

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

PRENDA LAW INC.,)	
)	
Plaintiff,)	
v.)	
)	
PAUL GODFREAD, ALAN COOPER,)	
and JOHN DOES 1-10,)	
)	
Defendants.)	
_____)	Case No. 13-cv-4341
)	
PAUL GODFREAD and)	Judge John W. Darrah
ALAN COOPER,)	
)	
Counterclaimants,)	
v.)	
)	
PRENDA LAW INC.,)	
)	
Counterdefendant.)	

ORDER

Plaintiff Prenda Law, Inc. and Paul Duffy filed a Motion to Establish Inability to Pay and to File Personal Financial Statement Under Seal [79] regarding the sanctions issued on June 12, 2014. Defendants Cooper and Godfread filed their response on December 10, 2014. Prenda and Duffy were ordered to file a reply by December 17, 2014 but failed to do so. They were then given leave to file a reply by February 19, 2015 and again failed to do so. For the reasons stated below, the Motion is denied.

STATEMENT

On June 12, 2014, sanctions were awarded against Prenda Law, Inc. pursuant to the Court's inherent authority to sanction. On August 27, 2014, Plaintiff was given leave to file, by August 29, 2014, a motion showing its inability to pay the sanctions award. The motion was not filed. Plaintiff was then granted leave to file the motion by September 24, 2014. The motion was not filed. On November 18, 2014, Plaintiff was given until November 25, 2014, to file the motion. The present Motion was filed on November 25, 2014.

Duffy argues that the Court's order of June 12, 2014 imposed a monetary sanction only against Prenda, not Duffy. However, on January 25, 2015, the Court amended the June 12 order

to make clear that Prenda Law, Inc. and Paul Duffy were jointly and severally liable for the sanctions. The order further instructed:

It is further ordered that, if either Prenda or Duffy assert an inability to pay the ordered amount, Duffy shall submit, on his own behalf, a financial statement from a certified public accountant, verifying his financial status. Duffy shall also present a financial statement from a certified public accountant, stating any and all of Prenda Law, Inc.'s assets. The statement regarding Prenda Law, Inc.'s assets shall include the distribution of any and all assets before it ceased doing business. These financial documents shall be submitted within fourteen days of the entry of this Order.

No financial statements were filed by February 5, 2015. The Court held a status hearing on February 12, 2015. At that hearing, Duffy was given leave to file the requested financial information under seal. Duffy was ordered to satisfy the sanctions and file the requested financial information by February 18, 2015.¹ Again, he failed to do so.

Prenda and Duffy have been given multiple opportunities to file the requested information and to establish the inability of either to pay the levied sanctions. This Court agrees with the Southern District Court of Illinois:

The Court also finds that Duffy, Hansmeier, and Steele exhibited a “serious and studied disregard for the orderly process of justice.” *Jolly Grp., Ltd. v. Medline Indus., Inc.*, 435 F.3d 717, 720 (7th Cir.2006), quoting *Pacific Dunlop Holdings, Inc. v. Barosh*, 22 F.3d 113, 119 (7th Cir.1994). These men have shown a relentless willingness to lie to the Court on paper and in person, despite being on notice that they were facing sanctions in this Court, being sanctioned by other courts, and being referred to state and federal bars, the United States Attorney in at least two districts, one state Attorney General, and the Internal Revenue Service.

Lightspeed Media Corp. v. Smith, Case No. 12-CV-889, 2013 WL 6225093, at *5 (S.D. Ill. Nov. 27, 2013).

¹ This order appears in the related case 13-cv-1569 as Dkt. No. 78.

To be blunt, the Court finds no reason to believe Duffy's unsupported representations that he and Prenda are unable to pay the sanctions. Financial documents may indicate that this is true, but Duffy and Prenda have been unwilling or unable to comply with this Court's repeated requests. Therefore, the Motion is denied.

Date: April 9, 2015


JOHN W. DARRAH
United States District Court Judge