

Hey Pilots, Family Members and Supporters,

More information from the world of the Class Action against SLX and how it affects members of the Class.

THE SUBMITTED NATIONAL CLASS ACTION SETTLEMENT DOCUMENTS

First off, some documentation from the settlement. A .pdf copy of the National Class Action Settlement that was submitted for approval is available on-line through the courts' system, for a fee (<https://pacer.login.uscourts.gov>). I have copies available for download at:

http://www.TCVSystems.com/HeloPilots/documents/SLX_Class_Action/ClassActionSettlement-ShortVersion.pdf (the 38 page short version); and

http://www.TCVSystems.com/HeloPilots/documents/SLX_Class_Action/ClassActionSettlement-LongVersion.pdf (the 147 page long version).

Last Thursday, 19 November, the Court preliminarily approved the settlement; Notices to be sent to class and potential class members; the proposed claim forms; and conditional certification of the class. A copy of the Court's approval document can be downloaded from:

http://www.TCVSystems.com/HeloPilots/documents/SLX_Class_Action/PreliminarilyApprovalofSettlement.pdf (a 13 page document).

DOWNLOAD STREAMING FROM MY SERVER

My server will be bombarded with download requests unless I get some assistance from some of you. If you are forwarding this E-Blast, please send along a copy of these two files to your lists so that recipients don't have to download from my servers. Thanks.

RESOURCES FOR QUESTIONS YOU MIGHT HAVE THAT I DON'T COVER

Now that the court has preliminarily approved the proposed Settlement, our attorneys will be setting up a few methods to get answers to your questions.

The gag order on the attorneys has been lifted. You can submit questions to representatives of Pinnacle Law Group and James, Hoyer, Newcomer, Smiljanich & Yanchunis P.A. at their email:

SettlementQuestions@GMail.com

The attorneys from Pinnacle and James Hoyer will be going to numerous locations (geographical centers) and holding Town Hall Meetings as early as can be scheduled. Tentative locations are California (Oakland and Long Beach); Florida (Fort Lauderdale, Lakeland, Jacksonville and Melbourne); Las Vegas, NV; Salt Lake City, UT; and Poughkeepsie, NY. They will consider other locations if there is enough demand. Other attorneys may be doing the same service for their clients. I don't have that information.

QUESTIONS YOU MIGHT BE ASKING

You might be asking yourselves a few very important questions. Here are a few that come to my mind. The answers are my interpretation of the documents above.

What is the "Class"? It is defined as:

"...(a) all persons who obtained a loan originated by Liberty Bank to finance the payment of tuition to Silver State, whose loan is held by Student Loan Xpress, Inc. as of the Preliminary Approval Order Date, and who were enrolled at Silver State as of February 4, 2008 and (b) all persons who cosigned such loans."

Who is excluded from the "Class"?

In general terms, any Borrower or Cosigner, on the Preliminary Approval Order Date: whose loan has a zero balance; who has no balance due to a "debt forgiveness"; who has a Chapter 7, 11 or 13 bankruptcy case pending; who opts out; who made a personal choice to be excluded from the Class to resolve his or her claim independently; and I was surprised to see the reference, who is on a government terrorist "watch list". These terms are further described in the Settlement.

What attorneys and / or legal entities agree with the Settlement?

Interestingly enough, during the first two Settlement Conferences between the Class Action attorneys and SLX's

counsel, both sides couldn't come to any real agreement. It was through the Mediator's two proposals that both sides were able to get together and discuss terms for a settlement.

Involved with this Settlement were the Attorneys General from twelve states (including California, Nevada and Florida); Pinnacle Law Group, LLC (California and Nevada); the Law Firm of James, Hoyer, Newcomb & Smiljanich, P.A. (Florida); and Attorneys Michael Berger (based in California, but representing students in multiple states), Dan Reed (Utah) and Pete Lown (Georgia).

What are our "benefits" under the Proposed Settlement?

- Debt Restructuring
- Debt Forgiveness
- Interest Forgiveness - Non-accrual of interest from 2/1/08 until shortly after the Settlement is accepted.
- Lower Interest Rates - a three percent (3%) reduction in interest to a minimum of six percent (6%)
- A term of 240 months (20 years) to repay the debt
- Early Repayment Incentives - two-and-one-half percent (2½%) refund if the debt is paid off within five years
- Credit Reporting Tradeline Removal - I am interpreting this as removal of any reference to the debt from four credit reporting agency databases
- Payment of Attorney and Court Fees incurred during the Class Action

"Benefits" will be considered activated should each of us, individually, choose to NOT "Opt Out" of the Settlement (I know, double negatives, but I'll explain more shortly) and begin making monthly payments of the restructured debt when it becomes due after the settlement is approved (likely around March 2010).

What can SLX do to collect money from former students and co-signers that have no way of repaying the loan?

SLX, and lenders in general, do not loan money out of the goodness of their hearts. Their reason is specifically that accrued interest is good for business. If you purchase a house with a 30-year mortgage, the interest you will pay over those thirty years could have easily paid for one, maybe two, more houses.

Lenders sell our loans. That's a given. Most of our loans were made by Liberty Bank and then sold to SLX. I am

assuming Liberty Bank made a profit in the transaction. SLX intended to make a profit over the term of our paying back the student loans.

When a lender feels that a debt is going to be difficult to collect, they sell the debt to third-party collectors for pennies on the dollar. The collectors are companies whose sole purpose in life is to make debtor's lives miserable until the debt is satisfied. I have been chased by unscrupulous collectors in the past and do not want to relive that nightmare.

And this is a quote from a member of the association that represents college admission officers, "Students who default on their student loans have their Social Security benefits intercepted, have their tax returns intercepted, have their wages garnished" and "are ineligible for any other federal benefit program until they arrive at a repayment solution." "They are ruined for life."

What are the alternatives to participating in the settlement?

If you do not want to be bound by the settlement you can opt out and seek your own attorney to represent you to try and "obtain relief from the full amount of the debt" that you will owe (which will include accrued interest). You can also show up at the final court hearing (called the "Fairness Hearing") and "object" to the settlement. The objection procedure allows students to argue to the judge that the settlement should be rejected for *everybody*. The judge cannot change the terms of the settlement. He can either accept the terms or take the objections to heart and reject the settlement, in its entirety.

If he rejects the settlement, SLX can (and likely will) start collection efforts against all students for the FULL AMOUNT of the loan plus accrued interest. So there is potentially a big downside to objecting. If he accepts the settlement (which, based on the judge's preliminary approval will happen), the students that object, but do not "opt out," will still be part of the settlement. Objecting is not the same as opting out.

As to opting out, ultimately this decision is for you alone to decide based on your own individual financial situation and tolerance for uncertainty and risk. If you opt out, SLX will go after you for the full amount of the loan plus interest. In deciding whether or not it makes sense for you, remember that by opting out you will be attempting to achieve a better result than what our attorneys produced after battling with SLX for a year and a half. Also keep in mind that aside from the class action attorneys, all the

other attorneys involved in this are 100% behind the settlement including the attorneys that represent many of us (Michael Berger and Dan Reed). More importantly, twelve state Attorneys General not only support the settlement but helped negotiate it.

What is the "Debt Restructuring"?

Basically, our loans will be reduced or "forgiven" by a percentage based on how many FAA certification we earned while students at SSH.

No certs	= 75% of the debt forgiven or 25% owed
One cert	= 60% forgiven or 40% owed
Two certs	= 47.5% forgiven or 52.5% owed
Three certs	= 30% forgiven or 70% owed
Four+ certs	= 20% forgiven or 80% owed

Our interest rate will also be reduced by 3% which means that our "forgiveness level" is actually higher than each of the percentages above.

It is our choice whether we want to continue flight training at another location or to accept our current certification level and move on. That is one of the reasons behind the settlement. Even if our attorneys rejected the settlement and risked everything on defeating all of SLX's arguments in court ("They are just the lender and not responsible for SSH's fraud" and many other legal arguments) it is possible a court would still NOT order a complete walk-away and instead order forgiveness based on what certification each student received.

What are our options in regards to the Class Action?

As mentioned above, members of the Class have three options: 1) Accept the terms of the agreement and remain members of the Class; 2) Opt Out of the class; or 3) Officially Object to the Settlement.

In the official notice to the Class, that has yet to be distributed (page 79 of the 147 page Long Version), "Your Legal Right and Options In This Settlement" are:

Do Nothing and therefore accept the terms of the agreement, you will gain all the benefits as delineated and will be expected to make payments on your debt until it is satisfied. By doing nothing you will be bound by the terms of the settlement.

Exclude Yourself or Opt Out and get none of the offered benefits. This is the only option that allows you to

personally sue SLX. It also leaves you liable to the full extent of collection by SLX;

Object by writing to the Court about why you do not like the Settlement (this does not mean the court will come up with another solution but will only either accept or reject the settlement in its entirety). If the court accepts the settlement despite the objection, you will still be a part of the Class until you chose to Opt Out by the deadline date to opt out; or

Go To A Hearing by asking to speak to the Court about the fairness of the Settlement. Again, the court cannot change the terms but only accept or reject it in its entirety.

What about Jerry Airola and the criminal case and all the money we can get from him?

There are on-going state and federal criminal investigations against Airola and possibly others. Although Jerry may go to jail, it is extremely doubtful that we will ever see any money from him. And regarding the bankruptcy estate, there is a long list of creditors that include bigger fish than us students. Robinson Helicopters and various airports facilities across the country, for example. According to the Bankruptcy Trustee it is very doubtful that even these creditors will be reimbursed in full or close to it.

STUDENT LOAN XPRESS'S PARENT COMPANY FILES BANKRUPTCY

On November 1st, CIT Group, parent company of Student Loan Xpress, filed a Chapter 11 bankruptcy. It isn't known how this action will affect the pending Class Action Settlement. The potential is that CIT could decide to raise money by selling SLX to a collection agency as described above.

And a small positive for all veteran's that live local to Southern California. Knott's Berry Farm is offering free admission to past and present military personnel and one guest from now until November 26th. Up to six additional tickets can be purchased for \$15 each. You must show a military ID or a DD-214 as proof.

That's it for now. More when I get it.

Tony Vaca
Webmaster
Editor
Grounded due to the economy