

moved to the Trustee's offices, with a corresponding increase in expense to the Estate in that the Estate has been required to lease space to store the hundreds of boxes of records. The original agreement with the FBI and Office of the U.S. Attorney was that the records could then be reviewed by the various agencies.

5. Now, the U.S. Attorney and FBI have unilateral set aside that informal agreement. The Trustee has again been served with a subpoena, this time to appear before a grand jury which is apparently investigating the Debtor. The FBI and U.S. Attorney are now insisting that the Estate inventory the records, rather than just make them available. In brief, it appears that the U.S. Attorney and FBI would like this Estate to perform their work for them.

6. At issue is approximately 374 bankers size boxes of records. The Trustee can only estimate, but there are probably several hundred thousand pages of records. The subpoena also directs and demands that all of the records be delivered to the grand jury. The Trustee believes that this act could materially impair the Estates ability to recover additional accounts receivable which have been discovered. These receivables total over \$1.1mm.

7. Since there are many agencies competing for the records, and due to the enormous size of the records involved, it appears that the Trustee should employ an individual to inventory the records, for all the various agencies wanting those records and, if ultimately necessary, depending on the Trustee's objections to production of the original records to the grand jury, to maintain those records.

8. If the FBI succeeds in its apparent plan to force this estate to do its work for them, the estate may not be able to hold the records, and the Trustee may not actually need a records custodian. However, due to the various and competing requests, and the grand jury/FBI subpoena, an individual is needed to at least inventory the records prior to July 7, 1998, the date the grand jury subpoena must be complied with.