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U.S. COURTS

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**United States Bankruptcy Court
District of Idaho**

Frank & Sydney Chapin)
Debtor(s)) Case No. 02-20218
Chapter 11)
)
)

United States Trustee's Objection to Confirmation

The United States Trustee, Diane E. Tebelius, through her attorney, Gary L. McClendon, objects to the confirmation of the joint plan of reorganization. This objection is made under 11 USC 307, 502(a), 507(a)(8), 1123(a)(1) & 1129(a)(9)(C), and FRBP 3007 & 3013. The basis of this objection is as follows:

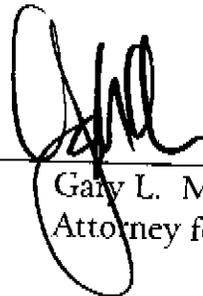
- a. The Chapins have not filed federal income tax returns since 1993. As part of the confirmation process the Chapins initially agreed to have all unfiled returns filed by June 6, 2003 and then by June 13, 2003. No returns have been filed as of the time of this objection.
- b. The Service has an allowed unsecured priority claim for \$443,262.59 based on their filed claim which has not been objected to. But the plan does not attempt

to carve out this amount for payment within the six year period provided for by 11 USC 1129(a)(9)(C). Instead the plan attempts to classify the unsecured tax claim contrary to 11 USC 1123(a)(1) and propose payment in a fashion not authorized by Section 1129(a)(9)(C).

The confirmation of the plan should be delayed until all past due tax returns are filed, the affected creditors have an opportunity to determine whether the plan complies with Title 11, and the unsecured priority tax creditors' either have a payment which fits within the parameters of Section 1129(a)(9)(C) or agree to a different method of payment.

Dated: June 6, 2003

Diane E. Tebelius
United States Trustee



Gary L. McClendon
Attorney for United States Trustee