

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: Chapter 11  
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THE CONSUMERS TRUST, Case No. 05 – 60155 (REG)  
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Debtor.  
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**NOTICE OF COURT HEARING TO CONSIDER SETTLEMENT AGREEMENT AMONG  
THE CONSUMERS TRUST, THE RECEIVERS, THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS, CAPLANS SOLICITORS, RICHARD CAPLAN, AND WESLEY HARRISON**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

**1. FILING OF THE SETTLEMENT MOTION**

On March 30, 2007, The Consumers Trust, as debtor and debtor-in-possession (the “Debtor”) through David Rubin and Henry Lan, the receivers for The Consumers Trust (the “Receivers”) and the Official Committee of Unsecured Creditors (the “Committee”), filed with the United States Bankruptcy Court for the Southern District of New York (the “Court”) a motion to approve a settlement agreement among The Consumers Trust, the Receivers, the Committee, Caplans Solicitors (“Caplans”), Richard Caplan (“Caplan”), and Wesley Harrison (“Harrison”) (collectively with Caplans, the “Solicitor Trustees”) (the “Settlement Motion”).

**2. ACCESS TO THE MOTION AND SETTLEMENT AGREEMENT**

The Settlement Motion and the Settlement Agreement are available for your examination, without charge, at the web site maintained by the Committee at [www.consumerstrustcase.com](http://www.consumerstrustcase.com) or by written or telephonic request to Debtor’s claims and notice agent, Bankruptcy Services LLC, 757 Third Avenue, Third Floor, New York, New York 10017 (Attn: The Consumers Trust) (646) 282-2500.

**3. SUMMARY OF THE MOTION AND SETTLEMENT AGREEMENT**

This Notice is intended to provide a summary of the terms of the Settlement Agreement and is qualified in its entirety by reference to the more detailed provisions of the Settlement Agreement. If any inconsistency exists between this Notice and the Settlement Agreement, the terms of the Settlement Agreement will control.

(i) Settlement Agreement. Over the course of the last year, the Debtor and the Committee have undertaken an exhaustive investigation of the pre-petition acts of the Debtor and the parties who controlled it. Tens of thousands of documents were reviewed and examinations under oath were conducted of nearly all parties involved in the voucher program and the attorneys who represented the Debtor prior to bankruptcy. Caplan is a solicitor and Harrison a legal executive at the Caplans law firm in England and are two of the four trustees of the Debtor, although the Debtor is now controlled by the Receivers appointed by an English court. The Debtor and the Committee’s investigation has led them to the conclusion that certain claims and causes of action exist against the Solicitor Trustees which could be prosecuted for the benefit of voucher holders. The Solicitor Trustees, however, do not admit any wrongdoing. After extensive arm’s-length negotiations and discussions concerning the merits of their respective positions, the Debtor, the Receivers, and the Committee entered into a Settlement Agreement with the Solicitor Trustees, subject to the approval of this Court, to settle any and all claims each may have and to avoid the costs, time, delay and uncertainty of outcome of protracted litigation. The Committee, consisting of 11 representative voucher holders, has unanimously approved the Settlement Agreement, as they believe that it provides the estate and its creditors with the best opportunity to recover the largest amount of funds from the Solicitor Trustees and greatly reduces the attorneys fees that would be incurred by the estate for prosecuting law suits against the Solicitor Trustees. The Settlement Agreement does not include or release any other party that the estate may possess claims against and the Debtor and the Committee reserve their rights to bring law suits against anyone not released by the Settlement Agreement.

(ii) Settlement Payment. Within five business days after entry of an order of the Bankruptcy Court approving the Settlement Agreement, and so long as no stay of the order is in effect (the “Approval Order”), the Solicitor Trustees will cause the sum of \$3,200,000 to be paid to the Receivers for the benefit of the Debtor’s estate (the “Settlement Payment”).

(iii) Releases.

(a) General Release by the Debtor, the Receivers and the Committee. Except as specifically set forth in the Settlement Agreement, upon the receipt by the Receivers of the Settlement Payment, the Debtor, its estate, the Receivers, and the Committee, will irrevocably release Caplan, Harrison, and Caplans, including each of their officers, directors, employees, agents, shareholders, attorneys, financial advisors, predecessors, successors, parents, subsidiaries, affiliates and assigns (collectively, the "Releasees") of and from all claims, liabilities, losses and causes of action of any kind, nature or description, in any and all jurisdictions in the world, including, without limitation all claims relating to The Consumers Trust and the programs it administered.

(b) Release by Releasees. Except as specifically set forth in the Settlement Agreement, upon entry of the Approval Order, Caplan, Harrison, and Caplans will be deemed to have released the Debtor, its estate, the Receivers, and the Committee from all claims, liabilities, causes of action, contribution claims, indemnities, and will not assert or file any proofs of claim or make any motions for payment of an administrative expense in the Debtor's bankruptcy case and any proof of claim filed by any of the Releasees will be deemed disallowed and expunged provided, however, that this release does not affect the parties' rights or obligations under, or to enforce the terms of, the Settlement Agreement.

(c) The Filing of a Chapter 11 Plan. The Debtor and the Committee agree to use their reasonable best efforts to file a joint chapter 11 plan by June 1, 2007, which, among other things, will provide for the proceeds of the Settlement Payment to be distributed to those holders of allowed claims against the Debtor. The chapter 11 plan will also provide that each holder of a claim that accepts a distribution from the proceeds of the Settlement Payment will be deemed to forever release, waive, and discharge all claims, demands, debts, rights, causes of action, or liabilities that are based on any act or omission, transaction, event, or other occurrence taking place on or prior to the effective date of the chapter 11 plan in any way relating to the Debtor, the chapter 11 case, the chapter 11 plan, or the disclosure statement, in any such case, against the Releasees for claims arising under federal and state laws, including, but not limited to, piercing the corporate veil, alter ego, domination, constructive trust, 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 promotions administered by the Debtor and the trustees, and any obligations that may have been assumed by the Debtor in connection with other programs or consumer rebate promotions. **Creditors will receive additional notices with respect to any chapter 11 plan which may be filed and considered by the Court. No plan is being considered or approved by the Court at this time.**

#### **4. HEARING ON THE SETTLEMENT AGREEMENT AND RIGHT TO OBJECT**

The hearing by the Court to consider approval of the Settlement Motion has been scheduled for May 2, 2007 at 9:45 a.m. (Eastern Time) before the Honorable Robert E. Gerber and will be held at the Bankruptcy Court, One Bowling Green, Room 621, New York, New York 10004 (the "Hearing"). The parties reserve the right to seek an adjournment of the Hearing and need not provide additional notice of any such adjournment except that the Debtor and the Committee will endeavor to provide notice of any such adjournment on the Committee's web site and by an announcement in Court.

If you wish to object to the approval of the Settlement Motion, (i) you must file no later than April 25, 2007 at 4:00 p.m. (Eastern Time) a written objection (an "Objection") with the Clerk of the Bankruptcy Court, One Bowling Green, New York, New York 10004, stating the legal and factual bases for such Objection, and submit a paper copy of the Objection directly to Judge Gerber's chambers at the address in the preceding paragraph and (ii) deliver a copy of such Objection to (a) Jeff J. Friedman, Esq., Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022; (b) David L. Barrack, Esq., Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103; (c) Brian Masumoto, Esq., Office of the United States Trustee, 33 Whitehall Street, New York, New York 10004; and (d) Ronald R. Sussman, Esq., Cooley Godward Kronish LLP, 1114 Avenue of the Americas, New York, New York 10036 so as to be received no later than April 25, 2007 at 4:00 pm (Eastern Time).

**IF YOU DO NOT OBJECT TO THE SETTLEMENT AGREEMENT, YOU DO NOT NEED TO TAKE ANY ACTION IN RESPONSE TO THIS NOTICE OR APPEAR AT THE HEARING. IF YOU DO, HOWEVER, OBJECT TO THE APPROVAL OF THE SETTLEMENT MOTION, YOU MUST FILE A TIMELY OBJECTION IN ACCORDANCE WITH THE PRECEDING PARAGRAPH AND APPEAR BEFORE THE COURT AT THE HEARING; OTHERWISE, THE COURT MAY APPROVE THE SETTLEMENT MOTION WITHOUT FURTHER NOTICE.**

#### **5. CREDITOR INFORMATION WEB SITE**

The Committee, a statutory representative of all general unsecured creditors of the Consumers Trust, has established an information web site: [www.consumertrustcase.com](http://www.consumertrustcase.com). The Debtor and the Committee use this web site as a means to keep creditors apprised of important information and significant developments in the chapter 11 case. Because the costs of copying and mailing written notices to creditors is very expensive, such notices are only being sent when required by law or otherwise determined to be necessary by the Debtor, the Committee or the Court. The Debtor and the Committee recommend that you check the web site from time to time for updates on the status of the case.