

May 8, 2007

Dear Interested Party:

I am pleased bring you a small bit of good news. With the help of an anonymous tip, we have been able to stop the wire transfer of \$250,000 from going overseas. That sum is sitting in escrow at the Bank of New York. We have also been able to liquidate a valuable piece of real estate in Windermere and netted approximately \$240,000 for the estate. The intangible assets of Fashion Rock d/b/a Talent Rock was also sold and netted the estate approximately \$50,000. While a step in the right direction, these sales and the freezing of the \$250,000 will not be sufficient to make any distribution to the creditors. As explained in my previous newsletter, the Church Street Station sale was a disappointment and will yield too little for any recovery.

As previously mentioned, in the two of the three bankruptcy cases -- Louis J. Pearlman, individually (Case No. 6:07-bk-00761-ABB), Trans Continental Airlines, Inc. (Case No. 6:07-bk-00762-ABB), and Trans Continental Records, Inc. (Case No. 6:07-bk-00832-ABB), Soneet R. Kapila from Fort Lauderdale has been appointed in the Louis J. Pearlman and Trans Continental Airlines, Inc. cases. It is anticipated that very shortly, Mr. Kapila will also be the trustee for Trans Continental Studios, Inc. Once a bankruptcy trustee is appointed, a state court receiver has the duty to turnover all documents and assets of that entity. We have co-operated fully with Mr. Kapila, his staff and his professionals to ensure a smooth transition. We have also filed two voluntary chapter 11 petitions. On April 18, 2007 a chapter 11 petition was filed for Louis J. Pearlman Enterprises Inc., (Case No. 6:07-bk-1505) and on May 3, 2007, we filed the Chapter 11 petition for Louis J. Pearlman Enterprises, LLC (Case No. 6:07-bk-1779). The bankruptcy court has already ordered the appointment of a chapter 11 trustee in the latter case and it is also anticipated that Mr. Kapila will similarly be appointed as the trustee.

As these bankruptcy cases continue to expand, my role will correspondingly diminish. Most of the newsworthy happenings will occur in the bankruptcy cases in the future. However, I will attempt to keep you posted as long as I am receiver and for as long as there is internet service as well as newsworthy items. Again, especially in light of the imminent closing of sale of the Church Street Station, we will be without phone service, and eventually without internet service. There are other avenues of keeping in touch with current events.

I would strongly suggest that you follow along on the following web sites to keep abreast of the situation which is quite fluid.

[www.t-con.com](http://www.t-con.com) - The state court receiver's website.

[www.pearlmantranscon.com](http://www.pearlmantranscon.com) - The Federal Bankruptcy Trustee's website

<http://scammedbypearlman.com/> - A website set up by one of the victims which provides a good deal of useful information and reporting on the case.

<http://blogs.tampabay.com/money/> - An extremely helpful and timely site maintained by Helen Huntley of the St. Pete Times who has done an excellent job in covering the story. On the left side of the home page is a hyperlink to "Trans Continental Airlines" which has a complete history of coverage.

<http://www.orlandosentinel.com/business/> - This site gives current reporting on the Pearlman matters.

Please refer to my previous newsletters for easy reference to these websites. Also, for as long as I am Receiver and internet coverage exists, you can also reach me via e-mail me at [jerrym@t-con.com](mailto:jerrym@t-con.com). This site was down for a few days and was just recently reconnected through another service bureau.

Best Regards,

*Gerard A. McHale, Jr.*

Gerard A. McHale, Jr.,  
Court Appointed Receiver

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