

**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.	)	

**MOTION TO APPROVE STIPULATION  
(Proof of Claim Number 229)**

Jeffrey A. Weinman, as Chapter 7 Trustee (the "Trustee"), for the bankruptcy estate of Adam Aircraft Industries, Inc. (the "Debtor"), for his Motion to Approve Stipulation (Proof of Claim Number 229) (this "Motion"), 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. On or about June 25, 2008, H.G.-Adam, L.P. ("H.G.-Adam"), filed proof of claim number 229, asserting various claims against the Debtor, including a \$2,616,983.03 secured claim based on certain senior subordinated secured promissory notes (the "Note Claim").

3. Morgan Stanley & Co., Incorporated, as Collateral Agent for certain senior lenders of the Debtor ("Morgan Stanley"), holds contractual rights senior to those of H.G.-Adam as to its Note Claim and to other senior subordinated note holders.

4. The Trustee is in the process of assessing and working with the Debtor's secured and putatively secured creditors in an effort to determine the extent, validity and priority of liens, insofar as those liens may attach to the \$10,000,000.00 in proceeds from the sale of substantially

all of the Debtor's assets (the "Sale Proceeds"). Morgan Stanley has, in light of its prepetition agreements with the Debtor's other lenders, fashioned a stipulation with respect to the H.G.-Adam's secured Note Claim. Under the stipulation, which is attached to this Motion as **Exhibit A**, the H.G.-Adam agrees that it does not hold a security interest in the Sale Proceeds, and that distributions on its unsecured Note Claim claim are payable first to Morgan Stanley.

5. Through this Motion, the Trustee requests entry of an order approving the stipulation. The stipulation adjusts the rights and obligations as between Morgan Stanley and H.G.-Adam insofar as the Note Claim affects the Sale Proceeds. H.G.-Adam voluntarily agrees treatment of its Note Claim as provided in the stipulation. Nothing in the stipulation compromises any other portion of H.G.-Adam's proof of claim other than the Note Claim; the Trustee, Morgan Stanley and H.G.-Adam reserve their rights broadly with respect to other matters in the Debtor's bankruptcy case.

6. The Trustee does not seek a compromise of any claim through this Motion. The Trustee does not waive or release any substantive bankruptcy rights in the stipulation. The Trustee accordingly believes that entry of an order approving the stipulation without notice or hearing under Fed. R. Bankr. P. 9019 is warranted.

WHEREFORE, the Trustee respectfully requests that the Court enter an order granting this Motion, approving the stipulation with H.G.-Adam, and for other relief as deemed appropriate.

Dated this 6<sup>th</sup> day of January, 2009.

**LINDQUIST & VENNUM P.L.L.P.**

By:  /s/ Theodore J. Hartl

Theodore J. Hartl, #32409  
600 17th Street, Suite 1800 South  
Denver, CO, 80202-5441  
Telephone: (303) 573-5900  
Facsimile: (303) 573-1956  
Email: thartl@lindquist.com

Counsel for Jeffrey A. Weinman, Chapter 7 Trustee

**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that on the 6<sup>th</sup> day of January, 2009, a true and correct copy of the foregoing **MOTION TO APPROVE STIPULATION (Proof of Claim Number 229)**, was deposited in the United States mail, proper postage prepaid, addressed to the parties listed below:

US Trustee 7  
999 18<sup>th</sup> Street, Suite 1551  
Denver, CO 80202-2415

M. Frances Cetrulo  
370 17<sup>th</sup> Street, Suite 4800  
Denver, CO 80202

Jeffrey A. Weinman  
730 17<sup>th</sup> Street, Suite 240  
Denver, CO 80202-3506

Brent R. Cohen  
Rothgerber, Johnson & Lyons, LLP  
1200 17<sup>th</sup> Street, Suite 3000  
Denver, CO 80202

  
/s/Laura Lee Rippe

**EXHIBIT A**



of the collateral are substantially less than the amount owing to the senior lenders, which is secured by a senior lien on the same collateral.

NOW, THEREFORE, it is hereby stipulated and agreed as follows:

1. The lien allegedly securing the Note Claim portion of Proof of Claim No. 229 shall be and is hereby avoided pursuant to Bankruptcy Code § 506 with respect to all cash currently held by the Trustee, because it is subordinate to the security interest held by Morgan Stanley, and is deemed subordinate to Morgan Stanley's lien on all assets subject to Morgan Stanley's lien;
2. Any distributions from the Debtor's estate on account of the unsecured Note Claim, if any, shall be paid to Morgan Stanley, to be distributed to the Senior Lenders, until such Senior Lenders have been paid in full, based on the subordination of the Note Claim to the claims of the Senior Lenders; and
2. This Stipulation is without prejudice to the rights of either H.G.-Adam or the Trustee with respect to the remaining portions of Claim No. 229, including the allowance or disallowance of the Note Claim as a contractually subordinated unsecured claim and regarding the request for indemnification of former directors, reimbursement of directors' expenses, or the alleged \$25,000 aircraft deposit. Nothing in this Stipulation shall be construed as a waiver by the Trustee or the Debtor's estate with respect to any other matter involving any claims asserted by or against H.G.-Adam or Morgan Stanley under applicable law.

[Signature page follows]

January 6, 2009  
Dated: ~~December 30, 2008~~

ROTHGERBER, JOHNSON & LYONS, LLP

By: 

Brent R. Cohen, Esq.  
1200 Seventeenth Street, Suite 3000  
Denver, Colorado 80202-5855  
Telephone: (303) 623-9000  
Fax: (303) 623-9222  
Email: bcohen@rothgerber.com

Attorneys for Claimant, H.G. Adam, L.P.

Dated: December 30, 2008

LINDQUIST & VENNUM, PLLP

By: 

Theodore J. Hartl, #32409  
600 Seventeenth Street, Suite 1800 South  
Denver, Colorado 80202  
Telephone: (303) 573-5900  
Fax: (303) 573-1956  
Email: thartl@lindquist.com

Counsel for Jeffrey A. Weinman, Chapter 7 Trustee