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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

-----X
In re
NORTH JERSEY TRADING CORPORATION,
Debtor.
-----X

Case No. 93-31620-SAS

Chapter 11

Hearing Date Dec. 20, 1999
Oral Argument Requested

**MEMORANDUM OF LAW BY SUSAN CHARNEY
IN SUPPORT OF MOTION BY TRUSTEE TO DISMISS**

Statement of Facts

This Memorandum is respectfully submitted by shareholder Susan Charney in support of the Trustee's Motion for an Order directing dismissal of this case and payment of the surplus to the Receiver for North Jersey Trading Corporation heretofore appointed in New York derivative litigation affecting the debtor.

Charney fully ratifies and adopts the arguments submitted by the Trustee in support of her motion, and respectfully submits this memorandum in further support thereof, to demonstrate that a Receiver such as the one appointed herein is the proper recipient of any surplus.

ARGUMENT

Surplus Funds Should be Paid to the New York Receiver.

In the ordinary Chapter 11 case, after administration has been completed, any surplus is

to be returned to the debtor. Code §1141(b); In re First Colonial Corp. of America, 693 F.2d 447, 450 (5th Cir. 1982), cert. denied, 461 U.S. 915, 103 S.Ct. 1896, 77 L.Ed.2d 285 (1983). In this respect as in every other, however, this is not the ordinary Chapter 11 case, and there is no ready means of determining the identity of the debtor, in light of the conflicting claims of factions of shareholders. Even after settlement of all disputes between Susan Charney and Robert and Mark Herskowitz, there remain bitterly contested issues between Susan Charney and Judith Herskowitz, as to who is entitled to the surplus remaining on behalf of the debtor.

This Court, however, need not make that determination; where a state court with unquestioned jurisdiction over the corporation and its assets has appointed a receiver to take control of those assets, the bankruptcy court may complete its administration of the case, and direct the Trustee to pay over any surplus to the duly appointed state court receiver. In re First Colonial Corp. of America, 693 F.2d 447 (5th Cir. 1982), cert. denied, 461 U.S. 915, 103 S.Ct. 1896, 77 L.Ed.2d 285 (1983); Berl v. Crutcher, 60 F.2d 440 (5th Cir. 1932), cert. denied, 287 U.S. 670, 53 S.Ct. 314, 77 L.Ed. 578 (1932) (cited with apparent approval, In re North American Light and Power Co., 180 F.2d 975, 980 (3d Cir. 1950) (concurring opinion, Hastie, C.J.)).

In this case, there is such a receiver, duly appointed by the Supreme Court of the State of New York, and expressly authorized, inter alia, to receive any surplus remaining after the conclusion of proceedings in this Court.

This Court should complete the aspects of the case appropriate to bankruptcy administration, direct the Trustee to pay the surplus to the New York receiver; and close its file.

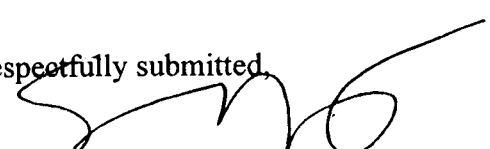
CONCLUSION

The trustee's motion should be granted. The Court should take such steps as are neces-

sary to complete administration hereof; should order the Trustee to pay any surplus over to the New York receiver; and award such other and further relief as may to the Court appear just and proper.

Dated: December 10, 1999

Respectfully submitted,



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