

UNITED STATES BANKRUPTCY COURT

DISTRICT OF HAWAII

In re

ALOHA AIRLINES, INC.,

Debtor.

Case No.: 08-00337

Chapter 7

Jointly Administered
Honorable Lloyd King

This document relates to:

ALL CASES

Related Dkt. No. 1130

ORDER TO SHOW CAUSE AND NOTICE OF HEARING

To: DANE S. FIELD, TRUSTEE IN BANKRUPTCY, YUCAIPA CORPORATE INITIATIVES FUND I, L.P., YUCAIPA CORPORATE INITIATIVES FUND I, LLC, AND THEIR ATTORNEYS OF RECORD:

You are hereby ordered to show cause, if any you have, why the unconfirmed auction sale to Yucaipa Corporate Initiatives Fund I, L.P., and Yucaipa Corporate Initiatives Fund I, LLC, (collectively, "Yucaipa") of the debtors' intellectual property, including the name 'Aloha Airline', should not be declared invalid, because it was not a public auction, as required by Fed. R. Bankr. P. 6004(f)(1).

1. Private sale was not authorized.

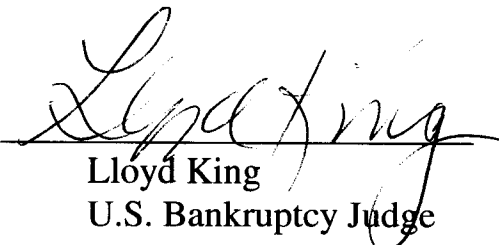
2. On December 2, 2008, an auction sale was conducted at the offices of counsel for the trustee in bankruptcy, but the press was apparently not allowed to observe the auction. Attached hereto as Exhibit 'A' is a copy of an e-mailed letter to the court from Rick Daysog (Advertiser Reporter), dated December 3, 2008. Attached hereto as Exhibit 'B' is a copy of the court's letter dated December 4, 2008, to counsel for the trustee. Attached hereto as Exhibit 'C' is a copy of letter from the trustee's counsel to the court. Exhibit 'C' is dated December 8, 2008, but was received by the court on December 24, 2008.

3. If the auction sale is declared invalid, the court will determine whether the next sale of the debtors' intellectual will be conducted on the same terms or on different terms than the December 2, 2008, auction.

This order to show cause is returnable on March 3, 2009, at 9:30 a.m., in the courtroom located at 1132 Bishop Street, Suite 350L, Honolulu, Hawaii, 96813.

Responses to this order to show cause must be filed not later than February 20, 2009.

Dated: Honolulu, Hawaii, JAN 23 2009.


Lloyd King
U.S. Bankruptcy Judge



HIB
Chambers/HIB/09/USCOURT
S
12/03/2008 03:55 PM

To
cc
bcc
Subject "Daysog, Rick" <rdaysog@honoluluadvertiser.com>

History: This message has been forwarded.

Forwarded from chambers@hib.uscourts.gov:



"Daysog, Rick"
<rdaysog@honoluluadvertiser.com>
12/03/2008 03:52 PM

To "chambers@hib.uscourts.gov"
<chambers@hib.uscourts.gov>
cc "jwagner@wcelaw.com" <jwagner@wcelaw.com>, "Platte,
Mark" <mplatte@honoluluadvertiser.com>,
"Robert.Klyman@lw.com" <Robert.Klyman@lw.com>
bcc
Subject <no subject>

The Honorable Lloyd King
U.S. Bankruptcy Judge
1112 Bishop St. Ste. 250
Honolulu, HI 96813

Dear Judge King:

I'm writing to you to correct a statement made in today's hearing by the attorney for Yucaipa Co. and to raise a broader objection.

Yucaipa Co. attorney Robert Klyman mentioned during today's hearing a reporter was present at yesterday's auction.

I was the reporter he was referring to but I was not allowed to attend the auction.

When I appeared at the offices of Wagner, Choi & Verbrugge yesterday morning, I was told by James Wagner, the attorney for the trustee, that Yucaipa objected to my presence at the auction.

As I understand it, the auction was attended not only by representatives of Hawaiian Airlines, which submitted an offer, but it also was attended by local businessman and former Aloha Airlines board member Richard Ing, who did not submit a bid.

I raised my objections with Mr. Wagner that the auction was a court-ordered event, there was no order to seal and that I was there to exercise my First Amendment Rights to observe the auction.

The auction was held behind closed doors in a conference room and I was told to wait at the reception area until the auction was over. It was over in less than 10 minutes.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF HAWAII

LLOYD KING
BANKRUPTCY JUDGE

1132 BISHOP STREET
HONOLULU, HI 96813

December 4, 2008

James A. Wagner, Esq.
Wagner Choi & Verbrugge
745 Fort Street, Suite 1900
Honolulu, Hawaii 96813

Re: Aloha Airlines, Inc., Case No. 08-00337

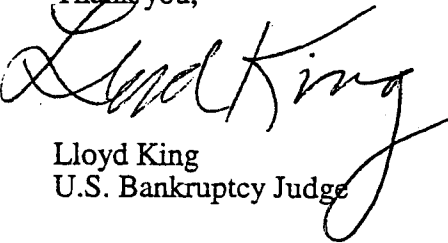
Dear Mr. Wagner,

Was Honolulu Advertiser reporter Rick Daysog denied permission to attend the December 2, 2008, auction of Aloha Airlines property? If so, please tell me why.

I want to be sure that any exclusion of the press is not repeated.

Please send a copy of your reply to Mr. Daysog.

Thank you,



Lloyd King
U.S. Bankruptcy Judge

sc:lk

cc: Rick Daysog

EXHIBIT 'B'

James A. Wagner

Chuck C. Choi

Neil J. Verbrugge

**WAGNER
CHOI &
VERBRUGGE**
ATTORNEYS AT LAW

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Email: hibklaw@hibklaw.com

Topa Financial Center, Fort Street Tower
745 Fort Street, Suite 1900
Honolulu, Hawaii 96813

December 8, 2008

The Honorable Lloyd King
Judge, U.S. Bankruptcy Court
for the District of Hawaii
1132 Bishop Street
Honolulu, Hawaii 96813

Re: Aloha Airlines, Inc.

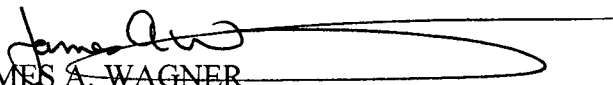
Dear Judge King:

This letter is in response to your letter dated December 4, 2008, regarding Mr. Daysog's communication to the Court on December 3, 2008, regarding his exclusion from the auction on December 2, 2008.

Mr. Daysog's recitation of what occurred at the auction is substantially correct, except with respect to one matter. When Yucaipa objected to Mr. Daysog's presence at the auction, Mr. Daysog and I discussed the matter. At the end of the discussion, Mr. Daysog agreed to wait in my reception area until the auction was completed. I believed that my discussion with Mr. Daysog had resolved the matter amicably at that time. I believe it was only Mr. Klyman's remarks at the hearing that caused Mr. Daysog to raise this matter before the Court.

In retrospect, I believe I could have handled the matter better and should the situation present itself in the future, I will ensure that all interested parties, including the press, are not excluded from Court-ordered proceedings.

Sincerely,


JAMES A. WAGNER

JAW:la

cc: Mr. Rick Daysog

EXHIBIT 'C'