

## **Unsecured Creditors' Committee Website Items**

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### **Introduction:**

CMI filed a voluntary bankruptcy petition in the Northern District of Georgia on February 10, 2008. This website has been designed by the Committee to provide pertinent information to creditors of CMI and to update creditors on the status of the CMI bankruptcy case. On this website you will find, among other things, answers to certain questions that are frequently asked by creditors in a bankruptcy case, selected relevant filings in the CMI bankruptcy case, and other information that the Committee believes may be relevant to creditors. While the Committee plans to frequently update this website (and therefore this website should be one of the resources that creditors of CMI should look to for

answers to their questions), the Committee is not in a position to guarantee the accuracy or completeness of the information contained on this website. Additionally, as described below, while the Committee represents the *interests* of unsecured creditors in the CMI bankruptcy case as a whole, neither the Committee nor its professionals represents the interests of any single creditor. Therefore, in determining any course of action, individual creditors are encouraged to contact their own legal and financial professionals.

### **Overview of a Chapter 11 bankruptcy case and the role of the Committee:**

The filing of the bankruptcy petition automatically halts (or, in bankruptcy language, “stays”) the efforts of any creditor to collect on its debts from the debtor. As described further below, a debtor usually may *not* repay its creditors except pursuant to a plan of reorganization or liquidation.

When a company files a “Chapter 11 bankruptcy petition,” a creditors’ committee, such as the Committee, may be appointed. Generally, a creditors’ committee is composed of the largest creditors that are willing to serve. In CMI’s case, the Committee is composed of seven creditors, all of whom are bondholders (or representatives of bondholders) in CMI.

The role of any creditors’ committee is to represent the interest of general unsecured creditors *as a class*, in a debtor’s bankruptcy case. The Committee therefore takes positions in the CMI bankruptcy case that are intended to protect all unsecured creditors. For example, the Committee has undertaken an investigation of CMI, those in control of CMI, its affiliates, and advisors. Additionally, the Committee has been working with CMI to determine the value of CMI’s assets and the best method to realize the maximum value for these assets. The Committee will also be working with CMI (and its management) to develop a plan of reorganization in an effort to make payments to creditors in this case.

While the Committee represents the interests of *all* unsecured creditors (such as bondholders) neither the Committee nor its professionals represent the interests of any single creditor or bondholder. Therefore, neither the Committee nor its professionals can provide you with individual advice regarding your individual circumstances. Rather, as noted above, the Committee represents the interests of all creditors. If you have individual questions about your individual circumstances in the CMI case, you will need to be advised by your own separate legal and financial professionals.

The ultimate objective of a bankruptcy filing is to confirm a plan of reorganization or liquidation that pays creditors what they are owed. Generally, creditors may *only* be paid under the terms of a plan. One of the Committee’s principal goals in the CMI case is to work with CMI to understand the value of its assets and how best to maximize that value for the benefit of CMI creditors such as bondholders. Once these issues are better known, the Committee will make determinations on how best to proceed with regards to a plan. The structure, timing, and amount of payments under a plan are presently unknown. However, it is the Committee’s objective to (1) maximize the total payments to unsecured creditors, while (2) minimizing the time and expense necessary to make such payments.

The Committee hopes that this website is helpful to you in answering some of your questions regarding CMI and its bankruptcy case. If you have questions, you should feel free to submit them to the Committee's email address: [cmicommittee@gmail.com](mailto:cmicommittee@gmail.com). The Committee will attempt to answer as many of these questions as possible and will also post those questions and answers that are of broad general importance to unsecured creditors of CMI.

#### **Frequently Asked Questions:**

Do I have to file a Proof of Claim form for my investment? – The Bankruptcy Court has not yet set a “bar date” for the filing of proofs of claims, nor has the Bankruptcy Court set the procedures for the filing of claims. You will be notified by a separate communication and by notice on this website of the bar date and the procedures for filing claims.

What happened at the 341 Hearing (Creditors' Meeting) in Gainesville, GA, on March 18, 2008? – At the 341 Hearing, a representative of CMI testified under oath and answered questions that were asked by the U.S. Trustee, counsel to the Unsecured Creditors' Committee (the “Committee”), as well as individual creditors. There were about 150 creditors in attendance at the meeting.

When will I know the true value of my investment? – The Committee and its professionals are currently working with the Debtor to ascertain all aspects of the loan portfolio to eventually determine a range of values. However, the ultimate value of an individual bondholder's investment will not be known until the Debtor's bankruptcy case is resolved and whatever distributions are made. At this time, it is too early to tell when this will occur.

Are IRA investments being treated any differently than non-IRA investments? – They should not be treated any differently. You should consult your tax advisor with respect to any changes or differences in treatment of the IRA-based investment. The Committee is not in a position to render any tax advice to any investor.

How will I be kept informed of the progress in this matter? – The Committee has established this website to provide useful information to all parties affected by this bankruptcy filing. The Committee will provide what information it can within the confines of the bankruptcy filing and plans to update this Fact Sheet monthly.

Should I consider offers from privately owned organizations contacting bondholders? – The Committee and its professionals cannot provide advice on this. How each bondholder decides to handle their

investment in the Debtor is strictly up to them. Receiving offers to purchase bonds in a bankruptcy is not uncommon and it is possible that some bondholders will receive solicitations from more than one party interested in purchasing their investments. Bondholders may wish to consider contacting their financial and legal professionals if they are considering selling to a third party.

How long will this matter go on before resolution? – At this time it is too early to say when the case will be resolved and claims, such as the claims of bondholders will be paid. The Committee and its professionals are working to accomplish two goals in this case: (1) obtain the fastest possible resolution of the case, while (2) maximizing the return to unsecured creditors such as bondholders.

When will payments begin to be distributed to bondholders? – The Committee is considering the timing issue and is taking steps to advance the process as quickly as possible. As a general proposition, payments to creditors (which would include bondholders) may only be made pursuant to the terms of a confirmed plan or reorganization or liquidation.

Will CMI be successful in their reorganization effort? – CMI will either reorganize or it will liquidate. It is too early to predict what will happen. The objective is to maximize the return to creditors on their claims. In some cases that will best be accomplished through a reorganization; in other cases it will best be accomplished through a liquidation. In consultation with its advisors and after the Committee completes its investigation of CMI, the Committee intends to pursue that course of action that will maximize the return to creditors, which may be a reorganization or it may be a liquidation.

How long does the normal Chapter 11 process take? – There is not necessarily a “normal” bankruptcy case. Some cases are resolved very quickly; others may take a very long time to resolve. It is the Committee’s hope that this case will be resolved quickly.

Are ASM and CMI related companies? – Through filings on the docket, the Committee has determined that ASM Capital is purchasing bondholder claims in the case. As noted above, the Committee is not in a position to offer any investment advice to any bondholder nor does the Committee comment at all on the proposal being made by ASM. The Committee is not aware of any relationship between ASM and CMI; however, the Committee has not undertaken a full investigation of ASM’s status at this juncture.

How can I get my Required Mandatory Distribution (RMD) from my IRA when it is on hold with CMI? – You will only be able to get paid what you are owed from CMI through a reorganization or a liquidation. As noted above, the Committee is working as rapidly as possible to expedite this process.

Who is Wellstone, and what control do they wield in this case? – As disclosed in the public filings of CMI, certain Wellstone entities are described as “related parties” and has engaged in a number of transactions with CMI including transactions in which Wellstone is a borrower from CMI. The Committee is investigating all aspects of this relationship and expects to be able to report and take the appropriate action as soon as that investigation is complete.