

CERTIFICATE OF SERVICE

I, Ronald R. Peterson, an attorney, hereby certify that on December 15, 2008, a copy of the **Trustee's Motion for Entry of a Confidentiality and Protective Order Pursuant to Sections 105(a), and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018** and the related **Notice of Motion** were served upon the parties on the attached **Service List**, by the Court's CM/ECF system in accordance with the Administrative Procedures for the Case Management/Electronic Case Filing System for the Northern District of Illinois.

/s/Ronald R. Peterson

Ronald R. Peterson

SERVICE LIST

Lancelot Investors Fund, L.P., *et al.*
c/o Nancy G. Everett
Winston & Strawn LLP
Through the Court's ECF Filing System

William T. Neary
United States Trustee
Through the Court's ECF Filing System

Banco Popular North America
c/o Mike J. Small Esq.
Foley & Lardner LLP
Through the Court's ECF Filing System

Charter One - Loan
c/o Douglas Lipke
Vedder Price
Through the Court's ECF Filing System

Lancelot Investment Management, LP
c/o Nancy G. Everett
Winston & Strawn LLP
Through the Court's ECF Filing System

Nancy G Everett
Winston & Strawn LLP
Through the Court's ECF Filing System

ACE USA and Westchester Fire Insurance Co.
c/o Gregory S. Otsuka
Through the Court's ECF Filing System

Winston & Strawn
c/o Nancy G. Everett
Through the Court's ECF Filing System

Colossus Capital Management, LP
c/o Nancy G. Everett
Winston & Strawn LLP
Through the Court's ECF Filing System

Daniel B. Asher
c/o Richard G. Ziegler
Mayer Brown LLP
Through the Court's ECF Filing System

RBS Citizens N.A.
c/o Doug J. Lipke
Vedder Price
Through the Court's ECF Filing System

Victory Park Capital Advisors, LLC
c/o Scott R. Zemnick
Through the Court's ECF Filing System

Mesirow Financial Consulting LLC
c/o Nancy A. Peterman
Greenberg Traurig, LLP
Through the Court's ECF Filing System

Fox, Hefter, Swibel, Levin & Carroll, LLP
c/o Margaret M. Anderson, Oliver J. Larson
Through the Court's ECF Filing System

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

In re:) Chapter 7
LANCELOT INVESTORS FUND, L.P., *et al.*) Case No. 08-28225, *et al.*
) (Jointly Administered)
)
Debtor.) Hon. Jacqueline P. Cox Presiding
) **Hearing: Dec.18, 2008 at 9:30 a.m**

**TRUSTEE’S MOTION FOR ENTRY OF A CONFIDENTIALITY AND PROTECTIVE
ORDER PURSUANT TO SECTIONS 105(a) AND 107(b) OF
THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9018**

Ronald R. Peterson, the chapter 7 trustee for the bankruptcy estates of each of the debtors in the above-captioned cases, (the “Trustee”), by and through his undersigned counsel, hereby moves this Court (this “Motion”) for entry of a confidentiality and protective order (the “Order”), substantially in the form attached hereto, pursuant to sections 105(a), and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018. In support of this Motion, the Trustee states as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).
2. The statutory predicate for the relief requested herein are sections 105(a) and 107(b) of the Bankruptcy Code and Bankruptcy Rule 9018.

Background¹

3. On October 20, 2008, each of the debtors (the "Debtors") in the above-captioned cases (the "Cases") filed a petition for relief under chapter 7 of title 11 of the United States Code. Thereafter, the United States Trustee for the Northern District of Illinois appointed Ronald R. Peterson as Trustee.

4. The Cases were filed without statements and schedules. Despite the lack of schedules, the Trustee has diligently sought to understand the Debtors' business operations and financial condition.

5. The Debtors consist of 19 related entities engaged in the operation of related hedge funds or special purpose vehicles. Each of the Debtors was ultimately controlled by Gregory Bell, through various levels of management companies set up by Bell.

6. As of October 11, 2008, the Debtors purportedly had assets with a value of \$1.8 billion and liabilities of \$276 million.

7. Over \$1 billion of the Debtors' assets purportedly consist of loans to or investments in Petters Group Worldwide and related entities (the "Petters Entities").

8. On October 3, 2008, Tom Petters, primary manager of the Petters Entities, was arrested and charged in a criminal complaint with mail and wire fraud, money laundering and obstruction of justice for his actions. Subsequently, several employees of the Petters Entities have pleaded guilty for their role in the scheme.

9. On October 6, 2008, the Honorable Ann D. Montgomery, United States District Court, District of Minnesota, issued an Order for Entry of Preliminary Injunction, Order

¹ The following background is provided upon information and belief, based upon the facts as known to the Trustee and his counsel. The Trustee's investigation of the Debtors remains ongoing, and this information is subject to confirmation as further facts are ascertained.

Appointing Receiver and Other Equitable Relief. Judge Montgomery appointed Douglas A. Kelley as receiver for several of the Petters Entities.

10. As a result of the investigation, subsequent arrests and litigation by numerous creditors, the Petters Entities sought relief under chapter 11 of the Bankruptcy Code in order to reorganize and/or preserve their operations, sell assets and preserve potential avoidance and claims. The Petters Entities continue to operate their businesses as debtors-in-possession.

11. At this point, the value, if any, of the Debtors' investments in the Petters Entities is unknown.

12. In addition to their investment in the Petters Entities, the Debtors also made risky loans including subprime loans to "buy here/pay here" used car dealerships, and commercial real estate investments.

13. Based on the information currently available, the Trustee anticipates that his efforts in these Cases will primarily entail (1) perfecting the Debtors' estates claims against the Petters Entities, (2) liquidated the Debtors' estates other assets, and (3) perusing third-party actions against those responsible for the impairment of the Debtors' estates assets.

Relief Requested

14. On October 28, 2008, the Court issued an order authorizing the Trustee to subpoena third parties, for the production of documents pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure. The Trustee, pursuant to the Court's order, has issued multiple subpoenas.

15. Some of the subpoenaed parties have expressed concerns regarding the production of confidential information to the Trustee. The Trustee is mindful of these concerns

and seeks to set up a procedure that will protect the confidentiality of confidential information that may be produced to the Trustee.

16. By this Motion, the Trustee requests that this Court enter the Trustee's proposed Order protecting the confidentiality of certain documents and information produced by any person or entity (the "Protected Non-Parties") who desires the protection of this Order with respect to any discovery that the Protected Non-Party will produce in this case.

Basis for Relief

17. Section 107(b) of the Bankruptcy Code provides that "[o]n request of a party in interest, the bankruptcy court shall ... (1) protect an entity with respect to a trade secret or confidential research, development, or commercial information."

18. Section 107(b) of the Bankruptcy Code is designed to protect "business entities from disclosure of information that could reasonably be expected to cause the entity commercial injury." *In re Global Crossing, Ltd.*, 295 B.R. 720, 725 (Bankr. S.D.N.Y. 2003). Consequently, it has been held that section 107(b) does not require the confidential information to rise to the level of a trade secret, nor does section 107(b) require the Trustee to show "good cause" to obtain a protective order. *See In re Orion Pictures Corp.*, 21 F.3d 24, 28 (2d Cir. 1994); *In re Handy Andy Home Improvement Ctrs., Inc.*, 199 B.R. 376, 381 (Bankr. N.D. Ill. 1996). Instead, section 107(b) requires a bankruptcy court to protect information that if disclosed would cause a party in interest harm. *See In re Sherman-Noyes & Prairie Apartments Real Estate Inv. P'ship*, 59 B.R. 905, 909 (Bankr. N.D. Ill. 1986); *In re Northstar Energy, Inc.*, 315 B.R. 425, 429 (Bankr. E.D. Tex. 2004) (holding that section 107(b) prevents the disclosure of information that "will unfairly benefit that entity's competitors") (quoting *In re Barney's Inc.*, 201 B.R. 703, 708-09 (Bankr. S.D.N.Y. 1996)).

19. Bankruptcy Rule 9018 provides that “[o]n motion or on its own initiative, with or without notice, the court may make any order which justice requires (1) to protect the estate or any entity in respect of a trade secret or other confidential research, development, or commercial information.”

20. Section 105(a) of the Bankruptcy Code empowers this Court with the power to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of the Code. 11 U.S.C. § 105(a).

21. As set forth more fully in the proposed Order, a copy of which is attached hereto, the approval of the Trustee’s Motion will expedite the production of information to the Trustee by implementing procedures that will assure the protection of privileged and confidential material included in the production, and facilitate the prompt resolution over disputes concerning confidentiality and privilege.

WHEREFORE, the Trustee respectfully requests that this Court enter an order substantially in the form of the attached proposed Order, protecting the confidentiality of certain documents and information produced by the “Protected Non-Parties who desire the protection of

this Order with respect to any discovery that the Protected Non-Party will produce in this case, and grant such other and further relief as this Court deems just.

Respectfully submitted,

RONALD R. PETERSON, not individually but as chapter 7 Trustee for the bankruptcy estate of each of the above-captioned debtors.

BY: /s/ Ronald R. Peterson
Ronald R. Peterson

Ronald R. Peterson (2188473)
Michael S. Terrien (6211556)
Andrew S. Nicoll (6283630)
JENNER & BLOCK, LLP
330 N. Wabash
Chicago, Illinois 60611
PH: 312/222-9350
FAX: 312/527-0484

Dated: December 15, 2008