

Hearing Date and Time: January 16, 2008 at 9:45 a.m.
Objection Deadline: January 11, 2008 at 4:00 p.m.

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

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 DEBTOR’S SECOND OMNIBUS OBJECTION TO PROOFS OF
CLAIMS PURSUANT TO 11 U.S.C. §§ 105(a) AND 502 AND FED. R. BANKR. P. 3007
(CASHABLE VOUCHER CLAIMS)**

PLEASE TAKE NOTICE that a hearing will be held on January 16, 2008 at 9:45 a.m.
or as soon thereafter as counsel can be heard before the Honorable Robert E. Gerber, United
States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New
York, One Bowling Green, New York, New York 10004, to consider the annexed Debtor’s
Second Omnibus Objection to Proofs of Claims Pursuant to 11 U.S.C. §§ 105 and 502 and Fed.
R. Bankr. P. 3007 (Cashable Voucher Claims) (the “Second Omnibus Objection”).

PLEASE TAKE FURTHER NOTICE that the hearing to consider the Second
Omnibus Objection and any response thereto may be adjourned from time to time without notice

to any creditor or other party-in-interest, other than the announcement of the adjourned date at such hearing.

PLEASE TAKE FURTHER NOTICE that responses to the Second Omnibus Objection, if any, must be filed with the Court, together with a copy for the chambers of Judge Gerber, and served upon (i) counsel for The Consumers Trust, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022 (Attn: Jeff J. Friedman, Esq.); (ii) counsel for the Official Committee of Unsecured Creditors, Fulbright and Jaworski LLP, 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack, Esq.); and (iii) the Office of the United States Trustee, 33 Whitehall Street, New York, New York, 11201 (Attn: Brian Masumoto, Esq.) so as to be received no later than January 11, 2008 at 4:00 p.m.

Dated: New York, New York
November 27, 2007

KATTEN MUCHIN ROSENMAN LLP
Attorneys for The Consumers Trust, as Debtor and Debtor-in-Possession

By: /s/ Jeff J. Friedman
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Attorneys for the Debtor and Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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**DEBTOR’S SECOND OMNIBUS OBJECTION TO PROOFS OF CLAIMS PURSUANT
TO 11 U.S.C. §§ 105(a) AND 502 AND FED. R. BANKR. P. 3007
(CASHABLE VOUCHER CLAIMS)**

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 its Second Omnibus Objection to Proofs of Claims Pursuant 11 U.S.C. §§ 105(a), 502(a) and 502(b) and Fed. R. Bankr. P. 3007 (Cashable Voucher Claims) (the “Second Omnibus Objection”), and in support thereof, respectfully represents as follows:

RELIEF REQUESTED

1. The Debtor seeks entry of the proposed order submitted herewith (i) reclassifying and allowing all of the claims identified on Exhibit “A” annexed hereto as general unsecured claims; (ii) reclassifying as general unsecured all of the claims identified on Exhibit “B” annexed hereto as to which the Debtor has requested additional information, including a copy of the claimant’s cashable voucher (“Cashable Voucher”) to support the asserted claim and disallowing any claim to which the Debtor has requested additional information and no such information or response is provided prior to the response due date; (iii) reclassifying as general unsecured and allowing those claims identified on Exhibit “C” annexed hereto as to which claimants have asserted unliquidated or unknown amounts in the amounts stated therein which represent the face amount of the Cashable Vouchers; and (iv) reclassifying as general unsecured and reducing those claims identified on Exhibit “D” annexed hereto to which claimants have asserted amounts in excess of \$20,000 or \$30,000 CDN to the maximum amount of any Cashable Voucher.

JURISDICTION

2. The Court has jurisdiction over this application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are 11 U.S.C. §§ 105(a) and 502 (as amended, the “Bankruptcy Code”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (as amended, the “Bankruptcy Rules”).

INTRODUCTION

3. On December 5, 2005 (the “Petition Date”), the Debtor filed with the Court a petition for relief under chapter 11 of the Bankruptcy Code.

4. No trustee or examiner has been appointed in this chapter 11 case. On December 29, 2005, the United States Trustee for the Southern District of New York appointed the eleven-member Official Committee of Unsecured Creditors of The Consumers Trust (the “Committee”) pursuant to sections 1102(a) and 1102(b) of the Bankruptcy Code.

5. On October 22, 2007, the Debtor and Committee filed the Second Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code (the “Plan”). On October 24, 2007, the Court entered its Findings of Fact, Conclusions of Law, and Order Under 11 U.S.C. § 1129(a) and (b) and Fed. R. Bankr. P. 3020 Confirming the Second Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, confirming the Plan.

BACKGROUND

6. On December 13, 2005, the Court entered an order, *inter alia*, approving procedures for notifying creditors of the commencement of the debtor’s chapter 11 case, establishing a deadline for the filing of proofs of claim and approving the form and manner thereof (the “Bar Date Order”), which, among other things, established March 15, 2006 (the “General Bar Date”) as the last date by which all persons and entities (excluding governmental units) holding or wishing to assert claims based upon prepetition debts or liabilities against the Debtor must file written proofs of such claims (the “Proofs of Claims”). In accordance with section 502(b)(9) of the Bankruptcy Code, the Bar Date Order also established June 6, 2006 (the “Governmental Bar Date”) and together with the General Bar Date, the “Bar Dates”) as the last date for governmental units holding or wishing to assert claims against the Debtor to file Proofs of Claims.

7. The Debtor's claims and noticing agent, Epiq Bankruptcy Solutions, LLC provided timely notice of the Bar Dates by mailing the notice of the Bar Dates approved by the Court (the "Bar Date Notice") and a proof of claim form upon the persons or entities listed in the Debtor's Schedules of Assets and Liabilities and Statement of Financial Affairs (the "Schedules and Statements"), which were filed with the Court on January 10, 2006. In addition, the Debtor published the Bar Date Notice in the national editions of The New York Times, The Globe and Mail, and the National Post.

8. On March 31, 2006, the Court entered two separate orders rejecting all of the unredeemed cashable vouchers and merchant agreements that were construed as executory contracts and effectively extended the deadline to file claims for damages arising from the rejection through May 15, 2006. To date, over 30,000 Proofs of Claim aggregating in excess of \$150 million have been filed against the Debtor's estate by voucher holders, merchants and governmental entities.

9. On or about October 5, 2007, this Court entered an order establishing procedures for filing objections to Proofs of Claims which approved the mailing of a two-page notice summarizing the bases or basis for the Debtor's objection and procedures for filing responses to claimants whose claims are the subject of the Debtor's objection(s). The Debtor's Second Omnibus Objection will be prosecuted in accordance with those approved procedures.

BASES FOR THE RELIEF REQUESTED

10. The Debtor has now focused its efforts and attention to reconciling the approximately 1000 Proofs of Claims based on Cashable Vouchers filed against the Debtor's estate in which claimants improperly assert secured or priority status. Additionally, in reviewing

the secured and priority claims filed, there were approximately 319 Proofs of Claims with respect to which the Debtor has no record of any obligation and where no Cashable Voucher or other evidence of a claim was attached. Finally, there are eight Proofs of Claims in which claimants assert unknown or unliquidated amounts or amounts in excess of \$20,000 (\$30,000 CDN), the maximum amount of any Cashable Voucher.

Reclassification

11. The Proofs of Claims identified on Exhibit A in which the claimants assert secured and/or priority status should be reclassified as general unsecured claims. Since the Debtor sought, and the Court approved, the rejection of all of the Cashable Vouchers to which the Debtor is a party, the claims are for damages based upon the Debtor's breach of contract with respect to an unmatured Cashable Voucher or the failure of the Debtor to make payment in accordance with the terms of the Cashable Voucher to a consumer who followed the proper procedures upon maturity of the Cashable Voucher. Accordingly, the Debtor objects to the claims set forth on Exhibit A solely because claimants improperly assert secured or priority status. The Debtor has no record of any Cashable Voucher holder having collateral for its claim. Moreover, the Debtor submits that the claims based on Cashable Vouchers are not entitled to any priority under section 507(a) of the Bankruptcy Code. Accordingly, each of the claims set forth on Exhibit A should be reclassified as a general unsecured claim.

Additional Information Needed

12. The Debtor does not have a record of any obligation to the claimants listed on Exhibit B. The Debtor has examined its books and records utilizing various searching strategies, including searching variations of the names and/or address in an attempt to uncover information concerning those Proofs of Claims. The aggregate value of the claims set forth on Exhibit B as

to which the Debtor has no record of any obligation is approximately \$1.3 million. Since this amount is rather substantial given the assets available for distribution to holders of Cashable Vouchers and these claimants otherwise seek secured and/or priority status necessitating an objection, the Debtor determined that it was in the best interest of the estate to insure that the claimants who filed Proofs of Claims are in fact holders of Cashable Vouchers entitled to receive distributions of the Debtor's assets under the Plan. Accordingly, the Debtor seeks additional information and documentation in support of the claims listed on Exhibit B.

13. Assuming additional information is timely provided to the Debtor showing the claimant possesses a Cashable Voucher, then the Debtor will seek to allow the claim as a general unsecured claim in the amount of the Cashable Voucher. The Debtor will seek to disallow in the entirety any claim with respect to which it does not receive supporting documentation by the response deadline.

Claim Amount Fixed As Face Amount Of Each Cashable Voucher

14. The Debtor has identified four Proofs of Claims for which the claimants did not state or specify the amount of their claims or list the amount as "unknown" or unliquidated. As stated above, the Debtor believes that these claims are for damages based upon the Debtor's breach of contract with respect to unmatured Cashable Vouchers or the failure of the Debtor to make payments in accordance with the terms of the Cashable Vouchers. It is the Debtor's position that each Cashable Voucher holder claimant is only entitled to a general unsecured claim in the face amount of the Cashable Voucher. Accordingly, the Debtor seeks to reclassify the claims listed on Exhibit C as general unsecured claims and allow these claims in the face amount of the Cashable Vouchers.

Claim Amount Asserted Is Limited To Face Amount Of Each Cashable Voucher

15. Finally, the Debtor has identified four Proofs of Claims which the claimants assert amounts greater than \$20,000 (\$30,000 CDN), the maximum amount of any Cashable Voucher issued by the Debtor. As stated in the preceding paragraph, each Cashable Voucher holder claimant is only entitled to a general unsecured claim in the face amount of the Cashable Voucher. Accordingly, the Debtor seeks to reclassify the claims listed on Exhibit D as general unsecured claims and allow these claims in the reduced amounts which represents the maximum face amount of the Cashable Voucher.

16. The Debtor expressly reserves the right to amend, modify or supplement the objections asserted herein and file additional objections to the claims or any other claims (filed or not filed) asserted against the Debtor on any other grounds that the Debtor identifies.

LEGAL AUTHORITY

17. Section 502(a) of the Bankruptcy Code provides that “a claim or interest, proof of which is filed under section 501 of this title, is deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). Section 502(b) of the Bankruptcy Code, in relevant part, provides that “if such objection to a claim is made, the court shall determine the amount of such claim in lawful currency of the United States as of the date of the filing of the petition, and shall allow such claim in such amount” 11 U.S.C. § 502(b). Pursuant to Bankruptcy Rule 3001, a timely-filed proof of claim constitutes prima facie evidence of the validity and amount of the claim. See Fed. R. Bankr. P. 3001. A debtor may rebut a proof of claim by filing an objection in accordance with Bankruptcy Rule 3007. See Fed. R. Bankr. P. 3001(f); Liddle v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.), 159 B.R. 420, 424

(S.D.N.Y. 1993); In re Chateaugay Corp., 104 B.R. 622, 625 (S.D.N.Y. 1989). Once a debtor has rebutted the proof of claim, the burden shifts to the claimant to satisfy the ultimate burden of persuasion with respect to the validity of the claim. See In re Jorczak, 314 B.R. 474, 481 (Bankr. D. Conn. 2004); In re Rockefeller Ctr. Props. & RCP Assocs., 272 B.R. 524, 539 (Bankr. S.D.N.Y. 2000); In re St. Johnsbury Trucking Co., 206 B.R. 318, 323 (Bankr. S.D.N.Y. 1997).

NOTICE

18. Notice of the Second Omnibus Objection has been given to the United States Trustee, Counsel for the Committee, the affected claimants, and those persons who filed a notice of appearance in these cases in accordance with this Court's order establishing procedures for objecting to Proofs of Claims entered on October 5, 2007. The Debtor submits that such notice is sufficient under the circumstances and request that the Bankruptcy Court find that no other or further notice of the relief requested herein is required.

MEMORANDUM OF LAW

19. Because the relevant authorities in support of the relief requested herein are cited in this Second Omnibus Objection, the Debtor requests that the requirement of the service and filing of a separate memorandum of law under Local Bankruptcy Rule 9013-1(b) be deemed satisfied by this Second Omnibus Objection.

20. No previous request for the relief requested herein has been made to this Court or any other court.

WHEREFORE the Debtor respectfully requests that the Court enter an order substantially similar to the proposed order that accompanies this Second Omnibus Objection (i) reclassifying

and allowing all of the claims identified on Exhibit A as general unsecured claims; (ii) reclassifying as general unsecured all of the claims identified on Exhibit B hereto as to which the Debtor has requested additional information, including a copy of the Cashable Voucher to support the asserted claim and disallowing any claim to which the Debtor has requested additional information and no such information or response is provided prior to the response due date; (iii) reclassifying as general unsecured and allowing those claims identified on Exhibit C as to which claimants have asserted unliquidated or unknown amounts in the amounts stated therein which represent the face amount of the Cashable Vouchers; (iv) reclassifying as general unsecured and reducing those claims identified on Exhibit D to which claimants have asserted amounts in excess of \$20,000 or \$30,000 CDN to the maximum amount of any Cashable Voucher; and (v) granting the Debtor such other and further relief as is just and proper.

Dated: New York, New York
November 27, 2007

KATTEN MUCHIN ROSENMAN LLP
Attorneys for Debtors and Debtors-In-
Possession

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER GRANTING DEBTOR’S SECOND OMNIBUS OBJECTION PURSUANT
TO 11 U.S.C. §§ 105(a) AND 502 AND FED. R. BANKR. P. 3007
(CASHABLE VOUCHER CLAIMS)**

Upon the Debtor’s second omnibus objection to claims pursuant to 11 U.S.C. §§ 105(a), and 502 and Fed. R. Bankr. P. 3007 (Cashable Voucher Claims) (the “Second Omnibus Objection”); and the Court having jurisdiction to consider the Second Omnibus Objection and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Second Omnibus Objection and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and proper notice of the Second Omnibus Objection and relief requested therein having been provided and it appearing that no other or further notice need be provided; and the relief requested in the Second Omnibus Objection being in the best interests of the Debtor, its estate and creditors; and the Court having determined that the legal and factual bases set forth in the Second Omnibus Objection establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the claims listed on Exhibit A hereto are reclassified and allowed as general unsecured claims; and it is further

ORDERED that the claims listed on Exhibit B hereto are reclassified and allowed as general unsecured claims; and it is further

ORDERED that the claims listed on Exhibit B1 have not provided the Debtor with satisfactory proof of their claims prior to the deadline to respond to the Second Omnibus Objection and accordingly those claims are hereby disallowed and expunged; and it is further

ORDERED that the claims listed on Exhibit C are reclassified as general unsecured claims and are allowed in the amount stated therein; and it is further

ORDERED that the claims listed on Exhibit D are reclassified as general unsecured claims and reduced to an amount equal to the face value of the Cashable Voucher; and it is further

ORDERED that the Debtor's claims and noticing agent is directed to make such entries or notations as are appropriate to the claims register in this case to reflect the relief granted in the preceding paragraphs; and it is further

ORDERED that nothing herein shall prejudice the rights of the Debtor to file additional objections to claims of voucher holders not identified in the Second Omnibus Objection; and it is further

ORDERED that the requirement of Local Bankruptcy Rule 9013-1(b) for the filing of a separate memorandum of law is hereby waived with respect to the Second Omnibus Objection.

Dated: New York, New York
January __, 2008

UNITED STATES BANKRUPTCY JUDGE