

U. S. BANKRUPTCY COURT
DISTRICT OF MINNESOTA (ST. PAUL)

Bankruptcy Petition #: 03-38294

ADV 04-3086

Date Filed: 12/10/03
Assigned to: Judge Dennis D. O'Brien
Chapter 7 voluntary individual no asset

**COMPLAINT OBJECTING TO DISCHARGE
OF THE DEBTOR OR TO DETERMINE THE
DISCHARGEABILITY OF CERTAIN DEBTS**

Attorneys

ERIK MICHAEL HOLLERUD
d/b/a
HOLLERUD OIL COMPANY
707 6th STREET N.W.
AUSTIN MN 55912
Debtor

MARK C. HALVERSON
HALVERSON & ASSOCIATES
P. O. BOX 3544
MANKATO MN 56002-3544
(507) 345-1535

U.S. TRUSTEE
1015 U.S. COURTHOUSE
300 SOUTH 4th STREET
MINNEAPOLIS MN 55415
U.S. Trustee

MICHAEL S. DIETZ
505 MARQUETTE BUILDING
P. O. BOX 549
ROCHESTER MN 55903
Trustee

BRADLEY NEWMAN
60496 - 160th STREET
ROSE CREEK MN 55970
Creditor and Complainant

Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company
Bankruptcy Petition #03-38294*

As and for his Complaint objecting to the discharge of the Debtor, or to determine the dischargeability of certain debts, Bradley Newman states and alleges as follows:

1. That the Debtor(s), Erik Michael Hollerud, and Hollerud Oil Company has listed him as a creditor.
2. That Erik Hollerud and Hollerud Oil Company are seeking to have their debts due and owing to Bradley Newman discharged in the Bankruptcy Petition.
3. That Bradley Newman is listed on Schedule F of the Creditors Holding Unsecured Non-priority Claims, as having a claim in the amount of \$100,000.00.
4. That, in fact, the amount due and owing to Bradley Newman is \$101,500.00, plus interest accruing on the judgment since October 8, 2003. A copy of that Judgment is attached to this Complaint.
5. That the debt arose out of an agreement by Erik Hollerud and Hollerud Oil Company to purchase a gas station which I owned in Rose Creek, Minnesota.
6. At the time Erik Hollerud and Hollerud Oil Company agreed to purchase the building, Erik Hollerud was partners in Hollerud Oil Company with Wallace Bustad.
7. The terms of the agreement between Erik Hollerud and Wallace Bustad provided that Erik Hollerud could not enter into any contracts for the purchase of any property without the consent of Wallace Bustad.
8. At the time Erik Hollerud agreed to purchase the property from me, he

Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company
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represented that he would be able to pay for the gas station. Based upon his representations, I agreed to sell the property to him.

9. Erik Hollerud and I went to the bank to secure financing for purchase of the gas station. Financing arrangements were made. At that time, Erik Hollerud did not reveal that he had an agreement with Wallace Bustad preventing him from doing this.

10. Erik Hollerud then took possession of the gas station and began major demolition and construction on the property.

11. At no time did Erik Hollerud inform me that he could not purchase the gas station because it violated his contract with Wallace Bustad. At no time did he inform me that he could not obtain financing because it was in violation of his agreement. At all times he represented to me that he could purchase the building. I relied on his representations in allowing him to proceed forward in occupying, running, and reconstructing the building.

12. Had Erik Hollerud told me the truth, I would not have let him operate the business. I would not have suffered any damages.

13. Erik Hollerud intentionally did not tell me the nature of his agreement with Wallace Bustad. He intentionally misrepresented the truth. He intentionally committed a fraud against me and Wallace Bustad. He essentially admitted this at the Meeting of Creditors. (I have attached a copy of the transcript from that hearing.)

14. Based upon information and belief, when Wallace Bustad found out that Erik

Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts

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Hollerud was trying to purchase the gas station, he contacted the bank and Erik Hollerud.

As a result, Erik Hollerud was not able to obtain financing.

15. Once he was unable to obtain financing, Erik Hollerud abandoned the gas station and left it in my hands.

16. I was unable to run the gas station as a gas station because of the amount of money it would have taken to restore the gas station. I was unable to resume my former business, repairing cars in the gas station, because I had already moved my business to my home. I was almost financially ruined – all because Erik Hollerud intentionally covered up the truth.

17. I then sued Erik Hollerud, alleging the facts as stated above. Erik Hollerud continued to deny his responsibility and claimed that I owed him \$21,000.00.

18. I obtained a judgment against Erik Hollerud and Hollerud Oil Company for \$101,500.00, as detailed in the attached Findings of Fact, Conclusions of Law, Order for Default Judgment, and Default Judgment.

19. Shortly after I got my judgment against him, Erik Hollerud filed for bankruptcy. It is my firm conviction that Erik Hollerud intentionally waited until I obtained my judgment against him before he filed for bankruptcy.

20. I believe that it was Mr. Hollerud's intention from the beginning to defraud me. Once he was caught, I believe that Mr. Hollerud attempted to get out of the fraud by filing bankruptcy.

Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts

*Debtor: Erik Michael Hollerud d/b/a Hollerud Oil Company
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21. Erik Hollerud's actions have caused me great financial hardship. Other than my house, the gas station was my only asset of any substantial value. As a result of Erik Hollerud's actions, I have had to refinance my house because the gas station's debt was secured with my house. The debts which I had against the gas station, which Erik Hollerud agreed to pay, were substantially greater than the value of the gas station once it was abandoned by Erik Hollerud. The gas station almost went into foreclosure and was sold at a substantial loss.

22. Prior to Erik Hollerud filing for bankruptcy, he lived a very affluent life style. He had multiple snowmobiles, ATV's, motorcycles, new trucks, and other property which he purchased. I don't know where this property is now, but he should have a lot more property, considering how much he took from me and Mr. Bustad.

REQUESTED RELIEF:

1. I am asking the court to deny Erik Hollerud's request that he be able to discharge his debt against me. He knew when he bought the property from me that he would not be able to pay me. He intentionally failed to disclose this to me. He tried to, and did, cheat me.

2. I am asking the court to deny Erik Hollerud's request to be granted a bankruptcy discharge. It is my personal belief, based upon what Erik Hollerud did to me and Wallace Bustad, that it was Erik Hollerud's intent to run up his bills as high as possible, and live as well as possible, until such time as he was forced to begin repayment

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of his debts. Then, he intended to file bankruptcy to discharge these debts. That is not my understanding of why a person is entitled to be relieved of his debts. He should not be entitled to a fresh start if he is deceiving people, covering up the truth, and cheating people out of money.

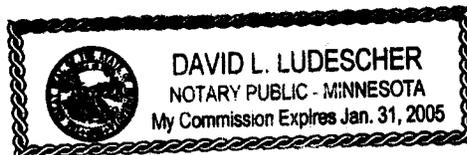
3. I am asking for such other and further relief as the court deems proper, fair, and equitable.

Under the penalties of perjury, I swear that the above statement is true and correct to the best of my knowledge and information.


Bradley Newman

Subscribed and sworn to before me this
17 day of March, 2004.


Notary Public



COPY

David L. Ludescher
Attorney at Law
515 S. Water Street
Northfield, MN 55057

STATE OF MINNESOTA
COUNTY OF MOWER

Erik Hollerud
C/O Arthur Hollerud
18189 US Hwy 218
Austin, MN 55912

NOTICE OF:

- Filing of Order
- Entry of Judgment
- Docketing of Judgment

File: C0-02-857

In Re: Bradley John Newman
vs.
Erik M. Hollerud, and
Hollerud Oil Co.

- YOU ARE HEREBY NOTIFIED THAT ON, AUGUST 29, 2003 AN ORDER WAS DULY FILED IN THE ABOVE ENTITLED MATTER.
- YOU ARE HEREBY NOTIFIED THAT ON OCTOBER 8, 2003, A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER.
- YOU ARE HEREBY NOTIFIED THAT ON OCTOBER 8, 2003, A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER IN THE AMOUNT OF \$101,500.00.

A true and correct copy of this Notice has been served by mail upon the parties above named herein and at the last known address of each, pursuant to Minnesota Rules of Civil Procedure, Rule 77.04.

Dated: October 8, 2003

PATRICIA A. BALL
Court Administrator

By: Mindy L. Bush
Mindy L. Bush

RECEIVED OCT 10 2003

ORIGINAL

David L. Ludescher
Attorney at Law
515 S. Water Street
Northfield MN 55057

Erick Hollerud
c/o Arthur Hollerud
18189 US Hwy 218
Austin MN 55912

STATE OF MINNESOTA

COUNTY OF MOWER

NOTICE OF:

XXX Filing of Order

Entry of Judgment

Docketing of Judgment

File No: C0-02-857

IN RE: Bradley John Newman vs. Erick M. Hollerud and Hollerud Oil Company

XXX YOU ARE HEREBY NOTIFIED THAT ON September 4, 2003, AN ORDER WAS DULY FILED IN THE ABOVE MATTER.

YOU ARE HEREBY NOTIFIED THAT ON , A JUDGMENT WAS DULY ENTERED IN THE ABOVE ENTITLED MATTER.

YOU ARE HEREBY NOTIFIED THAT ON , A JUDGMENT WAS DULY DOCKETED IN THE ABOVE ENTITLED MATTER IN THE AMOUNT OF \$.

A true and correct copy of this Notice has been served by mail upon the parties named herein at the last known address of each, pursuant to Minnesota Rules of Civil Procedure, Rule 77.04.

Dated: Sept. 8, 2003

PATRICIA A. BALL
Court Administrator

By: Mindy L. Bush
Mindy Bush
Deputy Court Administrator

STATE OF MINNESOTA

COUNTY OF MOWER

DISTRICT COURT
CIVIL DIVISION
THIRD JUDICIAL DISTRICT
Case Type: Contract

Bradley John Newman,

Plaintiff,

vs.

Erik M. Hollerud, and
Hollerud Oil Co.,

Defendants.

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
ORDER FOR DEFAULT JUDGMENT
AND DEFAULT JUDGMENT**

Court File No. C0-02-857

The above-entitled matter came on before the court on June 2, 2003, at 8:30 a.m., at the Mower County Courthouse, 201 First Street N.E., Austin, Minnesota 55912, before the Honorable Fred W. Wellmann, Judge of District Court.

The matter was before the court on order of the court dated May 19, 2003. That Order directed that pre-trial and dispositive motions be heard on June 2, 2003, at 8:30 a.m. Prior to the hearing, Plaintiff filed Motions requesting, among other relief, default judgment against Defendants in the amount of \$113,000.00.

Plaintiff appeared in person and with counsel, David L. Ludescher; Defendant Erik M. Hollerud did not appear; Defendant Hollerud Oil Company did not appear; neither Defendant was represented by counsel.

Based upon Plaintiff's Motion for Default Judgment and other relief, having considered all the evidence, including all the files and records in this matter, the court makes the following:

FINDINGS OF FACT

1. This matter was set for a Settlement and Pre-trial Conference on May 14, 2003. At that hearing, Plaintiff appeared with counsel, David L. Ludescher. Neither Erik M. Hollerud nor Hollerud Oil Company appeared in person. Approximately one week before the scheduled court date, Defendants' attorney had presented a letter to the court advising the court that counsel was no longer representing either Defendant.

2. As a result of the May 14, 2003, hearing, the court issued an Order dated May 19, 2003, requiring that attorney Bryan J. Baudler provide to the court and Mr. Ludescher, within 10 days of the Order, the last known address of Erik Hollerud and Hollerud Oil Company. The court further ordered that the matter be tried on June 3, 2003, at 9:00 a.m., at the Mower County Courthouse, Austin, Minnesota. Lastly, the court provided that pre-trial or dispositive motions would be heard on June 2, 2003, at 8:30 a.m., at the Mower County Courthouse, Austin, Minnesota.

3. Attorney Bryan J. Baudler provided to the court and Mr. Ludescher the last known addresses of Erik Hollerud and Hollerud Oil Company, and was allowed to withdraw as Defendants' attorney.

4. Plaintiff served Erik Hollerud and Hollerud Oil Company with motions for discovery, Motion for Default Judgment, and Motion for Summary Judgment against Defendants on or about May 23, 2003.

5. On June 2, 2003, which was the date of the originally scheduled trial in this case, the court heard the pre-trial and dispositive motions of Plaintiff. There was no

appearance at this hearing either by Defendants or counsel for Defendants.

6. At the June 2, 2003, hearing, Plaintiff submitted a Motion on discovery, requesting that the court find that Plaintiff's Request for Admissions be deemed admitted because Defendants had failed to deny within the time period set forth in the Rules of Civil Procedure. These admissions, in their entirety, are as follows:

1. That on or about March 30, 2001, Defendant, Erik Hollerud, entered into an agreement, as set forth on the attached Exhibit A entitled "Lease Agreement".
2. That Defendant's Answer and Counterclaim admits that Defendant, Hollerud Oil Company, entered into this Agreement.
3. That Erik Hollerud agreed to pay \$412.00 per month to Sterling Bank and \$588.00 per month to Rose Creek State Bank.
4. That Erik Hollerud was aware that the loans to be paid were Plaintiff's loans.
5. That prior to March 30, 2001, Defendant, Erik Hollerud, attended a meeting with Brian Wolff, of Farmers State Bank in Rose Creek, Minnesota, for the purpose of discussing how the purchase of the property would be financed.
6. At this meeting was Plaintiff, Defendant's father, Art Hollerud, and Bonnie Olsen.
7. That Defendant secured financing through Wells Fargo in Austin, Minnesota, for the purposes of purchasing the business.
8. That Art Hollerud drew up the document entitled "Lease Agreement".
9. That Art Hollerud previously had an interest in Hollerud Oil.
10. That Art Hollerud sold his interest in Hollerud Oil to Wallace Bustad.

11. That the Agreement between Wallace Bustad and Erik Hollerud provided that Erik Hollerud could not make any major expenditures without the consent of Wallace Bustad.
12. That Attached hereto as Exhibit B is a true and correct copy of that Agreement.
13. That one of the purposes of the Lease Agreement was to give Erik Hollerud time to secure financing of \$33,197.24 to the Sterling Bank and \$60,399.00 to pay off the Rose Creek Bank.
14. That Erik Hollerud agreed to purchase the property if he could obtain financing.
15. That on or about March 30, 2001, when Erik Hollerud signed the document entitled "Lease agreement", Erik Hollerud was aware of the agreement with Wally Bustad.
16. That Erik Hollerud has defaulted on the agreement with Wally Bustad.
17. That Erik Hollerud has been sued by Wally Bustad for a breach in the contract provisions.
18. That there is a judgment entered in the amount of \$123,794.24 against Erik Hollerud and in favor of Wally Bustad in the County of Mower.
19. That Erik Hollerud agreed to purchase the property known as Route 56 if financing was available.
20. That the agreed purchase price for the financing would be equal to \$33,197.24, plus \$60,399.00, plus any accounts receivable from Bradley Newman.
21. That the total purchase price of \$125,000.00.

22. That the sale was never completed.
23. Prior to May 31, 2001, Erik Hollerud began construction on the property.
24. That the construction was done for the purposes of altering the building.
25. That the construction was done for the purpose of Mr. Hollerud operating a continuing business.
26. That Erik Hollerud vacated the property on or about June 1, 2001.
27. That Erik Hollerud operated the business as an ongoing business concern.
28. That Plaintiffs resumed operation of the gas station after Defendant vacated the property.
29. That the building was not returned in the same condition or repair as when it was originally leased.
30. That Erik Hollerud did not receive permission from Plaintiff to begin construction on the building.
31. That Defendants undertook the remodeling of the building at their own risk and expense.
32. There was no agreement for Plaintiffs to pay any remodeling costs to Defendants.
33. That Defendant should be responsible to Plaintiff to restore the property to its original condition.
34. That the approximate cost to restore the property to its original condition was in excess of \$40,000.00.
35. That Defendants used and sold inventory that was in the store during the lease term.
36. That Defendants did not purchase or pay for the inventory which was sold.

- 37. That Defendants retained the profit from the inventory sold while the business was being run.
- 38. That Defendants incurred bills and expenses in the name of the service station during the time it was operated by Defendants.
- 39. That Defendants did not pay the bills incurred during their lease term.”

6. Plaintiff's original Motion asked for judgment against Defendants in the amount \$113,000.00.

7. At the June 2, 2003, hearing, Plaintiff advised the court that Plaintiff was seeking a judgment in the amount of \$101,500.00, rather than \$113,000.00 because Defendants had a valid counter claim for \$11,000.00. Said amount was calculated as follows:

Original agreed purchase price	\$125,000.00
Less sale proceeds after default	<u>52,500.00</u>
Plaintiff's loss of equity	\$72,500.00
Repair and remodeling costs incurred by Plaintiff	<u>40,000.00</u>
Total loss incurred by Plaintiff	\$112,500.00
Less amount owed by Plaintiff to Defendant for fuel	<u>11,000.00</u>
Total Judgment Amount	\$101,500.00

8. Neither Erik M. Hollerud nor Hollerud Oil Company has responded to the June 2, 2003, Motion, nor has either Defendant presented any reason why default judgment should not be entered against them in the amount of \$101,500.00.

Based upon the above Findings of Fact the court makes the following:

CONCLUSIONS OF LAW

1. Default judgment is proper when a party has failed to plead, respond, or otherwise defend in an action. **Rule 55.01, Minnesota Rules of Civil Procedure.**

Neither Defendant nor Defendants' counsel appeared for the Settlement Conference on May 14, 2003. The court then issued an Order requiring the parties to appear for pre-trial and dispositive motions on June 2, 2003, which was the date originally set for the trial. The court rescheduled the June 2, 2003, trial date to June 3, 2003, in the event Defendants did appear and defend. Both Defendants have failed to defend this action by failing to respond to the court's order to appear and Plaintiff's motion for default judgment. Plaintiff's motion requested \$113,000.00 should Defendants fail to appear or otherwise defend.

2. Plaintiff served discovery requests, including Request for Admissions. If a party fails to respond to a request for admissions, such admissions are deemed admitted. **Rule 36, Minnesota Rules of Civil Procedure.** By failing to respond to the Request for Admissions, Defendants admitted Plaintiff's case and Plaintiff's request for \$113,000.00. (The amount was adjusted because of Plaintiff's admission of a valid counter claim.)

3. Default judgment against Defendants Erik M. Hollerud and Hollerud Oil Company in the amount of \$101,500.00 is proper. Defendants have not provided the court with any reason to believe that default judgment should not be granted, or any reason to believe that the amount of \$101,500.00 is incorrect.

Based upon the above Findings of Fact and Conclusions of Law the court makes the

following:

ORDER

Bradley John Newman shall be granted judgment against Erik M. Hollerud and Hollerud Oil Company in the amount of \$101,500.00.

IT IS SO ORDERED. LET JUDGMENT BE ENTERED ACCORDINGLY.

Date: August 26, 2003
FILED
IN THE OFFICE OF THE COURT
ADMINISTRATOR, MOWER COUNTY DIST
AUG 29 2003

Fred W. Wellman
Hon. Fred W. Wellman
Judge of District Court

Patricia A. Ball: adm

JUDGMENT

I hereby certify that Judgment in the amount of \$101,500.00 shall be entered in favor of Bradley John Newman and against Erik M. Hollerud and Hollerud Oil Company.

Date: October 8, 2003

Mindy L. Bush
Mower County Court Administrator
or Deputy

3-30-01

Lease Agreement

I Brad Newman of Rose Creek Heraby Agree To lease To Erik M. Hollerd The Property known as Route 50 For a period of 60 days Beginning Saturday March 31, 2001 until May 31st 2001.

Erik Hollerd agrees to pay on April 30th 2001 \$412 To Sterling Bank And \$588⁰⁰ To Rose Creek State Bank on Brads Loans. And 588⁰⁰ May 31st 2001 and \$412 To Respective Banks.

Erik Hollerd is Responsible for All utilities And operating Expense From April 1, 2001 To May 31st 2001

This lease is Give Erik Hollerd Time to secure Financing of 33,197.²⁴ And 60,399.⁰⁰ To pay of Brads Present Debt. And Purchase said Property.

Brad agrees to maintain liability insurance And whatever insurance He presently, has For 60 days.

Brad Newman
Erik Hollerd



Hollerud Oil Company

P.O. Box 553
Austin, Minnesota 55912
Phone 437-2004

FARM &
HOME
SERVICE

October 1, 1999

This is the agreement of Wallace Bustad to buy one half interest in Hollerud Oil Company.

WALLACE BUSTAD hereby agrees to purchase one half interest in Hollerud Oil Company, located at 2001 14th St. N.E., Austin, MN. Payable as follows: \$90,000.00 paid October 1, 1999 and the balance of \$75,000.00 Payable on January 3, 2000. One half interest includes the following:

- $\frac{1}{2}$ of money in checking account as of Oct. 1, 1999
- $\frac{1}{2}$ of the accounts receivable as of Oct. 1, 1999
- $\frac{1}{2}$ of 1994 LN 8000 with 2000 gal Brownie Tank
- $\frac{1}{2}$ of 1978 IT9000 Ford diesel 9 speed with 4500 gal tank
- $\frac{1}{2}$ of 1985 LN 8000 Ford with 2000 gal tank
- $\frac{1}{2}$ of 1988 Kenworth tractor f600A
- $\frac{1}{2}$ of 1979 Polar 9050 gal ML 306 Tanker
- $\frac{1}{2}$ of all office equipment
- $\frac{1}{2}$ of all the fuel tanks set at customers property
- $\frac{1}{2}$ of the equity in lot 4 Blk 1 Austin industrial park
- $\frac{1}{2}$ of the debt still owed to Dale Bellrichard on the above listed property
- $\frac{1}{2}$ of debt still owed on the 1988 kenworth tractor
- $\frac{1}{2}$ of the debt still owed on the 1979 Polar tank
- $\frac{1}{2}$ of the debt still owed on the 1978 IT 9000 Ford diesel

WALLACE BUSTAD owns half interest with ERIK HOLLERUD. All future liabilities and profits are owned 50/50 between Wallace Bustad and Erik Hollerud. Neither party will make any major expenditures without the consent of the other. Erik Hollerud will be responsible for the day to day operations, all hiring, all firing and general managing of the company.

Wallace Bustad and Erik Hollerud acknowledge that Arthur and Sharon Hollerud have NO ownership in Hollerud Oil Company.

WALLACE BUSTAD

ERIK HOLLERUD

Wallace Bustad

Erik Hollerud

Promissory Note, a copy of which is hereto attached as Exhibit "A".

3. Contemporaneously with the execution of this Agreement, Assignor shall execute and deliver to Assignee a Bill of Sale, a copy of which is hereto attached as Exhibit "B".
4. Assignor shall be relieved of any past or future liability for partnership debts, and shall be entitled to no further share of the partnership profits or assets.
5. Assignee shall be entitled to all of the partnership profits or any distribution of assets, and shall assume liability for all partnership debts and future partnership losses.
6. In further consideration for Assignee's promises herein contained, Assignor agrees to purchase from Assignee gas and diesel fuel needed for Assignor's business enterprises (now existing or hereafter created) until such time as Assignee has retired the existing indebtedness of Hollerud Oil Company to Wells Fargo Bank, and until Assignee has paid off the foregoing obligation to Assignor. For all products hauled to Assignor off a transport, Assignor shall pay to Hollerud Oil Company (or its successors or assigns) 2.5 cents per gallon above rack price plus inspection fee, state and federal taxes. For all products delivered by bulk truck to bulk storage tanks owned by Assignor or his business enterprises, Assignor shall pay to Hollerud Oil Company 5 cents per gallon over rack price, plus inspection fee, state and federal taxes. Assignor will immediately upgrade to a 2,000 gallon truck fuel tank, so that Assignee's deliveries of truck fuel to Assignor can be profitable. For any product delivered by Hollerud Oil Company to sites off of Assignor's general business office site, Assignor shall pay to Hollerud Oil Company the normal contractor's price charged by Hollerud Oil Company to all contractors at the time of each such delivery. Assignor's obligation to buy grease and oil from Assignee will be negotiable.
7. Assignor hereby acknowledges and agrees that he is indebted to Hollerud Oil Company in the amount of \$7,132.64 for fuel previously purchased from Hollerud Oil Company. Assignor agrees to pay such account by delivering to Assignee a check payable to Hollerud Oil Company in the amount of \$7,132.64 contemporaneously with the payment to Assignor of the \$25,000.00 payment referred to in paragraph 1 above.
8. As further consideration for the promises herein contained, both parties do hereby release the other from any and all other claims, demands, actions or causes of

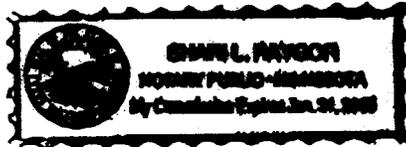
action which they might otherwise have against each other, whether arising out of their business relationship through Hollerud Oil Company, or otherwise.

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

Wallace Bustad
Wallace Bustad, Assignor

Erik M. Hollerud
Erik M. Hollerud, Assignee

August 8, 2003
Shari K. Fox
Administrative Assistant



Hollared CLK

Real Estate - Bulko Plant - (10,000 ⁰⁰ Financing) Business	150,000 ⁰⁰
4500 gal. Bulko Truck	35,000 ⁰⁰
1994 - White 2000 gal Bulko Truck	30,000 ⁰⁰
Red Bulko Truck	10,000 ⁰⁰
F 250 '95 Pickup with Tommy left	8,000 ⁰⁰
Accounts Receivable as of July 31-1999	64,822 ⁰⁰
Tanks we have out to Customers	10,000 ⁰⁰
Inventory on Hand (Paid for as of 9/30/99)	36,695 ⁰⁰
Office Equipment (copies was 1000 ⁰⁰)	2,000 ⁰⁰
	<u>346,377⁰⁰</u>

Company has liabilities of 20,086⁰⁰
 monthly Payments (Transport Tractor + Trucks)

Bills Richard Contract (8-1-99) 72,529⁰⁰
 8 1/2% @ 2044.52 per month (Last Payment Jan 2003)
 (Original Note was \$165,000⁰⁰)
 Thomas Pre-Paid 24,000⁰⁰

10-5-99 Paid \$25,000⁰⁰ + 15,000⁰⁰ - \$90,000⁰⁰

2-8-00 Paid 25,000⁰⁰ 75,000⁰⁰

\$165,000 - 1/2 Partnership

ASSIGNMENT OF PARTNERSHIP INTEREST

AGREEMENT made on August , 2001, between Wallace Bustad of Austin, Minnesota, referred to as Assignor, and Erik M. Hollerud of Austin, Minnesota, referred to as Assignee.

RECITALS

(a) Assignor and Assignee are partners in a firm known as Hollerud Oil Company.

(b) Assignor desires to assign Assignor's interest in the partnership for a consideration.

(c) Assignee desires to obtain the interest for consideration.

In consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. Assignor assigns all of Assignor's right, title, and interests in the partnership, being a fifty percent (50%) share of the business, to Assignee for One Hundred Eighty-Three Thousand and no/100ths Dollars, (\$183,000.00), payable as follows:

\$25,000.00 upon the execution of this Agreement and upon the execution of the Promissory Note and Bill of Sale herein referred to, all of which shall be executed simultaneously; the balance of \$158,000.00 shall be payable in monthly installments of \$700.00 per month, payable on the first day of each month, the first such monthly payment to be payable on August 1, 2001; such monthly payments shall continue through July 1, 2006, resulting in total monthly payments in the amount of \$42,000.00. The balance of \$116,000.00 shall be payable in a lump sum payment in that amount on or before August 1, 2006. No interest shall accrue upon the foregoing deferred balances. Assignee may prepay all or any portion of the deferred balances at any time, without penalty.

2. Contemporaneously with the execution of this Agreement, Assignee shall execute and deliver to Assignor a

Office of County Recorder
Mower County Minn.

EXHIBIT "A"

- 7 Above ground storage tanks
 - 1 20,284 gallons
 - 2 17,331 gallons
 - 1 17,750 gallons
 - 1 13,009 gallons
 - 1 7,880 gallons
 - 1 14,276 gallons
- 1 steel loading dock with roof
- 2 5 h.p. electric motors with pumps
- 1 3 h.p. electric motors with pumps
- 1 2 h.p. electric motors with pumps
- 1 1985 LN8000 Ford with Cat 3208 engine 183,000 miles
VIN 1FDPR80UGFVA26020
- 1 1972 Brownie tank (2,000 gallons) with dual pumps and meter
- 1 1972 Brownie tank (2,000 gallons) with dual pumps and meters
- 3 Office desks
- 1 Refrigerator
- 1 Sharp QS1660 adding machine
- 1 4-drawer filing cabinet
- 1 Sentry safe
- 1 15" x 4.5' 3-door storage cabinet
- 1 3' x 5' 4-shelf steel shelf
- 1 Paymaster check machine
- 10 Fire extinguishers
- 2 Office swivel chairs
- 1 Customer counter 4' x 16'2"
- 2 Telephones
- 2 GE Executive II FM base radios with fiber glass antennas
- 3 GE mobile united (FM radios) in trucks
- 1 1 h.p. pressure washer with 50' hose and nozzle
- 1 3' x 6' work bench
- 1 5" vice
- 1 1/2 h.p. grinder
- 1 Assorted bolts and bins (40 bins)
- 1 23-drawer storage bin
- 1 John Deere 210 tractor with weight box and chains and 38" snow blower and 48" mower
- 1 Amoco sign 5' x 6' with 11' stand
- 1 20" x 10'6" 3-shelf wood storage
- 4 Pipe wrenches
- 2 Log chains
- 1 Floor jack
- 1 560 gallon diesel tank with electric pump


 ENTERED

UNITED STATES BANKRUPTCY COURT
District of Minnesota
OLMSTED COUNTY GOVERNMENT CENTER

01/23/04

341 MEETINGS: Chapter 7

Judge: Dennis D. O'Brien

DATE
FILED

TRUSTEE: MICHAEL S. DIETZ

1:00

03-38294 ERIK MICHAEL HOLLERUD MARK C. HALVERSON 12/10/03

Remain standing and raise your right hand. Do you swear the testimony you are about to give and the five dollars consideration will be the truth, and nothing but the truth, so help you God?

Judge: Are there any creditors present who have an interest in this matter?

A: Y

Q:

A:

Judge: Sir, uh, would you like to ask questions during the hearing?

Newman: Yes.

Judge: Okay, why don't you come on up and have a seat right here and here. And would you please state your names for the record.

Newman: Um.

Bustad: Go ahead.

Newman: Brad Newman.

Judge: Brad Newman. And you, sir?

Bustad: Wally Bustad.

Judge: Please have a seat. Mr. Hollerud have you received a copy of the U.S. Trustee's Information Statement?

Hollerud: Yes.

Judge: Did you sign the bankruptcy papers filed in this case?

Hollerud: Yes.

Judge: To the best of your knowledge is that information all true and correct?

Hollerud: Yes.

Judge: Have you listed all of your assets?

Hollerud: Yes.

Judge: Have you listed all of your creditors?

Hollerud: Yes.

Judge: Have you ever filed a bankruptcy before?

Hollerud: No.

Judge: During the last six years have you transferred or given away any money or property to a friend or family member?

Hollerud: Money or property?

Halverson: Yeah.

Hollerud: Yeah.

Judge: Okay, what was that?

Hollerud: A motorcycle?

Judge: Who'd you give that to?

Hollerud: Sue Adams.

Judge: Is she related to you?

Hollerud: No.

Judge: Okay, you just, you gave it away?

Hollerud: Yeah, I gave it to her.

Judge: Okay, when did you do that?

Hollerud: 2001.

Judge: And how much was that worth when you gave it to her?

Hollerud: Eight thousand.

Judge: And what was the make and model of that?

Hollerud: Uh, it was a Sportster. Harley Davidson Sportster.

Judge: Harley Sportster. What year was that?

Hollerud: 2002.

Judge: And she didn't

female: Transferred it in 2001?

Hollerud: I don't know if she transferred it in 2001 or right after. It was in December of 2001.

Judge: Okay. So in December of 2001 you transferred the

Hollerud: I didn't transfer it, she did.

Judge: She transferred it to?

Hollerud: I gave it to her so she took the title and she transferred it.

Judge: Okay.

Halverson: He gave her the motorcycle, but she actually transferred the title the paper work I think is what he means.

Judge: Okay.

Hollerud: Yeah.

Judge: Was the title ever in your name?

Hollerud: Yeah.

Judge: So when you transferred the motorcycle to her, did you sign the title and put it into her name?

Hollerud: Yeah.

Judge: Okay. And at that point she didn't owe you any money for it?

Hollerud: No.

Judge: And she didn't pay you any money for it?

Hollerud: No.

Judge: And then she subsequently transferred it to somebody else, apparently. Is that right?

Hollerud: No.

Judge: No. So th___s still title and she's still got it?

Hollerud: Yeah.

Judge: As far as you know?

Hollerud: Yeah.

Halverson: Uh, I believe that was your girlfriend at the time?

Hollerud: Yeah.

Halverson: And he transferred it to her.

Judge: Okay, is she still your girlfriend?

Hollerud: Yeah.

Halverson: She won't like you.

Judge: Hee, Hee, She's gonna be a little bit irritated. But, um

Hollerud: It's probably only worth about eight hundred dollars now, anyway.

Judge: Those things did appreciate at one time. Uh, other than that, have you transferred or given away any money or property to a friend or family member.

Hollerud: Nope.

Judge: Have you given Ms. Adams any other property?

Hollerud: No.

Judge: Have you paid any of her bills?

Hollerud: Nope.

Judge: Okay, in the last two years, have you ever had more than five hundred dollars of cash currency in your possession at any one time?

Hollerud: In the last two years?

Judge: Right.

Hollerud: Yeah.

Judge: Okay, and what would the source of that much cash have been?

Hollerud: In the last two years?

Judge: At any one time. So, have you ever had more than five hundred dollars, and I am talking about, like, twenty dollar bills not checks or anything like

that.

Hollerud: Yeah, I suppose from Hollerud Oil, or from when I was truck driving?

Judge: Okay.

Hollerud: Or from work?

Judge: Would that, would you've ever had that much cash from any source other than earnings from your employment or the income from your business?

Hollerud: You mean from some other source?

Judge: Right.

Hollerud: No.

Judge: Basically what I'm asking is did you sell anything for cash in that time.

Hollerud: No.

Judge: A big chunk of cash. Okay. During the ninety days before you filed your bankruptcy, did you pay any of your creditors a total of over six hundred dollars?

Hollerud: Ninety days.

Halverson: I don't know what you did.

Hollerud: I I paid you.

Halverson: Right.

Judge: Other than Mr. Halverson, I guess.

Halverson: You can correct me, but I think your things were wound down long before we even filed.

Judge: Okay.

Hollerud: No, I'd have to say no.

Judge: Okay. Did you use a credit card to make payments on any other credit card account debts?

Hollerud: No.

Judge: Do you expect to inherit any property in the near future?

Hollerud: No.

Judge: Have you made payments on anybody else's debts?

Hollerud: No.

Judge: Do you have any claims or law suits that you could bring or have brought against anyone?

Hollerud: I have a lawsuit going on right now for labor.

Judge: Okay, that you are suing somebody?

Hollerud: Yeah.

Judge: You did some work for them and they didn't pay you?

Hollerud: Yeah.

Judge: Who who are you suing?

Hollerud: Mike, Michael Benson.

Judge: And what work did you do?

Hollerud: You you want to know anytime after, you want to know after even after I filed, right? You're not talking about just before I filed?

Judge: I'm talking about just before you filed, although, if just because you filed the lawsuit later, I mean, the work that you did before you filed that you haven't been paid for.

Hollerud: Okay, yep.

Judge: That's what I'm curious about.

Hollerud: Yep, Mike Benson.

Judge: Okay, and and how much are you suing for?

Hollerud: Twenty seven hundred.

Judge: And is that law suit in conciliation court or something

Hollerud: It's a small claims court, and it's set up for February second.

Halverson: Okay, that claim existed before we filed, huh?

Hollerud: Yeah.

Halverson: Kay, we

Hollerud: Well, no, I didn't, I didn't actually, I didn't do it, uh, I didn't go to small claims court to file a petition until probably uh two weeks ago.

Judge: But it's for work that you did before you filed bankruptcy, though?

Hollerud: Yeah.

Judge: And what's his defense? Why does he say he shouldn't pay you?

Hollerud: Well he, he told, he personally guaranteed me that he would that he would pay my brother.

Judge: Okay.

Hollerud: That my brother had money coming, so then he ended up gypping my brother. He didn't pay him, so I'm going after Mike. Cause I feel like he basically guaranteed me that he would make sure I got paid and I did the labor and now all of a sudden he doesn't want to pay my brother so.

Judge: What was the original deal? That he was to pay your brother and your brother was to pay you for part of it.

Hollerud: Yep.

Judge: Okay. And what kind of labor was it?

Hollerud: Just manual labor, we were building a garage.

Judge: Building a garage. And when did you do the work?

Hollerud: February, March, April.

Judge: Of oh three?

Hollerud: Yep.

Judge: Of last year? And what's your brother's name?

Hollerud: Craig

Judge: Is he is he a contractor or something is is that why he was the front on it.

Hollerud: Yeah, actually, he wasn't for this job. The guy who owned the property was the contractor.

Judge: Okay. Anyway, in all events, it's set for conciliation court the second of February, right.

Hollerud: Yeah.

Judge: Where at? Over in?

Hollerud: Willmar, Minnesota.

Judge: Willmar? Alright. Other than that do you have any claims or law suits that you could bring or have brought against anyone?

Hollerud: I don't know

Judge: Do you expect to inherit any property in the near future.

Hollerud: No.

Judge: Let's talk for a moment about Hollerud Oil Company. Is that a corporation?

Hollerud: No.

Judge: Okay. Who are the owners of Hollerud Oil Company?

Hollerud: I am.

Judge: So, just you. Uh, brother have any interest?

Hollerud: No.

Judge: Uh, Sue Adams have any interest?

Hollerud: No.

Judge: Solely you. And is that business still operating?

Hollerud: No.

Judge: When did it stop?

Hollerud: October of uh 2003, er 2002.

Judge: October 2002. And at the time you filed your bankruptcy, were there any assets remaining from that?

Hollerud: Yes.

Judge: And what were those?

Hollerud: I had a couple trucks, uh, couple _____ trucks, real estate property

Judge: Okay.

Hollerud: There was a very little bit of inventory.

Judge: Well, let's start with the the trucks. Where are they now?

Hollerud: They're in Austin, Minnesota.

Judge: Okay. Are they in storage, is somebody using them, what?

Hollerud: No, nobody is using them, they're just sitting.

Judge: Mr. Halverson you gonna help me out here, what you exempted some or all

of his business property?

Halverson: Ah, we exempted the trucks that's a _____ the real estate is over-encumbered, the personal and other personalty the miscellaneous stuff is still in the business, right?

Hollerud: Yeah.

Judge: So the business is, let's see, it's at 2001-14th Street.

Hollerud: Yeah.

Judge: In Austin. And ah, somebody has a lien on that, a mortgage on it?

Hollerud: Yeah, Wells Fargo.

Judge: Wells Fargo. Have they started a foreclosure yet?

Hollerud: Yeah they have.

Judge: Have they had the sheriff's sale yet?

Hollerud: Yeah, they started on that property I think I think they did have

Halverson: They started on that property

Hollerud: I think I think they did have a sheriff's sale on it. I'd have to say yeah. I am not 100% sure, but.

Judge: Is the property secure, I mean is it locked up and winterized and all that stuff?

Hollerud: I don't know I got locked out of it from my um, from my banker back in probably January or February.

Judge: A a year ago?

Hollerud: Yeah.

Judge: Okay, so

Hollerud: It's got a gate all the way around it and they put a lock on the gate.

Judge: So, has it been sitting there empty since February of 2003? Almost a year?

Hollerud: It's been sitting there, they ah they wouldn't give me a key for it, so I I could never get in there. I know they had the lawn mowed and everything, so apparently somebody has a key.

Judge: But they're not op

Hollerud: I

Judge: Nobody's operating a business out of there, or anything like that?

Hollerud: No.

Judge: Who what's the name of the banker that's been dealing with this?

Hollerud: Well, I had a banker, Dick Burger was one of them, but then he left. I had a Lisa Olson.

Judge: Okay.

Hollerud: I believe ah they pretty much gave all that stuff up to a guy up in the cities named Gary

Judge: Tanellesure

Hollerud: Who?

Judge: Gary Tanellesure

Hollerud: That could be it, yeah.

Judge: Okay. Have you got any paperwork from the mortgage foreclosure? Did they serve you with anything? Some papers about that?

Hollerud: About what? About being locked out or about

Judge: About being locked out and about the foreclosure.

Hollerud: I didn't I didn't really want to be in there anyway. I mean, once once I left I told my banker I was leaving and I didn't have anything in there, everything I left in there I didn't need nothing and I didn't need to be on

the property, but I didn't ask to be locked out, but no they didn't send me any paperwork saying that they were going to lock me out early.

Judge: Alright, check on that. Other than

Halverson: I'll check my file if you want to see what date was the foreclosure.

Judge: I am just trying to figure out where we're at on that thing

Halverson: I cannot remember

Judge: You've got a forty thousand dollar receivable here that you've claimed part of it as an exempt? Tell me about that.

Halverson: That's the sum total of all of your old accounts receivable

Judge: Oh is that what it is?

Hollerud: Yeah, from Hollerud Oil.

Judge: What have you been doing in terms of collecting those?

Hollerud: Nothing.

Judge: So

Hollerud: It's the bank the bank has a uh

Judge: The bank has a lien on those?

Hollerud: No. well they have, what is it called, a security interest?

Halverson: Yeah, they have a lien on everything.

Judge: Okay. Have they been collecting 'em, do you know?

Hollerud: No, because I I didn't turn over my accounts receivable to 'em. They haven't they've asked me to, but I thought I had to wait for bankruptcy deal and for the Trustee.

Judge: Okay.

Halverson: They were mostly pretty stale accounts weren't they?

Hollerud: Pretty what?

Halverson: Pretty old.

Hollerud: Well yeah, they were from right up 'til 2002, I guess.

Judge: When was the last time they would have gotten a bill or an invoice or anything?

Hollerud: A year.

Judge: A year. And you've gotten crossed up with Mr. Reese on something. What is that? Somebody got a judgment against you.

Hollerud: Yeah they got a judgment just before we filed, and I think they filed the paperwork to vacate it since then.

Judge: That's what I have, is a motion to vacate. Fauser Oil Company. What were they suing you about?

Hollerud: I owe them fuel.

Judge: Okay, so are they like a wholesaler and you're a retailer, is that your supplier?

Hollerud: Yeah, they're my supplier.

Judge: Okay. All right, Mr. Newman do you have any questions?

Newman: Uh, I'd like Wally, uh Mr. Bustad to go ahead and then I'd like to follow if that's alright?

Judge: Alright, Mr. Bustad or uh Westin?

Bustad: Boostad or Bustad, either way. I'd like to ask Erik at first there I was in I lent him hundred sixty five thousand so we can partnership there silent partner I was and I'd like

Judge: Of Hollerud Oil?

Bustad: Of Hollerud Oil and uh then he entered in contract with Brad Newman, here, on Route 56 and his dad made the contract up for both of us and said in the first contract you do not make another one without informing me. He made one with Brad and then I found out about and then he couldn't borrow his money so he moved out of his station and was void then so I'd like to know about that. And then after I found that out he just owed me like a hundred and what was it a hundred and twenty five thousand or something like that make payments how he got out of that got out of that contract. And uh then I was gonna ask about that motorcycle that's already been explained his girlfriend there he give that to her. Yeah, and I understand a year ago he had a chance to sell this business _____ Co-op 56 and he didn't didn't do it. and then uh this is what the boss come around and then he give all the accounts and phone number to the co-op of his business as I understand it with no charge and the guy come around to check on all the business afterwards and said that he couldn't believe it why would a person going broke give all this business away without trying to receive some money and they offered to try and buy it the year before. So that's what I wanted to ask there.

Judge: Alright, let me stop you there so that we can kinda turn these into questions. So. Mr. Hollerud what did you give to this Co-op 56 in terms of accounts?

Hollerud: Um, I gave them a I gave them a name list of my accounts my drivers who worked for me already knew all of the accounts but I had I only had 12 days from when my my supplier called me up and told me that had to receive that I had to obtain a letter of credit from the bank to guarantee however much money I wanted to pull so if I wanted to pull \$150,000.00 in a 12 day period worth of fuel I had to have a letter of credit for that.

Judge: Okay.

Hollerud: So I and they told me that they would give me 12 days to obtain it and after that they were going to cut me off unless I had one so in 12 days there is really not enough time to sell a business the co-op was not interested in buying the business. They were about a you know a couple I think it was in 2000 or 2001 they were interested but then they didn't want to pay enough to get me out of it so it wasn't feasible to sell it anyway back to the letter of credit deal you know and you only have twelve days and we were going into fall farmers needed fuel you know I guess I guess I could have just closed the doors not worried about anything and where Scottie went to work or whatever my driver but he did go to Co-op and get a job and I gave

him my name list of the accounts that we had I couldn't sell it the Co-op wasn't going to buy it they weren't going to pay me any money for it and they didn't.

Judge: Are there any other competitors in town that would have bid on it or wanted that list?

Hollerud: Not in town there.

Judge: Is there any other viable buyers for it are there potential buyers for it is what I'm asking?

Hollerud: Not in 12 days. You can't close in 12 days and if I cannot sell fuel in 12 days the farmers are gonna go somewhere anyway.

Halverson(?): I think he's talking about just your list of customers. If that has any value in its own right?

Hollerud: I never tried to sell it to anybody. I never tried to sell the uh list to anybody.

Halverson(?): But he's asking if you think it did have a value and if you know

Hollerud: No I do not think it had a value personally I do not think it did because of the fact that when you go out of business these guys are gonna go somewhere anyway. All these accounts

Judge: Did you have a non-competition agreement with Scotty or any kind of confidentiality agreement with him that would have prevented him from going someplace else and telling them alright here's the

Hollerud: No.

Judge: Okay. All right, let's uh so I think I understand that, um and when Co-op 56 was looking at buying your operation if I understand you right they just weren't willing to pay you enough to pay off your debts so that you could pay the bank and be out of it.

Hollerud: That's right. You're talking about the co-op?

Judge: Right. Were there any other potential buyers did you get any other deals on it.

Hollerud: No.

Judge: Let's go back to Mr. Newman's station was it.

Bustad: Yes, what I wanted to ask Mr. Erik is his dad made my original contract out and

Judge: Okay let me stop you there. So, the original contract was what? Some sort of a loan?

Bustad: No Yeah I bought into it I supposed to have half in it and I give like a hundred sixty five thousand.

Judge: When was that?

Bustad: Mm

Judge: About. I do not need the exact, what year? Do you know when this was?

Hollerud(?): Ninety nine, October '99.

Judge: October '99 So, you gave him a hundred sixty thousand

Bustad: Hundred sixty five thousand

Judge: Hundred sixty five thousand. And for that what were you supposed to get? Half?

Bustad: Half and I had it all listed out, the trucks and everything, and he had like \$90,000.00 accounts receivable at that time I think.

Judge: And did that ever happen?

Bustad: Well until uh what was it 2002 he his dad is in real estate he made the contract out and he sold some land in Albert Lea for me and he knew I had the money and musta talked to Erik and he made the contract out there and then after that he made one with Brad Newman which it says in my contract you do not make another contract unless you talk to me.

Judge: All right hold on now. So he brought in another partner, is that what you are trying to say?

Bustad: No he was trying to buy a station. Erik Mr. Erik Hollerud was trying to buy a station in Little Scriptom(?)

Judge: Okay, and you're saying in your contract it prevented that.

Bustad: Yeah.

Judge: Okay. And did you do it anyway.

Hollerud: No.

Indistinct/Many voices.

Judge: Okay well let me ask you that, Mr. Newman, what went on?

Newman: Well, um, am I questioning him or am I um

Judge: Well tell me, why don't you tell me as long as you happen to be sitting here.

Newman: Well alright, Wally was part owner of Hollerud Oil, a silent partner, and which nobody really knew that Wally was involved. However, Art Hollerud wrote up, which is Erik Hollerud's father, is a realtor, wrote up our contracts with Wally when Wally invested in the business.

Judge: Okay, gotha.

Newman: Alright in this business in this contract, it was said that Erik can do complete business as normal unless it pertains to something other than buying fuel, repair of trucks, etc. Well then he voided his contract by coming to me and then Art Hollerud himself wrote another agreement with me for Erik and I for Erik to buy Route 56 gas station in which Erik did not contact Mr. Bustad. Alright. So then Mr. Bustad found out that this deal was going on and however, I didn't know that Mr. Bustad was part of this at this point in time. So Mr. Bustad went to the bank and stopped this purchase from happening.

Judge: How did you do that?

Bustad: Well then they couldn't borrow the money to buy the station from Brad.

Judge: And you did the bank want your guarantee or something or just?

Bustad: No.

Judge: You went in and said I'm half owner and I do not agree what's going on?

Bustad: Yeah.

Judge: Okay, I'm sorry to interrupt you guy.

Newman: Alright, so then we were in the midst of him purchasing my my service station in which when he decided to purchase it he wanted me out as soon as possible so I moved my whole business out of there out of the service station took it out to my residence and proceeded to build a shop. Alright, so that I could still repair cars he was going to make a convenience store. There was no conflict of interest there.

Judge: Okay.

Newman: Two months into it then he could not get the financing. He started to remodel the service station and which he did not complete it. A lot of bills was not paid. I was left with the inventory that was there to continue the operation.

Judge: The inventory that was there. So he backed out of the

Newman: Out of the deal.

Judge: Out of the deal. And whatever was left you came back in possession. And you got that now?

Newman: The gas station? No. I lost a lot of money and it was finally sold and my shop is at my residence, still not complete after all this time. Um, now I do not know what, oh, but Art Hollerud and Erik Hollerud both went to my bank to my banker to try to get a loan to purchase the gas station at one point also. However, what I am stating is that Erik was not able to buy Route 56 without Mr. Bustad's consent, which that would be fraud, and because you are supposed to contact your business partner. We went to court and I won a judgment against him for \$101,500.00 in Mower county and fraud was shown throughout.

Judge: How much was the judgment? \$101,000.00?

Newman: five hundred.

Judge: Okay. And that judgment was based on fraud?

Newman: Based on Yes sorry, because everything that I had invested everything I owned was invested in that gas station.

Judge: Let me ask you this do you have any questions for Mr. Hollerud now?

Newman: I guess um yes I do. Is it true that Art Hollerud is your father?

Hollerud: Yeah.

Newman: Is it true that Art Hollerud wrote the agreement to purchase Route 56 service station?

Hollerud: To purchase it?

Newman: Yes, or lease, lease to purchase it?

Hollerud: Yes. To lease.

Newman: Is it true that Art Hollerud was partial owner of Hollerud Oil at one point?

Hollerud: Yeah.

Newman: Is it true that Art Hollerud wrote the agreement for Mr. Bustad to purchase Art Hollerud's interest in Hollerud Oil?

Hollerud: Yeah

Newman: Why would you attempt to purchase Route 56 knowing the contract that you signed with Mr. Bustad knowing that you could not do so?

Hollerud: I tried to get pre-approved for credit to purchase your place, so I entered into a two month lease with you Brad, and it was to obtain to get pre-approved for credit. I didn't even know if I could do it. The only reason that I went in to try to buy Route 56 is because you owed me \$21,000.00 in fuel and that you could not pay. That is why I went to try to buy Route 56. I went to try to get credit so that I could take that \$21,000.00 off of what you owed me for fuel.

Judge: Alright gentlemen, I got to stop you here. Um it sounds to me, Mr. Newman, Mr. Bustad, that what you need to do is consider hiring an

attorney to, I'm not the bankruptcy judge, so I am not going to make any decision about whether your debt is wiped out or not by this bankruptcy. It sounds to me like you've at least got a collarable case particularly with your judgment to go to the bankruptcy judge and say that Mr. Hollerud shouldn't get out of this debt, because it was incurred through fraud. That's a very tricky procedure and you've got a very short time line now, that starts running from today, sixty days from today. To file that kind of a claim in in with the clerk of court in it's like a little mini law suit. But this proceeding today is really for investigation for me to find facts, and I appreciate your testimony because I found out your deal here, but I am gonna have to wrap it up and if you need to take more testimony there is a procedure in that section of law _____ 2004 exam where you can do that.

Newman: I have one more question. One more.

Judge: Absolutely.

Newman: Is it true that it was proven in court that Art Hollerud and yourself, Erik Hollerud, brought it in Route 56 and Mr. Bustad for financial gain to Art Hollerud and Erik Hollerud.

Hollerud: Is it proven?

Newman: Yes.

Judge: You know what it doesn't matter because the court has findings and its already decided one way or the other.

Newman: I wanted to know if Mr. Hollerud goes along with that or not.

Bustad: Can I ask one question first. I would like to ask him from what I understand it he sold one gas vehicle this gas truck to this Co-op 56 is it true that you had a loan at the bank at the time on that and they didn't take the title?

Hollerud: For what?

Bustad: For the truck you sold at the Co-op at 56.

Hollerud: No I didn't have a loan on it. I had a loan on it at one time, but it had been paid for quite a while.

Bustad: I thought they had it on their statement but they didn't have the title?

Judge: When did the sale take place?

Hollerud: February of 2002 I believe. Might have been January.

Judge: And how much did you get for the truck?

Hollerud: Fourteen thousand.

Judge: And what do you think the truck was worth at that time.

Hollerud: About that.

Judge: Alright. Gentlemen, I appreciate your time and your information. Mr. Hollerud do you have any property of any sort that we haven't discussed here today or you haven't listed on your bankruptcy schedule.

Hollerud: The house is on the schedule? No I don't.

Judge: Okay. Do you know where the Harley is today?

Hollerud: Yeah, it's in storage.

Judge: Where?

Hollerud: Geneva, Minnesota.

Judge: Is that somewhere near where is Geneva?

Halverson: It's a little column down by New Richland, kinda.

Female: Do you know where that's at?

Judge: Is it within 100 miles of Austin?

Hollerud: Yeah, 25-30 miles.

Judge: Alright, sounds good.

Halverson: Not to be confused with Lake Geneva.

Judge:

Halverson:

Judge: Is the storage paid on it? Why is it stored there? Is it just a storage locker?
What is it?

Hollerud: It's where I put it.

Judge: And its operable?

Hollerud: Yeah.

Judge: Is it insured?

Hollerud: I don't know.

Judge: Why don't you find that out and let me know, kay, and I mean the reality is that that's a likely a planned on fraudulent transfer and I am gonna ask your girlfriend for the motorcycle back, so do not let her do anything with it, okay, that's gonna cause more trouble for her than it's worth.

Hollerud: Yep.

Judge: Thank you very much.

BRADLEY NEWMAN
60496 – 160TH STREET
ROSE CREEK, MINNESOTA 55970

March 17, 2004

U. S. Bankruptcy Court
U. S. Courthouse, Room 200
316 North Robert Street
St. Paul, Minnesota 55101

RE: *Erik Michael Hollerud and Hollerud Oil Company
Bankruptcy Petition #03-38294*

Dear Sir or Madam:

Enclosed herewith for filing please find:

1. Complaint Objecting to Discharge of the Debtor or to Determine the Dischargeability of Certain Debts;
2. Affidavit of Service by U. S. Mail.

Thank you for your attention.

Sincerely,

Bradley Newman



Enclosures

cc: Attorney Mark C. Halverson – Attorney for Debtor
U. S. Trustee
Michael S. Dietz – Trustee