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ATTORNEYS FOR THE TRUSTEE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:

DEBT RELIEF USA, INC.,

DEBTOR.

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CASE NO. 09-33836-SGJ

**MOTION FOR ORDER LIMITING NOTICE AND
ESTABLISHING ADDITIONAL NOTICE PROCEDURES and MOTION FOR
APPROVAL OF ALTERNATE FORM OF NOTICE VIA WEBSITE**

TO THE HONORABLE STACEY G.C. JERNIGAN, U. S. BANKRUPTCY JUDGE:

Robert Newhouse (the “Trustee”), in his capacity as the chapter 7 trustee for Debt Relief USA, Inc. (the “Debtor”), files this Motion for Order Limiting Notice and Establishing Additional Notice Procedures, and would respectfully show the Court as follows:

I. BACKGROUND

1. On June 18, 2009, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On June 25, 2009, the case was converted to chapter 7. The Trustee was appointed the chapter 7 trustee, and he continues to serve in that capacity.

2. For several years before the bankruptcy filing, the Debtor was engaged in the business of consumer debt settlement.

3. The creditor matrix has approximately 12,000 entries. The creditor matrix was filed under seal and remains under seal pursuant to this Court's orders. Many of the entries on the creditor matrix are consumers who engaged the Debtor to settle their credit card debts.

4. The Consumer Protection Division of the Texas Attorney General's Office has offered to serve as an unofficial representative of the consumer creditors, participate in the case to safeguard the rights and interests of consumer creditors generally, and be available to answer questions from consumers about this case. However, as a matter of law, the Texas Attorney General cannot represent individual consumers and does not represent individual consumers in this case. The Texas Attorney General's Office is serving a letter on all creditors concurrently with the Trustee's service of this Motion to inform consumer creditors of the role of the Texas Attorney General in this case and the resources available to consumer creditors through the Consumer Protection Division of the Texas Attorney General's Office.

II. RELIEF REQUESTED

5. The Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules of this Court require certain notices to be served on all creditors and parties in interest (the "General Notices"). The Trustee requests that this Court limit the notice required for some of those General Notices and provide for additional notice procedures as follows:

(a) The following General Notices must be served by mail in accordance with Fed. R. Bankr. P. 2002 on the entire creditor matrix plus the Texas Attorney General's Office, the Office of the U.S. Trustee, all persons and entities that filed a request for notice in this case, the Debtor's attorney, the Trustee, and the Trustee's attorney:

- (i) notice of the meeting of creditors pursuant to 11 U.S.C. § 341;
- (ii) notice of the time fixed for filing proofs of claim; and

(iii) notice of the hearing to dismiss the case or convert the case to another chapter.

(b) All other General Notices need be served only on any person or entity that will be directly affected by that particular General Notice plus the Texas Attorney General's Office, the Office of the U.S. Trustee, all persons and entities that filed a request for notice in this case including without limitation any other governmental agency, the Debtor's attorney, the Trustee, and the Trustee's attorney.

(c) The Trustee will post all General Notices on the bankruptcy website established by the Debtor, www.drusabankruptcy.com, along with a copy of the Texas Attorney General's letter described above, any order on this Motion, any other order limiting notice, and any other case information the trustee believes would be helpful to consumer creditors.

III. ARGUMENT AND AUTHORITIES

6. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a "core" proceeding pursuant to 28 U.S.C. § 157. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The relief requested herein is authorized by 11 U.S.C. § 105, Fed. R. Bankr. P. 2002 and 9007, and L. Bankr. Rules 2002.1 and 9007.1.

7. The cost to copy and mail all General Notices to the entire creditor matrix would be unduly expensive and burdensome in this case with little or no countervailing benefit to creditors.

8. The Trustee is concerned about maximizing distributions to all creditors in this case, and especially to the consumer creditors who were already in financial difficulty when they engaged the Debtor. The Trustee is also mindful, however, of the need to provide due process

and adequate notice to creditors to allow them to protect their rights in this case. The Trustee believes the notice procedures proposed in this Motion strike the proper balance between minimizing costs and providing adequate notice to achieve the greatest overall benefit to creditors of this estate.

9. Creditors who want to receive all of the General Notices can get them easily by filing a request for notices with the Court and/or checking the www.drusabankruptcy.com website periodically.¹ Additionally, the involvement and oversight of the Consumer Protection Division will help ensure that consumer creditors' interests are protected without requiring each creditor to participate in the case or hire counsel. Eliminating the need to serve all General Notices on the entire creditor matrix will save this estate tens of thousands of dollars in copying and postage charges and reduce the professional fees to manage service of those notices.

10. The "minimum service requirement" set forth in L. Bankr. Rule 9007.1(a) will be satisfied in this case by serving any person or entity that will be directly affected by that particular pleading and/or notice plus the Texas Attorney General's Office, the Office of the U.S. Trustee, all persons and entities that filed a request for notice in this case including without limitation any other governmental agency, the Debtor's attorney, the Trustee, and the Trustee's attorney.

IV. CONCLUSION

WHEREFORE, PREMISES CONSIDERED Trustee requests that the Court enter an order (a) limiting notice and establishing additional notice procedures as requested above and (b)

¹ The Trustee is serving this Motion on the entire creditor matrix, so all of those persons and entities will receive notice of this Motion.

granting the Trustee such other and further relief, at law or in equity, to which he may be justly entitled.

Respectfully submitted,

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By: /s/ Linda S. LaRue

Linda S. LaRue

State Bar No. 24046269

ATTORNEYS FOR THE TRUSTEE

CERTIFICATE OF SERVICE

I hereby certify that on the 9th day of September, 2009, a true and correct copy of the foregoing document was forwarded to the Clerk's office for inclusion in the packet sent to persons and entities listed on the current creditor matrix on file with the Court on the date of service hereof² and upon the persons and entities listed on the service list attached hereto.³

/s/ Linda S. LaRue

Linda S. LaRue

² The creditor matrix is not attached because it has been ordered sealed by prior order of this Court.

³ The service list is not attached to service copies to avoid unnecessary copying and postage charges. Any interested party may obtain a copy of the service list by making a written request to Linda S. LaRue at the address stated above.