

Hello pilots, family and support groups,

Sorry about the long delay in this report. I attended the 341 Hearing in Las Vegas last Monday. Got home after a long drive. Hit the sack and woke up with one helluva case of stomach flu. No details, but I've been settling with power for three days.

So on to the report. I typed this one last night and thought I had sent it out to everyone. It only made it to the STL email blog recipients:

I was present at the hearing on Monday afternoon. The following is a civilian's eye view of the proceedings. Representatives of Berger & Assoc. will be giving a more formal synopsis in the very near future.

The website set up for the bankruptcy case is:
<http://www.SilverStateHelicoptersBankruptcy.com> . It is the first ever website for free access to all documents filed with the courts.

Present at the meeting were over 300 students and affiliated creditors and the team of four from the other side: the Secretary for the Board of Directors of EOS Partners (the main speaker), his attorney, the Accountant for Silver State Helicopters (not the Chief Financial Officer - just an accountant) and the Bankruptcy Attorney for SSH (the infamous Jeanette McPherson).

What could have been a five minute to one hour hearing turned into a two and a half hour session. Lot's of info was passed around. Emotions and anger were present. The attorneys got a lot of ammo from the team of four and from the Trustees themselves.

Our attorneys sensed (never promised) that we have a strong case that should be resolved quickly -- at least regarding the loans and cash paid out. They are chasing down "Bond" money in all states involved to compensate for cash paid. They are chasing down getting lenders to eradicate the loans / interest for our coursework as the contracts were tied in with fraud (at least one "World Shaker and Mover" credit company has already erased the debt incurred, and that is a landmark case for us, it sets precedence).

As to EOS Partners being bigger victims than us (They were out \$30M, in actuality, their clients were out the big bucks. EOS is an investment firm. EOS still got their commissions for the transactions.).

More official word when I get it from the lawyers.

Later in the day, I received Michael Berger's office's report on the hearing. Here's what they had to say:

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Geo's and Gail's report on the Silver State Helicopters,
LLC 341a hearing on 3/10/08 at 3pm

Georgeann Nicol and Gail Higgins of the Law Offices of Michael Jay Berger represented all of our SSH clients at the 341a hearing of Silver State Helicopters, LLC in Las Vegas, NV at 3pm on 3/10/08. Here is Geo and Gail's report:

The hearing started out in the Bankruptcy court at 300 S. Las Vegas Blvd. but because over 300 people (mostly former SSH students) were in attendance, the meeting was moved across the street to a hearing room in the District Court building, (which was still filled to capacity).

Silver States was represented by its Attorney Jeanette McPherson, its Chief Accountant James Little, Stenning Schueppert, a representative of EOS, and EOS's attorney Mark First. Stenning Schueppert is the Corporate Secretary of both Silver State Services (hereinafter SSS) and Silver State Helicopters (hereinafter SSH). He is the person that signed the bankruptcy petition for SSS and the bankruptcy petition for SSH. We were there on behalf of approximately 300 students who attended the hearing and all our other clients who could not make the hearing. Local media was also in attendance.

Prior to the hearing, the atmosphere was one of excitement and hopefulness that some answers might be forth coming today. Side note: there were several clever t-shirts worn by the former SSH students reflecting their feelings about this situation.

The Trustee began the hearing by advising everyone of the rules of the hearing, i.e. no cell phones, no talking ... unless asking questions, and about the time limit for questions of the Debtor's representatives.

The Trustee announced one very important piece of information. In the future, there will be a web link to the Silver State information that will be accessible to everybody. (We noted that he recently filed a request with the Court to be allowed to Limit Notice - his mailings were costing \$3,000 a pop, and would quickly eat up available funds.) The direct link is: <http://www.silverstatehelicoptersbankruptcy.com>.

This will save individuals from having to pay for PACER access to the Bankruptcy Court's website.

The Trustee noted that there were actually two bankruptcy cases, SSH, the case that we are all familiar with, and SSS, the holding company for SSH. (Note: In a short discussion after the Hearing, the Trustee informed us that he is "Consolidating" these two cases. That means that all the Proofs of Claim that the Debtor's attorney "mistakenly" filed in the wrong case will be automatically applied to the proper case. This is a good thing.)

The Trustee had a few simple questions for the representative of SSS and the Trustee's counsel had a couple of follow up questions and then the Trustee concluded that hearing.

The Trustee then began the 341(a) hearing for the case we are all interested in, SSH. He asked the usual questions, who are you, how are you the person most knowledgeable for SSH, and so on. It should be noted that Mr. Schueppert explained essentially that the EOS contingent decided to file the Bankruptcy and that Jerry Airola refused to sign the paperwork, so Schueppert signed the paperwork on orders from the Board of Directors of SSS. Consequently, most of Schueppert's answers to questions were "To the Best of My knowledge."

This Q&A period went on for approximately 10 minutes. We learned that the person 'most knowledgeable' for SSH was: new to the entire operations because he: "had no knowledge of any real substantive SSH information prior to August of 2007." He testified that EOS purchased 60% of SSH for \$30,000,000.00 in November of 2007. When asked by the Trustee what precipitated this chapter 7 filing, he said the following three things:

- 1 - No more school loans were going to be funded by Citibank and Citibank was the only remaining bank writing student loans for SSH;
2. Enrollment was down, hence the income would be limited; and
3. The 01/31 sale of the Commercial side of SSH had not gone through as planned - hence no commercial contracts.

He testified that the decision to file Bankruptcy was made on Feb 4, the day of filing.

He testified that prior to EOS purchasing the 60% of SSH, excuse me: "investing in SSH," EOS looked into the following issues: the lawsuits, the commercial activities, and the student enrollment / the cash flow of SSH. They made a plan with Airola for the Recapitalization of SSH.

Schueppert testified that EOS had never been involved in any type of aviation company and had never been involved with any school. Based on an outside audit which Schueppert claimed was done by an independent company, EOS concluded that this would be a good investment for EOS clients and they consummated the deal in November of 2007. Of the \$30,000,000.00, EOS gave Jerry Airola and Steve Pickett \$13,000,000.00

cash, \$13,000,000.00 supposedly went into SSH operating funds and the balance of \$4,000,000.00 was for fees for the transaction itself. (Comment: EOS probably took its profit right there). (It should be remembered that this was a transaction for Jerry's stock and ownership of SSH - it supposedly did not affect SSH directly.)

Jerry Airola and Steve Pickett failed to attend the 341(a) hearing. ORIX, the secured lender on the birds, had previously scheduled a 2004 examination of Airola, which he also did not attend, despite a Court Order that he appear. A new 2004 exam for Airola has been ordered by the Court, - set for a date to be determined. Airola must attend this examination or be subject to a Bench Warrant for his arrest.

The Trustee's counsel broke in from time to time and asked his own questions.

After the Trustee and Trustee's counsel asked questions for about 15 minutes, the floor was thrown open to questions from various creditors and creditors' reps. For the next 2.5 hours, SSH's representative had to respond to questions pertaining to the following subjects: The relationship between AES, EOS and SSH. Why did EOS file bankruptcy so quickly after buying 60% of SSH? Did EOS know about helicopters that were still flying out of the Cheyenne airport in Vegas? What was the explanation for the \$180,000.00 paid to various law firms and PR firms on the exact day of the filing? It was noted by the Trustee's attorney that these funds were probably not all earned and some of these fees should likely come back into the estate. We agree.

There were also several student and their parents who expressed their general outrage at the representatives of EOS.

The Trustee allowed the expression of their feelings and did not ask them to tone it down, nor did he ask marshals to escort them from the room. (To our knowledge the only one excluded was a cell phone violator).

Conspicuously absent at the 341(a) meeting was James Harward and Dan Reed of Harward and Associates. Also absent was any representative from the law firm of Brown & Dean.

During his testimony, the representative for EOS revealed that the reason SSH was [no] longer using AES was because AES was caught receiving kickbacks from student loan funding in another school and thus could no longer write this type of loan. This confirmed our research and we will be posting more on this later.

Mr. Schueppert testified that EOS did not attempt to push through more students and more student loans prior to filing the bankruptcy. This is in direct contradiction to information that we have from several sources.

Gail believes that EOS's plan was to carve out the commercial aspects of SSH and sell them off, and then close down the school. EOS advertises that it handles companies in "ownership transition" and does "recapitalizations." We will post information on EOS separately.

Our plan right now to: 1) try to get the loans declared null and void and to 2) try to get monies returned to those who have already paid in, is underway.

Sincerely,

Michael Jay Berger
Law Offices of Michael Jay Berger

I referenced a "'World Shaker and Mover' credit company" in my Wednesday message (from above). I didn't have any official word on this company until this late Wednesday email from Kevin Wilhelmy from San Diego:

By the way everyone,
Geo informed me that American Express has issued a charge back (meaning they refunded the card) for a student that paid SSH tuition. The basis for the charge back was Fraud.... This is wonderful news for us!!!!

Best regards,
Kevin

The STL blog page is again afire with flames between fellow pilots regarding a comment in Michael's informative letter (i.e. "Conspicuously absent at the 341(a) meeting was James Harward and Dan Reed of Harward and Associates. Also absent was any representative from the law firm of Brown & Dean."). Now, I was in attendance. It was plain to me that Berger's office was in attendance as both Geo and Gail went up to the microphone numerous times to ask questions. No other attorneys representing students made themselves known. The only evidence in their favor would be the court attendance record passed around prior to the hearing. To quell the heat generated by this controversial statement, Attorney Berger wrote the following this evening:

Subject: The Truth About What Attorney's Represented Their Client's at the SSH 341(a) Meeting of Creditors on Monday

Todd Eggenberger's e-mail was forwarded to me by several sources. I was surprised by his harsh tone. I called him and spoke to him about his e-mail a few minutes ago. He apologized to me and admitted the following facts:

1. Todd Eggenberger was not at the 341(a) meeting and he does not know who was there.
2. Dan Reed and James Harward of Harward & Associates were definitely

NOT THERE.

3. Todd Eggenberger has no information to support his claim that any representative from Brown Dean was there. It was surprising to me that Todd would unequivocally state in his e-mail that "that they were BOTH in attendance Monday afternoon" and then later that same day when I called him he would admit to me that he had no information whatsoever to support his claim that anyone from Brown Dean was there.

Todd went on to say that he had heard that an associate of James Harward, Spencer Robinson, attended the 341(a) hearing. The fact is that neither Spencer Robinson nor anyone else from Dan Reed/Harward & Associates made an appearance at that hearing. They did not say even one word on the record. I confirmed this with my two Senior Associates Gail Higgins and Georgeann Nicol who were present in the front row for the entire 3 hour 341(a) meeting. This can be independently verified by anyone who gets a copy of the recording that the Trustee made of the entire 3 hour meeting.

I have great respect for what the POC's are doing for the students, but I do not understand Mr. Eggenberger's misplaced hostility towards me. He has plucked one sentence from a 2 page status report about the 341(a) and falsely claimed that it is a "bold faced lie." He goes on to call my approach "unethical." My firm and I are well respected for our excellent legal ability and very high ethics as recognized the "AV" rating that Martindale Hubbell has awarded me. My approach to this case has been to work hard and work smart for our clients, seven days a week.

I sent my two most Senior Associates to the hearing and everyone in the room knows that they were there. They appeared on the record and they questioned the debtor on the record. We prepared a status report for the benefit of our clients, and many of them thanked us for it. Where is the status report for Dan Reed / Harward and Associates? What actual work have they done on this case?

I am extremely proud of the work that Gail, Georgeann and I and my entire firm are doing for our clients on this case. I am sorry to have to interrupt this work even for a few minutes to address an unfounded, personal attack.

Please feel free to forward and post my reply as you see fit.

Sincerely,

Michael Berger

Now that's a lot of info. Hope that excuses my down time.

And, as always, if you haven't already responded at least once to my emails, I haven't confirmed that your e-ddress is valid. And if you just joined, write me back with your contact info and school location.

Tony Vaca
Pilot
Former Student
Long Beach

Flair, flair, flair, crack the throttle, level out. Did I get that right?