

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

In re:) Chapter 7
)
LANCELOT INVESTORS FUND, L.P.) Case No. 08-28225
)
Debtor.) Hon. Jacqueline P. Cox Presiding
)
) Hearing Oct. 28, 2008 at 9:30 a.m.

NOTICE OF MOTION

TO: ATTACHED SERVICE LIST:

PLEASE TAKE NOTICE that on **October 28, 2008, at 9:30 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Jacqueline P. Cox or any other judge sitting in her stead in Room 619 of the United States Bankruptcy Court for the Northern District of Illinois, located at 219 South Dearborn Street, Chicago, Illinois, and then and there present the attached **Motion of the Trustee for Entry of an Order Pursuant to Sections 105(a) and 704(a) of the Bankruptcy Code and Bankruptcy Rule 2004, Authorizing the Trustee to Issue Subpoenas and Conduct Examinations of Certain Persons and Entities**, at which time and place you may appear if you see fit.

Dated: Chicago, Illinois
October 24, 2008

Respectfully submitted,

**RONALD R. PETERSON, not individually,
but as interim chapter 7 trustee for the
bankruptcy estate of LANCELOT
INVESTORS FUND, L.P.**

By: /s/Ronald R. Peterson
One of His Attorneys

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Proposed Counsel for the Trustee

CERTIFICATE OF SERVICE

I, Ronald R. Peterson, an attorney, hereby certify that on October 24, 2008, I caused a true and correct copy of **Motion of the Trustee for Entry of an Order Pursuant to Sections 105(a) and 704(a) of the Bankruptcy Code and Bankruptcy Rule 2004, Authorizing the Trustee to Issue Subpoenas and Conduct Examinations of Certain Persons and Entities** and the related **Notice of Motion** to be served upon the parties on the attached **Service List**, by fax.

/s/Ronald R. Peterson

Ronald R. Peterson

The Debtors

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

In re:) Chapter 7
)
LANCELOT INVESTORS FUND, L.P.) Case No. 08-28225
)
Debtor.) Hon. Jacqueline P. Cox Presiding
)
) Hearing Oct. 28, 2008 at 9:30 a.m.

**MOTION OF THE TRUSTEE FOR ENTRY OF AN ORDER PURSUANT TO
SECTIONS 105(a) AND 704(a) OF THE BANKRUPTCY CODE AND BANKRUPTCY
RULE 2004, AUTHORIZING THE TRUSTEE TO ISSUE SUBPOENAS AND CONDUCT
EXAMINATIONS OF CERTAIN PERSONS AND ENTITIES**

Ronald R. Peterson, the interim chapter 7 trustee (the “Trustee”) for debtor Lancelot Investors Fund, L.P. (the “Debtors”), by and through his undersigned counsel, hereby moves this Court (this “Motion”) for entry of an order pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure and section 105(a) of the Bankruptcy Code, 11 U.S.C. §§ 101-1532, authorizing the Trustee to issue subpoenas to, and conduct examinations of, certain persons and entities in furtherance of his duties under section 704(a) of the Bankruptcy Code. 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).

2. The statutory predicate for the relief requested herein is sections 105(a) and 704(a) of the Bankruptcy Code, as supplemented by Bankruptcy Rule 2004.

Background¹

3. On October 20, 2008, each of the Debtors 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 interim Trustee. The Debtors are related entities engaged in the operation of hedge funds reported to have managed assets of at least \$1.5 billion.

4. The Trustee is currently in the process of investigating the financial condition of the Debtors. While the Trustee anticipates certain parties will freely disclose information to the Trustee, and while the Debtors have assisted the Trustee to date with the gathering of information, the Trustee anticipates that some of the key players involved in the Debtors' financial affairs may be less than forthcoming with the information the Trustee will request. Thus, the Trustee files this motion in part out of an abundance of caution to ensure that the Trustee is able to gather information as expeditiously as possible.

Relief Requested

5. By this Motion, the Trustee requests that this Court enter an order authorizing, but not directing, the Trustee to demand the production of documents and conduct examinations under oath of the persons and entities set forth on Exhibit A hereto by issuance of a subpoena pursuant to Bankruptcy Rule 2004, in furtherance of the Trustee's duties under section 704(a) of the Bankruptcy Code.

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.

Basis for Relief

6. Section 704(a) of the Bankruptcy Code provides that a trustee appointed in a chapter 7 case shall “investigate the financial affairs of the debtor” and shall “collect and reduce to money the property of the estate for which such trustee serves, and close such estate as expeditiously as is compatible with the best interests of parties in interest.” 11 U.S.C. § 704(a)(1) and (4).

7. Section 105(a) of the Bankruptcy Code empowers this Court with the authority to assist the Trustee in carrying out his duties, providing that this Court “may 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).

8. Thus, consistent with the Court’s broad authority under section 105(a) to enforce the Code, and in furtherance of Trustee’s important duties under section 704(a), Bankruptcy Rule 2004 provides that “[o]n motion of a party in interest, the court may order the examination of any entity.” Fed. R. Bankr. P. 2004(a).

9. Bankruptcy Rule 2004 further provides that the scope of this examination may relate, among other things, to “the acts, conduct, or property of to the liabilities and the financial condition of the debtor, or to any matter which may affect the administration of the debtor’s estate.” Fed. R. Bankr. P. 2004(b).

10. The attendance of an entity for examination and for the production of documents, whether the examination is to be conducted within or without the district in which the case is pending, may be compelled as provided in Bankruptcy Rule 9016, which incorporates Federal Rule of Civil Procedure into cases under the Code, and as an officer of this Court, an attorney may issue and sign a subpoena on behalf of the Court. Fed. R. Bankr. P. 2004(c).

11. It is generally recognized that “the scope of a Rule 2004 examination is very broad and great latitude of inquiry is ordinarily permitted.” *In re Wilcher*, 56 B.R. 428, 433 (Bankr. N.D. Ill. 1985). Because “the primary purpose of a Rule 2004 examination is to permit the trustee to quickly ascertain the extent and location of the estate’s assets,” courts have acknowledged that Rule 2004 allows for a “fishing expedition” not limited to the debtor’s agents but extending to creditors and third parties who have had dealings with the debtor, without the limits as to scope placed upon examinations under the Federal Rules of Civil Procedure. *Id.*; see also *In re Enron Corp.*, 281 B.R. 836, 840 (Bankr. S.D.N.Y. 2002) (“courts have recognized that Rule 2004 examinations are broad and unfettered and in the nature of fishing expeditions”), quoted in *Pontikes v. Sip Claimants (In re Comdisco, Inc.)*, Nos. 06 C 1535, 2006 WL 2375458, at *6 (N.D. Ill. Aug. 14, 2006); *In re Handy Andy Home Improvement Centers, Inc.*, 199 B.R. 376, 380 (Bankr. N.D. Ill. 1996) (“Generally, a Rule 2004 examination is a broad ‘fishing expedition’ into a party’s affairs for the purpose of obtaining information relevant to the administration of the bankruptcy estate.”).

12. In this instance, it is critical for the Trustee to gather information sufficient to identify and locate the estates’ substantial assets. Furthermore, the Debtors’ estates may also have claims against third parties for the avoidance of fraudulent transfers and other causes of action, which may improve creditors’ recoveries if successfully pursued.

13. Time is of the essence, therefore, in ascertaining information related to these matters.

14. It is therefore necessary and appropriate for this Court to authorize the Trustee to issue subpoenas for testimony and documents and to conduct examinations in furtherance of his duties under the Code.

WHEREFORE, the Trustee respectfully requests that this Court enter an order substantially in the form of the attached Proposed Order, authorizing the Trustee to issue subpoenas to, and conduct examinations of, the parties listed on Exhibit A hereto as necessary to further the Trustee's investigation of the Debtors' estate, and grant such other and further relief as this Court deems just.

Dated: Chicago, Illinois
October 24, 2008

Respectfully submitted,

**RONALD R. PETERSON, not individually,
but as interim chapter 7 trustee for the
bankruptcy estate of LANCELOT
INVESTORS FUND, L.P.**

By: /s/Ronald R. Peterson
One of His Attorneys

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