

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF FLORIDA  
JACKSONVILLE DIVISION**

**In re:**

**LYDIA CLADEK, INC.,**

**Debtor.**

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**CASE NO. 3-10-bk-02805-PMG  
CHAPTER 11**

**MOTION BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
TO COMBINE DISCLOSURE STATEMENT AND CONFIRMATION HEARING**

The Official Committee of Unsecured Creditors (the "Committee") hereby moves this Court for an order combining the hearing on the Disclosure Statement and Confirmation of the Plan of Reorganization filed by the Committee and, in support thereof, states as follows:

**Background**

1. On April 2, 2010, several petitioning creditors filed an involuntary Chapter 11 petition against Lydia Cladek, Inc. (the "Debtor"), Case No. 10-bk-02800-PMG, in the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division (the "Involuntary Case").
2. Subsequently, on April 5, 2010, Lydia Cladek, Inc. filed the instant voluntary Chapter 11 petition (the "Voluntary Case").
3. On April 7, 2010, several creditors filed an Emergency Motion to Consolidate the Involuntary and Voluntary Chapter 11 cases of Lydia Cladek, Inc. (Dkt. No. 13) along with an Emergency Motion to Appoint a Chapter 11 Trustee (Dkt. No. 11).
4. On April 12, 2010, the Court entered its Order Granting Motion to Consolidate providing that the Voluntary Case shall be the lead case. On that date, the Court also entered its Order Granting Motion to Appoint Chapter 11 Trustee (Dkt. No. 32), appointing Michael Phelan as Chapter 11 Trustee (the "Trustee").

5. On October 28, 2010, the Committee filed its Plan of Reorganization (Dkt. No. 295; the "Plan") and Disclosure Statement (Dkt. No. 294; the "Disclosure Statement"). The Plan contemplates the formation of a new corporate entity which will receive an assignment of the Debtor's Property (excluding the Causes of Action and the Cladek Properties, as defined in the Committee Plan) and will continue the business of the Debtor and creation of a creditor trust which will liquidate the Causes of Action and the Cladek Properties.

6. The Debtor's business involved the purchasing of consumer auto finance contracts from various auto dealers at a discounted price and then assuming the collection of the principal and interest on the finance contracts throughout their terms.

7. The period between the months of January through March is the peak period for the secondary auto sales industry as a result of an increase in car purchases by consumers who use their tax return to pay higher down payments towards the purchase of a vehicle.

8. The peak period is beneficial for finance companies (including the Debtor's business which would be taken over by the new corporate entity proposed in the Committee Plan) for three reasons: (i) the contracts are purchased at a discount to the "amount financed" or principal and, due to the larger down payment, there is less to finance, therefore, the finance company is paying less for each contract; (ii) the contracts purchased at this time have more equity in the vehicle; and (iii) because the customer has more invested in their vehicle as a result of the larger down payment, they are more likely to make every effort to make their payments.

9. In order to take advantage of the peak period from January through March, there is a need to expedite confirmation of the Plan and formation of the new corporate entity proposed in the Plan. Accordingly, it is requested that the Disclosure Statement be conditionally approved and that the hearing on the Disclosure Statement be held at the same time as the Confirmation Hearing. The Committee requests that such a hearing be held during the week of December 22, 2010.

WHEREFORE, the Committee of Unsecured Creditors respectfully requests this Court enter an order conditionally approving the Disclosure Statement and setting a combined Disclosure Statement and Confirmation Hearing.

DATED this 28th day of October 2010.

Respectfully submitted,

/s/ Jon E. Kane

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**ATTORNEYS FOR THE OFFICIAL  
COMMITTEE OF UNSECURED  
CREDITORS**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the forgoing has been served on October 28, 2010 via U.S. Mail and/or the court's electronic CM/ECF electronic mail upon all parties and counsel on the Amended Official Service List as of September 20, 2010.

/s/ Jon E. Kane

Jon E. Kane, Esq.