

1 THE COURT: Anybody here on Court Reporting
2 Institute? And you are?

3 MR. TSYVAN: Mr. Tsyvan.

4 THE COURT: So are you a principal of Court
5 Reporting Institute?

6 MR. TSYVAN: I was a student.

7 THE COURT: Oh, so you were a student. Okay.
8 And did you file something?

9 MR. TSYVAN: (Inaudible.)

10 THE COURT: Okay, let me have a look at the
11 docket sheet there. Okay, so you are — you're a student,
12 and I know I got a response from one student. Let's see,
13 a letter. Did you write me a letter?

14 MR. TSYVAN: Yeah, I sent you one.

15 THE COURT: Okay, I see it. T-s-v-y-a-n is how
16 you spell your name?

17 MR. TSYVAN: Yes.

18 THE COURT: Okay. You know, I'm not sure where
19 the trustee is, perhaps in another courtroom. So why
20 don't you wait for a few minutes and let's see if
21 Mr. Rigby shows up, okay?

22 MR. TSYVAN: No problem, thank you.

23 UNIDENTIFIED SPEAKER: Your Honor, I saw
24 Mr. Rigby check in so he's in the building.

25 THE COURT: He's probably in one of the other

1 courtrooms so let's wait until he has a chance to get in
2 here.

3 MR. TSYVAN: Thank you.

4
5 (Other matters were heard.)

6
7 THE COURT: So Mr. Rigby, are you also here on
8 the Sondheim matter?

9 MR. RIGBY: Yes, and I need to apologize to the
10 Court.

11 THE COURT: Let's talk about the Court Reporting
12 Institute one because there is a — sir, you want to come
13 up now? He's here who wrote me a letter. Let's just talk
14 about that one because I do have a concern, Mr. Rigby,
15 about that one. I mean, are you proposing to have this
16 collection agent, you know, go bang on the doors of
17 students who have essentially been defrauded?

18 MR. RIGBY: Of course you know that that's not
19 what the trustees is proposing to do.

20 THE COURT: But collection agencies, they — you
21 know, they run amok. They go off and they do what they
22 want, you know. And what controls do you have on what
23 they're going to do?

24 MR. RIGBY: Our option then would be to abandon
25 the claims. I mean there's—

1 THE COURT: I mean, are they all students?

2 MR. RIGBY: That's what this debtor did was it
3 ran a school. And obviously, there's some serious—

4 THE COURT: Obviously not a good one.

5 MR. RIGBY: That's true. And obviously there's
6 some serious problems with the school as the trustee does
7 not know that there were problems with every student's
8 education or what they received. I mean, there's I think
9 dozens or more than dozens of accounts with this
10 collection agency. In fact, there's a second collection
11 agency that the debtor was using. I mean, the Court would
12 agree that it's pretty standard procedure when a business
13 files bankruptcy and they've got accounts in collection,
14 it is the trustee's responsibility to pick those up and
15 pursue those.

16 Now, in my discussions with the collection people
17 they know that some of these — some of these accounts are
18 problematical in the sense that people can't pay, won't
19 pay, and they also know that some of the people probably
20 don't owe any money. I mean, I really have no knowledge
21 as to whether or not every student who owes money to the
22 debtor has really a defense, which was that they didn't
23 get the proper consideration for their agreement. And
24 obviously the gentleman who wrote this letter, is this
25 you?

1 THE COURT: Yes.

2 MR. RIGBY: Okay, I mean, obviously there's
3 problems with what he got on that. You know, I don't know
4 what to say. I mean, we either take these forward and
5 take them on a case-by-case basis whereas if it sounds
6 like the students didn't get what they contracted for that
7 we don't pursue it. The other thing that we could do—

8 THE COURT: Well, the question is how do you, you
9 know, have you identified with this collection agent, you
10 know, what collection activities they're going to make? I
11 mean, if what they're going to do is call people at work
12 and do all the sleazy kind of stuff that collection
13 agencies do to, you know, frighten these students into
14 thinking that if they don't pay their credit life is over,
15 then I agree that I don't think we should do that. If
16 they're just going to write a letter and say 'our records
17 indicate that you owe this amount for your education,' you
18 know, 'please pay or respond,' and then maybe let you
19 determine based upon what the responses are whether you
20 want to pursue those collections or not, that's probably,
21 you know, a more comfortable result.

22 MR. RIGBY: Well, I don't think collections are
23 terribly comfortable for anybody. You know, somebody owes
24 somebody and they can't pay or they don't want to pay and
25 the people on the other side want to get paid.

1 THE COURT: Right, but this is a collection agent
2 that is — has been authorized by a federal court to go
3 out and make collections. So that's why I'm more
4 concerned about how they conduct themselves—

5 MR. RIGBY: There are statutes—

6 THE COURT: —given that — given that
7 responsibility.

8 MR. RIGBY: The area is pervasively regulated by
9 federal regulation as to what they can do. I mean, if you
10 don't want — to tell you the truth, the trustee and I
11 don't want to deal with this either. I mean, you know,
12 it's a gnat on the end of the tail of the dog.

13 THE COURT: Well, then I'd just say just abandon
14 them and let's be done with it. Or have the collection
15 agent send one letter, you know, and make a couple of
16 phone calls, and if that doesn't work just abandon them.

17 MR. RIGBY: I don't know that we're in a position
18 to micro manage these things in the sense that there are
19 dozens, if not hundreds, of accounts. The agency that's
20 up today, the motion on today, I've talked to those guys
21 and I talked to the other collection agent and these are
22 special people that do this. This is not fun work.

23 THE COURT: Oh, I know they're special people who
24 do this.

25 MR. RIGBY: It's not fun work.

1 THE COURT: Mr. Rigby, let's not play games about
2 collection agents. I mean, they're highly regulated but
3 they don't, I mean, there are lots of cases where they're
4 not, you know, they're not on the up and up. And if we
5 approve somebody, you're responsible for supervising them
6 so that they don't, you know, they don't really harshly
7 pursue cases. I mean, if you've read the complaint that
8 was filed. I mean, people have written to me in this case
9 about the horrible experience that they had with this
10 Court Reporting Institute.

11 MR. RIGBY: Why don't we just make a
12 motion to — if you want to deny the motion, I'll make a
13 motion to abandon and we'll be done with it.

14 THE COURT: I mean, that's fine with me.

15 MR. RIGBY: I don't think we're in a position to
16 go in and deal with — I mean, these are fairly small
17 amounts that are ultimately—

18 THE COURT: Well, what is the total because it
19 doesn't really say.

20 MR. RIGBY: We have no idea.

21 THE COURT: You don't even know?

22 MR. RIGBY: We don't know.

23 THE COURT: But yeah, if the collection agency
24 has had these accounts prior to the filing of the
25 bankruptcy they should know what their collection

1 experience has been and they should be able to tell you
2 here's the dollar amount that we have on paper.

3 MR. RIGBY: Their response has been these are
4 terrible accounts. These people don't want to pay, these
5 people can't pay. They're telling me they're doing us a
6 favor by continuing on. They're telling us they're not
7 going to sue anybody because they don't want to spend the
8 money.

9 I mean, again, the trustee is just pursuing his
10 responsibility. He is pursuing it under the law. If you
11 have — I mean, there's a lot of things that I have a
12 distaste for in life. Fine. If you don't want to engage
13 a collection company, that's fine with us. Again, really,
14 the trustee is not going to make any money on this thing.
15 It's really more a matter of dotting the i's and crossing
16 the t's so he pursues all the assets in the case.

17 THE COURT: Let's do it this way then.
18 Let's — I'm going to deny your motion. And then just
19 file a motion for abandonment and if nobody objects I'll
20 enter an order.

21 MR. RIGBY: I'll do that and you understand of
22 course that the debtor can go back and collect these
23 accounts once they're abandoned.

24 THE COURT: Well, what debtor is left?

25 MR. RIGBY: Well, we'll see. I mean this is

1 going to be kind of interesting, because there's some
2 litigation coming up with the owner. I mean the owner of
3 this company drew out six or eight hundred thousand
4 dollars in the last six months that this thing was in
5 operation. And so we've got some real interesting things
6 coming up that may be of significance.

7 THE COURT: Okay, you're right, I don't like that
8 option. Because, I mean there's a lot — there are many
9 allegations about the owner.

10 MR. RIGBY: Right.

11 THE COURT: But this company is out of business,
12 isn't it?

13 MR. RIGBY: Court Reporting Institute, right.

14 THE COURT: How does that company go out to
15 collect these accounts after it's defunct?

16 MR. RIGBY: I don't think that it will; legally
17 it can. A corporation doesn't cease to exist upon filing
18 bankruptcy. The bankruptcy state is legally I think
19 separate. I don't think that they're going to pursue
20 these. But it's possible.

21 THE COURT: Okay, well let's — I'm going to deny
22 your motion and then you can move to abandon and we'll see
23 what happens.

24 MR. RIGBY: Very good.

25 THE COURT: Okay?

1 MR. RIGBY: Thank you.

2 THE COURT: So do you understand what I just
3 said?

4 MR. TSYVAN: No.

5 MR. RIGBY: They're off the hook.

6 THE COURT: I don't want them to collect — I
7 don't want us, I don't want the bankruptcy court to be
8 collecting these moneys. Certainly not without
9 information about how much is there, Mr. Rigby.

10 MR. RIGBY: Again, these — the number would be
11 meaningless in the gross amount anyhow. It's more a
12 matter of what can be collected. I think they've probably
13 gotten the bulk of what can be.

14 THE COURT: That's what I'm been thinking too is
15 that they have probably been trying long enough.

16 MR. RIGBY: But, for sure if we hadn't brought
17 this motion on it there would be questions properly
18 directed at the trustees as to why they are not pursuing
19 the assets in this case.

20 THE COURT: I agree there would be. So it's my
21 responsibility.

22 MR. RIGBY: Very good.

23 THE COURT: Okay?

24 MR. RIGBY: Yes.