

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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:
In re: Chapter 11
:
THE CONSUMERS TRUST, Case No. 05 – 60155 (REG)
:
Debtor.
:
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**ATTACHED HERETO IS THE PROPOSED ABBREVIATED
DISCLOSURE STATEMENT AND PLAN SUMMARY WITH
RESPECT TO THE JOINT PLAN OF LIQUIDATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED BY
THE DEBTOR AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF THE CONSUMERS TRUST**

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE
PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A
DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY
COURT. THIS ABBREVIATED DISCLOSURE STATEMENT AND PLAN
SUMMARY IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN
APPROVED BY THE BANKRUPTCY COURT.**

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**ABBREVIATED DISCLOSURE STATEMENT AND PLAN SUMMARY
FOR HOLDERS OF CASHABLE VOUCHERS AND MERCHANTS**

You have received this notice because most likely you own a voucher issued by The Consumers Trust (the “Debtor”) or you are a merchant who participated in the programs administered by the Debtor that filed a claim against the Debtor. The Debtor is now in bankruptcy and cannot pay all of the vouchers or merchant claims in full. In order to make a payment to voucher holders from the Debtor’s remaining assets, a chapter 11 plan of liquidation (the “Plan”) has been filed with the Bankruptcy Court seeking approval to make those payments.

We estimate that voucher holders, as well as merchants and other parties the Debtor owes money to, will receive two or more payments from the Debtor over the next year or so and that voucher holders will get back approximately [___ % - ___ %] of the face amount of their voucher. Most voucher holders who reside in Missouri likely will not receive any money from the Debtor as they have already received, or will receive, money from the Missouri Attorney General. Those people should refer directly to the “Class 3 Missouri Consumer Claims” section below.

Most voucher holders will be entitled to a higher recovery based upon a settlement with the “Solicitor Trustees” (described below) and who were among the many people operating the Debtor. We have recovered \$3.2 million from them and as part of the settlement, any person who wishes to receive a portion of that money under the Plan must grant the Solicitor Trustees a release. A release is an agreement that you will give up your right to ever sue the Solicitor Trustees based on their past conduct. If you want to receive part of the settlement money, you must leave the portion of the ballot blank where it asks you to check a box if you DON’T want to give the Solicitor Trustees a release. A fuller explanation can be found later in this notice.

Voucher holders and merchants – except voucher holders in Missouri – should have received with this notice two other documents: (1) a ballot to vote on the Plan, and (2) a letter from the Official Committee of Unsecured Creditors of The Consumers Trust (the “Committee”) giving its recommendation that you vote to approve the Plan and grant the release to the Solicitor Trustees. Voucher holders and merchants are entitled to vote to approve (or not approve) the Plan. In order for the Bankruptcy Court to approve the Plan, voucher holders and merchants, must cast sufficient ballots to approve the Plan by completing the ballot and returning the ballot in the envelope provided before the voting deadline of [_____]. If more than a majority of the ballots voted are voted to approve the Plan and the claims of voucher holders and merchants who vote to approve the Plan are 2/3 or more of total claims of all voucher holders and merchants who vote, the Bankruptcy Court can approve the

Plan. The Committee and the Debtor strongly urge all voucher holders to vote to approve the Plan and to grant a release to the Solicitor Trustees to maximize the payments to you.

This notice is being provided to attempt to explain the Plan to voucher holders in layman terms and to reduce the costs of sending you a complete copy of the Plan and its supporting disclosure statement. **A complete copy of the Plan and Disclosure Statement can be viewed and downloaded, free of charge, at www.consumertrustcase.com or can be mailed to you by e-mailing a request to gubilah.davis@kattenlaw.com, or by calling (212) 940-6544 and leaving a message with the request, along with your name, address and telephone number.** If there is any inconsistency between this notice and the Plan, the Plan language is accurate and controls.

BACKGROUND

The Debtor, an English business trust, operated a sales promotion program where it issued cashable vouchers to consumers in the United States and Canada. The Debtor may also have assumed responsibility for other rebate-like programs in the United States involving documents entitled “Cashable Bond,” “Cashable Rebate,” “3-Year Cashback,” “5-Year Cashback” and “Cashback Check”. In February of 2005, the Missouri Attorney General commenced a law suit against the Debtor and the many people who ran the program alleging violations of Missouri law. A settlement was reached where the Debtor paid \$1.65 million to the Missouri Attorney General. The Debtor decided that in light of claims by other attorneys general and the loss of funds to the Missouri Attorney General, it could not pay all of the anticipated voucher claims with the money it had remaining and decided to file a bankruptcy case. On November 14, 2005, the High Court of Justice in London appointed David Rubin and Henry Lan (two English accountants specializing in insolvency matters) to be the “Receivers” of the Debtor in order to take possession of the Debtor’s cash and business records. The Receivers caused the filing of this chapter 11 case on December 5, 2005, and a related insolvency proceeding in Canada shortly thereafter. As required, the Debtor sent notice of the filing of this bankruptcy case and the Canadian proceeding to all holders of cashable vouchers at their last known addresses, and provided them with a “Proof of Claim” form to complete and file with the Bankruptcy Court.

Investigation: The Receivers and Committee investigated all of the Debtor’s pre-bankruptcy activities and determined that the Debtor can bring lawsuits against several people and companies involved with the voucher program. The Plan will allow the Debtor and the Committee to pursue those law suits in order to increase the money available to pay voucher holders. In addition, other attorneys general may bring lawsuits for the benefit of voucher holders.

Solicitor Trustee Settlement: In March of 2007, the Debtor, the Receivers and the Committee, without having to start a lawsuit, reached a settlement with the Solicitor Trustees which was approved by the Bankruptcy Court. Richard Caplan, Wesley Harrison and the firm of Caplans Solicitors (who together are referred to as the “Solicitor Trustees”), agreed to pay the Debtor \$3.2 million in exchange for releases from further liability by the Receivers, the Debtor and the Committee. The settlement also contained an agreement that the Plan will contain a release agreement that will allow voucher holders to receive a portion of that \$3.2 million only if they agree to release the Solicitor Trustees from any liability or money they owe to that voucher holder. A fuller description follows below.

SUMMARY OF THE PLAN AND TREATMENT OF CLAIMS

The Plan, which will be overseen jointly by the Receivers and the Committee, will allow all of the Debtor’s cash assets to be paid to creditors in accordance with the priority scheme established by Congress in the Bankruptcy Code. First, all of the claims of running the bankruptcy case, certain tax claims entitled to priority, certain non-tax claims entitled to priority, secured claims and fees of the Debtor’s and Committee’s professionals will be paid in full. With the exception of the professional fees, these claims are very minor. Second, the Debtor and the Committee will set aside a portion of the cash held by the Debtor as a reserve in order to carry out the provisions of the Plan. The largest reserve is a litigation reserve of \$2.5 million which will be used to pay for the Receiver’s and Committee’s planned lawsuits against certain people and companies believed to be responsible, at least in part, for the Debtor’s collapse into bankruptcy and the money it owes to voucher holders. All money in the litigation reserve that is not used for litigation will ultimately be paid to voucher holders. There will also be a cash reserve for the expenses of monitoring the cases while litigation is

ongoing and, closing the bankruptcy case, the receivership in England and the Canadian proceeding. All cash in the expense reserve not used will also ultimately be distributed to voucher holders.

Class 2 General Unsecured Claims: The Debtor will issue a series of payments to voucher holders and merchants who have filed proofs of claim, and to voucher holders who have had a proof of claim filed on their behalf by a state attorney general. Several attorneys general have filed proofs of claims so that people who have a cashable voucher but have not filed a proof of claim will be entitled to receive a payment as if they had filed their own proof of claim. The first payment will be made as soon as reasonably possible after the Plan is put into effect and will consist of (i) a pro rata share of the Debtor's available cash remaining after the payment of professional fees and other priority claims and the establishment of the cash reserves discussed above; and (ii) to voucher holders who agree to grant the Solicitor Trustee release, a pro rata share of the Solicitor Trustee settlement money. Only voucher holders who grant the Solicitor Trustees a release will be entitled to receive a portion of the \$3.2 million. Once the Receivers and the Committee have finished all lawsuits they start, and the Debtor has received all money due to it from any other source, the Debtor will make a pro rata final payment of its cash to voucher holders and merchants. Depending on how long the lawsuits last, it may take more than a year after the first payment before a final payment can be made. Additional payments may be made before the final payment if the final payment is going to be delayed too long and they can be made cost-effectively.

The Solicitor Trustee Release In order to receive a portion of the \$3.2 million from the Solicitor Trustees, a voucher holder must agree to grant the Solicitor Trustee the release described earlier. The release can be granted in two different ways. First, the release will be granted if a voucher holder submits a ballot and **does not check the box** indicating that the holder does not grant the release of the Solicitor Trustees. Second, voucher holders who do not cast a ballot, will be sent a check with their pro rata share of the \$3.2 million settlement payment with a notice that says if you cash the check, you will have granted the Solicitor Trustees a release. The release is broadly written and means that in exchange for accepting a portion of the money, you agree not to sue or participate in any lawsuit against any of the Solicitor Trustees for any actions arising out of, or related to the Debtor (including all of the rebate-like programs assumed by the Debtor). The Solicitor Trustee Release is set forth in the Plan and provides as follows: **On the Effective Date of the Plan, each holder of a Class 2 General Unsecured Claim (whether allowed or disallowed) against the Debtor (or in the case of Allowed Class 2 General Unsecured Claims held on behalf of Consumers by attorneys general or Canadian authorities as described in section 1.8 of the Plan, each such Consumer) that accepts a distribution from the Solicitor Trustee Settlement Proceeds in consideration of the obligations of the Debtor under the Plan by accepting payment of a share of an Interim Distribution comprised in whole or in part of the Solicitor Trustee Settlement Proceeds by negotiating or cashing a check containing a notation and/or accompanied by a separate writing making clear that negotiating or cashing the check constitutes a granting of the release under section 8.2 of the Plan, will be deemed to forever release, waive, and discharge all claims, demands, debts, rights, causes of action or liabilities (other than the right to enforce the obligations of the Solicitor Trustees and each of their officers, directors, employees, agents, shareholders, attorneys, financial advisors, predecessors, successors, parents, subsidiaries, affiliates and assignees (collectively, the "Released Parties")) under the Plan, the Confirmation Order and the contracts, instruments, releases, agreements and documents delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, derivative or direct, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act or omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Bankruptcy Case, the Released Claims (which are defined as claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities (other than the rights of the Debtor to enforce the Plan and other agreements or documents delivered in connection with the Solicitor Trustees Settlement Agreement, and liabilities arising after the Effective Date in the ordinary course of business) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, derivative or direct, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, or other occurrences taking place on or prior to the Effective Date in any way relating to the Debtor or the Liquidating Debtor, including pursuant to principles of piercing the corporate veil, alter ego, domination, constructive trust and similar principles of state or federal creditors' rights laws, in any such case), the Plan, or the Disclosure Statement, in any such case, against the Released Parties including, but not limited to any claim for breaches of trust or breaches of contract of any nature or kind relating in any manner to: the Debtor, any affiliates of the**

Debtor, the Cashable Voucher Program and the Solicitor Trustees, and any obligations that may have been assumed by the Debtor in connection with other programs or consumer rebate promotions.

Although the Solicitor Trustee release is broad and releases those who worked for the Solicitor Trustees (such as their attorneys and employees), the Plan makes clear that the Solicitor Trustee release does not result in your releasing any other parties.

Class 3 Missouri Consumer Claims: The Missouri Attorney General has distributed approximately \$657,000 of the \$1.65 settlement payment by the Debtor to voucher holders who either reside in, or obtained a voucher in, Missouri. Additionally, the Debtor has reached an agreement with the Missouri Attorney General, that the remaining approximately \$993,000 of that settlement payment will be paid to voucher holders who reside in Missouri who have not yet received a payment. These parties are identified as holders of “Class 3 Missouri Consumer Claims” in the Plan. We anticipate the Missouri Attorney General will issue about an []% payment to voucher holders in Missouri who have not already received a payment. Accordingly, Missouri voucher holders will not receive a distribution under the Plan unless all other voucher holders receive payments from the Debtor that equal (as a percentage) the recovery that Missouri voucher holders are expected to receive from the Missouri Attorney General.

Missouri voucher holders are not entitled to vote on the Plan. Rather, they are treated as having rejected the Plan as it is likely that they will not receive any payments under the Plan. Instead, they will receive the payments described above from the Missouri Attorney General. They will also receive a release from the Debtor and the Committee to not sue them to recover payments made to them by the Missouri Attorney General. The Bankruptcy Code permits the confirmation of a plan even if a class rejects it as long as the plan is “fair and equitable” and does not “discriminate unfairly” with respect to the rejecting class. The Debtor and the Committee intend to seek confirmation of the Plan even though the Missouri voucher holders are treated as having rejected the Plan. The Debtor and Committee believe that the Plan can be confirmed because no class of claims or interests junior to Missouri voucher holders will receive any distribution under the Plan. Furthermore, the Plan’s discrimination between the treatment of Missouri voucher holders and all other voucher holders is not “unfair” in light of the payments Missouri voucher holders have received or will receive from the Missouri Attorney General and the waiver by the Debtor and the Committee of any right to file lawsuits against Missouri voucher holders to recover those payments.

Alternatives to the Plan: The Plan is a result of negotiations among the Debtor, the Receivers, the Committee and certain state attorneys general on your behalf. It must be “confirmed” by the Bankruptcy Court, and receive certain approval by the Court in Canada. The Receivers and the Committee have determined that the Plan is the most practical and cost effective way to allow for the largest payment to voucher holders in the shortest time. The alternative to the Plan is the liquidation of the Debtor’s remaining assets by converting the case to a chapter 7 case under the Bankruptcy Code in which event a bankruptcy trustee would be appointed to liquidate any remaining assets of the Debtor for distribution to creditors. Voucher holders would likely receive less money and would have to wait longer to receive any money. This is because a chapter 7 trustee would be required to invest substantial time and resources to investigate the facts underlying the Debtor’s bankruptcy case, which have already been investigated by the Receivers and the Committee. Accordingly, the Debtor and the Committee believe that the Plan will enable all creditors entitled to a payment to receive the greatest possible recovery with the least possible delay.

VOTING PROCEDURES AND REQUIREMENTS

Only voucher holders, merchants and attorneys general who have filed proofs of claim are entitled to vote on the Plan, and thus only those parties have been mailed a ballot for voting on the Plan. Voucher holders who have received or will receive money from the Missouri Attorney General are not entitled to vote

It is very important that parties who have received a ballot exercise their right to vote to accept or reject the Plan and to grant (or not grant) the Solicitor Trustee release. You should read the ballot carefully and follow the instructions contained on the ballot. **IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE FOLLOWING ADDRESS BEFORE THE VOTING DEADLINE OF []**.

**The Consumers Trust Ballot Processing
c/o Bankruptcy Services LLC
Grand Central Station
P.O. Box 5295
New York, NY 10163-5295**

A return envelope has been provided with the ballot for that purpose. Alternatively, parties who wish to deliver their ballot in person or by overnight delivery, may do so at the following address: **The Consumers Trust Ballot Processing, c/o Bankruptcy Services LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017.**

If a ballot is damaged or lost, you may contact Bankruptcy Services LLC at (646) 282-2500 for a replacement, but your deadline for voting will not be extended. Any ballot that is signed and returned but which does not indicate an acceptance or rejection of the Plan will be deemed to be an acceptance of the Plan.

CONFIRMATION OF THE PLAN - OBJECTION DEADLINE

The Confirmation Hearing The Bankruptcy Court has scheduled a hearing for [REDACTED], 2007 at 9:45 a.m. in Courtroom 621 at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004 to consider whether the Plan should be “confirmed” – i.e., whether a sufficient number of votes in favor of the Plan have been received and whether the Plan satisfies the requirements of the Bankruptcy Code necessary for it to become effective. If the Plan is confirmed, as a matter of bankruptcy law, all creditors will be bound to it, whether or not they voted for or against the Plan, and all of their rights against the Debtor will be limited to those set forth in the Plan.

Objections to Confirmation Objections to confirmation of the Plan must (i) be in writing; (ii) set forth the name of the objector; (iii) state the legal and factual grounds for the objection; (iv) be filed with Bankruptcy Court; and (v) be served upon (a) counsel for the Debtor, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022 (Attention: Jeff J. Friedman, Esq.), (b) counsel to the Committee, Fulbright & Jaworski LLP, 666 Fifth Avenue, New York, NY 10103-3198 (Attention: David L. Barrack, Esq.), and (c) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attention: Brian Masumoto, Esq.) so as to be actually received by no later than 4:00 p.m. (Eastern Time) on [REDACTED]. **Unless an objection to confirmation is timely served and filed, it may not be considered by the Bankruptcy Court.**

SPECIAL NOTICE TO CANADIAN CREDITORS

Assuming that the United States Bankruptcy Court confirms the Plan on or about [REDACTED], 2007, the Supreme Court of British Columbia will hold a hearing (the “Canadian Hearing”) on [REDACTED], 2007 at [REDACTED] m. Pacific Time, at The Supreme Court of British Columbia, The Law Courts, 800 Smithe Street, Vancouver, B.C. V6Z 2E1, to consider the motion of the Receivers to recognize and confirm the Bankruptcy Court’s confirmation order under the Canadian Companies’ Creditors Arrangement Act. Objections to the entry of such order must (i) be in writing; (ii) set forth the name of the objector; (iii) state the legal and factual grounds for the objection; (iv) be filed with the Supreme Court of British Columbia; and (v) be served upon Canadian counsel to the Debtor, Fraser Milner Casgrain LLP, 15th Floor, 1040 West Georgia Street, Vancouver, British Columbia V6E 4H8 (Attention Christopher J. Ramsay, Esq.) fax number (604)683-5214, so as to be actually received by no later than **4:00 p.m.** Pacific Time on [REDACTED], 2007. The Canadian Hearing may be adjourned without any further notice except an announcement made at the Canadian Hearing.

CONCLUSION

The Receivers and the Committee believe the Plan is in the best interests of all creditors and strongly urge the voucher holders to timely vote in favor of the Plan and to grant the Solicitor Trustee a release as directed on the Ballot.