

logo not found or type unknown

Bankruptcy Judge Allows Loan Financing for Silver/Seaborne of Up to \$5.5 Million as Airlines Battle Chapter 11

The loan agreement, expected to be finalized some time after May 7, requires the sale of “substantially all” of the airlines’ assets.

Travel / **Published On April 25, 2025 06:27 AM /**

Janeke Simon **April 25, 2025**

Image not found or type unknown



A Silver Airways/Seaborne Airlines seaplane.

The judge overseeing the Silver Airways/Seaborne Virgin Islands Chapter 11 bankruptcy case has given permission for the airlines to obtain a new loan of up to \$5.5 million. However, in order to obtain the financing, they must auction off “substantially all of their assets” no later than May 29.

Financing will be provided by KIA II, a lender reportedly based in Connecticut. According to an interim order made on Tuesday by Judge Peter Russin, the lending entity will be allowed “superpriority administrative expense claim status” in both bankruptcy matters, as well as “automatically perfected senior security interests in and liens” on the airlines’ collateral. Creditors have reportedly agreed to this arrangement.

The loan, Judge Russin found, after a hearing on April 17, “is necessary to avoid immediate and irreparable harm to the Debtors and their estates.” The cash infusion is “essential for the continued operation of the Debtors’ businesses and the preservation of the value of the Debtors’ assets.”

The lenders will, according to the judge's order, be permitted to immediately provide \$3 million to Silver/Seaborne. The money will be used for operating capital, allowed administrative costs for the bankruptcy cases, payment of other expenses according to a budget submitted to the court.

In a bid to provide “adequate protection” to the secured creditors, the judge has ordered “junior replacement liens” on assets created after the airlines filed for bankruptcy. Brigade, one of the said creditors, will also receive two cash payments totaling \$125,000. The tax liens placed on the airlines’ tangible property by the Broward County Tax Collector will also be unaffected, Judge Russin ruled.

In addition to the submitted budget, the airlines must adhere to a series of milestones, including the asset auction on or before May 29. Once that auction has been concluded, Brigade will receive an additional \$125,000 from the funds received by the sale of Seaborne's assets.

Another condition of the loan is that the airlines turn over the lease of one of the ATR 42s in their fleet to KIA II. Should a default on the loan occur, the lender will also have the option to assume the lease for the Orlando maintenance facility currently used by Silver/Seaborne, as well as the leases to two additional aircraft.

A final hearing is scheduled for May 7, where the judge will consider any amendments that have to be made to this interim order, as well as whether to dismiss the matter altogether. A trustee of the U.S. Government has filed a motion arguing that the ailing airlines have no hope of stopping the bleeding from their loss-making operations, and thus there is no point in continuing restructuring proceedings under the Chapter 11 bankruptcy framework.

Recent court filings list the net worth of Seaborne as of March 31 as somewhere in the region of negative \$30 million, with a cumulative loss of almost \$3.9 million in the first three months of 2025. Silver Airways, meanwhile, has a net worth of negative \$281.6 million, with losses totaling \$30.6 million in the first quarter of 2025.