

The Honorable Karen A. Overstreet
Hearing date: October 24, 2008
Hearing time: 9:30 a.m.
Response Date: October 17, 2008
Chapter 7
Location: Seattle

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re:

No. 06-14202

COURT REPORTING INSTITUTE, INC.,

Debtor.

JANISCH TRUSTEE'S REPLY TO
OPPOSITION BY STUDENTS TO
MOTION TO APPROVE COMPROMISE

COMES NOW the Trustee of the Alen Janisch estate, Edmund J. Wood, and in reply to the response of the student creditors states as follows:

1. **Preliminary matters.**

The student creditors should be made aware that the discharge of Alen Janisch was denied on October 9, 2008. Accordingly, any and all liability of Mr. Janisch to any creditors, including the student creditors, will survive closure of this case.

2. **Reasonableness of Compromise.**

The estates of Janisch and CRI are quite entangled. As the Court is aware, various obligations of CRI were long ago converted to obligations of Alen Janisch, including obligations to Kai Moldskred and to the Fleischman family. Thus, the rental obligation for occupation of the CRI premises was assumed by Alen Janisch and CRI released from liability. Further, the letter of credit required for the premises was obtained through funds not of CRI but of Janisch. Given the competing claims of the estate of CRI and the Janisch Trustee, it only made financial sense to settle the claims between the estates to reduce administrative expenses between the two estates.

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1 Furthermore, settlement of both estates' claims against Fleischman and Moldskred only benefits
2 unsecured creditors of both estates by further reducing costs of administration. If either matter
3 was taken to trial, and thereafter the subject of an appeal, costs of administration may outstrip the
4 value recovered, resulting in no net benefit to creditors.

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6 3. **Rent waiver.**

7 Fleischman has agreed to conditionally waive his claim, providing the settlement
8 between the estates is approved and there is no appeal.

9 4. **Summary.**

10 The Trustees of both estates are unfortunately dealing with the facts of each case that
11 cannot be changed. Although there can be no affirmative relief provided to the creditor students
12 in these bankruptcies, at most the Trustees can hope there will be a distribution to creditors,
13 coupled with the denial of discharge by Mr. Janisch. Indeed, there is no better result that can be
14 projected than the current proposed settlement, eliminating further costs of administration and
15 avoiding any claim by Fleischman.
16

17 DATED this 20th day of October, 2008

18
19 /s/ Kathryn A. Ellis

20 Kathryn A. Ellis, WSBA #14333
21 Attorney for Trustee

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