

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
ADAM AIRCRAFT INDUSTRIES, INC.)	Case No. 08-11751 MER
EIN: 161643299,)	Chapter 7
)	
Debtor.)	

**TRUSTEE’S APPLICATION TO RETAIN
KEY EMPLOYEES FOR ESTATE ADMINISTRATION**

Jeffrey A. Weinman, as Chapter 7 Trustee for the Adam Aircraft Industries, Inc. bankruptcy estate (the “Trustee”), for his Application to Retain Key Employees for Estate Administration (this “Application”), states:

1. On February 15, 2008 (the “Petition Date”), Adam Aircraft Industries, Inc. (the “Debtor”), filed its voluntary petition for relief under Chapter 7 of title 11, U.S.C. (the “Bankruptcy Code”). The Trustee is the duly appointed Chapter 7 Trustee in the Debtor’s bankruptcy case.

2. Before the Petition Date, the Debtor designed and manufactured advanced carbon composite aircraft and airframes for sale in civilian and government markets. The Debtor produced two carbon fiber aircraft: a centerline thrust, twin engine propeller plane (the A500) and a turbofan-powered business jet (the A700). The Debtor had achieved type certification¹ from the Federal Aviation Administration (the “FAA”) for the A500 before the Petition Date and had reached milestones toward type certification for the A700. Although its main plant and

¹ Type certification is generally awarded by aviation regulating bodies to manufacturers after a particular design of a civil aircraft has fulfilled airworthiness and safety requirements.

offices are located at Centennial Airport outside of Denver, Colorado, the Debtor also has facilities in Pueblo, Colorado and Ogden, Utah.

3. Since the Petition Date, the Trustee has required the services of certain key employees of the Debtor to assist in securing and maintaining the Debtor's business facilities (in coordination with Dickensheet & Associates, Inc.), and safeguarding the Debtor's financial records and property of the estate. The Trustee anticipates the need for continued assistance from a limited number of employees to preserve the value of certain property, to complete accurate schedules and statement of financial affairs, and to otherwise help in the Trustee's investigation of the Debtor's financial condition and transactions.

4. At this early stage of the Debtor's bankruptcy case, the Trustee anticipates that a bulk sale of the Debtor's assets at auction will maximize value for creditors. Toward that end, the Trustee has relied measurably on assistance from the Debtor's former Chief Financial Officer, Chris Naro ("Naro"), to compile information concerning the location and extent of the Debtor's assets and financial records and potentially interested parties for disposition of property of the estate. Naro has been instrumental thus far in the Trustee's preliminary assessment of the Debtor's case and in his investigation and analysis of strategies for maximizing value for creditors. Naro has continued to finalize the Debtor's statements and schedules, and the Trustee anticipates that Naro's knowledge of the Debtor's financial affairs will be necessary during the Debtor's bankruptcy case.

5. In addition to Naro, the Trustee believes that limited assistance from additional employees will be required to administer the Debtor's case for the benefit of creditors. Those employees (together, the "Key Employees"), and the services that may be required by the Trustee include:

(a) Dalan Raffaghello, the Debtor's former accounting manager. Ms. Raffaghello will be required on a limited basis to assist Naro in completing the Debtor's statement of financial affairs and schedules, and to compile financial records for the Trustee.

(b) Nate Young, the Debtor's former manager of financial planning and analysis. Mr. Young may be required on a limited basis to assist Naro in completing the Debtor's statement of financial affairs and schedules, to compile financial records and to assist with marketing the Debtor's assets.

(c) Louis Tarpo, the Debtor's former information technology manager. Mr. Tarpo has been required in the case to maintain access to the Debtor's computer system and electronic security system, both of which are critical for secure access to the Debtor's facilities and books and records.

(d) Cindi Kelly, the Debtor's former human resources manager. Ms. Kelly may be required to investigate and compile information related to former officers and employees of the Debtor.

(e) Teresa Crouse, the Debtor's former payroll specialist. Ms. Crouse may be required to investigate and compile information related to payments to employees and officers before the Petition Date.

(f) Pierre Harter, the Debtor's expert in the use, storage and maintenance of carbon fiber and carbon composite materials. Mr. Harter is necessary to assist the Trustee in disposing of a limited amount of carbon fiber waste material at the Debtor's facilities and to monitor the freezer that contains otherwise marketable carbon fiber. Mr. Harter's services are

critical to reduce the risks associated with neglected carbon fiber and for maintaining the value of property of the estate pending the Trustee's liquidation of assets.²

(g) Walt Becker, the Debtor's former plant manager for the Ogden, Utah site. Mr. Becker's services will be necessary to assist the Trustee and Dickensheet & Associates, Inc. in retrieving a limited amount of valuable assets from the Debtor's Ogden, Utah facility. Mr. Becker has the knowledge required to ensure the safe and secure transportation of a single airframe and related parts and equipment in Utah to the Debtor's main hangar facility in Colorado.

6. The Trustee proposes to compensate Naro for his services at the hourly rate of \$250.00. The Key Employees, to the extent that the Trustee determines that their services are necessary and appropriate, will be compensated at the hourly rate of \$100.00. The Trustee believes that compensation for Naro and the Key Employees for critical services after the Petition Date should be allowed administrative expenses under § 503(b) of the Bankruptcy Code.

7. The Trustee has not requested authority to operate the Debtor's business under § 721 at this point. The Trustee does seek, however, authorization to incur the employee related administrative expenses and to pay compensation to Naro and the Key Employees bi-weekly with estate funds available. Daily time and task records will be submitted to the Trustee by Naro and the Key Employees for compensation and, if the Trustee does not request authority to operate the business under § 721, applications will be filed with the Court for interim and final approval of the fees and expenses as administrative expenses under § 503(b) no less frequently than every 180 days (even though Naro and the Key Employees may not be "professionals" for purposes of §§ 327 and 330 of the Bankruptcy Code). Any fees and expenses paid out but

² Raw carbon fiber precursors may become volatile if not maintained in a temperature controlled environment. Temperature control is necessary to preserve the value of carbon fiber material, as well. The Trustee is taking steps to address safety and value issues and to stabilize and discard any loose waste material at the Debtor's plant.

ultimately disallowed by the Court will be returned to the estate. In the event that the Trustee ultimately requests and is authorized to operate the Debtor's business, Naro and the Key Employees will be paid compensation in the ordinary course of business without further notice or hearing and in accordance with any disclosure and reporting requirements of § 704(8) of the Bankruptcy Code.


8. Naro and the other employees may have claims in the Debtor's case and they may be creditors in their own right for prepetition wages, vacation pay and related employment claims. The Trustee does not, however, believe that disinterestedness is required for their agreed and critical assistance postpetition in administering and preserving the Debtor's bankruptcy estate.

9. The Trustee respectfully requests that the Court grant this Application authorizing the Trustee to retain Naro and the Key Employees as necessary, effective *nunc pro tunc* to the Petition Date.

WHEREFORE, for the foregoing reasons the Trustee requests that the Court grant the relief requested in this Application and order such other relief as deemed appropriate.

Dated this 22nd day of February, 2008.

LINDQUIST & VENNUM P.L.L.P.

By:  /s/ Theodore J. Hartl

John C. Smiley, #16210

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Proposed counsel for Jeffrey A. Weinman, Chapter 7
Trustee

CERTIFICATE OF SERVICE

I hereby certify that on February 22, 2008, the foregoing **TRUSTEE'S APPLICATION TO RETAIN KEY EMPLOYEES FOR ESTATE ADMINISTRATION**, was served by U.S. Mail, first class postage prepaid, on the following:

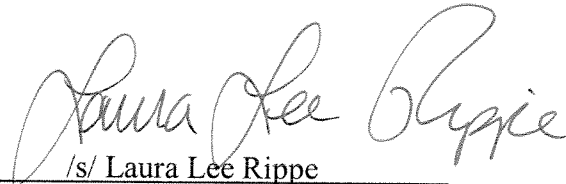
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/s/ Laura Lee Rippe

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO**

In re:)	
)	
ADAM AIRCRAFT INDUSTRIES, INC.)	Case No. 08-11751 MER
EIN: 161643299,)	Chapter 7
)	
Debtor.)	

**ORDER GRANTING
TRUSTEE'S APPLICATION TO RETAIN
KEY EMPLOYEES FOR ESTATE ADMINISTRATION**

THIS MATTER is before the Court on the Application to Retain Key Employees for Estate Administration (the "Application"), filed by Jeffrey A. Weinman, as Chapter 7 Trustee for the Adam Aircraft Industries, Inc. bankruptcy estate (the "Trustee"). The Court has reviewed the Trustee's Application and is otherwise advised. Good cause appears for the relief requested by the Trustee. It is hereby

ORDERED that the Trustee's Application is GRANTED;

IT IS FURTHER ORDERED that the Trustee is authorized to employ Chris Naro to assist in administering the bankruptcy estate at the hourly rate of \$250.00, effective *nunc pro tunc* to February 15, 2008;

IT IS FURTHER ORDERED that the Trustee is authorized to employ, to the extent deemed necessary and appropriate, the following individuals at the hourly rate of \$100.00, effective *nunc pro tunc* to February 15, 2008: Dalan Raffaghello; Nate Young; Louis Tarpo; Cindi Kelly; Teresa Crouse; Pierre Harter; and Walt Becker;

IT IS FURTHER ORDERED that the Trustee may pay the employees identified in this Order bi-weekly from estate funds available upon receipt of satisfactory time and task records from the employees;

IT IS FURTHER ORDERED that, if the Trustee is not otherwise authorized in the case to operate the debtor's business under 11 U.S.C. § 721, applications for compensation and expense reimbursement for the employees shall be filed, together with appropriate notice under L.B.R. 202, every 180 days for interim and final approval of compensation as administrative expenses.

Dated this _____ day of February, 2008.

BY THE COURT:

Hon. United States Bankruptcy Judge

File a Motion:

08-11751-MER Adam Aircraft Industries, Inc.

Type: bk

Chapter: 7 v

Office: 1 (Denver)

Judge: MER

Assets: n

U.S. Bankruptcy Court**District of Colorado**

Notice of Electronic Filing

The following transaction was received from Hartl, Theodore J. entered on 2/22/2008 at 2:22 PM MST and filed on 2/22/2008

Case Name: Adam Aircraft Industries, Inc.**Case Number:** 08-11751-MER**Document Number:** 17**Docket Text:**

Motion For Retention of Key Employees for Estate Administration Filed by Theodore J. Hartl on behalf of Jeffrey A. Weinman. (Attachments: # (1) Proposed/Unsigned Order) (Hartl, Theodore)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:\\dylan\DENV\cw_scan\data\users\rippell\08 02 22 ADAM AIR - PLEAD - Application to Retain Key Employees.PDF

Electronic document Stamp:

[STAMP bkecfStamp_ID=985638001 [Date=2/22/2008] [FileNumber=12090311-0] [5ceb349c8eb4d95b9e2053ecbf80067cc13817854b07c3128a484bb83ff2ae55beb0bd4960f9c2789ed9b0c6760f344a0fdb62552b4f141940a2a7d6ed754f98]]

Document description:Proposed/Unsigned Order

Original filename:\\dylan\DENV\cw_scan\data\users\rippell\08 02 22 ADAM AIR - PLEAD - Application to Retain Key Employees - Proposed Order.PDF

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[STAMP bkecfStamp_ID=985638001 [Date=2/22/2008] [FileNumber=12090311-1] [2a199b3a0d7650bcecf331c681785b79befd5b4c512f80f032facbbde6c3f55de5d265e8f2da2ade19e6cefc13791feed0f755f9be18daf3756cb2cc0902da25]]

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