

SAUL EWING LLP
John J. Jerome (JJ-2413)
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
Telephone: (212) 672-1996
Facsimile: (212) 672-1920

Irving E. Walker (IW-0952)
Joyce A. Kuhns (JK-8435)
Lockwood Place
500 East Pratt Street, Suite 800
Baltimore, MD 21202-3171
Telephone: (410) 332-8600
Facsimile: (410) 332-8862

Attorneys for Anthony H.N. Schnellling, as Post-Dissolution Trustee of Impath Inc. and Trustee of the Impath Bankruptcy Liquidating Trust

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

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IN RE: : Chapter 11
: :
IMPATH INC., et al., : Case No. 03-16113 (PCB)
: :
Debtors. : (Jointly Administered)
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EIGHTH POST-CONFIRMATION STATUS REPORT OF THE POST-DISSOLUTION TRUSTEE OF IMPATH INC. AND THE TRUSTEE OF THE IMPATH BANKRUPTCY LIQUIDATING TRUST PURSUANT TO SECTION 1106(a)(7) OF THE BANKRUPTCY CODE, LOCAL RULE 3021-1 AND THE POST-CONFIRMATION ORDER

TO THE HONORABLE PRUDENCE C. BEATTY,
UNITED STATES BANKRUPTCY COURT JUDGE:

Anthony H.N. Schnellling, as Post-Dissolution Trustee of Impath Inc. and Trustee of the Impath Bankruptcy Liquidating Trust (collectively, the "Trustee"), by his undersigned counsel and pursuant to Section 1106(a)(7) of Title 11 of the United States Code (the "Bankruptcy Code"),

Docket Item Number 1521
Date Filed 10/17/07

Local Bankruptcy Rule (“Local Rule”) 3021-1 and this Court’s Post-Confirmation Order and Notice dated October 4, 2005 (the “Post-Confirmation Order”), represents:

I. Background

1. On September 28, 2003 (the “Petition Date”), Impath Inc. (“Impath”) and its debtor subsidiaries, as debtors and debtors in possession (together, the “Debtors”), each filed in this Court voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

2. During the course of these proceedings, substantially all of the Debtors’ assets were sold and a plan of liquidation was filed, subsequently amended, and confirmed by the Court (the “Plan”).

3. The Plan became effective on July 22, 2005 (the “Effective Date”), at which time the Debtors’ estates were substantively consolidated. Pursuant to the Plan, certain assets of the Debtors were transferred for administration by the Trustee as Liquidating Trustee of the Impath Bankruptcy Liquidating Trust (the “Liquidating Trust”) and certain assets remained with Impath Inc., through its wind-down, for administration by the Trustee as its Post-Dissolution Trustee.

4. On October 5, 2005, the Post-Confirmation Order was entered requiring the Trustee to file on January 15th, April 15th, July 15th and October 15th of each year following the Effective Date until a final decree has been entered “a status report detailing the actions taken by the Trustee and the progress made toward consummation of the Plan”.

5. The Trustee has filed the following Post-Confirmation Reports to date: (i) First Post-Confirmation Report filed on January 23, 2006 [Docket No. 1461]; (ii) Second Post-Confirmation Report filed on April 13, 2006 [Docket No. 1468]; (iii) Third Post-Confirmation Report filed on July 25, 2006 [Docket No. 1489]; (iv) Fourth Post-Confirmation Report filed on

October 17, 2006 [Docket No. 1493]; (v) Fifth Post-Confirmation Report filed on January 19, 2007 [Docket No. 1512]; (vi) Sixth Post-Confirmation Report filed on April 20, 2007 [Docket No. 1515]; and (vii) Seventh Post-Confirmation Report filed on July 16, 2007 [Docket No. 1517].

6. The Trustee files this Eighth Post-Confirmation Report to describe the actions he has taken and the progress that has been made towards consummation of the Plan since July 16, 2007.

II. Progress Made Toward Consummation of the Plan

A. Claims Resolution

7. On November 18, 2005, the Trustee filed the Ninth Omnibus Objection to Proofs of Claim (Late) (Books and Records) (CBOE and Adelson Claims) (Docket No. 1444) (the "Ninth Omnibus Objection"). All but two claims were resolved on or before the scheduled hearing and the hearing on the two remaining claims, consisting of a priority tax claim by New York State for income taxes in the amount of \$443,296 and surety bond claims in the aggregate amount of \$688,439, was adjourned to allow the parties to attempt a consensual resolution. By Stipulation and Order which entered on July 16, 2007 [Docket No. 1517], the Trustee resolved the surety bond claims. In accordance with that Stipulation and Order, the insurer's claims were waived and released against Impath Inc., its estates, and assets and the Liquidating Trust and its assets and, after paying outstanding premium, the Trustee funded a \$50,000 escrow fund, pursuant to an Escrow Agreement acceptable to the parties, to cover potential open claims by the State of Florida Agency for Healthcare Administration under Medicare Provider Bond 12 BSB AL 1489. The escrow arrangement will expire on May 1, 2008, unless the escrowed fund is drawn down sooner on presentment of bona fide claims in accordance with the terms of the Escrow Agreement. The Trustee disputes his liability for the priority tax

claim asserted by the New York State. The tax years in dispute (2000-2002) are currently the subject of an IRS tax audit (see paragraph 9 below). Upon resolution of the IRS tax audit, the Trustee believes that he will be able to resolve the New York state income tax dispute favorably to Impath Inc.

B. Recovery of Additional Assets (Tax Refund Claims).

8. The Trustee and its predecessor, the Debtors, have filed federal, state and local tax refund claims of approximately \$28,500,000, including interest, for years 1995 through 2005 of which \$21,500,000 relate to federal returns and \$7,000,000 relate to state and local returns for these years. The sum of approximately \$2,017,000 of state and local tax refunds have been collected to date. Interest accrues at the various state and local rates, where applicable, on the state and local refund claims filed to the extent allowed.

9. The Internal Revenue Service (the "IRS") commenced an audit of tax years 1999 through 2005 beginning in December 2005. The fieldwork encompassed an extensive review of the Debtors' books and records, including the accounting investigation commenced in the late summer of 2003, which gave rise to the filing of amended federal, state and local tax returns for years 1995 through 2002. The IRS issued a series of Information Document Requests to the Trustee requesting the production of all accounting system transaction data and other documents and legal support on a wide range of issues relating to the tax returns for the tax years under audit. The Trustee and his professionals invested extensive efforts to produce and deliver materials responsive to the Information Document Requests. The Revenue Agent and his supervisor completed their fieldwork on the audit in the summer of 2007 and have been working on their report since that time. Their final report containing the IRS' position with regard to the refunds for tax years 1995-2004 will be made available to the Trustee on its completion.

Concurrently with the Revenue Agent's report, a report is also being prepared by the liaison to the Joint Committee on Taxation (the "Joint Committee") that must be filed with the Joint Committee in accordance with its protocol. The Joint Committee consists of representatives of both houses of the United States Congress and is charged with approving issuance of federal income tax refund requests exceeding \$2 million. The Trustee cannot predict how long the Joint Committee might take to finalize its review or how the Joint Committee will act upon the reports to be submitted by the Revenue Agent and the liaison.

Dated: October 17, 2007

SAUL EWING LLP

By: /s/ John J. Jerome
John J. Jerome
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
Telephone: (212) 672-1995

and

Irving E. Walker
Joyce A. Kuhns
SAUL EWING LLP
Lockwood Place
500 East Pratt Street, Suite 800
Baltimore, MD 21202-3171
Telephone: (410) 332-8600

Counsel to Anthony H.N. Schnelling,
as Post-Dissolution Trustee of Impath
Inc. and Trustee of the Impath
Bankruptcy Liquidating Trust

Miscellaneous:

03-16113-pcb Impath Inc.

**U.S. Bankruptcy Court
Southern District of New York**

Notice of Electronic Filing

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Post-Confirmation Report. *Eighth Post-Confirmation Status Report of the Post-Dissolution Trustee of Impath Inc. and the Trustee of the Impath Bankruptcy Liquidating Trust Pursuant to Section 1106(a)(7) of the Bankruptcy Code, Local Rule 3021-1 and the Post-Confirmation Order* filed by John J. Jerome on behalf of Anthony H.N. Schnelling, Post-Dissolution Trustee of Impath Inc.. (Jerome, John)

The following document(s) are associated with this transaction:

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586bc7e7905ecb36a82a3c67d569b29c589b137f794d3fe745303f5970a0]]

03-16113-pcb Notice will be electronically mailed to:

Michael A. Axel michael_axel@keybank.com

Ronald Scott Beacher rbeacher@daypitney.com

Christopher Robert Belmonte cbelmonte@ssbb.com, pbosswick@ssbb.com

Leslie Ann Berkoff lberkoff@moritthock.com

Douglas Bilotti dbilotti@mhhlaw.com

Susan G. Boswell sboswell@quarles.com

Mark A. Broude mark.broude@lw.com

Paul W. Carey pwcarey@mirickoconnell.com

Schuyler G. Carroll carroll.schuyler@arentfox.com, ecspacer@lycos.com

Michael A. Cheah mcheah@hewm.com

Joshua W. Cohen jwcohen@daypitney.com

George A. Davis george.davis@cwt.com, santina.uribe@cwt.com;jessica.berman@cwt.com

Gabriel Del Virginia, Esq. gabriel.delvirginia@verizon.net

Donald J. Detweiler ddetweiler@saul.com

J. Ted Donovan TDonovan@Finkgold.com;srshmulevitz@finkgold.com

Jennifer L. Dumas jenniferdumas@dwt.com

Martin Eisenberg meisenberg@emmetmarvin.com

David S. Elkind david.elkind@ropesgray.com, paul.lang@ropesgray.com

Michael S. Etkin metkin@lowenstein.com, mseymour@lowenstein.com

Michael S. Feldberg michael.feldberg@newyork.allenoverly.com,
kurt.vellek@allenoverly.com;toby.mann@allenoverly.com;karen.lee@newyork.allenoverly.com

Donald W. Fitzgerald srocco@ffwplaw.com

Lawrence Fogelman lawrence.fogelman@usdoj.gov

Erin T. Fontana efontana@ropesgray.com

Michael E. Foreman mforeman@proskauer.com

Joel R. Glucksman jglucksman@njlegalink.com, durena@njlegalink.com;bcaughey@njlegalink.com

Matthew Alexander Gold courts@argopartners.net

M. David Graubard zaidiekgh@aol.com

Andrew B. Helfand andrewbhelfand@helfandlaw.com

Robert M. Hirsh hirsh.robert@arentfox.com

Steven T. Hoort SHOORT@ROPESGRAY.COM

Frederick D. Hyman fhyman@mayerbrownrowe.com

John J. Jerome jjerome@saul.com

Allen G. Kadish kadisha@gtlaw.com

Gene R. Kazlow gkazlow@prodigy.net, ssanders@kazlowandkazlow.com

George M. Kelakos gkelakos@hewm.com

Chad A. Kelsch sdnyecf@dor.mo.gov

Joyce A. Kuhns jkuhns@saul.com

Samuel M. Lauer samlauer@hikpc.com

Ira M. Levee ilevee@lowenstein.com, akowalski@lowenstein.com

A. Peter Lubitz plubitz@schiffhardin.com, bneff@schiffhardin.com

Alan S. Maza maza@sec.gov

Melinda D. Middlebrooks middlebrooks@middlebrooksshapiro.com

David Neier dneier@winston.com, dcunsolo@winston.com

Christopher P. Nesterczuk cnesterczuk@nesterzczuklaw.com

Susan P. Persichilli persichillisp@bipc.com, fiedleram@bipc.com

Michael J. Reynolds michael.reynolds@dbr.com

Andrew I. Silfen silfen.andrew@arentfox.com

Jeffrey M. Sponder jsponder@riker.com, jsponder@riker.com

Harvey A. Strickon harveystrickon@paulhastings.com,
frankdagostino@paulhastings.com;lawrencemehring@paulhastings.com;lauralifland@paulhastings.com

James A. Tiemstra jat@msandr.com, sml@tiemlaw.com

Christopher Van Elk emcdonnell@sidley.com;bkrakauer@sidley.com

Irving E. Walker iwalker@saul.com

03-16113-pcb Notice will not be electronically mailed to:

ACE American Insurance Company

ASM Capital, L.P.
7600 Jericho Turnpike
Suite 302
Woodbury, NY 11797

Arizona Department of Revenue

,
Jane W. Arnone
Benanti & Associates
350 Bedford Street
Suite 201
Stamford, CT 06901

Baron Messenger, Service, Inc.
,

Joel N. Bock
Sills Cummis Epstein & Gross
1 Riverfront Plaza
Newark, NJ 07102

CIT Group/Equipment Financing, Inc.
,

CONTRARIAN FUNDS, LLC
411 West Putnam Avenue, Suite 225
Greenwich, CT 06830

David Cammarata
,

Capital Investors, LLC
One University Plaza
Suite 518
Hackensack, NJ 07601

Clerk's Office of the U.S. Bankruptcy Court
,

Debt Acquisition Company of America V, LLC
San Diego, CA

Diaco Investments
,

Doyle Reporting, Inc.
,

Duane Morris LLP
,

Fair Harbor Capital, LLC
875 Avenue of the Americas
Suite 2305
New York, NY 10001

Chad G. Fallon
,

Andrew D. Gottfried
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178
agottfried@morganlewis.com

Marc L. Hamroff
Moritt, Hock & Hamroff, LLP
400 Garden City Plaza
Suite 202
Garden City, NY 11530
mhamroff@moritthock.com

Highland Community Bank
,

Stuart Hirshfield
Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036-8704
MHirschfield@ropesgray.com;SHirshfield@ropesgray.com;SRoberts@ropesgray.com

Alan Barry Hyman
Proskauer Rose LLP
1585 Broadway
New York, NY 10036
ahyman@proskauer.com;dhatzis@proskauer.com;mhahn@proskauer.com

KT Trust
One University Plaza
Suite 518
Hackensack, NJ 07601

David R. Kuney
Sidley Austin LLP
1501 K Street, NW
Washington, DC 20005
dkuney@sidley.com,
nroberge@sidley.com;kjacobs@sidley.com;vleather@sidley.com;zdelacru@sidley.com;lkujawski@sidle

Lakeland Bank
,

Last Radio Group Corp.
,

David S. Leinwand
Amroc Investments, LLC

535 Madison Avenue
15th Floor
New York, NY 10017

Jill Levi
Todd & Levi, LLP
444 Madison Avenue
New York, NY 10022
jlevi@toddlewi.com, drosenberg@toddlewi.com

Longacre Master Fund, LTD.
810 Seventh Avenue, 22nd Floor
New York, NY 10019

National City Bank of Kentucky
,

Nevada Department Of Taxation
,

New York State Department Of Taxation And Finance
,

Next Factors, Inc.
,

David L. Pollack
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street - 51st Floor
Philadelphia, PA 19103
pollack@ballardspahr.com

Regen Capital I, Inc.
,

Revenue Management
One University Plaza
Suite 518
Hackensack, NJ 07601

Erica M. Ryland
Jones Day
222 East 41st Street
New York, NY 10017

Peter Gregory Schwed
Loeb & Loeb, LLP
345 Park Avenue
New York, NY 10154
gschwed@loeb.com, tcummins@loeb.com

Silver Point Capital
600 Steamboat Rd.
Greenwich, CT 06830

Marc F. Skapof
Ropes & Gray, LLP
1211 Avenue of the Americas
New York, NY 10036-8704
mskapof@ropesgray.com

Kirsten A. Sorensen
,

Stark Event Trading, Ltd.
3600 South Lake Drive
St. Francis, WI 53235

State Board of Equalization of the State of California
,

United States Trustee
33 Whitehall Street
21st Floor
New York, NY 10004

Veritext, LLC.
,

James Wynne
,

Zeptomatrix Corporation
872 Main Street
Buffalo, NY 14202