

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

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In re:

ADAM AIRCRAFT INDUSTRIES, INC.,  
Debtor.

Case No. 08-11751(MER)  
Chapter 7

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**HARTZELL PROPELLER INC.'S LIMITED OBJECTION TO TRUSTEE'S MOTION  
FOR ORDERS: (A) AUTHORIZING AND SCHEDULING AN AUCTION TO SOLICIT  
BIDS FOR THE SALE OF SUBSTANTIALLY ALL ASSETS OF DEBTOR'S  
BANKRUPTCY ESTATE, FREE AND CLEAR OF LIENS, CLAIMS, INTEREST AND  
ENCUMBRANCES; (B) APPROVING BID AND AUCTION PROCEDURES; (C)  
SCHEDULING A HEARING TO CONSIDER APPROVAL OF THE SALE; AND (D)  
ESTABLISHING THE FORM AND MANNER OF NOTICE**

Hartzell Propeller Inc. ("Hartzell Propeller") by and through its attorneys, Calfee, Halter & Griswold LLP, submits this Limited Objection to the Motion by Jeffrey A. Weinman, as chapter 7 Trustee (the "Trustee") for Adam Aircraft Industries, Inc. (the "Debtor") for orders (A) authorizing and scheduling an auction to solicit bids for the sale of substantially all of assets of Debtor's bankruptcy estate free and clear of liens, claims, interests and encumbrances; (B) approving bid and auction procedures; (C) scheduling a hearing to consider approval of the sale, and (D) establishing the form and manner of notice (the "Sale Motion").

**BACKGROUND**

1. On February 15, 2008 ("Petition Date"), the Debtor, filed a voluntary petition for relief under chapter 7 of title 11 of the United States Code sections 101 et seq., as amended (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Colorado (the "Court").

2. Prior to the Petition Date, the Debtor was engaged in the business of designing and manufacturing advanced aircraft for civil and government markets.

3. Prepetition, Hartzell Propeller loaned certain non-certified experimental equipment (the "Hartzell Equipment") (See Exhibit A) to the Debtor for test purposes in its manufacturing of aircraft, as described below:

<u>Quantity</u>	<u>Description</u>	<u>Model Number</u>	<u>Serial Number</u>
1	Forward Propeller Assembly	PHC-H3YF-2LUFX/FLC7693DF BX	A59481B
1	Aft Propeller Assembly	HC-H3YF-2UFX/FC7693DF/S M9	A57893B
2	Spinner Assembly	D-4511-3P	AG1359/EL001 AG1360/EL002

4. Subsequent to the Petition Date, the Trustee filed the Sale Motion. The Sale Motion seeks an order authorizing the Trustee to, among other things, solicit bids for the sale of substantially all of assets of Debtor's bankruptcy estate free and clear of liens, claims, interests and encumbrances pursuant to the terms outlined in Exhibit A to the Sale Motion.

5. On March 3, 2008, the Court entered an order granting the Trustee's motion to limit and shorten time on the Sale Motion (the "Sale Notice"). The Sale Notice requires objections to the relief sought in the Sale Motion be filed no later than March 6, 2008.

**Objection to Trustee's Request for Authority to Sale Substantially of the Debtor's Assets**

6. Hartzell Propeller opposes the relief requested in the Sale Motion to the extent the Trustee intends to sell the Hartzell Equipment.

7. The Trustee may be attempting via the Sale Motion to sell assets that the Debtor does not own, including the Hartzell Equipment. The Sale Motion and documents attached

thereto lack adequate information for Hartzell Propeller to determine if the Hartzell Equipment is subject to the sale contemplated by the Sale Motion.

8. The Sale Motion does not identify the assets to be sold. The Sale Motion only provides that the Trustee seeks “a prompt and orderly sale of substantially all of the assets of the Debtor’s estate to one or more bidders,” but fails to identify with any particularity what assets are actually for sale. See Sale Motion ¶ 4. To the extent that the Trustee is seeking to sell the Hartzell Equipment, which is not an asset of the Debtor, such an attempt is prohibited.

9. The Trustee does not lists the assets to be sold, however, provides in the Sale Motion that a data room was created and has a sale book available for potential bidders, was created as early as March 5, 2008. See Sale Motion ¶ 10. It would seem to reason that in order for the Trustee to create a data room and a sale book he would need a working knowledge of the Debtor’s assets. Notwithstanding, he fails to provide even a general description of assets.

10. Federal Rule of Bankruptcy Procedure 2002(c) requires the Trustee to give notice of a proposed sale. Although, Rule 2002 provides that notice is sufficient if it generally describes the property to be sold, the description must describe it so that one can reasonably determine what is to be sold. See In re Lowe, 169 B.R. 436, 440 (Bankr. E.D. Okla. 1994) (notice is not adequate if a simple inquiry would reveal defect). Rule 2002 also requires an accurate description of the terms and conditions of the sale. See In re Ryker, 301 B.R. 156, 167-69 (D.N.J. 2003).

11. The inadequate notice of the assets that the Trustee is seeking to sell, prevents Hartzell Propeller and other parties in interest from protecting their respective interest in the sale process. Also, this will leave any potential purchaser of the subject assets uncertain about their ownership of such assets.

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**Conclusion**

12. The Trustee cites no authority, for this Court to grant him the authority to sell property that the Debtor does not own or hold an interest in. Hartzell Propeller respectfully requests that any order approving the Sale Motion should prohibit the Trustee from selling the Hartzell Equipment, because the Debtor does not hold any interest in the same, ownership or otherwise.

**WHEREFORE**, Hartzell Propeller respectfully requests that any order granting the Sale Motion be modified pursuant to the terms of this Limited Objection, or that the Sale Motion be denied in its entirety, and that Hartzell Propeller be granted such other and further relief as the Court may deem just and proper.

Dated: March 6, 2008

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Counsel for Hartzell Propeller, Inc.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 6th day of March, 2008, a true and correct copy of the foregoing **HARTZELL PROPELLER INC.'S LIMITED OBJECTION TO TRUSTEE'S MOTION FOR ORDERS: (A) AUTHORIZING AND SCHEDULING AN AUCTION TO SOLICIT BIDS FOR THE SALE OF SUBSTANTIALLY ALL ASSETS OF DEBTOR'S BANKRUPTCY ESTATE, FREE AND CLEAR OF LIENS, CLAIMS, INTEREST AND ENCUMBRANCES; (B) APPROVING BID AND AUCTION PROCEDURES; (C) SCHEDULING A HEARING TO CONSIDER APPROVAL OF THE SALE; AND (D) ESTABLISHING THE FORM AND MANNER OF NOTICE** was served by placing same in the United States mail, postage prepaid, addressed to the following:

J. C. Smiley, Esq.  
Lindquist & Vennum PLLP  
600 17th Street, Suite 1800-S  
Denver, CO 80202

*Bernadette Maigney*



**EXHIBIT A**



Adam Aircraft Industries, LLC.

12878 E. Jamison Circle
Englewood, CO 80112
Ph. 303-406-5931 Fax 303-406-5951

Purchase Order

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Seller/Supplier

Hartzell Propellers, Inc.
One Propeller Place
Piqua OH 45356

Phone ( 937 ) 778-5731
Fax ( 937 ) 778-4321

No: 6255
Order Date 2/12/2002
Purchasing
Agent: Luis R. Rivera
Terms: Net 30 Days - AAI

Delivery

Instructions UPS or best method

Table with 9 columns: Line, Rev, Description, Our Part Number/Supplier Number, Request Date, Ordered, U/M, Unit Price, Extended Price. Contains 3 line items for propeller and spinner assemblies.

PARTS ARE EXPERIMENTAL AND WILL BE RETURNED TO HARTZELL FOR CERTIFICATION/CONFORMING PURPOSES. PARTS WILL REMAIN ON A CONSIGNMENT STATUS UNTIL CERTIFIED. PARTS WILL BE PURCHASED UPON CERTIFICATION.

Total Order .00

Tax Rate

Sales Tax .00

Total Order

Approved:

Signature

Handwritten signature of Luis R. Rivera

Date

Handwritten date 2/12/02



Adam Aircraft Industries, LLC.
12676 E. Jamison Circle
Englewood, CO 80112
Ph. 303-406-5931 Fax 303-406-5951

Purchase Order

Page 2 of 2

No: 6255 000 OP

PURCHASE ORDER GENERAL TERMS & CONDITIONS

GENERAL STATEMENT: This order is Buyer's offer to purchase the materials, articles, or services described on this Purchase Order, in accordance with the provisions stated thereon, attached to or incorporated by reference. Orders will be considered accepted by Seller if not rejected within ten (10) days from date of order.
CHANGES: Buyer shall have the right, by any written order, to suspend Seller production processes or to make changes from in the Seller services/products to be furnished by Seller hereunder, as well as in the delivery schedule for such services/products.
PROPRIETARY SAFEGUARD: Seller is prohibited from reproducing Buyer proprietary parts and/or data for sale in the open market, or releasing production data to any other source without Buyer written permission.
PROTECTION OF BUYER OWNED MATERIALS: Seller is responsible for adequately handling, moving, storing, packing for shipment, all articles being ordered, and all Buyer furnished materials, tooling and data supplied in support of Buyer Purchase Orders.
SPECIFICATIONS: Articles ordered to Buyer's specifications and quality control requirements shall comply in all respects, current on the date of order unless otherwise stated or revised by Buyer.
WARRANTY: Seller warrants that articles ordered to specifications and quality requirements will conform thereto and to any drawings, samples, tooling or other description furnished or adopted by Buyer. All articles will be fit and sufficient for the purpose intended, of good material and workmanship, free of defects. Buyer may option to return defective or non-conforming article(s) for credit, prompt correction or replacement. Buyer may option, with Seller's approval, to rework non-conforming articles at Seller's expense.
TAXES: Seller agrees to pay all applicable local, state and federal excise, sales and use taxes (unless otherwise agreed to in writing).
HAZARDOUS MATERIALS: Seller is required to submit applicable material safety data sheets (MSDS).

QUALITY ASSURANCE REQUIREMENTS

THESE REQUIREMENTS HAVE BEEN ADOPTED BY ADAM AIRCRAFT INDUSTRIES (AAI) TO ENSURE THE ULTIMATE IN RELIABILITY AND SAFETY. ONLY THOSE REQUIREMENTS CHECKED APPLY TO THIS ORDER.

- X MATERIAL CHANGES: The material ordered on this PO may not be changed from the referenced specification requirements in any way without prior written approval from AAI.
X SUBCONTRACTING: The supplier shall not subcontract the work performed per this PO to another source without written approval by AAI QA. AAI tooling may not be moved without approval of AAI.
PARTS IDENTIFICATION: Parts to be identified with AAI PIN and Rev applicable to the part's lot and S/N or as specified on PO, and date of mfg.
MATERIAL CERTIFICATION: Signed certifications from the original manufacturer of the materials used for this PO are required. The certification shall be worded in effect as follows: "This is to certify that all materials delivered on this shipment conform to the applicable AN, MIL, NAS, PED, etc. specification(s)."
X MATERIAL/FUNCTIONAL TEST REPORT RETENTION REQUIRED: The supplier shall maintain material and functional test reports applicable to this PO for a minimum of 2 years.
MATERIAL/FUNCTIONAL TEST REPORTS REQUIRED WITH SHIPMENT: The supplier shall furnish material and functional test reports per applicable drawings and specifications with shipment per this PO.
X CONFORMANCE CERTIFICATION: The supplier shall certify conformance of each shipment to the drawings and specifications referenced in this PO and/or in referenced drawings. The certification shall be worded in effect as follows: "This is to certify that the parts/materials delivered per PO conform to drawing number revision."
CERTIFICATION OF REPAIR OR OVERHAUL: A Certification of Repair or Overhaul shall accompany parts on this PO.
X FAA Airworthiness Tag (Form 8130-3) required with shipped materials.
Ref FAR 43: Maintenance Release Tag required to accompany repaired and/or overhauled parts.
CERTIFICATION: The supplier shall certify that the material is flame-resistant in accordance with FAR 23.853 and/or AAI specification.
CERTIFICATION: The supplier shall certify that the material is self-extinguishing in accordance with FAR 25.853 and/or AAI specification.
CURE DATE/SHELF-LIFE: The supplier shall specify the cure date and/or shelf-life expiration date on the packing containers.
INSPECTION - FIRST ARTICLE PARTS: AAI shall select two parts for first article inspection and/or functional test from PO indicating first article requirements. AAI disposition of balance of parts is contingent upon conforming first articles.
X FINAL INSPECTION will be performed at AAI.
X The supplier's facility is subject to evaluation by FAA inspection for all manufacturing processes that are required to produce the materials on this PO.

AAI INSPECTION: (94) 2/12/02