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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In Re:

COURT REPORTING INSTITUTE, INC.,

Debtor.

NO. 06-14202

BANKRUPTCY ESTATE OF COURT
REPORTING INSTITUTE, INC., by and
through Michael B. McCarty, Bankruptcy
Trustee,

Plaintiff,

Adversary No. 07-01167

DEFENDANT’S STATEMENT OF
ISSUES OF MATERIAL FACTS

vs.

ALEN JANISCH, a single man; and KAI
MOLDSKRED and JOYCE MOLDSKRED,
husband and wife, and the marital community
comprised thereof,

Defendants.

Defendant Kai and Joyce Moldskred, husband and wife, and the marital community
comprised thereof, submit the following responses to Plaintiff’s Statement of Uncontroverted Facts:

There are genuine issues of material fact regarding:

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I.

GOOD FAITH

PLAINTIFF’S STATEMENT OF FACT

DEFENDANT’S RESPONSE

Plaintiff does not designate any allegation of lack of lack of good faith but does set forth Debtor’s deposition testimony regarding use of short term funds.	Declaration of Kai Moldskred page 2 and page 3 Declaration of William Hanlin, page 6, line 1 through
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II.

KNOWLEDGE OF VOIDABILITY

PLAINTIFF’S STATEMENT OF FACT

DEFENDANT’S RESPONSE

Plaintiff does not set forth any specific statement of a fact regarding knowledge of voidability but does set forth Debtor’s deposition statement regarding short-term loans.	Declaration of William Hanlin, page 3, line 5 through page 7 Declaration of Kai Moldskred page 2, line 4 to line 13 Declaration of Kai Moldskred page 3, lines 8 and 9 Declaration of Kai Moldskred page 3 lines 10 through 15 Declaration of Kai Moldskred page 3, lines 16 through 24
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III.

MISCELLANEOUS FACTS

PLAINTIFF'S STATEMENT OF FACT

DEFENDANT'S RESPONSE

6. Moldskred is well versed in business in general and CRI's business in particular.	Declaration of Kai Moldskred, page 3, line 2 to line 6
16. Those various loans ran through the years and were not paid off until recently.	Deposition of Kai Moldskred, page 20, line 16 - 20. Deposition of Kai Moldskred, page 21, line 24 to page 22 line 4.
26. While Moldskred was not involved in the DOE compliance issues while he worked as the in-house accountant for CRI, he was clearly aware that the CRI equity as reflected on its financial statement was critical to the DOE's continued approval of student loans for students attending CRI.	Deposition Kai Moldskred, page 37, line 13 to page 38, line 1 Deposition of Kai Moldskred page 36, line 1-6 Declaration of Kai Moldskred, page 3, lines 25 to page 4 lines 1-15
27. He had the impression that, while there were no standards for specific ratios of equity for schools prior to 1994, in around 1995 or 1996 the DOE adopted regulations requiring certain ratios with respect to equity and schools authorized to accept student loan proceeds on behalf of students.	Deposition of Kai Moldskred, page 37, line 13 to page 38, line 1 Deposition of Kai Moldskred page 36, line 1-6 Declaration of Kai Moldskred, page 3, lines 25 to page 4 lines 1-15
28. This is about the same time that Moldskred forgave \$165,710.90 in loans to CRI which were then assumed by Janisch.	Deposition of Kai Moldskred, page 36, lines 20-21 and page 36, line 24 to page 37, line 3
29. This would have improved CRI's equity ratios by the amount of the debt forgiven, or \$165,710.90, a significant amount for a relatively modest company.	Deposition of Kai Moldskred, page 36, lines 20-21 and page 36, line 24 to page 37, line 3 Declaration of Kai Moldskred, page 3, lines 25 to page 4 lines 1-15

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<p>30. Moldskred explained his understanding of the use of the “short term loan” funds in his deposition . . .</p>	<p>Declaration of Kai Moldskred, pages 1 and 2</p> <p>Declaration of Kai Moldskred, page 3, lines 25 to page 4 lines 1-15</p> <p>Declaration of William Hanlin, page2, paragraph 3 and 4</p> <p>Declaration of William Hanlin, page 3, paragraph 12</p> <p>Declaration of William Hanlin, page 5, paragraphs 20 & 21</p> <p>Declaration of William Hanlin, page 7, paragraph 28</p>
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DATED this 14th day of August, 2008.

/s/ Jeffrey B. Wells
 Jeffrey B. Wells, WSBA #6317
 Attorney for Defendants