

*Sonnet R. Kapila*

Federal Bankruptcy Trustee  
Southern District of Florida

---

Post Office Box 14213  
Fort Lauderdale, Florida 33302

## **STATUS UPDATE #2**

**May 4, 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:

This is an interim update to my previous communiqué issued April 19, 2007.

### **First Meeting of Creditors**

The “first meeting of creditors” (Section 341 meeting) was held on April 30, 2007. It was well attended by numerous creditors. The United States Trustee and I, as Bankruptcy Trustee of the above two cases, provided an overview and status of the administration of the case in addition to answering the creditors’ questions.

### **Proof of Claim**

As an investor, you will be required to file a “proof of claim” in the subject matter, which is now in the Federal Bankruptcy Court and no longer under the Florida state court receivership. Specific filing requirements are addressed on my website – [www.pearlmantranscon.com](http://www.pearlmantranscon.com). **The claims bar date is July 30, 2007. Your claim must be filed with the Bankruptcy Court by that deadline.**

*Sonnet R. Kapila*

Federal Bankruptcy Trustee  
Southern District of Florida

## **Investigation**

As Federal Bankruptcy Trustee, I and my professionals are actively pursuing leads and investigation into the holdings and business dealings of Trans Continental Airlines, LLC, Louis J. Pearlman and all of the related entities. I liaise as needed with the ad hoc Creditor's Committee who petitioned the Bankruptcy Court to file an involuntary bankruptcy proceeding.

The complex issues, multiple entities and thousands of transactions over a decade and a half present a daunting task to our investigative team. I will continue to keep you informed and up to date on my investigation and noteworthy events. This will be a long and arduous task and may evolve over some years. Your patience and understanding as to this vast undertaking is sincerely appreciated.

Please understand that while the Trustee and his professionals proceed with their investigation, the Trustee has communications with his lawyers which are considered "privileged" and confidential. Hence, the Trustee is sometimes limited in what he is able to share and disclose to the creditors. Oftentimes, it is also counterproductive to share details of the investigation in a public forum.

## **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).

\* \* \* \* \*

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