

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 17-CV-61937 WPD

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

STUDENT DEBT DOCTOR LLC, a Florida  
limited liability company,

and

GARY BRENT WHITE, JR., individually and  
as an officer of Defendant Student Debt Doctor LLC,

Defendants.

---

**RECEIVER'S UNOPPOSED MOTION TO PAY INSURANCE PREMIUMS**

Robert Carey, not individually, but solely in his capacity as the Court-appointed receiver (the "Receiver") for Student Debt Doctor LLC ("SDD"),<sup>1</sup> hereby moves, on an unopposed basis, for an Order authorizing *nunc pro tunc* the Receiver to use funds from the Receivership Estate to

---

<sup>1</sup> In Section II.B of the Stipulated Preliminary Injunction [DE 24] (the "PI"), SDD is defined as the "Corporate Defendant" and also includes SDD's "divisions, subsidiaries, affiliates, successors, assigns, and any fictitious business entities or business names created or used by these entities, or any of them." The Receiver is currently investigating what other SDD-related entities are appropriately covered under this specific definition. Similarly, in Section II.J of the PI, "Receivership Entity(ies)" is not only defined to include SDD but also "any other entity that the Receiver determines is controlled or owned by any Defendant and (1) conducted any business related to Defendants' marketing of debt relief services, (2) commingled or pooled assets with any Defendant, or (3) otherwise participated in the transfer or receipt of assets stemming from any business activity that is the subject of the Complaint in this matter." The Receiver is also currently investigating what other SDD-related entities are appropriately covered as "Receivership Entities."

pay SDD's health, dental, and supplemental insurance premiums for the month of October 2017, and states in support:

**A. Relevant Procedural Background**

As stated in the First Report of Receiver Robert Carey [DE 25], and pursuant to the TRO [DE 9], the Receiver initially and temporarily suspended SDD's and its related entities' business operations on October 4, 2017, when the Receiver and his professionals secured the relevant business premises. The Receiver and his professionals explained to employees present that the suspension was temporary in nature and ultimately dependent on whether this Court entered a preliminary injunction, which was scheduled for hearing on October 16, 2017.

Ultimately, the parties stipulated to the PI. Therefore, the October 16<sup>th</sup> hearing was moot and thus was cancelled. Pursuant to the PI, the Receiver has permanently suspended all business operations.<sup>2</sup>

**B. The Insurance Issues**

In late October, the Receiver learned from Consumers Choice Health Plans, SDD's pre-receivership insurance broker, that SDD employees' insurance premiums were only paid through September 30, 2017. In addition, the Receiver learned from Consumers Choice Health Plans that the SDD insurance plans for health, dental, and supplemental insurance for approximately 40 out of 91 participating employees (and their families, as applicable) would terminate on the close of business on October 31, 2017, and all medical care provided to them (and their covered family members, including children) during the month of October would not be covered and would not

---

<sup>2</sup> The Receiver promptly posted the PI on the receivership website (<http://studentdebtdoctorreceiver.com>) to inform all interested persons, including employees.

be paid by SDD's insurance plans, unless payment for October in the total amount of \$17,031.46<sup>3</sup> was made on or before October 31, 2017. Therefore, the approximate 40 employees who may have been using the company insurance plans during October (and anticipating that the company may resume operations) would ultimately learn that the company plans had been retroactively cancelled for all of October, making them personally liable for all medical and dental expenses that may have been incurred by them or covered family members, including children, during October.

Further compounding these issues was the fact that the Receiver also learned that Defendant Gary White suffered in late October a significant facial injury that required immediate emergency medical attention and could require significant additional medical attention, including surgery. Mr. White's anticipated medical expenses are likely exorbitant and absent insurance coverage for October would be a personal liability borne by Mr. White, whose assets are currently frozen and which could exceed the \$17,500 pre-injury amount recently unfrozen under Section XXV of the PI to pay future personal expenses.

Notwithstanding the above, the subject SDD employees have the ability to obtain future insurance coverage through COBRA if they receive a termination letter while the SDD health plan is active. However, this would not be possible if the plan terminated retroactively for all of October due to non-payment. Although COBRA benefits will be cancelled as soon as the SDD master plan is cancelled, a letter of termination will allow employees to thereafter apply for insurance through the Affordable Care Act for a qualifying life event (*i.e.*, termination), absent which the employees would not qualify and be potentially out of future insurance. Therefore, paying the October insurance premiums will preserve employees' ability to obtain future insurance elsewhere.

---

<sup>3</sup> The breakdown is as follows: (i) \$14,783.67 (health plan through UnitedHealthcare); (ii) \$1,227.31 (dental plan through Humana); and (iii) \$1,020.48 (supplemental plan through Colonial Life).

In addition, and in order to keep the subject plans active to allow former employees to obtain future insurance through COBRA or the Affordable Care Act, at least one former employee will need to remain on the plans and only pay their share. Mr. White will be that former employee and has agreed to directly pay his share of the insurance (approximately a few hundred dollars per month) until the plans are formally cancelled. There will be no need for another \$17,000 payment in November 2017 or beyond for further full plan premiums, so the subject total payment of \$17,031.46 for October 2017 will be a one-time occurrence.

**C. The Receiver's Requested Authorization *Nunc Pro Tunc***

Based on the above compelling circumstances, and given the immediate necessity to pay the October insurance premiums, SDD's health, dental and supplemental insurance plans should be preserved for the month of October 2017, and thus the Receiver used his business judgment to promptly pay before the October 31<sup>st</sup> deadline the insurance premiums in the total amount of \$17,031.46. The Receivership Estate has sufficient funds to pay for the October 2017 insurance premiums.<sup>4</sup>

The Receiver is filing this Motion for purposes of full transparency given the relevant issues discussed above and also in an abundance of caution because the insurance premiums are a pre-receivership obligation incurred by SDD.<sup>5</sup> The Receiver respectfully seeks this Court's authorization *nunc pro tunc* to use \$17,031.46 of the Receivership Estate to advance the full sum

---

<sup>4</sup> Paying the \$17,000 insurance amount is approximately 3% of the SDD funds secured as of this filing and does not include the additional frozen funds in the names of SDD related entities.

<sup>5</sup> Section XI.B.9 of the TRO and PI provides that "[t]he Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Receivership Entities prior to the date of entry of this Order, except payments that the Receiver deems necessary or advisable to secure assets of the Receivership Entities, such as rental payments."

due for SDD's employees' health, dental, and supplemental insurance premiums through October 31, 2017.

Both the FTC and Defendants have no objection to the requested relief. For this Court's convenience, a proposed Order to which the FTC and Defendants agree is attached as Exhibit A.<sup>6</sup>

WHEREFORE, the Receiver respectfully requests that this Court enter the proposed Order, attached as Exhibit A, authorizing *nunc pro tunc* the Receiver to pay the October 2017 health, dental, and supplemental insurance premiums in the total amount of \$17,031.46 from the Receivership Estate.

Dated: November 13, 2017

Respectfully submitted,

**SALLAH ASTARITA & COX, LLC**

*Counsel for the Receiver*

One Boca Place

2255 Glades Road, Ste. 300E

Boca Raton, FL 33431

Tel.: (561) 989-9080

Fax: (561) 989-9020

/s/Patrick J. Rengstl

**James D. Sallah, Esq.**

Fla. Bar No. 0092584

Email: [jds@sallahlaw.com](mailto:jds@sallahlaw.com)

**Jeffrey L. Cox, Esq.**

Fla. Bar No. 0173479

Email: [jlc@sallahlaw.com](mailto:jlc@sallahlaw.com)

**Patrick J. Rengstl, P.A.**

Fla. Bar No. 0581631

Email: [pjr@sallahlaw.com](mailto:pjr@sallahlaw.com)

**Joshua A. Katz, Esq.**

Fla. Bar No. 0848301

Email: [jak@sallahlaw.com](mailto:jak@sallahlaw.com)

---

<sup>6</sup> As stated in the proposed Order, the Receiver made the insurance payments from the SDD receivership account, but will be reimbursed in the same amount from the funds currently frozen at Bank of America in the name of related company Fidelity Debt Reserve LLC (which funded the \$17,500 amount to Mr. White).

**CERTIFICATE OF SERVICE**

I hereby certify that on November 13, 2017, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

s:/Patrick J. Rengstl, Esq.  
Patrick J. Rengstl, Esq.

**SERVICE LIST**

Hans Clausen, Esq.  
R. Michael Waller, Esq.  
Federal Trade Commission, Southeast Region  
225 Peachtree Street, N.E., Suite 1500  
Atlanta, GA 30303  
Telephone: 404.656.1361  
Facsimile: 404.656.1379  
[hclausen@ftc.gov](mailto:hclausen@ftc.gov)  
[rwaller@ftc.gov](mailto:rwaller@ftc.gov)

Justin R. Infurna, Esq.  
Counsel for Defendants  
The Infurna Law Firm, P.A.  
121 South Orange Street  
Orlando, FL 32801  
Telephone: 1.800.774.1560  
[justin@infurnalaw.com](mailto:justin@infurnalaw.com)

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 17-CV-61937 WPD

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

STUDENT DEBT DOCTOR LLC, a Florida  
limited liability company,

and

GARY BRENT WHITE, JR., individually and  
as an officer of Defendant Student Debt Doctor LLC,

Defendants.

---

**ORDER GRANTING RECEIVER'S  
UNOPPOSED MOTION TO PAY INSURANCE PREMIUMS**

THIS CAUSE came before the Court upon the Receiver's Unopposed Motion to Pay Insurance Premiums [DE 28] (the "Motion"), and the Court having reviewed the Motion and being otherwise duly advised in the premises, it is hereby **ORDERED and ADJUDGED**:

The Motion is **GRANTED**. The Court authorizes *nunc pro tunc* the Receiver to pay the October 2017 health, dental, and supplemental insurance premiums in the total amount of \$17,031.46 from the Receivership Estate. The amount of \$17,031.46 in the Bank of America account for Fidelity Debt Reserve, LLC, ending in 4581, shall be promptly unfrozen; promptly made payable to Student Debt Doctor, LLC, c/o Robert Gerard Carey as Receiver; and promptly sent to the following address: Kapila Mukamal, 1000 South Federal Highway, Suite 200, Fort Lauderdale, FL 33316. Defendant Gary Brent White, Jr. shall directly pay his monthly share owed

under the subject three insurance plans described in the Motion until the plans are formally cancelled.

**DONE and ORDERED** in Chambers in Fort Lauderdale, Broward County, Florida on this \_\_\_ day of November, 2017.

---

**WILLIAM P. DIMITROULEAS**  
**UNITED STATES DISTRICT JUDGE**

Copies to:  
*Counsel of record*