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## Judge Denounces Silver Airways Management as Collapse Leaves 900 Jobless and Creditors Facing Massive Losses

At a hearing marked by frustration and regret, Judge Peter Russin blamed CEO Steve Rossum and Silver Airways' leadership for mismanagement that led to the airline's collapse, leaving 900 unemployed and creditors projected to lose hundreds of millions.

Travel / **Published On June 11, 2025 05:54 PM /**

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“This is a system that works incredibly well, but unfortunately, didn't work well in this case.” With that, Judge Peter Russin concluded his remarks at the end of a remarkable hearing to address [the collapse of Silver Airways](#).

During Wednesday's hearing, the Southern District of Florida Bankruptcy Court was told that until last Friday night, purchaser Argentum Acquisitions believed that they were buying Silver as a going concern. The \$5.5 million loan from Argentum's sister company KIA III would be enough to allow for such a sale, attorney Michael Shiner said they were assured by Silver management. However, the temporary grounding of the airline's fleet over the weekend of May 30 triggered a fast-moving sequence of events that left continuing operations impossible. The temporary cessation of flights, which in and of itself cost Silver approximately \$1 million, led to weakened forward bookings. By the end of last week, the airline was out of cash.

“Between the combination of the cost of cures and the debtor's cash position, a going concern transaction became no longer financially feasible for us at this point,” Mr. Shiner said. A draft sale order reflecting the new circumstances was circulated ahead of the hearing. Informing the court that at least one offer for the sale of Seaborne Airlines as a going concern were currently being considered, Mr. Shiner noted that the new sale order, to be filed in the coming hours, would indicate as much.

He made it a point to declare plainly that the contemplated sale sought only to transfer the now-defunct airline's assets. “We have not agreed that we are picking up the general administrative expenses of this estate... We are not some kind of a guarantor,” Mr. Shiner declared. As such, if the sale is approved, there is minimal hope that any of the current creditors will recover much, if anything.

The assets set to be transferred to the buyer for the proposed \$5.775 million include “spare parts”, “inventory that is used in flight operations,” and “accounts receivable,” said Mr. Shiner. The U.S. Department of Transportation and Federal Aviation Administration certificates are also included, items that Argentum will need if it decides to fly Silver's routes.

Because the intent now is to liquidate Silver, the jobs of the vast majority of the airline's 800–900 employees have been eliminated. Only 15 to 20 employees will remain temporarily to assist with winding down the company's operations, Mr. Shiner told the court, and will be onboarded as Argentum/Wexford staff afterwards. There is a possibility in the future that more ex-Silver employees will be hired after the new owner of the assets is cleared to operate along the airline's old routes.

U.S. Bank, Silver's credit card processor, raised concerns about passenger refunds. The court was told that Silver received about 80% of ticket revenue upfront, with 20% held until flights occurred. For flights not flown due to the shutdown, passengers will seek chargebacks. Silver received none of those funds—so while funds “are only received by Silver until you ... complete your flight,” pass through reserve mechanisms are protecting passengers, US Bank said.

Mr. Shiner confirmed that accounts receivable form part of the purchaser's assets. US Bank's holdbacks and reserves mean refund liabilities currently rest with the processor and Silver.

The court heard a series of objections from key stakeholders, reflecting the complexity and fragmentation of the collapsed transaction. Aircraft lessors JetStream and Azora raised issues regarding the fate of aircraft leases, questioning whether any remaining planes would be assumed under the asset sale or simply returned to the lessors. Both indicated they had begun securing and relocating their respective assets.

US Bank, which processes credit card transactions for Silver Airways, requested 24 hours to review the revised sale order. The bank expressed concern about how the treatment of accounts receivable and refund mechanisms would affect its contractual and financial position, particularly

in light of its role in advance funding for passenger bookings.

Creditors representing Monroe County, Broward County, Pensacola, and Orlando flagged potential lien rights related to airport agreements and emphasized the need for clear direction regarding the treatment of equipment located on leased airport property. They sought clarification on whether leases would be assumed or rejected and requested assurances that equipment would not be abandoned. The court encouraged timely coordination between the debtor, purchaser, and airport authorities to avoid unnecessary conflicts.

Labor representatives also appeared during the hearing to preserve rights under collective bargaining agreements, particularly clauses concerning successor employers. While Judge Russin acknowledged the concern, he noted that such agreements may no longer be applicable if Silver's operations have ceased entirely and the sale is strictly limited to assets.

Judge Russin, while acknowledging the sharp disappointment of the array of creditors who between them stand to lose hundreds of millions, took particular pains to address those who had abruptly joined the ranks of the unemployed. On more than one occasion throughout the hearing, he described the current circumstances as a "failure" of the bankruptcy system. "The goal here was to try to preserve...jobs," he said, "and to get admin claims paid as much money as possible."

He pointed to what he termed the "battery error" that grounded the airline's flight operations as "the precipitating factor to this horrible failure...that's preventing this going concern sale." Calling the circumstances extremely disturbing, Judge Russin expressed particular discomfort by the idea that he did not know all the facts in this matter. "I don't feel like the debtor provided the full story," he declared. The judge also highlighted what he viewed as "sort of a laissez faire perspective to the finances" of the struggling airline, and placed much of the blame squarely on Silver's CEO, Steve Rossum.

"I'm speaking directly to Mr. Rossum here," the judge said. "I place a lot of the concern here on how this company was managed, and I don't think it was managed well." He hoped that the displaced employees would quickly find other opportunities and expressed empathy for their predicament. "This is a sad day...I'm sorry for the way this has occurred," he said.

Taking some of the responsibility for the outcome, Judge Russin credited counsel for the U.S. Trustee's office "for having really been concerned about the situation very early on in the case." A [motion to dismiss](#) the Chapter 11 proceedings on the basis that Silver was too financially frail to survive as a going concern, filed by the Office of the U.S. Trustee, was awaiting a hearing. The judge mused that perhaps that motion should have been heard earlier.

Before ending Wednesday's hearing, Judge Russin urged expediency in wrapping up "whatever issues remain outstanding," and reiterated a warning to Silver management. "Be careful with the use of cash," he said, noting that he does not "necessarily believe that the use of cash at this point is in the ordinary course of business" for a non-operational airline. With that, he recessed the court to await the final order detailing the liquidation of Silver Airways.