

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF RHODE ISLAND

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In re: :
GEORGE A. NEGRO : BK No. 93-10087
Debtor : Chapter 7
: :
ARNOLD L. BLASBALG, TRUSTEE :
Plaintiff :
vs. : A.P. No. 95-1017
GEORGE A. NEGRO :
Defendant :
- - - - - x

TITLE: *Trustee v. Negro (In re Negro)*
CITATION: 1996 WL 277967 (Bankr. D.R.I. May 13, 1996)

ORDER MAKING PROPOSED FINDINGS AND CONCLUSIONS,
AND RECOMMENDATIONS TO THE DISTRICT COURT

After a hearing conducted pursuant to 28 U.S.C. § 157(c)(1) and Bankruptcy Rule 9020, we make the following proposed findings of fact, conclusions of law, and recommendations to the United States District Court for the District of Rhode Island.

BACKGROUND

1. On June 30, 1995, this Court entered the following Orders against the Debtor-Defendant, George A. Negro: (a) he was permanently restrained and enjoined from entering upon property of the bankruptcy estate located on Route 184 in Groton, Connecticut; (b) Mr. Negro, his agents, and employees were permanently restrained and enjoined from transferring, selling,

encumbering, and/or disposing of any assets of the estate; (c) he was ordered to produce, within fourteen days (and nearly one year ago), an accurate and complete accounting, under oath, of all vehicles and other assets in which the Debtor or any of his "related entities" had any legal or equitable interest as of the petition date, and to disclose the location, status, and disposition of said vehicles or other assets; (d) to turn over to the Trustee, within fourteen days, \$1,200, representing the proceeds from the sale of a 1983 Dodge Maxiwagon, which was property of the estate; (e) to pay \$1,000, within fourteen days to Peter Furness, Esq., attorney for the Chapter 7 Trustee, for prosecuting the above captioned complaint; and (f) to pay sanctions in the amount of \$100 per day, for each day during which he failed to obey the June 30, 1995 Order.

2. Because it appeared that the June 30, 1995 Order was being ignored in many respects, the Court held a status hearing on August 17, 1995, regarding the Debtor's compliance with said Order. Based on the record as well as his own admissions, it was determined that the Debtor was not in compliance with the June 30 Order, and that there was no reason why the \$100 per day sanction should not be enforced. In addition, Mr. Negro was

ordered (again) to file by August 31, 1995, a verified accounting of all estate vehicles and other assets.

3. At a further status hearing on September 7, 1995, the Court was informed of the Debtor's incarceration, and the \$100 per day sanction was suspended retroactive to July 15, 1995, until his release.

4. On September 11, 1995, the Trustee filed another motion for sanctions, but because Mr. Negro was still in jail, all matters were stayed until his release, which took place on December 6, 1995.

5. With the Debtor no longer in jail, the stay of proceedings was lifted and the Motion for Sanctions was scheduled for hearing on February 29, 1996. On February 8, 1996, notice of said hearing was sent to Mr. Negro at P.O. Box 2383, Westerly, RI 02891-2136.

6. Mr. Negro failed to appear, and the Trustee represented that to his knowledge the Debtor had notice of the hearing, and that he had not complied with any of the requirements of the June 30, 1993 Order.

RECOMMENDATIONS

Based upon the above findings and conclusions, as well as the extensive but unsuccessful efforts by the Trustee and by the Bankruptcy Court to force the Debtor to obey this Court's orders, we make the following recommendations to the District Court:

1. That George A. Negro be adjudged in civil contempt of all Orders of the Bankruptcy Court with which he has not complied;

2. That George A. Negro be ordered by the District Court:

(a) to pay \$2,200 to the Trustee; (b) to produce, under oath, an accurate and complete accounting of all vehicles and other assets in which he and/or his "related entities" had any legal or equitable interest as of the petition date, and to disclose therein the location, status, and/or disposition of said vehicles or other assets; (c) to obey all of the other terms of the permanent injunction; (d) to pay the fees and costs for legal services expended in attempting to enforce compliance with this Court's June 30, 1995 Order, and in attempting to collect money and other assets wrongfully diverted from this estate and its creditors; and (e) to pay the \$100 per day sanction, in the amount of \$17,300, to date.

3. That if the Debtor continues to ignore the foregoing Orders, as repeatedly mandated by this Court and as re-ordered by the District Court, he should be adjudged in criminal contempt, and imprisoned and deprived of his liberty until further order of the District Court. See *U.S. v. United Mine Workers of America*, 330 U.S. 258, 302 (1947).

Dated at Providence, Rhode Island, this 13th day of May, 1996.

/s/ Arthur N. Votolato
Arthur N. Votolato
U.S. Bankruptcy Judge