

ORIGINAL

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Attorney for Creditor Internal Revenue Service

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF IDAHO

9 In re:)
10 FRANK L. CHAPIN AND SYDNEY L.)
11 GUTIERREZ-CHAPIN,)
12)
13 Debtors)

Bankruptcy No. 02-20218

**MOTION IN SUPPORT OF
U.S. TRUSTEE'S MOTION TO
CONVERT OR DISMISS**

14 The United States of America, through the Internal Revenue Service of the United States
15 hereby joins the U.S. Trustee's Motion to Convert or Dismiss. The basis of this motion is 11 U.S.C.
16 §§ 1112(b)(1) and (3). Factually, the Debtors have failed to make federal tax deposits, failed to file
17 outstanding federal tax returns, and failed to file a disclosure statement or plan.

18 1. The debtors filed a Chapter 11 bankruptcy petition on May 30, 2002.

19 2. The Internal Revenue Service has a secured claim of \$443,262.59 and an unsecured
20 priority claim of approximately \$319,745.00 for a total claim of \$763,007.59.

21 3. The Debtors have not filed their federal tax returns (Forms 1040) for the years 1994, 1995,
22 1996, 1997, 1998, 1999, 2000, or 2001. Although the LBR 1007.4 does not specifically require
23 Debtors to file all tax returns with the proper tax authority prior to confirmation, it can still be a basis
24 for (i) dismissal of the petition, or: (ii) required, in whole or in part, for the approval of the Disclosure
25 Statement, and (iii) an element of confirmation of a plan.

26 4. The Creditors filed a Plan of Reorganization and a Disclosure Statement on January 3,
27 2003. To date, the Debtors have filed neither a disclosure statement nor a plan a reorganization. This
28 is grounds for dismissal or conversion under 11 U.S.C. § 1112(b)(4).

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY I am an employee of the Office of the United States Attorney for the District of Idaho, and that a copy of the foregoing MOTION IN SUPPORT OF U.S. TRUSTEE'S MOTION TO CONVERT OR DISMISS CHAPTER 11 CASE was mailed, postage prepaid to all parties named below, on this 6th day of February, 2003 and to the top twenty unsecured creditors as shown in Exhibit Attached hereto.

ADDRESSEES:

Bruce A. Anderson
Attorney for Debtor
ELSAESSER, JARZASEK ANDERSON et. al.
P.O. Box 1049
Sandpoint, ID 83864

U.S. Trustee
P.O. Box 110
Boise, ID 83701



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**United States Bankruptcy Court
District of Idaho**

In re: **Frank L. Chapin**
518-44-6544

Sydney L. Gutierrez-Chapin
268-38-7542

Case No.
Chapter **11**

List Of Creditors Holding 20 Largest Unsecured Claims

Name of creditor and complete mailing address including zip code	Name, telephone number and complete mailing address, including zip code, of employee, agent, or dept. of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Indicate if claim is contingent, unliquidated, disputed or subject to setoff	Amount of claim [(if secured also state value of security)]
Paul Van Schravendyk P.O. Box 781 Sandpoint, ID 83854				\$39,597.13
Deaconess Medical Center c/o Joseph Delay Delay Curran Thompson & Pontarolo 601 West Main, Ste 1212 Spokane, WA 99201			CONTINGENT UNLIQUIDATED DISPUTED ESTIMATED	\$1,000,000.00
Internal Revenue Service Odgen, UT 84201 IRS Special Procedures 550 West Fort Street Boise, ID 83724	IRS Special Procedures 550 West Fort Street Boise, ID 83724	Proposed taxes	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,366,378.00
American Red Cross c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Jerilyn A. Klungtvedt c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
John C. Wagner c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Daniel Wagner c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00

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Lynette J. Brekke c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Karen Saxowsky c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague, Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Donald Wagner c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
American Lutheran Church c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave. Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Jerilyn Bierema c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Linda Wagner c/o William Schroeder Paine Hamblen Coffin Brooke Miller 717 West Sprague Ave., Ste 1200 Spokane, WA 99201		Claim in litigation	CONTINGENT UNLIQUIDATED DISPUTED Estimated	\$1,000,000.00
Virginia Glabb 1369 Riverside Road Priest River, ID 83856				\$235,127.53

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Chapter 11

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Robert Kovacevich, P.L.L.C. c/o Timothy J. Graham Lane Powell Spears Lubersky, LLP 1420 Fifth Avenue, Ste 4100 Seattle, WA 98101		Attorney's fees Potential Claim	Contigent Unliquidated Disputed	\$79,330.00
Robert & Patricia Linden 1801 Evergreen Park Ct. #15 Olympia, WA 98502				\$64,814.11
Dick Westerly 1102 N. 11th Street Coeur D'Alene, ID 83814				\$26,000.00
James Linton 3334 Hwy 67 Priest River, ID 83856				\$26,000.00
Ford Motor Credit c/o Pay off Correspondence P.O. Box 843089 Omaha, NE 68154		Deficiency		\$22,601.00
Bonner County Treasurer 215 S. First Ave. Sandpoint, ID 83864		Proposed taxes	CONTINGENT UNLIQUIDATED DISPUTED	\$13,073.00

I, of the Business named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date:

2-22-02

Signature:

Frank L. Chapin
Sydney L. Gutierrez-Chapin
Chapin