IN THE CIRCUIT COURT OF THE THIRTEENTH JUDICIAL CIRCUIT OF THE STATE OF FLORIDA IN AND FOR HILLSBOROUGH COUNTY GENERAL CIVIL ACTION

NEIL. J. GILLESPIE,

Plaintiff,

CASE NO.:

05-CA-007205

VS

: DIVISION:

BARKER, RODEMS, & COOK,

P.A., a Florida

corporation; and WILLIAM J.

COOK,

Defendants.

TRANSCRIPT OF:

HEARING

BEFORE:

The Honorable Judge

James M. Barton, II

DATE:

October 30, 2007

PLACE:

Room 512

800 East Twiggs Street

Tampa, Florida

TIME:

10:33 a.m. to 11:22 a.m.

REPORTED BY:

Elizabeth W. Chorrushi,

Registered Professional Reporter Florida Professional Reporter

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| 1 | APPEARANCES: | |
| 2 | ROBERT W. BAUER, ESQUIRE Robert W. Bauer, P.A. | |
| 3 | Suite 200B 2815 NW 13th Street | |
| 4 | Gainesville, Florida 32609 | |
| 5 | Appeared on behalf of Plaintiff | |
| 6 | RYAN CHRISTOPHER RODEMS, ESQUIRE | |
| 7 | Barker, Rodems & Cook, P.A. Suite 2100 | |
| 8 | 400 North Ashley Drive Tampa, Florida 33602 | |
| 9 | | |
| 10 | Appeared on behalf of Defendants | |
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| 12 | I N D E X | |
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Page 3 1 Transcript of proceedings held on October 30, 2 2007, commencing at 10:33 a.m., at Room 512, 800 East Twiggs Street Tampa, Florida, before the Honorable James 3 M. Barton, II, and reported by Elizabeth W. Chorrushi, 5 Registered Professional Reporter, Florida Professional 6 Reporter. THE COURT: How are you-all doing today? MR. RODEMS: Good, Your Honor. 8 9 MR. BAUER: Good, Your Honor. How about you? 10 THE COURT: Good, good. 11 So in Gillespie versus Barker, Rodems & Cook 12 and William Cook, we have a motion to enter judgment 13 on the pleadings. 14 MR. RODEMS: Yes, sir. 15 THE COURT: So I'm not sure the volumes of the case that I got had the pleadings in them. 16 17 Does anybody have them?

MR. RODEMS: Well, I do have the complaint
which has all the attachments. The answer is really
not material to this, Your Honor.

21 THE COURT: Unless they are denied.

MR. RODEMS: Well, true.

THE COURT: Do we have the answer?

MR. BAUER: Yes, Your Honor.

MR. RODEMS: I didn't bring an extra.

Page 4 1 And I know where you are wanting to THE COURT: 2 go with this, but, you know. 3 MR. BAUER: And it will be -- in my index, it's 1 and 14 would be the complaint and then the answer. 4 5 THE COURT: Yeah. In fact --MR. RODEMS: Well, the reason I say the answer 6 7 is really not material is because all the well-pleaded allegations of the complaint are 8 9 accepted as true on a motion for judgment on the 10 pleadings. 11 But the pleadings include the THE COURT: 12 answer. And so, again, I know -- I mean, you -- it 13 looks like you denied quite a few allegations starting with 1 and 4 and 6. 14 15 So how do we -- how do we get past that? Well --16 MR. RODEMS: THE COURT: I mean, in this motion you say 17 18 admit them as true, but in the answer you deny a 19 bunch of things. 20 MR. RODEMS: Right. But according to the 21 Second District in Wallace Brothers versus Yates at 22 117 So.2d 202, 203, the facts well-pleaded are admitted, but of course conclusions of law are not. 23 24 So that's why I say the answer is largely

irrelevant. It doesn't matter if we denied them or

Page 5 1 If he's alleged it and the complaint is true, 2 then we accept those as true for purposes of this motion. 3 Well, how can you without THE COURT: 4 disavowing your answer? MR. RODEMS: Well, it's only for the purposes 6 7 of this motion. THE COURT: But it's a judgment on the 8 9 It's not a motion for judgment on the pleadings. 10 complaint. 11 What I'm saying is that if you MR. RODEMS: 12 look at the material allegations of the complaint 13 and accept them as true -- just disregard the answer 14 for purposes of this motion -- we are still entitled 15 to judgment on the pleadings. THE COURT: Wouldn't that be a motion to 16 17 dismiss for failure to state a cause of action? 18 MR. RODEMS: Well, it's essentially the same animal, yes. 19 20 THE COURT: It's a different animal. 21 MR. BAUER: Which has already been ruled on. There has been a motion to dismiss and it's been 22 23 denied. THE COURT: Was it for failure to state a cause 24

of action?

1 MR. BAUER: Yes, Your Honor. 2 It was like for actually like four different 3 It was for economic loss rule, failure to reasons. state a cause of action --4 But the standard that the court MR. RODEMS: 6 reviews a motion for judgment on the pleadings is 7 different than a motion to dismiss. Is it? I mean, can you have your 8 THE COURT: cake and eat it too? 10 MR. RODEMS: Absolutely. 11 THE COURT: You can, in an answer, deny 12 allegations, but then still get a judgment on the 13 pleadings? Yes, sir. 14 MR. RODEMS: 15 MR. BAUER: I believe the proper pleading would have been a motion for summary judgment, where --16 MR. RODEMS: Well, just a second, Your Honor. 17 18 I mean, this is a motion for judgment on the pleadings. It's not what it should have been. 19 20 a motion for judgment on the pleadings. 21 Right. And that's what I'm looking THE COURT: 22 I'm not looking at it as anything else. 23 mean, occasionally, we can treat, by agreement, a 24 motion to dismiss as a motion for summary judgment. But only if that's the right thing to do.

And, again, you know, back in 1960-whatever when this case you cited came out, I guess they still had -- you know, I'm looking at the original note from back in -- I think it's 1968. A motion for judgment on the pleadings, the motion for judgment on the pleadings under Rule 1.140(c) -- MR. RODEMS: C.

THE COURT: -- does not present a defense or an objection. It is made only after the pleadings are closed, and it calls for a decision on the issues they, meaning the pleadings, make.

MR. RODEMS: Correct.

THE COURT: So -- and that is what Miller? What case are you citing?

MR. RODEMS: Oh, I'm sorry. It was Wallace Brothers versus Yates, which is 1968.

Now again, the Fifth DCA in 2006, in Thompson versus Napotnik, N-a-p-o-t-n-i-k, at 923 So.2d 537 said the same thing. Quote, "The court must accept as true all well-pleaded allegations of the non-moving party." So you can accept all the allegations of his complaint as true. We are still entitled to judgment on the pleadings. That's our position today.

THE COURT: Mmm-hmm. You don't have any of

Page 8 1 those cases, do you? 2 MR. RODEMS: Actually, I didn't bring those 3 cases with me because I thought it was so -- such a well-understood concept. But I'll be happy to 5 submit those. THE COURT: Yeah. Because I -- again, the last 6 7 thing I want to do is say, okay, let's do what you say and then, you know, they -- assuming I rule in 9 your favor in whole or in part -- and then they take 10 an appeal and say, well, these pleadings set up 11 disputed issues of fact. 12 So how can you possibly have a motion for 13 judgment on the pleadings? MR. RODEMS: Well, again, when you're on a 14 15 motion to dismiss, you accept all the allegations of 16 the complaint. 17 THE COURT: That's because there's no answer 18 filed denying anything. 19 MR. RODEMS: Right. 20 THE COURT: And you have to. 21 MR. RODEMS: Right. 22 THE COURT: But on the pleadings, it's not a motion for judgment on the complaint. It's a motion 23

Well, perhaps we could proceed and

for judgment on the pleadings.

MR. RODEMS:

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- 1 it will become clear.
- THE COURT: Yeah, I mean, go ahead. That was
- just my initial thought.
- MR. RODEMS: All right. If you will take a
 look, there are three distinct arguments today. The
 first is the breach of contract action against
 Mr. Cook. The second is the breach of contract
 action against Barker, Rodems & Cook. And the third
 is fraud against both defendants. I'll address the

breach of contract action against Mr. Cook.

- THE COURT: And, again, you said at the bottom of Page 4 that you are entitled to summary judgment. I don't think you meant that.
 - MR. RODEMS: Right. Well, judgment summarily, Judge. But it should be judgment on the pleadings, correct. I saw that as well when I was preparing for this. I apologize.
- The contract which Mr. Gillespie attached to his complaint which he claims is the operative contract, Your Honor, is Exhibit 1. If you will take a look at Exhibit 1, you'll see that Neil Gillespie is retaining and employing the law firm of Barker, Rodems & Cook, P.A.
- 24 THE COURT: Right.
- AR. RODEMS: Mr. William J. Cook is not a party

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to this contract, so there's no possibility of holding Mr. Cook liable for breach of contract.

There's just not — he's not a party to the contract. He's an attorney with the law firm of Barker, Rodems & Cook. And Barker, Rodems & Cook is the one that entered into this contract.

So, clearly a breach of contract action against Mr. Cook is no more viable than if Mr. Gillespie decided he would sue you, Your Honor, for breach of contract. You're not a party to this contract either.

THE COURT: Right. Except they did -- I think you, in summarizing here, you concede that they have alleged that Cook individually was part of this contract, but that the written contract itself shows he's not a party. Is that --

MR. RODEMS: Correct, Your Honor. And if you will look at the cases, GRICO versus Graci, G-r-a-c-i, 849 So.2d 1196 and 1199, "Any pleading, any document attached to a pleading is part of the pleading for all purposes. And if an attached document negates a pleader's cause of action, the plain language of the document will control and may be the basis for a motion to dismiss." That's in France Tractor versus JI Case Company and the other

case that holds that we've cited as well.

THE COURT: And it wasn't signed, right?

MR. RODEMS: No, Your Honor. But Mr. Gillespie has taken the position that this is a contract between the parties. And according to the case law, even though the contract was not signed, until it's superceded, it remains binding. That's what the

We are not raising the issue today that the contract has not been signed. But what we are saying is that if the contract shows it's between Barker, Rodems & Cook --

THE COURT: Right.

case law says.

MR. RODEMS: -- and Gillespie --

THE COURT: But your case says -- the quote that you gave says even if the parties do not sign a contract, they may be bound by the provision of the contract if the evidence supports that they acted as if the provisions of the contract were in force.

MR. RODEMS: Correct.

THE COURT: So, I mean, you have, again, an evidentiary issue as to who -- as to what -- whether that was the contract between those parties or whether maybe there were other parties because nobody signed any written contract apparently.

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Page 12 1 MR. RODEMS: Well, there's no allegation in the 2 complaint that there's anything but this contract. 3 THE COURT: Well, except that, as alleged, it says that the law firm and the individual lawyer were parties to the contract. And since we don't 6 have a signed written contract, then -- right -- who 7 knows, depending what the evidence shows. Isn't that what the case shows? Isn't that the 9 case you cited? 10 No, that's not what the case says MR. RODEMS: 11 It just says that an unsigned contract is 12 binding on the parties --13 THE COURT: Might be. 14 MR. RODEMS: Yeah. 15 THE COURT: Depending on what the evidence 16 shows. 17 MR. RODEMS: Right. 18 THE COURT: And it might not be depending on what the evidence shows. 19 20 So, I mean, how can we answer this question 21 until we see what the evidence is? 22 MR. RODEMS: There's no allegation in the 23 complaint that Mr. Cook and Mr. Gillespie entered 24 into a written contract. There's no allegation in

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the compliant --

THE COURT: Right. So then there is an oral contract or there's that written contract maybe --

MR. RODEMS: Well, he has --

THE COURT: -- that no one signed.

MR. RODEMS: He would have to allege that in the complaint for it to be the basis of a breach of contract action.

I mean, again, we are talking about judgment on the pleadings, does the pleadings state a cause of action. And if he has not alleged that this written contract was between him, Gillespie, and Cook, and there's no other allegation in the complaint, we can't — we can't go behind the scenes and create a cause of action for Mr. Gillespie that he hasn't pleaded. We are entitled to due process on that.

THE COURT: What is alleged regarding what the contract is?

MR. BAUER: Your Honor, that there was a written representation contract.

However, the one thing that counsel appears to be ignoring in this situation -- and that contract is not attached to this complaint and we must keep in mind that this was originally filed as a pro se complaint, so there is going to be a little bit more latitude with the interpretation of it -- there was

a written, signed contract by the predecessor firm to Barker, Rodems & Cook that was signed by both parties.

When that firm dissolved, this was assigned or wasn't assigned. We don't know what -- and the evidence will show, you know, whether, in fact, it did become an assignment.

THE COURT: So are we on the pro se version of the complaint?

MR. BAUER: Yes, Your Honor.

THE COURT: How do you feel about that?

MR. BAUER: I'd like to amend it and make it

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MR. RODEMS: Wait just a second, Your Honor.

The pro se plaintiff dismissed his claims against
us.

THE COURT: Right.

MR. RODEMS: And then he filed this motion saying he wanted to revive them. We are here on a motion for judgment on the pleadings. Mr. Bauer has been in this case since April and now he comes in here today when we are hearing this and says, well, give him a break because Mr. Gillespie filed it prose, and by the way, I'd like to amend this?

MR. BAUER: Actually, I did make an attempt to

amend the complaint which characterized when I said that we would be able to file this as a counter-complaint and that would actually more stand in the stead of what I would forward. And there still needs to be some issues that I would like to address with that.

However, I think -- first, I am kind of confused as to why we're having this hearing at all today because we have an appeal -- a writ of certiorari that's outstanding that will get rid of all these issues if it goes through.

THE COURT: As to what?

MR. BAUER: As to whether this court's last order was valid in allowing the plaintiff to dismiss their voluntary dismissal. That was immediately filed after. It seemed to me that originally that was something more warranted to go forward with and was, you know, more expeditious and asserting judicial economy.

So I think -- and as far as whether or not the complaint itself is whether counsel is trying to assert the issue of the voluntary dismissal, that issue has been resolved as far as this court is concerned. We are back to doing the issue.

Yes. We've been dealing with other issues.

But I don't see in any way there's been -- there hasn't been a single amendment to this complaint. The case law clearly states that it's not prejudicial to the other party to at least allow one amendment of the complaint. Many of the case law goes up to the court shall allow up to four.

MR. RODEMS: There is no motion to amend the complaint filed with this court.

MR. BAUER: The court asked a direct question to me on whether or not I would think it would be warranted to amended complaint and I responded.

THE COURT: I asked if you felt comfortable with the current version.

MR. BAUER: I think there's probably things -problems probably could be dealt with and clarified
and issues could be better dealt with if we went and
filed for an amended -- an amended complaint and
moved forward from that point.

THE COURT: How far along is the -- I know the petition for writ of certiorari has been filed.

MR. RODEMS: We will filed a writ of certiorari following Your Honor's ruling allowing them to revive the dismissed claim. The Second DCA has ordered Mr. Bauer to file a response on behalf of Mr. Gillespie under the writ. Mr. Bauer has asked

me to agree to a two-week extension of time for him to prepare his response because he's got a trial scheduled, and I said I have no objection to that. So that's where things stand with that.

We don't want this continued because we want -we want this case to be brought to a conclusion. If
Mr. Bauer felt an amendment was necessary, he could
have filed a motion for leave to amend the complaint
at any time.

But to come in on the day that we're here on the motion for judgment on the pleadings without a written motion and then say, "I'm uncomfortable with the complaint filed by Mr. Gillespie," and then ask for leniency because he filed it pro se to me is just one more further delay that my clients shouldn't have to endure.

Now you should keep in mind that while

Mr. Gillespie was pro se, he litigated this case,

moved to disqualify Judge Nielson, moved to

disqualify Judge Isom, then took a discovery order

up on a petition for writ of certiorari and an

appeal. Both of those were dismissed. We had a

motion for order to show cause what he wouldn't turn

over discovery. He came in and filed a letter

saying that he was going to have an attorney

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appointed for him by an insurance company. And then he retracted from that and told the insurance company not to defend the claim for him.

Everything about this case, Your Honor, has been delayed. If you look at that file, you'll see everything about this case has been delayed. He's also moved to disqualify our law firm from representing -- me from representing our law firm and Mr. Cook which was also denied by Judge Nielson.

So, I mean, at what point do we stop saying "Poor, Mr. Gillespie, he's pro se and he's an individual," and start saying, "You know what, it's a level playing field?

These lawyers and this law firm should not be treated any different and Mr. Gillespie should not be given the advantage simply because he is an individual who wants to claim that the legal system has shafted him.

MR. BAUER: Your Honor, I would agree that I think that a significant portion of this action has been delayed, but I believe it's been on both sides. I've been at motions to dismiss that aren't necessarily warranted. We have a motion for summary judgment and a motion for judgment on the pleadings. We have a writ of certiorari that has been filed

instead of -- I think that that clearly could have been dealt with at another time, more appropriately dealt with all the issues at one time.

I don't see that -- I have been on this case for a whole of six months. I don't think my failure to have amended the complaint in six months is overly egregious considering we have had multiple issues to deal with, the hearings that have been required to come down here, the writ of certiorari that has been filed. I don't think there's been any delay on my part or on the part of my firm.

And I was not -- I think, even without the amendment at this time, I think there are sufficient facts alleged in the complaint that bring up questions to determine whether or not this is a -- you know, who this document is binding on.

Yes. There is an written agreement, but is every — and that written agreement memorializes some of the terms that are contained in it. However, there is the whole problem of is that even the defendant's attempting to enforce an unsigned contingency fee agreement is a breach of the professional rules of ethics, so there's an issue contained with that. But there's —

MR. RODEMS: Well, wait just a second.

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1 MR. BAUER: If I --2 MR. RODEMS: Wait just a second. I have a 3 written, signed copy of that contract. I'm not the one that filed this lawsuit. Gillespie did. 5 Gillespie filed an unsigned version of that 6 contract. 7 MR. BAUER: If I may, Your Honor, please finish what I was saying prior to interruption -- is if 9 counsel is saying that there are -- there in fact 10 exists a signed contingency fee agreement, I think 11 that there certainly is a problem that in his 12 argument now that he's saying the pro se plaintiff 13 didn't have access, it wasn't available him, a 14 signed copy of that contract at the time when he did 15 the complaint. They are wanting to knock it out 16 because the signed contract that they admit exists 17 isn't attached to the agreement and they are wanting 18 to point out that the complaint says that there was 19 a written agreement. 20 They just admitted the allegations in the 21 complaint. There was a written contract between. 22 So, I mean, it's - either it is or it isn't, so 23 where are we? 24 MR. RODEMS: That is completely incorrect.

There is a signed contract. It exists.

Mr. Gillespie has a copy of it.

THE COURT: But not in the pleading and not attached to a pleading.

MR. RODEMS: No. But that was Mr. Gillespie's decision not to do that. I don't know why he didn't.

THE COURT: Okay. Well, then that was his decision. And maybe he should have, but I can't make a ruling on the pleadings as they should have been filed.

MR. RODEMS: Exactly.

THE COURT: So the pleadings as they exist allege a contract between Cook and the law firm on the one hand and Gillespie on the other hand, and we have an unsigned copy of a written contract between a law firm and Gillespie.

And as the case you cited shows, the evidence will determine what the contract was and whether that was contract, the unsigned written contract or whether it was something else. So --

MR. RODEMS: Well, Your Honor, if you look at the complaint itself, Mr. Gillespie says that he hired the law firm to represent him. He doesn't says he hired Mr. Cook. He hired the law firm. And then he says, Paragraph 8, Gillespie entered into a

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written class representation contract with the law firm to perform legal services, Exhibit 1. And he points to that contract.

Nowhere in here does he say he had a contract with Bill Cook to represent him. He doesn't allege that, but yet he sued Mr. Cook for breach of contract.

THE COURT: Right. Is there anything in the complaint that says the plaintiff had a contract with Cook individually?

MR. BAUER: Your Honor, no, there is nothing in the complaint. And it was my understanding, and the reason that I felt that it was still appropriate to include Cook is that there was no actual written contract between Barker, Rodems & Cook that was signed. So there was an issue whether or not in the failure to execute a new contract after the termination of the predecessor firm may have opened up Mr. Cook to the liability.

I will concede that if there exists a written contract that clearly shows that the issue is only between Barker, Rodems & Cook and Mr. Gillespie that we have only a contract claim for breach of contract against Barker, Rodems & Cook.

I don't believe that that same argument is

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Page 23 1 going to apply on to the fraud count which we 2 believe that Mr. Cook participated in the fraud and 3 attempted to cover --That's a different issue. THE COURT: 5 MR. BAUER: But so --Yes. THE COURT: Even as alleged, does the complaint 6 7 even say that Cook was party to this complaint? No, it does not. 8 MR. BAUER: 9 Right. So I'm going to grant that THE COURT: 10 motion --11 MR. RODEMS: Thank you. 12 MR. BAUER: As to --13 THE COURT: Cook, individually. 14 MR. BAUER: -- Cook, individually only? 15 THE COURT: Right. 16 MR. RODEMS: Your Honor, because --17 MR. BAUER: If I may clarify, but that's denied 18 as to Barker, Rodems & Cook? 19 MR. RODEMS: We haven't got to that argument 20 yet. All right. 21 If I may proceed now to the fraud 22 claim, Your Honor, because I think that's going to 23 be the easiest one to resolve next. 24 In order to allege a fraud claim, there are 25 five elements that Mr. Gillespie must plead and

prove -- let me get to my motion here -- he's got to allege a false statement was made regarding a material fact, that the individual who said the statement knew or should have known that it was false, that the maker intended the other party rely on the statement and that the other party relied on a false statement to his detriment.

Now a fact is material if, but for the representation, the aggrieved party would not have entered into the contract. And this is from Ribak versus Centex Real Estate Corp., 702 So.2d 1316, quote, "Reliance on the alleged false statement is an essential element. And if the evidence shows that the recipient of the statement," in this case Gillespie, "knew it was false, reliance on the statement is unjustified. Moreover, the courts have held that a party may not recover in fraud for an alleged false statement when proper disclosure of the truth is subsequently revealed in a written agreement between the parties."

Now Mr. Gillespie claims that Cook told him that the court awarded our law firm \$50,000 in fees. The written documents attached to the complaint by Mr. Gillespie, specifically Exhibit 2, is the closing statement our law firm prepared, and this is

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what Mr. Gillespie's signature is on. And it says, "In signing this closing statement, I acknowledge that Amscot Corporation separately paid my attorneys \$50,000 to compensate my attorneys for their claim against Amscot for court-awarded fees and costs."

Mr. Gillespie signed this statement understanding that Amscot paid our law firm \$50,000 for our claim for court-awarded attorney's fees -- not for court-awarded attorney's fees, but for our claim for court-awarded attorney's fees.

And let me back up for just a second, Your Honor. Mr. Gillespie retained our firm to sue Amscot for a pay day loan violation under the Truth in Lending Act. The Truth in Lending Act is a federal statute that provides that if it's violated, the individual who suffers the violation is entitled to certain damages, which are capped, and also that if that party prevails, the losing party shall pay the prevailing party an attorney fee.

Our contract with Mr. Gillespie says that the defendant may pay some or all of our attorney's fees, if you look at Exhibit 1. When the case settled, Mr. Gillespie received \$2000 and Amscot agreed to pay our law firm \$50,000 in attorney's fees. When Mr. Gillespie signed this closing

statement, he knew that Amscot was paying us for our claim for court-awarded attorney's fees.

Mr. Gillespie even participated in the negotiations, Your Honor. Look at Exhibit Number 4. This is a letter from — and this is attached to Mr. Gillespie's complaint. This is a letter from Mr. Cook to Mr. Gillespie that says, quote, "In addition, you," Gillespie, "authorized us to demand 1000 to settle your claim plus 50,000 in attorney's fees and costs." So Mr. Gillespie knew and authorized us to do that.

Then if you go to Exhibit 5, Mr. Gillespie responded to that letter the next day and says, "Thank you for your letter of August 15th relative to the above captions. I agree with you that the defendant will probably not accept your settlement offer. I believe the sticking point is your request for \$50,000 in attorney's fees and costs. I do not believe that the \$1000 request each for myself Mr. Clement and Ms. Bloomfield" — two other people involved in this lawsuit, Your Honor — "is a barrier to settlement. Therefore, I suggest that you ask for a lesser amount of fees and costs."

And then he goes on to say, "Given your lack of success in this matter thus far, I suggest you ask

for \$10,000 attorney's fees and costs." So Mr. Gillespie not only knew that we were separately negotiating payment to our law firm for attorney's fees and costs, he directed to us how to do it.

Now we were successful and convinced Amscot to pay him \$2000 and to pay us \$50,000 in attorney's fees and costs and a settlement release was prepared that stated all that, which Mr. Gillespie signed. But also we have the closing statement that shows that Mr. Gillespie understood that the settlement was for \$50,000 to compensate my attorneys for their claim against Amscot for court-awarded attorney's fees.

Mr. Gillespie has gone through some Herculean gymnastics and gone back to the contract and said, well, just a second, if the court didn't award you \$50,000 in attorney's fees, then I should get a portion of that. And since you told me the court awarded \$50,000 in attorney's fees and really what happened was there was a settlement for 50,000 in attorney's fees, you've defrauded me.

Now that's just crazy, Judge. It doesn't make any sense. But the bottom line on this point is that he can't meet the elements of fraud because he can't rely on a false statement because the

statement he claims was false, that the court awarded 50,000, was told to him on November 1, 2001, that it was \$50,000 settlement by Amscot to settle the claim for court-awarded attorney's fees and costs.

So he can't meet reliance. If he cannot meet reliance, his house of cards of fraud fails and the claim must be dismissed. But that is not the only reason that the fraud claim must be dismissed.

That's one of them.

The other reasons, as I address in the motion, are that you cannot bring a fraud claim disguised as a breach of contract, and that's what he's done. He's claiming that we didn't pay him what the contract -- we didn't take his attorney's fees, what the contract says we should have taken and we beached it.

He said under the contract we should have taken the \$50,000, added to the amount that he got and then paid him a portion of that. Now of course, we'll talk about the rules regulating the Florida Bar in just a moment.

But the bottom line is that his fraud claim is basically that you breached the contract. And under the case law, if the alleged tort or fraud arises

from the same conduct that breaches the contract, the tort or fraud cannot survive. That's from Richard Swaebe, Inc., versus Sears World Trade, Inc., 639 So.2d 1120-1121; Lewis versus Guthartz, 428 So.2d 222 and Lake Placid Holding Company versus Paperone, 508 So.2d 372. That's a Second DCA case from 1987.

I cited several other decisions that all hold that when you have a breach of contract, you can't create a fraud claim out of it. So if he's saying that we defrauded him by breaching the contract, he gets a breach of contract claim.

The other thing is the that damages he's claiming --

THE COURT: Economic loss rule.

MR. RODEMS: Yes, sir. Exactly.

The other thing is he's -- the damages he's claiming in the fraud count are exactly the same as in the breach of contract. And under RDMH, Inc., versus Dempsey, 618 So.2d 794, Florida Fifth DCA from 1993, quote, "An award of compensatory damages for both breach of contract and fraud is erroneous where the plaintiff fails to establish that he sustained compensatory damages based on fraud which were in any way separate or distinguishable from the

compensatory damage awarded for the breach of contract." In other words, you can't sue for fraud and claim your damages are the same things that happened in the breach of contract. So the fraud claim can't survive on the allegations of a breach of contract.

Now, Your Honor, as you well know, Rule 4-5.4 of the rules regulating the Florida Bar says a lawyer or law firm shall not share legal fees with a non-lawyer. Opinion 60-33 of the Florida Ethics Opinions, which are available on the Florida Bar website, cites Mr. Drinker, an expert on legal ethics and says, quote, "The only situations in which a lawyer may properly permit a client to receive and retain fees paid by others on account of his legal services are when such payments are to reimburse the client in whole or in part for the client's legal expenses actually incurred in the specific matter for which they are paid."

Mr. Gillespie never paid our law firm one penny for attorney's fees and costs, not a penny. So when we received \$50,000 from Amscot which Amscot, Gillespie, Bloomfield, Clement and our law firm agreed was to pay us for our attorney's fees in a fee-shifting case, for us to have given any portion

of that to Mr. Gillespie would have violated the rules regulating the Florida Bar. And that's one of the reasons that the breach of contract action must fail too, because the contract cannot be enforced in such a way as to require people to violate the law.

So as far as the fraud claim, you can't base it -- you can't base a fraud claim on a breach of contract. That's the economic loss rule. Second, he cannot meet the reliance thing because he knew when he signed the closing statement that they were paying us for the claim for court-awarded attorney's fees.

Besides that, Your Honor, if we had known Mr. Gillespie was going to complain at some later date after everything was signed, sealed and delivered that this wasn't really a court-awarded fee, we would have had Judge Lazara approve the fee, which would have been simple enough to do, a simple motion with Judge Lazara — we've settled this case, they've agreed to pay us \$50,000 in fees. Your Honor, will you approve that? He would have said, yes. That would have been the end.

We are being shaken down by Mr. Gillespie. That's what's happening here. He's filed a bar grievance against me. He's filed three bar

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grievances against Mr. Cook. He's filed a bar grievance against my other partner Mr. Barker, all arising out of this.

The bottom line, Judge, is that we represented this man without a penny from him. At the conclusion of the case, under a fee-shifting case, the defendant agreed to pay our attorney's fees.

Mr. Gillespie has never had to pay a penny of attorney's fees.

And under the contract -- under the contract, even if you read it the jaundiced way that Mr. Gillespie does, he's never had to pay one penny out of his \$2000 settlement for attorney's fees or costs. He got to keep 100 percent of it.

So the bottom line is that he can't allege a breach of contract because the defendant paid our attorney's fees, which the contract contemplates. Mr. Gillespie agreed in the closing statement to them paying our attorney's fees. Mr. Gillespie knew that it was for the settlement of the claim for court-awarded attorney's fees. And the fraud and the breach of contract action against the law firm and the fraud action against Mr. Cook, just like the breach of contract against Mr. Cook, should be -- a judgment should be granted on the pleadings.

Page 33 1 MR. BAUER: Your Honor, first of all --Let me ask this: And we are still 2 THE COURT: 3 on this original complaint? MR. BAUER: Yes, Your Honor. 5 THE COURT: Count 1 asks for damages of a 6 little over \$6000. 7 MR. BAUER: Yes. 8 THE COURT: Count 2 is a fraud count but asks 9 for punitive damages. 10 MR. BAUER: Yes, Your Honor. 11 THE COURT: Which you can't get -- I'm ignoring 12 that. MR. BAUER: Yes, Your Honor. 14 MR. RODEMS: I believe that was ultimately 15 stricken by Judge Nielson. MR. BAUER: There's been a later motion that 16 17 was filed pro se to try to comply with the 18 requirements that are necessary to do punitive. THE COURT: That's fine. But at this point 19 20 Count 2 asks for the same \$6000-plus, correct? 21 MR. BAUER: Yes, Your Honor. 22 THE COURT: So why shouldn't I dismiss this for a lack of subject matter jurisdiction? 23 24 MR. BAUER: First of all, Your Honor, because the subject matter jurisdiction goes to what --

2 MR. BAUER: Yes, Your Honor -- what all the 3 amounts are. But it also goes -- and we raised this

Amount.

last time. There's been a counter complaint for an

5 amount in excess of 15.

THE COURT:

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THE COURT: So we would be back here any way.

MR. BAUER: Okay.

THE COURT: So we covered this.

MR. BAUER: That's been dealt with.

Along those lines, the rest of these issues have already been dealt with before by previous court that was on this issue in a motion to dismiss, the motion to dismiss for failure to state cause of actions, also included the economic loss rule and other allegations. The court denied those on the grounds that it found distinct and separate causes of actions to be placed.

I was not present for that hearing, so I'm not really sure -- I mean, the order doesn't articulate exactly what those findings were. But this really appears to be an attempt to do nothing more than appellate review within the circuit court just simply because counsel has gotten a different judge to be able to argue the same in front of.

Nonetheless, I believe the contract and fraud

issues are absolutely distinct in that the breach of contract was that there would be an attempt -- that the company would attempt to go after the plaintiff in that case and attempt to get a high yield, get a high reward and they would recover a percentage of that amount.

That is always what the motive is, is whether or not attorney's fees are given later. It's not appropriate to say that the only target is to get high attorney's fees in a situation that are separate from your recovery of the clients.

Unfortunately, in breach of that contract, it appears that with the agreement that they would be pursuing a settlement or pursuing an action, an award in court that the client would be able to receive at the very least 60 percent of that.

They instead -- and it's clear from the evidence that they presented -- all they ever pursued was an attempt to negotiate a high attorney's fee they discussed in the letter.

Although a lot of the arguments that have been presented are contained in the pleadings that are forwarded by the defendant in this case, and the case law clearly says all of that must be assumed to be false. So the court can't look at those to make

a determination whether or not there's anything contrary to what the plaintiff has said.

So there was the breach of contract that happened first is that they did not pursue the action. To cover up that breach of contract,

Mr. Cook committed fraud by lying to Mr. Gillespie as to how these fees came about. He —— and it's clear from the complaints and the issues that he never wavered.

And even an argument that was forwarded before this -- that's been forwarded before this court is the fees couldn't be -- that amount, that 60,000 couldn't be -- or the 50,000 that was attorney's fees couldn't be shared with the plaintiffs, that's not true. Because if they had negotiated -- instead of trying to get a high attorney's fees award, if they had negotiated and said, look, this will be negotiated -- this is the amount that you are willing to pay to settle this case -- you are willing to pay \$60,000 -- you know, we are not talking about how it's divided up in attorney's fees. That will be handled pursuant to our contract with our client. We won't put our interests above our client. It very well could have -- the 60,000 could have been shared more

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1 significantly with the plaintiffs.

For the counsel to allege that it couldn't be, that's the problem. That's false. That's the fraud that was committed upon the client. It could be and it could be done so that it would be in compliance with the rules of ethics.

I make settlements all the time where there's provision for attorney's fees in the statutes that say they would be awarded. And we say, look, these -- we add everything up. Forgetting what the different sections are, these are at the very minimum what we think we are going to hit you with. You go ahead and -- you know, what do you think this is going to be. And they say, well, that's a number we can swallow.

It doesn't matter how you add those numbers up, if the other side in a settlement agreement agrees to a specific amount.

THE COURT: So I think you are conceding that under these facts, if there's fraud, it's fraud in the performance of the contract?

MR. BAUER: No. It's performance in the -- the performance of the contract was initially to happen with -- they committed fraud -- excuse mé. They breached the contract in its performance in getting

the negotiations.

THE COURT: Right.

MR. BAUER: Once the negotiations were settled, there was a fraud committed to procure the modification of the agreement. The modification of the agreement would be the settlement.

There's actually two different contracts.

There was the original contract that was breached,
then there was a fraud committed to procure the
second agreement, the settlement agreement, in
saying this is what is fair and going to be
distributed.

As far as whether or not he agreed by saying these are the claims, if you read it -- it took me several times reading it. I was constantly confused. I can't find awards of attorney's fees. I can't find awards of attorney's fees. And I finally caught their argument that they are saying it was a claim of attorney's fees that -- and it says claim of court-awarded -- past tense, awarded, not claim for attorney's fees that would be award. There's no future. There's court-awarded. That's a past tense. It's very easy to understand how a layperson would confuse that situation and think that there had been awarded attorney's fees.

It's paramount within the attorney-client relationship that the attorney is supposed to make sure that the client understands. I believe, that -- or my client believes that this was an intentional misleading. It was -- the facts are sufficient in this to, are alleged, to see that there was a false statement that was made. There were no court-awarded attorney's fees -- or we allege that it was a false statement. And that's all we have to do. We've alleged that there's a false statement. And it will be up to a jury to decide whether there was a false statement.

Mr. Gillespie did rely on it. He signed the agreement. It was to the detriment because if there hadn't been that fraud, there would have been the possibility that he could have gotten a larger percentage of that particular settlement, or he could have realized the problems that were going on and he would have retained other counsel to pursue the full and entire action and go after the original awards.

Another issue to point out the fact this is for their claim of court-awarded attorney's fees, there was no claim. The claim had already been determined by the court, denied. It didn't exist any more.

Yes, there was an appeal outstanding, but that doesn't resurrect any claim. The only thing that's going to resurrect a claim is an overruling by the appellate court. A claim no longer exist once it's been denied, even if it's on appeal. So in asserting there existed a claim for attorney's fees is false. It —— it's not there.

And so that false statement was —— and an attorney, a savvy attorney should realize the distinction between those, be able to forward that to the client, let them —— make sure that they understand what's going on. It was their intention that he relied on that statement, that there was court-awarded attorney's fees. He was confused and he was damaged by that.

And I think that there are distinct and separate damages because there's going to be the breach of contract to start with which will go initially to the -- they breached the contract and it would be towards the original claim, the original case that was filed.

Then the fraud is going to be afterwards, after the original claim had been lost and there was an additional contract that was made. There was fraud procured on that. And there's going to be, we

believe we will be able to forward enough evidence to also include punitive damages which will bring this up to a significantly higher amount. I do believe that the amounts, while difficult to distinguish, can be distinguished.

THE COURT: But we don't know that yet.

MR. BAUER: Sir?

THE COURT: We don't know that yet, what additional damages there might be for the fraud. Especially since they haven't been alleged, right?

I mean, Mr. Gillespie was very specific in his complaint that he thinks for the fraud count he ought to get punitive damages in the amount of three times his loss of little over \$6000, right? I mean, that's what he said.

MR. BAUER: That is what he said.

THE COURT: Again, this is a judgment on the pleadings.

MR. BAUER: Yes, Your Honor.

THE COURT: Well, again, before I make a ruling on a judgment on the pleadings, I want to be convinced that we can take the approach that the defendants have suggested, basically ignoring the answer which denies certainly factual allegations.

That was always my understanding, that we come

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in here, Judge, they have admitted there is a contract and we have admitted that in our answer and that's why we — that's why we win as opposed to, you know, picking and choosing in the answer but then coming into the hearing and say, Judge, ignore our answer, just look at the complaint.

Well, that's what we do in a motion to dismiss stage. And a judgment on the pleadings, I always took the position -- and I never had it -- this is the first time I've ever had this argued to me in 17 years, "Judge," you know, ignore-the-answer approach.

MR. RODEMS: I'll be happy to submit a memorandum of law to you.

THE COURT: Or just if a couple of the cases say that, then that's fine. But I want it explicitly in the facts or somewhere in an opinion that says, well, even though the answer denied certain factual allegations, if the defendant wants to get judgment on the pleadings, we can ignore the answer and go back to the complaint.

MR. RODEMS: I'll find that for you, but I would like to respond to one thing Mr. Bauer said. And that is he said the claim for court-awarded attorney's fees disappeared when the claim was

dismissed, and that is absurd on its face. Because if that were the case, no claim could ever be settled once the --

THE COURT: I think what he's -- I don't think he's denying the fact that there's -- there is a claim out there that's on appeal that has been dismissed or ruled on and that that -- therefore there can't be any settlement. I mean, this happens probably every day in this state and in the country.

MR. BAUER: I agree.

THE COURT: But I think what he's saying is that that would -- this layperson would have been -- not have understood that that was the case, I guess.

MR. RODEMS: Well, the only problem with that is his client's own writings and the communications that Mr. Gillespie attached belie this.

Mr. Gillespie understood that we are separately negotiating settlement of Mr. Gillespie's claims and the claims for court-awarded attorney's fees. He understood that. He says it in the closing statement and he acknowledges it in the letter he wrote to Mr. Cook following Mr. Cook's letter to him.

MR. BAUER: Those are all factual assertions that have to be determined, and that's what the fact

finder is for. What exactly do these letters mean?

THE COURT: Right. Well, he was finishing up.

MR. RODEMS: And the point is that the case law is clear that when you are told in writing what the true statements are, you can't later say, well, he told me something different. And that's what Mr. Gillespie says in the complaint — not what Mr. Bauer's spin is on it today. Mr. Gillespie says in the complaint, I was told that the court awarded \$50,000 for attorney's fees and the court did not, so I was defrauded. But the writings that Mr. Gillespie attached shows that he knows that this was a settlement negotiation while the case was on appeal.

That's what it was. So he can't meet the reliance. He can't say, "I relied on a false statement," when the truth was told to him. And as far as Mr. Gillespie being confused, that does not create a fraud. Fraud is the intent on the party making the statements to deceive. How much intent can there be to defraud Mr. Gillespie in saying on the closing statement, here, Mr. Gillespie, sign this. And the part that he signed says, I acknowledge that Amscot separately paid my attorneys 50,000 to compensate my attorneys for their claim

against Amscot for court-awarded fees and costs.

There's no statement in here that Amscot was order by the court to pay \$50,000 in fees and this business about, well, that's in the past tense — claim for court-awarded fees. The court awards fees if there's a petition for fees after a judgment. We never got there because the case was settled in the interim at Mr. Gillespie's, by his own complaint's allegations, behest. Settle this claim. I need the money. Let's get this done. Lower your — lower your request for attorney's fees, so that we can get this done.

THE COURT: That's in the pleadings?

MR. RODEMS: That's all in the pleadings, Your Honor. And like I said, I'll be happy to submit a memorandum of law to you on the issue of whether we can ignore the answer and focus only on the allegations of the complaint, and I'll highlight these other positions for you.

But, you know, we believe that if you will carefully consider this matter, you will see that, you know, Mr. Gillespie is basically trying to shake us down.

And at some point, somebody's got to say enough is enough. And we are hoping that, you know, the

court of law, where justice prevails, where equity is, where the parties are supposed to be equal, that somebody is not going to say, "Poor Mr. Gillespie, pro se, he didn't know what he was doing, even though he wrote these letters and he said all these things."

You know, we have -- Judge, we have suffered bar grievance after bar grievance. We have suffered -- we have had to defend this circuit bench on two distinguished judges because of the things that Mr. Gillespie has put into this record. At a certain point we need to look at the four corners of this complaint and say does this stand or does it fall and not give him the benefit of the doubt because he is an individual. It's just not right.

THE COURT: All right. And I assume if you are successful at the Second District level --

MR. RODEMS: It would moot this.

THE COURT: Right.

MR. RODEMS: Yes, sir.

THE COURT: So I am inclined to -- on the balance of this to wait and see what they do:

MR. RODEMS: Okay.

THE COURT: I don't want to issue an order that could be gilding a lily, if you are successful.

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| 1 | MR. RODEMS: All right. |
| 2 | THE COURT: So, it's not automatic that we |
| 3 | get sometimes we do. They are pretty good on the |
| 4 | appeals, but on certs we don't always get I'll be |
| 5 | checking the Law Weekly, but as soon as either one |
| 6 | of you gets the decision, kind of shoot me a copy. |
| 7 | MR. BAUER: We will forward it. |
| 8 | THE COURT: And I'll jump on the rest of it. |
| 9 . | MR. RODEMS: All right. But at least in terms |
| 10 | of Cook, may I prepare an order for that? |
| 11 | THE COURT: You may. |
| 12 | MR. RODEMS: And should the order say that the |
| 13 | balance of the motion will be taken under advisement |
| 14 | pending the writ of certiorari? |
| 15 | THE COURT: Yes. |
| 16 | MR. RODEMS: One final thing before we quit, |
| 17 | that really only affects the issues that are raised |
| 18 | on the judgment of the pleadings, but the other |
| 19 | things that are pending in the case, such as our |
| 20 | entitlement for attorney's fees, those would not in |
| 21 | any way be stayed, would they? |
| 2.2 | THE COURT: Where are we on that? |
| 23 | MR. RODEMS: Well, we just haven't filed our |
| 24 | fee petition. There's already been two orders |
| 25 | entered entitling us to attorney's fees. I just |

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Page 48 want to make sure that the remainder of the case is 1 2 not stayed pending outcome of the certiorari. THE COURT: I don't see any reason to. MR. RODEMS: Okay. Thank you. THE COURT: Okay. Thank you. 6 (Proceedings concluded at 11:22 a.m.) 8 9 10 11 12 14 15 16 17 18 19 20 21 22 23 24

CERTIFICATE OF REPORTER

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

7 I, ELIZABETH W. CHORRUSHI, Registered

8 Professional Reporter, Florida Professional Reporter,

9 certify that I was authorized to and did stenographically

10 report the foregoing proceedings and that the transcript

11 Pages 1 through 49 is a true record of the proceedings.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

Dated: 11/12/2007.

U ELIZABETH W. CHORRUSHI

Registered Professional Reporter

Florida Professional Reporter