

**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

**CHAPTER 11 TRUSTEE’S MOTION TO AUTHORIZE
PAYMENT OF THE TRUSTEE’S BOND**

Frances Gecker (the “Chapter 11 Trustee” or “Ms. Gecker”), not individually but as the Chapter 11 trustee of the bankruptcy estate of Automotive Professionals, Inc. (the “Debtor”), by her attorneys, pursuant to 11 U.S.C. §§ 105, 322 and 363, respectfully requests entry of an order authorizing the Trustee to pay the cost of the Trustee’s Bond primarily from funds received from LaSalle Bank, N.A. In support of this motion, the Trustee states as follows:

JURISDICTION

1. The Court has jurisdiction over this motion pursuant to 11 U.S.C. § 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§1408 and 1409. Consideration of the motion is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A) and 157(b)(2)(M).
2. The statutory basis for the relief sought in this motion is 11 U.S.C. §§ 105, 322 and 363.

BACKGROUND

3. On April 13, 2007, the Debtor filed a voluntary petition for relief under Chapter 11 of Title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the “Case”).
4. According to pleadings filed by the Debtor in this case, the Debtor is an Illinois corporation that was in the business of marketing and distributing vehicle service contracts

("VSCs"), that provide for the payment of automobile repairs for a fixed period of time after the expiration of the original manufacturer's warranty. The Debtor has acknowledged outstanding VSCs with approximately 325,000 consumers in 49 states.

5. On June 11, 2007, the Office of the United States Trustee for this district, filed its Application to Approve the Appointment of a Chapter 11 Trustee.

6. On June 12, 2007 (the "Appointment Date"), this Court entered an order granting the U.S. Trustee's motion, and approving the appointment of Frances Gecker as the Chapter 11 Trustee for the Debtor's estate. Ms. Gecker is a panel 7 trustee in the Northern District of Illinois.

QUALIFICATIONS AS A CHAPTER 11 TRUSTEE

7. The blanket bond that all Chapter 7 trustees maintain in the Northern District of Illinois does not cover cases in which they are appointed as a Chapter 11 Trustee.

8. Pursuant to 11 U.S.C. § 321 and the United States Trustee¹, a Chapter 11 trustee is required to maintain an individual Chapter 11 Bond equal to 110% of the amount of funds under her control. Further, if the amount of funds under a Chapter 11 trustee's control significantly increases during the administration of the case, the Chapter 11 Trustee is required to increase the amount of the Chapter 11 bond.

9. The Chapter 11 bond is a necessary expense of preserving the estate, and, therefore, the cost of the premium on a Chapter 11 bond is paid from the funds of the estate, as an ordinary course of business expense, without leave of the bankruptcy court.

10. In this case, upon appointment as the Chapter 11 Trustee, Ms. Gecker obtained a bond (the "Chapter 11 Bond"). At the time of her appointment the funds under the control of the Chapter 11 Trustee was relatively small, and the premium on the Chapter 11 Bond was minimal.

¹ 11 U.S.C. § 322(b) specifies that the United States Trustee shall determine the amount of the bond.

THE FUNDS UNDER THE CONTROL OF THE CHAPTER 11 TRUSTEE

11. On July 25, 2007, this Court entered the Order approving compromise with LaSalle Bank, NA (the “LaSalle Order”). Pursuant to the terms of the LaSalle Order, the Chapter 11 Trustee was required to hold certain funds in a segregated interest bearing account pending **further order of the Court** (the “Segregated Account”).

12. Except for the funds ordered into the Segregated Account, all other funds obtained by the Chapter 11 Trustee during the administration of this estate have been deposited into the Chapter 11 Trustee’s API Account (the “Chapter 11 Account”).

13. Currently, the Segregated Account is holding funds of approximately \$22 million, which is approximately 99.3% of the funds under the Chapter 11 Trustee’s control. The Chapter 11 Account is holding funds slightly in excess of \$150,000.00, which will be greatly reduced after payment of certain pending administrative expenses.

14. In this estate, the Chapter 11 Trustee controls combined funds in excess of \$22.15 million. Pursuant to the United States Trustee’s requirements, the Chapter 11 Trustee must increase the Chapter 11 Bond to approximately \$24.37 million which is 110% of the amount of funds under her control.

15. According to International Sureties, Inc. the yearly cost for this increased Chapter 11 Bond will be approximately \$72,000.00 (the “Bond Premium”).

RELIEF REQUESTED

16. Pursuant to 11 U.S.C. §§ 105, 322 and 363, the Trustee requests authorization to use funds from the Segregated Account to pay for pro-rata share of the Chapter 11 Bond, which will be approximately 99.3% of the Bond Premium.

17. The Chapter 11 Bond protects any and all creditors who are asserting an interest in the Segregated Accounts, and, therefore, the funds in the Segregated Account should be used to pay for the actual and necessary expenses of maintaining the Segregated Account. Further, it would be inappropriate to use funds from the Chapter 11 Account to pay the cost of the Bond Premium to maintain the Segregated Account.

18. The Chapter 11 Trustee will pay the remaining amount of any portion of the Bond Premium related to the funds in the Chapter 11 Account from the Chapter 11 Account, as an ordinary course of business expense, without order of this Court.

19. In the alternative, pursuant to 11 U.S.C. § 105, if this Court does not allow the Chapter 11 Trustee to pay the pro-rata Bond Premium from the Segregated Account, the Chapter 11 Trustee requests that this Court waive any requirements for maintaining a Chapter 11 Bond for any amount contained in the Segregated Account.

LIMITED AND SHORTENED NOTICE

20. 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 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, Frances Gecker, not individually, but as Chapter 11 trustee for Automotive Professionals, Inc., respectfully requests that the Court enter an Order:

