

# STATUS UPDATE #14

April 20, 2011

Re: **Louis J. Pearlman, Debtor**  
– Case No. 6-07-bk-00761-ABB  
**Trans Continental Airlines, Inc., Debtor**  
– Case No. 6:07-bk-00762-ABB  
**Trans Continental Records, Debtor**  
– Case No. 6-07-bk-00832-ABB  
**Trans Continental Studios, Debtor**  
– Case No. 6-07-bk-01504-ABB  
**Louis J. Pearlman Enterprises, Inc., Debtor**  
– Case No. 6:07-bk-01505-ABB  
**Louis J. Pearlman Enterprises, LLC, Debtor**  
– Case No. 6:07-bk-01779-ABB  
**Trans Continental Television Productions, Debtor**  
– Case No. 6-07-bk-01856-ABB  
**Trans Continental Aviation, Debtor**  
– Case No. 6:07-bk-02431-ABB  
**Trans Continental Management, Debtor**  
– Case No. 6:07-bk-02432-ABB  
**Trans Continental Publishing, Debtor**  
– Case No. 6-07-bk-04160-ABB  
**Trans Continental Leasing, Debtor**  
– Case No. 6:07-bk-04161-ABB

**United States Bankruptcy Court  
Middle District of Florida  
Orlando Division**

Dear Investors and Potential Creditors:

This is an interim update to my previous communiqués, all of which can be viewed at [www.pearlmantranscon.com](http://www.pearlmantranscon.com) – click on **Status Reports**.

## **Assets Recovered**

The Trustee has recovered in total, gross proceeds of approximately \$10 million which includes the sale of real estate, auction proceeds, royalty payments, sales of personal property and automobiles and various settlements. The aggregate cash balance as of March 31, 2011 was approximately \$3 million.

## **Complaints Filed**

After the liquidation of real and personal property, the Trustee, through counsel filed in excess of 700 lawsuits for the recovery of transfers made by Pearlman and his affiliated

companies currently in bankruptcy. As of the date of this status report, approximately 190 lawsuits are pending. A listing of the current pending lawsuits may be viewed at [www.pearlmantranscon.com](http://www.pearlmantranscon.com) – click on Trustee Status Reports and click Pending Lawsuits.

In March 2011 the Bankruptcy Court ordered the litigating parties to mediate all pending adversary proceedings, except for certain Bank Defendant cases. A copy of the Order Establishing Mediation Procedures may be viewed at [www.pearlmantranscon.com](http://www.pearlmantranscon.com) – click on Pleadings/Court Filings. Mediations will take place between May 16, 2011 and September 9, 2011. At that point, the Trustee hopes to have the vast majority of pending lawsuits settled.

The Trustee anticipates that the legal process to bring any remaining adversary proceedings to resolution may be prolonged and will depend on the course of the litigation.

Please be advised that, with regard to the complaints filed, the Trustee, his counsel and his professionals cannot provide legal advice. The adversary party should seek independent legal advice and counsel and not look to the Trustee or his professionals.

### **Investor Concerns**

Many investors have inquired as to the potential for any distribution from the Estate and the timing of such distribution. Because of the significant level of litigation currently in progress, the case is not likely to conclude in the near future. The Trustee is optimistic about some level of distribution at a later date; however he cannot say how much or give a timeframe with any degree of certainty.

### **Claims Bar Date**

The Claims Bar date of January 31, 2008 has passed and all claims should now be of record in this case.

### **Information Relating to Assets**

If you believe you have information or leads which would be of help to the Trustee to investigate for potential asset recovery, please forward these facts via email to: [Pearlman@kapilaco.com](mailto:Pearlman@kapilaco.com).

\* \* \* \* \*

Yours sincerely,

*Soneet R. Kapila*

Soneet R. Kapila  
Chapter 11 Trustee