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U.S. COURTS

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF IDAHO

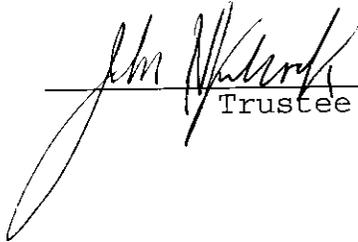
IN RE:)
) CASE NO. 93-02385
SILVA, DAVE)
SELMASSKA, SHARON) STATUS REPORT OF THE
DEBTOR(S)) BANKRUPTCY ESTATE
_____)

JOHN H. KROMMENHOEK, the undersigned trustee, state as follows:

See attached Case Status Report

The projected Final Accounting is December 1, 1999

DATE: August 2, 1999



Trustee

cc: Office of US Trustee

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The California Judge of the San Diego Superior Court denied the Wusslers Motion for Summary Judgement to confirm the underlying Default Judgement. The Court found thirty-eight triable issues of material fact, and set a trial for September 17, 1997, which has been rescheduled for March 1998.

Subsequent to Judge Pappas, Order, Wussler's have filed a "Motion for Clarification and to Amend or Set Aside Judge Pappas's Order".

Additionally, trustee's California attorney has filed a motion in the Idaho Court seeking an Injunction and a Civil Contempt against the Wusslers, and requesting that the Bankruptcy Court impose a punishment against the Wusslers. The mandatory mediation hearing scheduled on August 18, 1997 was rescheduled to September 22, 1997. The mediation hearing and a subsequent follow up mediation hearing in October, 1997, yielded no results or movement between the parties.

An attempt was made by trustee to abandon the Cause of Action to debtor Silva and Judge Pappas disallowed without prejudice.

Currently, compromise discussions are going on between all parties, however, it does not look promising.

The animosity and stakes are such in this case that neither the debtor(s) Silva or creditor Wussler are willing to give up.

As trustee I am caught in the middle. Dave Silva is adamant that the judgement against him is fraudulent, and wants the case to go to trial. Further, that he will oppose any attempt by the trustee to compromise with the creditor because of the significant amount involved and the possibility of a non-discharge able debt.

The creditor, Wussler on the other hand are just as adamant, and have and will oppose an abandonment to the debtor Silva.

The California trial was completed in June 1998. Judge Thomas R. Murphy denied the plaintiff's (Silva) request to set aside the 1984 Judgement. He further stated that the 1984 default judgement and punitive damages was vague, in the disjunctive and unintelligible---and therefore did not fall within the federal standards of Nondischargeability.

Concerning, the Judgement Renewable Motion, the judge made no finding on whether proper service was made on the Courtroom, Inc. (Silva's business in California), to renew the judgement.

The bottom line is that this estate continues to remain open for the following reasons (1) The decision by the First Fidelity Bank N.A. of New Jersey's appeal, (2) Determination of Sanction awarded to the estate from Wusslers which is also on appeal and (3) Development and court approval of some type of a "Global Settlement" between all parties in order to close the estate.

The same issues are still pending as follows:

1. **Trustee's judgement against Fidelity Bank N.A. of New Jersey** - The bank appealed to the District Court of Idaho which had affirmed the Bankruptcy Courts decision in favor of the trustee. Fidelity Bank has now appealed to the 9th Circuit, All briefs have now been submitted. We are awaiting a decision.
2. **Sanction Awarded Against Wusslers** - Wusslers appealed to District Court of Idaho which affirmed the Bankruptcy Court decision. They have also appealed to the 9th Circuit. Wusslers have requested another time extension to file their brief.
3. **Settlement**- Until the above appeals have been decided, there is no possibility of a settlement, or closure to this estate. We continue to explore the possibilities of a settlement, but neither party in either issue is interested at this time.

COMMENTS FOR 6-30-99 REPORT

Since the last update on this estate, another issue is now pending. A Trial by Court was held in the Superior Court of San Diego County, California on May 27, 1998. The plaintiff, David J. Silva, the debtor, requested to set aside the Judgement entered on or about June 5, 1994. On July 14, 1998, Judge Murphy of the Superior Court of San Diego County, California issued a Letter of Opinion.

A Judgement After Trial by Court was issued on December 18, 1998, some five months later. This judgement was not provided to the defendant, Silva, until after his motion for Summary Judgement was filed on March 23, 1999. Silva's motion to the bankruptcy court is for a Partial Summary Judgement that the 1984 California Judgement is not collateral estoppel in this proceeding pertaining to the discharge of Silva under 11USC523.

The Judgement After Trial by Court, Letter of Opinion and the transcript ruled in favor of the defendant, Barbara J. Wussler (FKA Silva). Judge Murphy refused to set aside the California Judgement, to reverse the transfer of ownership of the restaurant and residence to plaintiff Silva. Judge Murphy also found that the subsequent renewal of the judgement was invalid.

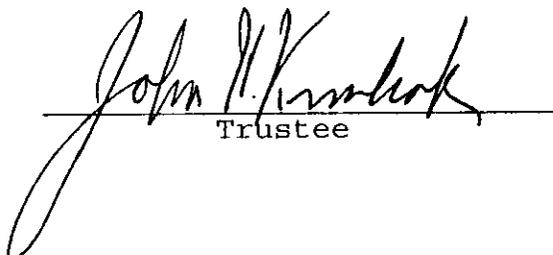
The debtors Motion to Alter or Amend Order Re: Cross Motion for Summary Judgement is now pending. A copy of this Motion with the California Opinion, Judgement and Judges comments are provided for additional information.

To recap the issues:

1. **Trustees Judgement against Fidelity Bank of New Jersey**
Oral argument was presented to 9th Circuit BAP in Seattle, WA on July 13, 1999. Trustees attorney Barry Peters, felt good about the judges reaction to trustees position. Ruling is pending.
2. **Sanction Awarded against Wusslers**
Still on appeal. Wusslers have asked for three extension of time to brief their position.
3. **Settlement**
Remains a remote possibility.
4. **Motion to Alter or Amend Order Re: Cross Motion for Summary Judgement**
See remarks above.

PROJECTED DATE OF PRE-DISTRIBUTION FINAL REPORT: 12/31/99

DATE: July 19, 1999


Trustee