

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

**In re:**

**COMMERCECONNECT MEDIA HOLDINGS,  
INC., et al.,<sup>1</sup>**

**Debtors.**

)  
) **Chapter 11**

)  
) **Case No. 09-**

)  
) **Joint Administration Pending**

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER  
AUTHORIZING DEBTORS TO EMPLOY AND RETAIN THE GARDEN  
CITY GROUP, INC. AS NOTICE, CLAIMS AND SOLICITATION AGENT**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors” or “Cygnus”) file this motion (the “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), authorizing Debtors to employ and retain The Garden City Group, Inc. (“Garden City Group”) as notice, claims and solicitation agent in connection with these chapter 11 cases. In support of this Motion, the Debtors rely on the Declaration of Jeffrey S. Stein, Vice President of Garden City Group (the “Stein Declaration”) a copy of which is attached hereto as **Exhibit B** and incorporated by reference herein. In support of this Motion, the Debtors rely on the Declaration of James Ogle, Chief Financial Officer of Each of the Debtors, in Support of First Day Pleadings (the “Ogle Declaration”) filed contemporaneously with Motion. In further support of this Motion, the Debtors respectfully state as follows:

**Jurisdiction**

1. On the date hereof (the “Petition Date”), the Debtors commenced their respective bankruptcy cases (the “Chapter 11 Cases”) by filing voluntary petitions for relief under chapter

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: CommerceConnect Media Holdings, Inc. (1749), Cygnus Business Media, Inc. (0832), Cygnus New Business Launches, Inc. (0713) and Cygnus Interactive New Business Launches, Inc. (1283). The address for each of the Debtors is: 1233 Janesville Avenue, Fort Atkinson, Wisconsin 53538.

11 of the bankruptcy code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”). No creditors’ committee has yet been appointed in the Chapter 11 Cases by the United States Trustee. The Debtors are continuing in possession of their respective properties and are operating their respective businesses, as debtors-in-possession, pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory predicates for the relief sought herein are section 156(c) of title 28 of the United States Code (the “U.S. Code”), the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 2002-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

### **Introduction**

4. As described in more detail below, the Chapter 11 Cases have been commenced to effectuate a negotiated out-of-court restructuring plan that has previously been agreed to by all but one of the Debtors’ senior secured lenders, all of the Debtors’ junior secured lenders, the holders of all of CommerceConnect Media Holdings, Inc.’s (“CCMH”) Series A Preferred Stock and the holders of a majority in interest of CCMH’s voting equity. The Debtors do not intend the Chapter 11 Cases to have any effect on the allowed claims of general unsecured creditors, but rather, to permit such claims to effectively “ride through” the Chapter 11 process and be paid in full without any impact by the bankruptcy on the relative rights, obligations and defenses of the parties. While the Debtors had hoped to avoid the cost of the Chapter 11 Cases by restructuring consensually out-of-court, one (1) hold out senior lender has refused to consent, apparently

seeking to extract further value from the companies or its co-lenders. For this reason, the Debtors were forced to modify the consensual restructuring into a prepackaged plan of reorganization (the “Plan”). Approximately 96% of the Debtors’ senior secured lenders and 100% of the Debtors’ junior secured lenders have voted in favor of the Plan, representing approximately \$200 million of the approximately \$206 million in secured debt owed to these institutional creditors. The Debtors have therefore commenced these Chapter 11 Cases to confirm the Plan, and will be seeking to do so expeditiously.

A. The Debtors’ Businesses.

5. Cygnus is a leading business-to-business (“B2B”) publisher and communications company, distributing content to diverse audiences in the construction, public safety, industrial and manufacturing, security, technology, transportation and aviation industries. Cygnus employs approximately 680 people, including 430 salaried and hourly employees and 250 independent contractors, all of whose livelihoods depend in some significant measure upon the successful continuation of the Debtors’ business enterprise. These employees and independent contractors are essential to the Debtors’ business operations and perform a variety of critical functions.

6. Several magazines published by Cygnus have been published for more than 40 years. Cygnus’ market-leading brands include *Qualified Remodeler*, *Firehouse*, *Equipment Today*, *Kitchen and Bath Design News*, and the *CPA Technology Advisor*. Cygnus’ breadth of content is internationally-recognized, reaching millions of business professionals who rely on Cygnus’ proprietary content to make critical business decisions. Cygnus reaches business professionals by utilizing three media platforms: publishing, interactive and expositions.

7. Publishing. Cygnus publishes 42 leading trade publications in 13 major markets, reaching over three million professionals, manufacturers and retail subscribers regularly. Cygnus’ publications are staffed with award-winning, industry-recognized writers and editors.

8. Interactive. With 38 website destinations, Cygnus' interactive division is a leading online provider of essential news, information, utilities and e-commerce services to 13 unique markets, providing industry news and information to over two million B2B professionals annually. Cygnus offers its interactive customers a full complement of updated industry news and award-winning editorial as well as video, webinars, online catalogs, e-newsletters and digital supplements and editions. In 2008, Cygnus interactive websites generated over 180 million page views with nearly two million unique visitors per month.

9. Expositions. Cygnus' exposition division is a leader in producing industry expositions, consistently providing solutions for doing business successfully. It produces approximately 32 trade shows and events annually, managing hundreds of thousands of square feet for thousands of exhibitors and tens of thousands of attendees each year. Additionally, Cygnus is at the forefront in producing electronic show dailies which include broadcast components, and Cygnus also produces custom programming from expo clients for use at trade shows.

B. Economic Performance and Other Challenges.

10. Cygnus' capital structure is highly leveraged, with approximately \$206 million in total funded debt (inclusive of accrued interest) as of June 30, 2009. Cygnus' funded debt consists primarily of (i) not less than \$173 million of senior, first lien debt under a credit agreement (the "Prepetition Credit Agreement") dated as of July 13, 2004, having General Electric Capital Corporation ("GECC") as agent; and (ii) approximately \$33 million of junior, second lien debt under a term loan dated as of July 13, 2004, having Barclays Bank PLC ("Barclays") as agent. In addition, Cygnus has issued approximately \$81 million of Series A Redeemable Preferred Stock (as of June 30, 2009, including accretion), approximately \$109,820

of Series B Preferred Stock (as of June 30, 2009), and approximately \$4,252 of Series C Preferred Stock (as of June 30, 2009).

11. Based on 2008 EBITDA of \$23 million, the total leverage ratio (secured debt) is approximately 8.9x and the aggregate leverage is 12.5x (including Series A but excluding Series B and Series C Preferred Stock).

12. Since the second quarter of 2008, Cygnus has been unable to meet its total leverage ratio covenants and has been in default under its financing agreements. The result of the covenant default was that lenders denied the company use of the \$13 million of availability under the Prepetition Credit Agreement, and Cygnus' liquidity has become constrained. Cygnus has been unable to make regular debt service payments to either the senior secured lenders or junior secured lenders, and has been operating under a nonbinding forbearance from the lenders. Further, as a result of these events, Cygnus' credit rating has been downgraded by Moody's and Standard & Poor's.

13. Additionally, Cygnus faces certain challenges that are not specific to it, but rather are being seen across the B2B industry. In addition to decreased advertising arising from the current economic climate, the B2B industry specifically has undergone a fundamental change driven by enhanced functionality of online advertising and tools causing traditional advertisers to reduce their allocation of resources to B2B publications and increase spending in their marketing budgets on their own websites.

14. Finally, Cygnus has been negatively affected by the overall shift away from print media. Although Cygnus has three media platforms, the majority of the business is devoted to and revenue is derived from print media. The management team continues to believe that in order to be more successful, the Cygnus model needs to continue to shift toward interactive media and away from print, providing the most appropriate balance for Cygnus' advertisers.

C. Sale Efforts; Negotiations with Lenders.

15. More than three years ago, the Board of Directors of Cygnus engaged a well-known, leading investment bank to conduct a process to broadly market the company. This marketing process was unsuccessful in producing a credible bid that satisfied the Board of Directors. After a change in management teams and approximately twelve months later, the Board of Directors retained a nationally recognized boutique investment bank focused on media companies to again market the company through a solicitation process where numerous parties were contacted. During this period Cygnus undertook a considerable internal restructuring designed to address the business challenges facing all print media companies.

16. The second marketing process concluded with the leading party providing a bid that failed to satisfy the secured creditors of the company and would not provide a recovery for other constituents. As noted above, the sale processes occurred at a time when print media businesses were (and continue to be) in considerable upheaval, and when the economy as a whole has been subject to considerable decline.

17. Due to these disappointing marketing process results, Cygnus engaged Miller Buckfire & Co., LLC ("Miller Buckfire") to assist the company's efforts to address its liquidity constraints and its overleveraged balance sheet. Miller Buckfire is an investment banking firm with considerable expertise in distressed scenarios, including ones such as those faced by the company where the value of a company is less than its secured debt.

18. Miller Buckfire has performed a number of tasks simultaneously, including resoliciting the leading bidder noted above, soliciting interest from potential investors and strategic partners and conducting negotiations with Cygnus' secured lenders and preferred equity holders regarding an internal restructuring of the company's balance sheet. There have been a

number of sit down meetings with and/or management presentations to interested parties and extensive negotiations with the senior secured and junior secured lenders.

19. Unfortunately, the multiple sales processes did not produce a buyer who could or would purchase Cygnus for an amount necessary to satisfy even the company's senior secured debt. As a result, Miller Buckfire and Cygnus turned their attention to the various restructuring possibilities. After examining the options, including both a chapter 11 bankruptcy filing and an out-of-court restructuring, Miller Buckfire and Cygnus concluded that an out-of-court restructuring presented the most viable option for the Debtors, as it likely would have the least impact on the Debtors' going concern value, the lowest cost of implementation and potentially could be consummated more quickly than the other alternatives. These factors translated into the best potential return for the Debtors' stakeholders.

20. The result is that Miller Buckfire and Cygnus developed, along with GECC, the other senior lenders, Barclays, the holders of the Series A Preferred Stock and the holders of a majority in interest of the Debtors' voting equity, a proposed restructuring that would convert a large portion of the existing senior secured debt, and all of the existing junior secured debt, into equity and warrants, respectively (the "Out-of-Court Restructuring").

D. Need for Relief.

21. The Out-of-Court Restructuring was intensely negotiated over a series of months, among the Debtors, GECC, the other senior lenders, Barclays, the holders of the Series A Preferred Stock and the holders of a majority in interest of the Debtors' voting equity. Throughout the process, each of GECC and Barclays has been in nearly constant contact with the registered holders of the senior secured debt and junior secured debt. Information and documentation has been made available in real time to all senior lenders, including, in the case of the senior secured lenders, through an on-line document database (*Intralinks*).

22. Until the week of July 13, 2009, the Out-of-Court Restructuring had been proceeding apace. As early as Monday of that week, all of the parties were hopeful that the Out-of-Court Restructuring would close on July 16, 2009, and in fact, the professionals had already begun to collect the signatures of the parties to the Out-of-Court Restructuring agreements when an unexpected obstacle arose.

23. On July 14, 2009, the Debtors were informed by GECC that one of the 21 holders of the not less than \$173 million of senior, first lien debt, may refuse to consent to the Out-of-Court Restructuring. That holder, Genesis CLO 2007-2 Ltd. ("Leichtman Fund"), a fund managed by Levine Leichtman Capital Partners ("Levine Leichtman"), holds approximately \$6.4 million of the not less than \$173 million of senior, first lien debt, which is less than 4% of the dollar amount of the claims in that class. Nonetheless, on an out-of-court basis, the Prepetition Credit Agreement requires unanimous consent of the holders to effectuate the transactions required. See Prepetition Credit Agreement, § 11.2(c).

24. Since that time, each of the Debtors, GECC and Barclays, and their respective professionals, have attempted to obtain Levine Leichtman's consent – with no success. Levine Leichtman's refusal to consent has therefore made an out-of-court solution impossible. Given the foregoing factors, the Debtors have determined that a chapter 11 prepackaged plan affords them the best option to preserve and realize upon the value of the companies and is the only remaining option to implement the agreed upon restructuring.

25. In consultation with their professionals, and after careful examination, the Debtors' Boards of Directors, the Debtors, GECC and Barclays have determined that chapter 11, combined with the prepackaged Plan, is the best and most efficient way to maximize a return for the Debtors, their estates, and all parties-in-interest. Additionally, the Debtors have entered into a cash collateral agreement with GECC which, subject to Bankruptcy Court approval, allows the

Debtors' the use of cash collateral to ensure that the Debtors will have sufficient liquidity to complete the Chapter 11 process and effectuate the Plan.

26. Consistent with the terms of the Out-of-Court Restructuring previously agreed to by the Debtors, all but one of the holders of the senior, first lien debt and all of the holders of the junior, second lien debt, the Plan seeks to impair only the not less than \$173 million of senior, first lien debt under a Prepetition Credit Agreement (Class 3), the approximately \$33 million of junior, second lien debt (Class 4), any intercompany obligations (Class 6) and the existing equity interests in the Debtors (Class 7 and 8). Holders of other secured claims and general unsecured claims will have their allowed claims reinstated, or, at the option of the Debtor, paid in full. The result is that the Plan provides for no impairment of virtually all the going-concern obligations of the Debtors, as well as the conversion of a large portion of the existing senior secured debt, and all of the existing junior secured debt, to equity and warrants, respectively. The conversion of debt to equity results in a greatly reduced debt service and a largely deleveraged balance sheet.

27. On July 27, 2009, the Debtors solicited votes for or against the Plan from Class 3 and 4, the only Classes entitled to vote under the Plan. As noted above and contained in the voting affidavit of Garden City Group<sup>2</sup> filed contemporaneously herewith, approximately 95% in number and approximately 96% in dollar amount of Class 3 creditors (all but the Leichtman Fund) have accepted the Plan and 100% in number and dollar amount of Class 4 creditors have voted to accept the Plan. Class 7 and Class 8 creditors were not solicited as they are receiving no distributions on account of their claims/interests and are deemed to have rejected the Plan.

28. The existence of a Plan that has been overwhelmingly approved by the voting Classes, as well as the cash collateral agreement between GECC and the Debtors, will allow the Debtors to transition through bankruptcy as smoothly and as quickly as possible. The Debtors'

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<sup>2</sup> The Garden City Group is the Debtors' proposed Claims, Noticing and Balloting Agent.

publications, interactive web site and expositions should be virtually unaffected. Further, out of an abundance of caution, the Debtors seek approval as part of their “first day motions” relief which will allow the Debtors’ obligations to employees and critical vendors to be honored in the ordinary course of business until such time as the Plan is confirmed and the obligations reinstated.

29. The Chapter 11 Cases have therefore been instituted to enable the Debtors to effectively take these steps and otherwise maximize the value of their assets.

### **Relief Requested**

30. By this Motion, the Debtors seek to retain and employ Garden City Group, subject to further order of the Court and that certain Bankruptcy Administration Agreement, dated as of July 28, 2009, by and between Garden City Group and the Debtors (such agreement together with all amendments, modifications, renewals thereof and all documents ancillary thereto or otherwise entered into in connection therewith, are collectively referred to herein as the “Administration Agreement”), a copy of which is attached hereto as **Exhibit C** and incorporated by reference herein.

### **Basis for Relief**

#### **A. Garden City Group’s Qualifications.**

31. Garden City Group is a bankruptcy administrator that specializes in providing comprehensive chapter 11 administrative services including noticing, claims processing, balloting and other related services critical to the effective administration of chapter 11 cases. Indeed, Garden City Group has developed efficient and cost-effective methods to handle properly the voluminous mailings associated with the noticing, claims processing and balloting portions of chapter 11 cases to ensure the orderly and fair treatment of creditors, equity security holders and all parties in interest. Further, Garden City Group will work with the office of the

Clerk of the Court (the “Clerk’s Office”) to ensure that such methodology conforms with all of the Court’s procedures, the Local Rules and the provisions of any orders entered by this Court.

32. Garden City Group has substantial experience in matters of this size and complexity and has acted as the official notice, claims and solicitation agent in many large bankruptcy cases in this District and other districts nationwide. See, e.g., In re Lang Holdings, Inc., No. 09-12543 (KJC) (Bankr. D. Del. July 17, 2009); In re RathGibson, Inc., No. 09-12452 (CSS) (Bankr. D. Del. July 14, 2009); In re Proliance International, Inc., No. 09-12278 (CSS) (Bankr. D. Del. July 6, 2009); In re Pumpkin Patch LLC, No. 09-12200 (BLS) (Bankr. D. Del. June 30, 2009); In re R.H. Donnelley Corporation, No. 09-11833 KG) (Bankr. D. Del. June 1, 2009); In re Hayes Lemmerz International, Inc., No. 09-11655 (MFW) (Bankr. D. Del. May 18, 2009); In re White Energy, Inc., No. 09-11601 (CSS) (Bankr. D. Del. May 12, 2009); In re Aventine Renewable Energy Holdings, Inc., No. 09-11214 (KG) (Bankr. D. Del. April 9, 2009); In re Forward Foods, LLC, No. 09-10545 (KJC) (Bankr. D. Del. Feb. 18, 2009); In re Nailite International, Inc., No. 09-10526 (MFW) (Bankr. D. Del. Feb 27, 2009); In re Foothills Texas, Inc., No. 09-10452 (CSS) (Bankr. D. Del. Feb 12, 2009); In re Jancor Companies, Inc., No. 08-12556 (MFW) (Bankr. D. Del. Nov. 3, 2009); In re Comfort Co., Inc., No. 08-12305 (MFW) (Bankr. D. Del. Oct. 21, 2008); In re VI Acquisition Corp., No. 08-10623 (KG) (Bankr. D. Del. May 29, 2008); In re DG Liquidation Corp., No. 08-10601 (CSS) (Bankr. D. Del. April 2, 2008); In re KCMVNO, Inc., No. 08-10600 (BLS) (Bankr. D. Del. July 17, 2008); In re Supplements LT Inc., No. 08-10446 (KJC) (Bankr. D. Del. March 12, 2008); In re ProRhythm, Inc., No. 07-11861 (KJC) (Bankr. D. Del. March 11, 2008); In re S-Tran Holdings, Inc., No. 05-11391 (RB) (Bankr. D. Del. June 14, 2005); In re Flintkote Company, No. 04-11300 (JKF) (Bankr. D. Del. May 5, 2004); In re Factory 2-U Stores, Inc., No. 04-10111 (PJW) (Bankr. D. Del. Feb. 5, 2004); In re Magnatrax Corporation, No. 03-11402 (PJW) (Bankr. D. Del. May 30, 2003); In re HQ

Global Holdings, Inc., et al., No. 02-10760 (MFW) (Bankr. D. Del. March 14, 2002); In re ACandS, Inc., No. 02-12687 (RJN) (Bankr. D. Del. Oct. 28, 2002); In re Federal-Mogul Global, Inc., No. 01-10578 (JKF) (Bankr. D. Del. May 29, 2002); In re Agape World, Inc., No. 09-70660 (DTE) (Bankr. E.D.N.Y. March 11, 2009); In re Zurich Depository Corp., No. 07-71352 (JBR) (Bankr. E.D.N.Y. June 20, 2007); In re Copperfield Investment, LLC, No. 07-71327 (JBR) (Bankr. E.D.N.Y. Aug. 20, 2007); In re The Brunswick Hospital Center, Inc., No. 07-40290 (CEC) (Bankr. E.D.N.Y. Oct. 31, 2005); In re Photocircuits Corporation, No. 05-89022 (SB) (Bankr. E.D.N.Y. Oct. 28, 2005); In re MetroTec Communications, Inc., No. 05-20953 (DEM) (Bankr. E.D.N.Y. Aug. 11, 2005); In re Allou Distributors Inc., et al., No. 03-82321 (ESS) (Bankr. E.D.N.Y. May 29, 2003); In re CyberRebate.com, Inc., No. 01-16534 (CEC) (Bankr. E.D.N.Y. Feb. 22, 2002).

B. Services To Be Provided.

33. Specifically, the Debtors seek to engage Garden City Group to provide certain noticing, claims processing and balloting administration services including, without limitation:

- a. Noticing. Preparing and serving a variety of documents on behalf of the Debtors in these Chapter 11 Cases, including:
  - i. notice of the commencement of the Debtors' Chapter 11 Cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;
  - ii. notice of any claims bar date;
  - iii. motions, applications and other requests for relief and related documents;
  - iv. objections, responses and replies with respect to requests for relief;
  - v. hearing agendas;
  - vi. objections to claims;
  - vii. any disclosure statements, chapter 11 plans and all documents related thereto; and

viii. all notices of the filing of the documents listed above, hearings and such other miscellaneous notices as the Debtors or the Court may deem necessary or appropriate for orderly administration of these Chapter 11 Cases.

b. Claims Administration.

- i. maintaining an official claims register in the Debtors' Chapter 11 Cases by docketing all proofs of claim and proofs of interest in a database;<sup>3</sup>
- ii. maintaining copies of all proofs of claim and proofs of interest filed in these Chapter 11 Cases;
- iii. updating the official claims registers in accordance with Court orders;
- iv. implementing necessary security measures to ensure the completeness and integrity of the claims registers;
- v. transmitting to the Clerk's Office a copy of the claims registers as requested;
- vi. maintaining an up-to-date mailing list for all entities that have filed proofs of claim or proofs of interest and make such list available upon request to the Clerk's Office or any party in interest;
- vii. providing access to the public for examination of copies of the proofs of claim and proofs of interest filed in these Chapter 11 Cases;
- viii. recording all transfers of claims pursuant to Bankruptcy Rule 3001(e) and, if directed to do so by the Court, provide notice of such transfers as required by Bankruptcy Rule 3001(e); and
- ix. establishing a case website with case information, including key dates, service lists and free access to the case docket within three days of docketing.

c. Balloting Services. Acting as balloting agent, which may include some or all of the following services:

- i. printing ballots and coordinating the mailing of solicitation packages (i.e., ballots, disclosure statement and chapter 11 plan) to all voting and non-

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<sup>3</sup> The database will include: (a) the name and address of the claimant or interest holder and any agent thereof, if appropriate; (b) the date the proof of claim or proof of interest was received by Garden City Group or the Court; (c) the claim number assigned to the proof of claim or proof of interest; and (d) the asserted amount and classification of the claim.

- voting parties and providing a certificate or affidavit of service with respect thereto;
- ii. establishing a toll-free “800” number to receive and answer questions regarding voting with respect to any chapter 11 plan;
- iii. receiving ballots at a post office box, inspecting ballots for conformity to voting procedures, date stamping and numbering ballots consecutively and tabulating and certifying the results; and
- iv. preparing voting reports by plan class, creditor or shareholder and amount for review and approval by the Debtors and their counsel.

34. In addition to the foregoing services, Garden City Group will provide such other noticing, claims processing, balloting and related administrative services as the Debtors or Clerk’s Office may request from time to time. The Administration Agreement also contains standard indemnification language with respect to Garden City Group’s services. Accordingly, as part of this Motion, the Debtors request that the Court approve the indemnification provisions as set forth therein.

C. Professional Compensation.

35. The fees to be charged by Garden City Group in connection with these Chapter 11 Cases are set forth in the Administration Agreement. The Debtors respectfully submit that Garden City Group’s rates for its services in connection with the notice, claims processing and balloting services are competitive and comparable to the rates charged by their competitors for similar services.

36. Furthermore, the Debtors respectfully submit that the fees and expenses incurred by Garden City Group are administrative in nature and, therefore, should not be subject to the standard fee application procedures for professionals. Specifically, the Debtors request authorization to compensate Garden City Group on a monthly basis, in accordance with the terms and conditions set forth in the Administration Agreement, upon Garden City Group’s

submission to the Debtors of monthly invoices summarizing in reasonable detail the services rendered and expenses incurred in connection with services provided by Garden City Group to the Debtors.

D. Garden City Group's Disinterestedness.

37. Although the Debtors do not propose to retain Garden City Group under section 327 of the Bankruptcy Code, Garden City Group has nonetheless conducted a conflicts analysis and, to the best of its knowledge and except to the extent disclosed in the Stein Declaration, Garden City Group neither holds nor represents an interest adverse to the Debtors' estates nor has a connection to the Debtors, their creditors or their related parties. Should Garden City Group discover any new relevant facts or relationships bearing on the matters described herein during the period of its retention, Garden City Group will use reasonable efforts to file promptly a supplemental declaration.

E. The Retention of Garden City Group Is Authorized by Section 156(c).

38. Section 156(c) of the U.S. Code, which governs the staffing and expenses of the Bankruptcy Court, authorizes the Court to use facilities other than the Clerk's Office for administration of bankruptcy cases:

Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

39. In addition, Local Rule 2002-1(f) provides, in relevant part, as follows:

Notice and Claims Clerk. Upon motion of the debtor or trustee, at any

time without notice or hearing, the Court may authorize the retention of a notice and/or claims clerk under 28 U.S.C. § 156(c). In all cases with more than 200 creditors, unless the Court orders otherwise, the debtor shall file such motion on the first day of the case or within ten (10) days thereafter. The notice and/or claims clerk may be retained to do any or all of the following: (i) prepare and serve all notices required in the case; (ii) maintain copies of all proofs of claim and proofs of interest filed in the case; (iii) maintain the official claims register; (iv) maintain an up-to-date mailing list of all creditors and all entities who have filed proofs of claim or interest and/or requests for notices in the case; (v) assist the debtors with the reconciliation and resolution of claims; and (vi) mail and tabulate ballots for purposes of voting in chapter 11 cases. Within five (5) days of the mailing of any notice, the notice/claims clerk shall file with the Court such notice, along with an affidavit of service.

Del. Bankr. L.R. 2002-1(f).

40. Accordingly, section 156(c) of the U.S. Code empowers the Court to utilize outside agents and facilities for notice, claims and solicitation purposes, provided the Debtors' estates pay the cost of such services. Additionally, Local Rule 2002-1(f) requires, in all cases with over 200 creditors (such as these Chapter 11 Cases), a debtor to file a motion to retain a claims agent on the first day of the case or within ten (10) days thereafter. Therefore, for all of the foregoing reasons, the Debtors believe that the retention of Garden City Group as the notice, claims and solicitation agent in these Chapter 11 Cases is in the best interests of the Debtors, their estates and creditors.

41. Consistent with Bankruptcy Rule 6003(b), immediate entry of an order approving the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

#### **Notice**

42. The Debtors shall provide notice of this Motion by facsimile and/or overnight mail to: (i) the Office of the United States Trustee for the District of Delaware; (ii) the Debtors' largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions;

(iii) counsel to the Debtors' prepetition secured lenders; (iv) the Department of Justice; and (v) the Internal Revenue Service. As this Motion is seeking first-day relief, notice of this Motion and any order entered hereon will be served on all parties required by Del. Bankr. L.R. 9013-1(m). Due to the urgency of the circumstances surrounding this Motion and the nature of the relief requested herein, the Debtors respectfully submit that no further notice of this Motion is required.

**No Prior Request**

43. No prior motion for the relief requested herein has been made to this or any other court.

*[Remainder of page intentionally left blank.]*

Conclusion

WHEREFORE, for the reasons set forth herein and in the Ogle Declaration, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, (a) authorizing the Debtors to employ and retain Garden City Group as notice, claims and solicitation agent in connection with these Chapter 11 Cases, (b) approving the terms of the Administration Agreement and (c) granting such other and further relief as appropriate.

Dated: August 3, 2009  
Wilmington, Delaware

Respectfully submitted,



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- and -

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*Proposed Co-Counsel for the  
Debtors and Debtors-in-Possession*

**EXHIBIT A**



Motion and the Stein Declaration that Garden City Group neither holds nor represents an interest adverse to the Debtors' estates nor has a connection to the Debtors, their creditors or their related parties; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and due and proper notice of this Motion having been provided; and after due deliberation and sufficient cause appearing therefore;

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors shall be, and hereby are, authorized to employ and retain Garden City Group as their notice, claims and solicitation agent in accordance with the terms and conditions set forth the Administration Agreement.
3. Garden City Group is appointed as agent for the office of the Clerk of the Court (the "Clerk's Office") and custodian of Court records and, as such, is designated as the authorized repository for all proofs of claims filed in these chapter 11 cases and is authorized and directed to maintain official claims registers for each of the Debtors and to provide the Clerk's Office with a certified duplicate thereof on a monthly basis unless otherwise directed by the Clerk's Office.
4. Upon the Debtors' request, Garden City Group will assist the Debtors with any other additional services requested by the Debtors.
5. Garden City Group is authorized and directed to perform all related tasks to process the proofs of claims and maintain a claims register.
6. Garden City Group is authorized to take such other action to comply with all duties set forth in the Motion, that certain Bankruptcy Administration Agreement, dated as of July 28, 2009, by and between Garden City Group and the Debtors (attached as **Exhibit C** to the Motion, the "Administration Agreement"), and this Order.

7. The Debtors are authorized to compensate Garden City Group on a monthly basis, in accordance with the Administration Agreement, upon the receipt of reasonably detailed invoices setting forth the services provided by Garden City Group in the prior month and the rates charged for each, and to reimburse Garden City Group for all reasonable and necessary expenses it may incur upon the presentation of appropriate documentation.

8. Notwithstanding any provision of the Motion or the Administration Agreement to the contrary, the Debtors shall have no obligation to indemnify Garden City Group, or provide contribution or reimbursement to Garden City Group for any claim or expense that is either: (a) judicially determined (the determination having become final) to have arisen primarily from Garden City Group's gross negligence, willful misconduct or fraud; or (b) settled prior to judicial determination as to Garden City Group's gross negligence, willful misconduct or fraud, but determined by this Court, after notice and a hearing, to be a claim or expense for which Garden City Group should not receive indemnity, contribution or reimbursement under the terms of Garden City Group's retention.

9. If before the earlier of: (a) entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal); and (b) the entry of an order closing these chapter 11 cases, Garden City Group believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations including, without limitation, the advancement of defense costs, Garden City Group must file an application therefore in this Court, and the Debtors may not pay any such amounts to Garden City Group before the entry of an order by this Court approving the payment. This paragraph is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by Garden City Group for indemnification, contribution and/or reimbursement and not a provision limiting

the duration of the Debtors' obligation to indemnify Garden City Group. All parties in interest shall retain the right to object to any demand by Garden City Group for indemnification, contribution and/or reimbursement.

10. Bankruptcy Rule 6003(b) has been satisfied because of the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

11. The terms and conditions of this Order shall be effective immediately and enforceable upon its entry.

12. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, or budget in connection therewith, or any order regarding the use of cash collateral.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

14. To the extent this Order is inconsistent with any prior order or pleading with respect to the Motion in these cases, the terms of this Order shall govern.

15. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2009  
Wilmington, Delaware

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UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT B**



Agreement”), a copy of which is attached to the Motion as Exhibit C and incorporated by reference herein. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

### **Garden City Group’s Qualifications**

2. Garden City Group is a bankruptcy administrator that specializes in providing comprehensive chapter 11 administrative services including noticing, claims processing, balloting and other related services critical to the effective administration of chapter 11 cases. Garden City Group has substantial experience in matters of this size and complexity and has acted as the official notice, claims and solicitation agent in many large bankruptcy cases in this District and other districts nationwide. Indeed, Garden City Group has developed efficient and cost-effective methods to handle properly the voluminous mailings associated with the noticing, claims processing and balloting portions of chapter 11 cases to ensure the orderly and fair treatment of creditors, equity security holders and all parties in interest. Further, Garden City Group will work with the Clerk’s Office to ensure that such methodology conforms with all of the Court’s procedures, the Local Rules and the provisions of any orders entered by this Court.

### **Services To Be Provided**

3. In accordance with the terms and conditions of the Administration Agreement, Garden City Group will provide certain noticing, claims processing and balloting administration services including, without limitation:

- a. Noticing. Preparing and serving a variety of documents on behalf of the Debtors in these Chapter 11 Cases, including:
  - i. notice of the commencement of the Debtors’ Chapter 11 Cases and the initial meeting of creditors under section 341(a) of the Bankruptcy Code;
  - ii. notice of any claims bar date;

- iii. motions, applications and other requests for relief and related documents;
- iv. objections, responses and replies with respect to requests for relief;
- v. hearing agendas;
- vi. objections to claims;
- vii. any disclosure statements, chapter 11 plans and all documents related thereto; and
- viii. all notices of the filing of the documents listed above, hearings and such other miscellaneous notices as the Debtors or the Court may deem necessary or appropriate for orderly administration of these Chapter 11 Cases.

b. Claims Administration.

- i. maintaining an official claims register in the Debtors' Chapter 11 Cases by docketing all proofs of claim and proofs of interest in a database;<sup>3</sup>
- ii. maintaining copies of all proofs of claim and proofs of interest filed in these Chapter 11 Cases;
- iii. updating the official claims registers in accordance with Court orders;
- iv. implementing necessary security measures to ensure the completeness and integrity of the claims registers;
- v. transmitting to the Clerk's Office a copy of the claims registers as requested;
- vi. maintaining an up-to-date mailing list for all entities that have filed proofs of claim or proofs of interest and make such list available upon request to the Clerk's Office or any party in interest;
- vii. providing access to the public for examination of copies of the proofs of claim and proofs of interest filed in these Chapter 11 Cases;
- viii. recording all transfers of claims pursuant to Rule 3001(e) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and, if directed

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<sup>3</sup> The database will include: (a) the name and address of the claimant or interest holder and any agent thereof, if appropriate; (b) the date the proof of claim or proof of interest was received by Garden City Group or the Court; (c) the claim number assigned to the proof of claim or proof of interest; and (d) the asserted amount and classification of the claim.

to do so by the Court, provide notice of such transfers as required by Bankruptcy Rule 3001(e); and

- ix. establishing a case website with case information, including key dates, service lists and free access to the case docket within three days of docketing.
- c. Balloting Services. Acting as balloting agent, which may include some or all of the following services:
- i. printing ballots and coordinating the mailing of solicitation packages (i.e., ballots, disclosure statement and chapter 11 plan) to all voting and non-voting parties and providing a certificate or affidavit of service with respect thereto;
  - ii. establishing a toll-free “800” number to receive and answer questions regarding voting with respect to any chapter 11 plan;
  - iii. receiving ballots at a post office box, inspecting ballots for conformity to voting procedures, date stamping and numbering ballots consecutively and tabulating and certifying the results; and
  - iv. preparing voting reports by plan class, creditor or shareholder and amount for review and approval by the Debtors and their counsel.

4. In addition to the foregoing services, Garden City Group will provide such other noticing, claims processing, balloting and related administrative services as the Debtors or Clerk’s Office may request from time to time. The Administration Agreement also contains standard indemnification language with respect to Garden City Group’s services which were negotiated at arm’s-length and in good faith and were agreed to by both the Debtors and Garden City Group.

#### **Professional Compensation**

5. The compensation arrangement provided for in the Administration Agreement is consistent with and typical of arrangements entered into by Garden City Group and other such firms with respect to rendering similar services for clients such as the Debtors. The Debtors will pay Garden City Group’s fees and expenses upon the submission of monthly invoices by

Garden City Group summarizing, in reasonable detail, the services for which compensation is sought.

**Garden City Group's Disinterestedness**

6. I acknowledge and respectfully represent that the elements of section 327 of the Bankruptcy Code and Bankruptcy Rule 2014 are not necessary or relevant in connection with Garden City Group's employment and retention, which is being sought under section 156(c) of title 28 of the United States Code. Nevertheless, in connection with the proposed employment and retention of Garden City Group by the Debtors, Garden City Group undertook a lengthy conflicts analysis process to determine whether it had any conflicts or other relationships that might cause it not to be disinterested or to hold or represent an interest adverse to the Debtors' estates. To check and clear potential conflicts of interest in these cases, Garden City Group reviewed its client relationships to determine whether it had any relationships with the following entities, which were provided to Garden City Group by the Debtors (collectively, the "Potential Parties in Interest").

7. As part of its diverse practice, Garden City Group appears in numerous cases, proceedings and transactions involving many different attorneys, accountants, investment bankers and financial consultants, some of whom may represent claimants and parties in interest in the Debtors' Chapter 11 Cases. Further, Garden City Group has in the past, and may in the future, be represented by several attorneys and law firms, some of whom may be involved in these Chapter 11 Cases. In addition, Garden City Group has been in the past, and likely will be in the future, engaged in matters unrelated to the Debtors or these Chapter 11 Cases in which it works with or against other professionals involved in these cases. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, none of these business relations constitute interests adverse to the Debtors.

8. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, neither I nor any of Garden City Group's professional employees: (a) have any connection with the Debtors, their creditors, the United States Trustee for the District of Delaware (the "U.S. Trustee") or any other Potential Parties in Interest in these Chapter 11 Cases or their respective attorneys or accountants; or (b) are related or connected to any United States Bankruptcy Judge for the District of Delaware, any of the District Judges for the District of Delaware who handle bankruptcy cases, the U.S. Trustee or any employee in the Office of the U.S. Trustee, except as set forth below:

- a. From time to time, Garden City Group may perform or may have performed services for, or maintained other commercial or professional relationships with, certain creditors of the Debtors and various other parties that are adverse to the Debtors, in each case in matters unrelated to these Chapter 11 Cases. Garden City Group has and will continue to represent clients in matters unrelated to these Chapter 11 Cases and has had and will continue to have relationships in the ordinary course of business with certain vendors in connection with matters unrelated to these Chapter 11 Cases.
- b. Garden City Group personnel may have relationships with some of the Debtors' creditors; however, such relationships are of a personal financial nature and completely unrelated to these Chapter 11 Cases.
- c. From time to time, Garden City Group also may have had dealings on other unrelated matters with certain of the other professionals who are providing, or are expected to provide, services in these cases.
- d. Garden City Group will continue to have relationships in the ordinary course of business with certain professionals in connection with matters unrelated to these Chapter 11 Cases.
- e. Garden City Group has relationships with some of the Debtors' creditors in cases where Garden City Group serves in a neutral capacity as a class action settlement claims administrator. Garden City Group's assistance in the cases where it serves as a class action claims administrator has been primarily related to the design and dissemination of legal notice and other administrative functions in class actions.

9. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, Garden City Group is a "disinterested person," as such

term is defined in section 101(14) of the Bankruptcy Code, in that Garden City Group and its professional personnel:

- a. are not creditors, equity security holders or insiders of the Debtors;
- b. are not and were not, within two years before the date of the filing of the Debtors' Chapter 11 Cases, directors, officers or employees of the Debtors; and
- c. do not have an interest materially adverse to the interests of the Debtors' estates or any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors.

10. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry, Garden City Group has not been retained to assist any entity or person other than the Debtors on matters relating to, or in direct connection with, the Debtors' Chapter 11 Cases. If the Debtors are authorized by the Court to employ and retain Garden City Group, Garden City Group will not accept any engagement or perform any service for any entity other than the Debtors in these Chapter 11 Cases. Garden City Group will, however, continue to provide professional services to entities that may be creditors or equity security holders of the Debtors or parties in interest in these cases, provided that such services do not relate to, or have any direct connection with, these cases or the Debtors.

11. Furthermore, in connection with the retention of Garden City Group as notice, claims, balloting and solicitation agent, Garden City Group represents, among other things, that:

- a. Garden City Group will not consider itself employed by the United States government and shall not seek any compensation from the United States government in its capacity as the notice, claims and solicitation agent in these Chapter 11 Cases;
- b. By accepting employment in these Chapter 11 Cases, Garden City Group waives any rights to receive compensation from the United States government;
- c. In its capacity as the notice, claims and solicitation agent in these Chapter 11 Cases, Garden City Group will not be an agent of the United States and will not act on behalf of the United States; and

d. Garden City Group will not employ any past or present employees of the Debtors in connection with its work as the notice, claims and solicitation agent in these Chapter 11 Cases.

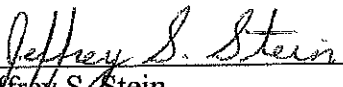
12. If Garden City Group discovers any additional information that requires disclosure, Garden City Group will file promptly a supplemental declaration with the Court.

13. No agreement presently exists to share with any other person or firm any compensation received by Garden City Group for its services in this case. If any such agreement is entered into, Garden City Group undertakes to amend and supplement this declaration to disclose the terms of any such agreement.

14. No promises have been received by Garden City Group, or by any employee thereof, as to compensation in connection with these Chapter 11 Cases other than in accordance with the provisions of the Bankruptcy Code.

15. I am generally familiar with the Bankruptcy Rules, and Garden City Group will comply with them, subject to the orders of this Court.

Dated: August 3, 2009

  
\_\_\_\_\_  
Jeffrey S. Stein  
Vice President

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

**EXHIBIT C**



The Garden City Group, Inc.

## BANKRUPTCY ADMINISTRATION AGREEMENT

This Bankruptcy Administration Agreement, dated as of July 28, 2009, is between The Garden City Group, Inc., a Delaware corporation (the "Company"), and CommerceConnect Media Holdings, Inc., Cygnus Business Media, Inc., Cygnus Interactive New Business Launches, Inc., and Cygnus New Business Launches, Inc. Debtors (the "Clients").

The Clients desire to retain the Company to perform certain noticing, claims processing and balloting administration services for the Clients in their Chapter 11 case anticipated to be filed in the United States Bankruptcy Court for the District of Delaware, (the "Bankruptcy Court"), and the Company desires to be so retained, in accordance with the terms and conditions of this Agreement.

In consideration of the mutual covenants herein contained, the parties hereby agree as follows:

1. Services. The Company agrees to provide the services necessary to perform the tasks specified in the pricing schedule that has been supplied to the Clients. Such services are hereinafter referred to as "Services." The Clients agree and understand that none of the Services constitute legal advice.

2. Payment for Services; Expenses.

2.1 Compensation. As full compensation for the Services to be provided by the Company, the Clients agree to pay the Company its fees as outlined in the pricing schedule that has been supplied to the Clients (subject to Bankruptcy Court approval in the event of an unresolved dispute). Billing rates may be adjusted from time to time by the Company in its reasonable discretion, although billing rates generally are changed on an annual basis. Clients agree to pay the Company a retainer of \$30,000.00, to be applied first against the pre-petition fees and expenses incurred by the Clients in connection with Services rendered by the Company and then against the first bill that will be rendered by the Company to the Clients for the post-petition fees and expenses incurred by the Clients in connection with Services rendered by the Company.

2.2 Expenses. In addition to the compensation set forth in Section 2.1, the Clients shall reimburse the Company for all out-of-pocket expenses reasonably incurred by the Company in connection with the performance of the Services (subject to Bankruptcy Court determination in the event of an unresolved dispute). The out-of-pocket expenses will be billed on the expense (non-fee) portion of the Company's invoice to the Clients and may include, but are not limited to, postage, banking fees, brokerage fees, costs of messenger and delivery service, travel, filing fees, staff overtime meal expenses and other similar expenses. In some cases, the Company may receive a rebate at the end of a year from a vendor.

2.3 Billing and Payment. Except as provided in Section 2.2, the Company shall bill the Clients for its fees and expenses on a monthly basis, and the Clients shall pay the Company within thirty (30) days of its receipt of each such bill in the ordinary course of business (subject to Bankruptcy

Court approval in the event of an unresolved dispute). Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions) as well as certain expenses such as postage must be paid at least three (3) business days in advance of those fees and expenses being incurred. Each of the Clients is jointly and severally liable for the Company's fees and expenses.

3. Term and Termination.

3.1 Term. The term of this Agreement shall commence on the date hereof and shall continue until performance in full of the Services, unless earlier terminated as set forth herein.

3.2 Termination.

(a) In the event of any material breach of this Agreement by either party hereto, either party may apply to the Bankruptcy Court for an order allowing termination of the Agreement. Grounds for termination include: (i) failure to cure a material breach within thirty (30) days after receipt of the notice by the non-breaching party or (ii) in the case of any breach which requires more than thirty (30) days to effect a cure, failure to commence and continue in good faith efforts to cure such breach, provided that such cure shall be effected no later than ninety (90) days after receipt of such notice of such breach. Waiver of any such default or material breach by either party hereto shall not be construed as limiting any right of termination for a subsequent default or material breach.

(b) The Company shall be entitled to an administrative claim for all fees and expenses outstanding at the time of termination (subject to Bankruptcy Court approval in the event of an unresolved dispute).

4. Independent Contractor. It is understood and agreed that the Company, through itself or any of its agents, shall perform the Services as an independent contractor. Neither the Company nor any of its employees shall be deemed to be an employee of the Clients. Neither the Company nor any of its employees shall be entitled to any benefits provided by the Clients to their employees, and the Clients will make no deductions from any of the payments due to the Company hereunder for state or federal tax purposes. The Company agrees that the Company shall be responsible for any and all taxes and other payments due on payments received hereunder by the Company from the Clients. Nothing in this Agreement requires the Clients to use the Company for any future work relating to the Services, and, in the event the Clients decide to use another party for such future work, the Company agrees to cooperate fully with the Clients to ensure a smooth transition to the new party.

5. Accuracy of Client Supplied Information. The Clients are responsible for the accuracy of all programs, data and other information it submits to the Company (including all information for schedule and statement preparation) and for the output of such information. The Company may undertake to place that data and information into certain systems and programs, including in connection with the generation of Schedules of Assets and Liabilities ("Schedules") and Statements of Financial Affairs ("Statements"). The Company does not verify information provided by the Clients and, with respect to Schedules and Statements preparation, all decisions are at the sole discretion and direction of the Clients. All Schedules and Statements filed on behalf of, or by, the Clients are reviewed and ultimately approved by the Clients, and the Company bears no responsibility for the accuracy or contents therein.

6. Confidential Information.

6.1 Confidentiality. In connection with this Agreement, each of the Clients and the Company (as the case may be, the "Disclosing Party") may disclose to the Company or the Clients (as the case may be, the "Receiving Party") certain information (a) that is marked or otherwise identified in writing as confidential or proprietary information of the Disclosing Party ("Confidential Information")

prior to or upon receipt by the Receiving Party; or (b) which the Receiving Party reasonably should recognize from the circumstances surrounding the disclosure to be Confidential Information. The Receiving Party (x) shall hold all Confidential Information in confidence and will use such information only for the purposes of fulfilling the Receiving Party's obligations hereunder and for no other purpose, and (y) shall not disclose, provide, disseminate or otherwise make available any Confidential Information to any third party other than for the purposes of fulfilling the Receiving Party's obligations hereunder, in either case without the express prior written permission of the Disclosing Party. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information pursuant to a validly issued subpoena or order of a court of competent jurisdiction.

6.2 Protection of Intellectual Property. The Clients acknowledge that the Company's intellectual property, including, without limitation, the Company's inventions (whether or not patentable), processes, trade secrets and know how are of ultimate importance to the Company. Accordingly, the Clients agree to use their best efforts to protect such intellectual property, and shall not, either during the term of this Agreement or subsequent to its termination, utilize, reveal or disclose any of such intellectual property. The Clients understand that the software programs and other materials furnished by the Company pursuant to this Agreement and/or developed during the course of this Agreement by the Company are the sole property of the Company. The term "program" shall include, without limitation, data processing programs, check printing programs, specifications, applications, routines, sub-routines, procedural manuals, and documentation. The Clients further agree that any ideas, concepts, know-how or techniques relating to the claims management software used or developed by the Company during the course of this Agreement shall be the exclusive property of the Company.

6.3 Scope. The foregoing obligations in Sections 6.1 and 6.2 shall not apply to (a) information that is or becomes generally known or available by publication, commercial use or otherwise through no fault of the Receiving Party; (b) information that is known by the Receiving Party prior to the time of disclosure by the Disclosing Party to the Receiving Party; (c) information that is obtained from a third party who, to the Receiving Party's knowledge, has the right to make such disclosure without restriction; (d) any disclosure required by applicable law; or (e) information that is released for publication by the Disclosing Party in writing. The obligations set forth under Sections 6.1 and 6.2 shall survive the termination of this Agreement.

7. Indemnification. Clients, jointly and severally, hereby indemnify and hold harmless the Company and its directors, officers, employees, affiliates and agents against any Losses incurred by the Company arising out of or in connection with or related to (a) any gross negligence or willful misconduct by Clients, their employees, agents or representatives, or any misrepresentations made by such persons to third parties in connection with the Company's acts or omissions in connection with its rendition of the Services; (b) any breach of this Agreement by any of the Clients; or (c) any erroneous instructions or information provided to the Company by any of the Clients for use in providing the Services. Notwithstanding any provision in the Application or the Agreement to the contrary, the Clients have no obligation to indemnify the Company, or provide contribution or reimbursement to the Company, for any claim or expense that is either (a) judicially determined (the determination having become final) to have arisen from the Company's gross negligence or willful misconduct or (b) settled prior to a judicial determination as to the Company's gross negligence or willful misconduct, but determined by the Bankruptcy Court, after notice and a hearing, to be a claim or expense for which the Company should not receive indemnity, contribution or reimbursement under the terms of the Application and this Bankruptcy Agreement, as modified by Bankruptcy Court Order ("Order"). If, before the earlier of (a) the entry of an order confirming a Chapter 11 plan in this case (that Order having become a final order no longer subject to appeal), and (b) the entry of an Order closing this Chapter 11 case, the Company believes that it is entitled to the payment of any amounts by the Clients on account of the Clients' indemnification, contribution and/or reimbursement obligations under this Bankruptcy Agreement (as modified by this Order), including without limitation the advancement of defense costs, the Company must file an

application therefore in the Bankruptcy Court, and the Clients may not pay any such amounts to the Company before the entry of an Order approving the payment.

8. Jurisdiction. This Agreement is subject to the approval of the Bankruptcy Court, and such Court shall retain jurisdiction over all matters regarding this Agreement.

9. Force Majeure. Whenever performance by the Company of any of its obligations hereunder is substantially prevented by reason of any act of God, strike, lock-out or other industrial or transportation disturbance, fire, lack of materials, law, regulation or ordinance, war or war conditions, or by reason of any other matter beyond the Company's reasonable control, then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.

10. Notice. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid, or overnight courier. Any such notice shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in the United States mail, or, if sent by overnight courier, one business day after delivery to such courier, as follows: if to the Company, to The Garden City Group, Inc., 105 Maxess Road, Melville, New York 11747-3836, Attention: David Isaac, President; and if to the Clients, to c/o Curtis Mallet-Prevost, Colt & Mosle LLP, 101 Park Avenue, New York, New York 10178-0061, Attention: Steven J. Reisman, Esquire and Timothy A. Barnes, Esquire.

11. Governing Law. This contract will be governed by and construed in accordance with the laws of the State of New York (without reference to its conflict of laws provisions).


12. Severability. All clauses and covenants contained in this Agreement are severable and in the event any of them are held to be invalid by any court, such clause or covenant shall be valid and enforced to the maximum extent as to which it may be valid and enforceable, and this Agreement will be interpreted as if such invalid clauses or covenants were not contained herein.

13. Assignment. This Agreement and the rights and obligations of the Company and the Clients hereunder shall bind and inure to the benefit of any successors or assigns thereto.

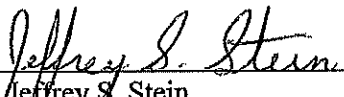
14. General. This Agreement supersedes and replaces any existing agreement entered into by the Company and the Clients relating generally to the same subject matter, and may be modified only in a writing signed by the Company and the Clients. The paragraph headings in this Agreement are included only for convenience, do not in any manner modify or limit any of the provisions of this Agreement and may not be used in the interpretation of this Agreement. Failure to enforce any provision of this Agreement shall not constitute a waiver of any term hereof. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument. The Clients shall file an application with the Bankruptcy Court seeking approval of this Agreement (the "Application"). If an order is entered approving such Application (the "Order"), any discrepancies between this Agreement, the Application and the Order shall be controlled by the Application and Order.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.


**COMMERCECONNECT MEDIA HOLDINGS, INC.**

By:   
Name: James Ogle  
Title: CFO


**THE GARDEN CITY GROUP, INC.**

By:   
Name: Jeffrey S. Stein  
Title: Vice President

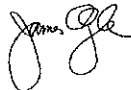
**CYGNUS BUSINESS MEDIA, INC.**

By:   
Name: James Ogle  
Title: CFO

**CYGNUS INTERACTIVE NEW BUSINESS LAUNCHES, INC.**

By:   
Name: James Ogle  
Title: CFO

**CYGNUS NEW BUSINESS LAUNCHES, INC.**

By:   
Name: James Ogle  
Title: CFO