UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	)	Case No. 09-13931(KJC)
	)	(JOINTLY ADMINISTERED)
	)	Chapter 11
	)	
ADVANTA CORP., *et al.*,	)	Courtroom 5
	)	824 Market Street
	)	Wilmington, Delaware 19801
Debtors.	)	
	)	November 17, 2010
	)	9:56 A.M.

TRANSCRIPT OF EXPEDITED MOTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO CONDUCT EXAMINATIONS OF THE DEBTORS PURSUANT TO RULE 2004 OF THE FEDERAL RULES OF [DOCKET 911].
BEFORE HONORABLE KEVIN J. CAREY
UNITED STATES CHIEF BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: Richards Layton & Finger, PA
By: PAUL HEATH, ESQ.
One Rodney Square, P.O. Box 551
Wilmington, Delaware 19899

Weil Gotshal & Manges
By: MARCIA GOLDSTEIN, ESQ.
VICTORIA VRON, ESQ.
BRUCE MEYER, ESQ.
767 Fifth Avenue
New York, NY 10153

ECRO: AL LUGANO

TRANSCRIPTION SERVICE: **TRANSCRIPTS PLUS, INC.**
435 Riverview Circle
New Hope, Pennsylvania 18938
Telephone: 215-862-1115
Facsimile: 215-862-6639
e-mail CourtTranscripts@aol.com

Proceedings recorded by electronic sound recording, transcript produced by transcription service.

APPEARANCES:
(Continued)

For the Official Committee of Unsecured Creditors:	Drinker Biddle & Reath By: HOWARD A. COHEN, ESQ. 1100 N. Market Street Suite 1000 Wilmington, Delaware 19801-1243 Latham & Watkins, LLP By: ROGER SCHWARTZ, ESQ. ROBERT MALIONEK, ESQ. ADAM GOLDBERG, ESQ. 885 Third Avenue, Suite 1000 New York NY 10022-4834
For FDIC:	Pinckney, Harris & Weidinger, LLC By: ADAM HILLER, ESQ. 1220 N. Market Street, Suite 950 Wilmington, Delaware 19801
The U.S. Trustee:	United States Department of Justice Office of the U.S. Trustee By: DAVID KLAUDER, ESQ. 844 King Street Wilmington, Delaware 19899

TELEPHONIC APPEARANCES:

For Marble Arch Investments:	Quinn Emanuel Urquhart & Sullivan By: JON SALINIS, ESQ.
For the Debtors:	Weil Gotshal & Manges By: ROBERT LEMONS, ESQ.
For San Lo:	Avenue Capital By: SAN LO
For Liquidity Solutions, Inc.	Liquidity Solutions, Inc. By: NORMAN SCHOENFELD
For the Official Committee of Unsecured Creditors:	Latham & Watkins, LLP By: AARON M. SINGER, ESQ.
For Fulcrum Credit Partners:	Fulcrum Credit Partners By: JESSE HIBBARD

TELEPHONIC APPEARANCES:
(Continued)

For the FDIC:	Mullin Hoard & Brown, LLP By: DAVID MULLIN, ESQ.

THE COURT: Good morning, everyone.

MULTIPLE SPEAKERS: Good morning.

MR. COHEN: Good morning, Your Honor. Howard Cohen, Drinker Biddle & Reath, for the Official Committee of Unsecured Creditors.

We're here today on our expedited motion to take Rule 2004 discovery. With Your Honor's permission, I'll cede the podium to Robert Malionek of Latham & Watkins to present the motion.

THE COURT: Very well.

MR. COHEN: Thank you.

MR. MALIONEK: Good morning, Your Honor. Robert Malionek of Latham & Watkins for the Committee.

Given the conference on Friday that we held before Your Honor, we know the Court's aware of the background here. I don't want to go into too much detail in the background.

What I do want to do is respond to some of the points in the debtors' to our 2004 motion.

THE COURT: Okay.

MR. MALIONEK: The debtors lead argument, and repeated often, in their objection is that the points at issue today with respect to exclusivity, and with respect to discovery on those points are, quote, "minor points."

This argument proves our point, in some respects. The same insiders who are controlling the debtors and calling

these issues minor issues in their briefs are the ones who stand to benefit if the Committee is denied discovery, and if these issues that we're raising before the Court are not addressed. And these are anything but minor issues. These are significant issues, the Committee believes.

THE COURT: Well, let's assume that's correct, despite the agreements that the debtor has obtained from these two individuals. But let's assume it's an issue that's related both to exclusivity and to disclosure, and ultimately to plan confirmation.

The question in my mind is how to manage teeing up the dispute in the appropriate way? So, let's talk about the forest, then we'll get into the trees, if you like.

MR. MALIONEK: Sure.

THE COURT: What's now scheduled for hearing on November 24th is the exclusivity motion. I haven't read it, but a plan and disclosure statement have been filed. So, what I assume it asks for, and somebody can correct me if I'm wrong, is a further extension of the exclusivity period to get through the confirmation process, which has already been commenced. It's not like a situation in which no plan has been filed, or there's been no discussion with the Committee. Here, there obviously have been a series of discussions, and the parties were just unable to reach agreement on the last issue, and not minimize the issue.

So, you know, unlike the, I guess what I would consider to be the classic fight over extension of exclusivity, which would consist of “they’re not talking to us,” “they’re not bargaining in good faith,” “they’re seeking a delay simply to disadvantage us, and to advantage them,” that’s not -- it doesn’t -- my guess is that’s not going to me that way. So, it seems to me that if that’s true, additional discovery won’t be that helpful to you.

Now, the disclosure hearing is currently scheduled for December 16th. Now, typically I don’t -- I think you said over the telephone we might have an evidentiary hearing at disclosure. As you might imagine, that’s not my preference. And I rarely find -- and I guess my age is showing, but I don’t remember a situation in which I had testimony at a disclosure hearing. It’s possible that it’s happened, but if it did, I just don’t remember.

So, just at first blush, it seems to me if I look at the forest, we’re talking about plan issues, and we’re talking arguably about legitimate needs for discovery, despite what’s already been given to the Committee, in connection with the plan issues, how these claims are to be treated, and who’s to pursue them, and the scope of exculpations, if that’s still an issue, and those related issues which the Committee has raised in its papers.

So, in light of that, tell me why you think you need

something now.

MR. MALIONEK: Let me start, Your Honor, by talking about the forest before we get to the trees.

THE COURT: Okay.

MR. MALIONEK: So, the forest is we agree with you, Your Honor. The Committee's perspective here is that we'd rather not be here in this position. We'd rather not be fighting over and suggesting even that we have competing plans; we don't want to go down that path.

What we'd like to do is reach a consensual agreement over the plan language on just these three points.

THE COURT: Yes. And the debtor is saying, "Look, you're trying to beat it out of us by overwhelming us with duplicative, and unnecessary, and irrelevant discovery requests and bothering our top guys."

MR. MALIONEK: Well, and I think the forest is just the opposite. The forest is, you know -- and this is the cause standard. And the debtors have filed their motion seeking -- and they must establish cause to extend exclusivity. And they say in their papers that one of the grounds for establishing cause is that the Court must look at various factors, including potentially entering a finding that the debtors are not abusing the exclusivity -- their -- their exclusivity privilege. That they're not using it in order to extract concessions from others.

Here, I don't think it's the Committee that is seeking to extract anything from the debtors through discovery. We are simply trying to avoid having the debtors sort of cramp down on us on these last few issues.

The debtors, as Your Honor knows from the papers and from our discussion on Friday, come from a couple different aspects of conflict here. The debtors are conflicted because their controlling insiders are the ones who stand to benefit from advancing these three positions that we've detailed in the papers.

THE COURT: Well, I don't think that's a fair characterization of the debtors' position here. At least the papers reflect a recognition that the debtors are not in a position to pursue potential claims. And they've said, "We perfectly understand that a committee or a post confirmation trustee will be fulfilling that role. And, in fact, we've been cooperating since June," that's what they say.

MR. MALIONEK: If the Committee is then being deputized as the special committee -- because we don't have any reason to believe that the debtors have formed any special committee to look at the claims that were filed by Alter and Rosoff, to look at the potential estate claims, the claims that the estate can bring against Alter and Rosoff and other directors and officer -- if the debtors have deputized us to serve that role, and they did because they told us that they're

not going to look into these issues, then they need to be able to defer to us and our judgment on these issues.

We need discovery now then, getting into the trees, to understand why it is that the debtors have taken -- have made decisions not to accept our proposals, which we think are reasonable proposals, on those three issues: On jurisdiction, on exculpation, and on how the plan is authorized. And we think we've proposed simple workarounds on those issues.

The debtors, however, do not have any inside information, we think, as to how to assess those issues; the Committee does because the Committee has been deputized to do that.

The Committee is the one uniquely positioned to be able to address those issues. And the debtors have simply said "We're not going to exceed to, you know, your request." They haven't explained, we think -- they haven't explained why, other than they think that they're right on the ultimate issues. They think that their language on jurisdiction actually works; we think not. And we think not because we have analyzed the Alter and Rosoff claims. We've analyzed the estate claims. And we've analyzed Your Honor's decision in Insilco --

THE COURT: Okay. So, maybe I've created my own problem here is what you're telling me.

(Laughter)

MR. MALIONEK: We've also analyzed the Alter and Rosoff claims to the extent that we understand there are various change of control potential triggers that Alter and Rosoff, as the controlling insiders, may be able to assert -- may already be able to assert. But, from this point on, there are several different areas in the plan process in which we think that we need to be able to ensure that the debtors are not going to cause further harm to the estates by potentially triggering, in additional ways, the change of control benefits, which are significant. And also could take further actions, as they go down the road in the plan process, that will harm the Committee's position, and any liquidating trustee's position, in asserting the estate claims.

THE COURT: Well, in terms of what's coming up, are you telling me that if I were to deny extension of exclusivity, the Committee would file a plan?

MR. MALIONEK: Yes, that's what we're saying. And let me repeat, we would rather not be in that position. Because our plan would look a lot like the debtors' plan, with three changes to it -- with a few changes to it. We don't want to have to go down that road.

But what we really don't want to have to go down the road of -- and this is clearly the forest -- we don't want to have to go down, skip over -- whether it's November 24th or at some other time, and we don't see the reason why we have to

push this so that we have exclusivity issues heard on the 24th. But that we go down a path where we kick the can down the road, hear these issues at the disclosure statement, or hear these issues in connection with confirmation, go down a solicitation process that would be a waste of the estate's resources, and a waste of Your Honor's time, and all of our time. Because we think there are ways to be able to address these issues short of that.

Your Honor, I think that we would be very open to Your Honor's suggestions, whether that means, you know, not just discussing it here in court, but offline, as to ways to resolve these issues more globally. And we defer to Your Honor as to an appropriate way to be able to do that.

But the reason that we are here is because we feel that we are forced into this position. We do need discovery. This not just a set of legal issues. We need discovery because we need to understand why it is that the debtors have taken these actions.

THE COURT: Well, let's talk about that: Why they haven't been able to prevail upon the corporate officers to waive their claims. I mean you know the answer to that, don't you?

MR. MALIONEK: We haven't -- we didn't ask the debtors to prevail on Alter and Rosoff to waive their claims.

What we asked the debtors to do, because the debtors

had not considered the change of control issues --

THE COURT: And they said we've now obtained an agreement that's a workaround for that issue.

MR. MALIONEK: Well, the workaround is this: It doesn't work in our view, but let's think about how it originated. The Committee, the one that is uniquely positioned to assess the change in control benefits, the only one that has, the only one that's assessed the Alter and Rosoff claims, we propose certain specific workarounds. The workarounds did not involve telling the debtors that they have to condition approval of the plan on the waiver of Alter and Rosoff's claims. We made that -- we offered several different suggestions:

One was that the debtors condition approval of the plan on Alter and Rosoff, waiving an argument. If they're not going to waive their claims that the approval of the plan or authorization of filing of the plan would trigger a change in control, that they waive their argument that doing so would operate as a change in control. And we offered several other proposals.

The debtors said, "No, we're not going to take those proposals, but instead we're going to turn to" -- who do they turn to -- "Alter and Rosoff to make a suggestion about their own workaround." That's exactly our point here.

If the debtors are going to ignore the Committee's

suggestions, the Committee which is unbiased on this issue, we are only seeking -- this is a liquidation plan. This is a liquidation case. We are seeking to protect the rights of creditors and the interest and value of the estate down the road for these potential recoveries. And if the debtors are going to ignore our proposals, and instead turn to the very insiders who are -- who stand to benefit -- and I think that's just the fact, that they're the ones who stand to benefit from these actions that the debtors would take, this particular plan language that the debtors want to be able to use, that shows that there's a conflict of interest.

We can make legal arguments on these points in an exclusivity set of briefs and at oral argument, but exclusivity is a fact intensive inquiry. Showing cause, or from the Committee's perspective, cause to terminate exclusivity, the cases show, are fact intensive. They go to the issue of how persuasive the debtors' arguments are that they should be entrusted with the power of exclusivity. It's a privilege.

And so the courts on this -- the Curry (phonetic) decision, the Lake decision, other decisions on this -- and I don't want to get ahead of ourselves because we haven't yet submitted our brief on exclusivity. But those decisions go to the bottom line fact that discovery is needed on these issues.

We don't think that we can adequately and fully convey to Your Honor why these -- why exclusivity -- an

extension of exclusivity is inappropriate, and why we shouldn't then turn to -- if we have to get to a place were we have competing plans, then so be it, and the Committee is willing to take up that torch.

But we don't think we can make that showing adequately and fully without having the opportunity to take some discovery. We met and conferred with the debtors on exactly what the scope of the discovery would be. We discussed with them timing. We discussed with them ways to be able to narrow the discovery. And we asked for depositions.

And the debtors' position is it's binary here. Their position is "No." Not "We'll work with you," but, "No, we're not going to entertain this discovery." And that's what their objection goes to.

We think that the Committee is the one that is being disadvantaged if the debtors were able to go down this process.

So, getting back to the forest here, Your Honor, if there is a way then to be able to extend the time for the Committee to be able to take discovery on these issues so that we could present the issues in an orderly fashion on exclusivity, and then if necessary go to a disclosure statement hearing and then consider issues of confirmation, we think that's the most appropriate and efficient manner to do this. That way we can avoid what the Committee wants to avoid here:

getting to a place where we have to go down a solicitation process on the debtors' plan when the debtors think that it is in the best interest of creditors to go down that path, the Creditors' Committee thinks that it's not.

The creditors are not going to support this plan. And we will have to get to a position where we have competing plans, or we will have wasted a solicitation process.

THE COURT: Well, the debtor suggests that certain subordinated creditors may not --

MR. MALIONEK: Well, Your Honor, the Committee --

THE COURT: -- support the plan.

MR. MALIONEK: That is their suggestion. The Committee is unanimous on its view. The debtors' suggestion is that there's a split of opinion within the Committee on how to do this; absolutely not. The Committee is unanimous in wanting to pursue these claims --

THE COURT: All right.

MR. MALIONEK: -- and pursue these issues.

THE COURT: I'll hear from the debtor.

MS. GOLDSTEIN: Good morning, Your Honor. Marcia Goldstein, Weil Gotshal & Manges, on behalf of the debtors.

My partner, Bruce Meyer, is also in court today. And if it comes to the point where we are going over the specific discovery requests and what we've offer, if we get that far, he's here to address those items.

Your Honor, this is a very straightforward situation. You would think from the Committee papers and the argument that the debtors' plan allows the claims of senior management. The debtors have done everything in their power to preserve the rights of the Committee and the liquidating trustee to litigate those claims, resolve those claims. There's no need for those claims to be resolved in connection with the plan.

But at the same time, what the Committee has suggested that we obtain from Mr. Rosoff and Mr. Alter, agreements to waive portions of their claim relating to the change of control, or waive arguments, that is something we were unable to do.

They, too, are -- just like the Committee is -- clearly entitled to its day in court, so are the claimants. And so when we heard suggestions from the Committee that it would be better if the Committee file a plan, gee, it would be better if the Board terminated Mr. Rosoff and Mr. Alter for cause. What we did was, as you described them, was proposed workarounds on those very suggestions. The agreements were -- it's not as though we deferred from the debtors' responsibilities and said, "Mr. Rosoff, Mr. Alter, what should we do here?" I mean one, they are senior management. But we had to come up with something from the debtors' point of view that would move this case forward and, at the same time, protect the rights of creditors.

We disagree with the Committee as to what's best for creditors. Our Board disagrees with the Committee as to what's best for creditors.

It would be a shame in a case of this size to get bogged down in competing plans. Mr. Rosoff and Mr. Alter have already agreed that they would accept the view that they could not argue the terms -- the specific terms of the letter in our papers.

But essentially, that this would be treated as though the Committee filed the plan. That if a court later finds that they should have been terminated for cause -- and cause so a very narrow definition in these contracts -- that it would be treated as if they were treated for cause. It's fairly typical for a debtor not to conduct -- or a board of a debtor not to conduct an investigation of its own management, especially where the issues relating to management are claims they're asserting under contract. This management has guided the company through the Chapter 11, we would assert successfully, taking aggressive positions resolving matters with the FDIC, all to the benefit of the creditors in this estate.

THE COURT: What the Committee say is they also guided them into the Chapter 11.

MS. GOLDSTEIN: But, Your Honor, there is no release in our plan for prepetition conduct. So, anything relating to that, whether it's a claim or not, is totally preserved with no

conditions.

So, this is not a case where a Committee can argue the plan is for the benefit of the insiders. Not a case where the debtor is holding up the plan to obtain a settlement for the insider. It's the opposite. I've never seen it.

It's the Committee holding up the plan, trying to hold up the plan, trying to get us involved or threatening discovery, most of which is totally irrelevant to the fairly narrow issues. You know, he's saying, oh, you know, they're minor. They're narrow. They're legal. They're issues that Your Honor can decide at the confirmation hearing, in terms of what's the proper extent of exculpation. That is a very frequent issue before a Bankruptcy Court, it's not novel.

THE COURT: It's becoming more frequent.

MS. GOLDSTEIN: I'm sorry, Your Honor?

THE COURT: It's becoming more frequent.

MS. GOLDSTEIN: Exactly. Also, in terms of what's the proper level of disclosure, frankly, if we had resolution on, you know, exculpation, we probably would reach agreement on the proper language with respect to disclosure. We think that the disclosures with respect to the claim preservation that we've put in our disclosure statement are sufficient to confer later jurisdiction on this Court. We do not think that the additions of a Committee are necessary, we think they're excessive.

But, you know, again, we're going to be before Your Honor on disclosure. And if Your Honor believes it's not sufficient, we'll be told that, and the disclosure statement will come out with whatever the Court approves.

So, Your Honor, on those two points, it's purely, purely legal. Whether a plan -- it's hard for me to believe that a Committee plan, assuming exclusivity were terminated, that eliminates or modifies the claims of claimants could be approved, or that the Court would find that the claimants have to eliminate claims, or give up arguments as part of a plan.

We found a way, going back to the claimants, to make those issues go away by having their agreements on a number of front. One, even on a disclosure, they've agreed that they would not make an argument that this Court lost jurisdiction.

In terms of change of control, I've already articulated the agreements that they would make. One, that the plan be treated as though filed by the Committee.

And, two, that if a court later determines in the litigation with the liquidating trustee, the Committee, or otherwise that they should have been terminated for cause, that the definitions of cause were met, that they would be treated as though they had been before the plan was authorized.

So, we think that we've come up with a way to move this plan forward.

We do not think that the Committee, by having a

competing plan process -- and it would be a competing plan process and a waste of estate assets -- would accomplish anything further. We'd be back in the same place. Your Honor would still be ruling on the very issues that you would have to rule on if the Committee simply went with the Court process: Object to the disclosure statement, object to the exculpation.

They've also raised a lot of fuss which, you know, is sort of hard to understand about the fact that in our plan, we've taken away certain consent rights of the Committee. Well, Your Honor, we'd be happy to give it to them if we had a consensual plan. And, in fact, we offered to give it to them if they supported the plan, but just reserved the right to come to you and argue there should be a different exculpation.

In other words, we found a workaround for the competing plan. We have a consensual plan and reserve to the Court the extent of exculpation.

So, we felt as though we're beating ourselves like against a wall and we had to file a plan. Because no matter what we proposed, it was never good enough. Let's have delay, let's have discovery, let's put this off. What good does that do to the retail noteholders? I think everybody knows the composition of the creditors here. They have only one representative on the Committee, their indenture trustee.

Your Honor, the way we see this -- and we're really struggling to understand why the Creditors' Committee doesn't

want to move it forward, carry all this litigation beyond confirmation, let distribution start. The only parties who are going to benefit here from delay are the parties who are in the marketplace trying to buy the retail note claims at very steep discounts. That is not something we should be encouraging. The Committee should not be creating an environment that allows that to happen.

We know that during, you know, the plan negotiations, at least one member of the Committee has bought retail note claims. We don't know of anything further, but if there is discovery there, we certainly will take discovery in this situation. We certainly will take discovery on that because we are baffled as to why we can't get this Committee off the dime to more forward with a plan. Or don't agree to our plan, move forward with a process so that we can get this plan before the Court so that they can object if they still have the need to object. Let creditors have the benefit of at least the commence of distributions.

There is a potentially high recovery for the retail noteholders here. There are some contingencies, including how we do on our amended tax return, and the tax refund, and all that relates to the fact that we did have a very good outcome in resolving the issues with the FDIC. And, you know, there are a couple of things that remain to be seen, but our disclosure statement estimates that there will be a recovery

between 64 cents and 100 cents to the retail noteholders. We think that we will be successful on some of the outstanding points, and it will be closer to the higher end. Let's move this process along.

So, Your Honor, I found it interesting -- and I can get into, you know, more detail on a lot of these points. But, frankly, I really don't think it's necessary given the papers that have been filed.

THE COURT: I agree.

MS. GOLDSTEIN: But this is not, as Committee counsel suggest, the debtor trying to extract something. We haven't gone and demanded that they settle these two claims. They've been in negotiations with the counsel for the claimants, separate -- they obviously have their own counsel. We haven't been part of that. So far, that hasn't been successful.

Your Honor, we're not trying to take a position on these claims. Their proposed changes to the plan that were requested at the last hour really -- other than asking the claimants to reduce their claims by some amount or give up some arguments that they may wish to make, they have not proposed anything on change of control better than what we've put forth.

THE COURT: Has the Committee yet filed an objection to the exclusivity motion?

MS. GOLDSTEIN: I don't think an objection has been filed.

THE COURT: Okay. And am I to assume correctly that an objection is forthcoming?

MR. MALIONEK: Yes, Your Honor, we -- and on Friday, we talked about the scheduling for that.

THE COURT: Okay.

MR. MALIONEK: I think we have an extension through --

THE COURT: Friday.

MR. MALIONEK: I now think it's Friday to file it.

THE COURT: Okay. I remember. Well, let me ask this: In the way of an evidentiary presentation for the 24th, what does the debtor anticipate?

MS. GOLDSTEIN: Your Honor --

THE COURT: Specifically with respect to testimony.

MS. GOLDSTEIN: At this point, we're not sure with respect to testimony, Your Honor. You know, frankly, you are correct that we are simply asking for extension of exclusivity to get us through the confirmation process.

I think, depending upon what the objection says -- I suspect the objection will say a lot of the same things that we have already heard. I'm not sure there's a need for testimony. I think you'll be hearing much of the same, but I can't predict that until I see the objection.

THE COURT: Well, let me ask this: Does the Committee intend to present witnesses at the hearing? And if

so, who?

MR. MALIONEK: Your Honor, I think that our intention would be to call witnesses that are insiders of the debtors.

THE COURT: And who would they be, pray tell?

MR. MALIONEK: Mr. Alter, Mr. Rosoff, and an independent member, an outside director on the Board to ask them these very questions that we've been discussing which relate to the issue of cause. That is the standard that's up on -- now it's scheduled for the 24th. And the reason we wanted to take discovery is because we want to be able to ask these questions ahead of time for an efficient hearing on the 24th, or whenever that might be. But these are questions that we think the Committee has a right to ask, and that we think the Court, to satisfy itself that cause has been met, would need to be able to understand why is it that the debtors have decided, even though they have this inherent conflict of interest, not to take this Committee's suggestions on how the plan gets authorized on jurisdiction, and on exculpation.

And we now need to get into the issue of why it is that the debtors have decided to retaliate against the Committee when they could not get the Committee to sign on to their plan on these particular issues by taking away the Committee's consent rights.

And what the debtors seem to be saying is that there is a potential trade here between the exculpation clause and

the Committee's right to be able to get consent rights.

THE COURT: I'm shocked: Trading issues and plan negotiations?

(Laughter)

MR. MALIONEK: Yeah, but --

THE COURT: It's a good thing I was sitting down when you told me that.

MR. MALIONEK: But, Your Honor, but think about what this trade is. The trade is in a liquidation plan where the only beneficiary, the only one to which -- the only constituency to which these plan issues are pertinent is the creditors. And then to take away the creditors' consent rights, the ability to be able to have a say as we go through the plan process makes no sense.

THE COURT: Okay. Here's what we're going to do: I will grant limited relief on the Committee's motion. And by that, I mean specifically you may take the deposition of either Mr. Alter or Mr. Rosoff, and assuming Mr. Botel is the independent director that you referred to.

MR. MALIONEK: Yes, Your Honor.

THE COURT: And Mr. Botel. But I'll give the debtor a choice. If these witnesses are not available by the time the Committee has asked, which is November 22nd, I would be willing to push the exclusivity hearing off to the December 16th date. If the debtor wishes to press forward on the 24th, I'm okay

with that provided it's able to make the witnesses available by the 22nd.

I'm not inclined, at this stage, to order any further discovery. And I would direct that the subject of the depositions be limited to issues relevant to exclusivity.

What I will do at a later time, assuming we get to and through disclosure, will be to either approve an agreement to the parties about plan discovery, or resolve any disputes they may have in connection with that, assuming the parties haven't resolved their differences at that point.

And I will tell you, these are the kinds of differences that seem to me ought easily to be resolved in terms of process. And that's not to ignore the difficulties that I know exist, not necessarily between and among counsel, but between and among the various interests, some of which are apparently at odds here, for understandable reasons.

But as a process matter, these are not issues that ought to hold up, at least disclosure. And depending on what the evidence shows me, maybe not exclusivity. But I haven't heard evidence on that yet, and I'll make a decision after that.

Are there any questions?

MR. MULLIN: Your Honor, this is David Mullin, I'm an attorney for the FDIC. And I just wanted to offer one comment, Your Honor, if I might. The FDIC, of course, has a contingent

$50 million claim in this matter. And we also are in a somewhat unique position of also -- as receiver for the bank having to investigate whether there are claims against Mr. Rosoff and Mr. Alter that should be asserted by the Government.

And we, of course, supported what the Committee was doing here, just in terms of trying to get a little sunshine on this situation which, at least has the potential for some conflict and some self-dealing.

So, the only thing I wanted to ask is if it would be all right for the FDIC to be able to attend the 2004 examination?

THE COURT: As an observer or as a participant?

MR. MULLIN: I think just as an observer, Your Honor. We have a right under our administrative subpoena power to subpoena and depose these witnesses ourselves when we want to. So, I think any questions I would have I could save for that time, rather than using up the time of the counsel who are charging their fees to the estate. I wouldn't want to do that.

THE COURT: Ms. Goldstein?

MS. GOLDSTEIN: Yes, Your Honor. A couple of questions, but I would indulge the Court, I would like to just clarify one thing that was said by Committee counsel in his last comments. We weren't dealing with -- and I know you've already answered the question of trading. I just wanted to remind the Court and the parties that we offered to keep the

consent rights, and have a consensual plan, and reserve the Committee's rights not to go along with our exculpation. I just wanted that clear.

THE COURT: Understood.

MS. GOLDSTEIN: Okay. Then questions: One, Mr. Botel is an independent director who resides in Florida. We will make inquiry, but we don't believe we can necessarily require his production.

We will go back and look at the availability between now and November 22nd. I am assuming, Your Honor, that if we push the exclusivity hearing to December 16th, that there will be an appropriate bridge order maintaining exclusivity.

THE COURT: The local rule provides that one is not necessary.

MS. GOLDSTEIN: And then the other point on the FDIC, I just want to remind everybody that there is no limitation on the FDIC with respect to the prepetition claims. So, we have no issue with their attending.

But if this is just about exclusivity, the depositions, at least as we understand it, would specifically be limited to the issues of exclusivity. I expect that based upon the Committee's outstanding requests as to what they consider relevant to exclusivity and what we might consider relevant to exclusivity, that we might have some issues. And I --

THE COURT: I --

MS. GOLDSTEIN: I just thought I'd go on the record with that.

THE COURT: I suspect that that might be the case.

MS. GOLDSTEIN: Okay. I think, Your Honor, that's it on my part.

THE COURT: Okay.

MS. GOLDSTEIN: Thank you.

MR. MALIONEK: Your Honor, one other quick question then as a matter of logistics and scheduling then. If Mr. Botel is either not available or the debtors conclude that they can't compel him to appear for a deposition, we would like the opportunity to depose another independent director, Mr. Costello, or another independent director on the Board, if that's okay with Your Honor.

THE COURT: It's a fair request.

MR. MALIONEK: Thank you, Your Honor.

THE COURT: All right. I would like counsel to confer and submit a form of order embodying the ruling on this motion and, you know, reserving without prejudice the balance of the Committee's request for a later time.

Is there anything further for today?

MS. GOLDSTEIN: Not from the debtors, Your Honor.

THE COURT: All right.

MR. MALIONEK: Your Honor, one point to clarify then:

If the exclusivity motion is not heard on the 24th, our assumption would be there would be a new response deadline -- objection deadline for the Committee for the December 16th hearing, if that's where it gets heard.

THE COURT: I don't know that that's automatic under the rules. But if you can't reach agreement with opposing counsel about filing a further response, reach out to the Court --

MR. MALIONEK: Okay.

THE COURT: -- by conference telephone.

MR. MALIONEK: Thank you, Your Honor.

THE COURT: Okay. Any other questions?

(No audible response heard)

THE COURT: Thank you, all, very much. That concludes this hearing. Court will stand in recess.

(Whereupon, at 10:42 A.M., the hearing was adjourned.)

CERTIFICATE

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ *Karen Hartmann* AAERT CET**D0475 Date: November 18, 2010

TRANSCRIPTS PLUS, INC.

UNITED STATES BANKRUPTCY COURT
District of Delaware

In Re:
Advanta Corp., et al.,
Welsh & McKean Roads
P.O. Box 844
Spring House, PA 19477
EIN: 23−1462070
Teacher Service Organization, Inc.
TSO Financial Corp.

Chapter: 11

Case No.: 09−13931−KJC

NOTICE OF FILING OF TRANSCRIPT AND OF DEADLINES RELATED TO RESTRICTION AND REDACTION

A transcript of the proceeding held on 11/17/2010 was filed on 11/19/2010 . The following deadlines apply:

The parties have 7 days to file with the court a *Notice of Intent to Request Redaction* of this transcript. The deadline for filing a *request for redaction* is 12/10/2010 .

If a request for redaction is filed, the redacted transcript is due 12/20/2010 .

If no such notice is filed, the transcript may be made available for remote electronic access upon expiration of the restriction period, which is 2/17/2011 unless extended by court order.

To review the transcript for redaction purposes, you may purchase a copy from the transcriber (see docket for Transcriber's information) or you may view the document at the clerk's office public terminal.

Clerk of Court

Date: 11/19/10

(ntc)

Notice Recipients

District/Off: 0311−1	User: Brandon	Date Created: 11/19/2010
Case: 09−13931−KJC	Form ID: ntcBK	Total: 14

Recipients of Notice of Electronic Filing:

ust	United States Trustee	USTPREGION03.WL.ECF@USDOJ.GOV
aty	Mark D. Collins	collins@rlf.com, rbgroup@rlf.com
aty	Paul N. Heath	heath@rlf.com, RBGroup@rlf.com

TOTAL: 3

Recipients submitted to the BNC (Bankruptcy Noticing Center):

db	Advanta Corp., et al.,	Welsh &McKean Roads P.O. Box 844 Spring House, PA 19477
aty	Bruce S. Meyer	Weil Gotshal &Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Christopher J. Cox	Weil, Gotshal &Manges LLP 201 Redwood Shores Parkway Redwood Shores, CA 94065
aty	Chun I. Jang	Richards, Layton &Finger, P.A. 920 North King Street P.O. Box 551 Wilmington, DE 19899
aty	Greg Kau	Weil, Gotshal &Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Marcie Kaufman	Weil, Gotshal &Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Miranda S. Schiller	Weil, Gotshal &Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Richard L. Levine	Weil, Gotshal &Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Scott M. Litvinoff	Weil, Gotshal & Manges LLP 767 Fifth Avenue New York, NY 10153
aty	Zachary I Shapiro	Richards, Layton &Finger, P.A. 920 North King Street, P.O. Box 551 Wilmington, DE 19801
aty	Zachary I. Shapiro	Richards Layton &Finger, P.A. 920 North King Street Wilmington, DE 19801

TOTAL: 11