

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re:)	Chapter 11
)	
ATA Holdings Corp., et al., ¹)	Case No. 04-19866
)	(Jointly Administered)
Debtors.)	

**OMNIBUS OBJECTION OF AMBASSADAIR TRAVEL CLUB, INC. TO CERTAIN
ADMINISTRATIVE EXPENSE CLAIMS**

Ambassadors Travel Club, Inc. ("Ambassador"), a debtor and debtor-in-possession in one of the above-captioned chapter 11 cases (the "Chapter 11 Case"), objects (this "Objection") to the administrative expense claims (collectively, the "Disputed Admin Claims") filed by several claimants (the "Claimants") and listed on Exhibit "A", as attached.

In support of this Objection, Ambassador states as follows:

Background

1. On October 26, 2004 (the "Petition Date"), Ambassador filed with the United States Bankruptcy Court for the Southern District of Indiana, Indianapolis Division (the "Bankruptcy Court"), its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. as amended (the "Bankruptcy Code") commencing its Chapter 11 Case. The Chapter 11 Case is being administered under Case No. 04-19866-BHL-11. Substantially all of the assets of Ambassador have been sold pursuant to this Court's Order entered November 14, 2005, and Ambassador remains as debtor-in-possession of its businesses pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

¹ The Debtors are the following entities: ATA Holdings Corp. (04-19866), ATA Airlines, Inc. (04-19868), Ambassador Travel Club, Inc. (04-19869), ATA Leisure Corp. (04-19870), Amber Travel, Inc. (04-19871), American Trans Air Execujet, Inc. (04-19872), ATA Cargo, Inc. (04-19873), and C8 Airlines, Inc., f/k/a Chicago Express Airlines, Inc. (04-19874).

2. No trustee has been appointed. On November 1, 2004, the United States Trustee appointed an official committee of unsecured creditors (the "Committee") pursuant to § 1102(a)(1) of the Bankruptcy Code.

3. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

4. Venue of these Chapter 11 Cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

5. On January 4, 2006, Ambassadors filed a motion [Docket No. 3437] with the Court requesting an order establishing a bar date (the "Ambassadors Admin Bar Date") for filing of requests for the allowance and payment of administrative expense claims pursuant to 11 U.S.C. § 503(a) and (b) against the estate of Ambassadors that arose on or before January 1, 2006. By order entered February 13, 2006 [Docket No. 3707], the Court established March 13, 2006 as the Ambassadors Admin Bar Date.

6. On November 17, 2005, this Court approved the sale of the assets of Ambassadors to Grueninger Cruises and Tours, Inc. ("Grueninger") [Docket # 3264]. Under the terms of the asset sale, Grueninger did not assume liability for paid memberships. The Disputed Admin Claims assert refunds of the membership dues paid to Ambassadors.

Relief Requested

7. Ambassadors respectfully requests that the Court disallow the Disputed Admin Claims in their entirety, and set this Objection and any response filed thereto for preliminary hearing in July 2006 to address the timing of dispositive motions, briefing and/or evidentiary hearings on any of the Disputed Admin Claims that remain unresolved. If no response is filed to this Objection by a Claimant within twenty (20) days of the date of notice of

this Objection, Ambassadors requests the Court to consider entering an order granting the Objection as to the non-responsive Disputed Admin Claim.

Argument

8. Section 503(b)(1)(A) of the Bankruptcy Code provides that after notice and a hearing, there shall be allowed administrative expenses including the actual and necessary costs and expenses of preserving the estate. 11 U.S.C. § 503(b)(1)(A). "It is axiomatic that because grants of administrative expense priority cut against the general goal in bankruptcy to distribute limited debtor assets equally among similarly situated creditors, statutory priorities, such as those resulting from administrative expenses, are narrowly construed." In re Adelphia Business Solutions, Inc., 296 B.R. 656, 662 (Bankr. S.D.N.Y. 2003). Priority should not be afforded unless it is founded on a clear statutory purpose, and claims not comporting with the language and purpose of section 503 must fail. In re Jartran, Inc., 732 F. 2d 584, 586 (7th Cir. 1984). "Any preference for claims not intended by Congress to have priority would dilute the value of the intended priority and thus frustrate the intent of Congress." Id.

9. The Disputed Admin Claims seek refunds of membership dues paid prior to the Petition Date. Though the membership periods identified in the Disputed Admin Claims extend after the Petition Date, the Disputed Admin Claims remain prepetition claims and thus cannot be administrative claims.

10. Ambassadors has no administrative liability for the amounts asserted in the Disputed Admin Claims. Ambassadors respectfully requests that the Disputed Admin Claims be denied in their entirety, or in the alternative be determined to be general unsecured prepetition claims against the estate.

Reservation of Rights

11. Further, Ambassadair requests that the allowance of any Disputed Admin Claim, if any, is without prejudice to Ambassadair's rights and avoidance powers under sections 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, and 558 of the Bankruptcy Code or other applicable nonbankruptcy law.

No Prior Request

12. No prior request for the relief set forth herein has been made to this or any other Court.

WHEREFORE, Ambassadair respectfully requests that the Court enter an order disallowing the Disputed Admin Claims in their entirety.

Respectfully submitted,

BAKER & DANIELS LLP

/s/ Terry E. Hall

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing was served this 6th day of June, 2006, via electronic mail, facsimile or overnight mail on the Core Group, 2002 List, Appearance List, and the Claimants.

/s/ Terry E. Hall