



of the settlement classes, namely, 3,576 members comprising the East Pilot Settlement Class and 1,646 members comprising the West Pilot Settlement Class. On May 8, 2016, USAPA emailed the Notice to every class member for whom USAPA had or had access to an email address, which resulted in emails to 3,412 East Pilots and 1,306 West Pilots. The Notice was also posted on the public portion of the USAPA and Leonidas, LLC websites ([www.usairlinepilots.org](http://www.usairlinepilots.org) and [www.cactuspilot.com](http://www.cactuspilot.com)). None of the Notices sent by regular mail and email have been returned.

5. I have reviewed the objection submitted by East Pilot Andrew M. Riolo, who claims that he did not receive the Class Notice that was mailed and e-mailed to all members of the settlement classes. Upon receipt of this objection, I reviewed the data that was used to create the mailing list for the mailing of the Notice. The data was supplied by US Airways to USAPA prior to USAPA's decertification on September 16, 2014, and indicates Mr. Riolo's status as retired. Because US Airways' records showed that he was not a member of the East Pilot Settlement Class, he was not eligible to receive the Notice. It is my understanding, however, that upon receipt of Mr. Riolo's objection, a copy of the Notice was delivered by Fed Ex and e-mailed to him.

6. I have also reviewed the objections submitted by attorney William Wilder on behalf of Frederick M. Brown, Jr. and Jose Gonzalez. Mr. Wilder previously represented USAPA and its Merger Committee, and is currently counsel for the East Pilots Seniority Integration Committee.

7. Mr. Wilder's Objection 2(a) asserts that the Class Notice is inadequate because it does not disclose the amount of money that will be available to distribute to East Pilots upon dissolution of USAPA. Despite Mr. Wilder's previous association with USAPA and its Merger Committee, he never contacted USAPA to attempt to obtain this information. The amount of the distribution to the East Pilot Settlement Class could not be provided in the Notice because it cannot

be determined with certainty until after the settlement is approved and USAPA winds up its business affairs. After payment of the \$5.5 million settlement to the West Pilots, USAPA will have approximately \$1.6 million remaining in its treasury. Of that remaining amount, USAPA will have to pay for required insurance until dissolution, and legal fees owed to USAPA General Counsel (including legal fees incurred in representing USAPA and the Merger Committee in the pending *Karas* litigation), and to counsel for the *Bollmeier* defendants pursuant to the indemnification provision of the USAPA Constitution and Bylaws. After USAPA pays its expenses and winds up its business affairs, the remaining money will be distributed to the East Pilots pursuant to the dissolution provision in the Constitution. Additionally, USAPA is seeking to recover money from two sources that would be available for distribution to East Pilots only. First, on April 27, 2016, Arbitrator Richard Bloch issued a decision requiring American Airlines to reimburse USAPA for seniority list related expenses incurred during USAPA's involvement in the seniority-integration process. USAPA asserted in the arbitration that it is entitled to reimbursement in the approximate amount of \$1.3 million, which has not yet been paid. Second, USAPA seeks to recover from its insurer, AIG, its defense costs in the *Bollmeier* and *Karas* actions. USAPA believes that AIG improperly disclaimed coverage, and that AIG should have provided coverage in the defense of the *Bollmeier* and *Karas* actions under USAPA's \$10 million policy with AIG. Assuming that USAPA obtains reimbursement from American Airlines pursuant to the Bloch arbitration decision, and recovers any money under its AIG policy, those amounts recovered will also be available to distribute to East Pilots only pursuant to the dissolution provision in the Constitution.

8. Mr. Wilder's Objection 1(c) states that East Pilot Settlement Class representative Bob Burdick "acted as a Duly Designated Representative under the USAPA Constitution of

defendant Ronald Nelson during 2015.” Under the USAPA Constitution, a Duly Designated Representative (“DDR”) is a USAPA member who is authorized to act on behalf of an absent member of the Board of Pilot Representatives. To the best of my knowledge and recollection, Bob Burdick attended 2-3 BPR meetings and participated in 2-3 conference calls in 2015 as a Duly Designated Representative for defendant Nelson.

9. Mr. Wilder’s Objection 4(e) speculates that the USAPA officers will “dissipate USAPA’s treasury ... by allowing USAPA and/or its officers to initiate new litigation against insurer AIG...” However, USAPA’s treasury will not be used to fund the litigation against AIG, which is being handled on a contingency basis. AIG disclaimed coverage for the defense and indemnification of the *Bollmeier* and *Karas* lawsuits. USAPA seeks to recover from AIG the *Bollmeier* and *Karas* defense costs which USAPA believes were covered under its \$10 million policy with AIG.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 5<sup>th</sup> day of August 2016.

  
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JOHN OWENS