



NEWS / PROFESSION

"Uncle Paul" Files Chapter 7 Bankruptcy

Editorial Staff

On Oct. 14, 2005, Paul "Uncle Paul" Hollern, DC, filed for bankruptcy in Jefferson County, Ky., just days before a series of new U.S. bankruptcy laws went into effect. The Chapter 7 liquidation filing, a copy of which has been obtained by *Dynamic Chiropractic*, lists 93 creditors, and reportedly includes several investors and client doctors. Dr. Hollern lists his "estimated assets" as "\$100,001 to \$500,000" and his "estimated debts" as "\$1,000,001 to \$10,000,000."



Dr. Hollern had threatened to file bankruptcy if his investors didn't sign a complete release of liability. In a letter to his investors that accompanied the release, he stated:

"Absent a release of future liability to you, I cannot move forward with these cases and will have no choice but to file for personal bankruptcy protection after September ... passes. Of course, that option is undesirable to me as it is my hope to square these matters amongst us as best as possible." (Exact dates withheld to shield sources.)¹

Numerous lawsuits have been filed between Dr. Hollern and approximately 35 (out of a total of 70) of his former clients regarding violation of the contracts between these parties. Most of these lawsuits have been filed by Dr. Hollern in order to force his clients to pay him based upon his contracts. Some clients have filed suit first, however, as a way of attempting to establish the legal battleground in the client's home state.

Of particular interest to his former clients is the future of the litigation between the parties. Lawsuits filed by Dr. Hollern will be considered assets, but it will be the bankruptcy trustee's decision whether to pursue them.

In an exclusive interview conducted shortly after filing bankruptcy, Dr. Hollern commented: "From the legal-civil point, they (the lawsuits with his former clients) will just be pursued. It just continues on. It's out of my hands They'll have to deal with the judge in federal court. It's no longer going to be Paul Hollern. It's now the United States government that's going to be taking over the case." (*Editor's note:* Please see www.chiroweb.com/unclepaul for a complete copy of the interview transcript.)

Michael Schroeder, vice president of the National Association of Chiropractic Attorneys, disagreed with that assertion. "It's pretty unlikely that a trustee will want to pursue the lawsuits with the client doctors," Mr. Schroeder said. "In these situations, trustees tend to not pursue the suits."

Still remaining is the complaint filed against Dr. Hollern in July 2004, alleging numerous violations in as many as 20 states.² The complaint, filed with the Kentucky Board of Chiropractic Examiners, addresses issues that impact UnclePaul Chiropractic Business Training Corporation, (reportedly the largest organization of its kind), as well as the training of doctors of chiropractic who run the estimated 78 offices owned by the organization. (*Editor's note:* Please see [url=<http://www.chiroweb.com/unclepaul>]http://www.chiroweb.com/unclepaul[url] for a complete copy of the 18-page complaint.)

Shortly after the complaint was filed, doctors involved with UnclePaul confirmed they had been contacted by investigators from the U.S. Department of Justice, the U.S. Attorney's Office and the U.S. Department of Health and Human Services' Office of Investigations. According to these sources, some of the doctors were initially contacted by federal investigators as early as the beginning of May 2004.³

Dr. Hollern's Chapter 7 bankruptcy filing would not necessarily impact any of these investigations.

References

1. UnclePaul seeks release from investor obligations. *Dynamic Chiropractic*, Oct. 24, 2005: www.chiroweb.com/archives/23/22/17.html.
2. UnclePaul accused. *Dynamic Chiropractic*, Sept. 27, 2004: www.chiroweb.com/archives/22/20/14.html.
3. Are federal investigators after UnclePaul? *Dynamic Chiropractic*, Oct. 21, 2004: www.chiroweb.com/archives/22/22/17.html.

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