

# Soneet R . Kapila

Federal Bankruptcy Trustee  
Southern District of Florida

---

Post Office Box 14213  
Fort Lauderdale, Florida 33302

April 19, 2007

Re: **Louis J. Pearlman, Debtor**  
**Trans Continental Airlines, Inc., Debtor**  
**United States Bankruptcy Court**  
**Middle District of Florida**  
**Orlando Division**  
**Case Nos. 6-07-bk-00761-ABB and 6:07-bk-00762-ABB – Chapter 11**

Dear Investors and Potential Creditors:

I am the Chapter 11 Bankruptcy Trustee for Louis J. Pearlman and Trans Continental Airlines, Inc., Debtors (collectively, "Pearlman/TCA"), appointed by the United States Trustee for the Middle District of Florida, which appointment was approved by Order of the Bankruptcy Court in the Middle District of Florida on March 30, 2007. As Chapter 11 Trustee, I am charged with the responsibility for, among other things, taking control of Pearlman/TCA's assets in order to investigate Pearlman/TCA's business affairs and to determine the best course of action to maximize the value of Pearlman/TCA's assets for its creditors.

This letter is being sent to you in order to advise you of the circumstances leading to my appointment as Chapter 11 Trustee for Pearlman/TCA and to provide you with my contact information.

## **Chronology**

**February 2, 2007:** Gerard A. ("Jerry") McHale, Jr. was appointed as Receiver of Trans Continental Airlines, Inc., et al, by the Circuit Court of Florida in the case of State of Florida, Office of Financial Regulation v. Trans Continental Airlines, Inc., et al. Case No. 48-2006-CA-011136. [For background information, please feel free to visit Mr. McHale's (Receiver's') website at [www.t-con.com](http://www.t-con.com).]

**February 15, 2007:** Seizure of Trans Continental Airlines, Inc., documents by several governmental agencies (including the FBI, IRS, FDIC and the Florida Department of Financial Regulation.)

**March 1, 2007:** Four major creditors seek the appointment of a Chapter 11 Trustee for Louis J. Pearlman and Trans Continental Airlines, Inc. by filing involuntary bankruptcies.

**March 27, 2007:** Soneet R. Kapila is appointed Chapter 11 Trustee of the bankruptcy estates of Louis J. Pearlman and Trans Continental Airlines, Inc. in the United States Bankruptcy Court, Middle District of Florida, Orlando Division by Felicia S. Turner, United States Trustee, Region 21. The Bankruptcy Court signed the order on March 30, 2007.

### **Duties and Powers of the Bankruptcy Trustee**

As the Chapter 11 Federal Bankruptcy Trustee, I have the statutory duty, power and authority to administer and manage Pearlman/TCA's business affairs, funds and assets in accordance with the United States Bankruptcy Code. My duty is to marshal and take custody of Pearlman/TCA's assets, expeditiously liquidate them, and to take whatever action is necessary for the protection of the creditors. Immediately upon my appointment, I started my investigation of Pearlman/TCA's assets and business affairs which are numerous, complex and potentially offshore. As you can imagine, it will take a while for me to completely unravel Pearlman/TCA's business affairs and as of now, I do not have the answers to many of your questions. I am working closely with the ad hoc Creditor's Committee who petitioned the Bankruptcy Court to file an involuntary bankruptcy proceeding.

### **Communications with Creditors/Investors**

Due to the large number of potential claims against the estate, the Trustee is not able to immediately return inquiries via telephone. However, your concerns are very important to me.

In order to keep you informed, I have set up a website - [www.pearlmantranscon.com](http://www.pearlmantranscon.com) and an email address ([pearlman@kapilaco.com](mailto:pearlman@kapilaco.com)) for inquiries. Please use these two avenues. I also hope to keep you informed through periodic status reports which will be posted on the website [[www.pearlmantranscon.com](http://www.pearlmantranscon.com)] and the required noticing protocols prescribed by the bankruptcy process.

The recommended method of communication is via email to **pearlman@kapilaco.com**. All emails will be acknowledged when received.

You may also send inquiries via regular mail to:

Soneet R. Kapila, Trustee  
P. O. Box 14213  
Fort Lauderdale, FL 33302

Regular updates will be posted on my website ([www.pearlmantranscon.com](http://www.pearlmantranscon.com)) and I urge you to visit it frequently to check for new developments.

In order to keep claimants / creditors informed as to the progress of the proceedings, my staff and I may also be reached at (954) 712-3196. Call this number with your questions as well as any information you believe may assist me in my review. However, given the number of creditors and the high volume of calls, it is simply impossible to personally answer every phone call received on the first attempt. If you reach our voicemail, please leave your name and telephone number or email address and a brief message.

In an attempt to reduce the administration expenses in the case, I request that you first access my website: [www.pearlmantranscon.com](http://www.pearlmantranscon.com), which will likely provide answers to many of your questions. The website will be updated as new information is obtained.

It is anticipated that creditors will continue to be informed by regular mail as part of the noticing procedures under bankruptcy rules, but you are urged to frequently check the website for updates.

\* \* \* \* \*

Please be assured that my staff and I will make every effort to maximize recoveries and distributions to creditors in an efficient and fair manner pursuant to the Bankruptcy Code.

Yours sincerely,

Soneet R. Kapila

Soneet R. Kapila  
Chapter 11 Trustee

SRK:cdm  
Page 3

Soneet R. Kapila  
Federal Bankruptcy Trustee  
Southern District of Florida