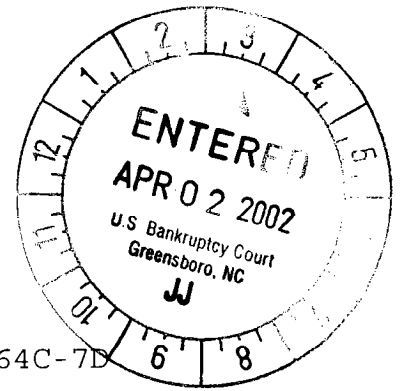


UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
DURHAM DIVISION



In re:)
)
Joe Lewis Bullock and) Case No. 01-83564C-7D
Bernadette Bullock,)
)
Debtors.)

ORDER REGARDING PETITION PREPARER

This matter came before the undersigned bankruptcy judge on March 7, 2002, for hearing on the motion of the U.S. Bankruptcy Administrator ("BA") for a determination of the propriety of the fees and actions of Princess R. Chase in the capacity of a petition preparer and for sanctions (the "Motion"). Present at the hearing were Robyn R.C. Whitman, appearing on behalf of the BA, and Cheryl Y. Capron, current counsel for Joe Lewis Bullock and Bernadette Bullock, the Debtors ("Debtors"). No appearance was made by the petition preparer, Princess R. Chase ("Ms. Chase"), or by anyone on her behalf, notwithstanding a show cause order entered December 20, 2001 and a subpoena issued on February 14, 2002.

Upon consideration of the documents previously filed with this court and the evidence and arguments presented at this hearing and at the prior hearing on February 7, 2002, this court enters the following findings of fact:

1. The Debtors first contacted Ms. Chase about the possibility of filing bankruptcy after seeing a flyer posted on a bulletin board in their church, which indicated that Ms. Chase was a paralegal in a law firm and that she handled bankruptcy matters.

2. The Debtors were instructed by Ms. Chase to gather their bills but were not questioned about most of their assets nor about other information which would have been necessary to properly complete the Debtors' Petition, Schedules, and Statement of Financial Affairs.

3. The Debtors were further instructed by Ms. Chase that they no longer needed to pay their bills, including the mortgages on their home. The Debtors had been current on their mortgage payments prior to receiving this advice from Ms. Chase.

4. Several weeks after giving their bills to Ms. Chase, the Debtors received a call regarding delinquent payments and commencement of foreclosure proceedings from CitiFinancial Services Company ("CitiFinancial"), the holder of the second mortgage on the Debtors' real property and mobile home. Upon receiving this call, the Debtors went to the law office in Henderson where Ms. Chase worked and told her of the call from CitiFinancial. The female Debtor testified that Ms. Chase immediately called CitiFinancial in the Debtors' presence, stated that the Debtors were filing bankruptcy, and told CitiFinancial not to call the Debtors again.

5. Approximately a month later, the Debtors and Ms. Chase signed the Chapter 7 petition on November 19, 2001, and the petition was filed with the court on November 30, 2001, along with a matrix consisting of seven creditors (two of which were not included on the schedules filed later) and an application to pay

filing fee in installments. The petition and application indicate that Ms. Chase prepared the documents for compensation.

6. The clerk issued two Notices of Filings Due on November 30, 2001, stating that the Debtors had fifteen days to file certain missing documents, including the Debtors' claims for exemptions, Schedules A through J, a Statement of Financial Affairs, and a Statement of Intentions.

7. On December 17, 2001, the BA filed a motion to determine propriety of petition preparer's fees and requesting a show cause hearing to determine whether Ms. Chase had: (a) engaged in conduct in violation of Title 11, the Bankruptcy Rules, Local Rules, or other requirements of this court; (b) misrepresented the preparer's experience or education as a bankruptcy petition preparer; (c) engaged in any other fraudulent, unfair, or deceptive act; or (d) engaged in the unauthorized practice of law as defined in the North Carolina General Statutes. A show cause order was entered on December 20, 2001, scheduling a hearing for January 3, 2001, which order was duly noticed and served on all parties-in-interest.

8. On the morning of December 20, 2001, the BA also filed a motion to dismiss the case for failure to file the required documents.

9. The female Debtor testified that, after several calls to Ms. Chase regarding the status of the remaining documents, the Debtors went to Ms. Chase's office and waited for the documents to

be prepared, after which the Debtors were instructed by Ms. Chase to drive to Greensboro and file the documents.

10. The Debtors' original Schedules, Statement of Financial Affairs, Statement of Intention, and Claims for Exemptions were filed by the Debtors on the afternoon of December 20, 2001.

11. The documents filed on December 20, 2001 bear Ms. Chase's signature and, unlike the documents filed on November 30, 2001, state that she was not compensated for her services. The female Debtor's testimony confirmed that the Debtors have not yet paid the \$200.00 charged by Ms. Chase.

12. Of the documents filed with this court, Ms. Chase signed the certification of bankruptcy petition preparer at the bottom of the petition, the application to pay filing fee in installments, and the original Schedules, Statement of Financial Affairs, and Statement of Intention filed with this court, but failed to file the required Form B-280, Disclosure of Compensation of Bankruptcy Petition Preparer.

13. The Debtors did not attend their § 341 meeting of creditors scheduled for December 21, 2001. The meeting was rescheduled for January 17, 2002, and the Debtors attended that meeting with their current counsel and amended all of their Schedules, Statement of Financial Affairs, and Statement of Intention. For this reason, an order was entered on January 24, 2002, denying the BA's motion to dismiss.

14. The show cause hearing on the BA's Motion to determine propriety of petition preparer's fees was rescheduled from January 3, 2002 to February 7, 2002, and notice was duly given of the same.

15. Ms. Chase failed to appear at the show cause hearing on February 7, 2002, or otherwise respond. Because of the Debtors' health conditions and the difficulty and expense involved in their traveling for further hearings, the court proceeded with the hearing in order to allow the Debtors to testify in regard to this matter. After the testimony of the female Debtor, this matter was continued until March 7, 2002.

16. On February 14, 2002, the BA served by first class mail a subpoena commanding the presence of Ms. Chase at the March 7, 2002 hearing and requiring her to produce certain documents prior to that hearing at the BA's office. No documents were produced, and Ms. Chase failed to appear at the hearing on March 7, 2002 as well.

Based upon the foregoing findings of fact, this court concludes as follows:

1. Ms. Chase engaged in the unauthorized practice of law in advising the Debtors regarding whether they should make further payments on their mortgage;

2. Ms. Chase engaged in the unauthorized practice of law in contacting the mortgage company on behalf of or in regard to the

Debtors;

3. Ms. Chase has violated N.C.G.S. § 84-4 by engaging in conduct and actions constituting the unauthorized practice of law;

4. The failure of Ms. Chase to file Form B-280, setting forth disclosure of the fees paid by the Debtors or charged but unpaid by the Debtors constitutes a violation of 11 U.S.C. § 110(h)(1).

5. The actions of Ms. Chase, both in holding herself out as a paralegal possessing the knowledge and skill necessary to gather sufficient information and prepare bankruptcy petitions, schedules, and other such documents, and in advising the Debtors in regard to bankruptcy, constitute unfair and deceptive acts pursuant to 11 U.S.C. § 110(i)(1) which have harmed the Debtors; and

6. Ms. Chase did not appear at any of the show cause hearings or otherwise respond to the show cause order or the subpoena, and for these reasons, should be held in contempt of court.

Therefore, it is ORDERED, ADJUDGED, AND DECREED that Princess R. Chase is hereby barred from preparing further bankruptcy petitions in this District until such time as she appears before this court to show cause as to why she should not be held in contempt of court for the reasons set forth above; and it is further

ORDERED that a copy of this order shall be certified to the United States District Court for a determination of damages, upon motion by the Debtor or the Bankruptcy Administrator, pursuant to 11 U.S.C. § 110(i); and it is further

ORDERED that the Bankruptcy Administrator shall forward a copy of this order to the North Carolina State Bar.

This 1st day of April, 2002.

William L. Stocks

WILLIAM L. STOCKS
United States Bankruptcy Judge