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John R. Rizzardi, WSBA No. 9388
Admitted Pro Hac Vice
Cairncross & Hempelmann, P.S.
524 Second Avenue, Suite 500
Seattle, WA 98104-2323
Telephone: (206) 587-0700
Facsimile: (206) 587-2308

The Honorable Terry L. Myers
Chapter 11
Hearing Date: May 27, 2003
Hearing Time: 9:00 a.m. PDT
10:00 a.m. MDT

UNITED STATES BANKRUPTCY COURT FOR THE
DISTRICT OF IDAHO

In re:

FRANK L. CHAPIN and
SYDNEY L. GUTIERREZ-CHAPIN,

Debtors.

NO. 02-20218

DECLARATION OF JOHN R. RIZZARDI IN
SUPPORT OF MOTION TO SHORTEN TIME
ON MOTION OF FREDERICK A. LEAF FOR
APPROVAL OF SETTLEMENT

I, John R. Rizzardi, under the penalty of perjury under the laws of the State of Washington, declare as follows:

1. I am one of the attorneys of record for plan proponent Frederick A. Leaf, M.D. ("Leaf").
2. Debtor filed for Chapter 11 bankruptcy protection on February 22, 2002.
3. Debtor and Leaf anticipated presenting their joint plan of reorganization for confirmation to this Court on May 13, 2003. Creditor Robert Kovacevich, holding two alleged claims in the amount of approximately \$1,575,000.00, voted to reject the Plan.

DECLARATION OF JOHN R. RIZZARDI - 1

Cairncross & Hempelmann, P.S.
Law Offices
524 Second Avenue, Suite 500
Seattle, Washington 98104-2323
Phone: 206-587-0700 • Fax: 206-587-2308

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1 4. Kovacevich is an attorney practicing law in the Spokane, Washington.
2 Kovacevich was the attorney for the co-personal representatives of the Estate of Christina Leaf.
3 Leaf and the Debtor were the co-personal representatives for the Estate. As set forth in the
4 Debtor's Disclosure Statement, certain funds belonging to the Estate were alleged by the Estate's
5 Heirs to have been misappropriated by Leaf and Chapin. While the parties deny all allegations, a
6 judgment was obtained against Leaf. Judgment could not be obtained against Chapin because he
7 had filed a Chapter 11 proceeding.

8 5. The Heirs and Leaf all have direct claims against Kovacevich, which the parties
9 now desire to settle for the sum of \$250,000. \$150,000 of this amount would be derived from
10 Kovacevich's errors and omissions policy of insurance. \$100,000 would be derived from the
11 personal assets of Robert Kovacevich.

12 6. The Court has been requested to shorten time for this hearing so that the
13 settlement can be considered for approval prior to the current confirmation date of June 9, 2003.
14 In addition, there is a May 28, 2003 hearing set in the Spokane County Superior Court in the
15 Estate of Christina Leaf probate proceedings, which is designed to seek approval from that court
16 of the Kovacevich settlement. Bankruptcy court approval, however, is a precondition to Superior
17 Court approval.

18 7. In the event that approval is secured for this settlement, Kovacevich intends to
19 withdraw his claims in the Debtor's Chapter 11 proceedings, which will nullify his two negative
20 votes. Such actions will greatly enhance the probability of Plan confirmation in these
21 proceedings and will reduce the claims in this bankruptcy estate.

