

Gary L. McClendon, ISB No. 1529
gary.mcclendon@usdoj.gov
304 N. 8th Street, Room 347
Boise, Idaho 83702
(208) 334-1300
(208) 334-9756 [Facsimile]
Attorney for the United States Trustee

U.S. DISTRICT COURT
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**United States Bankruptcy Court
District of Idaho**

In Re:)
) Case No. 02-20218
Frank & Sydney Chapin)
) Chapter 11
)
)
Debtor,)

**United States Trustee's
Motion to Convert or Dismiss**

The United States Trustee, Diane E. Tebelius, through her attorney, Gary L. McClendon, moves the Court for an Order, under Section 1112(b) of the Bankruptcy Code, converting this case to Chapter 7; dismissing the case; setting deadlines for filing monthly financial reports; paying chapter 11 quarterly fees or for other appropriate relief. This motion is made for the following reasons:

1. Under the provisions of 28 USC 586, the United States Trustee has been given the authority to supervise the administration of bankruptcy cases and to monitor their progress. The United States Trustee, under the provisions of 11 USC 307, has also been given the authority to raise, appear and be heard on any issue in any bankruptcy case.

2. A voluntary petition was filed by the Chapins in this Chapter 11 case on February 22, 2002.
3. The debtor(s) are obligated, pursuant to the operating guidelines and reporting requirements promulgated by the United States Trustee, 11 USC 704(8), 1106 & 1107(a), and FRBP 2015 to file monthly financial reports.
4. The debtor(s) have failed to file complete and accurate monthly financial reports since the petition was filed. For example, the recently filed combined operating statements for March, April and May 2003, show monthly earnings on the statement of income and expense of not less than \$14,000.00 and monthly expenses of not less than \$13,000. But the attached bank statements neither cover the full three month period nor support the stated income or expenses. Without accurate and timely financial reporting, neither the Court nor the parties are able to determine whether the Chapins have complied with any of the requirements of the Bankruptcy Code and Rules or the United States Trustee's operating guidelines.

What is more, the Chapins have acknowledged that cattle belonging to them were sold post-petition with any notice, court approval or the filing of a report of sale.

Further, the funds generated through the sale were not reported in the monthly financial reports filed with the court and United States Trustee.

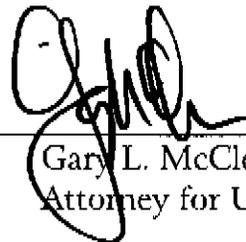
Finally, the Chapins have not filed tax returns since 1993, and despite repeated assurances by the Chapins that the returns would now be filed, they have not. As a result, the court and the parties cannot determine whether the proposed plan can be confirmed or if post-petition tax liabilities have been paid.

6. Under the provisions of 28 USC 1930(a)(6), a bankruptcy fee is required to be paid by debtor(s) filing for chapter 11 relief based on the amount disbursements made by the chapter 11 estate during each calendar quarter.
7. The Chapins have not paid the chapter 11 quarterly fees for the third and fourth quarters of 2002.
8. Section 1112(b) of the Bankruptcy Code authorizes this Court to dismiss or convert a chapter 11 case for cause, including (1) continuing loss or diminution of the estate and absence of a reasonable likelihood of rehabilitation; (2) inability to effectuate a plan; (3) unreasonable delay by the debtor that is prejudicial to creditors; or (4) nonpayment of any fees or charges required under chapter 123 of title 28 [28 USC 1911 et seq.].

Wherefore, the United States Trustee requests that the Court enter an order converting this case to Chapter 7 or dismissing this case; whichever the Court finds is in the best interest of creditors. In the alternative, the United States Trustee requests the entry of an order setting deadlines for the payment of chapter 11 quarterly fees, the filing of accurate monthly financial reports, and the filing of delinquent tax returns. Finally, the United States Trustee requests such further and other relief as the Court deems appropriate.

Dated: June 18, 2003

Diane E. Tebelius
United States Trustee

A handwritten signature in black ink, appearing to read "Gary L. McClendon", is written over a horizontal line. The signature is stylized and cursive.

Gary L. McClendon
Attorney for U.S. Trustee