

1 **PLACE:** United States Courthouse
2 700 Stewart Street, Room 7106
3 Seattle, WA 98101

DATE: May 12, 2006

4 PLEASE TAKE NOTICE that each claimant listed on Exhibit A to the Grassmueck Dec.
5 will, instead of receiving a copy of the Grassmueck Dec., receive a personalized letter with the
6 same information regarding their claim as contained on Exhibit A to the Grassmueck Dec.
7 together with a copy of this notice and motion.

8 Any party opposing this motion must file and serve a written response by **FRIDAY**
9 **MAY 5, 2006**. File the original response with the office of the Clerk of the United States
10 Bankruptcy Court, Room 6301, 700 Stewart Street, Seattle, Washington 98101 and send one
11 copy of your response to The Grassmueck Group, WCFC Claims Processing, P.O. Box 1050,
12 Portland, OR 97207. **IF NO RESPONSE IS FILED BY THE RESPONSE DATE**, the Court
13 may, in its discretion, grant the motion prior to the hearing **WITHOUT FURTHER NOTICE**.

14 PLEASE ALSO TAKE NOTICE that the creditors listed on Exhibit A to the Grassmueck
15 Dec. will receive a pro rata distribution on their claim, the amount of which is unknown at this
16 time, and that payment will be distributed following resolution of the Omnibus Objection to the
17 remainder of the Customer Deposit Claims, which will occur no earlier than June 2, 2006.

18 **II. MOTION**

19 Pursuant to 11 U.S.C. § 502(a) and § 507(a)(6), Diana K. Carey, as chapter 11 trustee for
20 the substantively consolidated estates of the above-named debtors (“Trustee”), by and through
21 her attorneys Foster Pepper PLLC, moves this court for an order allowing and authorizing
22 payment of certain unsecured claims of those creditors listed on Exhibit A to the Declaration of
23 Michael A. Grassmueck In Support of Motion for Order Allowing and Authorizing Payment of
24 Certain Priority Unsecured Claims (“Grassmueck Dec.”). In support of this Motion, the Trustee
25 states as follows:

26 1. On December 19, 2002, an involuntary bankruptcy petition was filed against
Wade Cook Financial Corporation (“WCFC”) and Stock Market Institute of Learning, Inc.

1 (“SMILE”). The two cases were later substantively consolidated with the estates of Information
2 Quest, Inc. and Lighthouse Books, Inc. fka Lighthouse Publishing Group, Inc. (“Debtors”).

3 2. On January 17, 2003, an Order for relief was entered against both entities, and
4 on January 23, 2003, Diana K. Carey was appointed as the Trustee.

5 3. On or about February 16, 2005, the Trustee entered into a Claims Agent
6 Agreement with The Grassmueck Group (“The Grassmueck Group” or “Claims Agent”), and by
7 order of this Court, entered on March 1, 2005, the employment of The Grassmueck Group as
8 Claims Agent was approved.

9 4. On August 22, 2005, this Court entered an order approving the claims procedure
10 and establishing a claims bar date of November 15, 2005.

11 5. In response to notification of the claims bar date, the Claims Agent received over
12 2,800 proofs of claim from the Debtors’ former customers who may have paid for seminars and
13 services prepetition, but did not receive the items or services for which they paid (“Customer
14 Deposit Claims”). Grassmueck Dec. at ¶ 3. The value of these Customer Deposit Claims totals
15 nearly \$13.6 million. Id.

16 6. The Trustee seeks to allow the Customer Deposit Claims on Exhibit A to the
17 Grassmueck Dec., subject to the statutory cap of \$2,225.00. See 11 U.S.C. § 507(a)(6).

18 7. As of March 17, 2006, the Trustee has \$1,509,247 in her trust account available
19 for distribution on the Customer Deposit Claims, after payment of administrative expenses.
20 Declaration of Diana K. Carey in Support of Trustee’s Ex Parte Motion to Establish Notice
21 Procedure, filed in this action on March 21, 2006 [Docket No. 804] at ¶ 2.

22 8. The Trustee does not have sufficient unencumbered funds to pay those creditors
23 listed on Exhibit A to the Grassmueck Dec. in full. Therefore, said creditors will receive a pro
24 rata distribution on their claim, the amount of which is unknown at this time, and payment will
25 be distributed following resolution of the Omnibus Objection to the remainder of the Customer
26 Deposit Claims, which will occur no earlier than June 2, 2006.

