

UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE

PROOF OF CLAIM

Name of Debtor: WE THE PEOPLE USA, INC. et al.

Case Number: 10-10503 (KTC)

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (the person or other entity to whom the debtor owes money or property):

MARY HUNT

Check this box to indicate that this claim amends a previously filed claim.

Name and address where notices should be sent:

RECEIVED

MAY 12 2010

BMC GROUP

Court Claim Number: (if known)

Telephone number:

Filed on:

Name and address where payment should be sent (if different from above):

Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

see Exhibit A
 Check this box if you are the debtor or trustee in this case.

Telephone number:

1. Amount of Claim as of Date Case Filed: \$ 3,000,000 - 00

5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

If all or part of your claim is secured, complete item 4 below, however, if all of your claim is unsecured, do not complete item 4.

If all or part of your claim is entitled to priority, complete item 5.

Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.

Specify the priority of the claim.

2. Basis for Claim: (See instruction #2 on reverse side.)

Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B).

3. Last four digits of any number by which creditor identifies debtor:

3a. Debtor may have scheduled account as: (See instruction #3a on reverse side.)

Wages, salaries, or commissions (up to \$11,725* earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. §507 (a)(4).

4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information.

Nature of property or right of setoff: Real Estate Motor Vehicle Other Describe:

Contributions to an employee benefit plan - 11 U.S.C. §507 (a)(5).

Value of Property: \$ Annual Interest Rate %

Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. §507 (a)(7).

Amount of arrearage and other charges as of time case filed included in secured claim,

if any: \$ Basis for perfection:

Taxes or penalties owed to governmental units - 11 U.S.C. §507 (a)(8).

Amount of Secured Claim: \$ Amount Unsecured: \$

Other - Specify applicable paragraph of 11 U.S.C. §507 (a)().

Amount entitled to priority:

\$

6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.

7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.)

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING.

See Exhibit B

If the documents are not available, please explain:

*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

Date: 5/11/10

Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the not address above. Attach copy of power of attorney, if any.

Mary Hunt

FOR COURT USE ONLY

We the People



00058

WE THE PEOPLE USA, INC. ETAL.
CASE NO. 10-10503 (KJC)

Proof of Claim Exhibit A

The claims of We The People of Mecklenburg County, LLC, George Hunt and Mary Hunt are all related.

EXHIBIT B

7. Upon information and belief, Plaintiffs allege that Defendant WTP Acquisition Corp. ("WTPA") is or was a Delaware Corporation and a wholly owned subsidiary of Dollar Financial Corp.
8. Upon information and belief, Plaintiffs allege that Defendant We the People USA, Inc. ("WTPNational") is a Delaware corporation and a wholly owned subsidiary of Dollar Financial Corporation.
9. On March 7, 2005 Dollar acquired substantially all of the assets of Defendant We the People Forms and Services Centers USA, Inc. ("WTPFSE"), including the business of selling franchises and of providing documentation preparation service to those franchises, through an asset purchase agreement between We the People Forms and Services Centers USA, Inc. and WTP Acquisition Corp.
10. Upon information belief, Plaintiffs allege that, since the acquisition of the assets of We the People Forms and Service Centers USA, Inc., by WTP Acquisition Corp., the assets have been assigned to We the People USA, Inc.
11. Upon information and belief, Plaintiffs allege that Defendants Ira Distenfield and Linda Distenfield and the remaining Defendants, as successors in interest to WTPFSC, knew, or should have known, of a ruling in March 2003 by The US Bankruptcy Court for the Eastern District of North Carolina, Raleigh Division, that the activities of the Raleigh franchise of WTPFSC violated statutes prohibiting the unauthorized practice of law.
12. Upon information and belief, Plaintiffs allege that Defendants Ira, Linda and the remaining Defendants, as successors in interest to WTPFSC, knew, that, prior to 2004, three lawsuits were filed against WTPFSC by the United States Trustee Program, a division of the Department of Justice, in connection with the preparation of bankruptcy petitions by WTPFSC.
13. Upon information and belief, Plaintiffs allege that, following the actions by the United States Trustee, the Federal Trade Commission (FTC) initiated an investigation against WTPFSC in 2004.

FACTUAL ALLEGATIONS

14. On or about April 2, 2004, Plaintiff George Hunt personally met with Defendant Ira Distenfield, the CEO of We the People Forms and Services Centers USA, Inc.
15. On or about April 2, 2004 George and Mary Hunt paid \$89,500.00 to We the People Forms and Services Centers USA, Inc., and Ira and Linda Distenfield to acquire the rights for a We the People Service Center in

Mecklenburg County. See Addendum to Franchise Agreement with George Hunt dated April 2, 2004 attached hereto as Exhibit A.

16. On or about June 2, 2004 George and Mary Hunt paid an additional \$89,500 to We the People Forms and Services Centers USA, Inc., and Ira and Linda Distenfield to acquire the rights to all remaining North Carolina territory, with the exception of Wake County. See Addendum #2 to Franchise Agreement dated June 9, 2004, attached hereto as Exhibit B.
17. We the People of Mecklenburg County began operating on September 15, 2004 in Charlotte, NC.
18. Upon information and belief, Plaintiffs allege that, as a result of the FTC investigation, a Complaint was filed on December 10, 2004.
19. Upon information and belief, Plaintiffs that a Stipulated Judgment was entered on or about December 13, 2004 wherein WTPFSC was permanently enjoined from the following:
 - A. "Failing to provide any prospective franchisee with a complete and accurate disclosure statement containing all of the information required under § 436.1(a)(1)-(24) of the Franchise Rule, 16 C.F.R. §§ 436.1(a)(1)-(24), in the manner and within the specified times provided in the Franchise Rule; provided, however, the Defendant may choose to comply with the disclosure requirements of the Franchise Rule by fully and completely complying with the disclosure requirements set forth in the UFOC format. If the Defendant chooses to comply with the Franchise Rule by using the UFOC format, Defendant is hereby permanently enjoined from failing to comply with any provision of the UFOC. In the event the Franchise Rule is hereafter amended or modified, or the UFOC is amended or modified and any such UFOC amendment or modification is accepted by the Commission for use in lieu of the Franchise Rules disclosure format, then Defendant's compliance with the Franchise Rule is so amended or modified, or the UFOC as so amended or modified and accepted by the Commission, shall not be deemed a violation of this Order."
 - B. "Failing to prepare, within a reasonable time after the close of each quarter of the fiscal year, any revisions to be attached to the disclosure document to reflect any material change in the franchise or relating to the franchise business, as required by 16 C.F.R. § 436.1(a)(22)."

A copy of the Stipulated Judgment is attached as Exhibit C to this Complaint

20. On or about July 18, 2006, a Consent Order and Judgment was entered against Defendants Dollar, WTPA and WTP National in an action brought by the NC State Bar for the unauthorized practice of law. A copy of the Consent Order is attached as Exhibit D.
21. In October 2006, Plaintiff entered a Consent Order and Judgment in an action brought by the NC State Bar. A copy of the Consent Order is attached as Exhibit E.
22. On or about September 15, 2005, Plaintiffs ceased operation of WTPMC.

FIRST CLAIM FOR RELIEF
Breach of Contract

23. The allegations set forth in paragraphs 1 through 22 are re-alleged and incorporated by reference as if fully set forth within.
24. Plaintiff and Defendants entered into a valid binding contract, the terms of which governed their relationship.
25. The contract consists of the UFOC, the Franchise Agreement and any Addendum to these documents. A copy of the UFOC, containing the Franchise Agreement is attached hereto as Exhibit F.
26. Item 5 of the UFOC states the following:

The initial franchise fee will also be refunded in the event the independent paralegal document preparation business is determined to be illegal in your state.
27. By virtue of the Consent Judgments entered on July 18, 2006 against, among others, Dollar, WTPA and WTP National, the activities of WTP franchises have been determined to be in violation of North Carolina Law and, therefore, illegal.
28. The UFOC requires, without notice to the Franchisor, a return of the initial deposit on each franchise.
29. Defendants have breached their contract with Plaintiffs by failing to act in accordance with the terms of the Franchise Agreement and UFOC.
30. As a result, Plaintiffs have been damaged in an amount to be more specifically proven at trial, but in no event less than \$15,000.00.

SECOND CLAIM FOR RELIEF
Fraud as to Defendants Ira Distenfield
And the Successors in Interest to WTPFSC

31. The allegations set forth in paragraphs 1 through 30 are re-alleged and incorporated by reference as if fully set forth within.
32. Plaintiffs were provided with a Uniform Franchise Offering Circular (UFOC) dated April 20, 2003 at or about the time they purchased a franchise.
33. In the UFOC and through Defendant Ira Distenfield at the April 2, 2004 meeting, Plaintiff George Hunt was provided with certain facts regarding the franchise.
34. The UFOC at Item 1, B states the following:

“The company will designate a supervising attorney in each state who will be available, at your expense, during reasonable business hours for consultation on general legal issues that may be presented by you or your customers.”
35. Defendant Ira Distenfield reiterated the fact that a supervising attorney would be made available to Plaintiffs at the meeting on April 20, 2004.
36. At the time these statements were made, Plaintiff Ira Distenfield and WTPFSC were aware that the United States Bankruptcy Court for the Eastern District of North Carolina, Raleigh Division, found in a March 20, 2003 decision that services provided by the Raleigh Franchise of WTP violated statutes prohibiting the unauthorized practice of law and enjoined the company from providing the services of a supervising attorney, as it was found to be an unfair and deceptive trade practice.
37. At the time the statements were made to Plaintiff George Hunt, Defendant Ira Distenfield and WTPFSC knew the statements were false in that the WTP could not, legally, provide the services of a supervising attorney.
38. Statements regarding the availability of a supervising attorney were made with the intent that Plaintiff rely on the truth of the statements.
39. Plaintiffs allege further that Ira Distenfield and WTPSFC, through the UFOC, made statements regarding the availability of a supervising attorney as an inducement to Plaintiffs or, alternatively, to offer some comfort to Plaintiffs in the purchase of a franchise.

40. Plaintiffs did, in fact, rely on these statements, as evidenced by the purchase two franchises.
41. Plaintiffs believed and relied upon the statements of Ira Distenfield and WTPFSC, or their successor in interests, through the UFOC and Franchise Agreement.

THIRD CLAIM FOR RELIEF
Fraudulent Misrepresentation
As to all Defendants

42. The allegations set forth in paragraphs 1 thorough 41 are re-alleged and incorporated by reference as if fully set forth within.
43. At the time of the meeting between Plaintiff George Hunt and Defendant Ira Distenfield, Defendant Ira Distenfield led Plaintiff George Hunt to believe that WTPMC could change more than approximately \$200.00 per Bankruptcy petition.
44. At the time Defendant Ira Distenfield led Plaintiff George Hunt to believe this fact, Defendant Ira Distenfield knew, or should have known, that the approved charges in North Carolina to assist with bankruptcy petitions was \$80.00.
45. Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interest, deliberately concealed the correct information regarding bankruptcy fees.
46. Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interests, concealed the truth about bankruptcy fees so that Plaintiff would believe that the opportunity for success in his franchise was greater than in reality.
47. Without correct information, Plaintiffs did, in fact, believe the opportunity for success was greater, as evidenced by the purchase of two franchises (Mecklenburg County and the remainder of North Carolina).
48. As a result of Plaintiff's reliance on the fraudulent misrepresentations of Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interest, Plaintiffs have been damaged in an amount to be more specifically proven at trial, but in no event less than \$15,000.00.

FOURTH CLAIM FOR RELIEF
Unjust Enrichment and Quantum Merit

49. The allegations set forth in paragraphs 1 through 48 are re-alleged and incorporated by reference as if fully set forth within.
50. Defendants have been unjustly enriched as a direct and proximate result of their inequitable conduct.
51. Defendants have not returned the initial franchise fee for the territories, as required by the contract.
52. As a direct and proximate result of Defendant's conduct, Plaintiff has suffered damages in an amount to be proven at trial but in no event less than \$15,000.00.

FIFTH CLAIM FOR RELIEF
Violation of Business Opportunities Act
NCGS 66-94, et. seq.

53. The allegations set forth in paragraphs 1 through 52 are re-alleged and incorporated by reference as if fully set forth within.
54. NCGS 66-94 et. seq. requires of the Defendants, or sellers of a business opportunity in North Carolina, that certain information be provided in the disclosure statement including, but not limited to, the following:
 - a) Whether the seller's officers, directors, trustees, general partners, general managers, principal executives, and any other persons charged with responsibility for the seller's business activities to disclose whether they have been the subject of any legal or administrative proceeding alleging the violation of any business opportunity or franchise law, or fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations, and
 - b) Has been the subject of any Bankruptcy, reorganization or Receivership proceeding, or was an owner, a principal officer or a general partner of any entity which has been the subject to such proceeding.
55. Pursuant to NCGS 66-94, et. seq., a disclosure statement is required to set forth the nature and parties to any action or proceeding, the Court or forum, the date, the current status of the action or proceeding, the terms and conditions of any order or decree, the penalties or damages assessed and/or

terms of settlement, and any other information to enable the purchaser to assess the prior business activities of the seller.

56. Pursuant to NCGS 66-94 et. seq., a full and detailed description of the actual services that the business opportunity seller undertakes to perform for the purchaser is required.
57. Pursuant to NCGS 66-94 et. seq., a copy of the current (not older than 13 months) financial statement of the seller, updated to reflect any material changes in the seller's financial condition.
58. Pursuant to NCGC 66-94 et. seq., if the seller makes any statement concerning sales or earnings, or range of sales or earnings that may be made through the business opportunity, the disclosure statement must include (a) the total number of purchasers who, to the seller's knowledge, have actually received earnings in the amount or range specified, within 3 years prior to the date of the disclosure statement and (b) the total number of purchasers of the business opportunity involving the product being offered within 3 years prior to the date of the disclosure statement.
59. NCGS 66-94 et. seq. also requires that the seller file two copies of the disclosure statement with the Secretary of State of North Carolina prior to placing any advertisement or making any other representation to prospective purchasers in this State.
60. NCGS 66-94 et. seq. also prohibits a business opportunity seller from representing that the business opportunity provides income or earning potential of any kind unless the seller has documented data to substantiate the claims of income or earning potential and discloses this data to the prospective purchaser at the time such representations are made.
61. The UFOC presented by the Sellers, Defendants Ira Distenfield, Linda Distenfield, WTPFSC and its successors in interest, liability for which was adopted by the other Defendants in this action, fails to meet the requirements of NCGS 66-94 et. seq., thereby providing remedy to the Plaintiffs, as allowed by Statute.
62. Plaintiffs, in reliance upon the information provided in the UFOC and by the Defendants, have been damaged in an amount to be more specifically proven at trial, but in no event less than \$15,000.00.
63. Pursuant to NCGS 66-100(e), violations of this article constitute unfair and deceptive practice under NCGS 75-1.1, thereby entitling Plaintiff to recovery for damages, including reasonable attorney's fees.


SIXTH CLAIM FOR RELIEF
Fraud in the Inducement

64. The allegations set forth in paragraphs 1 through 63 are re-alleged and incorporated by reference as if fully set forth within.
65. At the time Defendant Ira Distenfield met with Plaintiff George Hunt to discuss the possible sale and purchase of a franchise, Defendant Ira Distenfield led Plaintiff George Hunt to believe that, among other services to be provided by the seller, a supervising attorney would be provided to WTPMC.
66. Further, Defendant Ira Distenfield led Plaintiff George Hunt to believe that a franchise operating in Mecklenburg County could expect to generate a significant annual income from a WTP Franchise.
67. Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interest, deliberately concealed correct information regarding the availability of a supervising attorney and/or the prospects for success, as well as other facts.
68. Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interest, concealed the truth about the availability of a supervising attorney and the possibility for success, as well as other facts, so that Plaintiff would purchase a franchise.
69. Without correct information, Plaintiffs did, in fact, believe the misinformation provided by the Defendants, as evidenced by the purchase of two franchises (Mecklenburg County and the remainder of North Carolina).
70. The activities of the Defendants constitute Fraud in the Inducement in that, had the Plaintiffs known the truth regarding the availability of a supervising attorney and the prospects for success, as well as other concealed facts, Plaintiffs would not have purchased either franchise.
71. As a result of the Defendants' Fraud in the Inducement, perpetrated by Defendant Ira Distenfield, for himself and on behalf of WTPFSC and its successors in interest, Plaintiffs have been damaged in an amount to be more specifically proven at trial, but in no event less than \$15,000.00.

Wherefore Plaintiff Prays the Court that,

1. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count One;
2. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count Two;
3. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count Three;
4. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count Four;
5. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count Five;
6. Plaintiff have and recover judgment against Defendants in excess of \$15,000.00 on all claims on Count Six;
7. That the Court determines that the Defendants violated NCGS 66-94, et. seq.
8. That the Plaintiff's actual damages be trebled pursuant to N.C. Gen. Stat. 75-1.1 and N.C. Gen. State. 66-94, et. seq.;
9. That Plaintiff be awarded punitive damages;
10. That Plaintiff's recover the costs of this action, including reasonable attorney's fees, as allowed by law.
11. That all issues herein be tried by a jury.
12. Any such other further relief as the Court may deem appropriate under the law.

This the 8th day of February, 2007.



Robert B. Newkirk, III
NC Bar No.: 16471
Hanzel & Newkirk
19425-G Liverpool Parkway
Cornelius, NC 28031
704 892-1375
704 892-5784 (Fax)

May 11, 2010

BMC Group, Inc.
Attn: We The People Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

RE: We The People USA, Inc. et al. – Case Nos 10-10503 (KJC)

Dear Sir/Madam:

Enclosed please find an original and two (2) copies of each Proofs of Claim for the above-referenced matter. Also enclosed is a self-addressed stamped envelope for return of a file-stamped copy of each document to our office.

Thank you for your assistance with this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,


Robert B. Newkirk, III

RBN/mld
Enclosure
Cc: George Hunt