

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Certified Resources, Inc.

Chapter 7

Debtor.

BK 02-31033

**UNITED STATES TRUSTEE'S OBJECTION TO
APPLICATION FOR ALLOWANCE OF COMPENSATION
AND REIMBURSEMENTS OF EXPENSES**

COMES NOW the United States Trustee through his undersigned attorney, Sarah J. Wencil, and objects to the Application for Allowance of Compensation and Reimbursement of Expenses for Debtor (the Application). In support of his objection, he states the following:

1. A hearing has been scheduled in this matter on September 8, 2004, at 11:30 a.m. before the United States Bankruptcy Court, Courtroom 228A, U.S. Courthouse, 316 North Robert Street, St. Paul, Minnesota.

FACTS

2. This case was filed under Chapter 11 on March 14, 2004. The debtor was in the business of buying, selling and trading precious metals and coins. Robert Rasmussen was the shareholder and officer of the debtor.

3. A committee of unsecured creditors was appointed in this case and retained counsel Nauni Manty and Margaret Culp of Blackwell, Ignanugo, Engen & Saffold.

4. The United States Trustee received an operating report on April 18, 2004, for the

partial period in March 2002, that the debtor was a debtor-in-possession. Ex. 1. In that report, the Profit and Loss Statement provides that the debtor had income from sales totaling \$ 13,238, and that “automobile expenses” totaled \$ 13,596.78.^{1/} The itemization reflects that Mr. Rasmussen booked several “loans” to the debtor. Mr. Rasmussen provides that “loan re-payments” to himself totaled \$ 7,815.00 through the end of March 2002 and in addition, the report also shows that payments totaling \$ 3,065.53 were made to GMAC during March 2002 for cars leased to Mr. Rasmussen.

5. Mr. Rasmussen testified at the meeting of creditors held on April 25, 2002, that the debtor business engaged in the following business practices:

- The case was filed due to an unlawful detainer action by the landlord and due to employee fraud;
- The debtor did not maintain inventory on cite for its coin and precious metal business;
- The debtor was in arrears in pre- and post- petition rent by the Section 341 meeting date;
- The debtor made post petition payments on a 2001 GMC Yukon and a 2001 Corvette, which were personal vehicles of Mr. Rasmussen;
- The debtor was continuing to make post petition auto payments on Mr. Rasmussen’s vehicles in order to repay him for his pre-petition loans to the debtor;
- Between March 15, 2002 to March 31, 2002 [post-petition], the auto payments made

^{1/} The Profit and Loss Statement provides that “Legal Fees” totaled \$ 2,505.00. It appears that the pre-petition loan by Mr. Rasmussen to counsel for the retainer (see *infra*) was booked by the insider as a post-petition expense, which was inappropriate without Court approval.

by the debtor on behalf of Mr. Rasmussen totaled \$ 13,596.00;

- Pre-petition the debtor was making payments on behalf of other employees' vehicles (Mr. Click and Ms. Wall).
- The debtor suffered several instances of alleged employee fraud pre-petition. Despite those occurrences, the debtor did not bond its employees or maintain theft/loss insurance.
- The debtor's coin and precious metal business operated on a "cash basis".
- Both pre- and post- petition, the debtor accepted money from customers, deposited said funds into its operating accounts, expended those funds on commissions to its employees and other expenses, and refused to refund those funds to customers and/or failed to deliver the coins.
- Besides Mr. Rasmussen, other employees included Mr. Click, Mr. Webb, Mr. Offerman, and Ms. Wall.

See Att. Ex. 2 (Affidavit of Margaret Culp).

6. The docket for the bankruptcy case reflects that no post-petition financing was requested during the Chapter 11 case, and at no time did the Court approve the payments of Mr. Rasmussen's pre-petition loans. Att. Ex. 3.

7. In the Statement of Financial Affairs filed on March 29, 2002, there are several obvious omissions and/or red flags regarding the fitness of this case for Chapter 11 (Att. Ex. 4): # 1 shows large losses for 2000 and 2001; # 3 omitted any creditor payments within 90 days (or one year for the payments to insiders); # 4 omitted the detainer action by the landlord under litigation, which provided

the stated purpose for filing; # 8 omitted the alleged employee theft incident; # 9 omitted the payments to counsel for bankruptcy; # 23 omitted the compensation, payments, etc. made on behalf of the officer.

8. On May 23, 2002, the Official Committee of Unsecured Creditors filed a motion to appoint a Chapter 11 trustee in the case.

9. Prior to the hearing on the appointment of a Chapter 11 trustee, the debtor voluntarily converted the case to Chapter 7 on May 20, 2002.

10. Michael Iannacone was appointed as the Chapter 7 Trustee. Upon information and belief, he has not collected any assets for the estate as of this date.

11. Based on the Final Report submitted by the debtor (Att. Ex. 5), the debtor's cash receipts during the Chapter 11 case totaled \$ 22,464.52 and the debtor's cash disbursements totaled \$ 23,364.65. Under III(b), page 3, of the Report, it states that the debtor failed to pay 11 creditors during the Chapter 11 case for a total of \$ 25,568.79. Of those claims, four claims are for customers of the debtor, and the four customer claims total \$ 15,033.50. Of those four claims, it is notable that two of the claims are for customers who paid the debtor post-petition (Kelly and Winter) totaling \$ 11,416 in cash given to the debtor. Therefore, it appears that half of the cash receipts for the debtor was for purchases of coins or metals that were never obtained by the debtor, but for which such funds were spent, largely on employees and the insider.

12. In addition to the unpaid administrative expenses in the Final Report, the Court has allowed counsel for the committee of unsecured creditors has been allowed fees and expenses totaling \$ 1,695.87. The United States Trustee has a proof of claim totaling \$ 500.00 for administrative

expenses. Also, the Final Report does not list the landlord claim as either having been paid during the case or being due.

13. According to a January 23, 2004 Article in the Star Tribune Minneapolis newspaper (Att. Ex. 6), Mr. Rasmussen and Mr. Click were indicted in the U.S. District Court, District of Minnesota, for mail fraud and mail fraud conspiracy in connection with the debtor business. Upon information and belief, a trial against Mr. Click is pending, and Mr. Rasmussen recently met an untimely death.

COUNSEL FEES

14. Counsel is requesting compensation totaling \$ 4,187.50 and is requesting expenses totaling \$ 830.00.

15. According to the “Application to Employ Attorneys for the Debtor In Possession” filed on April 2, 2002, the debtor provided a \$ 5,000 retainer to counsel. Att. Ex. 7, ¶ 5. The application further provides that Mr. Rasmussen loaned the debtor \$ 2,500 of this amount.

16. The Statement of Financial Affairs fails to disclose the date of the payment of the retainer. Att. Ex. 4, # 9. The retainer agreement submitted with the Application is dated March 14, 2002. Att. Ex. 7. No post-petition retainer was approved under 11 U.S.C. § 363, so it is presumably pre-petition.

OBJECTION TO AMOUNT OF FEES REQUESTED

17. Counsel has requested compensation totaling \$ 4,187.50. According to the time records of counsel,^{2/} approximately 6 hours of services took place more than one month prior to the

^{2/} Although the United States Trustee is not asserting prejudice, the United States Trustee would note that time records were not served with the application.

filing of the bankruptcy case [12/10/01 - 2/3/02]. From the retainer agreement, no retainer appears to have been in place at that time. As the services were pre-petition, compensation should be reduced by \$ 750.00^{3/} and should be allowed in the amount of \$ 3,437.50.

OBJECTION TO APPLICATION OF RETAINER

18. The retainer of \$ 5,000 is property of the estate. As such, the retainer belongs to the Chapter 7 estate for pro rata distribution to all creditors, and the Court should not authorize distribution of any compensation and expenses allowed from the retainer. *In re Brick Hearth Pizza, Inc.*, 302 B.R. 877 (Bankr. D. Minn. 2003).

19. The pre-petition financial situation of the debtor and the situation of the debtor at the time of filing made it clear that this case was not appropriate for Chapter 11, or in the alternative, was such a high risk case in Chapter 11 that serious supervision was necessary in order for the debtor-in-possession to execute its fiduciary duties and in order to take the case out of Chapter 11 as soon as trouble was apparent. Those factors are the lack of a cash management system; the lack of controls over completing customer orders; the gross excess of payments to insiders versus revenues of the business; the allegations of employee fraud and lack of internal controls, e.g. bonding or insurance, to protect the company from further occurrences; the large number of customers as creditors; the obvious inaccuracies of the Statement of Financial Affairs which were prepared and signed under oath; the large losses suffered by the business in previous years in a business, etc.

20. As the case progressed, additional flags arose that should alerted counsel that the case

^{3/} The 6 hours does not include the pre-petition time entries occurring within the time frame of the filing of the bankruptcy case.

did not belong in Chapter 11 and was in Chapter 11 for an improper purpose: the administrative expenses incurred (based on cash disbursements and unpaid post-petition expenses in the Final Report) were more than double the cash receipts of the business by the time the case converted to Chapter 7 at the end of May 2004; the inappropriate and unauthorized payments to the insider for his pre-petition loans; the use of cash receipts from customers to pay insider and employee personal expenses, such as vehicles, instead of purchasing customer orders or instead of paying ongoing business expenses of creditors who were subject to the automatic stay, such as rent, utilities, medical insurance, etc; the end of the case was triggered by the motion to appoint a Chapter 7 trustee by the committee, which was filed over one month that the debtor's initial operating report and Section 341 testimony were provided; and the insider and employee are now (or were) subject to criminal indictment in connection with their conduct with this case.

21. There is no reasonable basis to favor counsel over other Chapter 11 administrative expense holders when the case was such an extraordinary disaster and when the damage - in terms of the size and nature post-petition administrative expenses - is so great.

22. Many of the unpaid administrative expense holders listed in the Final Report were of the nature of creditors who could not immediately terminate their services upon the filing of the bankruptcy case due to the automatic stay, such as the landlord, utilities, medical insurance companies.

23. The timing of the conversion of the case should not have occurred, as it did here, at the point where the retainer was exhausted. The case never should have been in Chapter 11, and at the very least, the March 2004 operating results, which were known by mid-April, should have made it apparent that the case did not belong in Chapter 11.

24. The United States Trustee requests that the Bankruptcy Court find that the retainer is property of the estate and order counsel to return the property to the estate.

WHEREFORE, the United States Trustee requests that the Bankruptcy Court (1) allow compensation in the amount of \$ 3,437.50 and allow expense reimbursement in the amount of \$ 830.00; and (2) find that the retainer is property of the estate to be administered by the Chapter 7 Trustee, not allow the application of the retainer to the compensation and reimbursement of expenses awarded, and order that the retainer be turned over.

Dated: August 27, 2004

HABBO G. FOKKENA
United States Trustee
Region 12

/s/ Sarah J. Wencil
Sarah J. Wencil
Trial Attorney
Office of U.S. Trustee
IA ATTY # 14014
U.S. Courthouse, Suite 1015
300 South Fourth Street
Minneapolis, MN 55415
TELE: (612) 664-5500
FAX: (612) 664-5516

Exhibit 1

CASE NAME: Certified Resources, Inc
CASE NUMBER: 02-31033

CASH RECEIPTS AND DISBURSEMENTS (CALENDAR QUARTER)

	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter	CUMULATIVE TOTAL
1 CASH-BEGINNING OF MONTH	148.40			
RECEIPTS FROM OPERATIONS				
2 CASH SALES	14599.00			
3 LESS: CASH REFUNDS	-			
4 NET CASH SALES	14599.00			
COLLECTIONS OF ACCTS. REC.	-			
5 PRE-PETITION	-			
6 POST-PETITION	-			
7 OTHER	-			
8 TOTAL OPERATING RECEIPTS (LINES 4+5+6+7)	14599.00			
NON-OPERATING RECEIPTS				
9 LOANS / ADVANCES	22126.54			
10 SALE OF ASSETS	-			
11 OTHER	-			
12 TOTAL NON-OPERATING RECEIPTS (LINES 9+10+11)	22126.54			
13 TOTAL RECEIPTS (LINES 8 + 12)	36725.54			
14 TOTAL CASH AVAILABLE (LINES 13 + 1)	36873.94			
CASE NAME: <u>Certified Resources, Inc</u>				
CASE NUMBER: <u>02-31033</u>				
OPERATING DISBURSEMENTS:				
15 NET PAYROLL	3026.57			
16 PAYROLL TAXES-PAID	1753.82			
17 SALES, USE & OTHER TAXES PAID	-			
18 SECURED / RENTAL/ LEASES	12,317.78			
19 UTILITIES	158.19			
20 INSURANCE	213.25			
21 INVENTORY PURCHASES	7009.00			
22 VEHICLE EXPENSE	1279.00			
23 TRAVEL	-			
24 ENTERTAINMENT	520.00			
25 REPAIRS & MAINTENANCE	-			
26 SUPPLIES	1417.49			
27 ADVERTISING	208.95			
28 OTHER: <u>BANK CHARGES</u>	10130.25			
29 OTHER:	-			
30 OTHER:	-			
31 TOTAL OPERATING DISBURSEMENTS	28034.50			
REORGANIZATION EXPENSES:				
32 PROFESSIONAL FEES	2505.00			
33 U.S. TRUSTEE QUARTERLY FEES	-			
34 OTHER:	-			
35 OTHER:	-			
36 TOTAL REORGANIZATION EXPENSES	2505.00			
37 TOTAL DISBURSEMENTS (LINES 31 - 36)	30539.50			
38 CASH-END OF MONTH	6334.44			

OFFICE OF THE
CLERK OF THE
COURT
11/11/11

CASE NAME:

CASE NUMBER:

SEE Attached Copy

COMPARATIVE BALANCE SHEET (CALENDAR QUARTER)

ASSETS	FILING DATE	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter
1 CASH				
2 ACCOUNTS RECEIVABLE				
3 INVENTORY				
4 NOTES RECEIVABLE				
5 PRE-PAID EXPENSES				
6 OTHER				
7 TOTAL CURRENT ASSETS				
PROPERTY, PLANT & EQUIPMENT				
8 PROPERTY, PLANT & EQUIPMENT				
9 LESS: ACCUMULATED DEPRECIATION				
10 TOTAL PROPERTY, PLANT & EQUIPMENT				
OTHER ASSETS				
11				
12				
13				
14 TOTAL OTHER ASSETS				
TOTAL ASSETS				
15 TOTAL ASSETS				
POST-PETITION LIABILITIES				
17 ACCOUNTS PAYABLE				
18 ACCRUED PROFESSIONAL FEES				
19 NOTES PAYABLE				
20 TAXES PAYABLE				
21 OTHER (LIST)				
22 TOTAL POST-PETITION DEBT				
PRE-PETITION LIABILITIES				
23 SECURED DEBT				
24 PRIORITY DEBT				
25 UNSECURED DEBT				
26 OTHER DEBT (LIST)				
27 TOTAL PRE-PETITION DEBT				
TOTAL LIABILITIES				
28 TOTAL LIABILITIES				
EQUITY				
29 OWNER'S/STOCKHOLDERS EQUITY				
30 RETAINED EARNINGS (PRE-PETITION)				
31 RETAINED EARNINGS (POST-PETITION)				
32 TOTAL EQUITY				
33 TOTAL LIABILITIES & EQUITY				

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04/16/02

Accrual Basis

Certified Resources, Inc. #2

Balance Sheet

As of March 31, 2002

	Mar 31, 02
ASSETS	
Current Assets	
Checking/Savings	
Fidelity Bank - Operating	161.60
Total Checking/Savings	161.60
Total Current Assets	161.60
TOTAL ASSETS	161.60
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	307.68
Total Accounts Payable	307.68
Credit Cards	
Credit Card Charges	-157.00
Total Credit Cards	-157.00
Other Current Liabilities	
Payroll Liabilities	1,768.19
Total Other Current Liabilities	1,768.19
Total Current Liabilities	1,918.87
Long Term Liabilities	
Loan Payable	
Bob Rasmussen #1	
Bob Rasmussen #1A	995.00
Bob Rasmussen #1B	1,675.00
Bob Rasmussen #1C	1,345.00
Total Bob Rasmussen #1	4,015.00
Bob Rasmussen #10	
Bob Rasmussen #10A	206.21
Bob Rasmussen #10 - Other	179.98
Total Bob Rasmussen #10	386.19
Bob Rasmussen #11	1,079.00
Bob Rasmussen #12	
Bob Rasmussen #12A	76.75
Bob Rasmussen #12B	340.00
Bob Rasmussen #12C	170.00
Bob Rasmussen #12D	136.00
Bob Rasmussen #12 - Other	106.94
Total Bob Rasmussen #12	829.69
Bob Rasmussen #13	213.25
Bob Rasmussen #14	36.95
Bob Rasmussen #15	105.68
Bob Rasmussen #16	172.00
Bob Rasmussen #17	80.00
Bob Rasmussen #18	157.00
Bob Rasmussen #19	520.00
Bob Rasmussen #20	192.78

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04/16/02
Accrual Basis

Certified Resources, Inc. #2
Balance Sheet
As of March 31, 2002

	<u>Mar 31, 02</u>
Bob Rasmussen #21	
Bob Rasmussen #21A	40.00
Bob Rasmussen #21B	300.00
Bob Rasmussen #21C	140.00
Bob Rasmussen #21D	35.00
Bob Rasmussen #21E	200.00
Bob Rasmussen #21F	120.00
Bob Rasmussen #21 - Other	500.00
Total Bob Rasmussen #21	<u>1,335.00</u>
Bob Rasmussen #22	6,704.00
Bob Rasmussen #6	2,505.00
Bob Rasmussen #7	1,635.00
Bob Rasmussen #8	1,960.00
Bob Rasmussen #9	200.00
Due to Shareholder	19,539.89
Twin Cities Gold and Silver	2,895.00
Total Loan Payable	<u>44,561.43</u>
Total Long Term Liabilities	<u>44,561.43</u>
Total Liabilities	46,480.30
Equity	
Opening Bal Equity	-28,677.89
Net Income	-17,640.81
Total Equity	<u>-46,318.70</u>
TOTAL LIABILITIES & EQUITY	<u><u>161.60</u></u>

CASE NAME:

CASE NUMBER:

See Attached Copu

PROFIT AND LOSS STATEMENT (CALENDAR QUARTER)

	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter	QUARTER TOTAL
1	GROSS REVENUE			
2	LESS: RETURNS & DISCOUNTS			
3	NET REVENUE			
	COST OF GOODS SOLD			
4	MATERIALS			
5	DIRECT LABOR			
6	DIRECT OVERHEAD			
7	TOTAL COST OF GOODS SOLD			
8	GROSS PROFIT			
	OPERATING EXPENSES			
9	OFFICER / INSIDER COMP			
10	SELLING & MARKETING			
11	GENERAL & ADMINISTRATIVE			
12	RENT & LEASE			
13	OTHER (LIST)			
14	TOTAL OPERATING EXPENSES			
15	INCOME BEFORE NON-OPERATING INCOME & EXPENSES			
	OTHER INCOME & EXPENSES			
16	NON-OPERATING INCOME (LIST)			
17	NON-OPERATING EXPENSES (LIST)			
18	INTEREST EXPENSE			
19	DEPRECIATION EXPENSE			
20	AMORTIZATION EXPENSE			
21	OTHER GAIN / LOSS (LIST)			
	REORGANIZATION EXPENSES			
22	PROFESSIONAL FEES			
23	U S TRUSTEE QUARTERLY FEES			
24	OTHER REORGANIZATION COSTS			
25	TOTAL REORGANIZATION COSTS			
26	INCOME TAX			
27	NET PROFIT (LOSS)			

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04/16/02
Accrual Basis

Certified Resources, Inc. #2
Profit & Loss
March 15 - 31, 2002

	<u>Mar 15 - 31, 02</u>
Ordinary Income/Expense	
Income	
Sales	
Shipping-Prepaid by Customers	26.00
Sales - Other	13,238.00
Total Sales	<u>13,264.00</u>
Total Income	13,264.00
Cost of Goods Sold	
COGS	7,009.00
Total COGS	<u>7,009.00</u>
Gross Profit	6,255.00
Expense	
Automobile Expense	13,596.78
Bank Service Charges	
Overdraft Fees	100.00
Bank Service Charges - Other	30.25
Total Bank Service Charges	<u>130.25</u>
Cable	59.89
Dues and Subscriptions	
Employment Ad	172.00
Magazines	36.95
Total Dues and Subscriptions	<u>208.95</u>
Insurance	
Medical Insurance	213.25
Total Insurance	<u>213.25</u>
Miscellaneous	600.00
Payroll Expenses	4,990.55
Postage and Delivery	
Courier Service	12.00
Stamps	829.69
Total Postage and Delivery	<u>841.69</u>
Printing and Reproduction	206.21
Professional Fees	
Legal Fees	2,505.00
Total Professional Fees	<u>2,505.00</u>
Supplies	
Bottle Water	84.13
Office	285.66
Total Supplies	<u>369.79</u>
Telephone	158.19
Utilities	
Gas	163.66
Total Utilities	<u>163.66</u>
Total Expense	<u>24,044.21</u>
Net Ordinary Income	-17,789.21

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04/16/02
Accrual Basis

Certified Resources, Inc. #2
Profit & Loss
March 15 - 31, 2002

	<u>Mar 15 - 31, 02</u>
Other Income/Expense	
Other Income	
Cash	148.40
Total Other Income	<u>148.40</u>
Net Other Income	<u>148.40</u>
Net Income	<u><u>-17,640.81</u></u>

CASE NAME: *Verith Field Resources, Inc*
CASE NUMBER: *02-31033*

BANK RECONCILIATIONS
MONTH: *MARCH*

See Attached Copies
Bank
Comp. Check Register

THE DEBTOR IN POSSESSION MUST COMPLETE THE RECONCILIATION BELOW FOR EACH BANK ACCOUNT (E.G. GENERAL PAYROLL, TAX, ETC.), INCLUDING ALL SAVINGS AND INVESTMENT ACCOUNTS (E.G. MONEY MARKET ACCOUNTS, CERTIFICATES OF DEPOSIT, GOVERNMENT OBLIGATION, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

BANK ACCOUNT-PURPOSE:
BANK ACCOUNT NUMBER:

ACCT: *Fidelity Bank*
NO: *800 905*

ACCT: NO:

ACCT: NO:

MONTH TOTAL

1	BALANCE PER BANK STATEMENT							
2	ADD: TOTAL DEPOSITS NOT CREDITED		<i>1090.00</i>					
3	ADD: SERVICE CHARGES		<i>30.25</i>					
4	SUBTRACT: OUTSTANDING CHECKS		<i>2629.24</i>					
5	SUBTRACT: INTEREST EARNED		<i>0</i>					
	END OF MONTH BANK BALANCE		<i>-410.44</i>					
6	PER BOOKS		<i>-464.31</i>					
INVESTMENT ACCOUNTS:								
	ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE			
7								
8								
9								
10								
11	TOTAL							
TOTAL CASH-END OF MONTH:								
(LINES 6 + 11)								



7600 Parklawn Avenue
Edina, MN 55435-5187
952-831-6600



O - Old Bank Deposits
N - After Bankruptcy

30-0
11
31-

CERTIFIED RESOURCES, INC.
13760 NICOLLET AVE SOUTH
BURNSVILLE MN 55337

CHECKING ACCOUNT: 800905

03/01/02 THRU 03/29/02

PAGE 1

EFFECTIVE APRIL 26, 2002 WE WILL BE CLOSING OUR BRANCH OFFICE LOCATED IN SAVAGE. WE HAVE ENJOYED SERVING YOU AT THIS LOCATION AND WOULD LIKE TO CONTINUE ASSISTING YOU WITH YOUR FINANCIAL NEEDS AT OUR EDINA OR EDEN PRAIRIE LOCATIONS. WE INVITE YOU TO CONTACT OUR BRANCH MANAGER, TAMARA DRIER, AT 952-895-6034 WITH ANY QUESTIONS.

=====

CHECKING ACCOUNT 800905

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DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			02/28/02	135.13
DEPOSIT		0395.00	03/01/02	530.13
DEPOSIT		0801.00	03/04/02	1,331.13
CHECK(S)	1,254.59		03/04/02	76.54
CHECK(S)	25.00		03/06/02	51.54
DEPOSIT		01,500.00	03/08/02	1,551.54
WIRE TRANSFER IN		07,800.00	03/08/02	9,351.54
STOP ITEM CHARGE(S)	020.00		03/08/02	9,331.54
WIRE FEE	05.00		03/08/02	9,326.54
CHECK(S)	5,955.28		03/11/02	3,371.26
CHECK(S)	1,033.68		03/12/02	2,337.58
CHECK(S)	1,520.61		03/14/02	816.97
DEPOSIT		N 1,100.00	03/15/02	1,916.97
CHECK(S)	673.65		03/15/02	1,243.32
CHECK(S)	831.29		03/18/02	412.03
CHECK(S)	149.73		03/19/02	262.30
ATT WS ATT WS 031911073177802	158.19		03/20/02	104.11
CHECK(S)	304.16		03/20/02	200.05-
DEPOSIT		N 300.00	03/21/02	99.95
CHK# 7029 AMT \$277.16, NSF CHARGE	25.00		03/21/02	74.95
CHECK(S)	491.59		03/21/02	416.64-
DEPOSIT		N 500.00	03/22/02	83.36
CHK# 7036 AMT \$491.59, NSF CHARGE	25.00		03/22/02	58.36
CHECK(S)	65.48		03/22/02	7.12-
DEPOSIT		N 40.00	03/25/02	32.88
CHECK(S)	R 195.79		03/25/02	162.91-
DEPOSIT		N 175.00	03/26/02	12.09
RETURNED CHECK# 7035, INSUFFICIENT FUNDS		195.79	03/26/02	207.88
CHK# 7035 AMT \$195.79, NSF CHARGE	25.00		03/26/02	182.88

* * * CONTINUED * * *



7600 Parklawn Avenue
Edina, MN 55435-5187
952-831-6600



30-0
11
31

CERTIFIED RESOURCES, INC.
13760 NICOLLET AVE SOUTH
BURNSVILLE MN 55337

CHECKING ACCOUNT: 800905

03/01/02 THRU 03/29/02

PAGE 2

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CHECKING ACCOUNT 800905

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DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
CHECK(S)	285.98		03/26/02	103.10-
DEPOSIT		N 120.00	03/27/02	16.90
CHK# 7037 AMT \$285.98, NSF CHARGE	N 25.00		03/27/02	8.10-
DEPOSIT		N 200.00	03/28/02	191.90
DEPOSIT		N 8,916.00	03/29/02	9,107.90
CHECK(S)	8,018.60		03/29/02	1,089.30
SERVICE CHARGE	30.25N		03/29/02	1,059.05
BALANCE THIS STATEMENT			03/29/02	1,059.05

TOTAL CREDITS (13) 22,042.79
TOTAL DEBITS (40) 21,118.87
TAX ID NUMBER 41-1890310

=====

YOUR CHECKS SEQUENCED

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DATE...	CHECK #.....	AMOUNT	DATE...	CHECK #.....	AMOUNT	DATE...	CHECK #.....	AMOUNT
03/06	4050*	25.00	03/11 0	7015	260.00	03/15 0	7030	457.55 N
03/12	7005	364.16	03/11 0	7016	2,650.00	03/15 0	7031	216.10 N
03/11	7006	435.07	03/19 0	7017	35.00	03/18 0	7032	296.84 N
03/04	7007	957.74	03/14 0	7018	340.73	03/20 0	7033*	12.00 N
03/04	7008	296.85	03/14 0	7019	605.75	03/25 0	7035	195.79
03/11	7009	1,476.96	03/20 0	7020	15.00	03/21 0	7036	491.59 N
03/11	7010	411.86	03/14 0	7021	574.13	03/26 0	7037	285.98 N
03/11	7011	424.56	03/18 0	7022	434.45	03/22 0	7038*	65.48 N
03/12	7012	264.16	03/18 0	7023*	100.00	03/29 0	7040	203.60 N
03/11	7013	296.83	03/19 0	7028	114.73	03/29 N	7041	7,815.00 N
03/12	7014	405.36	03/20 0	7029	277.16	N		

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

- END OF STATEMENT -

AFTER BANKRUPTCY
3-14-02 to
Certified Resources, Inc. #2 3-31-02

4/12/2002

Register: Fidelity Bank - Operating
From 03/14/2002 through 03/31/2002
Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
03/14/2002			Cash	Deposit Openin...		*	148.40	148.40
03/14/2002	0.00		Opening Bal Equity	VOID: Accoun...		X		148.40
03/15/2002			Undeposited Funds	Deposit		*	1,100.00	1,248.40
03/15/2002	7028	Click, Robert R.	-split-		114.73	*		1,133.67
03/15/2002	7029	Prokop, Rebecca A.	-split-		277.16	*		856.51
03/15/2002	7030	Wall, Condello R.	-split-		457.55	*		398.96
03/15/2002	7031	Webb, Richard M.	-split-		216.10	*		182.86
03/15/2002	7032	Weltzin, Del	-split-		296.84	*		-113.98
03/18/2002	7033	Superior Express	Postage and Delivery:C...		12.00	*		-125.98
03/19/2002	7035	MN Child Support C...	Payroll Liabilities		195.79			-321.77
03/20/2002		AT&T Wireless	Telephone		158.19	*		-479.96
03/21/2002		Fidelity Bank	Bank Service Charges:...	#7029	25.00	*		-504.96
03/21/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	300.00	-204.96
03/22/2002	7036	Wall, Condello R.	-split-		491.59	*		-696.55
03/22/2002	7037	Weltzin, Del	-split-		285.98	*		-982.53
03/22/2002	7038	Click, Robert R.	-split-		65.48	*		-1,048.01
03/22/2002	7039		Miscellaneous	VOID		X		-1,048.01
03/22/2002	7040	Webb, Richard M.	-split-		203.60	*		-1,251.61
03/22/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	500.00	-751.61
03/25/2002		Fidelity Bank	Bank Service Charges:...	Check #7035 P...	25.00	*		-776.61
03/25/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	40.00	-736.61
03/26/2002		Fidelity Bank	Bank Service Charges:...	#7037 Paid	25.00	*		-761.61
03/26/2002		Fidelity Bank	Bank Service Charges:...		25.00	*		-786.61
03/26/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	140.00	-646.61
03/27/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	35.00	-611.61
03/27/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	120.00	-491.61
03/28/2002		Fidelity Bank	Loan Payable:Bob Ras...			*	200.00	-291.61
03/29/2002		Kelly, Mr. Dennis	Accounts Receivable	Personal Check		*	8,916.00	8,624.39
03/29/2002		Fidelity Bank	Bank Service Charges	Monthly Servic...	30.25	*		8,594.14
03/29/2002	7041	Rasmussen, Robert J.	-split-		7,815.00	*		779.14
03/29/2002	7042	Wall, Condello R.	-split-		469.38			309.76
03/29/2002	7043	Webb, Richard M.	-split-		148.16			161.60

Before Bankruptcy Filing

Certified Resources, Inc.

3-1-02 to

3-14-02

4/12/2002

Register: Fidelity Bank - Business

From 03/01/2002 through 04/12/2002

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
03/01/2002		Humphrey, Mr. Allen	Accounts Receivable	Personal Check		*	395.00	-591.58
03/01/2002	7005	Prokop, Rebecca A.	-split-		364.16	*		-955.74
03/01/2002	7006	Wall, Condello R.	-split-		435.07	*		-1,390.81
03/01/2002	7007	Webb, Rick M.	-split-		957.74	*		-2,348.55
03/01/2002	7008	Weltzin, Del	-split-		296.85	*		-2,645.40
03/01/2002	7009	Click, Robert R.	-split-		1,476.96	*		-4,122.36
03/04/2002		Davis, C. A.	Accounts Receivable	Personal Check		*	801.00	-3,321.36
03/08/2002		United States Coin &...	Accounts Receivable			*	1,500.00	-1,821.36
03/08/2002		Fidelity Bank	Bank Charges:Wire Fee		5.00	*		-1,826.36
03/08/2002		Fidelity Bank	Bank Charges:Stop pay...		20.00	*		-1,846.36
03/08/2002	7011	Wall, Condello R.	-split-		424.56	*		-2,270.92
03/08/2002	7012	Webb, Rick M.	-split-		264.16	*		-2,535.08
03/08/2002	7013	Weltzin, Del	-split-		296.83	*		-2,831.91
03/08/2002	7014	Prokop, Rebecca A.	-split-		405.36	*		-3,237.27
03/11/2002		Dull, Mr. James	Accounts Receivable	Bank Wire		*	7,800.00	4,562.73
03/11/2002	7016	Fidelity Bank	-split-		2,650.00	*		1,912.73
03/11/2002	7017	Secretary of State	Uncategorized Expenses		35.00	*		1,877.73
03/11/2002	7019	QWest	Accounts Payable		605.75	*		1,271.98
03/11/2002	7020	Superior Express	Office Expense:Courier		15.00	*		1,256.98
03/12/2002	7021	Office Max	Printing and Reproduct...	and Supplies	574.13	*		682.85
03/12/2002	7022	AT&T Long distance	Accounts Payable		434.45	*		248.40
03/13/2002	7023	Office Max	Printing and Reproduct...		100.00	*		148.40

Sales
801.00
1,500.00

sale
7,800.00
Just got this
coins.

CASE NAME: Verthel RESOURCES, INC

CASE NUMBER: 02-31033

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, PLEASE LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND THE PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS IDENTIFY THE TYPE OF COMPENSATION PAID (e.g., SALARY, BONUS COMMISSION, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.) ATTACH ADDITIONAL PAGES AS NECESSARY.

	INSIDERS: NAME	TYPE OF COMPENSATION	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter	QUARTER TOTAL
1	Robert Rasmussen	Loan Re-payment	7815.00			
2	Robert Cliche	Commission	241.25			
3	Condellb Wall	Wage	2025.38			
4						
5						
6						
7						
8						
9						
10						
11						
12	TOTAL PAYMENTS TO INSIDERS		10,081.63			

!

	PROFESSIONALS: NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter	QUARTER TOTAL
13	NONE					
14						
15						
16						
17						
18						
19	TOTAL: PROFESSIONALS					

CASE NAME: Certified Resources, Inc.
CASE NUMBER: 02-31033

STATUS OF POST-PETITION TAXES
MONTH:

	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1	0			
1	WITHHOLDING**	351.00		
2	FICA-EMPLOYEE**	236.57		
3	FICA-EMPLOYER**	209.80		
4	UNEMPLOYMENT	16.59		
5	INCOME	—		
6	OTHER (LIST)	—		
7	TOTAL FEDERAL TAXES	813.96		
STATE & LOCAL				
8	WITHHOLDING	142.00		
9	SALES	—		
10	EXCISE	—		
11	UNEMPLOYMENT	797.86		
12	OTHER	—		
13	REAL PROPERTY	—		
14	PERSONAL PROPERTY	—		
15	OTHER (LIST) <u>Workmans Comp.</u>	—		
16	TOTAL STATE & LOCAL TAXES	939.86		
17	TOTAL TAXES DUE	1753.82		

LIST ANY PRE-PETITION TAXES PAID DURING REPORTING PERIOD:

NONE

EXPLAIN THE REASON FOR ANY PAYMENT ON PRE-PETITION TAXES:

N/A

EXPLAIN THE REASON ANY POST-PETITION TAXES ARE PAST-DUE:

Waiting to meet w/ Account. We will be getting together next week.

* THE BEGINNING TAX LIABILITY SHOULD REPRESENT THE LIABILITY FROM THE PRIOR MONTH, OR IF THIS IS THE FIRST OPERATING REPORT, THE AMOUNT SHOULD BE ZERO.

** ATTACH PHOTOCOPIES OF IRS FORM 6123 OR YOUR FTD COUPON AND PAYMENT RECEIPT TO VERIFY PAYMENTS OR DEPOSITS.

CASE NAME: Certified Resources, Inc.
CASE NUMBER: 02-31033

AGING SCHEDULE OF POST-PETITION PAYABLES
MONTH: March | April

ACCOUNTS PAYABLE: VENDOR	CURRENT 0-30 DAYS	31-60 DAYS	61-90 DAYS	91 & OVER DAYS	TOTALS
1 AT&T Broadband	59.89				59.89
2 Colligan - Water	84.13				84.13
3 Reliant Energy	163.66				163.66
4 Health Patners	1898.50				1898.50
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
TOTAL PAYABLES	2206.18				2206.18
TAXES PAYABLE					
TAXING AUTHORITY					
16 FEDERAL					
17 STATE					
18					
19					
20					
21					
TOTAL TAXES					

CASE NAME:
CASE NUMBER:

POST-PETITION STATUS OF SECURED NOTES, LEASES
PAYABLE AND ADEQUATE PROTECTION PAYMENTS

POST-PETITION SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS (UNPAID POST-PETITION ONLY)	SCHEDULED MONTHLY PAYMENT DUE	AMOUNT PAID DURING MONTH	TOTAL UNPAID
LIST CREDITOR / LESSOR *			
22 GMAC 007-3159-80922 *	336.86		not due yet
23 GMAC 007-3159-79086 *	762.73	762.73	
24 GMAC 007-0892-78456 *	1285.22	1285.22	
25 GMAC 007-2305-90079	1017.58	1017.58	
26			
TOTAL DUE	3402.39		

* A CREDITOR OR LESSOR WHO IS ALSO AN OFFICER, SHAREHOLDER OR AN INSIDER BY REASON OF RELATIONSHIP OR CONTROL, IS TO BE IDENTIFIED BY **.

* THESE LEASES WILL NOT BE RE AFFIRMED BY THE COMPANY
we are waiting for paperwork from GMAC

ACCOUNTS RECEIVABLE AGING

AGING	MONTH 1 Of Quarter	MONTH 2 Of Quarter	MONTH 3 Of Quarter
1 0-30 DAYS	7,986.00		
2 31-60 DAYS			
3 61-90 DAYS			
4 91+ DAYS			
5 TOTAL A / R	7,986.00		

money not guaranteed. Please see A/R sheet
Attached.

Certified Resources, Inc. #2
A/R Aging Summary
All Transactions

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Anderson, Mr. Jack	966.00	0.00	0.00	0.00	0.00	966.00
Ferguson, Mr. Walter L., Jr.	611.00	0.00	0.00	0.00	0.00	611.00
Harris, Ms. Betty	606.00	0.00	0.00	0.00	0.00	606.00
Kelly, Mr. Dennis	2,216.00	0.00	0.00	0.00	0.00	2,216.00
Nielson, Mr. Allan	561.00	0.00	0.00	0.00	0.00	561.00
Pierre, Dr. Douglas F.	476.00	0.00	0.00	0.00	0.00	476.00
Schmidt, Mr. Fritz	2,550.00	0.00	0.00	0.00	0.00	2,550.00
TOTAL	7,986.00	0.00	0.00	0.00	0.00	7,986.00

This is not a guaranteed amount.
 Customers may cancel orders at any-
 time before sending payment

Customer orders
 we send out an invoice
 Customer sends in money.
 We send out Customer's Assets w/in 30 days good funds.

These are not Receivables
 until the Customer's
 \$ comes in House.

QUESTIONNAIRE

Case Name: Certified Resources, Inc

United States Bankruptcy Court District of _____

Case Number: 02-31033 _____ Division

Month: March

1. Taxes:

Are all post-petition payroll, state and federal taxes current?

Yes () No (X)

Are all post-petition income taxes, state and federal current?

Yes (X) No ()

Are all other post-petition taxes current?

Yes (X) No ()

If the answer to any of the questions above is no, please list the balances which are outstanding on the schedules of post-petition taxes payable.

2. Insurance

Are workers compensation, general liability and other necessary insurance in effect?

Yes (X) No ()

Are all premium payments current?

Yes (X) No ()

PLEASE ITEMIZE ALL POLICIES:

TYPE OF POLICY	CARRIER	EXPIRATION DATE	INSTALLMENT		PAID THROUGH
			PAYMENT AMOUNT	PERIOD COVERED	

- A.
- B.
- C.
- D.

Debtor/Trustee's Certification

Name of Attorney: Larry LaRoue
Address: 312 Central Avenue, Suite 3016
Minneapolis, MN 55414
City, State, Zip: _____
Telephone: 612-379-2180

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOLLOWING COMPLETE MONTHLY OPERATING REPORT (MOR), CONSISTING OF MOR-1 THROUGH MOR-11, PLUS ALL ATTACHMENTS ARE TRUE AND CORRECT.

Signed:  Title: Pres
(Original Signature)

Date: 4-18-02

BANK ACCOUNT REPORTING FORM

Case Name Certified Resources, Inc Case No. 02-31033

(This is a master form. Signed copies of this form should be used for providing information if the debtor has more than four accounts. Copies should also be used for reporting on accounts which the debtor opens or closes after the submission of the initial form.)

<u>DEPOSITORY INSTITUTION</u>	<u>ACCOUNT DESCRIPTION</u> <small>(ie. Payroll or tax acct. etc.)</small>	<u>ACCOUNT NO.</u>	<u>DATE ACCOUNT OPENED</u>
Name: <u>TCF BANK</u> Address: _____ Phone: _____	<u>Closed</u>	<u>0800905</u>	<u>Closed</u> <u>4/15/02</u>
Name: <u>Fidelity Bank</u> Address: <u>Edina, MN 55435</u> Phone: _____	<u>Business Account</u>	_____	_____

Name: _____
Address: _____
Phone: _____

Name: _____
Address: _____
Phone: _____

?

Tom:

acct #

listed in

per Fidelity

BU not TCF

I show acct

at both bk

closed in April

I/we certify that the above is a complete list of all bank accounts, investments owned by the debtor as of the date of the filing of this petition, applicable, opened or closed by debtor after the submission of this report.

I/we certify that all above-listed depository institutions were identified of the date and place of the filing of this chapter 11 petition.

In addition, I/we hereby authorize any accredited representative of the United States Trustee's Office to obtain any information from the above listed financial institutions. This information may include, but is not limited to, bank statements, signature cards, canceled checks, correspondence and other documentation for all accounts listed hereon.

THE UNDERSIGNED DECLARES UNDER PENALTY OF PERJURY THAT THE ABOVE INFORMATION IS TRUE, COMPLETE AND ACCURATE.

DATED THIS 18th DAY OF April, 2002.

SIGNATURE: [Signature] Pres. Condello R. Bell

(A copy of this form must be signed by all persons who are authorized signatories on the accounts listed above.)

Exhibit 2

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

BKY 02-31033 DDO

Certified Resources, Inc.,

Debtor.

AFFIDAVIT OF MARGARET H. CULP

STATE OF MINNESOTA)

) ss

COUNTY OF HENNEPIN)

I, Margaret H. Culp, attest to the following facts, which are based on testimony I heard or information I received at the Section 341 meeting of creditors. I submit this affidavit in support of the motion of the Committee of Unsecured Creditors ("the Movants") for appointment of a Chapter 11 trustee in the case of Certified Resources, Inc. ("the Debtor").

1. I am an attorney authorized to practice in the State of Minnesota and in the Federal District Court, District of Minnesota, and represent the Movants in this case.

2. I attended the Section 341 meeting of creditors and heard the testimony of the principal of the Debtor, Robert Rasmussen ("Mr. Rasmussen").

3. Based upon Mr. Rasmussen's testimony at the 341 meeting, the Debtor continues to operate its business as a debtor-in-possession.

4. Mr. Rasmussen is the President of the Debtor and its sole shareholder.

5. The business of the Debtor is buying, selling, and trading precious metals, i.e., gold, silver, and platinum bars, and rare coins.

6. The Debtor runs on a cash basis-the customer sends money to the Debtor, the

Debtor obtains requested coins from a wholesaler or other collector, and then sends the requested coins to the customer.

7. The Debtor does not maintain an inventory of precious metals or coins in the ordinary course of its business, but may accept coins as inventory for trusted customers or their families in the event of a customer death. Such an inventory is kept in a safe owned by Mr. Rasmussen on the Debtor's premises, to which he and the office manager have access. As of the date of the 341 meeting, the safe contained only "odds and ends," and there was no inventory of the contents of the safe.

8. The Debtor is in arrears on its pre-and post-petition rent, plans to vacate its current location, and re-locate to the basement of Mr. Rasmussen's personal residence.

9. The Debtor's employees consist of the following:

Mr. Rasmussen, who is paid \$2,650 per week;

Mr. Click, sales manager, who is paid \$550 per week, plus commission on 35% of gross margin on sales;

Mr. Webb, sales broker, who is paid \$360 per week, plus commission on 35% of gross margin on sales;

Mr. Offerman, sales broker, who is paid on commission only; and

Ms. Wall, office manager, who is paid \$16.50 per hour.

10. Mr. Rasmussen performs the same duties as the sales manager and sales brokers.

11. The Debtor makes the payments on his personal vehicles, a 2001 GMC Yukon truck and a 2001 Corvette.

12. Mr. Rasmussen asserts a claim against the Debtor for funds advanced to the Debtor, and that the vehicle payments reimburse him for funds lent to the Debtor pre-petition.

13. Between March 15, 2002 and March 31, 2002, the Debtor paid \$13,596 to Mr. Rasmussen, apparently attributable to auto expenses.

14. Pre-petition, the Debtor was also making payments on a 2000 Corvette, driven by

Mr. Click, and a Chevrolet Monte Carlo, driven by Ms. Wall.

15. According to Mr. Rasmussen, the employees would now assume personal responsibility for the payments on the two vehicles.

16. The case was filed due to an unlawful detainer action by the Debtor's landlord, and serious economic harm suffered by the Debtor due to pre-petition employee fraud.

17. The first incident of fraud involved a former employee who made large credit card trades, and in the process, obtained credit card information from a customer, which he used to make unauthorized charges on the customer's card. The employee then received commissions from the Debtor based upon fraudulent sales reports, and disappeared, leaving the Debtor responsible for approximately \$70,000 in credit card charge offs. No action, civil or criminal, has been brought to recover the losses, although some evidence of the former employee's whereabouts exists.

18. Two other former employees created false sales reports, obtained commissions from the Debtor, and left the Debtor without reimbursement of funds fraudulently obtained. The Debtor, other than demand letters, has taken no action, civil or criminal, although the former employees are still in the local area.

19. According to Mr. Rasmussen, the police were unwilling to assist the Debtor, regarding the conduct as an internal security problem of the Debtor.

20. None of the Debtor's employees is bonded, and the Debtor does not maintain theft/loss insurance to protect itself and its customers against this type of misconduct.

21. The Debtor does not intend to bond its employees or obtain theft/loss insurance post-petition.

22. Customer deposits received pre-petition were deposited in the Debtor's operating

accounts while the Debtor attempted to locate rare coins for customers.

23. The Debtor gave no refunds to a customer who changed his/her mind, because the Debtor paid commissions to its employees as soon as a sale/trade is made, even though the Debtor has not yet performed its part of the exchange.

24. Three specific trades were addressed by Michael Fadlovich, presiding representative of the U.S. Trustee's Office: on March 11, 2002, the Debtor received a bank wire from a James Dull in the amount of \$7,800. Mr. Rasmussen testified that this customer received his coins. On March 29, 2002, a check in the amount of \$8,916 from a Dennis Kelly was deposited in the Debtor's account. Mr. Rasmussen was unable to describe what the proposed purchaser ordered, what the margin would be on the sale, whether payment had been made to the wholesaler, and whether the coins had been delivered to the customer. The Debtor received a check from an Allen Humphrey in the amount of \$300. Mr. Rasmussen was unable to confirm that this customer had received his coins.

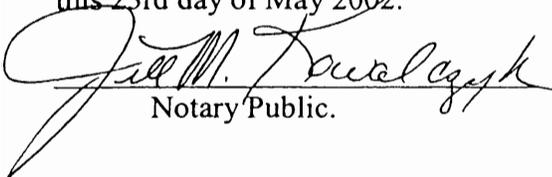
25. As of the 341 meeting, the Debtor owed approximately \$3,000 to wholesalers, and that four or five customers were owed between \$350 and \$1,000.

26. The Debtor's plan of reorganization would rely on cost-cutting measures, i.e., moving to Mr. Rasmussen's residence, rejecting leases on some of its current office equipment, including the copiers, and changing its method of operation from telemarketing to direct mail.

FURTHER YOUR AFFIANT SAYETH NOT.


MARGARET H. CULP

Subscribed and sworn to before me
this 23rd day of May 2002.


Notary Public.

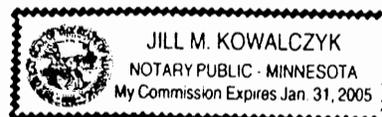


Exhibit 3

Return to Search Results Page

U.S. Bankruptcy Court
District of Minnesota (St. Paul)

Bankruptcy Petition #: 02-31033

Date filed: 3/14/02
Assigned to: JUDGE DENNIS D O'BRIEN
Chapter 7 voluntary asset

=====

* Attorneys *

CERTIFIED RESOURCES INC
13760 NICOLLET AVE S
BURNSVILLE, MN 55337
Tax ID: 41-1890310
* Debtor *

LARRY LAROUÉ
312 CENTRAL AVE STE 478
MINNEAPOLIS, MN 55414
612-379-2680

U S TRUSTEE
1015 U S COURTHOUSE
300 S 4TH ST
MINNEAPOLIS, MN 55415
* U S Trustee *

MICHAEL FADLOVICH-ATTORNEY
US TRUSTEE OFFICE
300 S 4TH ST RM 1015
MINNEAPOLIS, MN 55415
* Trustee *
[term 05/30/02]

MICHAEL J IANNAcone
8687 EAGLE POINT BLVD
LAKE ELMO, MN 55042
* Trustee *

NOVA INFORMATION SYSTEMS INC
LISA V GIANNESCHI
OFFICE OF THE GENERAL COUNSEL
ONE CONCOURSE PKWY STE 300
ATLANTA, GA 30328
* Creditor Committee
Chairperson *

ALLYN RICHARDSON
BOX 257
WEST GORTEN, MA 01472
* Creditor Committee *

Proceedings include all events.

02-31033 In re: CERTIFIED RESOURCES INC

LLOYD W STETZER
8629 LALOSA DR
JACKSONVILLE, FL 32217
* Creditor Committee *

Proceedings include all events.

3/14/02 1 Voluntary Petition missing documents: Schedules A through J
Due on 3/29/02 , Disclosure statement due 7/12/02 Chapter
11 Plan due 7/12/02 ;Proof of Claim (gov) Deadline: 9/10/02
(Filing Fee \$ 830.00 Receipt # 132626) (lje)
[EOD 03/15/02]

3/29/02 2 Notice of Meeting of Creditors under 11 USC 341(a)
Scheduled For 2:00 4/25/02 At U.S. Courthouse 10th Floor
(mph) [EOD 03/29/02]

3/29/02 3 Schedules. (PETITION 53 PAGES) (vrs) [EOD 04/01/02]

3/31/02 4 Courts BNC Certificate of Service Re: [2-1] Meeting . #
of Notices: 40 were sent out. (auto) [EOD 04/02/02]

4/2/02 5 Application by Debtor CERTIFIED RESOURCES INC To Employ
LARRY LA ROUE . (sja) [EOD 04/02/02]

4/4/02 6 Appointment of Creditors' Committee. Creditor Committee
Chairperson LISA GIANNESCHI OF NOVA INFORMATION SYSTEMS
INC, Creditor Committee ALLYN RICHARDSON, LLOYD W STETZER.
(sja) [EOD 04/04/02]

4/8/02 7 Certificate of Review and Recommendation AGAINST Employment
of Professional in Chapter 11 Case. (sja) [EOD 04/10/02]

4/9/02 8 SUPPLEMENTAL Affidavit Re: [5-1] Application To Employ
LARRY LA ROUE by CERTIFIED RESOURCES INC. RETAINER
AGREEMENT. PROPOSED ORDER. (sja) [EOD 04/09/02]

4/10/02 9 ELECTRONIC Order Granting [5-1] Application To Employ
LARRY LA ROUE by CERTIFIED RESOURCES INC. (DDO 4/10/02)
CERTIFICATE OF MAILING. (skm) [EOD 04/10/02]

4/10/02 10 Certificate of Review and Recommendation for Employment of
Professional in Chapter 11 Case. (sja) [EOD 04/10/02]

4/16/02 11 Notice of Returned Mail Re: Creditor AMIL MUZZIO. (vrs)
[EOD 04/16/02]

Proceedings include all events.

02-31033 In re: CERTIFIED RESOURCES INC

4/18/02 12 Application by Creditor Committee Chairperson NOVA INFORMATION SYSTEMS INC EMPLOY COUNSEL FOR UCC Affidavit, Proof of Service, Proposed Order. ..DOCUMENTS NOT SUBMITTED: , Memorandum of Law ..END DOCUMENTS NOT SUBMITTED. (A130) [EOD 04/18/02]

4/22/02 13 Certificate of Review and Recommendation for Employment of Professional in Chapter 11 Case. (sja) [EOD 04/22/02]

4/23/02 14 ELECTRONIC Order Granting [12-1] Application EMPLOY COUNSEL FOR UCC by NOVA INFORMATION SYSTEMS INC. (DDO 4/23/02) CERTIFICATE OF MAILING. (sja) [EOD 04/23/02]

5/23/02 15 EDITED ENTRY: TO REFLECT CORRECT PARTY FILER. ORIGINALLY FILED BY FOR UCC. Notice of Hearing and Motion by Creditor UNSECURED CREDITORS COMMITTEE To Appoint Trustee . Hearing For 11:00 6/24/02 at Courtroom 228B (St. Paul), Affidavit, Memorandum of Law, Proof of Service, Proposed Order. (sja) [EOD 05/24/02] [Edit date 05/24/02]

5/30/02 16 Notice of Voluntary Conversion by Debtor CERTIFIED RESOURCES INC Involvement of Trustee MICHAEL FADLOVICH-ATTORNEY Terminated; Trustee MARY JO JENSEN-CARTER Appointed. all schedules and statements. ; Proof of Claim (gov) Due: 11/26/02 (vrs) [EOD 05/30/02]

5/30/02 17 Post-Conversion Order. ; Incomplete Filings FINAL REPORT AND MATRIX Due: 6/14/02 Certificate of Mailing. (vrs) [EOD 05/30/02]

5/31/02 18 Appointment of Interim Trustee and Approval of Bond. (vrs) [EOD 05/31/02]

5/31/02 19 Notice of Meeting of Creditors under 11 USC 341(a) Scheduled For 3:00 7/2/02 At St. Paul ;Last Day to File Proofs of Claim: 9/30/02 Certificate of Service. (sja) [EOD 05/31/02]

6/14/02 20 Notice of Hearing and Motion by Creditor GENERAL MOTORS ACCEPTANCE CORP For Relief From Stay . Hear Scheduled for 9:30 7/10/02 at Courtroom 228A (St. Paul) , Filing fee paid \$ 75.00, Record: E7528; Affidavit, Memorandum of Law, Proof of Service, Proposed Order. (A032) [EOD 06/14/02]

6/17/02 -- Filing Fee Paid in Full Re: [20-1] Motion For Relief From Stay by GENERAL MOTORS ACCEPTANCE CORP (Filing Fee \$ 75.00 Receipt # 127791) (md) [EOD 06/17/02]

6/18/02 21 Notice of Returned Mail Re: Creditor AMIL MUZZIO. (skm) [EOD 06/19/02]

6/20/02 22 Chapter 11 Final Report and Account Filed by LARRY LAROUÉ for Debtor CERTIFIED RESOURCES INC . (skm) [EOD 06/21/02]

Proceedings include all events.

02-31033 In re: CERTIFIED RESOURCES INC

6/24/02 -- Minutes Re: [15-1] Motion To Appoint Trustee by UNSECURED CREDITORS COMMITTEE . MUTE, VOLUNTARY CONVERSION FILED MAY 30, 2002 (djml) [EOD 06/24/02]

7/10/02 23 Order Granting [20-1] Motion For Relief From Stay by GENERAL MOTORS ACCEPTANCE CORP . (DDO 7/10/02) Proof of Service. (D_R) [EOD 07/10/02]

7/10/02 -- Minutes Re: [20-1] Motion For Relief From Stay by GENERAL MOTORS ACCEPTANCE CORP . GRANTED BY DEFAULT (djml) [EOD 07/10/02]

7/19/02 24 Notice of Abandonment by Trustee MICHAEL J IANNACONE of MISC OFFICE MACHINERY & EQUIPMENT. (vrs) [EOD 07/19/02]

7/26/02 25 Court's Certificate of Mailing Re: [24-1] To Abandon Notice of by MICHAEL J IANNACONE . (vrs) [EOD 07/26/02]

7/30/02 26 CHAPTER 11 SERVICE LIST (saj) [EOD 07/30/02]

10/2/02 27 Application by NAUNI JO MANTY for Creditor UNSECURED CREDITORS COMMITTEE, Attorney BLACKWELL IGBANUGO ENGEN & SAFFOLD PA For Compensation (Fees: \$ 1,643.50, Expenses: \$ 52.37) . CERTIFICATE OF SERVICE. (vrs) [EOD 10/02/02]

8/19/04 28 Application by LARRY LAROUÉ for CERTIFIED RESOURCES INC (db) For Compensation (Fees: \$ 4,187.50, Expenses: \$ 830.00) . Proof of Service, Proposed Order. (A707) [EOD 08/19/04]

8/23/04 -- Hearing Re: [28-1] Application For Compensation (Fees: \$ 4,187.50, Expenses: \$ 830.00) SCHEDULED For 11:30 9/8/04 at Courtroom 228A (St. Paul) . (md) [EOD 08/23/04]

Exhibit 4

UNITED STATES BANKRUPTCY COURT

District of Minnesota

In re: Certified Resources, Inc.
41-1890310

Case No.
Chapter 11

STATEMENT OF FINANCIAL AFFAIRS

1. Income from employment or operation of business

None
[] State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the two years immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

Table with 3 columns: AMOUNT, SOURCE, FISCAL YEAR PERIOD. Rows show amounts of -148,231.55 and -112,932.79 from Certified Resources, Inc. for years 2000 and 2001.

2. Income other than from employment or operation of business

None
[] State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the two years immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

Table with 3 columns: AMOUNT, SOURCE, FISCAL YEAR PERIOD.

3. Payments to creditors

None
[] a. List all payments on loans, installment purchases of goods or services, and other debts, aggregating more than \$600 to any creditor, made within 90 days immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

Table with 4 columns: NAME AND ADDRESS OF CREDITOR, DATES OF PAYMENTS, AMOUNT PAID, AMOUNT STILL OWING.

b. List all payments made within one year immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

Table with 4 columns: NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR, DATES OF PAYMENTS, AMOUNT PAID, AMOUNT STILL OWING.

4. Suits and administrative proceedings, executions, garnishments and attachmentsNone

a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
------------------------------------	----------------------	---------------------------------	--------------------------

b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
--	--------------------	---

5. Repossessions, foreclosures and returnsNone

List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSESSION, FORECLOSURE SALE TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
---	--	---

6. Assignments and receivershipsNone

a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
---------------------------------	-----------------------	---

b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

None

NAME AND ADDRESS OF CUSTODIAN	NAME AND ADDRESS OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
----------------------------------	---	------------------	---

7. Gifts

None

List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
--	--------------------------------------	-----------------	-------------------------------------

8. Losses

None

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case or **since the commencement of this case**. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
---	--	-----------------

9. Payments related to debt counseling or bankruptcy

None

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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10. Other transfers

None

a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
---	------	--

11. Closed financial accounts

None

List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE AND NUMBER OF ACCOUNT AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
---------------------------------	--	------------------------------------

12. Safe deposit boxes

None

List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITORY	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY
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13. Setoffs

None

List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF
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14. Property held for another person

None

List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY
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15. Prior address of debtor

None

If the debtor has moved within the **two years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
---------	-----------	--------------------

16. Spouses and Former Spouses

None

If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within the **six-year period** immediately preceding the commencement of the case, identify the name of the debtor 's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

17. Environmental Information.

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law.

a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law.

None

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

None

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
-----------------------	---------------------------------------	----------------	-------------------

c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

None

NAME AND ADDRESS OF GOVERNMENTAL UNIT	DOCKET NUMBER	STATUS OR DISPOSITION
---------------------------------------	---------------	-----------------------

18. Nature, location and name of business

None

a. If the debtor is an individual, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partnership, sole proprietorship, or was a self-employed professional within the **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the business, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the business, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.

NAME	TAXPAYER I.D. NUMBER	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES
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b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

None

NAME	ADDRESS
------	---------

19. Books, records and financial statements

None
 a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS	DATES SERVICES RENDERED
Christine Jandro 16740 Franchise Av Rosemount MN 55068	2001 payroll

b. List all firms or individuals who within the **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

None

NAME AND ADDRESS	DATES SERVICES RENDERED
------------------	-------------------------

c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

None

NAME	ADDRESS
books held by Certified Resources,	Inc.

d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued within the **two years** immediately preceding the commencement of this case by the debtor.

None

NAME AND ADDRESS	DATE ISSUED
------------------	-------------

20. Inventories

None

a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY	INVENTORY SUPERVISOR	DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis)
-------------------	----------------------	---

b. List the name and address of the person having possession of the records of each of the two inventories reported in a., above.

None

DATE OF INVENTORY	NAME AND ADDRESSES OF CUSTODIAN OF INVENTORY RECORDS
-------------------	---

21. Current Partners, Officers, Directors and Shareholders

None

a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS	NATURE OF INTEREST	PERCENTAGE OF INTEREST
------------------	--------------------	------------------------

b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting securities of the corporation.

None

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP
------------------	-------	---

Robert Rasmussen
17782 Javelin Ct
Lakeville MN 55044

22. Former partners, officers, directors and shareholders

None

a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL
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b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

None

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
------------------	-------	---------------------

23. Withdrawals from a partnership or distributions by a corporation

None

If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
---	-----------------------------------	--

24. Tax Consolidation Group.

None

If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within the **six -year period** immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION

TAXPAYER IDENTIFICATION NUMBER

25. Pension Funds.

None

If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within the **six-year period** immediately preceding the commencement of the case.

NAME OF PENSION FUND

TAXPAYER IDENTIFICATION NUMBER

* * * * *

[If completed on behalf of a partnership or corporation]

I, declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date

3/29/02

Signature

Robert Rasmussen, Pres.

Robert Rasmussen, President

Print Name and Title

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

Exhibit 5

From: U.S. TRUSTEE OFFICE

forwarded to Clerk for

filing 6/19/02

RECEIVED

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

litre:

Case No. BKY 02-31033

Certified Resources, Inc.,

Chapter 11 Case, now Chapter 7 Case

FINAL REPORT OF DEBTOR AS DEBTOR IN POSSESSION
UPON CONVERSION OF CHAPTER 11 CASE TO CHAPTER 7 CASE
PURSUANT TO BANKRUPTCY RULE 1019(6) AND LOCAL RULE 311(a)(2)

NOTE: An original and three conformed copies of this final report, and one unpaid entities matrix, must be filed with the Clerk's office within 15 days of receipt of this form. Prepare and attach separate exhibits where necessary.

I. Cash

- (a) Total cash receipts received during chapter 11 case (include cash on hand when the petition was filed). \$ 22,464.52
- (b) Total cash disbursements during chapter 11 case. \$ 23,364.65
- (c) Cash balance on hand at date of conversion. \$ -900.13
- (d) Is the cash balance on hand stated above subject to a security interest? NO
- (e) If so, state the name and address of the secured creditor and the amount unpaid on the date of conversion on the security agreement:

Name and address of secured creditor

Amount Unpaid

22

Filed on <u>6-20-02</u>
Patrick G. De Wane, Clerk
By <u>PM</u> Deputy Clerk

VII. Executory Contracts and Unexpired Leases

(a) Rejected List below the unexpired leases and other executory contracts that were rejected during the chapter 11 case, including the name and address of every other party to each contract, the obligations of each party under the contract and the description and value of property covered by the contract:

GMAC _ Account #007-3159-79086
GMAC _ Account #007-0892-78456
GMAC _ Account #007-2305-90079
GMAC _ Account #007-2159-80922

GE Capital / PO BOx 99285 Chicago, IL 60693 - COPIER LEASE

(b) New, assumed, or not rejected List below the unexpired leases and other executory contracts that were assumed or not rejected and the new executory contracts including leases that were entered into during the chapter 11 case, including the name and address of every other party to each contract, the obligations of each party under the contract and the description and value of property covered by the contract:

NONE

The final report above, consisting of five pages and _____ exhibits, has been prepared for or by the undersigned, who declares under penalty of perjury that the statements contained therein are true and correct to the best of my knowledge, information and belief.

Executed on: 6.14.02

Signed: [Signature]

Type
name: _____

The _____ of or for the debtor.

Name of
debtor: _____

NOTE: File matrix of unpaid entities with this report: see Section IV above.

10/21/92;
Local Rule 311(a)(2).

II. Accounts Receivable

- (a) Total amount due the debtor from other entities on date the case was converted to a chapter 7 case. \$ 0
- (b) Is the account receivable balance stated above subject to a security interest? NO
- (c) If so, state the name and address of the secured creditor and the amount unpaid on the date of conversion on the security agreement:

Name and address of secured creditor

Amount unpaid

- (d) Itemize below all accounts receivable due the debtor from other entities on the date the case was converted to a chapter 7 case:

Name and address of account obligor

Kind of obligation

Date of obligation

Amount due debtor

None

III. Accounts Payable

- (a) Total unpaid debts incurred during chapter 11 case. \$ _____
- (b) Itemize below all unpaid debts incurred during the chapter 11 case, including unsecured debts, secured debts, taxes, wages, administrative expenses, etc., but not including any prepetition debts:

<u>Name and Address of unpaid entities</u>	<u>Kind of debt</u>	<u>Date incurred</u>	<u>Amount unpaid</u>
Health Partners	Med. Insurance		\$3797.00
Qwest Phone PO Box 1301 Mpls, MN 55483	Telephone	4/1/02	\$1193.29
Reliastar Dental NW 7173 / PO Box 1450 MPLS, MN 55485	Dental Ins.		\$2471.62
Dakota Electric PO Box 64427, ST. Paul, MN 55164	Electric Comp.		\$372.23
Reliant Engery PO Box 1297, MPLS, MN 55472	Gas		\$406.21
AT&T Telephone OI Box 27-680, Kansas City, MO 64180	Long Distance Service		\$2,109.67
AT&T Broadband PO Box 173610 Denver, CO 80214	Cable		\$185.27
Mr. Dennis KELly 416 Windwood Drive Lewisville, TX 75067	Customer		\$8916.00
Mr. Richard Winter 1325 State Route 13-127 - Pickneyville, IL 62274	Customer		\$2500.00
Mr. C.E Dominack 1136 E. Nokomis Circle- Knoxville, TN 37919	CUstomer		\$1912.50
MR. Harold Thatcher 2254 Couny Highway Q - Hatley, WI 54440	CUstomer		\$1705.00

IV. Matrix

Pursuant to Local Rule 311(a)(2) prepare and file with this report an appropriate matrix for mailing purposes containing the names and addresses of all unpaid entities listed above in Section III(b).

TURN PAGE OVER

V. Original Chapter 11 Assets

Itemize below the assets of the debtor other than cash or accounts receivable *on the date the petition was filed* that were disposed of during the chapter 11 case or that were retained but had a reduced or increased value on the date of conversion to a chapter 7 case:

<u>Description of property</u>	<u>Value Scheduled in Schedules B 1-2-3 or Schedules A-B-C</u>	<u>If disposed of, explain disposition</u>	<u>If retained, value on date of conversion</u>
None			

VI. New Chapter 11 Assets

Itemize below the assets of the debtor other than cash or accounts receivable *that were acquired by the debtor during the chapter 11 case* and that were disposed of during the chapter 11 case or that were retained as assets on the date of conversion to a chapter 7 case:

<u>Description of property</u>	<u>Price paid for property</u>	<u>If disposed of, explain disposition</u>	<u>If retained, value on date of conversion</u>
None			

Certified Resources, Inc. #2

6/14/2002

Register: Fidelity Bank - Operating

From 01/01/2002 through 06/14/2002

Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
03/14/2002	0.00		Opening Bal Equity	VOID: Accoun...		X		0.00
03/15/2002			Undeposited Funds	Deposit		X	1,100.00	1,100.00
03/15/2002			Cash	Deposit Openin...		X	148.40	1,248.40
03/15/2002	7028	Click, Robert R.	-split-		114.73	X		1,133.67
03/15/2002	7029	Prokop, Rebecca A.	-split-		277.16	X		856.51
03/15/2002	7030	Wall, Condello R.	-split-		457.55	X		398.96
03/15/2002	7031	Webb, Richard M.	-split-		216.10	X		182.86
03/15/2002	7032	Weltzin, Del	-split-		296.84	X		-113.98
03/18/2002			Loan Payable:Bob Ras...	Deposit		X	84.12	-29.86
03/18/2002	7033	Superior Express	Postage and Delivery:C...		12.00	X		-41.86
03/19/2002	7035	MN Child Support C...	Payroll Liabilities		195.79	X		-237.65
03/20/2002		AT&T Wireless	Telephone		158.19	X		-395.84
03/21/2002		Fidelity Bank	Bank Service Charges:...	#7029	25.00	X		-420.84
03/21/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	300.00	-120.84
03/22/2002	7036	Wall, Condello R.	-split-		491.59	X		-612.43
03/22/2002	7037	Weltzin, Del	-split-		285.98	X		-898.41
03/22/2002	7038	Click, Robert R.	-split-		65.48	X		-963.89
03/22/2002	7039		Miscellaneous	VOID		X		-963.89
03/22/2002	7040	Webb, Richard M.	-split-		203.60	X		-1,167.49
03/22/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	500.00	-667.49
03/25/2002		Fidelity Bank	Bank Service Charges:...	Check #7035 P...	25.00	X		-692.49
03/25/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	40.00	-652.49
03/26/2002		Fidelity Bank	Bank Service Charges: ...	#7037 Paid	25.00	X		-677.49
03/26/2002		Fidelity Bank	Bank Service Charges:...		25.00	X		-702.49
03/26/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	140.00	-562.49
03/27/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	35.00	-527.49
03/27/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	120.00	-407.49
03/28/2002		Fidelity Bank	Loan Payable:Bob Ras...			X	200.00	-207.49
03/29/2002		Kelly, Mr. Dennis	Accounts Receivable	Personal Check		X	8,916.00	8,708.51
03/29/2002		Fidelity Bank	Bank Service Charges	Monthly Servic...	30.25	X		8,678.26
03/29/2002	7041	Rasmussen, Robert J.	-split-		7,815.00	X		863.26
03/29/2002	7042	Wall, Condello R.	-split-		469.38	X		393.88
03/29/2002	7043	Webb, Richard M.	-split-		148.16	X		245.72
04/01/2002	7044	Click, Robert R.	Payroll Expenses:Wee...		100.00	X		145.72
04/03/2002	7045	Superior Express	Postage and Delivery:C...		21.00	X		124.72
04/04/2002	7046	Office Max	Supplies:Office		62.46	X		62.26
04/05/2002		Rathje, Mr. Theron L.	Accounts Receivable	Personal Check		X	1,090.00	1,152.26
04/05/2002	7047	Click, Robert R.	-split-		113.96			1,038.30
04/05/2002	7048	Wall, Condello R.	-split-		469.36	X		568.94
04/05/2002	7049	Webb, Richard M.	-split-		949.13	X		-380.19

Certified Resources, Inc. #2

6/14/2002

Register: Fidelity Bank - Operating
 From 01/01/2002 through 06/14/2002
 Sorted by: Date, Type, Number/Ref

Date	Number	Payee	Account	Memo	Payment	C	Deposit	Balance
04/12/2002			Customer Assets	Deposit		X	1,300.00	919.81
04/12/2002	AWD	Fidelity Bank	Bank Service Charges:...		5.00	X		914.81
04/12/2002	7050	Click, Robert R.	-split-		292.49	X		622.32
04/12/2002	7051	Wall, Condello R.	-split-		469.39	X		152.93
04/12/2002	7052	State Farm	Automobile Expense		67.90	X		85.03
04/12/2002	7053	Rasmussen, Robert J.	Loan Payable:Bob Ras...		206.21	X		-121.18
04/12/2002	7054	GMAC Payment Pro...	Automobile Expense		800.00	X		-921.18
04/12/2002	7055	Webb, Richard M.	-split-		179.71	X		-1,100.89
04/15/2002		Schmidt, Mr. Fritz	Accounts Receivable	Wire Transfer		X	2,550.00	1,449.11
04/15/2002		Harris, Ms. Betty	Accounts Receivable	Personal Check		X	606.00	2,055.11
04/15/2002	4061	Terry's	Equipment Storage		250.00	X		1,805.11
04/15/2002	7056	Wall, Condello R.	Miscellaneous	401K Reimbur...	600.00	X		1,205.11
04/15/2002	7057	AT&T Broadband	Telephone:Local	VOIDED:		X		1,205.11
04/15/2002	7058	AT&T Broadband	Telephone:Local	VOID:		X		1,205.11
04/15/2002	7059	Wall, Condello R.	Telephone:Local		47.88	X		1,157.23
04/16/2002	7060	Fidelity Bank	Postage and Delivery:S...	????	360.00	X		797.23
04/16/2002	7061	Office Max	Printing and Reproduct...	Flyers for mailers	479.25	X		317.98
04/18/2002	AWD	Deluxe Checks	Supplies:Business Che...		84.53	X		233.45
04/19/2002	7063	Wall, Condello R.	-split-		469.38	X		-235.93
04/19/2002	7064	Click, Robert R.	-split-		221.82	X		-457.75
04/19/2002	7065	Webb, Richard M.	-split-		222.89	X		-680.64
04/24/2002		Guidance Corporation	Accounts Receivable			X	2,125.00	1,444.36
04/24/2002	AWD	Fidelity Bank	Bank Service Charges:...	#4061,7063	50.00	X		1,394.36
04/24/2002	7062	Office Max	Supplies:Basic Office ...		15.00	X		1,379.36
04/25/2002	7066	Rasmussen, Robert J.	-split-		413.73	X		965.63
04/26/2002	7075	Click, Robert R.	-split-		221.83	X		743.80
04/26/2002	7076	Wall, Condello R.	-split-		473.99	X		269.81
04/26/2002	7077	Webb, Richard M.	-split-		262.76	X		7.05
04/29/2002		Winter, Mr. Richard	Accounts Receivable	Personal Check			2,500.00	2,507.05
04/30/2002			Bank Service Charges	Service Charge	19.58	X		2,487.47
05/02/2002	7078	Fidelity Bank	-split-		600.00			1,887.47
05/02/2002	7079	MN Child Support C...	-split-		395.79			1,491.68
05/03/2002	7080	Webb, Richard M.	-split-		71.67			1,420.01
05/03/2002	7081	Wall, Condello R.	-split-		484.98			935.03
05/03/2002	7082	Click, Robert R.	-split-		449.47			485.56
05/10/2002	7083	Click, Robert R.	-split-		269.40			216.16
05/10/2002	7084	Wall, Condello R.	-split-		498.84			-282.68
05/10/2002	7085	Webb, Richard M.	-split-		226.05			-508.73
05/13/2002		Fidelity Bank	Bank Service Charges:...	#7084 Returned	25.00			-533.73
05/14/2002			Loan Payable:Bob Ras...	Deposit			710.00	176.27

Certified Resources, Inc. #2

6/14/2002

Register: Fidelity Bank - Operating
 From 01/01/2002 through 06/14/2002
 Sorted by: Date, Type, Number/Ref

<u>Date</u>	<u>Number</u>	<u>Payee</u>	<u>Account</u>	<u>Memo</u>	<u>Payment</u>	<u>C</u>	<u>Deposit</u>	<u>Balance</u>
05/15/2002	7087	Superior Express	Postage and Delivery:C...		15.30			160.97
05/17/2002	BOB	Wall, Condello R.	-split-	Bob paid out of...	498.60			-337.63
05/17/2002	BOB	Webb, Richard M.	-split-	Bob paid out of...	195.44			-533.07
05/17/2002	BOB	Click, Robert R.	-split-	Bob paid out of...	367.06			-900.13

Exhibit 6

certified STRIB 1/23/04
resources #02-31033

Coin dealers are accused of fraud

By Jim Adams
Star Tribune Staff Writer

licit customers in Minnesota and at least seven other states, from Texas to Massachusetts, by phone, mail and the Internet to buy valuable coins.

The indictment alleges that they didn't provide promised coins to customers who paid for them or didn't pay for coins and precious metals customers sent them between about July 2000 and June 2002.

Instead, they allegedly used customers' money and coins to lease Corvette convertibles for themselves and pay their credit card bills and other personal expenses. The indictment also accuses them of

stealing money withheld for taxes from their employees' paychecks.

They allegedly offered customers a variety of excuses about why the coins were not shipped promptly, including that it's "hard to locate these coins."

The men eventually filed for Chapter 11 bankruptcy protection from creditors. They aren't in custody, and their first court hearing is expected next week, said Karen Bailey, spokeswoman for the U.S. attorney's office.

Jim Adams is at jadams@startribune.com.

Two Dakota County men who ran a gold and silver coin business have been accused of using the mail to defraud at least a dozen customers of more than \$350,000.

Robert J. Rasmussen, 56, and Robert R. Click, 57, were indicted Wednesday on 21 counts of mail fraud and mail fraud conspiracy in U.S. District Court in Minneapolis. Rasmussen, of Lakeville, owned Certified Resources Inc. of Burnsville and employed Click of Eagan as a sales vice president. They so-

Man pleads guilty in Aug. 12 beating death

One of two men charged with killing a man by hitting him with a baseball bat about 30 times has pleaded guilty to aiding and abetting second-degree intentional murder.

Jury selection was underway when Frankie J. Warledo, 21, of Shawnee, Okla., entered his guilty plea Thursday before Hennepin County District Judge John McShane.

The victim, Terrance J. Stonechild, 49, of Minneapolis, was described as a "gentle

giant" and a friend of the homeless. He was killed about 3:30 a.m. Aug. 12 at 25th St. and 17th Av. S. in the Phillips neighborhood.

Warledo agreed to cooperate in the case against his co-defendant Joseph M. Blackwolf, 17, of New Brighton, who is awaiting trial on two counts of second-degree murder.

According to the criminal complaint, a witness called police to say that a man was being beaten and that two men had

run from the scene.

When police arrived, they caught Blackwolf, who said that he hadn't acted alone and that "Frankie was here."

Police followed a bloody trail to a house where they found a bloody baseball bat.

A man there directed them to a nearby house where Warledo was sleeping.

He admitted that he beat Stonechild because Stonechild had touched and pushed him.

Margaret Zack

Anoka man charged in fatal Minneapolis crash

An Anoka man is accused of having had a blood alcohol level of more than three times the legal limit when he crashed his car, killing his passenger, according to a criminal complaint made public Thursday.

Witnesses told police that Gregory C. Ramczyk, 41, was traveling between 50 and 60 miles per hour just after 11 p.m. on Sept. 4 on Glenwood Avenue in Minneapolis. The posted speed limit there is 30 mph.

They said that his car never slowed or swerved before it smashed into a trailer pulled by a pickup at the intersection of Lyndale Av. N. and Glenwood. Ramczyk's passenger, Robert E. Lee, who was unconscious at the scene, later died from injuries he suffered in the accident, according to the complaint filed in Hennepin County District Court.

When an officer approached Ramczyk, his breath smelled of alcohol, the complaint said.

Ramczyk told the officer he had "a couple of beers," the complaint said. When his blood was tested, the alcohol level was 0.33 percent, it said. In Minnesota, it is illegal to drive with a blood-alcohol level of 0.10 percent or more.

Ramczyk is charged with one count of criminal vehicular homicide. He was being held in the Hennepin County jail Thursday night in lieu of \$50,000 bail.

Howie Padilla

For 24-hour assistance call 612-377-2203

CRYSTAL LAKE
Cemetery Funeral Home
Crematory
Cemetery 612-521-7619
Funeral Home 612-521-3677

Billman-Hunt
2701 Central Av. NE 789-3535

MORRIS NILSEN
6527 Portland 612-869-3226

MILLER FUNERAL HOME
Fridley Chapel 763-571-1300

EVANS-NORDBY
533-3000 424-4000

Helpful Telephone Numbers

Social Security Admin.
1-800-772-1213
Service available from 7 a.m. to 7 p.m. on business days. Call to provide notification of death or to inquire about survivor benefits

U.S. Dept. Of Veterans Affairs (VA)
1-800-827-1000
Call for survivor benefits, burial benefits or to provide notification of death

United Way
First Call For Help
Metro (651)291-0211
Service is available 24 hours every day. Call if you need to know where to turn for help. First Call For Help offers information and referral to local health and human service agencies.

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In Memoriam

HAROLD V. ANDERSON
10/2/1925 - 1/23/2003
Loving Husband, Father, Grandfather, Brother -
"H V" to Everyone
Gone, but still with us in so many ways. Every day is a reminder of how much love you brought into our lives. Here's hoping that God has dealt you a better hand in the big poker game up above. From all of us who believe in you always.
Love ya, Dad.

IN MEMORIAM
It is the custom of many persons to publish an In Memoriam verse as a token of respect to the memory of one who has gone.
Insertion of an ad in Memoriam & additional assistance in correct phrasing may be arranged by telephoning 612-673-4130

tworth
iles A., age 71, of neapolis, on Jan. 19 notice on Saturday.
GILL BROTHERS
763.531.1777

**nie (Von Bank), age of Jordan. Full no- Sunday.
Ballard-Sunder Jordan 952-492-2818**

gins
rnice E. (Bea), age of Ebenezer Hall. neral Monday 1 PM at arty-Delmore Robbins-le Chapel, 39th and W. oadway. Visitation nday 3-5 PM. Full ices Sunday.
Gearty-Delmore 763-537-4511

**When we come into this world, we cry and everyone else rejoices.
When we leave this world, everyone else cries - but we rejoice.
Unknown**

FORMATION

Exhibit 7

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:)
CERTIFIED RESOURCES, INC.)
Debtor.)
Bankruptcy No. 02- 31033
Chapter 11 Case

APPLICATION TO EMPLOY ATTORNEYS
FOR THE DEBTOR IN POSSESSION

Pursuant to Bankruptcy Code Sec 327 (a) and Bankruptcy Rule 2014 (a), Certified Resources, Inc. respectfully requests that the court enter an order authorizing the Debtor to employ Larry La Roue as its legal counsel.

Pursuant to Bankruptcy Rule 2014, "the application shall state the specific facts showing the necessity for the employment, the name of the person to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the person's connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee. In response to the strictures of Bankruptcy Rule 2014, Certified Resources, Inc. responds as follows:

1. Specific facts showing the necessity for employment:
Debtor is without counsel, and desires legal representation to protect its interests herein.

2. Name of the person sought to be employed: Larry
La Roue, 312 Central Avenue, Minneapolis, Minnesota 55414, a

Filed on 4-2-02
Patrick G. De Wana, Clerk
By SMB Deputy Clerk

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Minnesota attorney duly licensed to practice in the Federal District Courts.

3. The reasons for the selection: Debtor selected Larry La Roue because of his background in the bankruptcy area, and because he was able to undertake this representation on short notice.

4, The professional services to be rendered:
Debtor seeks to employ Larry La Roue as its legal counsel to advise and consult with the Debtor on all matters within the provisions of 11 U.S.C. Secs. 327 and 1102(c), including but not limited to the following:

a. Advise Debtor with respect to its powers and duties as debtor-in-possession in the continued operation of its business and management of its property;

b. Prepare on behalf of Debtor all necessary applications, pleadings, orders, reports and other legal papers; and

c. Perform other legal services as necessary to assist the Debtor in carrying out its duties under the Bankruptcy Code.

5. Proposed arrangement for compensation:
Debtor has paid Larry La Roue a retainer in the sum of \$5,000.00 to be applied to professional services rendered by Larry La Roue. The retainer is held in Larry La Roue's trust account, except for the \$830.00 filing fee paid herein, pending further order of this court regarding interim compensation. \$2,500.00 came directly from Certified Resources, Inc. and \$2,500.00 came from a

loan made by Robert Rasmussen, president of Certified Resources, Inc. to Certified Resources, Inc. specifically to enable this filing. Larry La Roue will draw on the retainer only if the court grants compensation under Section 330. Compensation is computed at the rate of \$125.00 per hour.

6. To the best of applicant's knowledge, Larry La Roue has no connections with the debtor (prior to this matter), nor any connection with any creditor, any other party in interest, their respective attorneys and accountants, the United States trustee, or any other person employed in the office of the United States trustee.

WHEREFORE, pursuant to 11 U.S.C. Sec. 327, the Debtor requests that it be authorized to employ and asks the court to appoint Larry La Roue to represent it in this proceeding under the Bankruptcy Code and that it have such other and further relief as is just and equitable.

Dated: March 14, 2002

Certified Resources, Inc.

By: 
Robert Rasmussen, Pres.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:) Bankruptcy No. 02-31033
CERTIFIED RESOURCES, INC.) Chapter 11 Case
Debtor.) SUPPLEMENTAL AFFIDAVIT OF
LARRY A. LA ROUE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

Larry A. La Roue, being first duly sworn upon oath, deposes and states as follows:

1. That I am an attorney duly licensed to practice before all Courts in the State of Minnesota and in the Federal District Court for the District of Minnesota.

2. That I am the attorney retained by the Debtor-in-Possession under Chapter 11 of Title 11 of the United States Bankruptcy Code.

3. That to the best of my knowledge and belief, I have not been, and am not now, connected with any party in this proceeding or to any of the Petitioner's creditors herein.

4. That I do not have any interest or connection with any person in the Office of the United States Trustee or the United States Bankruptcy Clerk's Office, with the Debtor, with any creditor, or with any party in interest or their accountant or attorney.

5. That to the best of my knowledge and belief, I do not have any interest adverse to Petitioner, or to this estate that would adversely affect the interest of the estate. I believe that I am in a position as attorney for the Debtor-in-Possession to

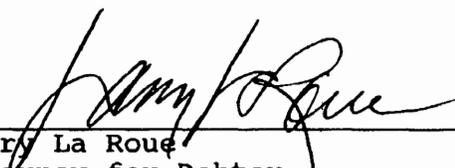
8
Filed on 4-9-02
Patrick G. DeWane, Clerk
By S. PA Deputy Clerk

develop a feasible and confirmable Plan that will be fair to the secured, priority unsecured and unsecured creditors in this matter.

6. That I am submitting this Supplemental Affidavit for the purpose of attesting to and acknowledging that an "Exhibit A" has been filed with the Court and served upon the U. S. Trustee. The "Exhibit A" properly identifies the scope of attorney representation in this case and the hourly fee for such representation.

FURTHER YOUR AFFIANT SAYETH NAUGHT.

Dated: April 8, 2002

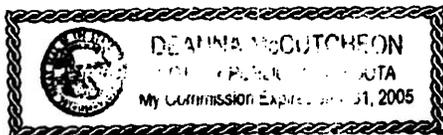


Larry LaRoue
Attorney for Debtor
312 Central Avenue, Suite 559
Minneapolis, Minnesota 55414
Tel (612) 379-2680
Atty Reg 60252

Subscribed and sworn to before
me this 8th day of April, 2002.



Notary Public



RETAINER AGREEMENT

THIS AGREEMENT made this 14th day of March, 2002, by and between Certified Resources, Inc. and Larry La Roue.

Recitals

FIRST: Certified Resources, Inc. (debtor) is engaged in business as a rare coin dealer. Certified Resources, Inc. is currently experiencing financial difficulties, and desires to seek protection of the United States Bankruptcy Court under Chapter 11 of the United States Code.

SECOND: Certified Resources, Inc. desires to retain Larry La Roue as counsel in this chapter 11 case.

Larry La Roue and La Roue Law Firm are willing to represent Certified Resources, Inc. in such case, subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the covenants hereinafter set forth, Certified Resources, Inc. and Larry La Roue agree as follows:

1. Certified Resources, Inc., subject to approval of the court, hereby retains Larry La Roue to represent it in any proceeding under chapter 11 or chapter 7 of the United States Bankruptcy Code. Such representation shall include: (a) review of the facts and circumstances concerning debtor's financial position; (b) assistance to debtor in the preparation of necessary documents in connection with this ongoing bankruptcy; (c) attendance at all court hearings occurring in the ordinary course of this case.

2. Larry La Roue agrees to provide the representation described in paragraph 1 hereof for a total fee determined in

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Filed on	4-9-02
Patrick G. DeWane, Clerk	
By SJA	Deputy Clerk

accordance with customary factors applicable to determining a fee for legal services including the following: (a) the time and labor required and the novelty and difficulty of the questions involved; (b) the likelihood that acceptance of representation of the debtor will preclude other employment; (c) the fee customarily charged in the particular locality for similar legal services; (d) the results obtained; (e) time limitation imposed by the debtor or the circumstances; (f) the nature and length of the professional relationship of the attorney and the debtor; and (g) the experience, reputation and ability of the lawyer or lawyers performing the services. The total fee payable by the debtor to Larry La Roue will be subject to review and approval of the Bankruptcy Court. Basic charge rate will be \$125.00 per hour.

3. For the representation described in paragraph 1 hereof, debtor agrees to pay Larry La Roue a retainer of \$4,170.00 to be applied to professional services rendered by Larry La Roue and \$830.00 to be applied towards disbursements incurred by Larry La Roue.

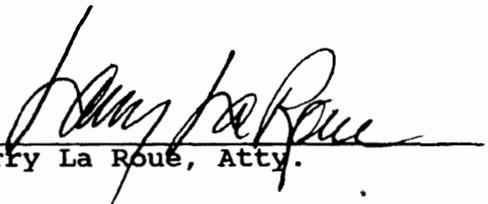
4. Certified Resources, Inc. acknowledges and agrees that the retainer described in paragraph 3 shall not extend to or cover fees and expenses incurred by Larry La Roue in connection with extraordinary litigation occurring in this case.

5. Certified Resources, Inc. agrees that Larry La Roue may, from time to time, as permitted by law, apply for interim compensation during the pendency of these proceedings.

IN WITNESS WHEREOF, the parties have executed this Agreement
on the day and year first above written.

CERTIFIED RESOURCES, INC.

By: 
Robert Rasmussen, Pres.


Larry La Roue, Atty.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA
THIRD DIVISION

In re:	Bankruptcy No. 02-31033
CERTIFIED RESOURCES, INC.,	Chapter 11 Case
Debtor.	ORDER AUTHORIZING RETENTION OF COUNSEL

At St. Paul, Minnesota:

The above-named Debtor has applied for authority to employ counsel and upon the records, filings and proceedings herein, it appearing to the satisfaction of the Court that the retention of counsel is necessary;

NOW, THEREFORE, it is ordered that the above-named Debtor as Debtor-in-Possession be and hereby is authorized to retain Larry La Roue, Attorney at Law, 312 Central Avenue, Suite 559, Minneapolis, Minnesota 55414, as attorney for the Debtor-in-Possession on a general retainer and to represent the Debtor in all matters requiring the services of an attorney at law by the Court.

Dated: _____

Bankruptcy Judge

VERIFICATION

I, Sarah J. Wencil, trial attorney for the United States Trustee, named in the foregoing pleading declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Executed on: August 27, 2004

/s/ Sarah J. Wencil
Sarah J. Wencil
Trial Attorney
IA ATTY NO 14014
1015 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415
TELE: (612) 664-5500
FAX: (612) 664-5516

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Certified Resources, Inc.

Chapter 7

Debtor.

BK 02-31033

Memorandum of Law

The United States Trustee (UST) submits this Memorandum of Law in support of his Objection to the Application for Allowance of Compensation and Reimbursement of Expenses (the Application).

Facts

The facts set forth in the objection are adopted here.

Statutory Authority

Compensation and reimbursement for expenses of a professional, hired pursuant to 11 U.S.C. § 327, are awarded under 11 U.S.C. § 330. Section 503(b)(2) provides: After notice and a hearing, there shall be allowed administrative expenses, ..., including -- compensation and reimbursement awarded under section 330(a) of this title.” Section 507(a)(1) provides the priority for allowed expenses and claims in a bankruptcy case and grants administrative expenses allowed under Section 503(b) first priority.

In a Chapter 11 case, a condition of confirmation of a proposed Plan of Reorganization is that Section 507(a)(1) priority administrative expenses are paid in full on the effective date of the plan of reorganization. *See* 11 U.S.C. § 1129(a)(9)(A). Therefore, the issue of whether a retainer is property

of the estate and may be used to pay all administrative expenses of the same priority on a pro rata basis is moot in a successful Chapter 11 case. Likewise, cases that survive to the first interim application period in Chapter 11, wherein professionals generally obtain approval to draw from a retainer, also do not face the issue presented here.

In Chapter 7, where the estate is being liquidated. There may not be sufficient funds to pay all Chapter 7 and Chapter 11 administrative expenses in full. Section 726 governs the order of priority for distribution, and provides in relevant part:

(a) Except as provided in section 510 of this title, property of the estate shall be distributed –

(1) first, in payment of claims of the kind specified in, and in the order specified in, section 507 of this title, proof of which is timely filed under section 501 of this title or tardily filed before the date on which the trustee commences distribution under this section;....

(b) Payment on claims of a kind specified in paragraph (1), (2), (3), (4), (5), (6), (7), or (8) of section 507(a) of this title, or in paragraph (2), (3), (4), or (5) of subsection (a) of this section, shall be made pro rata among claims of the kind specified in each such particular paragraph, except that in a case that has been converted to this chapter under section 1009, 1112, 1208, or 1307 of this title, a claim allowed under section 503(b) of this title incurred under this chapter after such conversion has priority over a claim allowed under section 503(b) of this title incurred under any other chapter of this title under this chapter before such conversion and over any expenses of a custodian superseded under section 543 of this title.

11 U.S.C. § 726(a)(1) & (b).

The Bankruptcy Code provides in these sections that all administrative expenses holders are to be paid on an equal pro rata basis, according to priority. Chapter 11 administrative expenses are not

entitled to the same priority as Chapter 7 administrative expenses.

Issue

The issue before the Bankruptcy Court in this matter is whether the grant of a pre-petition retainer to a professional in a Chapter 11 case grants that professional a security interest or absolute right to payment from the retainer, ahead of or separate from other administrative expense holders of a similar or superior priority, as established by the Bankruptcy Code.

Argument

A recent Minnesota case considering the same issue held that under Minnesota state law, there is no security interest in a retainer and the retainer, as property of the estate, should revert back to the Chapter 7 estate after conversion of the case. In *In re Brick Hearth Pizza, Inc.*, the Court held

In the context of a Chapter 11 case, ...upon the filing of a bankruptcy petition, the balance of a pre-petition retainer passes into the estate, as property subject to administration. As such, it is subject to turnover to the fiduciary in charge of that administration, and may be applied to other expenses of maintaining the estate.

302 B.R. 877, 882 (Bankr. D. Minn. 2003). In *Brick Hearth*, the debtor consisted of a small business which operated a restaurant. *Id.* at 879. Approximately two months after filing, upon motion of the United States Trustee, the case converted to Chapter 7 after the insider suffered medical trauma, a burglary and substantial post-petition administrative expenses were incurred. *Id.* In reaching the holding above, the Court noted that Minnesota state law does not grant a property right in the form of a charge against a retainer held by counsel. *Id.* at 880 -81 (*citing St. Cloud Nat'l Bank & Trust Co. v. Brutger*, 488 N.W.2d 852, at 855 (Minn. Ct. App. 1992)). Thus, the retainer is

not earned by counsel until the fees are applied to the services performed. *Id.* at 882 (citing *In re Madhendra*, 131 F.3d 750, 756 (8th Cir. 1997)). See also *In re Chips N' Twigs, Inc.*, 58 B.R. 109, 111 (Bankr. E.D. Pa. 1986) (and cases cited therein: *In Re Colter, Inc.*, 53 B.R. 958, 961 (Bankr.D.Colo.1985); *In Re American Resources Management Corp.*, 51 B.R. 713 (Bankr.D.Utah 1985); *American International Airways, Inc.*, 47 B.R. 716, (Bankr. E. D.Pa.1985); *In Re IML Freight, Inc.*, 52 B.R. 124 (Bankr.D.Utah 1985)); *In Re Mobile Air Drilling Co., Inc.*, 53 B.R. 605, 609 (Bankr.N.D.Ohio 1985); *In Re Roblin Ind., Inc.*, 52 B.R. 241 (Bankr.W.D.N.Y.1985); *In Re Becker*, 51 B.R. 975 (Bankr.D.Minn.1985).

It has long been well-settled in this District that pre-petition retainers are property of the estate. Prior to *Brick Hearth*, Minnesota Bankruptcy Courts, which addressed this issue in the Chapter 11 context, held that the prepetition retainer is property of the estate and is not necessarily available to other professionals in the Chapter 11 case, but left open the issue of whether the retainer should be applied if there were going to be incurred additional administrative expenses of higher and equal priority:

A prepetition retainer taken by a debtor's attorney for services to be rendered and costs to be incurred during the pendency of a bankruptcy case is held in trust, except to the extent that attorneys's fees are allowed by the Court and ordered paid pursuant to 11 U.S.C. § 330 and § 331, until the case is closed or until the Court orders otherwise. Such a retainer, taken prior to the filing of a petition, becomes property of the estate upon commencement of the case, subject however, to the terms of the trust. See 11 U.S.C. § 541(d).

A prepetition retainer held in trust by a debtor's attorney to compensate for services to be rendered and costs to be incurred during the pendency of the bankruptcy case is not ordinarily available as a source of payment for other administrative expense claims under 11

U.S.C. § 503(b), except to the extent that trust funds might remain after full and final compensation has been allowed a debtor's attorney in whose favor the trustee was created. However, such trust funds can be made available for other uses prior to final determination of compensation by order of the court based on cause, such as overreaching or bad faith on the part of a debtor's attorney....

The extent to which allowed interim compensation should be ordered to be paid is within the discretion of the Court, and the determination should be based on circumstances of the particular case. Even where the entire allowed amount could be satisfied out of a prepetition retainer, there might exist cause to withholding partial payment. Cause for withholding in a Chapter 11 case is more readily apparent under circumstances where the retainer is insufficient to pay the allowed compensation and reimbursement in full; where no significant income to the estate is foreseeable; where no reorganization is possible; where nothing remains to be done except to effectuate complete liquidation and disbursement; and where future accrual of other administrative expenses of higher and equal priority is likely.

In re Kinderhaus Corp., 58 B.R. 94, 97 (Bankr. D. Minn. 1986); *In re Fitzsimmons Trucking, Inc.*, 124 B.R. 556, 560 (Bankr. D. Minn. 1991) (holding in a Chapter 11 case, that it was impermissible for a lien to attach to an attorney retainer in a Chapter 11 case and that the attorney retainer remained property of the estate); *See also In re Benjamin's-Arnolds, Inc.* 123 B.R. 830, 840 (Bankr. D. Minn. 1990) ("Debtors' attorneys, however, experience financial risk even with an "evergreen" retainer, since they could be compelled to disgorge such retainers if in a particular case there were insufficient assets to pay all similarly-situated or superior administrative claimants"; *Snyder v. Dewoskin (In re Mahendra)*, 131 F.3d 750, 756 (8th Cir. Dec. 17, 1997) (holding that in most jurisdictions the retainer remains property of the estate and can be withdrawn by counsel only through the fee application process).

In the present case, the circumstances support directing the turnover of the retainer to the

Chapter 7 trustee. The pre-petition financial situation of the debtor and the situation of the debtor at the time of filing made it clear that this case was not appropriate for Chapter 11, or in the alternative, was such a high risk in chapter 11 that serious supervision was necessary in order for the debtor-in-possession to execute its fiduciary duties. The evidence that provides this conclusion is the following: the lack of a cash management system; the lack of controls over completing customer orders; the gross excess of payments to insiders versus revenues of the business; the allegations of employee fraud and lack of internal controls, e.g. bonding or insurance, to protect the debtor from such controls; the large number of customers as creditors; the obvious inaccuracies of the Statement of Financial Affairs which were prepared and signed under oath; large losses in previous years, etc.

As the case progressed, numerous flags arose that the case did not belong in Chapter 11 and was in Chapter 11 for an improper purpose: the administrative expenses incurred (based on cash disbursements and unpaid post-petition expenses in the Final Report) were more than double the cash receipts of the business by the time the case converted to Chapter 7 at the end of May 2004; the inappropriate and unauthorized payments to the insider for his pre-petition loans; the use of cash receipts from customers to pay insider and employee personal expenses, such as vehicles, instead of purchasing customer orders or instead of paying ongoing business expenses of creditors who were subject to the automatic stay, such as rent, utilities, medical insurance, etc; the case was quickly over and its end was triggered by the motion to appoint a Chapter 7 trustee by the committee, which was over one month that the debtor's initial operating report and Section 341 testimony were provided; and the insider and employee are now (or were) subject to criminal indictment in connection with their conduct with this case.

There is no reasonable basis to favor counsel over other Chapter 11 administrative expense holders when the case was such an extraordinary disaster and when the damage - in terms of the size and nature post-petition administrative expenses - is so great. Many of the unpaid administrative expense holders listed in the Final Report were of the nature of creditors who could not immediately terminate their services upon the filing of the bankruptcy case due to the automatic stay, such as the landlord, utilities, medical insurance companies.

Conclusion

The Bankruptcy Court should not authorize the payment of the allowed Chapter 11 administrative expense unless it can be shown that the debtor has sufficient cash on hand to pay all administrative expenses allowable under 11 U.S.C. § 507(a)(1) of a superior or equal priority under 11 U.S.C. § 726. It is not fair for a Chapter 11 administrative expense holder to apply a retainer to pay its administrative expense over similarly situated or priority administrative expenses.

All parties who incur administrative expenses that are finally allowed are deemed to have provided reasonable and necessary services to the bankruptcy estate. Usually, it is the debtor's counsel who holds a retainer for services. While several cases cite the "chilling" effect that disgorging a retainer for the benefit of all administrative expense holders would have on debtor's counsel in Chapter 11 cases, those cases also fail to note that debtor's counsel is – in all voluntary cases -- the party who files the Chapter 11 case in the first place and is generally in direct control of the disposition of the case. Other administrative expense holders, who do not have the protection of a retainer, become administrative expenses holders on an involuntary basis. While it is unfair that any administrative expense holder should go unpaid, it is more unfair that debtor's counsel can keep a case in Chapter 11

for the duration of a retainer, at the expense of other parties' interests. *See e.g. In re Fitzsimmons Trucking, Inc.*, 124 B.R. at 558-59 (holding that an evergreen retainer was not advisable because it upset the competing interests, e.g. creditors, by giving debtors' counsel enhanced protection from business failure and may cause the debtor to continue on longer than it should).

The United States Trustee requests that the Bankruptcy Court find that the retainer is property of the estate and that no lien attached to that retainer during the bankruptcy case and conclude that the applicant may not apply the retainer to its awarded fees.

Dated: August 27, 2004

HABBO G. FOKKENA
United States Trustee
Region 12

/s/ Sarah J. Wencil
Sarah J. Wencil
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Certified Resources, Inc.

Chapter 7

Debtor.

BK 02-31033

UNSWORN CERTIFICATE OF SERVICE

I, Terri Frazer, declar under penalty of perjury that on August 27, 2004, I mailed copies of the foregoing UNITED STATES TRUSTEE OBJECTION TO APPLICATION FOR ALLOWANCE OF COMPENSATION by first class mail postage prepaid to each entity named below at the address stated below for each entity:

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Terri Frazer

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

In re:

Certified Resources, Inc.

Chapter 7

Debtor.

BK 02-31033

ORDER

At St. Paul, Minnesota, the _____ day of _____, 2004, the Application for Allowance of Compensation and Reimbursement of Expenses by La Roue Law Firm (the Application) came before the undersigned. Appearances are noted in the record.

Based on the pleadings, files the arguments of parties, the findings of fact and conclusions of law made on the record, the Court being fully advised of the premises –

IT IS HEREBY ORDERED:

1. Larry La Roue and La Roue law firm are awarded and allowed compensation of \$3,437.50 and reimbursement of expenses of \$ 830 as a Chapter 11 administrative expense.
2. The retainer of \$ 5,000 paid by the Chapter 11 debtor to the Law Roue law firm is property of the estate, and the La Roue law firm is directed to turn over the retainer to the Chapter 7 estate within ten (10) days of the entry of this order.
3. The Chapter 7 Trustee is authorized to pay the allowed award to La Roue law firm in accordance with the final distribution and the priorities for distribution set forth under the Bankruptcy Code.

The Honorable Dennis D. O'Brien
United States Bankruptcy Court