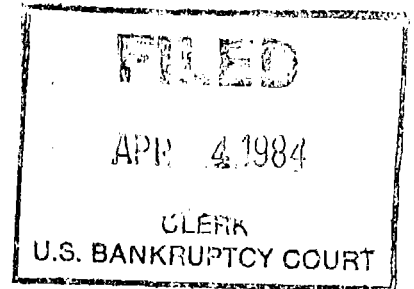


UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WISCONSIN



In re:

Case Number:

REOROWICZ CONSTRUCTION
COMPANY, INC.,

WF11-83-01842

Debtor.

FINDINGS OF FACT, CONCLUSION OF LAW
AND
ORDER GRANTING REQUEST FOR TERMINATION OF AUTOMATIC STAY

The Citizens National Bank of Stevens Point, by its attorneys, Terwilliger, Wakeen, Piehler, Conway & Klingberg, S.C., having filed a Request for Conditioning or Terminating Stay; and hearings having been held; and the Bank appearing by counsel; and the Debtor appearing by its President, Henryk K. Reorowicz, and its attorney, Terrence J. Byrne; and the Court having heard testimony and the arguments of counsel, considered submitted briefs, depositions, affidavits and exhibits, and examined the entire record and proceedings; and, being fully advised in the premises, FINDS:

1. That the Debtor-in-Possession, Reorowicz Construction Company, Inc., filed for relief under Chapter 11 of the Bankruptcy Code on November 14, 1983.

2. Accounts Receivable. That a significant portion of the work on the "Kronenwetter project" was completed prior to November 14, 1983.

3. That, on November 30, 1983, the Debtor received a check for \$14,687 as part payment of the Kronenwetter project.

4. That the Debtor has not requested court authorization of the use of cash collateral. See 11 U.S.C. sec. 363(c)(2)(1982).

5. That the Debtor's President, Henryk K. Reorowicz, cashed said check and paid certain non-priority creditors. See Finding 10.

6. That, on December 21, 1983, this Court ordered the Debtor to provide the Bank with an accounting of debtor operations during the period following the filing of the bankruptcy petition.

7. That receipt of the payment of the Kronenwetter project set forth at Finding 3 was first entered in the books of the Debtor in March of 1984--"primarily because there was so much controversy and discussion over the . . . job." Deposition of Elaine Rempke 65 (March 20, 1984).

8. That, on March 20, 1984, the Debtor's President produced an "accounting" of the proceeds of the Kronenwetter project payment. Said accounting, with one exception, lists expenditures by description only, i.e., no monetary amounts are given.

9. That a full accounting of the proceeds of said Kronenwetter project payment was produced at the March 27, 1984, hearing

on the motion at bar.

10. That said accounting appears to show that the proceeds of the Kronenwetter project were used to pay debts arising from unrelated projects and expenditures.

11. That, in general, the Debtor has not satisfactorily complied with this Court's order to account.

12. Equipment. That the Debtor owns equipment worth approximately \$142,000.

13. That said equipment has not been maintained since the bankruptcy petition was filed.

14. That said equipment has not been insured by the Debtor since the bankruptcy petition was filed.

15. That said equipment has been vandalized since the bankruptcy petition was filed.

16. That, at the March 27, 1984, hearing, the Debtor first proposed to pay rent to the Bank for the continued use of said equipment.

17. That, at the time of the March 27, 1984, hearing, the Debtor had no pending contracts and, due to bonding requirements, a limited ability to bid on future projects.

18. That, at the time the debtor filed its petition, it owed

the Bank approximately \$236,000. And that, with interest to date, the Bank now claims over \$300,000.

Discussion

19. That the Bank argued that it is an under-secured creditor with a security interest in the Debtor's pre-petition accounts receivable and equipment; and that the facts set forth above demonstrate that said security interest is not adequately protected.

20. That the Debtor joined issue regarding adequate protection of the Bank's interest.

21. That 11 U.S.C. sec. 362 (1982) provides, in pertinent part (emphasis added):

(d) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay. . . .

(1) for cause, including the lack of adequate protection of an interest in property of such party in interest; . . .

And that 11 U.S.C. sec. 361 (1982) provides, in pertinent part:

. . .adequate protection may be provided by —

(1) . . . periodic cash payments to such entity, to the extent that the stay. . . results in a decrease in the value of such entity's interest in such property;

(2) . . . an additional or replacement lien to the extent that such stay. . . results in a decrease in the value of such entity's interest in such property; or

(3) . . . such other relief. . . as will result

in the realization by such entity of the indubitable equivalent of such entity's interest in such property.

22. Accounts Receivable. That the Debtor's use of the cash collateral of the Bank in violation of 11 U.S.C. sec. 363(c)(2) (creditor consent or court order must be obtained prior to use, sale or lease of collateral) and of 11 U.S.C. sec. 363(c)(4) (debtor-in-possession, as trustee, must segregate and account for cash collateral) is--standing alone--cause for granting the Bank relief from the automatic stay.

23. That the Debtor's course of conduct in regard to the Kronenwetter project indicates that the Bank's interest in the Debtor's accounts receivable is not adequately protected; and that the Debtor has suggested no sec. 361 relief to protect the Bank's interest in the future.

24. Equipment. That the Bank is not adequately protected from the diminution of the value of its interest in the Debtor's equipment.

25. That the Debtor's 11th hour offer to pay rent to compensate the Bank for future decreases in the value of said equipment is not feasible. See Finding 17.

26. That the transcripts of the March 20, 1984, depositions of Debtor officers Elaine Rempke and Henryk K. Reorowicz, made a

part of the record of the March 27 hearing, reveals a pattern of commingling of debtor and non-debtor assets, disregard of the bankruptcy laws and resistance to the legitimate inquiries of the Bank.

CONCLUSION OF LAW

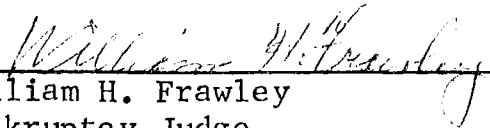
That there is cause to grant the Bank relief from the automatic stay.

ORDER

IT IS ORDERED that the Request of the Citizens National Bank of Stevens Point for Terminating Stay should be, and the same hereby is, GRANTED without costs.

Dated: April 4, 1984.

BY THE COURT:



William H. Frawley
Bankruptcy Judge