UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
FORT LAUDERDALE DIVISION
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In re:	Chapter 11
SILVER AIRWAYS LLC, *et al.* [1]	Case No. 24-23623-PDR (Jointly Administered)
Debtors. _____/	

CHAPTER 11 TRUSTEE'S *EX PARTE*[2] MOTION TO CONVERT CASES TO CHAPTER 7 PROCEEDINGS

Soneet R. Kapila, as Chapter 11 trustee (the "Trustee") of the jointly administered estates of Silver Airways, LLC ("Silver Air") and Seaborne Virgin Islands, Inc. ("Seaborne") (the "Debtors"), and pursuant to 11 U.S.C. § 1112(b)(4)(A), files this *Ex Parte Motion to Convert Cases to Chapter 7 Proceedings* (the "Motion") seeking entry of an order substantially in the form attached hereto as **Exhibit "A"**, converting each of the Debtors' cases to Chapter 7 of the Bankruptcy Code. In support thereof, the Trustee respectfully states as follows:

RELEVANT BACKGROUND

1. On December 30, 2024, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors' cases are being jointly administered pursuant to this Court's Order dated January 3, 2025 [ECF No. 32].

2. On June 25, 2025, this Court entered an Order directing the Office of the United

[1] The Debtors in these cases, along with the last four digits of each debtor's federal tax identification number, are: Silver Airways LLC (6766) and Seaborne Virgin Islands, Inc. (1130).

[2] The Trustee submits that this matter can be heard *ex-parte* pursuant to Local Rule 9013-1(C)(12). In the event a hearing is required, the Trustee requests that one be set as soon as possible (no later than the next hearings in the case on July 24, 2025 at 2:30 p.m.), in order to minimize the accrual of mounting chapter 11 administrative expense claims.

States Trustee to appoint a chapter 11 trustee for the Debtors [ECF No. 695]. On June 30, 2025, the Office of the United States Trustee appointed Soneet R. Kapila as the Debtors' chapter 11 trustee.

3. On June 19, 2025, this Court entered an *Order Approving (I) the Sale of the Debtor's Assets Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests, (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Related Relief* [ECF No. 648], which order approved the sale of substantially all the assets of the Debtor Silver Air.

4. The sale of the assets of Silver Air closed as of June 19, 2025 [ECF No. 694].

5. On July 3, 2025, this Court entered an *Order Approving Debtor Seaborne Virgin Islands, Inc.'s Emergency Motion for Entry of an Order Approving (I) Sale Transaction and Sale of Assets Free and Clear of Liens and Interests, (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Related Relief* [ECF No. 756], which order approved the sale of substantially all the assets of the Debtor Seaborne.

6. The sale of the assets of Seaborne closed as of July 11, 2025 [ECF No. 756].[3]

7. The Trustee has determined that the estates are suffering continuing losses and diminution, that there is no prospect of rehabilitation, and that the cases should no longer remain in chapter 11.

[3] Pursuant to the Seaborne sale transaction, the Court approved a Transition Services Agreement which provides for the Purchaser to operate and be financially responsible for the Seaborne business for a period of no more than 4 months to assist with the transfer of certain DOT/FAA Certificates to the Purchaser. Following conversion of these cases, the Trustee will (and if a different chapter 7 trustee is appointed, such trustee should) file a motion to operate the Debtor Seaborne business for a limited period pursuant to section 721 of the Bankruptcy Code.

RELIEF REQUESTED

8. The Trustee requests that the Debtors' cases be converted to cases under chapter 7 of the Bankruptcy Code.

9. Section 1112(b)(1) of the Code governs dismissal or conversion of chapter 11 cases. Subject to certain exceptions not applicable here, section 1112(b)(1) requires a court to either dismiss or convert a chapter 11 case, depending on the best interests of creditors, where the court finds "cause" to do so. 11 U.S.C. § 1112(b). The Trustee submits that "cause" exists under section 1112(b)(4)(A) as there has been a "substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation". 11 U.S.C. § 1112(b)(4)(A).

10. Dismissal for cause under 1112(b)(4) is established where (i) there has been a substantial and continuing loss or diminution to the estate and (ii) the absence of a reasonable likelihood of rehabilitation. *In re Creekside Senior Apartments, L.P.*, 489 B.R. 51, 61 (B.A.P. 6th Cir. 2013). In analyzing whether there is an absence of reasonable likelihood of rehabilitation, the Court's focus is on "whether the Debtor's business prospects justify continuance of the reorganization effort." *In re Basil Street Partners, LLC*, 477 B.R. 856, 862 (Bankr. M.D. Fla. 2012).

11. Each of the Debtors' estates are administratively insolvent. The cost of the chapter 11 cases increases each day, as evidenced including by the multitude of motions seeking allowance of administrative expense claims which will likely continue through the soon to be established bar date. As such there has been a substantial and continuing loss or diminution to the estates.

12. There is no likelihood of rehabilitation. The sale of substantially all the assets of the Debtors has been approved by this Court and each of the sale transactions has closed. There

is no business to rehabilitate. Moreover, the Trustee does not have a reasonable possibility of confirming a plan of reorganization.

13. As such, "cause" exists to convert these cases to ones under chapter 7.

WHEREFORE, Soneet R. Kapila, as chapter 11 trustee of the jointly administered cases of Silver Airways, LLC and Seaborne Virgin Islands, Inc, respectfully requests that the Court enter an Order substantially in the form attached hereto as **Exhibit "A"** granting the Motion and such other relief as this Court deems just and proper.

Respectfully submitted this 15th day of July, 2025.

VENABLE LLP
Proposed Attorneys for Soneet R. Kapila, Trustee
801 Brickell Avenue, Suite 1500
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Telephone: (305) 349-2300

By: /s/ *Glenn D. Moses*
Glenn D. Moses, Esq.
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished via CM/ECF notification to all parties entitled to receive notice via CM/ECF on this 15th day of July, 2025.

/s/ *Glenn D. Moses*
Glenn D. Moses, Esq.

Exhibit “A”

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
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In re:	Case No. 24-23623-PDR
SILVER AIRWAYS LLC, *et al*.,[1]	Chapter 11
Debtors. _____/	(Jointly Administered)

ORDER CONVERTING CASES UNDER CHAPTER 11 TO CASES UNDER CHAPTER 7

This matter came before the Court *ex parte* upon the *Chapter 11 Trustee's Motion to Convert Cases to Chapter 7 Proceedings* [ECF No. ___] (the "Motion"). The Court, having considered the Motion and the record in these cases, finds that good cause exists to convert these cases to chapter 7 proceedings. Accordingly, it is

[1] The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Silver Airways LLC (6766), and Seaborne Virgin Islands, Inc. (1130).

ORDERED that:

1. These jointly administered chapter 11 cases are each converted to a case under chapter 7.

2. If applicable, the Debtors shall immediately remit to the clerk of court the $15.00 trustee surcharge fee prescribed by the Judicial Conference of the United States (if not previously paid by the Debtors). Failure to pay this fee will result in dismissal of this case.

3. The Debtors or the chapter 11 trustee, shall:

   a. Forthwith turn over to the chapter 7 trustee all records and property of the estate under its custody and control as required by Bankruptcy Rule 1019(4);

   b. Within 30 days of the date of this order, file an accounting of all receipts and distributions made. A copy of this report must be served on the U.S. Trustee; and

   c. File, within 14 days of the date of this order, a schedule of unpaid debts incurred after the commencement of the chapter 11 case as required by Bankruptcy Rule 1019(5) and a supplemental matrix and certification in the format required by Local Rule 1019-1(B). As applicable, the Debtors' attorney or the chapter 11 trustee shall provide notice to those creditors pursuant to Local Rule 1019-1(B). Failure to comply may also result in sanctions being imposed by the court. Debts not listed or noticed timely will not be discharged. A copy of this schedule shall be served on the chapter 7 trustee.

4. If applicable, the chapter 11 trustee shall:

   a. file, within 14 days of the date of this order, the statements and schedules

required by Bankruptcy Rule 1019(1)(A) and Bankruptcy Rule 1007(c) and in accordance with Local Rule 1019-1(B);

5. Pursuant to Local Rule 2016-1(C)(2), the Debtors' attorney, any examiner or trustee appointed by the court, or any other professional person employed under 11 U.S.C. §327 or 1103 shall, file within 90 days after the date of the post-conversion meeting, an application for compensation for outstanding fees and expenses incurred during the chapter 11 administration including an application justifying retention of any retainer received which has not been approved by a prior award. Any retainers received which are not approved will be subject to turnover to the chapter 7 trustee. The attorney for the chapter 11 trustee shall notify all such professionals of this deadline by serving them with a copy of this order.

6. The chapter 11 trustee shall provide notice to affected parties of the deadline set pursuant to Local Rule 1019-1(J)(1) for filing by a nongovernmental unit a request for payment of an administrative expense.

7. Failure to comply with the provisions of this order may result in dismissal of this case without further hearing or notice.

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Submitted by and Copy to:

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[Attorney Moses is directed to serve a conformed copy of this order on all interested parties]