by the Debtor's spouse, Joe Kelly Bloomer; and (iv) 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 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; (iv) Quality Investments, B.V. in the amount of \$7,646,435.54, plus post-petition interest; (v) Dennis Edward Moens in the amount of \$73,615,910.87, plus post-petition interest and (vi) Simon Wilhelmus Franciscus Laan in the amount

of \$20,584,687.46, plus post-judgment interest.

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.

**Judgments entered against Arthur Mark Feuerborn**

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 Trustee filed several motions for sanctions and for contempt against Mr. Feuerborn for his failure to produce documents to the Trustee and appear at hearings before the Court. After evidentiary hearings conducted on March 15 and April 8, 2016 on the Trustee’s motions for sanctions and contempt, the Court entered an Order in favor of the Trustee and against Mr. Feuerborn, directing Mr. Feuerborn to pay the Trustee sanctions in the amount of \$260,214.50, representing the funds that Mr. Feuerborn concealed from the Trustee on behalf of himself, Collingwood and Sunstar, which prevented the Trustee from collecting these monies to partially satisfy the judgments entered against Sunstar and Collingwood.

In addition, the Court entered a final judgment against Mr. Feuerborn, awarding the Trustee an additional \$54,670.50, representing the attorneys’ fees and costs incurred by the Trustee to prosecute the various motions for sanctions and for contempt filed against Mr. Feuerborn.

The Trustee expects to retain a collection attorney to pursue the judgment entered against Mr. Feuerborn and the order awarding sanctions in favor of the Trustee.

**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. 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 Trustee has retained an attorney in New Jersey to pursue collection of the final default judgment against Mr. Phillips.

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.

**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. Several months after the final default judgment was entered against Mr. Bloomer, Mr. Bloomer retained new counsel and filed a motion seeking to vacate the final default judgment entered against him. Following a hearing conducted on the motion to vacate the final default judgment, the Court entered an Order denying the motion to vacate final default judgment and Mr. Bloomer has appealed that ruling to the United States District Court for the Southern District of Florida. The matter has been fully briefed and the Trustee is awaiting the District Court’s ruling.

**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. Recently, Ms. Peck agreed to the waiver of her bankruptcy discharge and the Court entered an order on October 14, 2016 granting Ms. Peck’s motion to approve a waiver of her discharge and providing that Ms. Peck’s discharge waiver is irrevocable and cannot be withdrawn. This ruling effectively resolves the Trustee’s action objecting to the discharge of Ms. Peck and this adversary proceeding has been dismissed without prejudice.

**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.

<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, 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

### **ADDITIONAL ASSET RECOVERIES**

The Trustee 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 and her father, Dr. George Peck, held an interest. On August 18, 2016 the Court entered an Order approving the sale of the New Jersey real property for the sum of \$2,786,000.00. There was a mortgage outstanding on the property of approximately \$915,000.00 and a creditor with a final judgment against Ms. Peck for approximately \$1,000,000.00. After payment of the outstanding mortgage and closing costs, the net amount of the sale proceeds totaled \$1,726,484.25. Dr. Peck filed a motion for the apportionment of the net proceeds from the sale and the Court recently entered an Order denying Dr. Peck’s motion, without prejudice to the interested parties seeking the relief requested from the Superior Court of

New Jersey. The Court further directed the Trustee to pay a portion of the net proceeds to the creditor who holds a final judgment against Ms. Peck (James A. Paone, Receiver), directed the Trustee to pay a portion of the proceeds to the receiver's New York counsel and Florida counsel, representing attorneys' fees and expenses incurred by the receiver and directed the Trustee to hold the remaining proceeds pending a determination of a motion filed by the Trustee seeking a surcharge against a portion of the net sale proceeds based upon the efforts of the Trustee and counsel to market and sell the New Jersey real property. The Court has scheduled an evidentiary hearing for January 25, 2017 to consider the Trustee's motion for surcharge.

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 CLSF III IV, Inc., as well as 819 claims filed against Debtor, Deborah Catherine Peck, many of which are duplicative of claims filed in the CLSF III IV, Inc. estate. In addition, there have also been claims filed in each of the thirty-two cases affiliated with CLSF III IV, Inc. The Trustee and her counsel are currently reviewing and analyzing claims filed in the Debtors' cases.

### **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, as Trustee