

**United States Bankruptcy Court
Northern District of Illinois**

In re Lancelot Investors Fund, Ltd.

Debtor(s)

Case No. 08-28227Chapter 7

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs. To indicate payments, transfers and the like to minor children, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

Questions 1 - 18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19 - 25. **If the answer to an applicable question is "None," mark the box labeled "None."** If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed full-time or part-time. An individual debtor also may be "in business" for the purpose of this form if the debtor engages in a trade, business, or other activity, other than as an employee, to supplement income from the debtor's primary employment.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

1. Income from employment or operation of business

None

State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

Note: The numbers* provided include sources of income other than from employment or operation of business

\$71,505,469.12

For the 8 month period ending September 5, 2008

\$98,621,378.88

For the 12 month period ending January 5, 2008

\$68,423,600.63

For the 12 month period ending January 5, 2007

(*all numbers are unaudited)

2. Income other than from employment or operation of businessNone

State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

See answer to Question #1 above.**3. Payments to creditors**None
Complete a. or b., as appropriate, and c.

a. *Individual or joint debtor(s) with primarily consumer debts.* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within **90 days** immediately preceding the commencement of this case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$600. Indicate with an (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and creditor counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS	AMOUNT PAID	AMOUNT STILL OWING
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None

b. *Debtor whose debts are not primarily consumer debts.* List each payment or other transfer to any creditor made within **90 days** immediately preceding the commencement of the case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$5,475. If the debtor is an individual, indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and creditor counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATES OF PAYMENTS/ TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
Charter One - Loan 1215 Superior Ave Cleveland, OH 44144-3299	7/31/08	\$129,590.17	\$0.00
Charter One - Loan 1215 Superior Ave Cleveland, OH 44144-3299	7/31/08	\$129,590.16	\$0.00
Swiss Financial Services, Inc. 280 Shuman Blvd. Suite 190 Naperville, IL 60563	7/31/08	\$77,627.36	\$0.00

None

c. *All debtors:* List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
Lancelot Investment Management, LP 1033 Skokie Boulevard, Suite 620 Northbrook, IL 60062	6/6/08	\$4,972,757.00	\$0.00

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING
Lancelot Investment Management, LP 1033 Skokie Boulevard, Suite 620 Northbrook, IL 60062	6/6/08	\$6,681,035.00	\$0.00
Thomas V. Demaio 101 Repulse Bay Road Flat 7, Block B, 3rd Floor Hong Kong, SAR	9/4/08	\$8,333.33	\$0.00
Trevor D.A. Sunderland PO Box S.S. 6290 Nassau, Bahamas	9/4/08	\$5,000.00	\$0.00

4. Suits and administrative proceedings, executions, garnishments and attachments

None a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
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None b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
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5. Repossessions, foreclosures and returns

None List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSSESSION, FORECLOSURE SALE, TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
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6. Assignments and receiverships

None a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
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None b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND LOCATION OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
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7. GiftsNone

List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
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8. LossesNone

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case.** (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
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9. Payments related to debt counseling or bankruptcyNone

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of the petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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10. Other transfersNone

a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **two years** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED
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None

b. List all property transferred by the debtor within **ten years** immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

NAME OF TRUST OR OTHER DEVICE	DATE(S) OF TRANSFER(S)	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY OR DEBTOR'S INTEREST IN PROPERTY
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11. Closed financial accountsNone

List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE OF ACCOUNT, LAST FOUR DIGITS OF ACCOUNT NUMBER, AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
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See Global Notes

12. Safe deposit boxesNone

List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITORY	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY
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13. SetoffsNone

List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF
Charter One	9/30/08	6,836,179.43

14. Property held for another personNone

List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY
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15. Prior address of debtorNone

If the debtor has moved within **three years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY
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16. Spouses and Former SpousesNone

If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within **eight years** immediately preceding the commencement of the case, identify the name of the debtor's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

17. Environmental Information.

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state, or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law

None a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law:

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

NAME AND ADDRESS OF GOVERNMENTAL UNIT	DOCKET NUMBER	STATUS OR DISPOSITION
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18 . Nature, location and name of business

None a. *If the debtor is an individual*, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within **six years** immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

NAME	LAST FOUR DIGITS OF SOCIAL-SECURITY OR OTHER INDIVIDUAL TAXPAYER-I.D. NO. (ITIN)/ COMPLETE EIN	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES
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See Global Notes

None b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

NAME	ADDRESS
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The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within **six years** immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership, a sole proprietor or self-employed in a trade, profession, or other activity, either full- or part-time.

(An individual or joint debtor should complete this portion of the statement only if the debtor is or has been in business, as defined above, within six years immediately preceding the commencement of this case. A debtor who has not been in business within those six years should go directly to the signature page.)

19. Books, records and financial statementsNone
a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS
Swiss Financial Services, Inc.
280 Shuman Blvd.
Suite 190
Naperville, IL 60563

DATES SERVICES RENDERED

None
b. List all firms or individuals who within the **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME
RSM McGladrey

ADDRESS

DATES SERVICES RENDERED

None

c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME
Swiss Financial Services, Inc.

ADDRESS
280 Shuman Blvd.
Suite 190
Naperville, IL 60563

None
d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within **two years** immediately preceding the commencement of this case.

NAME AND ADDRESS
TBD

DATE ISSUED

20. InventoriesNone

a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY

INVENTORY SUPERVISOR

DOLLAR AMOUNT OF INVENTORY
(Specify cost, market or other basis)None

b. List the name and address of the person having possession of the records of each of the two inventories reported in a., above.

DATE OF INVENTORY

NAME AND ADDRESSES OF CUSTODIAN OF INVENTORY
RECORDS**21 . Current Partners, Officers, Directors and Shareholders**None

a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS

NATURE OF INTEREST

PERCENTAGE OF INTEREST

None

b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

NAME AND ADDRESS
Vincent King

TITLE
Director

NATURE AND PERCENTAGE
OF STOCK OWNERSHIP

Benjamin Miller

Director

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP
Trevor Sunderland	Director	
Thomas DeMaio	Director	
		The confidential list of investors was simultaneously provided to the chapter 7 trustee with the filing of these statements.

22 . Former partners, officers, directors and shareholders

None

a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL
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None

b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
Shareholder 1		7/6/08
Shareholder 2		2/6/08
Shareholder 3		7/6/08
Shareholder 4		4/6/08
Shareholder 5		7/6/08
Shareholder 6		8/6/08
Shareholder 7		7/6/08
Shareholder 8		4/6/08
Shareholder 9		7/6/08
Shareholder 10		8/6/08
Shareholder 11		1/6/08
Shareholder 12		7/6/08
Shareholder 13		7/6/08
Shareholder 14		1/6/08
Shareholder 15		2/6/08
Shareholder 16		4/6/08

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
Shareholder 17		4/6/08
Shareholder 18		6/6/08
Shareholder 19		7/6/08
Shareholder 20		7/6/08
Shareholder 21		3/6/08
Shareholder 22		4/6/08
Shareholder 23		4/6/08
Shareholder 24		1/6/08
Shareholder 25		3/6/08
Shareholder 26		7/6/08
Shareholder 27		9/6/08
Shareholder 28		3/6/08
Shareholder 29		9/6/08
Shareholder 30		7/6/08
Shareholder 31		4/6/08
Shareholder 32		7/6/08
Shareholder 33		1/6/08
Shareholder 34		3/6/08
Shareholder 35		1/6/08
Shareholder 36		3/6/08
Shareholder 37		1/6/08
Shareholder 38		1/6/08
Shareholder 39		7/6/08
Shareholder 40		4/6/08
Shareholder 41		7/6/08

NAME AND ADDRESS	TITLE	DATE OF TERMINATION
Shareholder 42		5/6/08
Shareholder 43		9/6/08
Shareholder 44		9/6/08
Shareholder 45		9/6/07
Shareholder 46		11/6/07
Shareholder 47		12/6/07
Shareholder 48		12/6/07
Shareholder 49		12/6/07

The shareholders' names and addresses are confidential and were provided to the chapter 7 trustee simultaneously with the filing of these statements.

23 . Withdrawals from a partnership or distributions by a corporation

None

If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
Lancelot Investment Management, LP 1033 Skokie Boulevard, Suite 620 Northbrook, IL 60062	6/6/08; Management fees	4,972,757.00
Lancelot Investment Management, LP 1033 Skokie Boulevard, Suite 620 Northbrook, IL 60062	6/6/08; Incentive fees	6,681,035.00
Thomas V. Demaio 101 Repulse Bay Road Flat 7, Block B, 3rd Floor Hong Kong, SAR	11/07-9/08	91,666.63
Trevor D.A. Sunderland PO Box S.S. 6290 Nassau, Bahamas	9/4/08	5,000.00
Trevor D.A. Sunderland PO Box S.S. 6290 Nassau, Bahamas	1/08	5,000.00
Swiss Financial Services, Inc. 280 Shuman Blvd. Suite 190 Naperville, IL 60563	1/08	6,000.00

24. Tax Consolidation Group.

None

If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within **six years** immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION

TAXPAYER IDENTIFICATION NUMBER (EIN)

25. Pension Funds.

None If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within six years immediately preceding the commencement of the case.

NAME OF PENSION FUND

TAXPAYER IDENTIFICATION NUMBER (EIN)

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date 12/19/08

Signature 

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

Penalty for making a false statement: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS**

In re:)	Chapter 7
)	
Lancelot Investors Fund, L.P., <i>et al.</i> , ¹)	Case No. 08-28200
)	
Debtors.)	Hon. Jacqueline P. Cox Presiding
)	Jointly Administered

**GLOBAL NOTES REGARDING DEBTORS' (I) SCHEDULES OF ASSETS
AND LIABILITIES AND (II) STATEMENTS OF FINANCIAL AFFAIRS²**

On October 20, 2008 (the "Petition Date"), Lancelot Investors Fund, L.P. ("Lancelot") and its affiliates (collectively, the "Debtors") each filed voluntary petitions (collectively, the "Chapter 7 Cases") for relief under chapter 7 of title 11 of the United States Code (11 U.S.C. §§ 101-1532, as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the Northern District of Illinois (the "Court"). On October 28, 2008, the Court entered an order jointly administering the Debtors' Chapter 7 Cases pursuant to Bankruptcy Rule 1015(b).

Winston & Strawn LLP ("Winston & Strawn") represents Lancelot Investment Management, LP ("Lancelot Management"), Colossus Capital Management, LP ("Colossus Management") and, together with Lancelot Management, the "Management Companies") and Gregory Bell, individually. Lancelot Management is the general partner of Lancelot and Lancelot Investors Fund II, L.P. ("Lancelot II") and is the investment manager of Lancelot Investors Fund, Ltd. ("Lancelot Ltd."). Colossus Management is the general partner of Colossus Capital Fund, L.P. ("Colossus L.P.") and is the investment manager of Colossus Capital Fund, Ltd. ("Colossus Ltd.").

¹ The chapter 7 case of Lancelot Investors Fund, L.P. is being jointly administered with the chapter 7 cases of SWC Services, LLC; Lien Acquisition, LLC; AGM, LLC; AGM II, LLC; KD1, LLC; KD2, LLC; KD3, LLC; KD4, LLC; KD5, LLC; KD6, LLC; KD7, LLC; KD8, LLC; RWB Services LLC; Surge Capital II, LLC; Colossus Capital Fund, L.P.; Colossus Capital Fund, Ltd.; Lancelot Investors Fund, L.P.; Lancelot Investors Fund II, L.P.; and Lancelot Investors Fund, Ltd.

² These notes are in addition to the specific notes contained in each Debtor's Schedules or Statements. The fact that the Debtors have prepared a "General Note" with respect to any of the Schedules and Statements and not to others should not be interpreted as a decision by the Debtors to exclude the applicability of such General Note to any of the Debtors' remaining Schedules and Statements, as appropriate.

Winston & Strawn has facilitated the filing of the Debtors' Schedules of Assets and Liabilities (the "Schedules") and Statements of Financial Affairs (the "Statements" and, together with the Schedules, the "Schedules and Statements") at the request of Ronald Peterson, the trustee appointed in these Chapter 7 Cases (the "Trustee") in its capacity as counsel to the Management Companies and Gregory Bell. Winston & Strawn is not counsel to the Debtors. The information contained in the Debtors' Schedules and Statements was provided to Winston & Strawn by the Management Companies and Gregory Bell.

The Debtors' Schedules and Statements have been prepared pursuant to section 521 of the Bankruptcy Code and rule 1007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") by the Management Companies and Gregory Bell with the assistance of their advisors and are unaudited. These notes (the "Global Notes") pertain to all of the Schedules and Statements.

While the Management Companies and Gregory Bell have made reasonable efforts to ensure that the Schedules and Statements are accurate and complete based on information that was available to them at the time of preparation, subsequent information or discovery may result in material changes to these Schedules and Statements and inadvertent errors or omissions may exist. Moreover, the Schedules and Statements contain unaudited information that is subject to further review and potential adjustment. Nothing contained in the Schedules and Statements shall constitute a waiver of any of the Management Companies' or Gregory Bell's rights or an admission of any type or nature relating to the Management Companies' or Gregory Bell's claims, rights, remedies or defenses with respect to these Chapter 7 Cases including, without limitation, any issues involving substantive consolidation, equitable subordination and/or causes of action arising under the provisions of chapter 5 of the Bankruptcy Code and any other relevant applicable laws to recover assets or avoid transfers.

Agreements Subject to Confidentiality. There may be instances within the Schedules and Statements where names, addresses or amounts have been left blank. Due to the nature of an agreement between the Debtors and the third party, concerns of confidentiality or concerns for the privacy of an individual, the Management Companies and Gregory Bell have deemed it appropriate and necessary to avoid listing such names, addresses and amounts.

Causes of Action. The Management Companies and Gregory Bell may not have identified or set forth all of the Debtors' causes of action (filed or potential) as assets in the Schedules and Statements. All such liabilities believed to be owed by the Debtors are listed on their respective Schedule F. In addition, in answering question number four on Lancelot's Statement, lawsuits related to the Debtors' loans and investments in Petters Group Worldwide and related entities were not included.

Consolidation of Certain Information. Lancelot is the sole member of AGM, LLC, AGM II, LLC, KD1, LLC, KD2, LLC, KD3, LLC, KD4, LLC, KD5, LLC, KD6, LLC, KD7, LLC, KD8, LLC, RWB Services LLC and Surge Capital II, LLC (collectively, the "Lancelot Subsidiaries"). Lancelot utilized a consolidated accounts payable and disbursement system through which substantially all business-related expenses of Lancelot and the Lancelot Subsidiaries were paid by Lancelot on behalf of the appropriate Debtor. Additionally, Lancelot and the Lancelot Subsidiaries did not separately account for the assets and liabilities of the various Debtors.

Therefore, the Statements and Schedules of Lancelot and the Lancelot Subsidiaries have been consolidated.

Lancelot II is the sole member of Lien Acquisition, LLC ("Lien Acquisition"). Lancelot II utilized a consolidated accounts payable and disbursement system through which substantially all business-related expenses of Lancelot II and Lien Acquisition were paid by Lancelot II on behalf of the appropriate Debtor. Additionally, Lancelot II and Lien Acquisition did not separately account for the assets and liabilities of the various Debtors. Therefore, the Statements and Schedules of Lancelot II and Lien Acquisition have been consolidated.

Colossus L.P. is the sole member of SWC Services LLC ("SWC"). Colossus L.P. utilized a consolidated accounts payable and disbursement system through which substantially all business-related expenses of Colossus L.P. and SWC were paid by Colossus L.P. on behalf of the appropriate Debtor. Additionally, Colossus L.P. and SWC did not separately account for the assets and liabilities of the various Debtors. Therefore, the Statements and Schedules of Colossus L.P. and SWC have been consolidated.

While these Schedules and Statements, at times, incorporate information prepared in accordance with generally accepted accounting principles ("GAAP"), the Statements and Schedules do not represent financial information prepared in accordance with GAAP. The listing of information on a consolidated basis is not, and should not be construed as, an admission or view as to the appropriateness of substantive consolidation.

Given the uncertainty surrounding the collection and ownership of certain assets and the valuation and nature of certain liabilities, to the extent that a Debtor shows more assets than liabilities, this is not an admission that the Debtor was solvent as of the Petition Date, or at any time prior to the Petition Date. Likewise, to the extent that a Debtor shows more liabilities than assets, this is not an admission that the Debtor was insolvent on the Petition Date or any time prior to the Petition Date.

Claims Description. Any failure to designate an amount on the Debtors' Schedules and Statements as "disputed," "contingent" or "unliquidated" does not constitute an admission that such amount is not "disputed," "contingent" or "unliquidated."

Current Market Value – Net Book Value. The Management Companies and Gregory Bell are not in possession of the Debtors' property and cannot therefore obtain current market valuations of their assets. Accordingly, unless otherwise indicated, net book values are reflected on the Schedules and Statements. For this reason, amounts ultimately realized will vary from net book value and such variance may be material. In addition, the amounts shown for liabilities exclude items identified as "unknown" or "undetermined" and, thus, the Debtors' ultimate liabilities may differ materially from those stated in the Schedules and Statements.

Dates. Notwithstanding efforts to include all information as of the Petition Date, certain information was not available at the time of the filing of these Statements and Schedules. Therefore, unless otherwise indicated, the Statements and Schedules of Lancelot, Lancelot II and Lancelot Ltd. reflect assets as of September 5, 2008 and the Statements and Schedules of

Colossus L.P. and Colossus Ltd. reflect assets as of August 31, 2008. To the best of the Management Companies' and Gregory Bell's knowledge and belief, all liabilities are as of the Petition Date.

Estimates. To prepare these Schedules and Statements, the Management Companies and Gregory Bell were required to make certain estimates and assumptions that affect the reported amounts of the Debtors' assets, liabilities, revenue and expenses. Actual results could differ from those estimates.

Excluded Assets and Liabilities. Certain categories of assets and liabilities have been excluded from the Schedules and Statements, such as goodwill, de minimis deposits, and accrued liabilities including, without limitation, accrued salaries and employee benefits, tax accruals, and accrued accounts payable. Other immaterial assets and liabilities may also have been excluded.

Insiders. Persons listed as "insiders" have been included for informational purposes only. The Management Companies and Gregory Bell do not take any position with respect to (a) such individual's influence over the control of the Debtors, (b) the management responsibilities or functions of such individual, (c) the decision-making or corporate authority of such individual or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law.

Inter-company Transactions. The Debtors did not maintain separate transactions for inter-company payables, receivables and investments. Accordingly, this information is omitted from the Schedules and Statements.

Liabilities Generally. Some of the Debtors' scheduled liabilities are unknown and/or may unliquidated at this time. In such cases, the amounts are listed as "unknown" or "undetermined." As a result, the Debtors' Schedules do not accurately reflect the aggregate amount of the Debtors' liabilities, which may differ materially from those stated in the Schedules.

Schedule D – Creditors Holding Secured Claims. Except as specifically stated in the Schedules, utility companies and other parties that may hold security deposits have not been listed on Schedule D. Entities that may believe their claims are secured through setoff rights, deposit posted by or on behalf of the Debtors, or inchoate statutory lien rights are not included on Schedule D. Except as otherwise agreed pursuant to a stipulation or agreed order or general order entered by the Court, the Management Companies and Gregory Bell reserve their rights to dispute or challenge, among other things, the validity, perfection or immunity from avoidance of any lien purported to be granted or perfected in any specific asset to a creditor listed on Schedule D of any Debtor. Moreover, although claims of various creditors may be scheduled as secured claims, the Management Companies and Gregory Bell reserve all rights to dispute or challenge the secured nature of any such creditor's claim or the characterization of the structure of any such transaction or any document or instrument (including, without limitation, any intercompany agreement) related to such creditor's claim. In certain instances, a Debtor may be a co-obligor, co-mortgagor or guarantor with respect to scheduled claims of other Debtors, and no claim set forth on Schedule D of any Debtor is intended to acknowledge claims of creditors that are otherwise satisfied or discharged by other entities. The descriptions provided in Schedule D are intended only to be a summary. Reference to the applicable loan agreements and related

documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in the Global Notes or the Schedules and Statements shall be deemed a modification or interpretation of the terms of such agreements. Schedule D lists only the trustee or administrative agent, rather than individuals or beneficial holders, of any secured bank facility or debt instrument.

Schedule F – Creditors Holding Unsecured Nonpriority Claims. The Debtors' Schedule F does not include certain deferred charges, deferred liabilities or general reserves. Such amounts are, however, reflected on the Debtors' books and records as required in accordance with GAAP. Such accruals are general estimates of liabilities and do not represent specific claims as of the Petition Date.

The claims listed in Schedule F arose or were incurred on various dates. In certain instances, the date on which a claim arose is an open issue of fact. While efforts have been made, determination of each date upon which each claim in Schedule F was incurred or arose would be unduly burdensome and cost prohibitive and, therefore, a date for each claim listed on Schedule F is not listed.

Schedule G – Executory Contracts and Unexpired Leases. The businesses of the Debtors are complex. While reasonable efforts have been made to ensure the accuracy of Schedule G regarding executory contracts and unexpired leases, inadvertent errors, omissions or over-inclusion may have occurred. The Management Companies and Gregory Bell hereby reserve all of their rights to dispute the validity, status or enforceability of any contract, agreement or lease set forth on Schedule G that may have expired or may have been modified, amended and supplemented from time to time by various amendments, restatements, waivers, estoppel certificates, letters and other documents, instruments and agreements which may not be listed on Schedule G. Certain of the leases and contracts listed on Schedule G may contain certain renewal options, guarantees of payment, options to purchase, rights of first refusal, and other miscellaneous rights. Such rights, powers, duties and obligations are not set forth on Schedule G. Certain executory agreements may not have been memorialized in writing and could be subject to dispute. In addition, the Debtors may have entered into various other types of agreements in the ordinary course of business, such as easements, right of way, subordination, non-disturbance, and attornment agreements, supplemental agreements, amendment/letter agreements, title agreements and confidentially agreements. Such documents may not be set forth on Schedule G. The Management Companies and Gregory Bell reserve all of their rights to dispute or challenge the characterization of the structure or substances of any transaction, or any document or instrument. Certain of the contracts, agreements, and leases listed on Schedule G may have been entered into by more than one of the Debtors or by a Debtor on behalf of other Debtors. In the ordinary course of business, the Debtors may have entered into agreements, written or oral, for the provision of certain services on a month-to-month or at-will basis. Such contracts may not be included on Schedule G.

Listing a contract, agreement or lease on Schedule G does not constitute an admission that such contract, agreement or lease is an executory contract or unexpired lease or that such contract or agreement was in effect on the Petition Date or is valid or enforceable. The Management Companies and Gregory Bell reserve all rights to challenge whether any of the listed contracts,

agreements, leases or other documents constitute an executory contract or unexpired lease, including if any are unexpired real property leases. Any and all rights, claims and causes of action with respect to the contracts and agreements listed on Schedule G are hereby reserved and preserved.

Omission of a contract, agreement or lease from Schedule G does not constitute an admission that such omitted contract or agreement is not an executory contract or unexpired lease. The Debtors' rights under the Bankruptcy Code with respect to any such omitted contracts, agreements or leases are not impaired by the omission. Schedule G may be amended at any time to add any omitted contract, agreement or lease.

Schedule H – Co-Debtors. Certain of the Debtors' lenders, with respect to borrowings, have asserted liens extending to each of the Debtors. For purposes of Schedule H, only the administrative agent is listed for such borrowings. Additionally, it is possible that the legal and/or administrative proceedings that are listed on Schedule F have been asserted against multiple Debtors. Information regarding the co-debtors to such proceedings may be obtained from the pleadings and/or other documents filed in those cases and, as such, such co-debtor information is not listed on Schedule H.

Closed Financial Accounts. The Debtors routinely opened and closed financial accounts maintained at various financial institutions during the ordinary course of their businesses for which the Debtors' did not keep detailed records. Therefore, such information is not included in the Debtors' Statements and Schedules.

Setoffs. The Debtors routinely incurred setoffs during the ordinary course of their businesses. Setoffs in the ordinary course can result from various items including, without limitation, inter-company transactions. These setoffs are consistent with the ordinary course of business in the Debtors' industries and can be particularly voluminous, making it unduly burdensome and costly to list all such ordinary course setoffs. Therefore, such setoffs are excluded from the Debtors' Statements and Schedules.

Statement of Financial Affairs – Question 18. The Debtors invested in various entities in the ordinary course of their businesses. Based on information that was available to the Management Companies and Gregory Bell at the time of preparation of the Debtors' Schedules and Statements, the Management Companies and Gregory Bell cannot determine the Debtors' percentage interests in the various entities in which they invested.