IN THE SUPREME COURT OF FLORIDA

THE FLORIDA BAR,

Complainant,

v.

MARY ALICE GWYNN,

Respondent.
_____/

Supreme Court Case No. _____

The Florida Bar File Nos. 2004-51,111(15C)
2004-51,254(15C)
2006-51,409(15C)

COMPLAINT

The Florida Bar, by and through undersigned counsel and pursuant to R. Regulating Fla. Bar 3-3.2(b), hereby files its complaint against Mary Alice Gwynn and states as follows:

1. Respondent is, and at all times material to this action was, a member of The Florida Bar and subject to the jurisdiction and disciplinary rules of the Supreme Court of Florida.

2. Fifteenth Judicial Circuit Grievance Committee "C," at a duly constituted meeting and by majority vote of the eligible members present, found probable cause to charge respondent with violation of the Rules Regulating The Florida Bar, as set forth herein. The grievance committee chair has reviewed and approved the instant complaint.

COUNT I

The Florida Bar File No. 2004-51,111(15C)

3. In or about March 1994, Carl and Olga Santangelo signed a promissory note for $100,000 in favor of Robert Cimino, as Trustee for Eugene Gorman. A copy of this note is attached hereto and made a part hereof as **Exhibit A.**

4. On January 28, 1996, Carl Santangelo signed a second promissory note in Cimino's favor, in the amount of $100,000. A copy of this note is attached as **Exhibit B.**

5. This second promissory note was between Robert Cimino, Trustee for Eugene Gorman, and Carl Santangelo, P.A., Carl Santangelo, President.

6. This second promissory note was substituted for the original March 1994 note.

7. In July 2003, Carl Santangelo filed for Chapter 7 Bankruptcy protection in the case styled In Re: Carl G. Santangelo, Case No. 03-25339-BKC-RBR, in the United States Bankruptcy Court, Southern District of Florida.

8. Respondent represented Eugene Gorman (hereafter "Gorman") in the bankruptcy proceeding.

9. On or about September 12, 2003, respondent filed a UCC-1 Financing Statement with the Florida Secretary of State on behalf of her client Eugene

Gorman. A copy of the UCC-1 financing statement is attached hereto and made a part hereof as **Exhibit C.**

10. Such UCC-1 was based on the original March 1994 promissory note between Carl and Olga Santangelo and Robert Cimino as Trustee for Eugene Gorman.

11. The UCC-1 filed by respondent asserted that Gorman held a security interest in "any and all real property, bank accounts, bonds, artwork, precious stones, jewelry owned by either party in their joint name or owned individually by either Carl G. Santangelo or Olga W. Santangelo."

12. At the time the UCC-1 was filed, the promissory note between the Santangelos and Gorman had been substituted with a note between Gorman and Carl Santangelo, P.A.

13. Because the note was between Carl Santangelo, P.A., and Gorman, Gorman had no claim to any assets personally owned by Carl or Olga Santangelo.

14. Further, by filing the UCC-1 after Carl Santangelo filed his bankruptcy petition, respondent violated the automatic stay granted by bankruptcy proceedings.

15. In or about November 2003, the attorney for the trustee of the Santangelo bankruptcy notified respondent of her obligation to release the UCC-1 lien, based on the extant bankruptcy.

16. In January 2004, respondent submitted a UCC-3 amendment which released Carl Santangelo, but did not release Olga Santangelo, since she was not a party to the bankruptcy petition. A copy of letter explaining respondent's position is attached hereto and made a part hereof as **Exhibit D**.

17. Again, because the promissory note on which the UCC-1 and UCC-3 were based was between Carl Santangelo, P.A., and Gorman, Gorman had no claim to any assets personally owned by Carl or Olga Santangelo.

18. By filing the UCC-1 against the wrong parties, respondent acted incompetently in her representation of Gorman.

19. By filing the UCC-1 against the wrong parties after an automatic stay had been granted in the bankruptcy proceedings, respondent acted in a manner prejudicial to the administration of justice.

20. By filing the UCC-1 against the wrong parties after an automatic stay had been granted in the bankruptcy proceeding, respondent engaged in dishonesty, fraud, deceit or misrepresentation.

21. By filing the UCC-1 after an automatic stay had been granted in the bankruptcy proceedings, respondent purposely disobeyed the automatic stay.

22. By the conduct set forth above, respondent violated R. Regulating Fla. Bar **4-1.1** [A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness, and preparation

reasonably necessary for the representation.]; **4-3.4(c)** [A lawyer shall not knowingly disobey an obligation under the rules of a tribunal except for an open refusal based on an assertion that no valid obligation exists.]; **4-8.4(a)** [A lawyer shall not violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.]; **4-8.4(c)** [A lawyer shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation.]; and **4-8.4(d)** [A lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice...].

COUNT II

The Florida Bar File Nos. 2004-51,254(15C) and 2006-51,409(15C)

23. Respondent represented Eleanor Cole (hereinafter "Cole") as a creditor in the bankruptcy proceeding styled In Re: James F. Walker, Debtor, Case No. 03-32158-BKC-PGH, in the United States Bankruptcy Court, Southern District of Florida.

24. Respondent represented Cole from July 17, 2003 through June 9, 2004.

25. During the period of her representation, respondent failed to expedite the litigation in the best interest of Cole.

26. Instead, respondent filed numerous motions for sanctions against opposing counsel and other frivolous claims.

27. Such claims needlessly delayed the bankruptcy proceedings.

28. By failing to take substantive action in Cole's case, respondent failed to competently represent her client.

29. By the conduct set forth above, respondent violated R. Regulating Fla. Bar **4-1.1** [A lawyer shall provide competent representation to a client. Competent representation requires the legal knowledge, skill, thoroughness, and preparation reasonably necessary for the representation.]; **4-3.2** [A lawyer shall make reasonable efforts to expedite litigation consistent with the interests of the client.]; **4-8.4(a)** [A lawyer shall not violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.]; and **4-8.4(d)** [A lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice...].

COUNT III

30. Because of the many frivolous motions that respondent filed in the bankruptcy case, the bankruptcy court entered an order, on April 26, 2006, finding that respondent had acted in bad faith. A copy of that order is attached hereto and made a part hereof as **Exhibit E.**

31. In its omnibus order, the court set forth, with specificity, its findings regarding the numerous instances in which respondent had acted in bad faith in the pending litigation.

32. Specifically, the court found that respondent had acted in bad faith by the following acts or omissions:

A. Respondent filed frivolous claims to harass her opponent and opposing counsel;

B. Respondent failed to research and verify claims she advanced in motions she filed with the court;

C. Respondent engaged in willful abuse of the judicial system;

D. Respondent alleged that opposing counsel was "generally dishonest" and accused him of committing fraud on the court;

E. Respondent continually made allegations, both in pleadings filed with the court and in her testimony before the court, that were simply incorrect and/or false.

F. Respondent's conduct was "objectively unreasonable and vexatious" and such "conduct has been sufficiently reckless to warrant a finding of conduct tantamount to bad faith. . . for the purpose of harassing her opponent."

33. Based on its findings of significant misconduct, the court's April 26, 2006 order also imposed a $14,000 sanction against respondent, and referred the matter to The Florida Bar for ethical review.

34. The court's April 26, 2006 order was affirmed by the United States District Court, Southern District of Florida, by order dated March 14, 2007.

35. By the conduct set forth above, respondent violated R. Regulating Fla. Bar **4-3.1** [A lawyer shall not bring or defend a proceeding or assert or controvert and issue therein, unless there is a basis for doing so that is not frivolous.]; **4-3.3(a)(1)** [A lawyer shall not knowingly make a false statement of material fact or law to a tribunal.]; **4-4.1(a)** [In the course of representing a client, a lawyer shall not knowingly make a false statement of material fact or law to a third person.]; **4-4.4(a)** [In representing a client, a lawyer shall not use means that have no substantial purpose other than to embarrass, delay or burden a third person or knowingly use methods of obtaining evidence that violate the legal rights of such a person.]; **4-8.4(a)** [A lawyer shall not violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.]; **4-8.4(c)** [A lawyer shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation.]; and **4-8.4(d)** [A lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice...].

COUNT IV

36. After entry of the April 26, 2006 order in bankruptcy court, respondent continued to file pleadings and papers with the court, despite the fact that she was no longer representing any party in the case.

37. On or about May 15, 2006, the court entered its "Order Directing Mary Alice Gwynn, Esquire to Stop Filing Notices of Filing." A copy of this order is attached hereto and made a part hereof as **Exhibit F**.

38. In this order the court found that respondent had filed hundreds of pages of documents pursuant to Notices of Filings or Notices to the Court.

39. The court's order directed respondent to stop filing Notices of Filing unless specifically ordered to do so by the court, or unless mandated by either the Bankruptcy rules or the Local Rules.

40. Thereafter, on June 7, 2006, the court entered an order styled as follows: " Order 1) Denying Mary Alice's [sic] Gwynn's Motion for Rehearing and Reconsideration of the Court's Sua Sponte Order Directing Mary Alice Gwynn, Esq., to Stop Filing Notices of Filing (C.P. 1531); 2) Imposing Sanctions; and 3) Striking Court Papers Nos. 1529 and 1530." A copy of this order is attached hereto and made a part hereof as **Exhibit G**.

41. Such order found that even after the May 15, 2006 order was entered, prohibiting respondent from filing such documents with the court, respondent continued to file Notices of Filing, in defiance of the court's order.

42. In its June 7, 2006 order, the court found that respondent "improperly attempted to influence this Court by filing numerous Notices of Filing containing inappropriate hearsay documents that are unrelated to any pending contested or adversary proceedings. In so doing, Gwynn engaged in unprofessional conduct before this court."

43. The court fined respondent $500, and ordered that she be fined $250 for each future document she filed in defiance of the extant court order.

44. By the conduct set forth above, respondent violated R. Regulating Fla. Bar **4-3.4(c)** [A lawyer shall not knowingly disobey an obligation under the rules of a tribunal except for an open refusal based on an assertion that no valid obligation exists.]; **4-3.5(a)** [A lawyer shall not seek to influence a judge, juror, prospective juror, or other decision maker except as permitted by law or the rules of court.]; **4-8.4(a)** [A lawyer shall not violate or attempt to violate the Rules of Professional Conduct, knowingly assist or induce another to do so, or do so through the acts of another.]; and **4-8.4(d)** [A lawyer shall not engage in conduct in connection with the practice of law that is prejudicial to the administration of justice...].

WHEREFORE, The Florida Bar, complainant, respectfully requests that Mary Alice Gwynn, respondent, be disciplined appropriately in accordance with the provisions of the Rules Regulating the Florida Bar.

Respectfully submitted,

LORRAINE CHRISTINE HOFFMANN, #612669
Bar Counsel, The Florida Bar
5900 N. Andrews Ave., Suite 900
Fort Lauderdale, Florida 33309
(954) 772-2245

KENNETH LAWRENCE MARVIN, #200999
Staff Counsel, The Florida Bar
651 E. Jefferson Street
Tallahassee, Florida 32399-2300
(850) 561-5600

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of the foregoing Complaint has been furnished by regular U.S. mail to **The Honorable Thomas D. Hall**, Clerk, The Supreme Court of Florida, 500 South Duval Street, Tallahassee, FL 32399-2300; a true and correct copy by certified mail # 7004 0750 0003 4583 2925, return receipt requested, to **Mary Alice Gwynn**, respondent, 805 George Bush Boulevard, Delray Beach, FL 33483 and by regular U.S. mail to **Lorraine Christine Hoffmann**, Bar Counsel, The Florida Bar, 5900 North Andrews Avenue, Suite 900, Fort Lauderdale, FL 33309, on this 31st day of March, 2008.

KENNETH LAWRENCE MARVIN

NOTICE OF TRIAL COUNSEL

PLEASE TAKE NOTICE that the trial counsel in this matter is Lorraine Christine Hoffmann, Esq., whose address and telephone number are: The Florida Bar, 5900 N. Andrews Avenue, Suite 900, Fort Lauderdale, Florida 33309, telephone number (954) 772-2245. Respondent need not address pleadings, correspondence, etc. in this matter to anyone other than trial counsel and to Staff Counsel, The Florida Bar, 651 East Jefferson Street, Tallahassee, Florida 32399-2300.

MANDATORY ANSWER NOTICE

RULE 3-7.6(h)(2), RULES OF DISCIPLINE, PROVIDES THAT A RESPONDENT SHALL ANSWER A COMPLAINT.

J \users\LHOFFMAN\Complaints - in final\gwynn 111 254 409 doc

PROMISSORY NOTE

$100,000.00

Fort Lauderdale, Florida
March 28, 1994

FOR VALUE RECEIVED, the undersigned, CARL G. SANTANGELO & OLGA W. SANTANGELO (herein called the "Maker"), hereby promise to pay to the order of ROBERT S. CIMINO, TRUSTEE, at 315 Mizner Boulevard, S.E., Suite 212, Boca Raton, FL 33432, or at such address as may be requested, the principal sum of ONE HUNDRED THOUSAND ($100,000.00) DOLLARS, plus interest thereon (computed on the basis of a 365-day year and actual days elapsed) on the unpaid balance thereof, at the rate of twelve (12%) percent per annum, from the date hereof (the "Issue Date") to the maturity date of this Promissory Note (the "Note") as follows:

Interest only payments shall be due and payable commencing one month from the date hereof and each and every month thereafter until March 28, 1995, at which time, the entire principal balance, together with any and all accrued and unpaid interest shall be due and payable in full.

The makers and endorsers of this note further agree to waive demand, notice of non-payment and protest, and in the event suit shall be brought for the collection hereof, or the same has to be collected upon demand of any attorney, to pay reasonable attorneys' fees for making such collection. All payments hereunder shall bear interest at the rate of eighteen (18%) percent per annum from maturity until paid. This note is to be construed and enforced according to the laws of the State of Florida; upon default in the payment of principal and/or interest when due, the whole sum of principal and interest remaining shall, at the option of the holders, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of subsequent default.

A minimum of six (6) months interest shall be paid on this Note should it be prepaid prior to maturity.

Carl G. Santangelo

Olga W. Santangelo

PROMISSORY NOTE

$100,000.000

Fort Lauderdale, Florida
January 28, 1996

FOR VALUE RECEIVED, the undersigned promises to pay to the order of ROBERT S. CIMINO, TRUSTEE for EUGENE GORMAN, the principal sum of ONE HUNDRED THOUSAND AND 00/100 ($100,000.00) DOLLARS together with interest thereon at the rate of twelve (12%) percent per annum from the date hereof until maturity, both principal and interest being payable in Lawful Money of the United States of America at 315 Mizner Boulevard, S.E., Suite 212, Boca Raton, Florida 33432 or at such place as may hereafter be designated by written notice from the holder to the maker hereof, on the date and in the following manner:

Interest only payments shall be due and payable monthly, commencing one month from the date hereof and each and every month thereafter until June 28, 1997, at which time, the entire principal balance, together with any and all accrued and unpaid interest shall be due and payable in full.

Principal payments of FIVE THOUSAND ($5,000.00) DOLLARS each shall be due and payable on the following dates: June 28, 1996; September 28, 1996; December 28, 1996; March 28, 1997.

On June 28, 1997, the entire outstanding principal balance, together with any and all accrued and unpaid interest, shall be due and payable in full.

The makers and endorsers of this note further agree to waive demand, notice of non-payment and protest, and in the event suit shall be brought for the collection hereof, or the same has to be collected upon demand of an attorney, to pay reasonable attorney's fees for making such collection. All payments hereunder shall bear interest at the rate of eighteen (18%) percent per annum from maturity until paid. This note is to be construed and enforced according to the laws of the State of Florida; upon default in the payment of principal and/or interest when due, the whole sum of principal and interest remaining shall, at the option of the holders, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of subsequent default.

CARL G. SANTANGELO, P.A.

By: _____
Carl G. Santangelo, President

THE FLORIDA BAR'S
EXHIBIT
B

STATE OF FLORIDA UNIFORM COMMERCIAL CODE
FINANCING STATEMENT FORM

FLORIDA SECURED TRANSACTION REGISTRY

FILED

2003 Sep 12 AM 12:00

****** 200304931258 ******

A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON

Mary Alice Gwynn, Esq. 561-330-0633

B. SEND ACKNOWLEDGEMENT TO:

Name Mary Alice Gwynn, Esq.

Address 805 George Bush Blvd.

Address

City/State/Zip Delray Beach, FL 33483

THE ABC

1. DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (1a OR 1b) – Do I

1a. ORGANIZATION'S NAME

1b. INDIVIDUAL'S LAST NAME	FIRST NAME			
Santangelo	Carl			
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3000 N. Federal Highway	Fort Lauderdale	FL	33306	U.S.A.

1d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL I
				☐ NO

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – INSERT ONLY ONE DEBTOR NAME (2a OR 2b) – Do Not Abbreviate or Combine Names

2a. ORGANIZATION'S NAME

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
Santangelo	Olga	W		
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3000 N. Federal Highway	Fort Lauderdale	FL	33306	U.S.A.

2d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL I
				☐ NO

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – INSERT ONLY ONE SECURED PARTY NAME (3a OR 3b)

3a. ORGANIZATION'S NAME

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
Genovese	Eugene			
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3009 S. Ocean Blvd # 504	Highland Beach	FL	33487	U.S.A.

4. This FINANCING STATEMENT covers the following collateral:

Any and all real property, securities, bank accounts, bonds, artwork, precious stones, jewelry, owned by either party in their joint name or owned individually by either Carl G. Santangelo or Olga W. Santangelo.

5. ALTERNATE DESIGNATION (if applicable)		LESSEE/LESSOR		CONSIGNEE/CONSIGNOR		BAILEE/BAILOR
		AG. LIEN		NON-UCC FILING		SELLER/BUYER

6. Florida DOCUMENTARY STAMP TAX – YOU ARE REQUIRED TO CHECK EXACTLY ONE BOX

☐ All documentary stamps due and payable or to become due and payable pursuant to s. 201.22 F.S., have been paid.

X Florida Documentary Stamp Tax is not required.

7. OPTIONAL FILER REFERENCE DATA

THE FLORIDA BAR'S EXHIBIT C

STANDARD FORM - FORM UCC-1 (REV.12/2001) | Filing Office Copy | Approved by the Secretary of State, State of Flori

STATE OF FLORIDA UNIFORM COMMERCIAL CODE FINANCING STATEMENT FORM – ADDENDUM

8. NAME OF FIRST DEBTOR (1a OR 1b) ON RELATED FINANCING STATEMENT

8a. ORGANIZATION'S NAME

8b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
Santoggelo	Carl	G	

9. MISCELLANEOUS:

THIS ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (10a OR 10b) – Do Not Abbreviate or Combine Names

10a. ORGANIZATION'S NAME

10b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
Santoggelo	Carl	G	

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3000 N. Federal Highway	Fort Lauderdale	FL	33306	U.S.A.

10d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	10e. TYPE OF ORGANIZATION	10f. JURISDICTION OF ORGANIZATION	10g. ORGANIZATIONAL ☐NO

11. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - INSERT ONLY ONE SECURED PARTY NAME (11a OR 11b)

11a. ORGANIZATION'S NAME

11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
Goreman	Gene		

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
3009 S. Ocean Blvd # 504	Fort Lauderdale	FL	33487	

12. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ fixture filing.

13. Description of real estate:

14. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

15. Additional collateral description:

Holds a secured interest for consideration in securities issued has collateral in Promissory Note signed by debtors (March 28, 1994 (15,000) shares of C.S.B. Industries, Inc.

16. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

17. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction – effective 30 years

Filed in connection with a Public-Finance Transaction – effective 30 years

STANDARD FORM - FORM UCC-1 ADDENDUM (REV.12/2001) Filing Office Copy Approved by the Secretary of State, State of Fl

MARY ALICE GWYNN, P.A.

ATTORNEY AND COUNSELOR AT LAW

- WILLS, TRUSTS & PROBATE
- BUSINESS SUCCESSION PLANNING
- ASSET PROTECTION PLANNING

MEMBER, NATIONAL NETWORK OF ESTATE PLANNING ATTORNEYS

805 GEORGE BUSH BOULEVARD
DELRAY BEACH, FLORIDA 33483
TELEPHONE: 561.330.0633
FACSIMILE: 561.330.8778
E-MAIL: Mgwynnlaw@aol.com

January 22, 2004

VIA FACSIMILE 238-9920 & U.S. MAIL

Rilyn A. Carnahan, Esq.
Elk, Bankier, Christu & Bakst, L.L.P.
Esperante, Suite 1330
222 Lakeview Avenue
West Palm Beach, Florida 33401

Re: Carl G. Santangelo, Debtor
Case No.: 03-25339-BKC-RBR

Dear Mr. Carnahan:

I am in response to your letter dated January 20, 2004 regarding my client, Gene Gorman.

My client was unaware of the bankruptcy filing at the time the UCC-1 Financing Statement was filed. In response to your letter, I am waiting for my client to sign a UCC-3 form, releasing the Debtor, Carl G. Santangelo, individually.

However, my client is not obligated to release the UCC-1 Financing Statement filing against Carl G. Santangelo, P.A. or his wife, Olga W. Santangelo, since the Chapter 7 Bankruptcy Petition is only in the name of Carl G. Santangelo in his individual capacity. As soon as my client signs the UCC-3 form, which I believe will be either today or at the latest Monday, January 26th, I will fax it to your office,

Also, I find it puzzling why Mr. Bakst requested copies of my client's promissory notes, since it is the obligation of the Debtor to disclose all notes and obligations. Additionally, the trustee has an obligation to investigate and request copies from the Debtor of all notes. I am surprised Mr. Bakst did not have copies prior to making the request on my client.

In addition, you indicated that my client is attempting to perfect a lien on certain property being held in the Morgan Keegan and Essex Capital Markets, Inc. account, post-petition. This assertion is untrue.

If you would review the co-secured creditor, Robert Cimino's Motion to Lift of Automatic

Stay, with respect to the collateral, Mr. Gorman's notes were originally covered under the UCC-1 filing of Mr. Cimino. Mr. Cimino's UCC-1 filing was prior to the filing of the Petition for Chapter 7 Bankruptcy. Hopefully, this will answer all of your concerns and if you have any additional questions, please feel free to contact me.

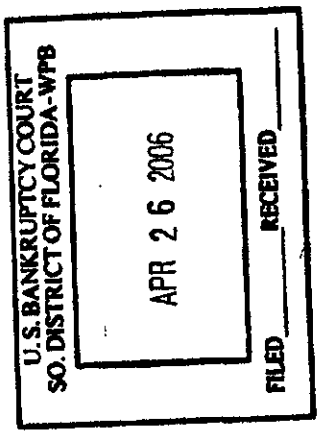
Sincerely,

Mary Alice Gwynn

MAG/jp

cc: Soneet R. Kapila, Trustee

ORDERED in the Southern District of Florida on APR 26 2006



Paul G. Hyman, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
West Palm Beach Division

IN RE:
JAMES F. WALKER,
Debtor.
_____/

CASE NO: 03-32158-BKC-PGH
Chapter 7

MEMORANDUM ORDER 1) DENYING AS TO MARY ALICE GWYNN, DEBTOR'S AMENDED MOTION FOR ATTORNEY'S FEES AND COSTS AGAINST ELEANOR C. COLE AND MARY ALICE GWYNN [C.P. 838]; 2) VACATING AMENDED ORDER GRANTING MOTION FOR SANCTIONS AGAINST MARY ALICE GWYNN, ESQUIRE PURSUANT TO 28 U.S.C. §1927 AND 11 U.S.C. §105 RELATING TO CREDITOR, ELEANOR C. COLE'S MOTION FOR SANCTIONS AGAINST GARY J. ROTELLA, ESQUIRE PURSUANT TO THE COURT'S ORDER OF JULY 17, 2003 [C.P. 1217]; 3) GRANTING GARY J. ROTELLA, ESQUIRE'S MOTION FOR SANCTIONS AGAINST MARY ALICE GWYNN, ESQUIRE PURSUANT TO 28 U.S.C. §1927 AND 11 U.S.C. §105 RELATING TO CREDITOR, ELEANOR C. COLE'S MOTION FOR SANCTIONS AGAINST GARY J. ROTELLA, ESQUIRE PURSUANT TO THE COURT'S ORDER OF JULY 17, 2003 [C.P. 839]; 4) DENYING MARY ALICE GWYNN'S EMERGENCY MOTION FOR SANCTIONS AGAINST GARY J. ROTELLA, ESQ., PURSUANT TO 28 U.S.C. §1927 AND 11 U.S.C. §105 IN RESPONSE TO MR. ROTELLA'S LETTERS DATED FEBRUARY 9, 2006, AND MARCH 8, 2006 AND DEBTOR'S ATTACHED "MOTION(S) FOR SANCTIONS....." [C.P.1393]; AND 5) DENYING AS MOOT MARY ALICE GWYNN'S EMERGENCY MOTION FOR TRANSFERRAL OF MARY ALICE GWYNN'S "EMERGENCY MOTION FOR SANCTIONS. . ." DATED MARCH 15, 2006, AND FILED CONCURRENTLY WITH THIS MOTION, TO BE TRANSFERRED TO THE DISTRICT COURT FOR HEARING [C.P. 1394]

THIS MATTER came before the Court for hearing on April 17,

2006, upon Mary Alice Gwynn, Esquire's ("Gwynn") *Emergency Motion for Sanctions Against Gary J. Rotella, Esq., Pursuant to 28 U.S.C. §1927 and 11 U.S.C. §105 in Response to Mr. Rotella's Letters Dated February 9, 2006, and March 8, 2006 and Debtor's Attached "Motion(s) for Sanctions....."* ("Gwynn's Sanction Motion") [C.P. 1393] which was filed on March 15, 2006; and upon Gwynn's *Emergency Motion for Transferral of Mary Alice Gwynn's "Emergency Motion for Sanctions. . ." Dated March 15, 2006, and Filed Concurrently with this Motion, to Be Transferred to the District Court for Hearing* ("Transfer Motion") [C.P. 1394] which was filed on March 15, 2006.

This matter also came before the Court for hearing on February 16, 2006, upon Gary J. Rotella's ("Rotella") *Motion For Sanctions Against Mary Alice Gwynn, Esquire, Pursuant To 28 U.S.C. §1927 And 11 U.S.C. §105 Relating To Creditor, Eleanor C. Cole's Motion For Sanctions Against Gary J. Rotella, Esquire, Pursuant To The Court's Order Of July 17, 2003* ("Rotella's Motion for Sanctions") [C.P. 839], which was filed on April 21, 2005; and upon *James F. Walker's (the "Debtor") Amended Motion for Attorneys' Fees and Costs Against Creditor, Eleanor C. Cole and Mary Alice Gwynn, Esquire* [C.P. 838] (the "Second Amended Discovery Sanctions Motion") which was also filed on April 21, 2005.

BACKGROUND

The Debtor filed for protection under Chapter 7 of the Bankruptcy Code on April 25, 2003. Eleanor C. Cole ("Cole") filed

a claim against the estate based upon a final judgment she received against the Debtor in State Court. The Court's docket reflects that Gwynn represented Cole in this case from July 17, 2003 until June 9, 2004.

A. The Numerous Sanctions Motions

This continues to be the most highly litigious and acrimonious case over which this Court has ever presided. Numerous sanctions motions have been, and continue to be brought by each side against the other. The Debtor and/or Rotella have brought three principal motions seeking attorneys' fees and costs against judgment creditor Cole and/or Gwynn as described below.

1. The first principal motion, the Second Amended Discovery Sanctions Motion [C.P.838, which amended C.P.385, which amended C.P. 255], seeks attorneys' fees and costs in the amount of $57,478.25, allegedly incurred by the Debtor in connection with obtaining discovery from Cole. *See* Rotella's Composite Exhibit "M" subsection "B".[1]
2. The second principal motion, Rotella's Motion for Sanctions [C.P. 839] initially sought $99,402.50 for attorneys' fees and costs allegedly incurred in connection with Cole's *Motion for Sanctions Against Rotella Pursuant To the Court's July 17, 2003 Order*

[1]The Court received and admitted into evidence Gary J. Rotella, P.A. and Rotella's, Exhibits "A" through "T"at the February 16, 2006 hearing. Exhibit "AA" was not admitted into evidence.

[C.P.266], as detailed in Rotella's Composite Exhibit "M" subsection "C". The amount of attorneys' fees and costs Rotella now seeks in connection with this matter has increased to $247,613.02 as of February 8, 2006. *See* Rotella's Ex."O".

3. The third principal motion is the *Motion for Sanctions Against Mary Alice Gwynn, Esquire and Creditor Eleanor C. Cole Pursuant to Bankruptcy Rule 9011* [C.P.360] which sought attorneys' fees and costs incurred in connection with Cole's *Emergency Motion to Disqualify the Law Firm of Gary J. Rotella & Assoc., P.A.* ["Rotella P.A."] *From Representing the Debtor* ("Motion to Disqualify"). The Debtor, Rotella and Rotella P.A. sought attorneys' fees and costs in the amount of $80,572.50 in connection with Cole's Motion to Disqualify as reflected in Rotella's Composite Exhibit "M" subsection "A". The Court awarded these sanctions against Gwynn pursuant to the Court's June 15, 2004, *Order Granting Motion for Sanctions Pursuant to Bankruptcy Rule 9011* [C.P. 437] and pursuant to the Court's May 11, 2005, *Order Awarding Sanctions Against Mary Alice Gwynn, Esquire Pursuant to Bankruptcy Rule 9011* [C.P. 881](collectively,"Order Awarding 9011 Sanctions"). On March 17, 2006, the Honorable Alan S. Gold entered an *Order Vacating Final Judgment of*

Bankruptcy Court (the "District Court Order") in the appeal styled *Mary Alice Gwynn v. James F. Walker (In re James F. Walker)*, in the United States District Court for the Southern District of Florida, Lead Case No.05-80714-Civ-Gold/Turnoff consolidated with Case No. 05-80715-Civ-Gold/Turnoff. The District Court Order vacated this Court's Order Awarding 9011 Sanctions determining that imposition of Rule 9011 sanctions was inappropriate given that Gwynn's Motion to Disqualify was denied prior to expiration of Rule 9011's twenty-one day safe harbor period. *See District Court Order.*

B. ***The Second Amended Discovery Sanctions Motion***

The Second Amended Discovery Sanctions Motion is the third in a series of discovery sanctions motions filed by Debtors' counsel pursuant to the Court's March 22, 2004, *Order Compelling Creditor, Eleanor C. Cole to Answer Interrogatories; Resetting Hearing on Creditor, Eleanor C. Cole's 2004 Examination(C.P. 237); Permitting Debtor to Submit Motion for Attorneys' Fees and Costs; And Acknowledging Withdrawal of Eleanor C. Cole's Motion for Protective Order (as to Linda F. Walden)(C.P.237)*, (the "March 22, 2004 Order") [C.P.245]. The March 22, 2004 Order granted Debtor and his counsel permission

> to submit their Motion for Attorneys' Fees and Costs with respect to amounts incurred throughout the process of obtaining Creditor Cole's 2004 Examination including,

> compelling Creditor Cole to provide complete answers to Debtor's Interrogatories subsequent to Creditor Cole's filing of Notice of Compliance by Creditor Eleanor C. Cole with Debtor's Interrogatories [C.P. 171] and defending Creditor Cole's various Motions for Protective Order.
>
> March 22, 2004 Order ¶4.

Debtor's first motion pursuant to the March 22, 2004 Order was filed on March 29, 2004, it was titled, *Debtor's Motion for Attorneys' Fees and Costs Against Creditor, Eleanor C. Cole,* (the "Discovery Sanctions Motion") [C.P. 255]. The Discovery Sanctions Motion sought $29,040.00 in fees and $1,850.39 in expenses incurred in connection with Debtor's efforts to obtain discovery from Cole during the period November 6, 2003 through March 31,2004. On May 25, 2004, Debtor filed a second motion pursuant to the March 22, 2004 Order titled, *Debtor's Amended Motion for Attorneys' Fees and Costs Against Creditor, Eleanor C. Cole,* (the "Amended Discovery Sanctions Motion") [C.P. 385]. The Amended Discovery Sanctions Motion sought $53,945.00 in fees and $3,533.25 in expenses for the period August 13, 2003 through May 28, 2004. The Amended Discovery Sanctions Motion noted that it included additional time not calculated in the Discovery Sanctions Motion.

The Court's March 22, 2004 Order compelling Cole to cooperate with Debtor's discovery requests had little effect on Cole's discovery misconduct. A year later on April 12, 2005, the Court entered an *Order Granting Debtor, James F. Walker's Emergency Motion for Default Judgment Against Eleanor C. Cole as Sanctions for Refusal to Obey Subpoena, Appear and Testify at Deposition, and*

Amended Motion to Strike Claim (the "Cole Default Order") [C.P.805]. The Cole Default Order found that Cole, then a *pro se* litigant, failed to appear or otherwise participate in the April 6, 2005 hearing on *Debtor's Emergency Motion for Default Against Cole* (the "Motion for Default") [C.P. 772], despite representations by her former counsel, Lawrence U. Taube, that Cole was properly served with the Motion for Default. *Cole Default Order* at 1. Debtor's counsel's efforts to obtain discovery from Cole from August 13, 2003 through March 25, 2005 are detailed in the Cole Default Order, and they need not be repeated here. *See Cole Default Order* at 5-17. Among other things, the Cole Default Order found:

> . . . that Cole's refusal to appear and testify at her deposition, while under Subpoena, or to otherwise participate in discovery after twenty (20) months of scheduling and rescheduling her examination, was willful and in complete disregard for this Court, its law and the parties involved in this Proceeding. . . *Id.* at 17.

As a consequence of Cole's conduct, the Court struck Cole's Proof Of Claim No. 2 and entered a Final Default Judgment against her for $57,478.25, the amount requested in the Amended Discovery Sanctions Motion.[2]

The Amended Discovery Sanctions Motion and various other motions had been set for hearing for April 21, 2005, before entry of the Cole Default Order on April 12, 2005. At the April 21, 2005

[2]In addition to striking Cole's claim and entering Final Default Judgment against Cole for $57,478.25, the Cole Default Order entered Final Default Judgment against Cole for $80,572.50, the amount sought in Rotella's Rule 9011 Sanctions Motion [C.P.360] and for $99,402.50, the amount sought in Rotella's Motion for Sanctions [C.P.463].

hearing, Gwynn stated her belief that the Amended Discovery Sanctions Motion related solely to Cole, not to herself, as she had not been named in the Amended Motion. Debtor's counsel replied that the Amended Discovery Sanctions Motion related to both Cole and Gwynn. The Court noted that a completely different sanctions motion, *Debtor's Motion for Sanctions Against Mary Alice Gwynn, Esq. And Eleanor C. Cole Pursuant to Bankruptcy Rule 9011* [C.P. 360], was scheduled and that the Amended Motion would not be heard that day.[3] On April 21, 2005, directly after the hearing, Rotella on behalf of the Debtor filed the Second Amended Discovery Sanctions Motion against both Cole and Gwynn for attorneys' fees and costs incurred in connection with Debtor's counsel's effort to obtain discovery from Cole.

The Second Amended Discovery Sanctions Motion was ultimately scheduled for hearing on February 16, 2006, along with Rotella's Motion for Sanctions.

C. *Rotella's Motion for Sanctions*

Rotella's Motion for Sanctions was originally filed on July 7, 2004 as Rotella's *Motion for Sanctions Against Mary Alice Gwynn, Esquire Pursuant to Bankruptcy Rule 9011 and 11 U.S.C. §105*

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[3] The Eleventh Circuit has ruled that, "A motion for sanctions under Rule 37, even one which names only a party, places both that party and its attorney on notice that the court may assess sanctions against either or both unless they provide the court with a substantial justification for their conduct" *Devaney v. Continental American Ins. Co.*, 989 F.2d 1154, 1160 (11th Cir. 1993); *Stuart I. Levin & Assoc. PA, v. Rogers*, 156 F.3d 1135, 1142 (11th Cir. 1998). Notwithstanding these precedents, the Court acquiesced to Gwynn's claim that she believed the Amended Discovery Sanctions Motion was brought solely against Cole.

Relating to Creditor, Eleanor C. Cole's Motion For Sanctions Against Gary J. Rotella, Esquire Pursuant To The Court's Order Of July 17, 2003, ("Rotella's Rule 9011 Sanctions Motion") [C.P.463]. Rotella's Motion for Sanctions seeks sanctions against Gwynn for her having filed: a) on April 5, 2004, *Cole's Motion For Sanctions Against Gary J. Rotella, Esq. Pursuant To The Court's Order Entered On July 17, 2003* ("Cole's Motion For Sanctions"); b) on April 8, 2004, *Cole's Supplement To Motion For Sanctions Against Gary J. Rotella, Esq. Pursuant To the Court's Order Entered On July 17, 2003* ("Cole's Supplement To Motion For Sanctions"); c) on April 28, 2004, *Cole's Objection And Response To Susan Lundborg's Motion For Reconsideration Of Order Finding Susan Lundborg In Contempt Of Court And Awarding Sanctions* ("Cole's Response To Susan Lundborg"); and d) on May 3, 2004, *Cole's Motion To Have The Court Declare The Procurement Of The Sale To The [sic] Susan Lundborg Void, As It Was Procured By Fraud* ("Cole's Procurement Motion").

On May 28, 2004, Gwynn, in open Court, announced that she was withdrawing Cole's Motion for Sanctions, and Cole's Supplement to Motion For Sanctions (collectively, "Cole's Motion For Sanctions"). On June 15, 2004, the Court entered an *Order Withdrawing Creditor Eleanor C. Cole's Motion For Sanctions Against Gary J. Rotella, Esquire Pursuant To The Court's Order Of July 17, 2003* ("Order Withdrawing Cole's Motion for Sanctions") [C.P.#439].

Despite entry of the Order Withdrawing Cole's Motion for

Sanctions, Rotella's Rule 9011 Sanctions Motion was set for hearing on April 21, 2005, along with the Second Amended Discovery Sanctions Motion which is further discussed below. At the April 21, 2005 hearing, Gwynn pointed out, and Rotella conceded, that Rotella had not sent the required twenty-one (21) day safe harbor communication to Gwynn for Rotella's Rule 9011 Sanctions Motion. The Court thereupon denied the Rule 9011 Sanctions Motion without prejudice to it being refiled under any other appropriate grounds. *See Order Denying Debtor's Motion for Sanctions Against Mary Alice Gwynn, Esquire Pursuant to Bankruptcy Rule 9011 and 11 U.S.C. §105 Relating to Creditor, Eleanor C. Cole's Motion for Sanctions Against Gary J. Rotella, Esquire Pursuant to the Court's Order of July 17, 2003 Without Prejudice* ("Order Denying Rule 9011 Sanctions") [C.P. 880].

The instant Rotella's Motion for Sanctions was filed directly after the hearing on April 21, 2005. Other than the change in the title, preamble and relief sought from Bankruptcy Rule 9011 to 28 U.S.C. §1927, both motions are identical. Evidentiary hearings on Rotella's Motion for Sanctions were conducted over two days, on May 20, 2005 and on June 16, 2005 (collectively, the "Sanctions Hearing").

On August 29, 2005, the Court entered an *Order Granting Motion for Sanctions Against Mary Alice Gwynn, Esquire Pursuant to 28 U.S.C. §1927 and 11 U.S.C. §105 Relating to Creditor, Eleanor C.*

Cole's Motion for Sanctions Against Gary J. Rotella, Esquire Pursuant to the Court's Order of July 17, 2003 (the "Order") [C.P.1142]. The Order granted Rotella's Motion for Sanctions, and awarded $39,057.50 of the $99,402.50 Rotella sought in attorneys' fees and expenses as listed in Rotella's Composite Exhibit "M" subsection "C"[4] (the "Fee Statement"). In addition to the Order, the Court contemporaneously entered an *Appendix To Order Granting Motion for Sanctions Against Mary Alice Gwynn, Esquire, Pursuant to 28 U.S.C. §1927 and 11 U.S.C. §105 Relating to Creditor, Eleanor C. Cole's Motion for Sanctions Against Gary J. Rotella, Esquire Pursuant to the Court's Order of July 17, 2003* (the "Appendix") [C.P.1144]. The Appendix was the Court's annotated version of Rotella's Fee Statement. The Appendix disallowed seven categories of Rotella's time log entries which the Court found: 1) lacked adequate description; 2)were duplicative; 3) were excessive; 4)were unnecessary; 5)were administrative tasks; 6)were for travel; or 7)were related to a different Cole motion that was not the subject of the Order.

Both Rotella and Gwynn filed motions for reconsideration of the Order; those motions were set for hearing on September 29, 2005. On October 7, 2005, the Court entered an *Order Vacating Order Granting Motion for Sanctions Against Mary Alice Gwynn, Esquire*

[4] Exhibit "M" subsection "C", admitted into evidence at the February 16, 2006 hearing, was also admitted as Rotella's Exhibit "H" at the Sanctions Hearing.

Pursuant to 28 U.S.C. §1927 and 11 U.S.C. §105 Relating to Creditor, Eleanor C. Cole's Motion for Sanctions Against Gary J. Rotella, Esquire Pursuant to the Court's Order of July 17, 2003 [C.P.1216], wherein the Court vacated the Order based upon the Order's premature award as to the amount of fees.[5]

On October 7, 2005, the Court entered an *Amended Order Granting Motion for Sanctions Against Mary Alice Gwynn, Esquire Pursuant to 28 U.S.C. §1927 and 11 U.S.C. §105 Relating to Creditor, Eleanor C. Cole's Motion for Sanctions Against Gary J. Rotella, Esquire Pursuant to the Court's Order of July 17, 2003* (the "Amended Order") [C.P.1217]. The Amended Order determined that Rotella was entitled to an award of sanctions against Gwynn pursuant to 11 U.S.C. §1927 and 11 U.S.C. §105, but it reserved jurisdiction to determine the amount of sanctions to be imposed. In addition, the Amended Order made numerous specific findings relating to Gwynn's failure to conduct routine investigation before lodging unfounded allegations against Rotella, and to Gwynn's having made inconsistent and contrasting allegations between motions. The Amended Order found Gwynn's allegations to be vexatious, frivolous, and an abuse of process which unreasonably multiplied the proceedings in this case in violation of 11 U.S.C. §1927 and 11 U.S.C. §105. *See Amended Order*.

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[5] At the conclusion of the June 16, 2005 hearing, the Court stated that if it granted the Motion for Sanctions, it would conduct a separate hearing on the amount.

As discussed below the Court, having reviewed Rotella and Gwynn's submissions, the District Court Order, and the applicable law, hereby vacates the Amended Order.

D. The February 16, 2006 Hearing

At the commencement of the February 16, 2006 hearing to consider the Second Amended Discovery Sanctions Motion and the amount of sanctions to be imposed against Gwynn pursuant to the Amended Order on Rotella's Motion for Sanctions, Gwynn announced that her *Emergency Motion for Rehearing and Reconsideration of this Court's "Order Denying Mary Alice Gwynn's Emergency Motion for Recusal of the Honorable Paul J. [sic] Hyman Pursuant to Bankruptcy Rule 5004, 28 U.S.C. §455 and §144"* ["Recusal Order"] *and "Order Denying Mary Alice Gwynn's Emergency Motion to Stay the Hearing on Debtor's Renewed Motion Scheduled for Bebruary [sic] 16, 2006"* ["Stay Order"] *dated February 10, 2006, Based Upon Additional Doucmentation [sic] Filed* ("Reconsideration Motion") [C.P.1314] required the Court's determination before the hearing could go forward. The Court informed Gwynn that it had denied her Reconsideration Motion in its February 14, 2006, *Order Denying Mary Alice Gwynn's Emergency Motion for Rehearing and Reconsideration of this Court's "Order Denying Mary Alice Gwynn's Emergency Motion for Recusal of the Honorable Paul J. [sic] Hyman Pursuant to Bankruptcy Rule 5004, 28 U.S.C. §455 and §144" and "Order Denying Mary Alice Gwynn's Emergency Motion to Stay the Hearing on Debtor's Renewed*

Motion Scheduled for Bebruary [sic] 16, 2006" dated February 10, 2006, Based Upon Additional Doucmentation [sic] Filed ("Order Denying Reconsideration") [C.P.1319].

Gwynn thereupon stated that she was prepared to file an appeal of the Recusal Order, the Stay Order, and the Order Denying Reconsideration, and she further declared that she would not participate in the hearing until the District Court determined her appeal of the Recusal Order. The Court reiterated its ruling denying Gwynn's motion to stay the hearing pending appeal of the Recusal Order because: 1) the Court believed it was an interlocutory order; and 2) Gwynn failed to state any grounds that would allow her to proceed with an interlocutory appeal. The Court further noted that the hearing had been set for some time and this was the second setting.[6] Gwynn repeated her refusal to participate in the hearing. The Court thereupon granted Gwynn's request to leave the courtroom, and she left. Debtor's counsel proceeded with its case unopposed.

CONCLUSIONS OF LAW

The Court has jurisdiction over this proceeding pursuant to 28 U.S.C. § 1334. This is a proceeding arising in a case under title 11 pursuant to 28 U.S.C. § 157(b)(1).

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[6]The hearing on Rotella's Motion for Sanctions and on the Second Amended Discovery Sanctions Motion had been set for 9:30 A.M., January 27, 2006. On January 26, 2006 at 3:10 P.M., Gwynn filed an Emergency Motion to Continue Hearing. The Court granted her motion and continued the hearing until February 16, 2006, a date that was acceptable to Gwynn.

I. The Second Amended Discovery Sanctions Motion

The Debtor filed the Second Amended Discovery Sanctions Motion against Cole and Gwynn pursuant to the Court's March 22,2004 Order which granted Debtor and his counsel permission to submit a motion for attorneys' fees and costs incurred in connection with their efforts to obtain discovery from Cole. The Second Amended Discovery Sanctions Motion, however, does not cite any authority other than the March 22,2004 Order, as a basis for an award of attorneys' fees and costs against Gwynn. Therefore it is left to the Court to determine on what basis, if any, an imposition of sanctions against Gwynn would be appropriate.

The Court has both statutory authority and inherent power to award sanctions when required. The Court has inherent power to sanction attorneys who act in bad faith, vexatiously, wantonly or for oppressive reasons. *Chambers v. Nasco, Inc.*, 501 U.S. 32, 45-46 (1991). The exercise of such powers by a Bankruptcy Court is consistent with the authority granted by 11 U.S.C. § 105 to "issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title." *See, e.g., Jove Eng'g, Inc., v. Internal Revenue Service*, 92 F.3d 1539 (11th Cir. 1996). "However because of their potent nature,'inherent powers must be exercised with restraint and discretion.'" *In re Mroz*, 65 F. 3d 1567, 1575 (11th Cir. 1995)(*citing Chambers*, 501 U.S. at 42-43). When conduct can be "adequately sanctioned under the Rules, the

Court should ordinarily rely on the Rules rather than their inherent power." *Chambers*, 501 U.S. at 50. Bankruptcy Rule 7037 "Failure to Make Discovery: Sanctions" deals directly with the type of discovery abuses complained of in the Second Amended Discovery Sanctions Motion.[7] Bankruptcy Rule 7037 applies to contested matters as well as to adversary proceedings. *See* B.R. 9014(c). Thus the Court finds that Bankruptcy Rule 7037, rather than the Court's inherent power, is the appropriate authority to rely upon in this matter.[8]

Bankruptcy Rule 7037 states in pertinent part:

(a) Motion for Order Compelling Disclosure or Discovery

(4) *Expenses and Sanctions.*

> (A) If the motion is granted . . . the court shall, after affording an opportunity to be heard, require the party or deponent whose conduct necessitated the motion or the party or ***attorney advising such conduct*** or both of them to pay to the moving party the reasonable expenses incurred in making the motion, including attorney's fees, . . .

(b) Failure to Comply with Order

In lieu of any of the foregoing orders or in addition thereto, the court shall require the party failing to obey the order or ***the attorney advising that party*** or both to pay the reasonable expenses, including attorney's

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[7]Bankruptcy Rule 9011 is inapplicable to discovery disclosures and requests. *See B.R. 9011 (d)*. 28 U.S.C. §1927 in also inappropriate here because it only permits sanctions against attorneys, not parties. *See e.g., Byrne v. Nezhat*, 261 F.3d 1075, 1106 (11th Cir. 2001). Cole's culpability in this matter has already been determined. *See Cole Default Order*.

[8]"Invocation of the Court's inherent powers requires a finding of bad faith" *In re Mroz*, 32 F.3d at 1575 (*citing Chambers*, 501.U.S. at 49). There has been no evidence presented that Gwynn acted in bad faith with respect to the discovery matters at issue.

> fees, caused by the failure, . . .
>
> (d) Failure of Party to Attend at Own Deposition or Serve Answers to Interrogatories or Respond to Request for Inspection
>
> In lieu of any order or in addition thereto, the court shall require the party failing to act or ***the attorney advising that party*** or both to pay the reasonable expenses, including attorney's fees, caused by the failure . . .
>
> B.R. 7037(emphasis added)

Rule 7037 subsection (a) provides the procedure for motions for orders compelling disclosure and discovery. B.R.7037(a). Rule 7037 subsections (b) and (d) provide for sanctions against a party who fails to comply with a court order compelling disclosure and discovery, fails to attend their own deposition, or fails to serve answers to interrogatories. B.R.7037 (b) and (d). In each instance, the attorney may also be sanctioned under Rule 7037.

Discovery abuses frustrate the purpose of the Federal Rules of Civil Procedure which is to "secure the just, speedy, and inexpensive determination of every action." Fed. R. Civ. P. 1. "Rule [7037] sanctions must be applied diligently both 'to penalize those whose conduct may be deemed to warrant such a sanction, and to deter those who might be tempted to such conduct in the absence of such a deterrent.'" *Roadway Exp., Inc. v. Piper*, 447 U.S. 752, 763 (1980)(*quoting Nat'l Hockey League v. Metro. Hockey Club*, 427 U.S. 639, 643 (1976)). Rule 7037 sanctions "serve a threefold purpose. Preclusionary orders ensure that a party will not be able to profit from its own failure to comply. Rule [7037] strictures

are also specific deterrents and, like civil contempt, they seek to secure compliance with the particular order at hand. Finally, although the most drastic sanctions may not be imposed as 'mere penalties,' courts are free to consider the general deterrent effect their orders may have on the instant case and on other litigation, provided that the party on whom they are imposed is, in some sense, at fault." *JSC Foreign Econ. Ass'n Technostroyexport v. Int'l Dev. & Trade Serv. Inc.*,(S.D.N.Y. 2005) 2005 WL 1958361 *10 (quoting *Cine Forty-Second Street Theatre Corp. v. Allied Artists Pictures, Corp.*, 602 F.2d 1062, 1066 (2d Cir. 1979)). Rule 7037 thus gives the Court discretion to apportion fault for discovery abuses by permitting the Court to impose sanctions upon a party, its attorney or both. *Devaney v. Continental American Ins. Co.*, 989 F. 2d 1154, 1160 (11th Cir. 1993)

The Court previously ruled that "Cole's refusal to appear and testify at her deposition, while under Subpoena, or to otherwise participate in discovery after twenty (20)months of scheduling and rescheduling her examination, was willful and in complete disregard for this Court, its law and the parties involved in this Proceeding." *Cole Default Order* at 17. However, the Court finds that there has been no evidence presented that Cole's obstructive discovery conduct was Gwynn's fault, having either been carried out at Gwynn's direction or upon Gwynn's advice. Absent evidence of Gwynn's culpability in advising Cole not to appear and testify at

her deposition, or to otherwise not participate in discovery, there exists no basis pursuant to B.R. 7037 or pursuant to any other authority, for the Court to assess sanctions against Gwynn for Cole's discovery misconduct. Accordingly, the Second Amended Discovery Sanctions Motion is denied as to Gwynn.

II. The Amended Order on Rotella's Motion for Sanctions is Vacated

A. The Amended Order's Conclusions of Law are Incorrect

The Amended Order on Rotella's Motion for Sanctions determined that imposition of sanctions against Gwynn was appropriate pursuant to 28 U.S.C. §1927 and 11 U.S.C. § 105.

Section 1927 of title 28 of the United States Code provides:

> Any attorney or other person admitted to conduct such cases in any court of the United States or any Territory thereof who so multiplies the proceedings in any case unreasonably and vexatiously may be required by the court to satisfy personally the excess costs, expenses, and attorneys' fees reasonably incurred because of such conduct.
>
> 28 U.S.C. §1927

The Amended Order noted three requirements for imposition of sanctions pursuant to §1927: 1) the attorney in question must engage in "unreasonable and vexatious" conduct; 2) such conduct must multiply the proceedings, and 3) "the dollar amount of the sanction must bear a financial nexus to the excess proceedings, *i.e.*, the sanction may not exceed the 'costs, expenses, and attorneys' fees reasonably incurred because of such conduct.'" *Peterson v. BMI Refractories*, 124 F.3d 1386, 1396 (11th Cir. 1997) (*citing* 28 U.S.C.

§ 1927). However upon review, the Court finds that the Amended Order failed to fully examine section 1927's requirements. In light of the recently entered District Court Order, the Court does so now.

"There is little case law in this circuit concerning the standards applicable to the award of sanctions under §1927." *Id.* "Moreover, decisions from other circuits are not in agreement on the governing principles. Some circuits have held that subjective bad faith is required for an award [of sanctions] under §1927. *Oliveri v. Thompson*, 803 F.2d 1265, 1273 (2d Cir. 1986); *Hackman v. Valley Fair*, 932 F.2d 239, 242 (3d Cir. 1991). Other circuits have held that it is not. *See Wilson-Simmons v. Lake County Sheriff's Dep't*, 207 F.3d 818, 824 (6th Cir. 2000); *Miera v. Dairyland Ins. Co.*, 143 F.3d 1337, 1342 (10th Cir. 1998)." *Footman v. Cheung*, 341 F. Supp. 2d 1218, 1222-23 (M.D. Fla. 2004).

The Eleventh Circuit recently acknowledged that its "cases are perhaps somewhat unclear [with respect to the requirements of section 1927]; either they require subjective bad faith, which may be inferred from reckless conduct, or they merely require reckless conduct, which is considered 'tantamount to bad faith.'" *Cordoba v. Dillard's, Inc.*, 419 F.3d 1169, 1178 (11th Cir. 2005). The *Cordoba* court speculated as to whether the distinction is ever significant, and declined to provide an answer since it was not important for purposes of that case. *Id.*

The Amended Order in this case omitted any consideration of Gwynn's subjective bad faith, or of whether her conduct was tantamount to bad faith. Thus, the Amended Order's finding that Gwynn was liable for sanctions pursuant to section 1927 is not in keeping with the Eleventh Circuit's test for imposition of section 1927 sanctions and the Amended Order must be vacated.[9]

The Amended Order also found Gwynn liable for sanctions pursuant to 11 U.S.C. §105, which states in pertinent part:

> The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.
>
> 11 U.S.C. § 105(a)

The Eleventh Circuit has found that section 105 gives bankruptcy courts civil contempt powers to impose monetary sanctions when there is clear and convincing evidence that a court order has been violated, as for example, in the event of a willful automatic stay violation. *See Jove Eng'g, Inc.*, 92 F.3d 1539. The

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[9]The Amended Order used a less stringent objective standard which would have been acceptable in some circuits. *See e.g. Knorr Brake Corp. v. Harbil, Inc.*, 738 F.2d 223 (7th Cir.1984); *In re Ruben*, 825 F.2d 977 (6th Cir.1987); *Jones v. Continental Corp.*, 789 F.2d 1225 (6th Cir.1986); *Lewis v. Brown & Root, Inc.*, 711 F.2d 1287(5th Cir.1983); *see also Cruz v. Savage*, 896 F.2d 626, 631-32 (1st Cir.1990)("Behavior is 'vexatious' when it is harassing or annoying, regardless of whether it is intended to be so....It is enough that an attorney acts in disregard of whether his conduct constitutes harassment or vexation, thus displaying a 'serious and studied disregard for the orderly process of justice.'").

Amended Order cited *Hardy v. United States (In re Hardy)*, 97 F.3d 1384, 1389-90 (11th Cir. 1996)[10] as authority for the distinction between section 105's grant of statutory contempt powers in the bankruptcy context, and the court's inherent contempt powers which require a finding of "bad faith". *Id.* The Amended Order then incorrectly implied that pursuant to section 105 bankruptcy courts may sanction an attorney who unreasonably and vexatiously multiplies the proceedings without making a finding of subjective bad faith or conduct tantamount to bad faith. The Amended Order cited *In re Volpert*, 110 F.3d 494, 500 (7th Cir. 1997)(*citing Caldwell v. Unified Capital Corp. (In re Rainbow Magazine)*, 77 F.3d 278, 283-84 (9th Cir. 1996); *Jones v. Bank of Santa Fe (In re Courtesy Inns, Ltd.)*, 40 F.3d 1084, 1089 (10th Cir. 1994)), as authority for imposition of sanctions pursuant to section 105 for unreasonable and vexatious multiplications of proceedings without finding subjective bad faith or conduct tantamount to bad faith. However, bad faith was a factor in each of those cases. In *Rainbow Magazine* and *Courtesy Inns*, section 105 sanctions were imposed for bad faith filings of bankruptcy petitions. *Id.* at 501. In *Volpert*, the Seventh Circuit affirmed a bankruptcy court award of sanctions for an attorney's bad faith filings, however *Volpert* found that the appropriate sanctioning mechanism was 11 U.S.C. § 105 rather than

[10]In *Hardy*, a chapter 13 debtor sought sanctions based upon the Internal Revenue Service's willful, rather than bad faith violation of the discharge injunction. *Id.*

28 U.S.C. §1927 which was the bankruptcy court's basis for the award.[11] *Id.*

This Court does not interpret section 105 to permit an award of attorney's fees for unreasonable and vexatious multiplication of proceedings absent a finding of subjective bad faith or conduct tantamount to bad faith. Fee shifting is generally prohibited under the American Rule. With the exception of very "narrowly defined circumstances," each party pays its own way. *Chambers*, 501 U.S. at 45(citations omitted). The Court finds that Congress did not intend to allow bankruptcy courts to impose sanctions pursuant to 11 U.S.C. § 105 using a less stringent standard than that required for imposition of sanctions pursuant to 28 U.S.C. §1927. To the extent that the Amended Order implied that sanctions may be imposed for unreasonable and vexatious multiplication of proceedings pursuant to § 105 absent a finding of subjective bad faith, or conduct tantamount to bad faith, the Amended Order was incorrect.

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[11] The *Courtesy Inns* line of cases dealt with the issue of whether or not bankruptcy courts are "courts of the United States" capable of exercising the inherent and statutory powers reserved to Article III courts. *Courtesy Inns* determined that bankruptcy courts are not "courts of the United States" and therefore do not have authority to impose section 1927 sanctions. *Volpert*, 110 F.3d at 501. *Rainbow Magazine* determined that section 105 imbues bankruptcy courts with powers similar to an Article III court's inherent powers. *Id.* *Volpert* sidestepped the issue by finding that 11 U.S.C. § 105 provided an alternative basis to 28 U.S.C. § 1927 for awarding sanctions for bad faith filings. *Id.*

This Court agrees with the cases that find that bankruptcy courts are "units" of the district court and have jurisdiction to award sanctions under 28 U.S.C. § 1927 "due to [their] jurisdictional relationship with the district court". *In re Lawrence*, 2000 WL 33950028 *4 (Bankr. S.D. Fla. 2000) *accord Huff v. Brooks (In re Brooks)*, 175 B.R. 409, 412 (Bankr. S.D. Ala. 1994); *see also Grewe v. United States (In re Grewe)*, 4 F.3d 299 (4th Cir. 1996)(concluding Congress intended bankruptcy courts to qualify as courts of the United States).

B. The Court Reaffirms the Amended Order's Findings

Notwithstanding the Amended Order's incorrect interpretation of law, its findings of fact are correct. Rotella's Motion for Sanctions is based upon Gwynn's having filed Cole's Motion for Sanctions, Cole's Supplement to the Motion for Sanctions, Cole's Response to Susan Lundborg, and Cole's Procurement Motion. One of the primary themes of Cole's Motion For Sanctions is that "Rotella orchestrated a well thought out plan to sell the Cat Cay Property during July, 2003." This theme was similarly expounded upon in Cole's Response To Susan Lundborg, and Cole's Procurement Motion. However, some of the allegations in Cole's Response to Susan Lundborg and Cole's Procurement Motion contradict the allegations in Cole's Motion for Sanctions. Cole's Motion For Sanctions asserts that Rotella orchestrated the sale of the Cat Cay property, while Cole's Response To Susan Lundborg asserts that Susan Lundborg and her attorney Stephen A. Turnquest were solely responsible for the sale of the Cat Cay property. In addition to these contrasting allegations, the motions contain numerous allegations against Rotella including that he had perpetrated a fraud upon the Court, that he was "generally dishonest", and that he had not been forthright with the creditors or trustee.

The Court hereby reaffirms the Amended Order's findings of fact as follows:

1. Gwynn neither produced nor admitted any competent evidence to establish that she had any basis in fact or law as of April 5,

2004, to support the allegation within Cole's Motion For Sanctions that Rotella "orchestrated a well thought out plan" to sell the Cat Cay Property during July 2003.

2. Gwynn failed to produce any evidence to support the allegation that Rotella created a sham or perpetrated a "fraud on this Court" with respect to filing Debtor's *Emergency Motion To Stay Sale Of Debtor's Interest In Real Property In Violation Of 11 U.S.C. § 362, B.R. 6004-1 And Local Rule 6004-1* ("Motion to Stay Sale").

3. Rotella took Gwynn's Deposition on June 8, 2004 prior to filing his 9011 Motion For Sanctions. While Gwynn said that the allegations in Cole's Motion for Sanctions were true and correct when she signed them, she evaded questions regarding her factual basis for alleging that Rotella orchestrated the sale of the Cat Cay Property. Gwynn repeatedly objected to Rotella's questions on the basis that her answers were protected by work product and/or attorney-client privilege. She evaded answering by repeating her objections, and by referring to Cole's Motion for Sanctions saying "the pleading speaks for itself." Gwynn's attempts to offer any factual predicate for filing Cole's Motion for Sanctions were disjointed and fragmented.

4. Gwynn's refusal to answer questions relative to any factual and legal basis for the allegations contained in Cole's Motion for Sanctions at the June 8,2004 deposition, was not remedied by the Sanctions Hearing. Gwynn's testimony was disjointed, confused, incoherent, and oftentimes unresponsive to the questions. Gwynn gave no credible testimony establishing any factual or legal basis as of April 5, 2004 for the allegations she advanced against Rotella in Cole's Motion for Sanctions.

5. Gwynn alleged in Cole's Motion for Sanctions that Rotella was "generally dishonest." Paragraph 5 accuses Rotella of disregarding Bankruptcy Rules, continually making false representations to this Court, and being other than forthright with "any of the creditors, the Trustee and/or counsels." In support of this allegation Gwynn testified at the Sanctions Hearing that Rotella never listed the Receivership Proceeding in the Debtor's original Statement Of Financial Affairs. The Statement of Financial Affairs filed with the Court on May 23,

2003 lists the Receivership Proceeding[12] as pending. When Rotella pointed out that the Receivership Proceeding was listed as pending, Gwynn claimed that she did not see this entry on the "initial" Schedules. However, the record reflects that the Debtor's Schedules were never amended. It is clear that Gwynn did not investigate whether Rotella listed the Receivership Proceeding because this could have been verified easily by reading the Debtor's Statement of Financial Affairs. Gwynn had no basis on April 5, 2004 for her allegation that Rotella was "generally dishonest" in not listing the Receivership Proceeding. She did not provide any competent evidence to the contrary throughout the Sanctions Hearing.

6. Gwynn alleged that Rotella deceived the Court and creditors by failing to list the Cat Cay Property in response to Question 6 in the Debtor's Statement of Financial Affairs, which requires a list of all property "which has been in the hands of a custodian, receiver, or court appointed official within one year immediately proceeding the commencement of the case." Gwynn testified that this response was a false representation by Rotella because the State Court Receiver, Linda Walden, was *about* to take control of the Cat Cay Property. Although it was Gwynn's contention that the Receiver was *about* to take control of the Cat Cay Property, in fact the Receiver had not been in control of it at any time prior to the Debtor filing his Statement of Financial Affairs. The Court finds that Gwynn's allegations of Rotella's "general dishonesty," his disregarding Bankruptcy Rules, his continually making false representations to this Court, and his being other than forthright with "any of the creditors, the Trustee and/or counsels" were unreasonable.

7. Gwynn alleged in Paragraph 5 of Cole's Motion For Sanctions that Rotella failed to disclose or otherwise list the Debtor's interest in real property in Washington County, Florida (the "Washington County Property") in the Debtor's Statement Of Financial Affairs and accompanying Schedules. However Question 10 of the original Statement Of Financial Affairs does list the Debtor's interest in the Washington County Property along with its full legal description. Gwynn should have reviewed Question 10 before making this allegation. Consequently, the Court finds that Gwynn had no basis on April 5, 2004 for her allegation that Rotella was "generally dishonest" in not

[12]The Receivership Proceeding is the case styled *Eleanor C. Cole v. James F. Walker*, In The Circuit Court Of The 17th Judicial Circuit, In And For Broward County, Florida, Case Number 89-21462 (09).

listing the Washington County Property and provided no evidence to the contrary throughout the Sanctions Hearing.

8. Gwynn alleged at paragraph 7 of Cole's Motion for Sanctions that Rotella's listing the Debtor's interest in the Cat Cay Property as exempt was another example of Rotella's general dishonesty and being other than forthright with "any of the Creditors, the Trustee and/or counsels." Cole's Motion for Sanctions and Gwynn's testimony at the Sanctions Hearing alleged that Rotella *knew all along* that the property was held as tenants in common. This allegation is unfounded both in fact and in law. While the Debtor's position that the Cat Cay Property was exempt as a tenancy by the entireties was disallowed by the Court, Gwynn had no factual basis for accusing Rotella of dishonesty for taking the legal position that the Cat Cay Property was exempt from the Debtor's estate. Gwynn undertook no investigation to substantiate her allegation. She did not depose Rotella or ask him about any legal research he may have conducted on the question of whether the Cat Cay Property was exempt prior to the Debtor's filing his Statement of Financial Affairs and Schedules. Consequently, the Court finds that Gwynn had no basis on April 5, 2004, in fact or law, for her allegation that Rotella was "generally dishonest" in listing the Debtor's interest in the Cat Cay Property as exempt. She provided no competent evidence to the contrary throughout the Sanctions Hearing.

9. Gwynn accused Rotella of failing to send a Suggestion of Bankruptcy to the Trustee, Linda Walden. However, the Certificate of Mailing on the Suggestion of Bankruptcy shows that it was sent by U.S. Mail and Facsimile to "H. Michael Muniz, Esquire, Sachs, Sax & Klein, P.A., Attorneys for Receiver, Linda J. Walden, MBA, CPA, Northern Trust Plaza, 301 Yamato Road, Suite 4150, Boca Raton, FL 33431. . . this 25th day of April, 2003". Gwynn asserted that H. Michael Muniz never received the Suggestion of Bankruptcy and that a review of her correspondence with Mr. Muniz refreshed her recollection that he did not receive the Suggestion of Bankruptcy either. However, Gwynn neither produced the correspondences or records of these exchanges, nor did she have Mr. Muniz testify before the Court. The prima facie proof of service established by the Certificate Of Service is presumptively valid as a matter of law. Gwynn provided no competent evidence establishing that she had any factual or legal basis for having made the allegation that Rotella never sent the Suggestion of Bankruptcy to the Receiver or her counsel.

10. Gwynn alleged in Paragraph 14 of Coles' Motion for Sanctions that attorney Collie never received a Notice of Filing Chapter 7 Bankruptcy. Gwynn's allegation is similarly without merit because Gwynn produced no evidence to counter the Certificate of Service.

11. Throughout her June 16, 2005 hearing testimony, Gwynn said that she would be "bringing matters" before this Court by way of her "Motion for All Remedies," which was heard and decided by the Court on July 1, 2005. The *Court's Order Denying Motion for All Remedies* [C.P. 1103] found that there was no evidence to support Gwynn's Sanctions Hearing allegation that ". . . there's some fee-splitting going on with other people." The Court did however find that Rotella untimely filed his Second Amended Disclosure of Compensation of Attorney for Debtor to the United States Trustee ("Second Amended Disclosure of Compensation"), but there was no evidence of any intentional wrongdoing by Rotella. Gwynn did not raise the limited issue of timeliness in Cole's Motion For Sanctions or at the Sanctions Hearing. Consequently, the Court finds that Gwynn lacked any basis in fact or law as of April 5, 2004 to have alleged that Rotella engaged in illegal fee splitting. She produced no competent evidence to support her allegation at either the Sanctions Hearing or the hearing on Motion For All Remedies.

12. Gwynn alleged at Paragraph 5 of Cole's Motion For Sanctions that Rotella's failure to obtain Court approval for his guarantee of payment by the Debtor's wife exemplifies Rotella's alleged disregard for Bankruptcy Rules, his false representations to the Court, and his being other than forthright with "any of the creditors, the Trustee and/or counsels". At the June 16, 2005 hearing, Gwynn suggested that Bankruptcy Rule 2016 requires that Rotella obtain a court order approving his fee arrangement with the Debtor's wife, Carol Ann Walker. Rule 2016(b) requires the attorney to file a statement disclosing compensation with the United States Trustee, but the rule does not require the attorney to receive a court order to approve the arrangement for compensation. Rotella's Second Amended Disclosure of Compensation reports that Rotella received additional compensation from the Debtor's son as well as the guarantee of payment from Carol Ann Walker, the Debtor's wife, from her fifty-percent (50%) interest in the proceeds of the sale of the Cat Cay Property. Although Rotella's Second Amended Disclosure of Compensation was untimely filed, there was no evidence of intentional

wrongdoing on Rotella's part.[13] Because there is no requirement for obtaining Court approval, Gwynn could not possibly have had any legal basis for this allegation.

13. Gwynn alleged in Paragraph 6 of Cole's Motion For Sanctions that Rotella filed an *Ex-Parte Motion for Extension of Time in Which to File Statement of Financial Affairs and Schedules* ("Ex-Parte Motion to Extend") knowing all along that Creditor Cole had counsel and that Walden was appointed as a Receiver. She further alleged that none of the parties received copies of Rotella's Ex-Parte Motion To Extend. However Gwynn's testimony at the June 16, 2005 hearing revealed that she made no inquiry of any of the creditors or other interested parties listed on the Certificate Of Service as to whether they had received the Ex-Parte Motion to Extend. Local Rule 9013-1 (C)(2)[14] permits ex-parte relief for an extension of time to file the Statement Of Financial Affairs and Schedules. Rotella's Ex-Parte Motion to Extend dated May 7, 2003 and filed May 9, 2003 bears a Certificate Of Service listing ten (10) creditors and/or other interested parties, including the then-Trustee, Deborah Menotte, as well as Cole's counsel, H. Michael Muniz. Gwynn offered no evidence or testimony that Muniz was not served with the Ex-Parte Motion to Extend. Moreover, Walden was not the Trustee at this point in the case, she was merely the Receiver from a State Court action against the Debtor. Gwynn produced no evidence that either she or Walden had requested notice of all motions in the case. Therefore, neither Gwynn nor Walden were entitled to notice. Gwynn's failure to receive notice is not a ground upon which to sanction the Debtor's attorney. This is an example of

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[13]The Court's *Order Denying Motion For All Remedies* at paragraph 2 found that: [t]he existence of the Guarantee was disclosed to the Office of the United States Trustee on August 14, 2003. However Rotella did not file the Notice of Filing [Amended Disclosure of Compensation and Second Amended Disclosure of Compensation] which referenced the Guarantee, with the Court until May 28, 2004. While the Notice of Filing Disclosures of Compensation was not filed with the Court until May 28, 2004, the parties in interest had notice of the existence of the Guarantee as early as September of 2003."

[14]Rule 9013-1(C) of the Local Rules of the United States Bankruptcy Court for the Southern District of Florida allows a variety of motions to be considered without a hearing ("ex parte motions). Subsection (2) of Rule 9013-1(C) provides:

> Motions to extend the time for filing schedules, statements, or lists, where the requested extended deadline is not later than 5 days before the § 341 meeting or post-conversion meeting. The motion must be served on the debtor, the trustee, the U.S. trustee, and all parties who have requested notices. . .

Gwynn's continuing failure to examine the Local Rules before lodging unfounded allegations.

14. Gwynn alleges in Paragraph 22 of Cole's Motion For Sanctions, that Rotella's filing Debtor's Motion To Stay Sale on July 15, 2003 was a "sham and a fraud on this Court," and that the sale of the Cat Cay Property was, in tandem, "orchestrated by Lundborg, along with Rotella, Turnquest and Collie (who) have a hidden agenda to purchase the Cat Cay property at a discount price and turn around and flip the property as soon as the sale had gone through, at a much higher price".[15] Rotella asked Gwynn whether she had any evidence to support the allegations of his wrongdoing set forth within Cole's Motion For Sanctions in Paragraphs 9, 11, 14, 15, 16, 20, 21, 23, 26 and 27. Gwynn generally testified that she was without anything material to offer in terms of documentary evidence or testimony to substantiate her allegations.

15. Gwynn testified at the May 20,2005 hearing, that the Debtor fraudulently obtained an order from the court in his criminal case that allowed him to travel to the Bahamas to sell the Cat Cay Property. The transcript of the July 3, 2003 hearing[16] reflects that the State Court authorized the Debtor to travel to California and to travel to the Bahamas if the Cat Cay Property was sold by order of the Bankruptcy Court. This Court sees nothing improper with the Debtor's criminal counsel requesting permission from the State Court for the Debtor to travel to the Bahamas in the event that this Court ordered him to attend the sale of the Cat Cay Property. Whatever concerns Gwynn had regarding the State Court's July 3, 2003 authorization for the Debtor's travel to the Bahamas, she did not raise those concerns in State Court, but waited until she filed Cole's Motion for Sanctions ten months later. Gwynn provided no competent evidence for alleging that Rotella committed "a sham and a fraud on this Court" by "generating" or otherwise procuring a fraudulent order from the State Court allowing the Debtor to travel to the Bahamas to complete a sale of the Cat Cay Property.

16. Gwynn alleged in Cole's Motion For Sanctions at Paragraph 15 that "attorney Collie also informed Walden of other

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[15]Gwynn made substantially similar allegations in Paragraph 9 of Cole's Supplemental Motion for Sanctions.

[16] A restitution hearing was held on July 3, 2003 in the matter styled *State of Florida v. James F. Walker*, In the Seventeenth Judicial Circuit, In and For Broward County, Florida, Case Number: 90-20599 CF10A.

instructions he received from Rotella, that will prove Rotella orchestrated this whole sale in July, hoping that the sale would go through covertly, before anyone here would have knowledge of it. . . . Walden will present additional testimony on the conversations that she had with attorney Collie." Walden, under Subpoena Duces Tecum issued by Gwynn, failed to appear and testify at the May 20, 2005 hearing and again failed to appear and testify at the June 16, 2005 hearing as required under the Renewed Subpoena Duces Tecum. Walden's failure to testify notwithstanding, Gwynn produced no evidence whatsoever to substantiate, or otherwise establish, that she had any basis in fact or in law for making the allegations against Rotella on April 5, 2004. Gwynn's references to the Bahamian Court orders as "doctored" are similarly unsubstantiated. In addition, the testimony of Gwynn's witness, Robert Angueira, did not support Gwynn's allegations that the Bahamian Court orders were "doctored."

17. At the June 16,2005 hearing, the Court attempted to understand Gwynn's allegation that Rotella's Motion to Stay the Sale was a fraud on the Court. Gwynn testified that Rotella's objective in filing the Motion to Stay the Sale was to put herself, Linda Walden, and Robert Angueira in a bad light. Gwynn further testified that the Debtor's attempt to stop the sale was contradicted by the Debtor's attempt to get an order from the State Court allowing him to travel to the Bahamas so that he could complete the sale. The record reflects that the Debtor's primary objective in filing the Motion to Stay the Sale was to stop the sale of the Cat Cay Property to Susan Lundborg. Therefore, the Debtor's intentions in filing the Motion to Stay the Sale were not fraudulent.

18. Gwynn alleged that the Debtor sought contradictory relief in State Court and in this Court. On the one hand, she alleged that the Debtor sought permission to travel to the Bahamas to complete a covert sale of the Cat Cay Property in league with Rotella, Susan Lundborg, and her attorneys. On the other hand, she alleged that Rotella and the Debtor sought contradictory relief from this Court when they sought to stop the sale to Susan Lundborg. The July 3, 2003 hearing transcript reveals that the Debtor did not seek contradictory forms of relief in this Court and the State Court. First, the Debtor sought an order only that would permit him to travel to California where his son lives. Second, the Debtor sought permission from the State Court to travel to the Bahamas in case this Court authorized the sale of the Cat Cay Property. Finally, subsequent to the Debtor's filing his bankruptcy petition, he moved this Court to stay the sale in case he prevailed on his

claim that the Cat Cay Property was exempt. There is no evidence that the Debtor sought to complete a covert sale to Susan Lundborg without this Court's knowledge. On the contrary, the Debtor has fought the sale of the Cat Cay Property since the Debtor's interest in the Cat Cay Property became an object of interest for creditors. Had Gwynn read the July 3, 2003 hearing transcript with minimal care and attention, she would have determined that the Debtor did not seek contradictory forms of relief. The allegation that the Motion to Stay the Sale was a fraud on the Court is wholly without merit.

19. The Court notes that many of Gwynn's allegations would not have been lodged, if she had undertaken the most routine forms of investigation and research. One form of investigation would have been for Gwynn to take Rotella's Deposition prior to filing Cole's Motion For Sanctions. However, she did not. Instead, she took Rotella's Deposition some seven (7) weeks after filing Cole's Motion For Sanctions, and only four (4) days before the scheduled hearing on Cole's Motion For Sanctions. Moreover, there is no excuse for her failure to acquaint herself with the Federal Rules of Bankruptcy Procedure and the Local Rules, or to read the July 3, 2003 hearing transcript closely.

C. The Court Finds Gwynn's Conduct is Tantamount to Bad Faith

There is no doubt that Gwynn's conduct, as evidenced by the above findings, was objectively unreasonable and vexatious. However, the Court's Amended Order did not consider whether Gwynn's vexatious and unreasonable conduct was conduct tantamount to bad faith or carried out in subjective bad faith, as required in the Eleventh Circuit for imposition of sanctions pursuant to 11 U.S.C. § 1927. *Cordoba*, 419 F.3d at 1178. "In assessing whether an award is proper under the bad faith standard, 'the inquiry will focus primarily on the conduct and motive of a party, rather than the validity of the case.'" *Footman*, 341 F. Supp. 2d at 1223 (*citing Rothenburg v. Sec. Mgmt. Co., Inc.*, 736 F.2d 1470, 1472 (11th Cir.

1984)). Subjective bad faith requires an improper motive, such as for example, a motive to delay judicial proceedings. Subjective bad faith is a higher standard than objective bad faith which does not require conscious impropriety. *Jerelds v. City of Orlando*, 194 F. Supp. 2d 1305, 1312 (M.D. Fla. 2002)(citations omitted).

Conduct tantamount to bad faith may be found where "an attorney knowingly or recklessly raises a frivolous argument, or argues a meritorious claim for the purpose of harassing an opponent. A party also demonstrates bad faith by delaying or disrupting the litigation or hampering the enforcement of a court order." *Footman*, 341 F. Supp.2d at 1223 (*citing Barnes v. Dalton*, 158 F.3d 1212, 1214 (11th Cir. 1998)). A finding that conduct is tantamount to bad faith is also warranted "where an attorney knowingly or recklessly pursues a frivolous claim or engages in litigation tactics that needlessly obstruct the litigation of non-frivolous claims." *Bernstein v. Boies, Schiller & Flexner, LLP*, 2006 WL 465054 *2 (S.D. Fla. 2006)(*citing Schwartz v. Million Air, Inc.*, 341 F.3d 1220, 1225 (11th Cir. 2003)). Section 1927 is designed to sanction attorneys who willfully abuse the judicial process by conduct tantamount to bad faith. *Id.*

In this matter the Court finds that Gwynn's conduct has been sufficiently reckless to warrant a finding of conduct tantamount to bad faith. The Court further finds that her frivolous claims were prosecuted for the purpose of harassing her opponent such that her

conduct has been tantamount to bad faith. Gwynn failed to conduct even the most routine investigation before lodging completely unfounded allegations regarding Rotella's honesty and candor with the Court. It is bad faith and an abuse of process for Gwynn to lodge unfounded and uninvestigated allegations that opposing counsel perpetrated a fraud upon the Court and was generally dishonest, then withdraw the pleadings containing those allegations at the hearing without notice to Rotella, and maintain that based upon that withdrawal she should not be sanctioned. The above-detailed findings evidence Gwynn's bad faith and willful abuse of the judicial system which multiplied the proceedings in this case unreasonably and vexatiously.

D. Due Process

Rotella's Motion for Sanctions was originally filed as Rotella's Rule 9011 Sanctions Motion. Federal Rule of Civil Procedure 11[17] is aimed primarily at pleadings. *Byrne v Nezhat*, 261 F. 3d 1075, 1106 (11th Cir. 2001). The analysis in considering a motion for sanctions pursuant to Rule 9011 is a two step inquiry: "1) whether the party's claims are objectively frivolous; and 2) whether the person who signed the pleading should have been aware that they were frivolous." *Id.* at 1105 (*citing Baker v. Alderman*, 158 F.3d 516, 524 (11th Cir. 1988)). Based upon the Court's

[17] Bankruptcy Rule 9011 is substantially similar to Fed.R.Civ.P. 11 and the case law interpreting Fed.R.Civ.P. 11 is often used in applying Rule 9011. *See, e.g., In re Mroz*, 65 F.3d at 1572.

findings of fact, the Court can easily answer in the affirmative for each of the steps in the Rule 9011 two step inquiry. However, that does not conclude the Court's Rule 9011 analysis. The 1993 amendments to Rule 11 added "a twenty-one day period of 'safe harbor' whereby the offending party can avoid sanctions altogether by withdrawing or correcting the challenged document or position after receiving notice of the allegedly violative conduct. . . . The inclusion of a 'safe harbor' provision [was] expected to reduce Rule 11's volume, formalize appropriate due process considerations of sanctions litigation, and diminish the rule's chilling effect." *Ridder v. City of Springfield*, 109 F.3d 288, 294 (6th Cir. 1997)(citations omitted).[18]

Rotella failed to follow the absolute procedural requirements of Rule 9011. Rotella's Rule 9011 Sanctions Motion related to frivolous and conflicting allegations contained in four motions filed by Gwynn on behalf of Cole between April 5, 2004 and May 3, 2004. On May 28, 2004, Gwynn in open Court withdrew Cole's Motion for Sanctions. The Court entered the Order Withdrawing Cole's Motion for Sanctions on June 15, 2004. Yet as disclosed at the April 21, 2005 hearing, Rotella *never* sent a Rule 9011 safe harbor communication to Gwynn. Not having sent a Rule 9011 safe harbor

[18] *Ridder* further states, "Undoubtedly, the drafters also anticipated that civility among attorneys and between bench and bar would be furthered by having attorneys communicate with each other with an eye toward potentially resolving their differences prior to court involvement." *Ridder*, 109 F.3d at 294. Unfortunately, the drafters' anticipation has not been realized in this case.

communication to Gwynn, Rotella nevertheless filed his Motion for Rule 9011 Sanctions on July 7, 2004 *after* Gwynn withdrew Cole's Motion for Sanctions. Based upon Rotella's failure to follow the Rule 9011 procedure, the Court denied Rotella's Rule 9011 Sanctions Motion. The Court's Order Denying Rule 9011 Sanctions was entered without prejudice to Rotella refiling under any other appropriate grounds.

Rotella refiled his Rule 9011 Sanctions Motion as a Motion for Sanctions pursuant to 28 U.S.C. § 1927 and 11 U.S.C. §105 on April 21, 2005 directly after the hearing at which it was determined that a Rule 9011 communication had not been sent to Gwynn. The unavailability of Rule 9011 sanctions in this matter does not rule out the possibility of assessing sanctions against Gwynn pursuant to section 1927 and/or pursuant to section 105.[19] *Ridder*, 109 F.3d at 297. Section 1927 "is concerned only with limiting the abuse of court processes." *Roadway Express*, 447 U.S. at 762. "Unlike Rule [9011] sanctions, a motion for excess costs and attorneys fees under § 1927 is not predicated upon a 'safe harbor' period, nor is the motion untimely if made after the final judgment in a case." *Ridder*, 109 F.3d at 297. "The purpose of §1927 is to deter frivolous litigation and abusive practices by attorneys and to ensure that those who create unnecessary costs bear them." *Boler v.*

[19]Rotella's original Rule 9011 Sanctions Motion sought sanctions pursuant to both Rule 9011 and 11 U.S.C. §105.

Space Gateway Support Co. LLC, 290 F. Supp.2d 1272,1277 (M.D. Fla. 2003).

While the Court has "considerable discretion in imposing sanctions, it is settled law that an attorney must have notice and an opportunity to be heard on the possibility of being sanctioned, consistent with the mandates of the due process clause of the Constitution." *Anjelino v. New York Times Co.*, 200 F.3d 73, 100 (3d Cir. 2000)(citations omitted). "Due process requires that an attorney be given fair notice that his conduct may warrant sanctions and the reasons why." *Mroz*, 65 F.3d at 1575 (*citing Donaldson v. Clark*, 819 F.2d 1551, 1559-60 (11th Cir. 1987). "Notice can come from the party seeking sanctions, from the court, or from both." *Id.* "The adequacy of notice and hearing respecting proceedings that may affect a party's rights turns, to a considerable extent, on the knowledge which the circumstances show such party may be taken to have of the consequences of his own conduct." *Carlucci v. Piper Aircraft Corp., Inc.*, 775 F.2d 1440, 1452 (11th Cir. 1985)(*quoting Link v. Wabash R. Co.*, 370 U.S. 626, 632 (1962)).

The circumstances here show that Gwynn may be taken to have knowledge of the consequences of her conduct. Indeed as a member of the bar, Gwynn had knowledge of the consequences of her conduct. Gwynn's professional responsibilities required her to perform a reasonably thorough investigation of the facts before making

unfounded allegations. *See e.g. Byrne*, 261 F.3d at 1115. Rotella's Motion for Sanctions and the numerous other sanctions motions filed in this case provided adequate notice to Gwynn that Rotella was seeking sanctions based upon her reckless and frivolous claims. Gwynn filed written responses to the Motion for Sanctions as well as motions to continue hearings that had been set on the various sanctions motions. The Court's repeated admonitions provided additional notice to Gwynn that sanctions might be imposed as a consequence of her conduct. Having received adequate notice, Gwynn was given ample opportunity to be heard, and in fact was heard, over two days of evidentiary hearings. The Court finds that the mandates of due process have been satisfied.

E. The Amount of Sanctions

The imposition of sanctions is a matter of discretion for the Court. The Court finds that Rotella also contributed to the unreasonable multiplication of proceedings in this case. Rotella's Motion for Sanctions originally sought $99,402.50 for fees and costs allegedly incurred in this matter through March 18, 2005. He now seeks fees and costs in the amount of $241,270.00 through February 8, 2006. Indeed, Rotella has represented to the Court that the fees and costs he incurred are actually several times more than the amount he seeks here. In addition, the Second Amended Discovery Sanctions Motions seeks $57,478.25 and Rotella's sanctions motion

for Cole's Motion to Disqualify sought $80,572.50.[20] The amounts sought by Rotella juxtaposed against the estate having received total funds of $56,028.20 through December 31, 2005,[21] compels the Court to ask what has gone wrong? Taken as a whole, the grossly excessive amount of sanctions sought by Rotella shocks this Court's conscience.

The Court recognizes that many of Gwynn's allegations have been unsubstantiated scurrilous attacks on Rotella. While the Court in no way condones Gwynn's failure to conduct herself professionally as an attorney, Rotella's responses have been disproportionately "over the top". For example, Rotella recently filed a *Motion for Sanctions Against Mary Alice Gwynn, Esquire, Pursuant to Bankruptcy Rule 9011, 28 U.S.C. §1927 and 11 U.S.C. §105 and Referral to the Florida Bar for Prohibition from Practicing Before the United States Bankruptcy Court of Florida and for Referral to the Florida Bar* (the "Recusal Sanctions Motion") [C.P.1358] seeking sanctions against Gwynn based upon her having filed an *Emergency Motion for Recusal of the Honorable Paul J. [sic] Hyman Pursuant to Bankruptcy Rule 5004, 28 U.S.C. §455 and §144* (the "Recusal Motion"). Rotella's Recusal Sanctions Motion was

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[20] In the District Court Order vacating the Court's Order Awarding Rule 9011 Sanctions, Judge Gold stated that had he considered the issue he would have concluded that the award of $80,572.50 was as an abuse of discretion.

[21] As reported by Chapter 7 Trustee Patricia Dzikowski on the December 31, 2005, Individual Estate Property Record and Report filed with the United States Trustee.

filed after the Court denied both Gwynn's Recusal Motion and her motion for rehearing of the same. The Court's order denying Rotella's Recusal Sanctions Motion [C.P.#1381) found that Gwynn's Recusal Motion required neither a response nor a Court appearance by Rotella, and that Rotella lacked any basis in law to bring the Recusal Sanctions Motion insofar as it sought sanctions related to Gwynn's Recusal Motion.

Nevertheless, Rotella then filed a twenty-nine page *Motion To Rehear, Reconsider and/or Amend Order Denying*. . .[the Recusal Sanctions Motion](the "Motion to Rehear")[C.P.1405]. In denying Rotella's Motion to Rehear, the Court found that "not only [wa]s it without merit, but it [wa]s a perfect example of why this has been the most litigious case that has ever come before this Court." *See Order Denying* . . .[Motion to Rehear] ("Order Denying Rehearing") [C.P. # 1410]. The Order Denying Rehearing noted that "[m]ore than 1400 docket entries have been made in the three years that this case has dragged on, a pace that rivals most complex chapter 11 cases. However, this is not a complex chapter 11 case, this is an individual chapter 7 case with a small number of parties. The judicial resources expended and the expenses incurred by the litigants in this case is wasteful, unwarranted and a direct result of the acrimony between the parties and their lawyers." *Id.*

Rotella has been using a sledge hammer to kill a flea. While Gwynn has conducted herself unprofessionally, Rotella's response

has been excessive, and at times unnecessary, thereby adding fuel to the hostility. Although a more proportional response would have been appropriate, the Court does not lose sight of the fact that Rotella had no choice but to respond to Gwynn's reckless attacks on him personally.

Sanctions imposed pursuant to § 1927 "must bear a financial nexus to the excess proceedings, *i.e.*, the sanction may not exceed the 'costs, expenses, and attorneys' fees reasonably incurred because of such conduct.'" *Peterson*, 124 F.3d at 1396. Rotella shares some fault for the unreasonable multiplication of these proceedings as a consequence of his unmeasured, and at times unnecessary, response to Gwynn. Given Rotella's unmeasured response to Gwynn, it is impossible for the Court to determine which of the excessive line item amounts sought in Rotella's 138 page fee itemization are permissible as an award of sanctions. The excess proceedings that the court finds relevant to Rotella's Motion for Sanctions were held on May 28, 2004, May 20, 2005, June 16, 2005,and February 16,2006. Various other matters were heard by the Court on those days,[22] such that it is difficult for the Court to

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[22] The following matters were noticed for hearing on the respective hearing dates:
May 28, 2004
1) Renewed Motion to Disqualify Rotella PA from Representing Debtor(C.P. 361); 2)Cole's Motion for Sanctions Against Rotella Pursuant to Court's Order Entered on 7/17/03 (C.P. 266); 3)Debtor's Motion for Attorneys' Fee and Costs Against Eleanor Cole (C.P. 255); 4)Cole's Supplement to Motion for Sanctions Against Rotella Pursuant to Court's Order Entered on 7/17/03 (C.P. 273); 5) Order Reserving Ruling on Gwynn's Request for Sanctions and Attorneys' Fees Against Rotella (C.P. 275); 6) Cole's Motion for Protective Order (C.P. 237); 7)Debtor's Motion for Finding of Contempt and for Entry of Sanctions Against Gwynn (C.P.

determine the costs associated with the exact portion of the hearings that may properly be assessed as a sanction for the excess proceedings necessitated by Gwynn's unreasonable and vexatious conduct. However, had Rotella made a more measured response, the Court's best estimate for the reasonable amount of the excess costs, expenses, and attorney's fees incurred because of Gwynn having unreasonably and vexatiously multiplied the proceedings would be 40.0 hours at $350 per hour for a total award of $14,000.00 as explained below. The amounts sought by Rotella above and beyond $14,000.00 are grossly excessive and unwarranted.

In calculating an award of attorneys' fees the Eleventh

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195); 8)Debtor's Motion for Sanctions Against Gwynn and Cole Pursuant to Rule 9011 (C.P. 360);9) Debtor's Motion for Relief from Order and to Conform Order to Court's Ruling (C.P. 72); and 10)Motion for Protective Order (C.P. 371).
May 20, 2005
1) Cole's Motion for Rehearing (C.P. 864); 2)Creditor Shuhi Motion for Rehearing Court Order Dated 4/19/05 (C.P. 863); 3)Debtor's Amended Motion for Attorneys' Fees and Costs Against Cole (C.P. 838); 4)Gwynn's Motion to Strike and/or Vacate Order Granting Debtor's Emergency Motion to Strike Gwynn's Motion to Clarify Record for Fraud Upon the Court...(C.P.825); 5)Gwynn's Motion to Strike and /or Vacate Order Granting Debtor's Emergency Motion to Preclude Gwynn from Re-Representing Shuhi and Florida Precision Calipers, Inc...(C.P. 827); 6)Rotella's Motion for Sanctions (C.P. 839); 7) Cole's Motion for Rehearing (C.P. 856); and 8)Motion to Quash filed by Carol Ann Walker (C.P. 894).
June 16, 2005 (Continuation of all matters from May 20, 2005)
1) Cole's Motion for Rehearing (C.P. 864); 2)Creditor Shuhi Motion for Rehearing Court Order Dated 4/19/05 (C.P. 863); 3)Debtor's Amended Motion for Attorneys' Fees and Costs against Cole (C.P. 838); 4)Gwynn's Motion to Strike and/or Vacate Order Granting Debtor's Emergency Motion to Strike Gwynn's Motion to Clarify Record for Fraud Upon the Court...(C.P.825); 5)Gwynn's Motion to Strike and /or Vacate Order Granting Debtor's Emergency Motion to Preclude Gwynn from Re-Representing Shuhi and Florida Precision Calipers, Inc...(C.P. 827); 6)Rotella's Motion for Sanctions (C.P.839); 7) Cole's Motion for Rehearing (C.P.856); 8)Motion to Quash filed by Carol Ann Walker (C.P. 894): 9) Gwynn's Motion to Extend Time to File Designation of Items (C.P. 923); 10)Gwynn's Motion to Consolidate Appeals (C.P. 922); 11)Motion to Set Aside Court's Order Removing Chapter 7 Trustee (C.P. 943); 12)Lundborg's Motion to Continue (C.P.944); and 13)Emergency Motion By Francis L Carter, Gary M Murphree To Quash Subpoenas Served by Gwynn, Upon Francis L. Carter, Esq. and Gary M. Murphree, Esq (C.P. 892).

Circuit explains that "the starting point in any determination for an objective estimate of the value of a lawyer's services is to multiply hours reasonably expended by a reasonable hourly rate." *Norman v. Hous. Auth. of City of Montgomery*, 836 F.2d 1292, 1299 (11th Cir. 1988) (*citing Hensley v. Eckerhart*, 461 U.S. 424, 433 (1983)). "A reasonable hourly rate is the prevailing market rate in the relevant legal community for similar services by lawyers of reasonably comparable skills, experience, and reputation." *Norman*, 836 F.2d at 1299 (*citing Blum v. Stenson*, 465 U.S. 886, 895-96 (1984)). Based upon the Court's experience in reviewing numerous fee applications in bankruptcy proceedings, the Court finds that the hourly rate of $350.00 for Rotella's work is reasonable and in line with the hourly rates charged by attorneys of his skill and experience in the Southern District of Florida.

The Court estimates that a proportional response by Rotella to Gwynn would have required the following time:

10.0 hrs	Preparation for the initial May 28, 2004 hearing at which Gwynn, without notice to Rotella, withdrew Cole's Motion for Sanctions
1.0 hrs	Appearance by Rotella at May 28, 2004 hearing
4.5 hrs	Preparation of Rotella's Rule 9011 Sanctions Motion (C.P. 266), which was subsequently filed as Rotella's Motion for Sanctions pursuant to 28 U.S.C. §1927 and 11 U.S.C. § 105 (C.P. 839)
6.0 hrs	Preparation for May 20, 2005 hearing
3.0 hrs	Appearance by Rotella at May 20, 2005 hearing
4.0 hrs	Preparation for June 16, 2006 hearing

6.0 hrs	Appearance by Rotella at June 16, 2005 hearing
2.0 hrs	Preparation for February 16, 2006 hearing
1.5 hrs	Appearance by Rotella at February 16, 2006 hearing
2.0 hrs	General administrative matters and communication with opposing counsel.
40.00 hrs	Total hours @ $350 = $14,000.00

The Court finds that an award in the amount of $14,000.00 is reasonable and appropriate pursuant to 28 U.S.C. § 1927 for the excess proceedings necessitated by Gwynn's unreasonable and vexatious conduct. The Court also finds that imposition of sanctions against Gwynn in the amount of $14,000.00 is appropriate pursuant to 11 U.S.C. § 105 and the Court's inherent power "to manage its affairs which necessarily includes the authority to impose reasonable and appropriate sanctions upon errant lawyers practicing before it." *Carlucci*, 775 F.2d at 1447(citations omitted).

III. Gwynn's Sanction Motion and Gwynn's Transfer Motion

Gwynn's "Emergency" Sanction Motion [C.P.# 1393] filed on March 15,2006 states that the nature of the emergency is that "Gary J. Rotella, Esquire, Debtor's counsel, by letters dated February 9, 2006, and March 8, 2006, has threatened or intends to file 'Motions for Sanctions', 'Referrals to the Florida Bar for Prohibition [from practicing before the] Bankruptcy Court for the Southern District

of Florida' and 'Referrals to the Florida Bar'...".[23] As a preliminary matter, emergency motions should be filed only for those matters where the requested relief *requires* immediate action to prevent harm. Gwynn has failed to explain how Rotella's intention to file a motion constitutes an emergency matter requiring immediate relief. Gwynn also filed an "Emergency" Transfer Motion, seeking transfer of Gwynn's Sanction Motion to District Court. The Transfer Motion similarly fails to meet the test for an emergency.

Having determined that neither "emergency" motion should have been filed on an emergency basis, the Court will attempt to address the substance of Gwynn's Sanction Motion. As a matter of law, the Court finds that Rotella's Rule 9011 safe harbor letters dated February 9, 2006 and March 8, 2006, are not grounds for sanctions pursuant to section 1927. Although Gwynn states that the letters contain unwarranted threats and are intimidating, they are an insufficient basis for an award of sanctions. Gwynn further defends her having filed on March 2, 2006, a Supplemental Response to Rotella's Sworn Testimonial [24] ("Supplemental Response") stating that

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[23] On February 27, 2006, Rotella filed a *Motion for Sanctions Against Mary Alice Gwynn, Esquire, Pursuant to Bankruptcy Rule 9011, 28 U.S.C. §1927 and 11 U.S.C. §105 and Referral to the Florida Bar for Prohibition from Practicing Before the United States Bankruptcy Court of Florida and for Referral to the Florida Bar*, [C.P.1358] which the Court denied in an Order dated March 10, 2006.

[24] Gwynn's Supplemental Response to Rotella's Sworn Testimonial [C.P.1369] references her original Response [C.P. 1326] which in turn references the "Sworn Testimonial of Gary J. Rotella, Esquire and the Sworn Declaration of Gary J. Rotella." Rotella filed a Sworn Testimonial [C.P. 1282] on January 25, 2006 and

it "cannot" be frivolous or vexatious and it does not warrant Rotella's Rule 9011 warning. The Court notes that Rotella's Sworn Declaration (Rotella's Exhibit "AA") was offered, but not accepted into evidence at the February 16, 2006 hearing. If Gwynn had participated in that hearing instead of leaving, or if she had carefully read the transcript of that hearing which she caused to be filed, she would have known that the Sworn Declaration is not part of the record. Nevertheless, Gwynn needlessly filed a Supplemental Response to Rotella's Sworn Declaration which the Court did not consider. The Court thus finds that none of Gwynn's assertions relating to Rotella's safe harbor letters warrant sanctions.

At this point Gwynn's Sanction Motion improperly raises issues that were previously determined and/or alleges impropriety in proceedings before other tribunals. Gwynn alleges that at Rotella's 2004 Examination conducted nearly two years ago, Rotella perjured himself regarding his alleged pre-petition representation of the Debtor. Gwynn's Exhibit "1" was admitted into evidence at the April 17, 2006 hearing. Exhibit "1" is a letter dated February 23, 2006 by Barry G. Roderman, Esquire ("Roderman") to The Florida Bar referencing a complaint by Carl Shuhi. Roderman, under subpoena,

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a Notice of Filing a Sworn Declaration [C.P. 1311] on February 8, 2006.Although unclear, it is immaterial whether Gwynn's Supplemental Response responds to Rotella's Sworn Declaration or Rotella's Sworn Testimonial because neither document was considered by the Court.

appeared and testified at the April 17, 2006 hearing. He testified that his letter contained errors and was incorrect insofar as it stated "my recollection is that Gary Rotella had represented James Walker sometime in the past prior to the time that I was initially retained in connection with a revocation of probation hearing in the early 90's". Roderman testified that he had no factual basis for having made that statement in his letter and it was in fact incorrect.

Gwynn also states that her allegations regarding Rotella's alleged perjury are explained in her Supplemental Response. Since the Court did not admit Rotella's Sworn Declaration, it will not consider Gwynn's Supplemental Response thereto. The Court notes however, that if Rotella's Sworn Declaration had been admitted at the February 16, 2006 hearing, Gwynn's Supplemental Response filed on March 2, 2006, would have been untimely filed. Nevertheless, it appears Gwynn's allegations regarding Rotella's alleged perjury is an impermissible attempt to renew Cole's Motion to Disqualify. Cole's Motion to Disqualify and Cole's Supplemental Memorandum in Support of Cole's Motion to Disqualify [C.P.311] resulted in the Court imposing sanctions against Gwynn. Although the District Court Order vacated the Court's Order Awarding 9011 Sanctions, the Court reaffirms its findings of fact. Specifically, Cole had no standing to raise the issues in the Motion to Disqualify or in the Supplemental Memorandum thereto. The Court also reaffirms its

finding that Gwynn had no legal basis upon which to file Cole's Motion to Disqualify, or Cole's Supplemental Memorandum in Support of Cole's Motion to Disqualify. *Order Awarding Sanctions* (June 15, 2004) ¶4.

Gwynn also alleges in Gwynn's Sanction Motion that Rotella lied regarding settlement discussions, an allegation which she indicates is more fully explained in her Supplemental Response. Any settlement discussions the parties might have engaged in are irrelevant to the issues before the Court. In addition as discussed above, the Court does not consider Gwynn's untimely and unnecessary Supplemental Response as a basis upon which to award sanctions.

Gwynn alleges in Gwynn's Sanction Motion that Rotella lied to the Eleventh Circuit concerning Jay Farrow's April 19,2005 letter of resignation from Rotella P.A. Gwynn alleges that Farrow's appearances before this Court, the District Court, and the Eleventh Circuit subsequent to his resignation from Rotella P.A., are evidence that Rotella lied to the Eleventh Circuit during oral argument in that tribunal. The Court does not agree that a former associate's appearance in court on behalf of his former employer evidences that the employer lied about the status of the associate's employment. Nevertheless, Gwynn's allegation that Rotella lied to the Eleventh Circuit is a matter for the Eleventh Circuit.

Gwynn alleges in Gwynn's Sanction Motion that Rotella made

intentional misrepresentations to the District Court by representing that this Court had ruled on Gwynn's *Response to Debtor's Renewed Motion to Reopen Evidence Pursuant to Bankruptcy Rule 9023 and Fed.R.Civ.P. 59(a) and the Undersigned Request for a Hearing on the Undersigned's Motion for Sanctions Against Gary J. Rotella, Esq.* [C.P. 244]. Gwynn's allegation that Rotella made misrepresentations to the District Court is a matter for the District Court. However, to the extent that Gwynn maintains she is entitled to sanctions against Rotella based upon the Court's April 12,2004, *Order Reserving Ruling on Mary Alice Gwynn's Request for Sanctions and Attorney's Fees against Gary H. Rotella, Esq.* [C.P.275], the Court declines to exercise that reservation of jurisdiction to award sanctions to Gwynn.

Gwynn alleged in Gwynn's Sanction Motion that "Rotella, with the assistance of his associate, Jay Farrow, had an underlying agenda to sabotage and remove the Creditor-elected Trustee [Linda Walden], as she was on the verge of filing an adversary action to disclose all of the Debtor's additional assets." Gwynn's Sanction Motion ¶ 33. This Court's removal for cause of Linda Walden as trustee has been affirmed by the District Court and is now under appeal to the Eleventh Circuit. Gwynn may not relitigate Linda Walden's removal as trustee in Gwynn's Sanction Motion.

It is astonishing to the Court that given the Court's April 8, 2005, *Order Granting Debtor's Emergency Motion to Strike Gwynn's*

Motion to Clarify the Record for Fraud upon the Court; Motion to Preclude and Prohibit Mary Alice Gwynn, Esquire from Filing Pleadings on Behalf of Parties Represented by Other Counsel; and Denying Motion for Immediate Referral to the Florida Bar Without Prejudice With Reservation of Jurisdiction (the "April 8, 2005 Order")(emphasis added) [C.P.800], that Gwynn's prayer for relief at paragraph D requests sanctions for the damages Rotella "caused to the Creditor's Counsel, Creditor-elected Trustee, Walden, and all the other parties to this matter." The Court's April 8, 2005 Order found that Gwynn had no standing to file her Motion to Clarify the Record and supplement thereto, since she did not represent the parties on behalf of whom she filed the motion. Gwynn was ordered not to file any further pleadings on behalf of parties that she did not represent. Nevertheless in violation of the Court's April 8, 2005 Order, Gwynn has now filed Gwynn's Motion for Sanctions seeking relief for damages caused to the creditors, creditors' counsel, and former trustee Linda Walden, *none of whom she currently represents*. For the reasons stated above, the Court denies Gwynn's Sanction Motion finding that it is wholly without merit.

As to Gwynn's Transfer Motion, the Court notes that Gwynn has demonstrated a pattern of bringing matters before the wrong court. As detailed above, Gwynn failed to raise her concerns about proceedings in State Court before the State Court. Instead, she

raised her concerns about the State Court proceedings with this Court ten months later in Cole's Motion for Sanctions. Gwynn recently brought substantially similar motions before two different courts simultaneously. On March 16, 2006, Gwynn filed a motion to withdraw the reference in this Court. On the same day she filed a similar motion in District Court. The District Court's order denying her motion to withdraw the reference noted her failure to follow local procedural rules by filing her motion in the District Court.[25] Gwynn's motion to withdraw the reference which was filed with this Court has been transmitted to the District Court. It seeks the same relief as Gwynn's Transfer Motion. Therefore, the Court will deny as moot Gwynn's Transfer Motion.

IV. Gwynn's Conduct Before This Court Warrants Referral to The Florida Bar

Gwynn's conduct before this Court has been unprofessional. Her pleadings are confused and often difficult to understand. She files pleadings in the wrong court and has filed the same motion in different courts at the same time. As recently as the hearing on Gwynn's Sanction Motion held April 17, 2006, Gwynn improperly attempted to relitigate matters that have already been determined. She has made scurrilous allegations that lack any basis in fact or

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[25] The District Court also stated that Gwynn's motion was unclear. It further noted that "[a]ccording to the caption of the Instant Motion, [Gwynn] seeks relief pursuant to 28 U.S.C.§ 157(d) and Rule 87.3 of the Federal Rules of Civil Procedure. There is no such Federal Rule of Civil Procedure." The District Court inferred that Gwynn intended to seek relief pursuant to Rule 87.3 of the Local Rules of the United Stated District Court for the Southern District of Florida.

in law without having conducted any investigation. She has also made allegations that demonstrate her failure to examine or understand the Local Rules, or the Federal Rules of Bankruptcy Procedure. Gwynn's testimony at the Sanctions Hearing was at times disjointed, confusing, unresponsive, and incoherent. She has provided no credible testimony or evidence to support most of her allegations. She has admitted conducting research on the substance of her allegations after having filed her pleading. Her allegations between pleadings were inconsistent and contradictory. Lately every motion Gwynn files in this case has been designated as an "Emergency Motion," when there exist no exigent circumstances requiring immediate relief. Gwynn has routinely made accusations and allegations for which there was no evidentiary support, she has walked out of hearings, and she has repeatedly demonstrated her lack of understanding of the law. The Court concludes that Gwynn has engaged in unprofessional conduct before this Court.

The Code of Conduct for United States Judges, Canon 3(B)(3) states that, "A judge should initiate appropriate action when the judge becomes aware of reliable evidence indicating the likelihood of unprofessional conduct by a judge or lawyer." The commentary to Canon 3(B)(3)states that, "Appropriate action may include direct communication with the judge or lawyer who has committed the violation, other direct action if available, and reporting the violation to the appropriate authorities." Therefore, the Court is

providing a copy of this Order to the Florida Bar for investigation of Gwynn's unprofessional conduct as an attorney before this Court throughout this proceeding.

V. The Over-Litigation of This Case

The Court finds that both Gwynn and Rotella share responsibility for unnecessarily turning this seemingly straight forward chapter 7 case into a case of massive proportions. Gwynn and Rotella share fault for this case having taken an absurd and wasteful course. The Court finds that Rotella has used poor judgment as evidenced by his unmeasured response to Gwynn. Both Gwynn and Rotella have improperly over-litigated this case and in so doing they have demonstrated their complete disregard for this Court's time and resources. There remain no core issues to determine in this case. The only pending matters in this case are sanctions cross-motions between the various parties. This case should have been concluded long ago.

CONCLUSION

For the reasons stated above, the Court grants Rotella's Motions for Sanctions but denies both Rotella's Second Amended Discovery Sanctions Motion and Gwynn's Sanction Motion.

ORDER

Having carefully reviewed the applicable law, the District Court Order, the Second Amended Discovery Sanctions Motion, Rotella's Motion for Sanctions, Gwynn's Sanction Motion, Gwynn's Transfer Motion, the conduct of Rotella and Gwynn during this proceeding and being otherwise fully advised in the premises, the Court hereby **ORDERS AND ADJUDGES:**

1. The Second Amended Discovery Sanctions Motion is **DENIED.**

2. The Amended Order designated as Court Paper No. 1217 is **VACATED.**

3. Rotella's Motion for Sanctions is **GRANTED.** Gwynn shall pay Rotella fourteen thousand dollars ($14,000.00) as sanctions.

4. Gwynn's Sanction Motion is **DENIED.**

5. Gwynn's Transfer Motion is **DENIED AS MOOT.**

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Copies furnished to:
Gary J. Rotella, Esq.
Mary Alice Gwynn, Esq.
AUST

The Florida Bar
Ft. Lauderdale Branch
Chief Disciplinary Counsel
Cypress Financial Center, Suite 900
5900 North Andrews Avenue
Ft. Lauderdale, Florida 33309

ORDERED in the Southern District of Florida on MAY 15 2006

Paul G. Hyman, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
West Palm Beach Division

IN RE: **CASE NO: 03-32158-BKC-PGH**

JAMES F. WALKER, **Chapter 7 Proceedings**

Debtor.
_____/

ORDER DIRECTING MARY ALICE GWYNN, ESQUIRE TO STOP FILING NOTICES OF FILING

THIS MATTER came before the Court *sua sponte*. Mary Alice Gwynn, Esquire ("Gwynn") has filed hundreds of pages of documents pursuant to Notice of Filings or Notices to the Court. As recently as May 11, 2006, the Clerk of the Court returned to Gwynn a Notice of Filing which included attachments that: 1) were not referenced in the Notice of Filing; and 2) were motions and petitions that had been filed in other bankruptcy cases. On May 12, 2006, Gwynn filed the following:

1. *Notice of Filing Condensed Deposition Transcript of*

Deborah Menotte, Former Trustee, Taken On May 1, 2006. In addition to the transcript the Notice attached a letter and e-mails to and between persons who are not parties in this case. The Notice of Filing also referenced docket entries in a bankruptcy case that is before Judge Friedman.

2. *Notice of Filing Shuhi v. Gatsos Complaint* which includes a copy of a state court complaint.

3. *Notice of Filing Letter Dated May 9, 2006 from Gary J. Rotella, Esquire to the Florida Bar.*

4. *Notice to the Court of the Criminal Arrest of Bruce A. Kravitz, Esq.*

The Clerk of the Court is directed to return these documents to Gwynn. It is unclear whether these documents are relevant to any pending motions before this Court. In addition, the filing of documents from other cases is confusing and poses an undue burden to the docketing staff who must manually scan these documents. There are currently over 1500 docket entries in this case. The sheer number of entries makes docket review difficult. This difficulty is compounded by Gwynn's plethora of Notices of Filing. It is impossible for the Court to determine what, if any, relevance Gwynn's Notices of Filing, standing alone, have to any pending motions before this Court.

The Court, having reviewed the docket, and being otherwise fully advised in the premises, hereby:

ORDERS AND ADJUDGES:

1. The Clerk of the Court is directed to return to Gwynn the four above-listed Notices of Filing and Notice to the Court.

2. Gwynn shall immediately stop filing Notices of Filing and/or Notices to the Court unless Gwynn is specifically ordered to file such notice by the Court or is mandated to file such notice pursuant to the Bankruptcy Rules or the Local Rules.

3. Gwynn may file, in accordance with the Court's Administrative Order 05-2, any relevant document(s) as an exhibit(s)[1] to a specific motion or response, wherein she clearly explains its relevance.

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MAY 15 2006

Copies furnished to:

Gary J. Rotella, Esq

Mary Alice Gwynn, Esq

Kevin Gleason, Esq.

John L. Walsh, Esq

AUST

[1] Gwynn's filing of hundreds of pages of exhibits to motions in contravention of the Court's Administrative Orders, prompted the Court on March 17, 2006 to enter an *Order Directing Mary Alice Gwynn, Esq., to Read and Comply with the Court's Local Rules and Administrative Orders* [C.P.1398]. Gwynn was specifically ordered to read and comply with Administrative Order 05-02. On March 24, 2006, Gwynn filed a Notice of Compliance with Court Order[C.P.1417] indicating that she had read and would comply only with Administrative Order 05-02, Section VII. The Court thereupon entered a second *Order Directing Mary Alice Gwynn, Esq., to Read Administrative Order 05-2 in its Entirety* [C.P.1432]. Any subsequent failure by Gwynn to comply with the Administrative Orders with respect to filing exhibits will result in imposition of sanctions.

ORDERED in the Southern District of Florida on JUN - 7 2006

Paul G. Hyman, Judge
United States Bankruptcy Court

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
West Palm Beach Division

IN RE: **CASE NO: 03-32158-BKC-PGH**

JAMES F. WALKER, **Chapter 7 Proceedings**

Debtor.
_____/

ORDER: 1) DENYING MARY ALICE'S GWYNN'S MOTION FOR REHEARING AND RECONSIDERATION OF THE COURT'S SUA SPONTE ORDER DIRECTING MARY ALICE GWYNN, ESQ., TO STOP FILING NOTICES OF FILING [C.P.1531]; 2) IMPOSING SANCTIONS; AND 3) STRIKING COURT PAPER NOS. 1529 AND 1530

THIS MATTER came before the Court for hearing on May 26, 2006, upon Mary Alice Gwynn's ("Gwynn") *Motion for Rehearing and Reconsideration of the Court's Sua Sponte Order Directing Mary Alice Gwynn, Esquire, to Stop Filing Notices of Filing* (the "Motion For Reconsideration"). On May 15, 2006, the Court entered an *Order Directing Mary Alice Gwynn to Stop Filing Notices of Hearing* [C.P. 1510] (the "Order To Stop"). The Order To Stop directed Gwynn to

immediately stop filing documents pursuant to Notices of Filing. The Order To Stop was preceded by Gwynn having filed numerous documents pursuant to Notice of Filings or Notices to the Court (collectively, "Notices of Filing"). The Court entered the Order To Stop upon discovering that Gwynn had filed the following four Notices of Filing[1] on May 12, 2006:

1. *Notice of Filing Condensed Deposition Transcript of Deborah Menotte, Former Trustee, Taken On May 1, 2006*. In addition to the deposition transcript, which deposition was taken in connection with a case pending before Judge Friedman, the Notice attached a letter and e-mails to and between persons who are not parties in this case. The Notice of Filing also referenced docket entries in a bankruptcy case that is before Judge Friedman.

2. *Notice of Filing Shuhi v. Gatsos Complaint* which included a copy of a state court complaint.

3. *Notice of Filing Letter Dated May 9, 2006 from Gary J. Rotella, Esquire to the Florida Bar.*

4. *Notice to the Court of the Criminal Arrest of Bruce A. Kravitz, Esq.*

Gwynn's Notices of Filing have included correspondence by Gwynn's former clients to the Florida Bar lodging complaints about various attorneys who did not represent them, copies of newspaper articles, a copy of a complaint filed in state court, a deposition transcript from another bankruptcy case pending before Judge Friedman, as well as letters and e-mails between persons who are not parties in this case. The Order To Stop noted that it was

[1]The Order To Stop directed the Clerk of the Court to return to Gwynn the four listed Notices of Filing.

impossible for the Court to determine what, if any, relevance Gwynn's Notices of Filing with attached letters, e-mails and documents from other cases, had to any pending motions before this Court. Mindful of protecting Gwynn's due process rights, the Order To Stop, while ordering Gwynn to stop filing Notices of Filing, directed that Gwynn would be permitted to file, in accordance with Administrative Order 05-2,[2] any relevant document(s) as an exhibit(s) to a specific motion or response, wherein she clearly explained its relevance.

Subsequent to entry of, and in violation of, the Order To Stop, Gwynn filed the following ***additional*** Notices of Filing on May 24, 2006: 1) "Notice of Filing Palm Beach Daily Business Review's Article Regarding Debtor's Witness, Elaine Gatsos, Esquire" [C.P. 1529]; and 2) "Notice of Filing Debtor's Counsel's Letter to Florida Bar Dated May 16, 2006" [C.P.1530]. Gwynn also attempted to file a third Notice of Filing entitled, "Notice of Intentional Interference by Debtor's Witness Steven Utrecht, Esquire", which alleges interference with Gwynn's representation of a client in an unrelated testamentary trust litigation matter. The Clerk of the

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[2]Gwynn's having filing hundreds of pages of previously filed documents as exhibits to motions in contravention of the Court's Administrative Orders, prompted the Court on March 17, 2006 to enter an *Order Directing Mary Alice Gwynn, Esq., To Read and Comply with the Court's Local Rules and Administrative Orders* [C.P.1398], wherein Gwynn was specifically ordered to read and comply with Administrative Order 05-02. (Identical orders were entered for Aviva Wernick, Esq. and Gary J. Rotella, Esq.) On March 24, 2006, Gwynn filed a Notice of Compliance with Court Order [C.P.1417] indicating that she had read and would comply *only* with Section VII of Administrative Order 05-02. The Court thereupon entered a second *Order Directing Mary Alice Gwynn, Esq., to Read Administrative Order 05-02 in its Entirety* [C.P.1432].

Court is directed to return this document to Gwynn herewith.

Unlike Gwynn's previous Notices of Filing, the Notices of Filing that Gwynn filed subsequent to entry of the Order To Stop, now state what Gwynn believes to be the relevance to this case of the documents filed. Gwynn's action, i.e., indicating what she believes to be the relevance of the documents filed under Notices of Filing, does not cure her violation of the Order To Stop's plain directive which stated: "Gwynn shall immediately stop filing Notices of Filing and/or Notices to the Court". *See Order To Stop* ¶1.

At the May 26, 2006 hearing on Gwynn's Motion For Reconsideration, the Court asked Gwynn under what Rule of Civil Procedure or under what Local Rule she had filed her Notices of Filing. Gwynn was unable to provide an answer. When asked what the Court was supposed to do in this case, with her filing of a deposition transcript from another case, Gwynn answered, "The Court doesn't have to do anything, but it's building a record for appellate purposes." When asked what appellate matter, Gwynn responded, "Because I'm appealing Judge Friedman's recent ruling." The exchange between the Court and Gwynn continued as follows:

THE COURT: Can I ask you a question? How would you expect any appellate court to decide anything based on a notice of filing? How is that something that an appellate court is going to decide on appeal, irrespective that it goes to another case? Do you think a notice of filing just makes it part of a record that the appellate court is going to decide?

MS. GWYNN: No, but anybody -- you know what, it's a public record. If anybody wants to review the record and find out what happened, here it is.

THE COURT: Okay. I really don't need to hear any more, Ms. Gwynn, on this topic.

MS. GWYNN: Well, your Honor, can I just -- I wanted -- the other issues that you said were not relevant, if you recall, Ms. Gatsos, Elaine Gatsos, she was one of the rebuttal witness, one of the debtor's rebuttal witnesses, at the removal hearing, I think it's very relevant that the Court should know that she's presently being sued. It was even written up in the "Daily Business Review" that she's being sued based on her testimony in front of this Court.

THE COURT: Again, what pending contested matter does that relate to?

MS. GWYNN: It relates to the Eleventh Circuit Appeal in the removal of the creditor elected trustee.

THE COURT: It's your opinion that that notice of filing of a newspaper article is now going to become a part of the record on appeal of my order that was entered a year and a half ago, 2-1/2 years ago, that's up in the Eleventh Circuit, is that your opinion?

MS. GWYNN: No. I'm just saying -- I'm giving the Court notice of what transpired here. Ms. Gatsos -- and also, how about Mr. Kravitz --

THE COURT: Let me stop you. When you say "Court," you mean me?

MS. GWYNN: Yes, your Honor.

THE COURT: That is exactly the point that is so offensive to the Court about these notices of filings, because what you're really trying to do here is prejudice the Court with hearsay statements, things that are not before the Court, that are not related to any pending contested proceeding or adversary proceeding. That's exactly the reason I entered my order.

May 26, 2006 Transcript

The Court's Order To Stop specifically permitted Gwynn to

attach documents as exhibits to pleadings, such as motions or responses that seek specific relief. Unlike a notice of filing, the filing of a motion seeking specific relief triggers procedures that afford other parties the opportunity to respond, and if appropriate, to present evidence pursuant to the Federal Rules of Evidence at a properly noticed and scheduled hearing. The purpose of the Federal Rules of Evidence is "to secure fairness in administration, elimination of unjustifiable expense and delay, and promotion of growth and development of the law of evidence to the end that the truth may be ascertained and proceedings justly determined." Fed.R. Evid. 102. The Federal Rules of Civil Procedure are similarly designed to be "administered to secure the just, speedy, and inexpensive determination of every action." F.R. Civ. P. 1.

The Court finds that Gwynn improperly attempted to influence this Court by filing numerous notices of filing containing inappropriate hearsay documents that are unrelated to any pending contested or adversary proceeding.[3] In so doing, Gwynn engaged in unprofessional conduct before this Court. Gwynn admitted that her filing of newspaper articles, other hearsay documents, and documents from cases before other courts and judges, was to give

[3]Gwynn's practice of filing inappropriate documents pursuant to Notices of Filing is not unique to this case. On May 26, 2006, Judge Friedman ordered the sealing of three documents filed by Gwynn pursuant to Notices of Filing, in the chapter 7 case of *In re Mark A. Hussey and Jodi B.Hussey. See Order Sealing Court Papers #149,#154 and #204 and Denying Motion for Sanctions Against Mary Alice Gwynn* (Case No.: 05-30361-BKC-SHF) [C.P. #211].

the Court "notice of what transpired". The Court finds that Gwynn's filing of such documents pursuant to notices of filing was motivated by Gwynn's desire to prejudice this Court in violation of The Florida Bar Rules of Professional Conduct. Rule of Professional Conduct 4-3.5, "Impartiality and Decorum of the Tribunal", subsection (a) "Influencing Decision Maker" - prohibits a lawyer from seeking to influence a judge except as permitted by law or rules of the court. *See* THE FLA. BAR RULE OF PROF'L CONDUCT R. 4-3.5. The filing of such documents is inappropriate and unauthorized by any rule of civil procedure or other rules of the Court. Gwynn's action has been without concern for the rules of procedure, the rules of evidence, or the opportunity for anyone to respond. Gwynn's plethora of notices of filing have demonstrated her complete disregard for the fairness of the judicial process and the integrity of this tribunal. The Court is herewith forwarding a copy of this Order to the Florida Bar for inclusion in their investigation of Gwynn's unprofessional conduct.

The Court having heard Gwynn's argument, having reviewed the docket in this case, having reviewed the Motion For Reconsideration, and being otherwise fully advised in the premises, hereby **ORDERS AND ADJUDGES** that:

1. The Motion For Reconsideration is **DENIED.**

2. Gwynn shall pay $500.00, made payable to the Clerk United States Courts, as a fine for having filed C.P. 1529 and C.P. 1530 subsequent to being ordered to "immediately stop filing notices of filing". Gwynn shall be similarly

fined, at the rate of $250.00 each, for any future documents filed pursuant to notices of filing, unless Gwynn is specifically ordered to file such notice by the Court or is mandated to file such notice pursuant to the Federal Rules of Civil Procedure, the Bankruptcy Rules, or the Local Rules.

3. Court Papers No. 1529 and 1530 are hereby **STRICKEN.**

4. The Clerk of the Court is directed to return to Gwynn the document titled "Notice of Intentional Interference by Debtor's Witness Steven Utrecht, Esquire" that Gwynn attempted to file on May 24, 2006.

5. Gwynn may file, in accordance with the Court's Administrative Order 05-2, any relevant document(s) as an exhibit(s) to a motion or response that seeks specific relief, provided that the pleading clearly explains the relevance of the exhibit(s) to the specific relief requested.

# # #

Copies Furnished to:

Mary Alice Gwynn, Esquire

The Florida Bar
Chief Disciplinary Counsel
Cypress Financial Center, Suite 900
5900 North Andrews Avenue
Ft. Lauderdale, Florida 33309

AUST