

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
	:	
AMERICAN BANKNOTE	:	Case No.: 05-10174 (PJW)
CORPORATION,	:	
	:	
	:	
Debtor.	:	

**DEBTOR’S FIRST OMNIBUS OBJECTION TO (i) CLAIMS FILED
BY EQUITY HOLDERS, (ii) UNTIMELY FILED CLAIMS,
(iii) INSUFFICIENTLY DOCUMENTED CLAIMS, AND
(iv) AMENDED/SUPERSEDED CLAIMS (NON-SUBSTANTIVE)**

TO THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY COURT JUDGE:

American Banknote Corporation (“ABN” or the “Debtor”), debtor and debtor-in-possession in the above-captioned Chapter 11 case, hereby files this First Omnibus Objection (the “First Omnibus Objection”) to (i) Claims Filed by Equity Holders, (ii) Untimely Filed Claims, (iii) Insufficiently Documented Claims, and (iv) Amended/Superseded Claims, and in support hereof, respectfully represents as follows:

BACKGROUND

(a) The Debtor’s Business

1. The Debtor is a holding company which, through its subsidiaries in the United States, Brazil, France, and Argentina, is a provider of secure printed documents, printed and personalized secure and non-secure transaction and identification cards and systems, and a wide array of document management and transaction services and solutions.

2. The Debtor operates and manages its business based on geographic location along three principal product lines: Transaction Cards and Systems; Printing Services and Document Management; and Security Printing Solutions.

3. The Debtor's principal subsidiaries are: American Bank Note Company ("ABNCO"), a New York Corporation (and the Debtor's domestic operating subsidiary), American Bank Note Ltd. ("ABNB"), a 77.5% owned Brazilian company, CPS Technologies, S.A., a French company, and Transtex S.A., an Argentine company.

4. On January 19, 2005 (the "Petition Date"), the Debtor filed its petition for relief pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), commencing the instant bankruptcy case. After the Petition Date, the Debtor continued to operate its business and manage its properties as a debtor-in-possession.

5. Only the Debtor is the subject of this Chapter 11 case. None of the Debtor's subsidiaries is a debtor under the Bankruptcy Code.

6. On April 8, 2005 the Bankruptcy Court entered an order confirming the Debtors' Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code.

(b) The First Chapter 11 Proceeding

7. On December 8, 1999, the Debtor filed its first Chapter 11 petition (the "First Bankruptcy") in the United States Bankruptcy Court for the Southern District of New York ("NY Bankruptcy Court"). None of the Debtor's affiliates or subsidiaries filed bankruptcy petitions as part of the First Bankruptcy.

8. On September 12, 2000, the Debtor's Amended Disclosure Statement with Respect to the Debtor's Fourth Amended Plan of Reorganization was approved by the NY

Bankruptcy Court. On August 22, 2002, the Debtor's Fourth Amended Plan of Reorganization was confirmed by the NY Bankruptcy Court (the "2002 Plan").

9. Pursuant to the 2002 Plan, the Debtor's old 10-3/8% Senior Notes (the "Old 10-3/8% Senior Notes"), 11-5/8% Senior Notes (the "Old 11-5/8% Senior Notes"), 11-1/4% Subordinated Notes (the "Old 11-1/4% Senior Notes"), Convertible Subordinated Notes, and all Interests were cancelled on the distribution date of the 2002 Plan. Confirmation Order, ¶ 51. Holders of the Old 10-3/8% Senior Notes and the Old 11-5/8% Senior Notes received the reinstated 10-3/8% Senior Notes of the reorganized debtor due 2005 (the "New 10-3/8% Senior Notes") and holders of the 11-1/4% Senior Subordinated Notes received common stock of the Debtor in full satisfaction, settlement, release and discharge of their respective claims. 2002 Plan, Article III (c)(1) - (3).

10. The NY Bankruptcy Court entered an order closing the First Bankruptcy on January 13, 2005.

(c) The Debtor's Capital Structure

11. The Debtor presently has approximately \$115 million outstanding under the New 10-3/8% Notes, which mature on January 31, 2005. As noted above, the New 10-3/8% Notes were restructured pursuant to the Debtor's 2002 Plan, under which \$56.5 million principal amount of notes were reinstated at par value, with accrued interest and a two percent consent fee paid in the form of additional New 10-3/8% Notes, which in total aggregated approximately \$79.0 million of the New 10-3/8% Notes. Under the 2002 Plan, the Debtor also agreed to exchange approximately \$8.0 million principal amount of its Old 11-5/8% Senior Notes, which, with accrued interest and consent fees, aggregated approximately \$12.6 million into New 10-

3/8% Notes. As a result, on the effective date of the 2002 Plan, the total amount of New 10-3/8% Notes was \$91.6 million. Interest payments on the New 10-3/8% Notes after the effective date of the 2002 Plan, which occurred semi-annually on December 1, 2002, June 1, 2003, December 1, 2003, June 1, 2004 and December 1, 2004 were paid in kind at the Debtor's option in accordance with its rights under the Indenture to the New 10-3/8% Notes, dated as of May 15, 1992, as modified on May 31, 1994 and October 1, 2002, between the Debtor and HSBC Bank USA.

(d) Need For Chapter 11 Relief

12. Despite its restructuring efforts, over the past two years since the consummation of the 2002 Plan, the Debtor has been unable to generate sufficient cash flow from operations to either amortize or service its New 10-3/8% Notes, which were due on January 31, 2005. This factor combined with the Debtor's limited access to capital and financial markets for the purpose of obtaining new financing or raising equity to refinance the New 10-3/8% Notes required the Debtor to seek this current restructuring.

13. The Debtor has also been plagued by several unfavorable economic factors most notable of which are: (i) the high degree of dependence on its Brazilian operations, which operate in a highly volatile economic environment that has caused significant foreign currency exchange rate variations and thereby directly impacted cash dividends available to be repatriated to the Debtor, (ii) declining markets at ABNCo in the United States as a result of diminishing overall demand for secure paper-based documents and ABNCo's inability to find sufficient new opportunities to completely offset this decline, (iii) competitive pricing and the loss of market share in France, and (iii) the political and economic instability that has occurred in Argentina

which has resulted in tight credit markets and left uncertainty as to the ongoing stability of the Debtor's Argentine operations.

(e) The Current Chapter 11 Case

14. On the Petition Date, the Debtor filed its Disclosure Statement with Respect to Debtor's Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, and on February 24, 2005, this Court approved the Debtor's Amended Disclosure Statement with Respect to Debtor's Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Disclosure Statement"). A hearing on the confirmation of the Debtor's Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (the "Plan") is scheduled for April 8, 2005.

JURISDICTION AND VENUE

15. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested herein are Section 502 of the Bankruptcy Code, Rule 3007 of the Federal Rules of Bankruptcy Procedure, and Rule 3007-1 of the Bankruptcy Local Rules.

RELIEF REQUESTED

16. By this First Omnibus Objection, the Debtor seeks entry of an order (i) reclassifying the proofs of claim identified on Exhibit A (the "Equity Claims") as proofs of interests on the basis that such claims were filed by equity holders; and (ii) disallowing and expunging (a) the proofs of claim identified on Exhibit B (the "Untimely Filed Claims") on the basis that they were filed outside of the claims bar date, (b) the proofs of claim identified on

Exhibit C (the “Insufficiently Documented Claims”) on the basis that the claims did not include sufficient supporting documentation, and (c) the proofs of claim identified on Exhibit D (the “Amended/Superseded Claims”) on the basis that they are have been amended or superseded by other claims filed by the same claimants.

BASIS FOR RELIEF

17. On the Petition Date, the Debtor filed its Motion for an Order Pursuant to Federal Rule of Bankruptcy Procedure 3003(c)(3) Fixing a Deadline for the Filing of Proofs of Claim and Approving the Form and Manner of Notice Thereof (the “Bar Date Motion”). On January 24, 2005, this Court entered an order approving the Bar Date Motion (the “Bar Date Order”) and approving the notice (the “Bar Date Notice”) contained therein. The Bar Date was March 21, 2005.

18. Since the Bar Date, the Debtor has conducted a review of the claims filed and has determined that numerous claims are properly the subject of objections on one or more grounds. By this First Omnibus Objection, the Debtor requests that this Court enter and order, as described more fully below, reclassifying the claims identified on Exhibit A and disallowing and expunging the proofs of claim identified on Exhibits B through D, attached hereto.

The Equity Claims

19. The proofs of claims listed as Exhibit A (i.e, the Equity Claims) assert claims against the Debtor based upon Equity Interests and/or Other Equity Interests (as those terms are defined in the Plan) issued by American Banknote Corporation.

20. The Bar Date Notice provides that proofs of claim do not have to be filed by:

[a]ny person or Entity that holds an interest in the Debtor, which interest is based exclusively upon the ownership of common or

preferred stock, membership interests, partnership interests, or warrants or rights to purchase, sell or subscribe to such a security or interest. . . .

Bar Date Notice, p. 3.

21. The Equity Claims constitute claims based upon equity interests of the Debtor and, consequently, are erroneously classified as claims by the holders thereof. 11 U.S.C. § 501(a) (“A creditor or an indenture trustee may file a proof of claim. An equity security holder may file a *proof of interest*.”) (emphasis added). The Debtor respectfully request that the Equity Claims in Exhibit A be reclassified as equity interests in the Debtor.

The Untimely Filed Claims

22. Section 502(b)(9) of the Bankruptcy Code states, in relevant part, that “[e]xcept as provided... if such objection to a claim is made, the court, after notice and a hearing, ... shall allow such claim in such amount except to the extent that *proof of such claim is not timely filed...*” 11 U.S.C. § 502(b)(9).

23. As stated above, the Bar Date was March 21, 2005. The Bar Date Notice instructed that in order to constitute a validly filed claim, a proof of claim must be “actually received” by the Debtor’s Claims Agent no later than 4:00 p.m. on the Bar Date. The proofs of claim identified on Exhibit B hereto (*i.e.* the Untimely Filed Claims) were received by the Claims Agent after 4:00 p.m. on the Bar Date.

24. Accordingly, the Debtor respectfully submits that the proofs of claim identified on Exhibit B should be expunged and disallowed in their entirety.

The Insufficiently Documented Claims

25. The Proofs of Claim identified on Exhibit C (*i.e.*, the Insufficiently Documented Claims) did not include supporting documentation and/or were ambiguous in nature. None of the Insufficiently Documented Claims attached supporting documentation to enable the Debtor to determine the nature of the claimant's potential claim, as instructed by the Bar Date Notice. Without this documentation, it is not possible for the Debtor to ascertain whether these claims are in fact liabilities of the Debtor. As a result of the failure of the claimants to provide sufficient documentation to permit an understanding of the basis of their claim, such claims do not make out a *prima facie* case against the Debtor. *See, e.g.*, FED. R. BANKR. P. 3001(f).

26. Accordingly, the Debtor respectfully submits that the proofs of claim identified on Exhibit C should be expunged and disallowed in their entirety.

The Amended/Superseded Claims

27. Each of the claimants who filed a Proof of Claim identified in the second column of Exhibit D (*i.e.*, the Amended/Superseded Claims) has filed multiple proofs of claim against the Debtor. It appears from the faces of the later-filed of these claims that the prior claims were amended and superseded by the subsequent claims.

28. For the reasons stated herein, the Debtor respectfully submits that the Amended/Superseded Claims identified on Exhibit D should be expunged and disallowed in their entireties.

RESERVATION OF RIGHTS

29. The Debtor specifically reserves the right to file additional objections to the proofs of claim objected to herein or to any other proofs of claim filed against the Debtor but not objected to herein, either pursuant to the grounds for objection as set forth in this First Omnibus Objection or any other such grounds as may be appropriate. Further, the Debtor reserves the

right to bring or assert any other causes of action against claimants included herein or any other claimants of the Debtor.

COMPLIANCE WITH LOCAL RULES

30. The Debtor and its undersigned counsel certify that they have reviewed the requirements of Delaware Bankruptcy Local Rule 3007-1 and that the Objection substantially complies with that Local Rule. To the extent that the Objection does not comply in all respects with the requirements of Delaware Bankruptcy Local Rule 3007-1, the Debtor and its counsel believe such deviations are not material and respectfully request that any such requirement be waived.

NOTICE

31. Notice of this First Omnibus Objection has been given to (a) all parties listed in Exhibit A, Exhibit B, Exhibit C, and Exhibit D at the addresses listed on such parties' proofs of claim; (b) the United States Trustee; and (c) all the parties listed on the Debtors' Rule 2002 list. The Trustee submits that the aforesaid notice provides notice to all parties-in-interest who have an actual or potential interest in the subject matter of the First Omnibus Objection.

CONCLUSION

32. For the foregoing reasons, the Debtor believes that granting the relief requested herein is appropriate and in the best interests of the Debtor, its estate, its creditors and other parties in interest.

WHEREFORE, the Debtor respectfully requests that the Court (i) enter an order in the form attached hereto as Exhibit E (a) reclassifying the Equity Claims, and (b) disallowing and expunging (A) the Untimely Filed Claims, (B) the Insufficiently Documented Claims, and

(C) the Amended/Superseded Claims; and (ii) grant the Debtor such other and further relief as is just and proper.

Dated: Wilmington, Delaware
May 4, 2005

AMERICAN BANKNOTE CORPORATION

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