

EXHIBIT A

FIRST JUDICIAL DISTRICT COURT
COUNTY OF SANTA FE
STATE OF NEW MEXICO

No. SF 90-574(c)

25 AUG 15 8 30 : 87

KATHLEEN ECKHARDT,
Plaintiff,

vs.

CHARTER HOSPITAL OF
ALBUQUERQUE, INC.,
a New Mexico corporation, and
WILLIAM KENT MCGREGOR and
COURTNEY COOK,
Defendants.

JUDGMENT

This matter arose upon Plaintiff's oral motion during trial on the merits for the Court's determination of Plaintiff's damages proximately caused by Defendant Kent McGregor's willful, malicious, intentional and outrageous conduct towards, and injury of, the Plaintiff. The Court had previously entered a judgment that McGregor was liable to Plaintiff, and the Plaintiff orally moved that final judgment be entered against McGregor.

The Court finds as follows:

1. McGregor was a social worker who worked as an independent contractor therapist for Charter Hospital of Albuquerque, Inc. at the Charter Counseling Center of Santa Fe, from about April 1987 through about July 29, 1987.
2. Kathleen Eckhardt was a patient of McGregor's, beginning June 27, 1987, at Charter Counseling Center of Santa Fe. She received psychotherapy from him.

3. At the sixth therapy session, on July 16, 1987, McGregor willfully, maliciously and intentionally sexually assaulted Kathleen Eckhardt. This conduct was a crime.

4. As a proximate result of McGregor's willful, malicious and intentional assault of Kathleen Eckhardt, Ms. Eckhardt suffered severe emotional distress, four psychiatric hospitalizations, chronic post-traumatic stress disorder, and major depression.

5. As further proximate results of McGregor's willful, malicious and intentional assault of her, Kathleen Eckhardt has required and will continue to require medical and psychiatric services.

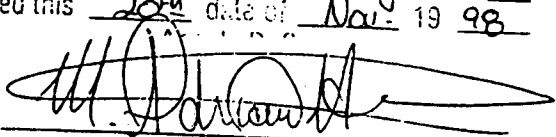
6. As a proximate result of McGregor's willful, malicious and intentional conduct to, and injury of, Ms. Eckhardt, she sustained \$500,000 in compensatory damages.

7. McGregor shall be liable to Kathleen Eckhardt for an additional \$500,000 in punitive damages because of his willful and malicious conduct toward, and injury of, Ms. Eckhardt.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that judgment be entered in favor of the Plaintiff and against the Defendant Kent McGregor in an amount of One Million Dollars (\$1,000,000.00), comprising \$500,000 compensatory damages and \$500,000 punitive damages.

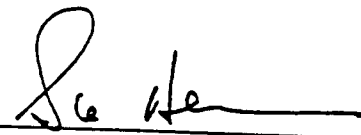
I hereby certify that the foregoing pleading is a true and correct copy of same which has been filed in my office on the 15th day of Aug. 19 95
Dated this 20th day of Nov. 19 98

By

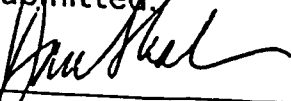


Deputy

JoAnna Vigil Quintana
Court Administrator/District Court Clerk


DISTRICT JUDGE STEVE HERRERA

Submitted:



DANIEL SHAPIRO
Shapiro & Bettinger
1650 University Blvd. NE #118
Albuquerque, NM 87102
(505) 843-6463

EXHIBIT B

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK**

WILLIAM KENT McGREGOR
Debtor,

CASE NO. 02-62834
Chapter 7

KATHLEEN ECKHARDT,
Plaintiff,

Adv. No. 02-80198

WILLIAM KENT McGREGOR,
Defendant.

**APPLICATION FOR COURT APPROVAL OF STIPULATION OF
SETTLEMENT OF ADVERSARY PROCEEDING AND TO APPROVE
SHORTENED NOTICE AND LIMIT OF NOTICE PURSUANT TO
RULE 7041 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE
AND RULE 7090-1 OF THE LOCAL BANKRUPTCY RULES.**

Plaintiff, Kathleen Eckhard by her attorneys, Whitelaw & Fangio, Mary Lannon Fangio, Esq. does hereby apply to the Court for approval of the Stipulation of Settlement of Adversary proceeding as follows:

SETTLEMENT TERMS

1. This adversary proceeding was filed to determine whether the debtor should receive a discharge of his debt under 11 U.S.C. § 727 (a)(4) for presenting a false claim and making a false oath or account by listing the debt to the plaintiff, Kathleen Eckhardt in the petition as being only \$ 1,000.00 when by his testimony at the § 341 meeting of creditors he acknowledged that her judgment was for \$ 1,000,000.00. Further, it appeared at the meeting, which

your applicant attended, that the debtor had failed to disclose claims that he had against other individuals and business entities in the petition.

2. Plaintiff also claimed that the \$ 1,000,000.00 debt to her owed by William Kent McGregor was not dischargeable in this proceeding under 11 U.S.C. § 523 (a)(6) as the judgment was rendered against debtor/defendant after he was properly served with a complaint and had an opportunity to be heard, but that he choose to default in the action. Plaintiff asserted that this judgment based on the conduct set forth in that judgment was res judicata, and the debtor/defendant was collaterally estopped from challenging this judicial finding in Bankruptcy Court.
3. The debtor/defendant and his then attorney of record, Russell Simonetta was served by mail with the summons and complaint filed in the Court on August 1, 2002. The debtor/defendant William Kent McGregor engaged the firm of Martin, Martin & Woodard, LLC to represent him in this adversary proceeding, replacing his counsel of record, Russell Simonetta.
4. The parties, through their attorneys have agreed to extend the debtor/defendant's time to answer the complaint while negotiations were ongoing.
5. The parties, through their attorneys have agreed to settle the adversary proceeding by debtor/defendant acknowledging, stipulating and agreeing that the debt owed by him to the plaintiff Kathleen Eckhardt of \$ 1,000,000.00 plus any accrued interest fees and costs that accrued or will accrue on the

Original Judgment rendered on August 15, 1995 will not be discharged in this proceeding under 11 U.S.C. § 523(a)(6).

6. The plaintiff will discontinue her action under 11 U.S.C. § 727 (a)(4) which would deny the debtor/defendant a bankruptcy discharge of his other debts. Plaintiff takes the position that she was offered nothing material to discontinue this action in that she believes that debt embodied by the Original Judgment would not be discharged in this proceeding in any case, and she does not have the desire to spend any additional funds in prosecuting this matter. Further, this settlement will be placed on notice to the case Trustee, Allan J. Bentkofsky, and the U.S. Trustee who, if they are not satisfied with the debtor's disclosure in this matter may object on behalf of creditors. It is my understanding that the debtor/defendant provided additional requested information to the Trustee. Debtor/defendant claimed at the 341 meeting that the erroneous listing of the debt and the errors and omissions in the schedules were the result of inadvertence and haste.

SHORTENED NOTICE AND LIMITATION OF NOTICE

7. Rule 7041 of the Federal Rules of Bankruptcy Procedure allows the Court to shorten and limit notice of the settlement of an adversary proceeding as is appropriate to the particular case.
8. In this case, it is noted that the settlement part of the case only relates to a particular debt and has no connection to any other creditor. No other creditor served a complaint to deny discharge, and the case Trustee did not file a complaint, but will have notice of the proposed dismissal. It is submitted that

it is appropriate to limit notice to the Case Trustee and the office of the U.S. Trustee.

9. Your applicant proposes to send a copy of the Stipulation, this Application and the proposed Order to the Case Trustee, Allan J. Bentkofsky, and the Office of the U.S. Trustee at the same time it is transmitted to the Court and to have the Court hold the order ten (10) days after receipt, so that these parties have an opportunity to object to the Stipulation in satisfaction of the terms of Rule 7041 (a)(2).
10. In accordance with Local Rule 7090-1, no other consideration for the Stipulation of Settlement other than what is disclosed herein in the Stipulation of Settlement and this application was received in this matter.
11. A proposed Order of approval is attached to his application as Exhibit 1.

WHEREFORE, your applicant respectfully requests that the Court shorten and limit the notice herein pursuant to Rule 7041 of the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rule 7090-1 and approve the Stipulation of Settlement of the above captioned adversary proceeding in the

absence of any objection of the Chapter 7 Trustee and the Office of the U.S.
Trustee.

Dated: _____

Mary Lannon Fangio, Esq.
Attorney for Plaintiff Kathleen Eckhardt
Bar Roll # 101606
Whitelaw & Fangio
247-259 W. Fayette St.
Syracuse, NY 13202
Telephone (315) 472-7832

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK**

WILLIAM KENT MCGREGOR
Debtor,

CASE NO. 02-62834
Chapter 7

KATHLEEN ECKHARDT,
Plaintiff,

Adv. No. 02-80198

WILLIAM KENT MCGREGOR,
Defendant.

**ORDER APPROVING STIPULATION OF SETTLEMENT
AND SHORTENING AND LIMITING NOTICE**

At: Utica, NY in said district this _____ day of _____, 2002

Upon the Stipulation of Settlement (Stipulation) of the above captioned parties and their attorneys, the Application for Approval of Shortened Notice and Limit of Notice Pursuant to Rule 7041 of the Federal Rules of Bankruptcy Procedure and Rule 7090-1 of the Local Rules of Bankruptcy Procedure of Mary Lannon Fangio, Esq., (Application), the plaintiff's counsel having filed proof of service by mail of the Stipulation, Application and Proposed Order on the case Trustee, Allan J. Bentkofsky, and the Office of the United States Trustee, and more than ten (10) days having elapsed since said service and their being no objection to the settlement filed, and after due deliberation, it is hereby

ORDERED that the Application, be and hereby is **APPROVED** by the Court pursuant to Rule 7041 of the Federal Rules of Bankruptcy Procedure and Rule 7090-1 of the Local Rules of Bankruptcy Procedure, and it is further,

ORDERED that the terms of the Stipulation be and hereby are **APPROVED** by this Court, and it is further,

ORDERED that pursuant to the terms of the Stipulation the judgment held by the plaintiff Kathleen Eckhardt against the debtor/ defendant William Kent McGregor is not discharged in this Bankruptcy proceeding pursuant to 11 U.S.C. § 523 (a)(6), and it is further,

ORDERED that pursuant to the terms of the Stipulation, the plaintiff's claim to deny the debtor is discharge be and hereby is discontinued, and it is further,

ORDERED that the parties are to comply with the terms of the Stipulation, and it is further,

ORDERED that the above captioned adversary proceeding be and hereby is to be marked **SETTLED** in accordance with the Stipulation by the Clerk of the Court.

Hon. Stephen D. Gerling
Chief United States Bankruptcy Judge
Northern District of New York