

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF FLORIDA  
FORT LAUDERDALE DIVISION  
www.flsb.uscourts.gov

In re:

1 GC COLLECTIONS, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 18-19121-RBR

(Jointly Administered)

**LIQUIDATING TRUSTEE'S SECOND AMENDED<sup>2</sup> STATUS REPORT REGARDING  
MOTION FOR (A) APPROVAL OF SETTLEMENT AND COMPROMISE WITH  
CERTAIN INVESTMENT ADVISORS/AGENTS AND REQUEST FOR ENTRY OF BAR  
ORDER; AND (B) APPROVAL OF PAYMENT OF EARNED CONTINGENCY FEE**

James S. Cassel, as Liquidating Trustee (the “**Liquidating Trustee**”) for the 1 GC Collections Creditors’ Liquidating Trust (the “**Liquidating Trust**”),<sup>3</sup> by and through his undersigned counsel, and pursuant to this Court’s *Order Continuing Hearing on Motion for (A) Approval of Settlement and Compromise with Certain Investment Advisors/Agents and Request for Entry of Bar Order; and (B) Approval of Payment of Earned Contingency Fee* [ECF No. 1589] hereby provides the following second amended Status Report in connection with the *Motion for (A) Approval of Settlement and Compromise with Certain Investment Advisors/Agents and Request for Entry of Bar Order; and (B) Approval of Payment of Earned Contingency Fee* [ECF No. 1315] (the “**Settlement Motion**”), and respectfully states as follows:

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the business addresses and the last four (4) digits of each Debtor’s federal tax identification number, if applicable, are: 1 Global Capital LLC, d/b/a 1 GC Collections, 1250 E. Hallandale Beach Blvd., Suite 605, Hallandale Beach, FL 33009 (9517); and 1 West Capital LLC, d/b/a 1 West Collections, 1250 E. Hallandale Beach Blvd., Suite 605, Hallandale Beach, FL 33009 (1711). On February 19, 2019, the Debtors registered the fictitious names “1GC Collections” and “1 West Collections” with the Florida Department of State.

<sup>2</sup> Amended to reflect that a Bar Order will be sought for the Nicholas Parties.

<sup>3</sup> As set forth herein, the Effective Date of the Plan (defined herein) occurred on November 21, 2019. As of that date, among other things, the Liquidating Trust was established and the Liquidating Trustee, James Cassel, was substituted as the representative of the Debtors’ estates.

**STATUS REPORT ON SETTLEMENT MOTION  
AND RESOLUTION OF OBJECTIONS**

1. On September 30, 2019, the Debtors<sup>4</sup> filed the Settlement Motion.<sup>5</sup>
2. By Order dated October 15, 2019 [ECF No. 1440], the hearing on the Settlement Motion was scheduled for November 20, 2019 at 2:00 p.m. (the “**Order Setting Hearing**”). The Order Setting Hearing required any party objecting to the relief requested in the Settlement Motion, including the Bar Order,<sup>6</sup> to either (i) file a written objection by November 15, 2019 or (ii) appear at the November 20<sup>th</sup> hearing.
3. Objections to the Settlement Motion (collectively, the “**Objections**”) were filed by the following parties (collectively, the “**Objecting Parties**”):
  - a. The “Goldstone Objectors”<sup>7</sup> [ECF No. 1561]:<sup>8</sup> *Objection to Bar Order in favor of the Goldstone Parties.*

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<sup>4</sup> Pursuant to the Plan and the Confirmation Order, the Liquidating Trustee has been substituted as the representative of the Debtors’ estates.

<sup>5</sup> The Settling Defendants are defined in the Settlement Motion as the following: Pinnacle Plus Capital LLC, Pinnacle Wealth Management LLC, Pinnacle Plus Financial LLC, Pinnacle Plus Holdings, LLC, Travis Allen Horn, George Gille, and Matthew Lynn Walker (the “**Pinnacle Parties**”); American Alternative Investments, LLC a/k/a American Alternative Investments Corp., Rob Whitlow and Thomas Bosen (the “**AAI Parties**”); Henry J. Wieniewitz a/k/a Trae Wieniewitz, Wieniewitz Financial LLC, and Wieniewitz Wealth Management (the “**Wieniewitz Parties**”); Nicholas & Company, Inc. and David Nicholas (the “**Nicholas Parties**”); Journey Wealth Management, Journey Wealth Management Advisors LLC, P & R Marketing as the trade name with the true name as TLS Management and Marketing Services LLC Division CJ, P & R Marketing as the trade name with the true name as TLS Management and Marketing Services LLC Division AG, Roy Y. or Patricia Y. Gagaza (the “**Journey Wealth Parties**”); Priority Financial & Insurance Solutions and Joseph Donti (the “**Priority Financial Parties**”); Goldstone Financial Group, Pell Corp. Brothers Inc., Stone Trust Capital Management, Inc., Anthony Pellegrino, Michael Pellegrino, Justin J. Reppy, and Brian R. Korienek (the “**Goldstone Parties**”), Wendel Financial Network, LLC d/b/a Wendel Retirement Planning, J.J.C.C., Inc., and Jeff Wendel (the “**Wendel Parties**”), Christopher Dantin Financial Services, LLC and Christopher D. Dantin (the “**Dantin Financial Parties**”); and Denton Wealth Strategies, LLC and Samuel Denton (the “**Denton Wealth Parties**”).

<sup>6</sup> Capitalized terms not otherwise defined herein shall have the meanings set forth in the Settlement Motion.

<sup>7</sup> The Goldstone Objectors are defined in their pleadings as Betty A. Thorsen, Shawn J. O’Farrell, Jill D. O’Farrell, Diane Maltase, Ronald Pecka, Keith J. Kolozie, Individually and as Trustee of the Keith J. Kolozie Revocable Living Trust, Kokilaben M. Shah, Pramila Shah, and Elaine Ann Jordan, Individually and as Trustee of the Elaine Ann Jordan Trust Dated 2/4/14.

<sup>8</sup> Amended the Goldstone Objectors’ objection filed at ECF No. 1553.

- b. The “Horter Objectors”<sup>9</sup> [ECF No. 1562]:<sup>10</sup> *Objection to Bar Order in favor of Wendel Parties.*
- c. Paula R. Wells, pro se [ECF No. 1572]: *Objection to Bar Order in favor of the Wieniewitz Parties.*
- d. Christopher Blackstone [ECF No. 1560]:<sup>11</sup> *Objection to Bar Order in favor of the Dantin Financial Parties.*
- e. Donald Stec: *Objection to Bar Order in favor of the Wieniewitz Parties.*<sup>12</sup>
- f. The U.S. Securities and Exchange Commission (the “SEC”) - *Reservation of Rights* [ECF No. 1558].<sup>13</sup>

#### **RESOLUTION OF OBJECTIONS TO THE SETTLEMENT MOTION**

4. Since the date of the initial hearing on the Settlement Motion through the date hereof, the Debtors and the Liquidating Trustee, along with the Class Plaintiffs, have worked hard to resolve the Objections raised by the Objecting Parties. As a result of those efforts, each of those Objections has been resolved as set forth below. Unless otherwise stated, all other material terms of the Settlement shall remain the same, including in respect of any Settling

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<sup>9</sup> The Horter Objectors are defined in their pleadings as Daniel R. Bruns, Thomas R. Doseck, Karen M. Doseck, Todd G. Homan, Michele R. Homan, Daniel R. Lennartz, Theresa L. Lennartz, Jack E. Link, Kimbal H. Ragan, Julie B. Ragan, Rick J. Round, Jane C. Round, Edward E. Shuret, Anthony F. Ungruhn, Diane L. Ungruhn, Scott R. Wendel, Kimberly A. Wendel, Connie Wharton-Burns, Betty L. Puthoff, individually and on behalf of the Estate of Nicholas A. Puthoff, Linda L. Allen, and Donald L. Engle, Jr.

<sup>10</sup> Amended the Horter Objectors’ objection filed at ECF No. 1554.

<sup>11</sup> A Joinder to this Objection was filed by the Goldstone Objectors and the Horter Objectors [ECF No. 1574].

<sup>12</sup> Mr. Stec, through his counsel, contacted undersigned counsel and asserted an objection to the Settlement Motion as to the Wieniewitz Parties, but agreed to defer filing such objection so as to enable the Liquidating Trustee to try to resolve such objections prior to the hearing on the Settlement Motion.

<sup>13</sup> The SEC informally raised its objections to the Settlement Motion with the Debtors. Pursuant to the Order Setting Hearing, the deadline for the SEC to file a formal objection is December 9, 2019 at 5:00 p.m. The SEC’s objections have been resolved based on (a) information provided by the parties to the SEC, and (b) the revisions to the Settlement Motion as addressed herein.

Defendant not mentioned below:<sup>14</sup>

- a. **Settlement with the Journey Wealth Parties:** The Journey Wealth Parties have agreed to and will pay an increased settlement amount equal to \$452,000.00 (increased from \$250,000.00) within 2 years. An initial payment of at least 10% shall be paid on the Approval Date, with the balance to be paid on or before the two-year anniversary of the Approval Date.
- b. **Settlement with the Nicholas Parties:** The Nicholas Parties will pay the settlement amount, which is equal to \$25,000.00, within 1 year (shortened from 2 years). An initial payment of at least 10% shall be paid on the Approval Date, with the balance to be paid on or before the one-year anniversary of the Approval Date.
- c. **Settlement with the AAI Parties:** No Bar Order will be sought for the AAI Parties. The AAI Parties will continue to pay an amount equal to \$50,000.00 on the Approval Date and the other consideration as provided in the Settlement Motion.
- d. **Settlement with the Goldstone Parties:** No Bar Order will be sought for the Goldstone Parties. The Goldstone Parties and the Liquidating Trustee have agreed that the Goldstone Parties will not be required to make a cash payment to the Liquidating Trustee (reduced from \$100,000.00 within 2 years).<sup>15</sup>
- e. **Settlement with the Wieniewitz Parties:** No Bar Order will be sought for the Wieniewitz Parties. Further, the Wieniewitz Parties will pay an amount equal to \$425,000.00, payable in 3 annual installments of \$125,000.00, the first of which is to be paid on the Approval Date, with a final installment within the 4<sup>th</sup> year following the Approval Date in the amount of \$50,000.00 (reduced from a total of \$625,000.00 in 5 equal annual installments of \$125,000.00).
- f. **Settlement Payment by the Wendel Parties:** No Bar Order will be sought for the Wendel Parties. The Wendel Parties will continue to pay an amount equal to \$175,000.00 within 3 years, with the first installment in the amount of \$75,000 to be paid on the Approval Date,

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<sup>14</sup> No objections have been raised to the Settlement Motion as it relates to the Pinnacle Parties (who are paying \$500,000 on the Approval Date) and the Priority Financial Parties (who are paying \$20,000 over 2 years, with 10% down on the Approval Date), and the Liquidating Trustee has not proposed any modifications to such settlements.

<sup>15</sup> The Goldstone Parties will continue to waive their claims against the Debtors' estates, which claims include the following: Claim No. 10855 filed by Goldstone Financial Group (\$150,000.00), Claim No. 10890 filed by Goldstone Financial Group (\$1,200,000.00), Claim No. 10308 filed by Brian Korienek (\$21,646.88), Claim No. 10858 filed by Anthony Pelligrino (\$150,000.00), and Claim No. 10856 filed by Michael Pelligrino (\$150,000.00).

and the second and third payments in the amount of \$50,000.00 to be paid annually.

- g. **Settlement Payment by the Dantin Financial Parties:** No Bar Order will be sought for the Dantin Financial Parties. The Dantin Financial Parties will continue to pay an amount equal to \$127,500.00 within five years, with the first installment of \$27,500.00 to be made on the Approval Date, and equal annual payments of \$25,000.00 thereafter.
- h. **Settlement Payment by Denton Wealth Parties:** No Bar Order will be sought for the Denton Wealth Parties. The Denton Wealth Parties will continue pay an amount equal to \$40,000.00 as follows: The amount of \$20,000.00 on the Approval Date, with the balance to be paid within 1 year of the Approval Date.

**MODIFICATION TO REQUEST FOR  
AUTHORIZATION TO PAY CONTINGENCY FEE**

5. Lastly, this Court previously approved the Debtors' engagement of GJB as special litigation counsel in connection with pursuing certain litigation claims [ECF No. 639] (the "**GJB Engagement Order**"). Pursuant to the GJB Engagement Order, the Court approved a contingency fee in the amount of twenty-seven and one-half percent (27.5%) (subject to certain reductions) to be paid to GJB in connection with any recovery realized, collected or recovered in respect of Litigation Claims (as defined in the GJB Engagement Order) prior to the filing of a lawsuit.

6. Pursuant to an agreement placed on the record on July 24, 2019 in connection with approval of the Disclosure Statement, GJB and the counsel to certain class action plaintiffs (specifically, the Moskowitz Law Firm, Bonnett, Fairbourn, Friedman & Balint, PC, Meland Russin & Budwick, P.A. and the Sonn Law Group, P.A.) (collectively, the "**Professionals**") agreed to allocate the Contingency Fee (defined herein) among the Professionals in accordance with such announcement on the record. In respect of the claims at issue in the Settlement herein, the Professionals have agreed to allocate the Contingency Fee as follows: 40% of the

Contingency Fee to GJB and 60% of the Contingency Fee collectively to the Moskowitz Law Firm, Bonnett, Fairbourn, Friedman & Balint, PC, Meland Russin & Budwick, P.A. and the Sonn Law Group, P.A. (the “**Plaintiffs’ Counsel**”).

7. In the Settlement Motion, the Debtors pointed out that the total face value of the claims being waived by the Settling Defendants equals \$2,511,050.06 (defined herein as the “**Waived Claims**”). Notwithstanding the foregoing, the Debtors and the Liquidating Trustee believe the true value of the Waived Claims equals \$743,050.00. In the Settlement Motion, the Debtors sought the authority to pay a Contingency Fee based on the true value of the Waived Claims. However, since the GJB Engagement Order did not specifically provide for compensation to be paid on the value of the Waived Claims, GJB and Plaintiffs’ Counsel will not seek to include such consideration as part of the Contingency Fee.

8. Moreover, based on the resolutions of the Objections as set forth above, the total cash consideration to be paid by the Settling Defendants now equals \$1,814,000.00 (reduced from \$1,912,500.00), of which the sum of \$847,200.00 will be paid upon approval of the Settlement Agreement by this Court and the Circuit Court, with the balance to be paid over time.

9. Accordingly, if the Settlement is approved, then the Liquidating Trustee requests approval of the earned 27.5% contingency fee based on the total consideration of \$1,814,000.00 to be tendered under the Settlement Agreement, which amount equals \$498,987.50<sup>16</sup> (the “**Contingency Fee**”), which Contingency Fee shall be allocated (i) 60% to the Plaintiffs’ Counsel, which is \$299,392.50, and (ii) 40% to GJB, which is \$199,595.00.

10. However, given that the immediate consideration to be paid under the Settlement Agreement is \$847,200.00 in cash payments, the Liquidating Trustee requests approval to pay

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<sup>16</sup> Reduced from \$595,412.68.

\$232,980.00<sup>17</sup> of the Contingency Fee at this time (27.5% of \$847,200.00), with the balance of the Contingency Fee to be paid as funds from the Settlement Agreement are received by the Liquidating Trustee without further Order of the Court.

**WHEREFORE**, the Liquidating Trustee respectfully requests that the Court enter an Order: (i) granting the Settlement Motion, as modified herein; (ii) approving the terms of the Settlement as set forth in the Settlement Agreement, as modified herein; (iii) authorizing the Debtors/Liquidating Trustee to execute and deliver the Settlement Agreement and to perform all of the obligations contained therein without further Court order; (iv) approving and entering the Bar Order, as modified herein; (v) approving the form of the Notice of Settlement and finding that such notice was appropriate, (vi) retaining jurisdiction over the terms and enforcement of the Settlement Agreement and the Bar Order, as modified; herein (vii) authorizing the Liquidating Trustee to pay the Contingency Fee, as modified herein; and (viii) granting such other relief as the Court deems proper.

Respectfully submitted on December 10, 2019.

**GENOVESE JOBLOVE & BATTISTA, P.A.**

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<sup>17</sup> Such initial amount to be allocated as follows: (i) 60% to the Plaintiffs' Counsel in the amount of \$139,788.00, and (ii) 40% to GJB in the amount of \$93,192.00.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing was served via CM/ECF Notification to all parties registered to receive electronic notice on this 10<sup>th</sup> day of December, 2019.

By: /s/Paul J. Battista  
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