

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	No. 07-06720
)	
AUTOMOTIVE PROFESSIONALS, INC.,)	Chapter 11
)	
Debtor.)	Honorable Carol A. Doyle
)	
)	Hearing Date: October 4, 2007
)	Hearing Time: 10:00 a.m.
)	Room No.: 742

**MOTION FOR ENTRY OF AN ORDER APPROVING
NOTICE OF THE MOTION FOR ENTRY OF AN ORDER APPROVING
SETTLEMENT, RELEASE AND POLICY BUYBACK AGREEMENT WITH THE
TRAVELERS INDEMNITY COMPANY**

Frances Gecker (the “Chapter 11 Trustee”), not individually, but solely as the Chapter 11 trustee for Automotive Professionals, Inc., hereby makes and files the Motion for Entry of an Order Approving Notice of the Motion for Entry of an Order Approving Settlement, Release and Policy Buyback Agreement with the Travelers Indemnity Company (the “Motion”). In support of her Motion, the Chapter 11 Trustee respectfully states as follows:

JURISDICTION

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
2. Consideration of the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).
3. The relief sought is appropriate and proper pursuant to Rule 2002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

4. Automotive Professionals, Inc. (the “Debtor” or “API”) was in the business of servicing and marketing, directly or through automobile dealers, vehicle service contracts to

consumers (“VSCs”). The VSCs pay for the cost of automobile repairs for a fixed period of time after the expiration of the original manufacturer’s warranty.

5. The Travelers Indemnity Company (“Travelers”) issued certain insurance policies to the Dealers and/or API (the policies issued to the Dealers or to API, together with all amendments and endorsements thereto, including are hereinafter referred to as the “Policies”).

6. Under the Policies, Travelers agreed to pay for valid covered repair claims and certain cancellation charges covered under VSCs to the extent that those valid covered repair claims and certain cancellation charges exceeded certain of the Travelers related reserve accounts associated with a dealer who sold that VSC.

PROCEDURAL BACKGROUND

7. On April 13, 2007 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the Bankruptcy Code”).

8. On June 6, 2007, the Court ordered the appointment of a Chapter 11 trustee.

9. The Office of the United States Trustee selected the Chapter 11 Trustee to serve as trustee, and on June 12, 2007, the Bankruptcy Court confirmed appointment of the Frances Gecker, as the Chapter 11 Trustee for API.

THE TRAVELERS AGREEMENT

10. The Chapter 11 Trustee has reached an agreement with Travelers in which all issues between the Debtor’s estate and Travelers will be resolved, including all issues regarding payment of valid repair and certain mid-term cancellation claims of the consumers.

11. The Chapter 11 Trustee has scheduled the hearing on the Motion of Chapter 11 Trustee for Entry of an Order Approving Settlement, Release and Policy Buyback Agreement

with the Travelers Indemnity Company (the “Compromise Motion”) for October 23, 2007 (the “Hearing Date”).

12. The Chapter 11 Trustee has filed this Motion to resolve any and all notice issues related to the Compromise Motion in advance of the Hearing Date.

RELIEF REQUESTED

13. Pursuant to Rule 2002, the Chapter 11 Trustee seeks the entry of an order: (i) approving the form of the notice of the Compromise Motion; (ii) limiting notice of the Compromise Motion; and (iii) setting deadlines for written objections to the Compromise Motion.

14. As agreed to between the Chapter 11 Trustee and Travelers, Travelers will pay the expense of serving notice of the Compromise Motion to consumers and dealers.

Approve Method of Notice

15. In conjunction with the Compromise Motion, the Chapter 11 Trustee and Travelers have prepared: (i) a form notice to be served only on consumers (the “Consumer Notice”, which is attached hereto as Exhibit A); and (ii) a form notice to be served only on dealers (the “Dealer Notice”, which is attached hereto as Exhibit B).

16. Pursuant to Rule 2002, the Chapter 11 Trustee requests that the Consumer Notice and the Dealer Notice be approved by this Court.

Limit Notice

17. Pursuant to Rule 2002, the Chapter 11 Trustee seeks to limit notice of the Compromise Motion as follows:

- i. Serving on or before **October 3, 2007**, the Compromise Motion to all parties who have requested to receive notice in the Bankruptcy Case;

- ii. Serving on or before **October 9, 2007**, the Consumer Notice to Consumers that: (i) had an in force VSC backed by Travelers as of June 30, 2006; and (ii) had elected and paid API for the separate Guaranteed Price Refund option under the VSC;¹
- iii. Serving on or before **October 9, 2007**, the dealers that sold VSCs under the dealer agreements involving Travelers with a copy of the Dealer Notice;
- iv. Publishing on or about **October 12, 2007**, in The Wall Street Journal, National Edition, a copy of the Consumer Notice; and
- v. Making available for download a PDF copy of the Compromise Motion, the Dealer Notice, and the Consumer Notice on the Chapter 11 Trustee's website (www.apibankruptcy.com).

18. The Chapter 11 Trustee maintains that the proposed notice of the Compromise Motion is sufficient under the circumstances. The Chapter 11 Trustee should not be required to serve notice of the Compromise Motion on the more than 300,000 potential consumer creditors, many of whom have either no claim under the Policies, or are unaffected by the Compromise Motion. Further, the Chapter 11 Trustee should not be required to serve notice of the Compromise Motion on the consumers whose valid repair claims and valid cancellations claims against the estate will be paid in full by Travelers.

19. The Chapter 11 Trustee proposes to serve notice of the Compromise Motion, at Travelers' expense, on more than 47,000 consumers and approximately 5,000 dealers. The Chapter 11 Trustee requests that the limited notice of the Compromise Motion be deemed sufficient and further notice of the Compromise Motion be waived.

¹ API began offering a separate Guaranteed Price Refund option ("GPR") where for an added cost, API or the relevant Dealer guaranteed consumers a refund of their VSC purchase price if the VSC ran for its full term and the consumer did not submit a claim for benefits under the VSC. Travelers specifically declined to be involved in any manner in the GPR program when API decided to offer that program, and Travelers' obligations under the Policies extend only to valid covered repair claims and certain cancellation charges under VSCs.

Set Objection Deadline

20. The Chapter 11 Trustee further requests that this Court set an objection deadline of **October 17, 2007 at 4:00 p.m.** for any party to file and serve on the Chapter 11 Trustee and Travelers any objection to the Compromise Motion.

LIMITED AND SHORTENED NOTICE

21. The Chapter 11 Trustee has served limited and shortened notice of this Motion on all parties that have appeared in this case. For obvious reasons, the Chapter 11 Trustee has not served notice of this Motion on the 325,000 consumer creditors, but has posted the motion to the Chapter 11 Trustee's website (www.apibankruptcy.com). The Chapter 11 Trustee requests that the limited and shortened notice of this Motion be deemed sufficient and further notice of the Motion be waived.

WHEREFORE, the Chapter 11 Trustee respectfully requests the entry of an order:

- (i) Approving the form of the Consumer Notice and the Dealer Notice;
- (ii) Authorizing and approving the Chapter 11 Trustee to serve the Compromise Motion on limited notice as detailed in this Motion;
- (iii) Setting October 17, 2007 at 4:00 p.m. as the deadline for filing and serving objections to the Compromise Motion;
- (iv) Approving notice of this Motion and waiving further notice; and

(v) Granting such other and further relief as the Court may deem appropriate under the circumstances.

Dated: October 2, 2007

Respectfully submitted,

FRANCES GECKER, not individually but as
Chapter 11 Trustee of the estate of
AUTOMOTIVE PROFESSIONALS, INC.

By: /s/ Zane L. Zielinski
One of her attorneys

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