

**Department of Justice
Executive Office for United States Trustees**

**Final Agency Action
Case No. 02-0005**

**Review of the Decision of the United States Trustee
For Region [redacted] Regarding [redacted]**

[Redacted] (hereinafter referred to as the “trustee”), formerly a member of the panel of Chapter 7 trustees for the [redacted] District of [redacted], seeks review under 28 C.F.R. § 58.6 of a decision by the United States Trustee for Region [redacted]¹ to terminate his receipt of new case assignments. I affirm the United States Trustee’s decision based upon the record before me.²

I. Course of this Proceeding

By Notice of Termination and Interim Directive (hereinafter “Notice of Termination”), dated September 20, 2002, the United States Trustee terminated the trustee’s appointment to the panel of Chapter 7 trustees. As a result, the trustee was no longer eligible to receive new case assignments after the date of the Notice. Notice of Termination, at 1.³ The decision to terminate was made pursuant to 28 C.F.R. § 58.6(a). Specifically, the United States Trustee cited two subsections of the regulation, (a)(4) and (a)(7), which provide as follows:

(4) Failure to cooperate with orders, instructions, and policies of the court, the bankruptcy clerk or the United States Trustee;

* * * *

(7) Failure to adequately monitor the work of professionals or others employed by the trustee to assist in the administration of cases;

The United States Trustee concluded that the trustee had failed to adequately supervise [redacted] (hereinafter the “Associate”), an auctioneer and unpaid office assistant to the trustee. The United States Trustee also relied upon circumstances related to the trustee’s alleged inadequate supervision of an attorney employed by him in September 2000, to assist with the administration of a case. The United States Trustee also reviewed the trustee’s entire recent record of performance and concluded that there were numerous instances wherein the trustee did not comply with instructions and requests of the Clerk of the Court and the United States Trustee, and failed to adequately perform his duties.

The trustee filed a timely Request for Review (“Request for Review”), which was received in the Executive Office for United States Trustees on October 9, 2002. The United States Trustee filed a Response to the Trustee’s Request for Review (“UST Response”), which was received on October 24, 2002. By letter dated November 7, 2002, the United States Trustee submitted a supplemental response (“UST’s Supplemental Response”). By letter dated November 25, 2002, the trustee also submitted a reply to the UST’s Supplemental Response (“Trustee’s Reply”). The Trustee’s Reply requested that the United States Trustee include additional documents in the record. The last of those supplemental documents were received on January 8, 2003. *See* endnote 2.

II. Standard of Review

In conducting this review, the Director must consider two factors:

- (1) Did the United States Trustee’s decision constitute an appropriate exercise of discretion, and;
- (2) Was the United States Trustee’s decision supported by the record.

See 28 C.F.R. § 58.6(i) (specifying the scope of the Director’s review).

III. Background

The trustee began his professional relationship with the Associate in the fall of 2001. In January 2002, the Office of the United States Trustee questioned the trustee about the nature of his relationship with the Associate. Although the precise nature of what was communicated to the trustee is not clear, it appears that the Office of the United States Trustee was concerned about what their financial relationship was because the trustee began bringing the Associate with him to 341 meetings, while at the same time hiring him as an auctioneer in a number of cases. In any event, the Assistant U.S. Trustee became concerned about whether the trustee and the Associate had any financial relationship. Notice of Termination, at 2. *See also*, Performance Review for period of June 1, 2000, through May 30, 2002), Commentary to Trustee Duty No. 15 (“a concern was raised with him about his relationship with an auctioneer, [the Associate]).

By letter to [redacted] Assistant U.S. Trustee, dated January 24, 2002, the trustee explained that he had met the Associate, who was an auctioneer, in connection with a particular bankruptcy case and was impressed by his performance. Notice of Termination, United States Trustee Exhibit (hereinafter “UST Ex.”) 1. The trustee stated that he began working closely with the Associate from October 2001, so that the Associate could learn trustee administration, before the Associate could begin offering his services to other trustees. The trustee indicated that he did not pay the Associate. The trustee indicated, however, that he occasionally bought the Associate lunch when he was working in the trustee’s office during lunch time. The trustee stated that he had the Associate assist him in recovering assets. The trustee’s letter provided details about six cases in which the Associate worked as an auctioneer. The trustee further stated

that the Associate was compensated by the court only in those cases in which he actually recovered assets for the bankruptcy estate. The trustee's letter further indicated that if the Assistant U.S. Trustee needed any further information or clarification, he would be happy to provide it. UST Ex. 1.

In September 2002, the United States Trustee became concerned about various actions of the Associate and held three meetings with the trustee to advise him of the problems and to give him an opportunity to respond. During those meetings two incidents were raised. One incident involved a letter that has been sent on the trustee's letterhead to a company called "EZ Filing" concerning a seminar for bankruptcy professionals. The letter was addressed "To Whom It May Concern" and invited EZ Filing to sponsor a proposed seminar. In return for sponsoring the seminar, the letter requested a 15% commission for a company named [the Company] on all software sold during the seminar. UST Ex. 3C. The letter, signed by the Associate on trustee letterhead, described [the Company] as "our company."

The second incident involved a letter sent by the Associate to a realtor on the trustee's letterhead that transmitted a declaration for the realtor to sign to be employed in a case. The letter included the following statement: "I need to make an arrangement for a referral fee for giving you the listing." UST Ex. 5. The letter was signed by the Associate with the title "Bankruptcy Administrator" and faxed to the realtor on June 25, 2002.

At the September 4, 2002, meeting the trustee explained that he did not pay any money to the Associate, but did allow him free access to the trustee's office, phone, fax and files. The trustee allowed the Associate to make calls on his behalf and had the Associate work on assets that were more difficult to liquidate. If the Associate was able to find value, the trustee would hire the Associate as an auctioneer to sell the asset. The trustee opined that this arrangement allowed him to increase output for the estates and that there was no problem because he did not pay the Associate, except when the Associate was employed by the estate. UST Ex. 8.

When initially confronted with an unsigned copy of the letter to EZ Filing, the trustee stated that the Associate should not have used his letterhead. UST Ex. 8. The trustee later offered a conflicting statement that he had caught the letter and had instructed the Associate that it could not go out on the trustee's letterhead. UST Ex. 10. The Assistant U.S. Trustee later learned that the letter had in fact been sent out on the trustee's letterhead by the Associate. UST Ex. 3A.

With regard to the letter that had been sent to the realtor, the trustee stated that he had advised the Associate that he might be able to get a referral fee but did not think there was anything wrong with it because the trustee was not being paid. UST Ex. 8. At that meeting the representatives of the United States Trustee expressed the opinion to the trustee that the Associate was either the trustee's employee or agent and that to the outside world it appeared as if the trustee were asking for kick backs. According to the memorandum prepared by the Assistant U.S. Trustee, the trustee "actually appeared stunned" at the suggestion. UST Ex. 8. The trustee protested that he was an honest individual and would never do such a thing. *Id.* At

the second meeting on September 9, 2002, however, the trustee stated that he had consulted with several trusted advisors and conceded that he had made mistakes with respect to his involvement with the Associate. UST Ex. 9.

At the September 12, 2002, meeting, the representatives of United States Trustee also raised an issue as to whether the trustee had a financial relationship with the Associate in the business venture by the name of the [the Company] that was referred to in a solicitation to EZ Filing. During that meeting, the trustee stated that he was not part of the business because it was not an operating entity. Notice of Termination, at 3. The United States Trustee also recounts that during the meeting, the trustee stated “we are still just beta testing the site, and it only costs me \$25 a month.” When questioned about the use of the words “we” and “me” concerning [the Company], the trustee stated that it was only a slip of the tongue. *Id.*

Following the September meetings, the United States Trustee learned of another incident that involved a July 8, 2002, fax that was sent by a financial services company to the Associate at the trustee’s fax number. UST 6. That fax provided a payoff figure for a property in one of the trustee’s bankruptcy cases. The payoff figure had been requested after relief from the automatic stay had been granted, after the trustee had filed a no-asset report and only days before the case was closed. After the case was closed, the representative of the financial services company was told by the Associate’s wife that although the case was closed, the trustee “retained an interest” in the property. UST Ex. 6A. *See also* Endnote 7. The United States Trustee learned that the Associate’s wife was subsequently retained by the debtors to sell the property. UST Ex. 6A.

The United States Trustee identified two additional matters concerning actions taken by the Associate. One involved the Associate sending out a fax on the trustee’s letterhead to a debtor’s counsel in one of the trustee’s cases. Another involved the Associate’s receipt of a fax, sent to him at the trustee’s fax number, indicating that the sender had discussed one of the trustee’s cases with the Associate. With respect to each of these matters, the United States Trustee alleges no impropriety, other than to state that the Associate was not employed as a professional in the case by the trustee. Notice of Termination, at 3-4. Those incidents do, however, further demonstrate that the Associate was working for the trustee.

IV. Analysis

A. The Duties of a Chapter 7 Trustee

United States Trustees supervise Chapter 7 panel trustees. 28 U.S.C. § 586(a)(1). Among their many duties, trustees are required to liquidate the property of the estate and close the case as expeditiously as is compatible with the best interests of all of the parties in interest. *See* 11 U.S.C. § 704(1). Panel trustees are also fiduciaries with wide-ranging responsibilities to effectuate the goals of the particular chapter under which a bankruptcy is filed. As fiduciaries, trustees are held to very high standards of honesty and loyalty. *See generally Woods v. City National Bank & Trust Co.*, 312 U.S. 262, 278 (1941); *Mosser v. Darrow*, 341 U.S. 267 (1951).

They must conduct themselves in a manner that does not cast doubt on their integrity, or ability to faithfully administer bankruptcy cases. *Meinhard v. Salmon*, 249 N.Y. 458, 464, 164 N.E. 545, 546 (1928) (Cardozo, C.J.) (“A trustee is held to something stricter than the morals of the market place. Not honesty alone, but the punctilio of an honor most sensitive, is then the standard of behavior.”). See generally, *Woods v. City National Bank & Trust Co.*, 312 U.S. 262, 278 (1941). In short, trustees must conduct themselves in such a manner as to avoid even the appearance of any impropriety.

Trustees have numerous duties in Chapter 7 cases, which affect the rights of both debtors and creditors. Because of the competing interests involved, it is vital to the integrity of the process that trustees remain disinterested. It insures that the trustees give their undivided loyalty in safeguarding the best interests of the estate. See *Mosser v. Darrow*, 341 U.S. at 271 (“Equity tolerates in bankruptcy trustees no interest adverse to the trust”). The disinterestedness requirement is specifically mandated by the Bankruptcy Code. See 11 U.S.C. §§ 701(a)(1) and 703(c) (trustees appointed by United States Trustees must be disinterested). It is also evidenced in a number of the United States Trustee Program’s requirements. See, e.g., Chapter 5, United States Trustee Program’s *Handbook for Chapter 7 Trustees* (July 2002) (hereinafter “Chapter 7 Handbook”).⁴ Section D, Chapter 5 of the Chapter 7 Handbook prohibits the trustee or any employee from soliciting, or accepting “any gratuity, gift, or other remuneration or thing of value from any person, if it is intended or offered to influence the official actions of the trustee.” The disinterestedness requirement goes to the very heart of bankruptcy administration and is crucial to its integrity. *United States v. Gellene*, 182 F.3d 578, 588 (7th Cir. 1999).

Not only must a case trustee be above reproach, those working for the trustee must also be free from any appearance of misconduct. It has long been established law that a trustee as a representative of the court may not seek advantage for himself or herself from the trust being administered. *Mosser v. Darrow*, 341 U.S. at 271. As the Supreme Court recognized in *Mosser v. Darrow*, the strict prohibitions on a trustee’s conduct also extend to those persons working for the trustee: “prohibitions would serve little purpose if the trustee were free to authorize others to do what he is forbidden.” *Id.* The trustee is responsible for superintending those who assist him in the administration of the estates.

B. The Trustee’s Failure To Appreciate The Nature Of His Relationship With The Associate And Adequately Supervise Him Supports Termination Pursuant To 28 C.F.R. § 58.6(a)(7)

The United States Trustee’s primary concern is that the trustee did not appreciate the fact that the Associate was acting as his agent and, therefore, failed to adequately monitor his conduct. The United States Trustee concluded that the trustee exhibited “exceptionally poor judgment” with respect to the Associate, and that he no longer has confidence in the trustee’s ability to properly supervise professionals in his cases. Notice of Termination, at 4.

Based on the record before me, it is clear that the Associate was acting as an agent of the trustee at all times relevant to this matter. The trustee plainly gave the Associate authority to

represent him with respect to a variety of matters and directed the Associate to perform tasks for him in his capacity as a Chapter 7 trustee. *See* UST Exs. 2-7. The record discloses that the tasks performed by the Associate, at a minimum, included: 1) investigating assets (UST Exs. 7 & 9); 2) assisting with the retention of professionals (UST Exs. 5, 5A & 5 B); 3) contacting debtor's counsel (UST EX. 8), and; 4) representing the trustee at the appraisal of estate property. UST Ex. 14. As the trustee's agent, the Associate plainly had fiduciary obligations to the various estates being administered by the trustee. The Associate repeatedly violated these fiduciary duties. The trustee has admitted his mistakes in this regard: during the September 9, 2002, meeting, the trustee conceded that he had consulted with several trusted advisors and had concluded that he had made mistakes with respect to his involvement with the Associate. UST Ex. 9.

In response to the allegations in the Notice of Termination, the trustee asserts that he fully explained the nature of his relationship with the Associate in his January 24, 2002, letter to the Assistant U.S. Trustee and that nothing was concealed. Request for Review, at 5. From my review of the trustee's letter, I conclude that the trustee did not fully explain their relationship. For example the trustee failed to indicate that he gave the Associate use of a desk in his offices, along with the use of his telephone, fax machine, trustee letterhead and other office amenities. He further failed to describe the nature of the Associate's duties, or the fact that he granted the Associate access to his case files. While I cannot conclude that the trustee deliberately concealed information,⁵ he certainly failed to include some relevant facts that would have better disclosed the nature of his association with the Associate. Nonetheless, the trustee's argument that he fully disclosed his relationship with the Associate misses the point. The burden is on a Chapter 7 trustee to be knowledgeable and vigilant with respect to his fiduciary obligations. The fact that he attempted, unsuccessfully, to explain the nature of his relationship with the Associate to the United States Trustee does not excuse his failure to recognize the true nature of that relationship and the fiduciary responsibilities inherent therein. The trustee, unlike the United States Trustee, had all the facts concerning the Associate's involvement in the administration of the trustee's Chapter 7 cases, but failed to appreciate the fiduciary obligations of the Associate and to supervise him accordingly.

The trustee's failure to recognize the fiduciary obligations of the Associate was itself a breach of his fiduciary duty and it directly contributed to a pattern of conduct by the Associate that created an appearance of impropriety in connection with the administration of the trustee's cases. For example, the Associate sought referral fees from a realtor at the same time he was acting as an agent of the trustee. In transmitting a declaration for that realtor to sign so that she could be employed in one of the trustee's cases, the Associate was clearly acting as a functionary of the trustee. He used the trustee's letterhead in sending the declaration, but he also inserted the following statement: "I need to make an arrangement for a referral fee for giving you the listing."

In response to this contention in the Notice of Termination, the trustee raises two points. First, he states that he authorized the Associate to inquire about such a fee, because he believed it to be a common practice in the real estate industry. This contention, however, only underscores the trustee's utter failure to recognize the inherent impropriety of having his agent seek what can

properly be referred to as a kickback from a professional in a case. The trustee next appears to contend that no harm resulted, because the realtor did not perceive the Associate's request to be a solicitation for such a fee. Request for Review, at 7. This contention is equally unavailing because the plain language of the request speaks for itself. Moreover, it is disingenuous for the trustee to state on the one hand that the Associate's request did not constitute a solicitation for a referral fee when the trustee admits that he advised the Associate he might be entitled to seek such a fee.

Another matter that created the appearance of impropriety was the Associate's transmittal of the EZ Filing letter. With respect to the circumstances concerning this letter, the trustee concedes that his supervision of the Associate was not sufficient. *See* Request for Review, at 6. As discussed above, that letter went out on the trustee's letterhead to EZ Filing, Inc. and requested a commission of 15% on all sales of the company's software if it sponsored a seminar for bankruptcy petition preparers being organized by [the Company]. The trustee initially stated that he did know the letter was sent on the trustee's letterhead and later that he had instructed the Associate that the letter should not be sent. The United States Trustee suggests that the trustee actually had a business relationship with [the Company]. In further support of his contentions, the United States Trustee in his Supplemental Response enclosed pages from a website for [the Company], which contain a picture of the Trustee and the Associate, along with others, seated under the caption "[The Company] Asset Management & Support Services." In the Trustee's Reply, he denies any financial interest in [the Company], stating that the site was merely being tested, but that:

[b]ecause the test has never been completed, the business has never been formed, and no operating proceeds have ever been generated. Until there is any basis to form a business to commence operations [the trustee] has no financial interest in [the Company].

Trustee's Reply, at 6.

Whether or not the trustee had a financial interest in [the Company], the context of the EZ Filing letter plainly suggests that the trustee was financially involved in that company. Thus, the letter gave the impression that the trustee, through the Associate, was inappropriately using his position as trustee to endorse a seminar for bankruptcy petition preparers. The letter clearly creates an appearance of impropriety on the part of the trustee and undermines the trustee's integrity in the community.

The trustee's attempt to minimize his involvement in the company, is strained at best. It clearly suggests that the trustee had some sort of involvement in setting up a business venture with the Associate. The careful, and even contrived, response of the trustee to the disclosure of the website pages demonstrates that the trustee lacks the degree of candor essential for a trustee, who must maintain a high degree of integrity. He did not deny knowledge that the website included a picture of him.⁶ He also failed to set forth fully his knowledge concerning [the Company] and the activities of the Associate in setting up that business. In light of the trustee's

less than forthcoming response, I conclude from the record that he had or has some involvement with [the Company] and the Associate, which he did not disclose.

A third situation concerning the Associate involved his efforts to use information made known to him during his work at the trustee's office to secure a real estate listing for his wife from one of the trustee's cases. The Associate sought a payoff figure from a financial services company for a house, which was an estate asset in one of the trustee's cases. The request was made after relief from the automatic stay had been granted, after the trustee had filed a no-asset report and only days before the case was closed. After the case was closed, the Associate's wife continued to contact a representative of the financial services company and told him that although the case was closed, the trustee "retained an interest" in the property. UST Ex. 6A; Request for Review, at 7.⁷ Although the trustee attempts to defend the Associate's actions in this case, the Associate used his position in the trustee's office to gain a financial advantage for his wife, which in turn indirectly benefitted the Associate. As discussed above, the case law is clear that neither a trustee, nor a person working for the trustee may profit improperly from an estate *Mosser v. Darrow*, 341 U.S. at 271 (the strict prohibitions on a trustee's conduct also extend to those persons working for the trustee).

In addition to the above-mentioned incidents, the trustee employed the Associate as an auctioneer in thirteen cases. Because the Associate was serving as the trustee's agent and assisting him in the administration of his Chapter 7 cases, the Associate was not entitled to be employed as an auctioneer in any of the trustee's cases. As has been set forth above, trustees and their employees and agents work under a series of restrictions in a bankruptcy case and cannot profit from it except as provided by the Bankruptcy Code. The trustee is entitled to seek compensation under section 330 for his services as a trustee and can also be employed in a case as attorney or accountant for the Debtor pursuant to section 327(d) of the Bankruptcy Code. Because section 327(d) does not specifically allow a trustee to be hired as an auctioneer, he may not be so employed. *See United States Trustee v. Bloom (In re Palm Coast)*, 101 F.3d 253 (2nd Cir. 1996) (a trustee may not employ self in non-lawyer or non-accountant capacity). Because a trustee may not authorize others to do that which the trustee may not do, the trustee improperly employed the Associate as an auctioneer in all thirteen cases. The trustee contends that he fully disclosed his relationship with the Associate in his January 24, 2002, letter to the Assistant United States Trustee. As discussed above, however, that letter was not sufficiently detailed. Moreover, the trustee did not make an adequate disclosure to the court when he sought to retain the Associate. The burden for identifying potential conflicts of interests and other ethical issues within a Chapter 7 trustee's practice is on the trustee in the first instance. In this regard the trustee completely failed to recognize the conflict inherent in his employment of a person who was acting as his agent.

The employment of the Associate as auctioneer in any of the trustee's cases was problematic. As the United States Trustee points out, the trustee's judgment in this regard is further called into question in light of the fact that two applications to employ the Associate as an auctioneer were submitted to the bankruptcy court on October 21, 2002, applications to which the United States Trustee objected.⁸ At this time the issue of the Associate's status had been

raised with the trustee on numerous occasions. The latter two applications were also submitted at a time when it appeared that the Associate had both failed to comply with the trustee's instructions not to mail out the EZ Filing letter and, when questioned by the trustee, had lied by stating the letter had not been sent. Notwithstanding these questionable actions by the Associate, the trustee continued to seek employment of the Associate in additional cases as an auctioneer. Such actions put into question the trustee's judgment and support the United States Trustee's decision to terminate the trustee.

That the trustee failed to recognize the impropriety of allowing the Associate work as his agent, while at the same time allowing the Associate to profit improperly from the trustee's bankruptcy cases is entirely unacceptable. This failure is compounded by the fact that the trustee was put on notice of a potential conflict by a former employee in the trustee's own office. By a memorandum dated July 3, 2002, the former employee expressly warned the trustee of the conflict concerning the Associate, UST Ex. 11, stating as follows:

This is why I am on your case! Under no circumstances can [the Associate] be making finder fee arrangements with anyone. This includes receiving money from [redacted] on the real estate sales. [The Associate] cannot act as Auctioneer, employed by the Court and then act as bankruptcy administrator. He has to be one or the other and paid as such.

Citing 18 U.S.C. § 155, which expressly proscribes the trustee or any representative of the trustee from entering into any agreement for compensation to be paid from a bankruptcy estate. The memorandum also indicates that the Associate was seeking kickbacks in more cases than those expressly identified by the United States Trustee in the Notice of Termination. More importantly, however, the memorandum should have set off an alarm and put the trustee on notice that there might be a problem with allowing the Associate to seek referral fees from realtors hired by the bankruptcy estates. From that point on, at a minimum, the trustee had a duty to inquire as to the ethical and legal implications of his arrangement with the Associate. The record is devoid of any evidence that the trustee took this matter seriously or made any kind of investigation or review. Indeed, in his Request for Review, he merely attacks the former employee, rather than addressing the substance of the memorandum and what, if any, steps he took to assure himself that the Associate was acting appropriately.

In light of the foregoing, I conclude that the United States Trustee's decision to terminate the trustee for failing properly to supervise the Associate was an appropriate exercise of his discretion and is supported by the record. It is clear that the trustee did not recognize, understand or appreciate the serious ethical and legal problems created by allowing the Associate to act as his agent while at the same time profiting improperly from his involvement in Chapter 7 case administration. More troubling is the fact that he was put on notice of this potential problem in early July 2002, by a memorandum from an employee, but apparently took no steps to analyze the situation or correct it. Furthermore, the trustee's efforts to employ the Associate as an auctioneer in October 2002, after the United States Trustee raised his concerns about the trustee's relationship with the Associate, demonstrate that the trustee has an ethical blind spot that compromises his integrity and the role of his office. The United States Trustee's conclusion that he no longer could have confidence in the judgment of the trustee is entirely understandable.

His decision to remove the trustee from the panel is an appropriate exercise of discretion and one that is fully supported by the record in this matter.⁹

V. Conclusion

Based upon my review of the record, including the written submissions of the trustee and the United States Trustee, I affirm the United States Trustee's decision to terminate the trustee's membership on the Chapter 7 panel.

The foregoing conclusions and decisions constitute final agency action.

Dated: February 28, 2003

Lawrence A. Friedman
Director
Executive Office for United States Trustees

1. United States Trustees are officials of the Department of Justice who are appointed by and serve at the pleasure of the Attorney General. 28 U.S.C. § 581(a) and (c). The Director of the Executive Office for United States Trustees is a Department of Justice official who acts under authority delegated by the Attorney General.
2. The administrative Record in this matter includes the United States Trustee's Notice of Termination and Interim Directive (hereinafter "Notice"), the trustee's the trustee's letter, dated October 9, 2002, ("Request for Review"), the United States Trustee's October 24, 2002, letter responding to the trustee's Request for Review, the United States Trustee's November 7, 2002, letter requesting to supplement the Record with relevant information and the trustee's November 25, 2002, letter responding to the United States Trustee's November 7, 2002, letter. Further, in the trustee's November 25, 2002, letter the trustee requested that the United States Trustee transmit to the Executive Office all records in the possession of the local Office of the United States Trustee concerning the trustee. The last of those documents were received on January 7, 2002. All supplemental submissions and documents are hereby made part of the record pursuant to 28 C.F.R. § 58.6(h)
3. New case assignments end upon the expiration of a trustee's time to seek review by the Director or, if the trustee timely seeks such review, upon the issuance of a final written decision by the Director. 28 C.F.R. § 58.6. If, however, a United States Trustee specifically determines that one of four circumstances exists the United States Trustee may issue an Interim Directive, which immediately discontinues the assignment of new cases. 28 C.F.R. § 58.6(d) (setting forth the bases for issuing an Interim Directive). If a United States Trustee issues an interim Directive, the trustee may ask the Director to stay it. 28 C.F.R. § 58.6(e). The United States Trustee issued an interim directive in this matter. In his Request for Review, the trustee requested a stay of the Interim Directive. Because of the factually complex nature of this matter, however, it was not possible to resolve that motion prior to issuing this decision.
4. Pursuant to section 101(14)(E) of the Bankruptcy Code, a disinterested is a person that:

does not have an interest materially adverse to the interest of the estate or of any class of creditors or equity security holders, by reason of direct or indirect relationship to, connection with, or interest in, the debtor or an investment banker specified in subparagraph (B) or (C) of this paragraph, or for any other reason.
5. While the trustee's letter did not explicitly state that the Associate was working out of the trustee's office, with the benefit of hindsight it suggested as much. Specifically, the trustee stated that he bought lunch for the Associate when he was working in the trustee's office at lunchtime. Normally, an auctioneer would not be working in the trustee's office space.
6. It is telling that in contrast to the trustee's response, his law partner, when made aware that her picture was also on the website denied, without qualification, that she had any business relationship with The Madison and Mason Group and immediately demanded the photograph be removed from the website. United States Trustee's Supplemental Response, at 2.

7. The United States Trustee asserts that it was the Associate who continued to make calls concerning the house after the case was closed. The trustee asserts that it was the wife of the Associate. Because the record does not clearly demonstrate that it was the Associate himself, I assume that it was the wife of the Associate who made the calls after the case was closed..

8. Although the United States Trustee's objections were not mentioned in the record, this information was obtained through a PACER search of the bankruptcy docket reports for the two cases involved.

9. In light of my decision to affirm the removal of the trustee pursuant to 28 C.F.R. § 58.6(a)(7) for the trustee's failure to recognize the problematic nature of his involvement with the Associate and his consequent failure to adequately supervise the Associate, I find it unnecessary to address the other alleged deficiencies which are cited in the United States Trustee's Notice of Termination.