

1 UNITED STATES DISTRICT COURT  
2 FOR THE DISTRICT OF MARYLAND  
3 SOUTHERN DIVISION

4 ALYSSA POLACSEK, et al. individually, and on behalf  
5 of the classes of similarly situated persons, et al.

6 Plaintiffs,

7 vs.

8 DEBTICATED CONSUMER COUNSELING, INC., et al.

9 Defendants.

Case No. 8:04-cv-00631PJM

**SECOND SUPPLEMENTAL  
DECLARATION OF DANIEL  
ROSENTHAL RE: ADMINISTRATION  
COSTS**

10 I, DANIEL ROSENTHAL, declare:

11 1. I am the owner of Rosenthal & Company LLC ("Rosenthal"), located at 75 Rowland  
12 Way, Suite 250, Novato, California. I am over 21 years of age and am not a party to this action. I have  
13 personal knowledge of the facts set forth herein and, if called as a witness, could and would testify  
14 competently thereto.

15 2. Rosenthal has been retained to provide notice and administration services for the printing  
16 and mailing of the Notices of Class Action, and to distribute the funds to the class members who used  
17 Credit Counseling Agencies other than Ameridebt (the "Non-Ameridebt Class Members"). The purpose  
18 of this supplemental declaration is to request an additional \$136,709 over the current budget to distribute  
19 funds to the Polacsek class members. In this declaration I will describe the administration work that has  
20 been performed since October 2006, and tie it to Rosenthal's request for additional funds, task-by-task.

21 3. In October 2006, Rosenthal estimated and the Court approved a budget of \$225,389 for  
22 the distribution to Polacsek class members from the "Original Class Data" and from the "New Class  
23 Data." The "Original Class Data" consisted of approximately 437,000 class members, and included  
24 both Ameridebt and non-Ameridebt customers. The Original Class Data was used to mail and email the  
25 class notice in June 2006. In July 2006 Rosenthal received a new class member list from the Ballenger  
26 Group that included names and addresses of approximately 82,000 additional class members (the "New  
27 Class Data"). The notice was mailed or emailed to the class members in the New Class Data in August  
28 2006.

1           4.       Of the \$225,389, \$178,668 was allocated to estimated distribution costs related to class  
2 members in the Original Class Data and \$46,720 was allocated to estimated distribution costs related to  
3 class members in the New Class Data.

4           5.       In October 2006, all work was put on hold until the Receiver collected funds from the  
5 Pukke estate.

6           6.       Since October 2006 through the date of this declaration, Rosenthal has incurred costs and  
7 staff time related to the delay in the amount of \$108,066. These costs are primarily traceable to: (1)  
8 regular monthly case support staff hours of 12.5 hours per month for the 24 months (\$22,500); (2) a  
9 significant number of staff hours required to work with address updates (\$33,675); (3) significant  
10 telephone line time related to class members calling to get information about the case during the hiatus  
11 (\$25,737); (4) data entry costs for address changes sent to Rosenthal by class members during the delay  
12 (\$11,537); (5) postage increases (\$3,215); (6) printing cost increases (\$6,429); and a few other  
13 miscellaneous but necessary items. These costs were unavoidable. See Exhibit A attached hereto for a  
14 breakdown of the cost variances from the July 2006 cost to completion estimate.

15           7.       In addition to the costs related to the delay, there have been and will be costs that were  
16 not budgeted in October 2006. These budget items total approximately \$31,821, and are related to the  
17 automated telephone support line, website programming and on-going server space rental, and budgets  
18 for reissuing checks and processing requests expected to be received from people not on the class list or  
19 whose checks are not mailed to their current addresses. These costs also were not avoidable. The  
20 details of these costs are shown in Exhibit A.

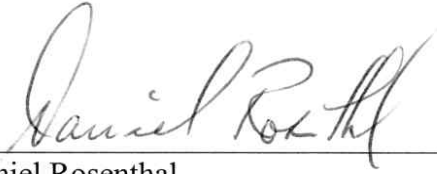
21           8.       Lastly, there is an increase in costs of approximately \$6,822 for calculating the values of  
22 each claim and paying the "Additional Class Members." Rosenthal has worked closely with the FTC  
23 and its administrator for the Ameridebt customers whose information was among the data used for the  
24 class notice mailings by Rosenthal in 2006. Rosenthal undertook this work to help ensure that the  
25 methodologies and calculations of the distributions were consistent between the non-Ameridebt class  
26 members and the Ameridebt class members.

27           9.       Altogether, Rosenthal is requesting a budget of \$362,097 for the work since October  
28 2006 and through the distribution to 214,304 class members. This amount includes a \$10,000 discount

1 that Rosenthal has offered the settlement fund because the work related to address updates could have  
2 been conducted more efficiently and therefore less costly.

3 10. Exhibit B attached hereto provides a line-by-line breakdown of the estimated remaining  
4 costs through the distribution to class members.

5 I declare under penalty of perjury pursuant to the laws of the United States of America that the  
6 foregoing is true and correct to the best of my knowledge and that this declaration was executed this  
7 18th day of September 2008 at Novato, California.

8  
9   
10 Daniel Rosenthal

**Rosenthal & Company LLC**

Polacsek v Debtcated - Estimated Remaining Administration Costs

file: Debtcated EstCostToComplete

9/18/2008

	October 2006			Estimate At Completion			Difference
	Units	Unit Rate	Cost	Units	Unit Rate	Cost	Cost
<b>Cost Increases from Delay</b>							
Postage				214,304 cks	\$ 0.015	\$ 3,214.56	\$ 3,214.56
Printing/Mailing/Banking Costs				214,304 cks	\$ 0.03	6,429.12	6,429.12
Data Entry Address Changes				7,845 chgs	\$ 1.47	11,536.76	11,536.76
Automated Phone System Line Time				142,986 minutes	\$ 0.18	25,737.50	25,737.50
IVR Programming						2,179.21	2,179.21
Web Site server space rental				24 mos	\$ 50.00	1,200.00	1,200.00
Add'l Settlement Fund tax return				1 yrs	\$ 1,500.00	1,500.00	1,500.00
Shipping Costs						93.43	93.43
Regular Monthly Case Support (12.5 hr/mo @ 24 mo)			24 mos @ 12.5 hrs/mo	300 Hrs	\$ 75.00	22,500.00	22,500.00
Time for Address Updates				449 Hrs	\$ 75.00	33,675.00	33,675.00
<b>Sub total Changes in Cost Increases from Delay</b>				974		<b>\$ 108,065.58</b>	<b>\$ 108,065.58</b>
<b>Distribution for Original Class</b>							
<b>Items Previously Estimated</b>							
Funds Management/Obtain Tax ID	10 hrs	\$ 75.00	\$ 750.00	10 hrs	\$ 75.00	\$ 750.00	\$ -
Distribution Calculations	30 hrs	\$ 75.00	2,250.00	75 hrs	\$ 75.00	5,625.00	3,375.00
NCOA Update	177,926 recs.	\$ 3.50	622.74	200,000 recs.	\$ 2.25	450.00	(172.74)
Data Updates/Claimant Communications	100 hrs	\$ 75.00	7,500.00		\$ 75.00	-	(7,500.00)
Issue checks, Reconcile Account	177,926 cks	\$ 0.87	154,795.62	172,158 cks	\$ 0.87	149,777.46	(5,018.16)
Returned Mail	13,500 cards			42,861 cards			-
Mail Handling	100 hrs	\$ 75.00	7,500.00	30 hrs	\$ 75.00	2,250.00	(5,250.00)
Mail Scanning	hrs	\$ 75.00	-	43 hrs	\$ 75.00	3,214.56	3,214.56
Settlement Fund Tax Reporting (1 year)	1 yr	\$ 1,500.00	1,500.00	1 yr	\$ 1,500.00	1,500.00	-
Follow-up with returned mail etc.	25 hrs	\$ 75.00	1,875.00	100 hrs	\$ 75.00	7,500.00	5,625.00
Final Accounting	25 hrs	\$ 75.00	1,875.00	50 hrs	\$ 75.00	3,750.00	1,875.00
Sub total Items Previously Estimated			<b>\$ 178,668.36</b>			<b>\$ 174,817.02</b>	<b>\$ (3,851.34)</b>
<b>Items Not Previously Estimated</b>							
IVR							
IVR Updates				25 hrs	\$ 75.00	\$ 1,875.00	1,875.00
IVR Line Time				50,000 mins.	\$ 0.18	9,000.00	9,000.00
Transcriptions				1,072	\$ 0.50	535.76	535.76
Website							
Website Updates				50 hrs	\$ 75.00	3,750.00	3,750.00
Website Hosting				8 mos	\$ 50.00	400.00	400.00
Website Downloads			24 mos @ 1.5 hrs/mo	36 hrs	\$ 75.00	2,700.00	2,700.00
Identify Reissues, KBA, Out of Class							
Identify IVR Callers as Reissues, KBA, Out of Class				54 hrs	\$ 75.00	4,018.20	4,018.20
Identify Website Requests as Reissues, KBA, Out of Class				54 hrs	\$ 75.00	4,018.20	4,018.20
KBA Requests							
Fulfill KBA Requests from IVR				268 reqsts	\$ 1.50	401.82	401.82
Fulfill KBA Requests from Website				268 reqsts	\$ 1.50	401.82	401.82
2nd Dist Calc for KBA				50 hrs	\$ 75.00	3,750.00	3,750.00
Issue checks for KBA				536 cks	\$ 3.00	1,607.28	1,607.28
Reissue Requests							
Fulfill IVR Reissue Requests				804 pcs	\$ 2.00	1,607.28	1,607.28
Fulfill Website Reissue Requests				804 pcs	\$ 2.00	1,607.28	1,607.28
Sub total Items Not Previously Estimated			\$ -			\$ 35,672.64	35,672.64
<b>Sub total Changes in Distribution Costs for Original Records</b>			<b>\$ 178,668.36</b>			<b>\$ 210,489.66</b>	<b>\$ 31,821.30</b>
<b>Distribution for Additional Class Identified</b>							
Checks for Additional Class Members	44,958	\$ 0.92	41,181.53	42,146 cks	\$ 0.87	36,667.02	(4,514.51)
Determine Distribution Methodology and Associated Data Prep *	73.85	\$ 75.00	5,538.75	225 Hrs	\$ 75.00	16,875.00	11,336.25
			<b>46,720.28</b>			<b>53,542.02</b>	<b>6,821.74</b>
<b>Rosenthal Discount</b>	0	\$ -	\$ -	0	\$ -	\$ (10,000.00)	\$ (10,000.00)
<b>Total</b>			<b>\$ 225,388.64</b>			<b>\$ 362,097.26</b>	<b>\$ 136,708.62</b>
							<b>\$ 136,708.62</b>

\* Note that this work was for the distribution methodology and data prep for both the new records and the original records Total Checks: 214,304

**Rosenthal & Company LLC**  
 Debited Estimated Remaining Costs  
 file: Debited EstCostToComplete  
 9/18/2008

**1 Post Notice Costs and Staff Hours 10/6/2006 to 9/3/2008**

	Units	Rate	Costs	
Data entry costs	7,845	\$ 1.471	\$11,536.76	
IVR Programming			2,179.21	
IVR Minutes 10/06 thru 8/08	142,986.1	\$ 0.18	25,737.50	
Web Hosting	24	\$ 50.00	1,200.00	
Shipping/UPS			93.43	
Sub total Costs 10/06 through 9/3/2008				\$ 40,746.90
Hours Since 10/2006 through 9/3/2008	974	\$ 75.00		73,050.00
<b>Total Unbilled Costs and Hours to date</b>				<u>\$113,796.90</u>

**2 Costs & Staff Hours Remaining**

Funds Management/Obtain Tax ID	10	\$ 75.00	\$ 750.00	
First Dist Calc	75	\$ 75.00	5,625.00	
NCOA Update	200	\$ 2.25	450.00	
Issue Class Checks	214,304			
Issue Original Class Checks	172,158	\$ 0.915	157,524.57	
Issue Additional Class Checks	42,146	\$ 0.915	38,563.59	
Returned Checks	20%	42,861		
Returned Mail Handling		30	\$ 75.00	2,250.00
Scanning		43	\$ 75.00	3,214.56
IVR				
IVR Updates	25	\$ 75.00	1,875.00	
IVR Line Time	50,000	\$ 0.18	9,000.00	
IVR Transcriptions	1,072	\$ 0.50	535.76	
Fulfill IVR Requests	0.50%	1,072		
Identify IVR Callers as KBA, Reissues, Out of Class		54	\$ 75.00	4,018.20
Reissues	75%	804	\$ 2.00	1,607.28
KBA Notification	25%	268	\$ 1.50	401.82
Websites				
Website updates		50	\$ 75.00	3,750.00
Website downloads 1.5 hr per week 24 weeks		36	\$ 75.00	2,700.00
Fulfill Website Requests	0.50%	1,072		
Identify Website Requests as KBA, Reissues, Out of Class		54	\$ 75.00	4,018.20
Reissues	75%	804	\$ 2.00	1,607.28
KBA Notification	25%	268	\$ 1.50	401.82
Web hosting		8	\$ 50.00	400.00
Second Dist Calc for KBA		50	\$ 75.00	3,750.00
Issue checks for KBA		536	\$ 3.00	1,607.28
General Follow Up Issues*		100	\$ 75.00	7,500.00
Tax Reporting		2	\$1,500.00	3,000.00
Final Accounting		50	\$ 75.00	3,750.00
Sub total Costs to come				258,300.36
Less Discount				(10,000.00)
Total Remaining Admin Costs to be Paid from Settlement Fund				<u>\$362,097.26</u>

**Note: we will offer a \$.15/check credit for all uncashed checks to help fund the remaining distribution**

Note: This estimate does not include the cost of a second distribution to class members resulting from a further release of funds from the receiver  
 This estimate does not include the cost of performing address searches on checks returned as undeliverable

\* Working w/ FTC and reporting synchronization for IVR, attorney inquiries, etc., 20 wks @ 5 hr/wk for 100 hrs