

EXHIBIT 3

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK

IN RE:

CHAPTER 11
CASE NO. 96-13052B

ST. RITA'S ASSOCIATES
PRIVATE PLACEMENT, L.P.

STATEMENT OF THE UNITED
STATES TRUSTEE REGARDING
APPLICATION FOR FEES AND
EXPENSES

TO: HONORABLE CARL L. BUCKI
UNITED STATES BANKRUPTCY JUDGE

The United States Trustee for the Western District of New York submits this Statement in response to the Application of Damon & Morey LLP, Counsel for the Debtor, for allowance of fees and expenses.

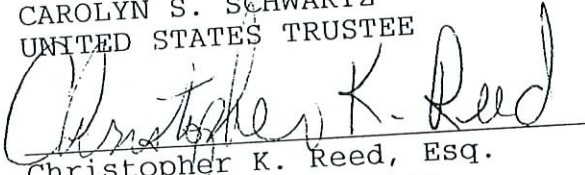
<u>Applicant:</u>	Damon & Morey LLP
<u>Services:</u>	Legal Fees as Counsel for the Debtor
<u>Fees:</u>	\$96,032.50
<u>Expenses:</u>	\$ 3,835.99
<u>Period:</u>	July 1, 1996 through June 30, 1997

The United States Trustee has reviewed the aforementioned application and based upon that review and the confirmation of the debtor's plan, has no explicit objection to the allowance of the fees and expenses requested.

During the review, the United States Trustee discovered that the present fee application is substantially in excess of the estimated fees in the disclosure statement which was approved by the Court on February 4, 1997. The approved disclosure statement provided that Damon & Morey's "estimated outstanding fees and costs through the close of case" would approximate \$60,000.00. The requested fees and costs approach \$100,000.00. The United States Trustee requests that Damon & Morey be required to explain this variance prior to the approval of any fee award.

WHEREFORE, The United States Trustee does not oppose the allowance of fees and expenses requested subject to a clarification of the underestimated fees noted above.

DATED: July 14, 1997
Buffalo, NY

Respectfully submitted,
CAROLYN S. SCHWARTZ
UNITED STATES TRUSTEE
By: 
Christopher K. Reed, Esq.
Assistant U.S. Trustee
OFFICE OF THE U.S. TRUSTEE
42 Delaware Avenue, Suite 100
Buffalo, New York 14202
(716) 846-5541