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Pace Airlines criminal case may advance

Former top executive faces felony count over insurance payments

BY RICHARD CRAVER
Winston-Salem Journal

The criminal case involving William Rodgers Sr., the former top executive of defunct Pace Airlines Inc., might finally be moving forward, 15 months after charges were filed.

On Thursday, Rodgers agreed to waive his probable-cause hearing, which allows the case to proceed from Forsyth District Court to Forsyth Superior Court.

A hearing in Superior Court could be held as early as late January, said Walter Holton, an

attorney representing Rodgers.

The criminal-investigations division of the N.C. Insurance Department arrested Rodgers on Sept. 22, 2009, and charged him with one count of willful

failure to pay group health-insurance premiums — a Class H felony.

The case was transferred to the Forsyth district attorney on Sept. 24, 2009, because



Rodgers

it involved a state warrant. A preliminary hearing in District Court was continued six times.

The most recent continuance was done to give the N.C. Attorney General's Office more



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time to review the local district attorney office's file regarding Rodgers. The case was transferred to the attorney general's office, effective Sept. 1, with a special prosecutor appointed by the agency.

Jim O'Neill, the Forsyth district attorney, has said that the case was transferred because his office had developed a conflict of interest in prosecuting Rodgers. O'Neill has declined to discuss the conflict.

Noelle Talley, a spokeswoman **RODGERS, Page A19**

Rodgers

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for the N.C. Attorney General's Office, confirmed that the case is moving to Superior Court. "Our office is continuing its investigation," she said.

"The AG's office must feel they are ready to move for them to ask Mr. Rodgers to waive the probable-cause hearing," Holton said. "This was the first time they had asked him to do that."

Rodgers took over Pace on May 29, 2009, based on a promissory note to pay \$9 million for stock in Pace Airlines LLC and Pace Airlines II LLC and take over \$6 million in liabilities.

Less than four months later, Pace was out of business, and 423 employees, including more than 300 at its operations at Smith Reynolds Airport, were out of work.

Pace was forced into involuntary Chapter 7 bankruptcy in January.

Pace also failed to pay employees for up to their last six weeks of work — expecting them not to quit for fear of being ineligible for unemployment benefits. The N.C. Labor Department has filed a claim with the U.S. Bankruptcy Court of more than \$1.5 million in back wages for employees.

Rodgers has said that many of Pace's woes were caused by prior management while it was owned by the estate of Bob Brooks, the chairman of Hooters Air.

Holton said it is possible that financial information from the bankruptcy case could be admitted as evidence in the criminal case.

In August, for example, bankruptcy trustee Edwin Allman III wrote in a complaint against Rodgers that by 2009 — before Rodgers bought the company — it "was on the verge of closing its doors."

"It had to borrow money from a management official to make payroll. It was delinquent on employee health-insurance premiums and on its monthly rent. Its workers' compensation and liability policies were close to being canceled for nonpayment."

However, Allman also said in the complaint that "from the inception of his relationship as a purchaser of Pace, Rodgers represented himself as a man of considerable wealth, with millions of dollars to invest in Pace if necessary."

"At no time did Rodgers have a firm commitment for financing for the Pace acquisition," Allman said.

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