

*Sonnet R. Kapila*

Federal Bankruptcy Trustee  
Southern District of Florida

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Post Office Box 14213  
Fort Lauderdale, Florida 33302

## **STATUS UPDATE #3**

**June 20, 2007**

Re: **Louis J. Pearlman, Debtor**  
– **Case No. 6-07-bk-00761-ABB**  
**Trans Continental Airlines, Inc., Debtor**  
– **Case No. 6:07-bk-00762-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 issued April 19, 2007 and May 7, 2007.

### **Additional Appointments of Chapter 11 Trustee**

Over the past few weeks, I have also been appointed to the following related cases:

Louis J. Pearlman Enterprises, Inc., Debtor Case No. 6:07-bk-01505-ABB	May 9, 2007
TransContinental Studios, Inc., Debtor Case No. 6:07-bk-01504-ABB	May 9, 2007
TransContinental Records, Inc., Debtor Case No. 6:07-bk-00832-ABB	May 11, 2007

## **Trustee's Motion to Vacate or Extend Claims Bar Date**

Due to the complexities of the cases and the brief period of time which the Trustee has had to identify all of the creditors, the Trustee filed a motion on June 11, 2007 to vacate the notice setting the claims bar date, or, in the alternative, extend the time for the bar date for at least twelve months. I am waiting for the Court to rule on this motion.

As an investor/creditor, you will be required to file a "proof of claim" in the subject matter(s), which are now in the Federal Bankruptcy Court. Specific filing requirements are addressed on my website – [www.pearlmantranscon.com](http://www.pearlmantranscon.com). **The claims bar date is currently July 30, 2007. Until the Court makes a decision whether to allow the vacating of notice of setting a claims bar date or extending the time for the bar date, your claim must be filed with the Bankruptcy Court by that deadline.**

## **Investigation**

Over the past weeks, my professionals and I have continued to pursue leads and investigate the business dealings of Trans Continental Airlines, LLC, Louis J. Pearlman and all of the related entities.

Lou Pearlman has been apprehended and is in the custody of the FBI. He appeared before a Federal District Court in Guam and is expected to eventually be returned to Orlando to face federal bank-fraud charges.

Please understand that the Trustee is unable to reveal many of the details of communications with his lawyers and others which are considered "privileged" and confidential and is sometimes limited in what he is able to disclose in a public forum.

## **Official Committee of Unsecured Creditors ("CC")**

The United States Trustee constituted this Creditors' Committee recently. Lawrence E. Rifken, Esq., has been elected Chairman of the CC, which retained the law firm of Pachulski, Stang, Ziehl, Young, Jones & Weintraub, P.C. as Committee Counsel.

## **Auction of Memorabilia and Office Furnishings**

On June 12, 2007 hundreds of bidders descended on the TransContinental Airlines building in downtown Orlando to attend an auction of many items of memorabilia and furnishings. Many people were interested in the show business items including posters and awards from N'Sync, the Backstreet Boys, O-Town, C Note, Aaron Carter and others. There was a key to the City of Orlando, vehicles, and a boat among the hundreds of pieces offered for bidding. A set of glass artwork by famed artist Dale Chihuly brought \$18,000 into the estate. There were over 400 registered bidders. Total proceeds of this successful auction are tentatively expected to approximate \$225,000.

Some investors/creditors have asked if the proceeds of the auction are for the benefit of Pearlman's creditors or TransContinental Airlines or FF Station or a combination thereof. The proceeds of the auction will be deposited in the Chapter 11 Trustee's bankruptcy estate account.

## **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).

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Please feel free to visit the website at <http://www.pearlmantranscon.com>.

Yours sincerely,

*Soneet R. Kapila*

Soneet R. Kapila  
Chapter 11 Trustee

SRK:cdm