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**UNITED STATES BANKRUPTCY COURT**

10

**CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

11

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In re:  
ZETTA JET USA, INC., a California  
corporation,  
Debtor and Debtor in Possession.

Lead Case No.: 2:17-bk-21386-SK  
Joint Administration Proposed With:  
2:17-bk-21387-SK  
(Zetta Jet PTE, Ltd., a Singaporean corporation)

16

In re:  
ZETTA JET PTE, LTD., a Singaporean  
corporation,  
Debtor and Debtor in Possession.

Chapter 11 Cases  
**DEBTORS’ EMERGENCY MOTION  
FOR ENTRY OF AN ORDER  
AUTHORIZING DEBTORS TO HONOR  
PRE-PETITION OBLIGATIONS TO  
CRITICAL VENDORS;  
MEMORANDUM OF POINTS AND  
AUTHORITIES IN SUPPORT THEREOF**

21

- Affects Both Debtors
- Affects Zetta Jet USA, Inc., a  
California corporation only
- Affects Zetta Jet PTE, Ltd., a  
Singaporean corporation only

[Omnibus Declaration of Michael A. Maher  
Filed Concurrently Herewith]

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Hearing:  
Date: September 27, 2017  
Time: 10:00 a.m.  
Place: Courtroom 1575  
255 East Temple Street  
Los Angeles, CA 90012

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**SUMMARY**

Pursuant to Local Bankruptcy Rules 2081-1(a)(7) and 9075-1 and 11 U.S.C. §§ 363(b) and 549(a)(2)(B), Zetta Jet USA, Inc., a California corporation ("Zetta Jet USA"), and Zetta Jet PTE, Ltd., a Singaporean corporation ("Zetta Jet PTE" and together with Zetta Jet USA, the "Debtors"), the debtors and debtors in possession in the above-referenced Chapter 11 bankruptcy cases, which cases are proposed to be jointly administered under the lead case of Zetta Jet USA, hereby file this emergency motion (the "Motion"), for the entry of an order authorizing the Debtors to continue to pay and/or honor the pre-petition claims of their most critical vendors, in the Debtors' discretion and in the ordinary course of the Debtors' business.

On September 15, 2017 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, sections 101 *et seq.* (the "Bankruptcy Code"). The Debtors are operating their businesses, managing their affairs, and administering their estates as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As of the date of the filing of this Motion, no trustee has been appointed and no official committee has been formed in the Debtors' cases.

The Debtors are a global leader in private flight operations for international business and luxury travel. The Debtors own and operate a fleet of state-of-the-art Bombardier jets, and also operate a number of jets that are leased. Using the skills of the highest level professional pilots and crews within the private airline industry, the Debtors serve routes domestically across the United States and globally to Europe, Asia, Australia, Africa, the Middle East, and North and South America, with ultra-long range intercontinental capabilities across the Pacific Rim. The Debtors provide the highest level luxury travel to A-list celebrities and an ultra-wealthy clientele base.

In order to maintain business operations even at the most basic level, the Debtors must be able to pay their critical vendors for a variety of goods and services, including for jet fuel, aircraft and engine maintenance and repair, and flight control permits and other authorizations necessary to fly over different countries worldwide and to land in certain territories. The Debtors

1 must also maintain certain flight management, planning, and navigation services for flight  
2 scheduling, flight navigation and tracking, Wi-Fi connectivity, and operating systems to safely  
3 manage and operate chartered flights for the Debtors' clients and to provide such clients with the  
4 high level of services and accommodations that all clients have come to expect (and without  
5 which the clients would not be willing to fly with the Debtors).

6 A complete list of the Debtors' most critical vendors (collectively, the "Critical  
7 Vendors," and individually, a "Critical Vendor"), which includes a description of the goods  
8 and/or services that such Critical Vendors provide, is attached as **Exhibit "A"** to the Omnibus  
9 Declaration of Michael A. Maher filed concurrently herewith (the "Maher Declaration"). Many  
10 of the services provided by these Critical Vendors go to the core of aircraft safety as they relate  
11 to the maintenance, repair, operation, and safe flight navigation of the Debtors' jets, without  
12 which the Debtors simply cannot operate or safely transport their clients.

13 The Debtors respectfully submit that the discretion to pay their Critical Vendors is  
14 essential to the continuation of the Debtors' business and the preservation of the value of the  
15 Debtors' assets as a going concern for the benefit of all creditors. If the Debtors are not  
16 permitted to pay their Critical Vendors on at least some of their pre-petition claims, the Critical  
17 Vendors will immediately stop providing goods and services which are crucial to the Debtors'  
18 business operations. Given the Debtors' heavy reliance on the goods and services provided by  
19 the Critical Vendors to operate, the Debtors' belief that such Critical Vendors will immediately  
20 stop providing such goods and services without payment of at least some portion of the pre-  
21 petition amounts owed to them, and the difficulty (if not impossibility) of finding replacement  
22 vendors to provide comparable goods and services, the Debtors believe that it is in the  
23 overwhelming best interests of the estates to grant the Debtors the authority to pay the pre-  
24 petition claims of the Critical Vendors, on an as-needed basis and at the Debtors' discretion.  
25 Without such authority, the Debtors' business is almost guaranteed to come to an immediate  
26 standstill.

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1 By this Motion, the Debtors seek authority to pay and/or honor, in accordance with the  
2 Debtors' business judgment and at the Debtors' discretion, those pre-petition claims of the  
3 Critical Vendors set forth on **Exhibit "A"** to the Maher Declaration filed concurrently herewith.  
4 One of the keys to the Debtors' successful reorganization will be maintaining harmonious  
5 relationships with their most critical vendors and facilitating a long-term business affiliation with  
6 such vendors. Therefore, the Debtors submit that the relief requested herein is necessary and  
7 appropriate to normalize and maintain existing relationships with the Debtors' Critical Vendors  
8 during the turbulent early stages of these bankruptcy cases, to preserve and maximize value of  
9 the Debtors' business and assets for the benefit of all creditors, and to successfully emerge from  
10 Chapter 11. As set forth herein, the relief requested in the Motion is essential to those objectives.

11 **ADDITIONAL INFORMATION**

12 This Motion is based upon Local Bankruptcy Rules 2081-1(a)(7) and 9075-1 and 11  
13 U.S.C. §§ 363(b) and 549(a)(2)(B), the attached Memorandum of Points and Authorities and  
14 Maher Declaration filed concurrently herewith, the arguments and statements of counsel to be  
15 made at the hearing on the Motion, and other admissible evidence properly brought before the  
16 Court.

17 In order to provide maximum notice of this Motion, concurrently with the filing of this  
18 Motion with the Court, the Debtors have served the Motion and the notice of hearing on the  
19 Motion upon the Office of the United States Trustee, all secured creditors and their counsel (if  
20 known), the 20 largest unsecured creditors of each of the Debtors, and parties requesting special  
21 notice via overnight mail. Additional hard copies or electronic copies of this Motion are  
22 available upon request to proposed counsel for the Debtors, whose contact information is located  
23 on the upper-left hand corner of this Motion.

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1           **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

2           (1)     granting the relief requested in the Motion on an interim basis;

3           (2)     granting the Debtors authority, in the exercise of their business judgment and at  
4 their discretion, to pay and/or honor the pre-petition claims of the Critical Vendors in the  
5 ordinary course of business; and

6           (3)     waiving any applicable stay, including the stay provided under Bankruptcy Rule  
7 6004, to allow the interim order granting the Motion (the “Interim Order”) to become  
8 immediately effective;

9           (4)     scheduling a final hearing no later than the twenty-first (21st) day following the  
10 entry of the Interim Order to consider entry of a final order granting the relief requested in the  
11 Motion on a final basis; and

12           (5)     granting such other and further relief as the Court deems just and proper under the  
13 circumstances.

14 Dated: September 22, 2017

ZETTA JET USA, INC. and  
ZETTA JET PTE, LTD.



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17  
18 By: \_\_\_\_\_

19           RON BENDER  
20           JULIET Y. OH  
21           JOHN-PATRICK M. FRITZ  
22           LEVENE, NEALE, BENDER, YOO  
23           & BRILL L.L.P.  
24           Proposed Attorneys for Debtors and  
25           Debtors in Possession  
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1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2 **I. STATEMENT OF FACTS**

3 **A. Background.**

4 1. On September 15, 2017 (the "Petition Date"), Zetta Jet USA, Inc., a California  
5 corporation ("Zetta Jet USA"), and Zetta Jet PTE, Ltd., a Singaporean corporation ("Zetta Jet  
6 PTE," and together with Zetta Jet USA, the "Debtors"), the debtors and debtors in possession in  
7 the above-referenced Chapter 11 bankruptcy cases, which cases are proposed to be jointly  
8 administered under the lead case of Zetta Jet USA, each filed a voluntary petition for relief under  
9 chapter 11 of title 11 of the United States Code, sections 101 *et seq.* (the "Bankruptcy Code").<sup>1</sup>  
10 The Debtors are operating their businesses, managing their affairs, and administering their estates  
11 as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As of the  
12 date of the filing of this Motion, no trustee has been appointed and no official committee has been  
13 formed in the Debtors' cases.

14 2. The Debtors are a global leader in private flight operations for international  
15 business and luxury travel. The Debtors service routes domestically across the United States and  
16 globally to Europe, Asia, Australia, Africa, the Middle East, and North and South America, with  
17 ultra-long range intercontinental capabilities across the Pacific Rim. The Debtors provide the  
18 highest level luxury travel to A-list celebrities and an ultra-wealthy clientele base.

19 3. Zetta Jet PTE is the parent and sole shareholder of Zetta Jet USA. Zetta Jet USA  
20 has its main office and hangar base in Burbank, California, and Zetta Jet PTE has its main office in  
21 Singapore.

22 \_\_\_\_\_  
23 <sup>1</sup> The Debtors have learned that certain shareholders of Zetta Jet PTE, Ltd. - namely, Asia  
24 Aviation Holdings Pte Ltd and Truly Great Global Limited - have sought and obtained on an emergency  
25 basis an injunction from a Court in Singapore in response to the commencement of the Chapter 11  
26 bankruptcy cases filed by the Debtors. The Debtors contend that (i) the actions taken by the foregoing  
27 parties in Singapore constitute violations of the automatic stay, (ii) the Singapore Court does not have any  
28 jurisdiction over the Debtors or this Bankruptcy Court, and (iii) as a result of the foregoing, the actions  
taken by such parties are null and void as a matter of law. *See In re Gold & Honey, Ltd.*, 310 B.R. 357,  
369 (Bankr.E.D.N.Y.2009) (determining foreign receivership proceeding commenced in Israel for Israeli  
corporation to have violated the automatic stay when New York corporation and Israeli corporation had  
already commenced chapter 11 proceedings).





1 word-of-mouth, and high-profile advertising, including advertising on the ring-ropes of the recent  
2 Mayweather-McGregor boxing match.

3 8. The Debtors have the highest safety ratings and credentials from major aero-safety  
4 rating agencies, including Wingman and ARG/US Air Charter. The Debtors are certified by the  
5 International Business Aviation Council and are a member of Air Charter Safety Foundation.  
6 Pursuant to Title 14 of the Code of Federal Regulations, Part 135, Zetta Jet USA holds an Air  
7 Carrier Certificate issued by the Federal Aviation Administration (“FAA”) to conduct domestic  
8 and international charter flights. All domestic and international air charter operations of Zetta Jet  
9 PTE and Zetta Jet USA are conducted under the Air Carrier Certificate issued by the FAA to Zetta  
10 Jet USA.

11 **B. Events Leading To Bankruptcy.**

12 9. In August 2017, the Debtors’ management learned that one of its officers, Geoffrey  
13 Cassidy (who has since been removed from office), was engaged in what the Debtors allege to be  
14 fraud, embezzlement, breaches of fiduciary duty, defalcation, and self-dealing at a loss of millions  
15 of dollars to the Debtors. On August 17, 2017, the Debtors held special board meetings and  
16 removed Mr. Cassidy and his wife from their respective positions with the Debtors, and appointed  
17 Michael Maher as the Debtors’ new Chief Executive Officer and President. At a special board  
18 meeting held on September 5, 2017, the board of directors authorized Mr. Maher to explore  
19 bankruptcy options and file bankruptcy cases for the Debtors.

20 10. The Debtors believe that Mr. Cassidy did not simply loot the Debtors’ coffers but  
21 also entered into several contracts on behalf of the Debtors that were detrimental to the Debtors  
22 (many of which the Debtors suspect involved kickbacks to Mr. Cassidy and secretive self-dealing).

23 11. The Debtors take the alleged fraud by Mr. Cassidy very seriously and began a legal  
24 investigation and forensic accounting pre-petition. As a result, on September 8, 2017, the Debtors  
25 filed a federal civil lawsuit against Mr. Cassidy and an investor in the United States District Court  
26 for the Central District of California, bearing case number 2:17-cv-06648-JAK-GJS (the “District  
27 Court Lawsuit”). By way of the District Court Lawsuit, the Debtors allege that Mr. Cassidy  
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1 engaged in self-dealing, fraud, embezzlement and enriched himself by, among other unlawful  
2 activities, (i) using company funds to purchase and/or renovate personal property including two  
3 yachts and related items valued conservatively between \$3 million USD and \$10 million USD; (ii)  
4 purchasing and renovating real property, including homes in France and Singapore; (iii) purchasing  
5 at least three luxury automobiles in Singapore valued conservatively between \$2 million USD and  
6 \$3 million USD; (iv) hosting extravagant gatherings costing hundreds of thousands of dollars in  
7 restaurants, bars, and social clubs around the world, including in Monaco, Los Angeles, and  
8 Macao; and (v) personally using the Debtors' fleet to fly his friends and himself for free around the  
9 globe to Singapore, Melbourne, Tokyo, Los Angeles, and Nice, France (where he took possession  
10 of his new multi-million-dollar yacht, which was purchased with misappropriated funds at the  
11 Debtors' expense), in total over 300 hours of flight time at an average cost of \$10,000 per hour in  
12 costs and lost corporate opportunity.

13           12. In 2015, Mr. Cassidy, in his capacity as an officer of the Debtors, purchased three  
14 (3) Bombardier Global Express aircraft directly from an aircraft brokerage and four (4)  
15 Bombardier Global Express aircraft utilizing the same brokerage as their agent. An employee of  
16 the brokerage is alleged to have paid kickbacks of approximately \$2 million USD for each aircraft  
17 purchased. The Debtors estimate that these alleged kickbacks, in the aggregate, represent between  
18 \$14 million USD and \$18 million USD of assets and/or opportunities misappropriated from the  
19 Debtors. These dealings harmed and continue to harm the Debtors by having inflated the price of  
20 the purchased jets, inflating the financing obligations taken on by the Debtors, including additional  
21 interest on higher principal sums borrowed, and inflating the debt service to an unsustainable level.

22           13. The Debtors will seek to employ professionals in these bankruptcy cases to  
23 continue the forensic work and litigation involving the District Court Lawsuit and intend to recover  
24 as much as possible to repay creditors, as well as unwind and avoid fraudulent conveyances. The  
25 Debtors will also evaluate and seek to reject certain executory contracts negotiated by Mr. Cassidy  
26 for their unfavorable business terms or otherwise avoid them as fraudulent conveyances. The FBI  
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1 has interviewed the Debtors' officers and shareholders about these matters, and the Debtors'  
2 current management is cooperating fully in the belief that this will advance recovery for creditors.

3 14. Additionally, in 2016, a wealthy Chinese national, Mr. Li Qi, made a substantial  
4 investment in Zetta Jet with a combination of \$70 million USD loans and \$60 million USD capital.  
5 The Debtors estimate that Mr. Qi was owed approximately \$70 million of debt as of the Petition  
6 Date. Prior to the Petition Date, Mr. Qi sought the immediate payment of the obligations owed to  
7 him. The Debtors' management determined that the Debtors could not satisfy the demand,  
8 certainly not without compromising the integrity of the Debtors' ongoing business operations.

9 15. With the mounting pressure on cash flow, payments due to legitimate creditors for  
10 debts incurred in the ordinary course of the Debtors' business, and fraudulent claims being lodged  
11 by illegitimate creditors, the Debtors determined in their reasonable business judgment that they  
12 should file Chapter 11 bankruptcy cases and utilize the protections of the Bankruptcy Code to keep  
13 their business operations running without disruption, purge any fraudulent debt, analyze and reject  
14 those contracts negotiated by Mr. Cassidy which are determined by the Debtors to be unfavorable,  
15 pursue the Debtors' claims against Mr. Cassidy and potentially other parties, and provide for the  
16 greatest recovery possible for the Debtors' legitimate creditors.

17 **C. The Critical Vendor Obligations.**

18 16. In order to maintain business operations even at the most basic level, the Debtors  
19 must be able to pay their critical vendors for a variety of goods and services, including for jet fuel,  
20 aircraft and engine maintenance and repair, and flight control permits and other authorizations  
21 necessary to fly over different countries worldwide and to land in certain territories. The Debtors  
22 must also maintain certain flight management, planning, and navigation services for flight  
23 scheduling, flight navigation and tracking, Wi-Fi connectivity, and operating systems to safely  
24 manage and operate chartered flights for the Debtors' clients and to provide such clients with the  
25 high level of services and accommodations that all clients have come to expect (and without which  
26 the clients would not be willing to fly with the Debtors).

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1           17. A complete list of the Debtors' most critical vendors (collectively, the "Critical  
2 Vendors," and individually, a "Critical Vendor"), which includes a description of the goods and/or  
3 services that such Critical Vendors provide, is attached as Exhibit "A" to the Omnibus Declaration  
4 of Michael A. Maher filed concurrently herewith (the "Maher Declaration"). As reflected in  
5 Exhibit "A" to the Maher Declaration, there are a total of fourteen (14) vendors that have been  
6 identified by the Debtors as being the most Critical Vendors with pre-petition claims totaling  
7 approximately \$10,750,000 as of the Petition Date.

8           18. Many of the services provided by these Critical Vendors go to the core of aircraft  
9 safety as they relate to the maintenance, repair, operation, and safe flight navigation of the Debtors'  
10 jets, without which the Debtors simply cannot operate or safely transport their clients.

11           19. The Debtors respectfully submit that the discretion to pay their Critical Vendors is  
12 essential to the continuation of the Debtors' business and the preservation of the value of the  
13 Debtors' assets as a going concern for the benefit of all creditors. If the Debtors are not permitted  
14 to pay their Critical Vendors on at least some of their pre-petition claims, the Critical Vendors will  
15 immediately stop providing goods and services which are crucial to the Debtors' business  
16 operations. Given the Debtors' heavy reliance on the goods and services provided by the Critical  
17 Vendors to operate, the Debtors' belief that such Critical Vendors will immediately stop providing  
18 such goods and services without payment of at least some portion of the pre-petition amounts owed  
19 to them, and the difficulty (if not impossibility) of finding replacement vendors to provide  
20 comparable goods and services, the Debtors believe that it is in the overwhelming best interests of  
21 the estates to grant the Debtors the authority to pay the pre-petition claims of the Critical Vendors,  
22 on an as-needed basis and at the Debtors' discretion. Without such authority, the Debtors'  
23 business is almost guaranteed to come to an immediate standstill.

24           20. Although the total amount of the outstanding obligations due to the Critical  
25 Vendors (*i.e.*, approximately \$10,750,000) appears relatively high, the nature of the Debtors'  
26 business is such that the gross revenue generated by the Debtors' business operations is typically  
27 around \$16,000,000 per month, and the operating expenses incurred by the Debtors typically total  
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1 around \$13,600,000 per month. Thus, when the total amount of the outstanding obligations due to  
2 the Critical Vendors is viewed in light of the Debtors' overall level of revenue and expenses, it is  
3 equivalent to approximately 80% of one month's worth of the Debtors' operating expenses.  
4 Furthermore, while the Debtors are requesting authority to pay and/or honor the outstanding claims  
5 of the Critical Vendors, the Debtors will use their discretion in utilizing such authority (if given)  
6 and will only pay and/or honor such outstanding claims when the Debtors have the financial ability  
7 to do so. Based on the foregoing, approval to pay and/or honor the pre-petition claims of the  
8 Critical Vendors will not render the Debtors' bankruptcy estates administratively insolvent.

9 **II. DISCUSSION**

10 **A. The Bankruptcy Code Provides The Court With Authority To Honor The Pre-**  
11 **petition Claims Of Critical Vendors.**

12 By this Motion, the Debtors seek authority to pay and/or honor, in accordance with the  
13 Debtors' business judgment and at the Debtors' discretion, those pre-petition claims of the Critical  
14 Vendors set forth on **Exhibit "A"** to the Maher Declaration. One of the keys to the Debtors'  
15 successful reorganization will be maintaining harmonious relationships with their most critical  
16 vendors and facilitating a long-term business affiliation with such vendors. The Debtors believe  
17 that the relief requested herein is necessary and appropriate to normalize and maintain existing  
18 relationships with the Debtors' Critical Vendors during the turbulent early stages of these  
19 bankruptcy cases, to preserve and maximize value of the Debtors' business and assets for the  
20 benefit of all creditors, and to successfully emerge from Chapter 11.

21 Section 363 of the Bankruptcy Code, which permits a debtor in possession to use, sell, or  
22 lease estate property, provides authority for the Debtor to continue to pay and/or honor the pre-  
23 petition claims of the Critical Vendors, in the amounts up to the claims set forth in **Exhibit "A"**  
24 to Maher Declaration, in the ordinary course of the Debtors' business and in the Debtors'  
25 discretion. Holding that, under 11 U.S.C. § 363, a court may authorize a debtor in possession to  
26 expend funds outside the ordinary course of business where, in the debtor's judgment, the  
27 expenditure is in the best interest of the estate, the bankruptcy court in *In re Ionosphere Clubs*,

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1 *Inc.*, 90 B.R. 174 (Bankr. S.D.N.Y. 1989), authorized the debtor in possession to pay certain pre-  
2 petition claims:

3  
4 Section 363(b) gives the court broad flexibility in tailoring its  
5 orders to meet a wide variety of circumstances. However, the  
6 debtor must articulate some business justification, other than mere  
7 appeasement of major creditors, for using . . . property out of the  
8 ordinary course of business. . . In the instant case, Eastern had  
9 sustained its burden of articulating sound business reasons for its  
10 decision to pay prepetition wages. Eastern stated that it was  
11 critical for it to pay such pre-petition claims in order to preserve  
12 and protect its business and ultimately reorganize, retain its  
13 currently working employees and maintain positive employee  
14 morale. . . Eastern has clearly demonstrated sound business  
15 reasons to justify such payments.

16 *Id.* at 175 (emphasis added, citations omitted). The court in *Ionosphere Clubs* looked to the  
17 debtor's business judgment in determining that certain payments on pre-petition claims were in  
18 the best interests of the reorganization effort. *Id.* at 176. Other courts have reached similar  
19 conclusions. For example, the Ninth Circuit Court of Appeals has permitted the payment of pre-  
20 petition debts when necessary for rehabilitation. *See Burchinal v. Central Washington Bank (In*  
21 *re Adams Apple, Inc.)*, 829 F.2d 1484, 1490 (9th Cir. 1987). Similarly, in *In re Structuralite*  
22 *Plastics Corp.*, 86 B.R. 922, 932 (Bankr. S.D. Ohio 1988), the court found that payment of pre-  
23 petition claims was justified where otherwise the debtor's rehabilitative effort would have been  
24 immediately aborted.

25 The Debtors have determined, in the exercise of their business judgment, that continuing  
26 to pay and/or honor the pre-petition claims of the Critical Vendors in the amounts up to the  
27 claims set forth in Exhibit "A" to Maher Declaration, at the Debtors' discretion, is in the  
28 overwhelming best interests of their estates. As noted above, many of the services provided by  
these Critical Vendors go to the core of aircraft safety as they relate to the maintenance, repair,  
operation, and safe flight navigation of the Debtors' jets, without which the Debtors simply  
cannot operate or safely transport their clients. If the Debtors are not permitted to pay their  
Critical Vendors on their pre-petition claims, the Critical Vendors will immediately stop

1 providing goods and services which are crucial to the Debtors' business operations. Given the  
2 Debtors' heavy reliance on the goods and services provided by the Critical Vendors to operate,  
3 the Debtors' belief that such Critical Vendors will immediately stop providing such goods and  
4 services without payment of at least some portion of the pre-petition amounts owed to them, and  
5 the difficulty (if not impossibility) of finding replacement vendors to provide comparable goods  
6 and services, the Debtors believe that it is in the best interests of the estates to grant the Debtors  
7 the authority to pay the pre-petition claims of the Critical Vendors, on an as-needed basis and at  
8 the Debtors' discretion. Simply put, without the authority requested herein, the Debtors'  
9 business is almost guaranteed to come to an immediate standstill, which will drastically and  
10 negatively impact the value of the Debtors' business as a going-concern (and correspondingly,  
11 the value of the Debtors' assets) and jeopardize any recovery for the creditors of the estates.

12 Finally, Bankruptcy Code section 549(a)(2)(B), which governs postpetition transfers,  
13 provides in part that "the trustee may avoid a transfer of property of the estate made after the  
14 commencement of the case; and . . . that is not authorized . . . by the court." 11 U.S.C. § 549(a)  
15 (2) (B) (emphasis added). Therefore, it follows that the court *may* authorize certain postpetition  
16 payments to satisfy pre-petition debts. In fact, as one district court noted: "It would appear that  
17 proposed transfers [to pay prepetition claims] could be presented in advance to a bankruptcy  
18 court for its approval and would thereafter be insulated from attack... [.]” *In re Isis Foods, Inc.*,  
19 37 B.R. 334, 336 n.3 (W.D. Mo.), *appeal dismissed*, 738 F.2d 445 (8th Cir. 1984).

20 In these cases, honoring the pre-petition claims of the Debtors' Critical Vendors will have  
21 no negative impact on the payment of other creditors' claims. In fact, honoring the pre-petition  
22 claims of the Critical Vendors will only improve the Debtors' chances of successfully  
23 reorganizing and repaying its other creditors. Any benefit to the estates that could be gained by  
24 dishonoring the Critical Vendors' claims would be more than outweighed by the detriment to the  
25 estates (and ultimately, all creditors) caused by the loss of the Debtors' relationships with such  
26 Critical Vendors. As noted above, if the Critical Vendors refuse to provide any further services  
27 or goods, which is the outcome the Debtors expect if the Debtors are not authorized to pay or  
28



1 honor the Critical Vendors' claims, the Debtors will not be able to refuel planes, maintain or  
2 repair their aircraft, or obtain the permits and authorizations necessary to fly into and land in  
3 countries throughout the world, which in turn will bring the Debtors' business operations to an  
4 immediate halt and potentially eradicate the going-concern value of the Debtors' business and  
5 assets.

6 The Debtors have the financial ability to make the payments proposed to be made to the  
7 Debtors' Critical Vendors, and such payments will not render the Debtors' bankruptcy estates  
8 administratively insolvent.

9 For all of the reasons noted above, the Debtors' ability to pay and/or honor the pre-  
10 petition claims of the Critical Vendors is instrumental to the Debtors' reorganization efforts and  
11 is in the best interests of the Debtors' estates and creditors. Any disruption in the Debtors'  
12 ability to pay and/or honor the claims of their Critical Vendors would undoubtedly cause  
13 immediate and irreparable harm to the value of the Debtors' business and assets, and potentially  
14 eliminate any chance for the Debtors to successfully reorganize. To avoid this result, the  
15 Debtors should be permitted to pay and/or honor the pre-petition claims of the Critical Vendors  
16 (as listed in Exhibit "A" to the Maher Declaration), in the ordinary course of the Debtors'  
17 business and at the Debtors' discretion.

18 **B. Necessity For Immediate Relief And Effectiveness Of The Order.**

19 Rule 6003 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules") provides  
20 that "[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the  
21 court shall not, within 21 days after the filing of the petition grant . . . (b) a motion to use, sell,  
22 lease or otherwise incur an obligation regarding property of the estate, including a motion to pay  
23 all or part of a claim that arose before the filing of the petition . . . ." F. Rule Bankr. P. 6003.

24 For the reasons discussed above, if the Debtors are not able to pay and/or honor the pre-  
25 petition claims of their Critical Vendors in the ordinary course of business (and at the Debtors'  
26 discretion), it would cause immediate and irreparable harm to the Debtors and their bankruptcy  
27 estates because the Critical Vendors will refuse to provide any further services or goods, the  
28

1 Debtors will not be able to refuel planes, maintain or repair their aircraft, or obtain the permits  
2 and authorizations necessary to fly into and land in countries throughout the world, and as a  
3 result, the Debtors' business operations would come to an immediate halt. This result, in turn,  
4 will severely jeopardize, if not eliminate altogether, the Debtors' ability to maximize value  
5 and/or successfully reorganize. Accordingly, the relief requested herein is consistent with  
6 Bankruptcy Rule 6003.

7 Further, to implement the foregoing successfully, the Debtors seek a waiver of the notice  
8 requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing  
9 use sale, or lease of property under Bankruptcy Rule 6004(h), to the extent those rules are  
10 deemed applicable.

11 **III. CONCLUSION**

12 **WHEREFORE**, the Debtors respectfully request that this Court enter an order:

13 (1) granting the relief requested in the Motion on an interim basis;

14 (2) granting the Debtors authority, in the exercise of their business judgment and at  
15 their discretion, to pay and/or honor the pre-petition claims of the Critical Vendors in the  
16 ordinary course of business; and

17 (3) waiving any applicable stay, including the stay provided under Bankruptcy Rule  
18 6004, to allow the interim order granting the Motion (the "Interim Order") to become  
19 immediately effective;

20 (4) scheduling a final hearing no later than the twenty-first (21st) day following the  
21 entry of the Interim Order to consider entry of a final order granting the relief requested in the  
22 Motion on a final basis; and

23 ///

24 ///

25 ///

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1 (5) granting such other and further relief as the Court deems just and proper under the  
2 circumstances.

3 Dated: September 22, 2017

ZETTA JET USA, INC. and  
ZETTA JET PTE, LTD.

4  
5 

6  
7 By: \_\_\_\_\_

8 RON BENDER  
9 JULIET Y. OH  
10 JOHN-PATRICK M. FRITZ  
11 LEVENE, NEALE, BENDER, YOO  
12 & BRILL L.L.P.  
13 Proposed Attorneys for Debtors and  
14 Debtors in Possession  
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I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067

A true and correct copy of the foregoing document entitled: **DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER AUTHORIZING DEBTORS TO HONOR PRE-PETITION OBLIGATIONS TO CRITICAL VENDORS; MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **September 22, 2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Ron Bender rb@Inbyb.com
- Dawn M Coulson dcoulson@eppscoulson.com, cmadero@eppscoulson.com
- John-Patrick M Fritz jpf@Inbyb.com, JPF.LNBYB@ecf.inforuptcy.com
- Jeanne M Jorgensen jjorgensen@pj-law.com, cpage@pj-law.com
- Dare Law dare.law@usdoj.gov
- Juliet Y Oh jyo@Inbrb.com, jyo@Inbrb.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

**2. SERVED BY UNITED STATES MAIL:** On **September 22, 2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **September 22, 2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**Served via Attorney Service**

The Honorable Sandra R. Klein  
United States Bankruptcy Court  
Edward R. Roybal Federal Building and Courthouse  
255 E. Temple Street, Suite 1582 / Courtroom 1575  
Los Angeles, CA 90012

Service List served by Overnight Mail and Email attached

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

<b>September 22, 2017</b>	<b>Stephanie Reichert</b>	<b>/s/ Stephanie Reichert</b>
<i>Date</i>	<i>Type Name</i>	<i>Signature</i>

**3. SERVED BY OVERNIGHT MAIL:**

Zetta Jet (8315)  
OUST, Secured, Top 20

Office of the United States Trustee  
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**Secured Creditors:**

Bank of Utah, Owner Trustee  
200 East South Temple  
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Salt Lake City, UT 84111

Corporate Jet Support, Inc.  
1 Graphic Place  
Moonachie, NJ 07074

Export Development Canada  
150 Slater Street  
Ottawa  
Ontario, Canada K1A 1K3

Festin Management Corp.  
200 East South Temple  
Suite 210  
Salt Lake City, UT 84111

Festin Management Corp.  
P.O. Box 958  
Pasea Estate  
Road Town, Tortola, BVI

TVPX ARS Inc.  
39 East Eagle Ridge Drive  
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North Salt Lake, UT 84054

TVPX ARS Inc.  
2352 Main Street  
Suite 201  
Concord, MA 01742

Universal Fuels, Inc.  
1150 Gemini Street  
Houston, TX 77058

Universal Weather and Aviation, Inc  
1150 Gemini Street  
Houston, TX 77058

Wells Fargo Bank Northwest, N.A.  
299 S. Main Street  
5th Floor  
Salt Lake City, UT 84111

**Top 20 Unsecured Creditors:**

Bombardier (Learjet Inc.)  
7761 West Kellogg  
Coldwater, KS 67029

Rolls-Royce  
Deutschland Ltd & Co KG  
PO Box 31  
Derby, DE24 8BJ  
UNITED KINGDOM

World Fuel Svcs (Singapore) Pte Ltd  
238A Thomson Road #08-01/10  
Novena Square Tower A 307684  
SINGAPORE

Universal Fuels, Inc. (UVAir)  
1150 Gemini Street  
Houston, TX 77058

CAE SimuFlite, Inc  
POB 619119 2929 W. Airfield TX  
Dallas, TX 75261

Hongkong & Shanghai Banking  
Corp Ltd  
Robinson Road P.O.Box 896  
901746  
SINGAPORE

Scout Aviation II, LLC  
Trafalgar Court, 2<sup>nd</sup> Floor East Wing  
Admiral Park, Saint Peter Port  
Guernsey, GY1 3EL  
GUERNSEY

Universal Weather & Aviation Inc.  
(UWA)  
1150 Germini Street  
Houston, TX 77058-2708

Festin Management  
2808 NE 1st Avenue  
Wilston Manners, FL 33334

Hanergy [Yoda Aviation]  
10th Fl, KeJi Mansion  
#28 of TianZhu Rd  
ShunYi District, Beijing  
CHINA

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Moonachie, NJ 07074

Eurocontrol  
Rue De la Fusee 96  
Bruxelles, Bruxelles-Capitale 1130  
BELGIUM

Tongda Air Service  
B-7-D, Fuhua Mansion,  
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Dongcheng District, Beijing 100027  
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CHICAGO, IL 60694-3500

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Englewood, CO 80112-5498

UVair European Fuelling Svcs Ltd  
Office 10-14, Wing 5 Shannon Arprt  
Shannon, Co. Clare  
IRELAND

ARINC Direct  
2551 Riva Road  
M/S 6-2566  
Annapolis, MD 21401-7465

SN 1360, LLC  
2808 NE 1st Avenue  
Wilston Manners, FL 33334

Jet Support Services (JSSI)  
180 N. Stetson Ave. 29th Floor  
Chicago, IL 60601-6704

Associated Energy Group, LLC  
(AEG Fuel)  
PO Box 5606, 165 Hwy 50  
Stateline, NV 89449

**3. SERVED BY EMAIL:**

Zetta Jet (8315)  
OUST, Secured, Top 20

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Export Development Canada  
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