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UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

BROOKLYN OFFICE

ANDREW ZIMMERMAN and
KELLY ZIMMERMAN on behalf of
themselves and all other similarly situated,
Plaintiffs,

v.

CAMBRIDGE CREDIT CORP, JOHN PUCCIO,
ET AL.,
Defendants

Civil Action No. 03-CV-30261

JUDGMENT ORDER REGARDING DEFENDANTS
JOHN AND RICHARD PUCCIO

March 18, 2009

PONSOR, D.J.

For the reasons stated in open court on January 29, 2009, and for the reasons set forth in the Court's Memorandum and Order Regarding Cross Motions for Summary Judgment and Defendants' Motion to Withdraw Admissions (Document No. 233) the Court hereby ADJUDGES, ORDERS and DECREES that Plaintiffs, on behalf of the certified class they represent, recover from Defendants John Puccio and Richard Puccio jointly and severally with one another and all other defendants pursuant to this Court's prior judgment, the amount of Two Hundred Fifty Six Million, Five Hundred and Twenty-Seven Thousand dollars (\$256,527,000) together with costs and pre-judgment interest of 12% per annum dating from November 3, 2003, and post-judgment interest at 12% from the date of entry of this Judgment Order. Further, the non-compliance with the Credit Repair Organizations Act, 15 U.S.C. § 1679a et seq. ("CROA") of the relevant credit repair organizations in this case was caused and controlled by John Puccio and Richard Puccio and merits an award against them of punitive damages under the 15 U.S.C. § 1679g(b) because the noncompliance (1) was frequent and persistent; (2) involved false

I hereby certify on 3/26/09 that the foregoing document is true and correct. I have filed the electronic version in the captioned case. I have also filed the original in my office on 3/18/09.

Sarah A. Thomson
Clerk, U.S. District Court
District of Massachusetts

Mari-Ghiney
Clerk

pretenses, the use of false representations and amounted to actual fraud; (3) was intentional and/or reckless; and (4) because it affected 260,267 class members. Since the award of compensatory damages is so substantial, no additional recovery shall be had; nevertheless it is the Court's intention that this compensatory award of restitution be construed to the extent possible as having to the attributes of an award for punitive damages.

In addition, the Court ADJUDGES, ORDERS and DECREES the Class Representatives on behalf of the class they represent recover the following additional awards:

1) Reimbursement to Class Counsel of \$130,000 to be paid first from any gross judgment proceeds recovered from all defendants for costs and expenses of Class Counsel and to be apportioned in the manner described in Document # 374. Reimbursement to Class Counsel for these costs and expenses shall be payable pro rata with the Monitor's and Receiver's unpaid fees and costs at such time as funds become available for payment. The award to the class representatives and payment for Class Counsel's attorney fees, as provided at paragraphs (2) and (3) below, shall be subordinate to the reimbursement of Class Counsel's costs and expenses of \$130,000 and to the payment of the Monitor's and Receiver's unpaid fees and costs. The Class Representatives and Class Counsel shall thereafter be payable as funds become available for payment.

2) An award of \$5,000 for each of the class representatives Andrew Zimmermann, Kelly Zimmermann, Christie A. Limpert, Vivian J. Fonteboa, Vincent Valle, Jr., Queen Smith and William A. Schober to be paid from any gross judgment proceeds recovered from all defendants as necessary to satisfy all incentive awards;

3) The court having granted Class Counsel's motion for the payment of attorney fees, which it finds are fair and reasonable, an aggregate attorneys' fee award in the amount of

(1) Class Counsel's lodestar of Six Million, Two Hundred Thousand, (\$6,190,000) paid from any gross judgment proceeds recovered from all defendants as indicated in Table 1 immediately below; (2) an award of thirty-five percent (35%) of any gross collections after Class Counsel have received payment of \$6,190,000 until a fee of \$9,200,000 is achieved; and (3) an award of twenty percent (20%) of any gross collections thereafter. Provided however, such awards shall be payable in accordance with Table 1 below as funds are recovered from all defendants by the Receiver or Plaintiffs by executing on the judgments entered in this action. The purpose of establishing a payment scheme in accordance with the Table 1 is to insure that the class members benefit from a recovery that is less than or moderately larger than Class Counsel's lodestar fee award of \$6,190,000 while recognizing the significant risk Class Counsel undertook and the work Class Counsel performed for the benefit of the Class.

TABLE 1

| | Gross \$ Collected | Fee % | Fee Collected |
|----|--------------------|-------|---------------|
| 1 | \$1,000,000 | 75% | \$750,000 |
| 2 | \$2,000,000 | 70% | \$1,450,000 |
| 3 | \$3,000,000 | 65% | \$2,100,000 |
| 4 | \$4,000,000 | 60% | \$2,700,000 |
| 5 | \$5,000,000 | 55% | \$3,250,000 |
| 6 | \$6,000,000 | 50% | \$3,750,000 |
| 7 | \$7,000,000 | 50% | \$4,250,000 |
| 8 | \$8,000,000 | 50% | \$4,750,000 |
| 9 | \$9,000,000 | 50% | \$5,250,000 |
| 10 | \$10,000,000 | 50% | \$5,750,000 |
| | \$10,100,000 | 50% | \$5,800,000 |
| | \$10,200,000 | 50% | \$5,850,000 |
| | \$10,300,000 | 50% | \$5,900,000 |
| | \$10,400,000 | 50% | \$5,950,000 |
| | \$10,500,000 | 50% | \$6,000,000 |
| | \$10,600,000 | 50% | \$6,050,000 |
| | \$10,700,000 | 50% | \$6,100,000 |

| | | | |
|----|--------------|-----|----------------|
| | \$10,800,000 | 50% | \$6,150,000 |
| | \$10,880,000 | 50% | \$6,190,000 |
| | \$10,880,001 | 35% | \$6,190,000.35 |
| 11 | \$11,000,000 | 35% | \$6,232,000 |

4) In addition, pursuant to the Court's inherent equitable powers and the equitable powers granted by M.G. L. Chapter 93A, § 11, the Court imposes the following injunctive and declaratory relief. Whereas former defendant Cambridge Credit Counseling Corp., and defendants Cambridge/ Brighton Budget Planning Corp.; Brighton Credit Management Corp.; Cambridge Credit Corp.; Brighton Credit Corp. of Massachusetts; Debt Relief Clearing House Ltd.; Brighton Debt Management Services Ltd., Inc.; Cypress Advertising Promotions, Inc.; Cambridge Consumer Credit Index, Inc.; and First Consumer CMC Corporation are each a credit services organization ("CSO") within the meaning of M.G. L Chapter 93A, § 68A and/or a credit repair organization ("CRO") within the meaning of 11 U.S.C. § 1679a, and John and Richard Puccio are or were the agents or representatives of such CSOs within the meaning of M.G. L Chapter 93A, § 68B, and the persons within the meaning of 15 U. S. C. section 1679b, who were ultimately responsible for the violations at issue in this case, the Court hereby FURTHER ADJUDGES, ORDERS AND DECREES that

a. John Puccio and Richard Puccio are and shall be permanently enjoined from violating, or participating in any way in the ownership, management or operations of any CSO or CRO¹ that violates the Mass. Credit Services Organizations statutes, M.G. L Chapter 93A, § 68A et seq. or the CROA, 15 U.S.C. § 1679a et seq., More particularly John Puccio and Richard Puccio are and shall be permanently enjoined from owning or participating in any way

¹ The Court notes for purposes of this injunction that CSOs and CROs include without limitation, and notwithstanding any disclaimers, any and all debt management, debt settlement, credit or debt counseling or other entity that sell, provide or perform, or represent to sell, provide or perform any service whatsoever to: (i) improve a buyer's credit record, history or rating; or (ii) obtain an extension of credit for a buyer; or (iii) provide advice or assistance to a buyer with respect to either clause (i) or (ii).

in a CSO or CRO that fails, (i) to provide consumers with separate disclosure statements or fails to retain these statements as required by M.G. L Chapter 93A, § 68C and/or 15 U. S. C. section 1679c; (ii) to include in consumers' service agreements the provisions required by M.G. L Chapter 93A, § 68D and/or 15 U.S.C. section 1679d, including the total amount of all payments to be made by the consumer and a full and detailed description of the services to be performed along with a conspicuous statement regarding consumers' cancellation rights; and/or (iii) to provide consumers with the separate cancellation forms and copies of their contracts as mandated by 15 U. S. C. Section 1679e(b).

b. John Puccio and Richard Puccio are and shall be enjoined permanently from charging fees, or participating in any way in a CSO or CRO that charges fees, prior to fully performing any service in violation of M.G. L Chapter 93A, § 68B(1) and/or 15 U. S. C. 1679b(b).

c. John Puccio and Richard Puccio are and shall be permanently enjoined from making or using any untrue or misleading representation of the services of any CSO or CRO in violation of M.G. L Chapter 93A, § 68B(4) and/or 15 U. S. C. 1679b(a)(3) and (4) including, but not limited to, (1) any claim that the organization is a non-profit, or tax-exempt or a community service organization unless it is in fact so-organized and operated exclusively as such; and (2) any claim that any of the Defendants will negotiate with the consumers' creditors.

5) Pursuant to the Court's inherent equitable powers and the equitable powers granted by M.G. L. Chapter 93A, § 11, the Court imposes the following equitable and declaratory relief. The Court finds that because John Puccio and Richard Puccio are or were agents or representatives of such CSOs within the meaning of M.G. L Chapter 93A, § 68B, and were persons within the meaning of 15 U. S. C. section 1679b, who engaged in a pervasively

deceptive course of business involving fraudulent misrepresentations to consumers by former defendant CCCC, and by the other defendant organizations during the class period, all for the purpose of receiving personal benefit from the defendant entities and from former defendant CCCC, grounds exist for the imposition of, other and further equitable relief. Therefore, the Court does hereby ADJUDGE ORDER AND DECREE the imposition of constructive trust over all fees that consumers paid to the current or former defendant entities, including Cambridge Credit Counseling Corp. Such trust shall include without limitation all monies or benefits in kind, whether salary, distributions, or other payments of money, satisfaction of accounts or charges for services or purchases of real or personal property:


- a. traceable as a payment from any defendant or former defendant to or for the benefit of John Puccio or Richard Puccio;
- b. traceable as a payment from any defendant or former defendant to or for the benefit of members of the families, friends or associates of John Puccio and/or Richard Puccio; and/or
- c. traceable as a payment from any defendant or former defendant to or for the benefit of any manager or employee of any defendant or former defendant that is in excess of the fair value of such person's services rendered.

6) Nothing in this Order shall be construed to compromise the right of the Monitor or of the Receiver of any defendant to apply to the Court for compensation for services rendered, and to seek payment for such services directly from gross funds collected from all defendants.

7) This is a final judgment. The Court nevertheless reserves jurisdiction over this case for purposes of overseeing the work of the Monitor and/or the appointment of any receiver over the estates of John Puccio and Richard Puccio as well as overseeing the work of any

receiver appointed in this action. The Court also expressly reserves jurisdiction to address (1) any issues including the litigation of any issues that may arise from the enforcement of the judgments by the Plaintiffs or by the Receiver, and/or that may arise relating to the administration or assets of the receivership estates arising in this action; (2) the administration of the class's recovery; and (3) all other ancillary relief. Class Counsel, the Receiver and/or the Monitor shall also be permitted to petition this Court in the future to resolve issues concerning the distribution of judgment proceeds to the Class, and any additional expenses or attorney fees incurred to accomplish that distribution.

It is So Ordered.


Michael A. Ponsor
U. S. District Judge

