

Jeff J. Friedman
Merritt A. Pardini
KATTEN MUCHIN ROSENMAN LLP
575 Madison Avenue
New York, New York 10022-2585
Telephone: (212) 940-8800
Facsimile: (212) 940-8776

Attorneys for The Consumers Trust, as Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
:
In re: Chapter 11
:
THE CONSUMERS TRUST, Case No. 05 – 60155 (REG)
:
Debtor. :
:
----- X

POST-CONFIRMATION STATUS REPORT

TO: THE HONORABLE ROBERT E. GERBER,
UNITED STATES BANKRUPTCY JUDGE:

The Consumers Trust, the above-captioned debtor and debtor-in-possession (the “Debtor”), hereby files this post-confirmation status report and respectfully represents as follows:

Background

1. On December 5, 2005 (the “Petition Date”), the Debtor filed with this Court a petition for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). Prior to the Petition Date, the Debtor operated a consumer rebate promotion program in the United States and Canada which involved issuing “Cashable Vouchers” to individuals purchasing a wide variety of consumer products. On October 24, 2007, this Court entered an

order confirming the Debtor's Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the "Plan").¹

Progress Toward Consummation of the Plan

A. Distributions to Creditors

2. The Debtor has hired A.B. Data Ltd. ("A.B. Data") to effectuate payments to holders of Allowed Class 2 General Unsecured Claims (primarily holders of cashable voucher claims). A.B. Data was hired, after consultation with the Official Committee of Unsecured Creditors (the "Committee"), because of its experience in making large distributions in class action cases and because of the favorable pricing structure offered to the Debtor.

3. In March of 2008, the Debtor, through A.B. Data, made an Interim Distribution by check (the "Distribution Checks") to all holders of Allowed Class 2 General Unsecured Claims for whom the Debtor believed it had a correct address and who had not previously declined to grant the Solicitor Trustees Release. The amount of each Distribution Check equaled approximately 1.5% of the recipient's Allowed Class 2 General Unsecured Claim. The entirety of this Interim Distribution came from the Solicitor Trustee Settlement Proceeds.

4. Since making the Interim Distribution, the Debtor's and Committee's professionals have fielded hundreds of telephone calls, emails and letters seeking, inter alia, further information and a layman's explanation of the Solicitor Trustees Release required as a condition to accepting the Interim Distribution. Both the Debtor's and the Committee's professionals have endeavored to respond to each inquiry. Additionally, approximately 10,000 Distribution Checks have been returned by the post office as undeliverable and by persons

¹ Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

refusing to grant the Solicitor Trustees Release. Using an assistant (whose time is not billed to the Debtor except where overtime is necessary), Debtor's counsel has continuously updated the distribution list noting new addresses and name changes, identifying bad address and identifying the holders of Class 2 General Unsecured Claims that have refused to grant the Solicitor Trustee Release or have returned a Distribution Check because they inadvertently received a duplicate payment. Where a new address was provided by the post office but not forwarded to the intended recipient, the Debtor's attorneys re-mailed the Distribution Check.

5. Since making the Interim Distribution in March of this year, the Debtor has made two additional mailings of Interim Distribution checks to Consumers who have contacted the Debtor to provide a new address, request a re-issuance because of an improperly spelled name, or for similar reasons. The Debtor, whose professionals continue to field calls, will continue this process every two months until Final Distribution is made.

6. The Debtor anticipates that a Final Distribution to holders of Allowed Class 2 General Unsecured Claims will occur when the Adversary Proceeding (defined below) has been completed, all collection activities have ended, and all other funds to which the Debtor is entitled have been collected..

B. Commencement of Adversary Proceeding and Summary Judgment

7. On December 3, 2007, the Debtor and the Committee commenced an action in this Court against Adrian Roman, Justin Roman, Nicholas Roman, Eurofinance, S.A., Consumer Promotions, Inc., CP Promotions Ltd. and others (Adversary Proceeding No. 07-03138) under, inter alia, section 547 and 548 of the Bankruptcy Code to recover amounts due to the estate. On July 18, 2008, this Court entered an order granting summary judgment in the Adversary

Proceeding against several parties residing in England. Judgment against these parties was entered four days later in the amount of \$160,000,000 (the “Judgment”). The Debtor and the Committee are preparing to seek the assistance of the English courts to enforce the Judgment in England.

C. Payment of US Trustee Fees and Other Matters

8. The Debtor has filed quarterly operating reports identifying post-confirmation distributions made in this case. All outstanding U.S. Trustee fees through June 2008 have been paid. Additionally, the Debtor has been advised by two banks in Canada that forged Distribution Checks (payable in the amount of several thousand dollars) were presented for payment. Reports have been made by those banks to Canadian law enforcement authorities. To the best of the undersigned’s knowledge, none of these forged checks have been honored.

Notice

9. This status report has been filed with this Court and will be posted on the website maintained by the Committee. Additionally, copies of this Status Report will be served upon (i) the Committee; (ii) the Office of the United States Trustee; and (iii) all parties who have filed notices of appearance in this case.

Future Status Reports

10. The Debtor will continue to file status reports on January 15, April 15, July 15 and October 15 of each year until a final decree has been entered.

Dated: New York, New York
October 15, 2008

KATTEN MUCHIN ROSENMAN LLP
Attorneys for The Consumers Trust

By: /s/ Merritt A. Pardini
Jeff J. Friedman
Merritt A. Pardini
575 Madison Avenue
New York, New York 10022-2585
Telephone: (212) 940-8800