

IN THE CIRCUIT COURT OF ST. LOUIS COUNTY, MISSOURI

**FILED**

**DIV. AUG - 7 2019 14**

STANGE LAW FIRM, PC, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
CHELSEA MERTA, et al., )  
 )  
Defendants. )

Case No: 18SL-CC00540

Division No. 14

**JOAN M. GILMER**  
CIRCUIT CLERK, ST. LOUIS COUNTY

**ORDER AND JUDGMENT OF CONTEMPT AGAINST DEFENDANTS**  
**CHELSEA MERTA AND LOTUS LAW AND LEGAL SERVICES, LLC**

THIS CAUSE comes before the Court on Plaintiff Stange Law Firm, PC's ("SLF") Renewed and Supplemental Second Motion for Contempt Against Defendants Chelsea Merta and Lotus Law and Legal Services, LLC ("Lotus Law"). The Court has considered the pleadings and exhibits, has taken judicial notice of its file (including but not limited to the hearings held and the evidence received by the Court on November 28, 2018, January 8, 2019, and July 9, 2019, and the argument presented by counsel during the hearing on August 6, 2019. Defendant's filed motion to reconsider and to stay was not noticed up and was therefore not before the court at the hearing on August 6, 2019.

Relevant factual background is set forth in the Order and Judgment of Contempt entered by this Court on January 9, 2019 (the "First Contempt Judgment") and is incorporated herein by reference.

The Consent Order entered on February 16, 2018 (the "Consent Order") provides:

Defendant Chelsea Merta and Lotus Law and Legal Services LLC shall immediately, and by no later than 5 p.m. on February 20, 2018, return to counsel for Plaintiff Stange Law Firm, LLC ("SLF") any and all SLF-related files, documents, and/or information in Defendants' possession or control (whether electronic, hard copy, or both).

The Consent Order further provides that:

Defendants are enjoined from accessing, viewing, and/or using the documents, files, and information referred to in paragraphs 1&2 of this Order, until further order of the Court or agreement of the parties.

In the First Contempt Judgment, this Court concluded that the evidence showed that Defendants intentionally and willfully retained and failed to return all SLF-related documents, files, and information that they unlawfully obtained without permission from SLF by February 20, 2018, in violation of the Consent Order. First Contempt Judgment, p. 3. This Court also concluded that the evidence further showed that Defendants intentionally and willfully accessed SLF-related documents that they unlawfully obtained without permission from SLF after the entry of the Consent Order and in direct violation of the Consent Order. *Id.* pp. 3-4. Specifically, Defendants had retained and continued to use a flash drive past the deadline for compliance with the Consent Order, which contained a “significant number of SLF-related documents, files, and information that had not been returned to SLF in accordance with the TRO, including upwards of seventy-five SLF client files,” and approximately 22,000 files that were added to the flash drive one week before Ms. Merta’s resignation from SLF. *Id.*, p. 3. The flash drive and its contents were not returned to SLF until September 28, 2019. *Id.*

Among the relief ordered in the First Contempt Judgment, the Defendants were ordered to produce to Parameter Security, a computer forensics firm, for forensic inspection pursuant to a protocol each and every of Defendants’ personal and business computers other electronic storage devices, and electronic storage accounts. *Id.* p. 4. The Defendants also were ordered to provide an affidavit listing, among other things, each and every one of their electronic storage accounts, *Id.* p. 5, and to provide Parameter with the login information for their “mycloud” accounts, “Box” accounts, and other electronic storage accounts, *Id.* p. 4.

The evidence presented to the Court shows that, upon reviewing the initial search results

obtained from Defendant Merta's laptop computer and Defendant Lotus Law's paralegal's laptop computer pursuant to the First Contempt Judgment, it was discovered that Defendants' computers contained client documents and correspondence concerning SLF clients who did not request to go with Ms. Merta before, during, or after the time of her departure from SLF; SLF client care inquiry forms; SLF accounts receivable reports; SLF staff agreements; SLF employment evaluations; SLF emails re attorney meetings, client retention, conflict checks, billings, and other SLF business practices; SLF fee agreements and other SLF forms; and other SLF-related documents. By the time the search results were reviewed, Parameter had already returned the laptop computers to Defendants in accordance with the Court's protocol attached to the First Contempt Judgment. As a result, SLF filed its Second Motion for Contempt Against Defendants Chelsea Merta and Lotus Law and Legal Services, LLC ("Second Contempt Motion").

After the filing of the Second Contempt Motion, SLF requested that Defendants again turn over the hard drives from their laptop computers, which contained the SLF files outlined in the previous paragraph. The evidence shows that Parameter then reviewed the hard drives from those computers again and found repeated entries in the browsers on the two hard drives that show interactions between the hard drives and various cloud accounts. In other words, someone was transferring data between the two hard drives and cloud accounts. The evidence shows that these data transfers increased greatly after the Second Contempt Motion was filed on February 25, 2019. Specifically, there were 2785 interactions in the 15 months preceding February 25, 2019; in the 14 days following February 25, 2019, there were 5426 interactions—roughly double the amount of data transfer interactions. Among the cloud accounts involved in this activity was a GoogleDrive account, which was previously undisclosed by Defendants in violation of the First Contempt Judgment's order directing Defendants to identify of all of their cloud accounts. In addition, when

Parameter attempted to inspect the data on Defendants' Box account, the credentials provided by the Defendants in response to the First Contempt Judgment were found to be invalid. The Court finds credible the inference that Defendants were transferring documents to the cloud for the purpose of hiding them in advance of another motion for contempt, especially in light of Defendants' past non-compliance with this Court's orders. In addition, during argument in chambers on August 6, 2019, Defendants' counsel conceded that Defendants still possess SLF-related information in their cloud accounts.

This Court concludes that the evidence shows that Defendants intentionally and willfully retained and failed to return all SLF-related documents, files, and information that they unlawfully obtained without permission from SLF by February 20, 2018 in violation of the Consent Order, and that they continued to do so after the entry of the First Contempt Judgment. The evidence further shows that Defendants intentionally and willfully accessed SLF-related documents that they unlawfully obtained without permission from SLF after the entry of the Consent Order in violation of the Consent Order, and that they continued to do so after the entry of the First Contempt Judgment. In addition, the evidence shows that Defendants did not comply with all obligations in the First Contempt Judgment in that they failed and refused to identify each of their cloud accounts and failed and refused to provide valid credentials for those accounts. To date, Defendant Merta has not appeared in Court for any hearing on SLF's motions for contempt (or for any other proceedings in Court in this matter)—despite having been ordered to appear in person on August 6, 2019—and Defendants have presented no evidence in response to any such motion, let alone evidence to establish that they are unable to comply with this Court's orders and judgments, especially as many of the Court's orders involve performance of actions, not payment of money. In addition, Defendants have presented no evidence to demonstrate that their violation

of the Consent Order is not the consequence of their own intentional, willful, and contumacious conduct. Defendants' intentional, willful, and contumacious conduct has caused and will continue to cause harm to SLF.

It is hereby **ORDERED, ADJUDGED and DECREED** that:

1. Defendants Chelsea Merta and Lotus Law and Legal Services, LLC are found to be in contempt of Court for violating the Consent Order agreed to by the parties, which was entered by this Court, and the First Contempt Judgment.
2. Defendants are ordered to take the following actions:
  - a. Defendant Merta is ordered to appear in Division 14 of the Circuit Court of St. Louis County Missouri on Friday, August 9, 2019, at 2:00 pm to identify under oath: (a) all of the SLF-related information that she and Lotus Law took from SLF; (b) when they took it; (c) why they took it; (d) what they have done with it (use, disclosure, destruction, or otherwise); (e) with whom it has been shared; (f) all locations where it has been stored; and (g) all computers, data storage devices, cloud accounts, or other data storage repositories utilized by any of the Defendants or their employees or agents since January 1, 2018.
  - b. Defendants are ordered to collect from each of their computers, data storage accounts, cloud accounts, and data storage repositories all of the electronic information they desire to retain (whether personal, business-related, or otherwise) and place all such information on a single flash drive or hard drive, which shall be produced to Parameter Security (or, if Parameter Security is unable to perform this work set forth herein, another forensic consultant selected by SLF, which shall perform the tasks that would have been performed by Parameter Security) on or before August 12, 2019.
  - c. Upon production of the device identified in the previous paragraph to Parameter Security, SLF is permitted (with the assistance of Parameter Security) to review the device and its contents to verify that no SLF-related information is contained on that device. As part of this review process, Parameter Security may immediately share any information on the device with SLF, except that Parameter Security shall not immediately produce to SLF any file on the device that is responsive to the search term "Lotus Law" and also does not include the search term "Stange" ("the "Potentially Privileged Information") unless and until the Potentially Privileged Information has been provided to Defendants' lawyer so that he may review such Potentially Privileged Information to ascertain whether he believes it to be protected by the attorney-client privilege or any other applicable privilege. To provide Defendants' lawyer with an opportunity to conduct a privilege review, Parameter shall provide any Potentially Privileged Information to Defendants' lawyer for review, at which time Defendants' lawyer will have 48 hours from the time of delivery to review the Potentially Privileged Information and determine

whether he believes any of the Potentially Privileged Information is, in fact, covered by a privilege. On or before the expiration of the 48 hour review period, Defendants' lawyer shall produce a detailed privilege log identifying any information contained within the Potentially Privileged Information for which Defendants' are claiming privilege. The log shall set forth the privilege being asserted along with all information necessary to allow any third party to assess the applicability of the asserted privilege. Any Potentially Privileged Information identified on the log will not be provided to SLF without further order of the Court. Any Potentially Privileged Information which was provided to Defendants' lawyer but which was not included on the log may be provided by Parameter Security to SLF for review. If Defendants' lawyer fails to provide a log within 48 hours of receipt of the Potentially Privileged Information from Parameter Security, then Parameter Security may turn over all of the Potentially Privileged Information to SLF.

- d. Within 48 hours of being notified by SLF that SLF and Parameter Security have completed the review process set forth in the preceding paragraph, Defendants are ordered to permit Parameter Security to access to each of their computers, data storage accounts, cloud accounts, and data storage repositories utilized by Defendants or their employees or agents and to permanently erase the contents of each of those computers, data storage accounts, cloud accounts, and data storage repositories.
  - e. After completing the review and removal process set forth above to SLF's satisfaction, SLF and Parameter Security shall return the device to Defendants' lawyer. Neither SLF nor Parameter will retain any of the information that they copied from the device.
  - f. Defendants are prohibited from opening any new data storage accounts and from purchasing any new data storage devices (other than the data storage device to be delivered pursuant to this Order and Judgment of Civil Contempt) until the completion of all steps set forth above. Except for transferring data to the device that is to be produced to Parameter Security referenced above, Defendants are prohibited from transferring any data from any of their computers, data storage accounts, cloud accounts, and data storage repositories until the completion of all steps set forth above.
3. If either of the Defendants fails or refuses to comply with any of the required actions set forth above, each Defendant who is not in compliance is fined the sum of \$200.00 per day, payable to SLF. **Further, if the defendant Chelsea Merta fails or refuses to comply with any of the court's orders as set forth herein, the court, upon proper evidence, will issue a warrant and commitment order against the defendant Chelsea Merta, directed to the appropriate law enforcement agency, to arrest and commit the defendant Chelsea Merta until she purges herself of contempt by complying with the court's orders.** Such per diem fines and incarceration will last from the time of each Defendant's failure to comply with the actions set forth above and continue until such time as she or it fully complies with the actions set forth in this Order and Judgment of

Contempt.

4. Defendants are ordered to pay Parameter Security's fees for conducting the analysis set forth above.
5. Defendants are ordered to pay Plaintiff SLF's attorneys' fees and costs incurred in connection with investigating, preparing for, and prosecuting Plaintiff's motions for contempt and the hearings concerning the same, including but not limited to the costs of their expert and the forensic investigations that uncovered the violations of the Consent Order and provided the evidence in support of the Motion for Contempt. Plaintiff is to present a supplemental affidavit to the Court setting forth additional attorneys' fees and costs beyond those already outlined in the affidavits previously provided to the Court.
6. Defendants will be ordered to pay a fine as a result of their contumacious conduct. At this time, the Court reserves determination of a dollar amount for the fine. The amount of the fine will be determined by the Court at a later date and set by a separate Order and Judgment.
7. Cause set for evidentiary hearing and announcement regarding defendants' compliance with the foregoing orders and judgment of the court, same to be heard on **August 29, 2019, at 3 pm in Division 14**. All parties to appear by counsel; defendant Chelsea Merta to appear in person or risk further orders and judgments of contempt. **If the court determines, based on the competent evidence which may be adduced at said hearing, that the defendant Chelsea Merta has not fully complied with any of the foregoing orders, then defendant Chelsea Merta is specifically notified that the court may issue its warrant and commitment orders, as referred to in paragraph 3, p. 6, supra.**

There is no just reason for delay of entry of this Order and Judgment of Contempt against Defendants Chelsea Merta and Lotus Law and Legal Services, LLC.

SO ORDERED:



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Kristine Allen Kerr 141  
Circuit Judge, Division 14

Cc: to all parties, through counsel of record, via the court's electronic filing system.