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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALASKA

In re:)	
)	
NORTHERN BUILDING SUPPLY, INC.)	Case No. A04-0538-DMD
_____)	
)	
WILLIAM BARSTOW, Trustee,)	
)	
Plaintiff)	Adv. Bancap No. 06-900__
)	
vs)	
)	
NARCONON or NARCANON)	
)	
Defendant)	
_____)	

COMPLAINT
(Code §§ 548, 549 and 550)

Plaintiff, William Barstow, the duly-appointed chapter 7 trustee of Northern Building Supply, Inc. (“Plaintiff”)(Northern Building Supply, Inc. referred to herein as “NBS”), by and through his undersigned counsel, files this Complaint pursuant to Rule 7001 *et. seq.* of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”) seeking the avoidance and recovery of certain transfers made by NBS within ninety (90) days of the commencement, or after the commencement, of the above-captioned bankruptcy case pursuant to Sections 548, 549 and 550 of the United States Bankruptcy Code (“Bankruptcy Code”); and, in the event the Defendant fails to return

avoidable transfers, seeking disallowance of Defendant's claim, if any, pursuant to Section 502(d) of the Bankruptcy Code. In support thereof, Plaintiff alleges as follows:

The Parties

1. Plaintiff William Barstow is the duly appointed chapter 7 trustee of NBS.
2. The Defendant is NARCONON or NARCANON. Upon information and belief, Defendant's place of business is 1022 W. Hedding St., San Jose, CA 95126, or 7060 Hollywood Blvd., Ste 220, Hollywood, CA 90028.

Jurisdiction and Venue

3. The court has jurisdiction over this adversary proceeding pursuant to 28 U.S.C. § 157(b)(2) including, but not limited to, subsections (b)(2)(A), (B), (C), (E), (F), and (O), 28 U.S.C. § 1334, and 11 U.S.C. §§ 548, 549, 550, and other applicable law. This proceeding is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(F).

4. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409(a).

5. This Court has personal jurisdiction over Defendant pursuant to Bankruptcy Rule 7004(f) and because Defendant transacted and did business with NBS, an Alaska corporation with its principal place of business in Alaska, before the Petition Date (as defined below).

Background

6. On May 17, 2004 (the "Petition Date") NBS filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Alaska.

7. On October 12, 2004 (The "Conversion Date") NBS' Chapter 11 was converted to a Chapter 7 and William Barstow was appointed as trustee.

Count I - Avoidance of Fraudulent Transfer (11 U.S.C. §548)

8. The Plaintiff repeats and realleges the allegations of paragraphs 1 through 7.

9. On or within one year before the Petition Date (the “Fraudulent Transfer Period”), NBS made transfers (each a “Transfer” and collectively “Transfers”) to Defendant of an interest of NBS in property in the form of payment, including, without limitation, the payment set forth on Exhibit A attached hereto in the aggregate amount of \$19,000.

10. The payment was for the purpose of enrolling Ken Johnson in a residential drug treatment facility in San Jose, California.

11. The Debtor did not receive a reasonably equivalent value in exchange for such transfer within the meaning of 11 U.S.C. §548(a)(2)(A).

12. The Debtor was insolvent on the date that such transfer was made within the meaning of 11 U.S.C. §§ 101(32)(A) and 548(a)(2)(B).

Count II - Avoidance of Postpetition Transfers (11 U.S.C. §549)

13. The Plaintiff repeats and realleges the allegations of paragraphs 1 through 12.

14. Some or all of the Transfers described in Count I to Defendant of an interest of NBS in property in the form of payment, including, without limitation, the payment set forth on Exhibit A attached hereto in the aggregate amount of \$19,000 may be determined to have been made after the commencement of the above-captioned bankruptcy case (“Post petition Transfers”).

15. Post-petition Transfers to Defendant were unauthorized and are

recoverable under 11 U.S.C. §549.

Count III - Recovery of Avoided Transfer (11 U.S.C. §550)

16. The Plaintiff repeats and realleges the allegations of paragraphs 1 through 15.

17. Defendant was the initial transferee of the Transfers or was the entity for whose benefit the Transfers were made.

18. The Transfers or the value thereof, to the extent they are avoided pursuant to 11 U.S.C. §§548 or 549, may be recovered by Plaintiff from Defendant pursuant to 11 U.S.C. §550(a).

Count IV - Disallowance of Claim (11 U.S.C. §502(d))

19. The Plaintiff repeats and realleges the allegations of paragraphs 1 through 18.

20. Section 502(d) of the bankruptcy Code provides that:

[T]he court shall disallow any claim of an entity from which property is recoverable under section. . . 550. . . of this title that is a transferee of a transfer avoidable under section. . . 548, 549 . . . of this title unless such entity or transferee has paid the amount or turned over any such property, for which such entity or transferee is liable under section 550 . . . of this title.

21. The Transfers are recoverable as preferential transfers.

22. By reason of the foregoing, Plaintiff is entitled to a judgment and order pursuant to Section 502(d) of the Bankruptcy Code, disallowing any claim asserted by Defendant against NBS, or NBS's estate, unless and until Defendant pays to Plaintiff the full amount of any judgment obtained by Plaintiff against Defendant as requested herein.

Prayer fo Relief

WHEREFORE, the Plaintiff prays that this Court enter judgment for Plaintiff and against Defendant:

1. avoiding all Transfers, including, without limitation, those Transfers set forth on Exhibit A hereto under 11 U.S.C. §§548(a) and/or 549;
2. awarding Plaintiff, and directing Defendant immediately to pay, the full amount of the Transfers, totaling at least \$19,000, together with interest thereon, at the legal rate allowed under 28 U.S.C. §1961(a) from the date of each Transfer;
3. disallowing in full any and all of Defendant's claims, whether unsecured, secured, administrative or priority, pursuant to 11 U.S.C. §502(d), unless and until Defendant has paid Plaintiff the full amount adjudged to be due and owing;
4. awarding Plaintiff, and directing Defendant immediately to pay Plaintiff's costs and expenses incurred in this suit; and
5. granting such further relief as the court may deem just under the circumstances.

DATED: May 9, 2006

Erik LeRoy, P.C.
Attorney for Trustee William Barstow

/s/ Erik LeRoy

Exhibit A

Wire date or date check honored	Amount	Wire or Check number
5/11/04	19,000	CA 16803