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*Proposed General Bankruptcy and
Restructuring Counsel to the Debtor*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	
	:
In re:	:
	:
	: Chapter 11
AIRFASTTICKETS, INC.,	:
	:
	: Case No. 15-11951 (SHL)
Debtor.	:
	:
	:
-----X	X

**AFFIDAVIT OF ADAM MEISLIK
CONCERNING DEBTOR’S BANKRUPTCY CASE**

I, Adam Meislik, being duly sworn upon oath, hereby depose and say:

1. I make this declaration in compliance with Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York and in support of the above-captioned debtor AirFastTickets, Inc., a Delaware corporation’s (the “**Debtor**”) bankruptcy case.

2. I have been with GlassRatner Advisory and Capital Group, LLC (“**GlassRatner**”) since 2012, and am currently a Senior Managing Director, and Co-President and Chief Compliance Officer of its broker-dealer affiliate GlassRatner Securities, LLC. I am at least 18 years old. I have personal knowledge of the facts stated in this declaration either from firsthand information or information I learned through an investigation described herein. Accordingly, if called upon to testify, I could and would competently testify as follows.

A. The Chapter 7 Case

3. On July 27, 2015, certain of the Debtor’s creditors (the “**Petitioning Creditors**”) filed an involuntary petition against the Debtor seeking an order for relief under chapter 7 of the Bankruptcy Code. Pursuant to the summons issued in conjunction with the involuntary petition, the Debtor had until August 21, 2015 to respond to the involuntary petition.

4. On August 20, 2015, the Petitioning Creditors filed a stipulation with the Court extending the Debtor’s time to respond to the involuntary petition, through and including September 21, 2015.

5. On September 21, 2015, the Debtor filed an answer, consenting to the entry of an order for relief under the Bankruptcy Code. The Debtor also filed its *Motion to Convert Chapter 7 Case to Chapter 11 Pursuant to 11 U.S.C. § 706(a)* (the “**Motion to Convert**”) seeking to convert the Debtor’s case to one under chapter 11 of the Bankruptcy Code. The Motion to Convert was filed to accomplish the Debtor’s intent to effectuate the sale at issue in this Motion under chapter 11.

6. On October 27, 2015 (the “**Conversion Date**”), the Court entered an order converting the Debtor’s case to chapter 11 of the Bankruptcy Code, which included an Order for Relief.

7. The Debtor is managing its affairs as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As of the filing of this Affidavit, no trustee, examiner or committee has been appointed.

B. Events Leading Up to Chapter 7 Petition

8. The Debtor is a Delaware corporation that used proprietary software that it developed and owns to help consumers find low cost domestic and international airfares. In that regard, the Debtor's model was similar to the airline ticketing services provided by Expedia.com and other online travel agencies. In order to operate in this line of business in international markets, the Debtor was required to be licensed by the International Air Transport Association ("IATA"). IATA is the trade association for the world's airlines, representing more than 250 airlines and approximately 85% of the world's total air traffic.

9. The Debtor operated a multi-national business, together with several of its wholly owned foreign subsidiaries (the "Subsidiaries"). None of the Subsidiaries are Debtors in this case. One had an administrator appointed in the United Kingdom, and the Debtor is taking appropriate actions with its Subsidiaries in Germany and Greece.

10. The Debtor was founded in 2011 by Nikoloas Koklonis, who served as the Debtor's sole director, sole officer and controlling stockholder from its formation until approximately December 2014. Leading up to June 2014, the Debtor and its Subsidiaries ceased remitting payment for its ticket sales to the airlines. In June 2014, IATA revoked the Debtor's license, which — for all intents and purposes — put the Debtor and Subsidiaries out of business as it knew it. Without an IATA license, the Debtor could not purchase tickets in the international market to resell, and therefore, had no way to earn money. At the time its license was revoked, the Subsidiaries (but not the Debtor) owed over \$70 million to over 400 airlines and approximately \$25 million to vendors.

(i) Debtor's Business After June 2014

11. After IATA revoked the Debtor's license, the Debtor and Subsidiaries attempted to stay in business by purchasing airline tickets through ticket consolidators rather than directly through the airlines. Ticket consolidators purchase tickets directly from the airlines at specially negotiated rates and then resell the tickets to customers for less than published fares; the Debtor and/or Subsidiaries attempted to purchase from the consolidators at these discounted rates and sell to customers for a profit. After June 2014, it was alleged by Mr. Koklonis that due to the delay in payment by certain consolidators, the Debtor was suffering from severe liquidity issues and did not have sufficient funds to pay its employees or continue operations. At this time, Mr. Koklonis began looking for investors or lenders to provide the Debtor with an influx of cash.

12. Around September 2014, Mr. Koklonis became acquainted with Jason Chen, an investor with connections to other investors ("Bridge Loan Investors") who could facilitate the Debtor obtaining the capital it needed to continue operating until certain payments by consolidators became due (which was originally purported to be between March and April of 2015).

13. From October 2014 through January 2015, certain investors entered into a series of agreements with the Debtor for a purportedly secured loan (the "Bridge Loan"). Under the Bridge Loan, the investors loaned the Debtor \$15 million between October 2014 and June 2015, secured solely by the Debtor's receivables.¹ In accordance with the terms of the Bridge Loan, Mr. Koklonis provided the investors with monthly or bi-monthly reports summarizing ticket sales. These reports indicated that the Debtor recorded a total of \$36 million in accounts receivable from July to December of 2014, and an additional \$58 million of accounts receivable during the first quarter of 2015.

¹ As set forth below, it turned out that there were no receivables. Thus, no collateral secures this claim.

14. As a condition for the Bridge Loan, the Debtor and Mr. Koklonis agreed that the Debtor would have a three-member Board, and that both Mr. Chen and his wife, Lisa Chen, would be appointed as two of the three directors of on the Board of Directors. On December 15, 2014, the Chens were appointed to the Board by written consent of the then sole director, Mr. Koklonis. Mr. Chen was also appointed Chief Executive Officer.

15. The receivable payments from the consolidators were not received by the due date in April 2015. At this time, Mr. Chen insisted that the Debtor retain a financial consultant to assist with the restructuring of the Debtor and to look into the Debtor's operations and finances. On April 15, 2015, the Debtor retained GlassRatner as its restructuring financial advisor.

16. When the receivable payment was not made by the due date, Edgar D. Park, the collateral agent under the Bridge Loan, insisted on speaking directly to the consolidators. Mr. Koklonis provided Mr. Park with the contact information for the consolidators which, it was later learned, was fabricated. Despite Mr. Park's efforts to contact the consolidators, the receivables were never paid. At this time, GlassRatner conducted additional diligence on the Debtor's accounting processes.

17. In addition, in April 2015, Mr. Koklonis informed Mr. Chen that the Debtor needed to pay a critical vendor named Amphion Efthymia Ltd. ("Amphion") to avoid serious business disruption. After discussions between Mr. Chen and a purported representative of Amphion, Mr. Chen caused the Debtor to wire \$400,000 to the Debtor's Greek subsidiary to pay Amphion.

(ii) *The Alleged Fraud*

18. In late May and early June 2015, the Debtor's board of directors, certain managers and restructuring legal and financial advisors met to discuss alternatives to help the Debtor recover from its severe insolvency, including a possible restructuring or bankruptcy.

While those discussions were underway a game changing event occurred: on June 4, 2015, the Debtor's Chief Technology Officer/Head of IT informed Mr. Chen that Mr. Koklonis had been perpetrating a massive fraud on the investors and provided documentation as evidence of that fraud.

19. The alleged fraud is that Mr. Koklonis allegedly created fake receivables, contacts and communications to trick investors into loaning the Debtor money and thwart an investigation, and then created at least one fake vendor to siphon the money that the Debtor received from investors out of the Debtor and into his own pocket.

20. On June 6, 2015, after discovering the alleged fraud, the other two directors of the Debtor (Mr. and Mrs. Chen) gave notice of an emergency special meeting of the Board of Directors to be held on June 7, 2015. That same day, Mr. Koklonis purported to terminate Mr. Chen as Chief Executive Officer, remove Mr. Chen and Ms. Chen as directors, terminate several professionals retained by the Debtor and cancel the emergency meeting. Notwithstanding Mr. Koklonis' efforts, the June 7 meeting went forward. At that meeting, among other decisions, the Board approved emergency resolutions (a) to the extent Mr. Koklonis was the Debtor's CEO, to immediately remove him from his offices at the Debtor for cause, and (b) to appoint me, as the Debtor's Chief Restructuring Officer, which would place me in charge of the Debtor's operations and authorize him to take all actions necessary to protect creditors and the Debtor's assets (if any). I did not attend the special meeting and did not accept my appointment in light of the competing governance efforts. The Chens also filed suit in Los Angeles to appoint a Receiver. The case was dismissed for lack of proper venue. Nonetheless, the Chens sought to insulate the Debtor from further fraud through their governance efforts.

(iii) The Chancery Court Actions

21. Concurrently, Mr. Koklonis attempted to regain control of the Debtor by filing a complaint in the Delaware Court of Chancery (“**Chancery Court**”), seeking a judicial determination that he was the sole director, Chairman of the Board, CEO, President and majority stockholder of the Debtor (the “**225 Action**”). In connection with the 225 Action, Mr. Koklonis filed a motion to maintain the *status quo* of the Debtor pending resolution by the Chancery Court of the underlying action.

22. The defendants in the 225 Action, Mr. Chen, Ms. Chen and I, responded to the motion by informing the Chancery Court of the alleged fraud. Due to the seriousness of the defendant’s allegations, on June 19, 2015, the Chancery Court determined that a *status quo* order would not provide adequate protection for the Debtor or other parties in interest. Instead, the Chancery Court *sua sponte* appointed me as custodian *pendente lite*. The Chancery Court also, in that same order, dismissed me as a defendant because “[t]he petition named Adam Meislik as a defendant based on a misapprehension of the facts under which he was believed to serve as a director. He is not serving as a director and is therefore dismissed as a defendant.” At the same time, the Chancery Court suggested that I be appointed as a receiver pursuant to 8 DEL. C. § 291.

23. Given that suggestion by the Court, on June 27, 2015, Mr. Park filed an action in the Chancery Court to appoint me as receiver for the Debtor. On July 21, 2015, the Court of Chancery appointed me as receiver for the Debtor. In addition to that title, the Chancery Court’s order broadly gave me all of the powers of the Debtor’s Board of Directors and Officers and made him the sole person authorized to act on behalf of the Debtor.

24. As Receiver, I promptly took over cash management, and reduced the Debtor’s operating expenses primarily through headcount reductions, and secondarily through curtailing third-party services and rationalizing a real property lease. I also took steps to reduce the

Debtor's exposure to the acts of the Subsidiaries, including reducing headcount in the Greek subsidiary and hiring insolvency professionals in Greece and Germany.

25. The Debtor and Subsidiaries have not sold any airline tickets in 2015. While it attempted to continue operating after losing its IATA license by instead using ticket consolidators, even those efforts were abandoned long ago.

C. Sale Process

26. As set forth above, the commencement of this case was precipitated by, among other things, the loss of the IATA license, the shutdown of the Debtor's operations and business due to the lack of IATA license and the alleged fraud by Mr. Koklonis. As a result of the investors' concerns about the Debtor's financial condition, in April 2015, the Debtor retained GlassRatner as financial advisor to advise and assist the Debtor in, among other things, pursuing both out-of-court and in-court restructuring alternatives, including a potential sale of the Debtor's assets or other proposed transactions.

27. On October 26, 2015, the Debtor filed the *Motion (i) for Authorization to (a) Sell Substantially All of Its Property Free and Clear of All Liens, Claims, Encumbrances, and Other Interests and (b) Assume and Assign Contracts and (ii) for Approval of Procedures for Determining Cure Amounts* [Dkt No. 27] seeking an order authorizing the private sale of substantially all of the Debtor's intellectual property and software and certain related assets (collectively, the "**Property**") (the "**Sale**") to the Buyer free and clear of all liens, claims, encumbrances, and other interests in accordance with the terms of that certain Purchase and Sale Agreement (the "**Purchase and Sale Agreement**").

28. Prior to the decision to pursue a sale, the Debtor and its advisors reached out to investors regarding a potential transaction with the Debtor. Due to its liquidity issues and lack of ability to operate, all investors declined to pursue a transaction with the Debtor. Upon review of

the company's assets and liabilities, I determined that the intellectual property, mainly software code and customer information, could be monetized through a sale.

29. Due to the lack of operations and the Debtor's financial position, as well as the allegations of fraud, the strategic buyers declined to pursue a sale. AirTourist, Inc. (the "**Buyer**") is the only party (other than Mr. Koklonis as discussed further below) that has expressed a bona fide interest in pursuing a transaction with the Debtor.

30. Due to the fact, among other things, that the Debtor's only marketable asset is its intellectual property and related property, and the Debtor has had no operations for at least six months (and curtailed operations for twelve months before that), I do not believe that there is any party, other than the Buyer (and possibly Mr. Koklonis), that would be interested in pursuing a transaction with the Debtor.

D. Information Concerning the Twenty Largest Unsecured Claims and Five Largest Secured Claims

31. Attached hereto as Exhibit 1 is a true and correct copy of the List of Creditors Holding 20 Largest Unsecured Claims filed as docket number 24 in the bankruptcy case.

32. As detailed above, certain investors entered into a series of agreements with the Debtor for a purportedly secured loan. Under the Bridge Loan, the investors loaned the Debtor \$15 million between October 2014 and June 2015, secured solely by the Debtor's receivables. However, it turned out that there were no receivables, and thus, no collateral secures this claim. The Debtor is not aware of any secured claims.

33. The investors information is as follows: Edgar D. Park is the collateral agent under the bridge loan whereunder various investors entered into a series of agreements with the Debtor for a purported secured loan in the approximate amount of \$15 Million. Mr. Park's

contact information is 3161 Mandeville Canyon Rd., Los Angeles, CA 90049; telephone (310) 966-7592; facsimile (310) 500-1326.

E. Summary of the Debtor's Assets and Liabilities

34. The Debtor's assets and liabilities together with their estimated values are set forth in the Debtor's Schedules. The Debtor has retained a proposed financial advisor who will be assisting with the investigation of the Debtor's assets and liabilities as well as the alleged fraud described above.

35. The Debtor's assets consist of principally cash, security deposits, prepaid software licenses, computer equipment and furniture, intellectual property, accounts receivable and investments in subsidiaries. The combination of the book value and estimated current value of these assets approximate \$44,589,123. The Debtor is currently investigating the net realizable or market value of many of these assets.

36. The security deposits include: (i) funds held by third parties to secure office rental agreements, (ii) funds advanced for surety bonds in order to operate the in certain states, and (iii) deposits issued to airlines in order consummate the sale of airline tickets.

37. Software licenses include the unamortized balance remaining under the underlying agreement.

38. The Debtor's intellectual property as described includes mainly computer software code and customer information that is subject to a pending sale motion.

39. The Debtor's accounts receivable consist principally of amounts due from London Travel & Tours and Worldwide Internet Services Limited. These amounts are currently being investigated by the Debtor and are allegedly due from fictitious entities. Accounts receivable also consist of amounts due from shareholders and other third parties.

40. The Debtor's liabilities consist principally of amounts due to trade vendors, funds advanced under the Bridge Loan and employees. The total value of the liabilities is estimated to be \$38,679,315.

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

Executed this 11th day of November, 2015.



Adam Meislik

EXHIBIT 1

B4 (Official Form 4) (12/07)

**United States Bankruptcy Court
 Southern District of New York**

In re **Airfasttickets, Inc.**

Debtor(s)

Case No. **15-11951**

Chapter **7¹**

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
Edgar Park 233 Wilshire Blvd., Suite 400 Santa Monica, CA 90401	Edgar Park 233 Wilshire Blvd., Suite 400 Santa Monica, CA 90401	Unsecured portion of Bridge Notes	CUD	\$ 18,675,364.00
Airfasttickets, Ltd. The Perfurme Factory Units G29, G25 140 Wales Farm Road W3 6UG, London, UK	Airfasttickets, Ltd. The Perfurme Factory Units G29, G25 140 Wales Farm Road W3 6UG, London, UK	Intercompany	CUD	\$ 15,008,993.35
Fast Group S.A. Skouze Street No. 6 Pireaus Greece 18537	Fast Group S.A. Skouze Street No. 6 Pireaus Greece 18537	Intercompany	CUD	\$ 6,523,115.86
GOOGLE INC. PO BOX 3900 SAN FRANCISCO, CA 94139	GOOGLE INC. PO BOX 3900 SAN FRANCISCO, CA 94139	Trade	CUD	\$ 4,584,279.13
INTENT 180 VARICK ST SUITE 936 NEW YORK, NY 10014	INTENT 180 VARICK ST SUITE 936 NEW YORK, NY 10014	Trade	CUD	\$ 2,440,045.32
PAYPAL MERCHANT 77000 EASTPORT PARKWAY LA VISTA, NE 68128	PAYPAL MERCHANT 77000 EASTPORT PARKWAY LA VISTA, NE 68128	Trade	CUD	\$ 1,693,588.63
SMARTER TRAVEL MEDIA 600 RUTHERFORD AVE 2ND FLOOR BOSTON, MA 02129	SMARTER TRAVEL MEDIA 600 RUTHERFORD AVE 2ND FLOOR BOSTON, MA 02129	Trade	CUD	\$ 1,520,221.56
American Express (Business Platinum Card) P.O. BOX 1270 NEWARK, NJ 07101-1270	American Express (Bus Platinum Card) P.O. BOX 1270 NEWARK, NJ 07101-1270	Trade	CUD	\$ 1,010,819.95
AMERICAN EXPRESS (Black Card) American Express Services Europe LTD, Dept 77 BRIGHTON, ENGLAND, BN BN88 1AH	AMERICAN EXPRESS (Black Card) American Express Services Europe LTD, Dept 77 BRIGHTON, ENGLAND, BN BN88 1AH	Trade	CUD	\$ 809,386.50

¹Debtor filed Motion to Convert Chapter 7 case to Chapter 11 (Dkt. 10). The hearing on the Motion to Convert will be held on 10/27/15.

B4 (Official Form 4) (12/07) - Cont.

In re Airfasttickets, Inc.

Case No. _____

Debtor(s) _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
 (Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
MICROSOFT ONLINE INC P.O. BOX 847543 DALLAS, TX 75284	MICROSOFT ONLINE INC P.O. BOX 847543 DALLAS, TX 75284	Trade	CUD	\$ 782,221.69
BROOKLYN EVENTS CENTER, LLC 620 ATLANTIC AVE BROOKLYN, NY 11217	BROOKLYN EVENTS CENTER, LLC 620 ATLANTIC AVE BROOKLYN, NY 11217	Trade	CUD	\$ 775,000.00
AIRLINE REPORTING CORPORATION 3000 WILSON BOULEVARD SUITE 300 ARLINGTON, VA 22201-3862	AIRLINE REPORTING CORPORATION 3000 WILSON BOULEVARD STE 300 ARLINGTON, VA 22201-3862	Trade	CUD	\$ 680,014.57
CBS OUTDOOR 405 LEXINGTON AVE NEW YORK, NY 00010-0174	CBS OUTDOOR 405 LEXINGTON AVE NEW YORK, NY 00010-0174	Trade	CUD	\$ 621,220.24
EVERY MUNDO LLC 25 SE 2ND AVE SUITE 900 MIAMI, FL 33131	EVERY MUNDO LLC 25 SE 2ND AVE SUITE 900 MIAMI, FL 33131	Trade	CUD	\$ 501,580.53
KAYAK 55 N. WATER STREET STE # 1 NORWALK, CT 06854	KAYAK 55 N. WATER STREET STE # 1 NORWALK, CT 06854	Trade	CUD	\$ 422,646.00
PANOS KORDONOURIS & ASSOCIATES CO 39, 17 Noemvriou 1973 Street Cholargos ATHENS, GREECE GR 15562	PANOS KORDONOURIS & ASSOCIATES CO 39, 17 Noemvriou 1973 Street Cholargos ATHENS, GREECE GR 15562	Trade	CUD	\$ 321,488.68
CBS RADIO 345 HUDSON ST 10TH FLOOR NEW YORK, NY 10014	CBS RADIO 345 HUDSON ST 10TH FLOOR NEW YORK, NY 10014	Trade	CUD	\$ 289,371.00
Latham & Watkins LLP P.O. BOX 7247 PHILADELPHIA, PA 19170-8035	Latham & Watkins LLP P.O. BOX 7247 PHILADELPHIA, PA 19170-8035	Trade	CUD	\$ 271,639.29
ELAN PHARMACEUTICALS 300 TECHNOLOGY SQUARE 3RD FLOOR CAMBRIDGE, MA 02139	ELAN PHARMACEUTICALS 300 TECHNOLOGY SQUARE 3RD FLOOR CAMBRIDGE, MA 02139	Trade	CUD	\$ 264,487.13
COMMUNICATION ASSOCIATES 83 CROMWELL AVENUE STATEN ISLAND, NY 10304	COMMUNICATION ASSOCIATES 83 CROMWELL AVENUE STATEN ISLAND, NY 10304	Trade	CUD	\$ 233,320.06

B4 (Official Form 4) (12/07) - Cont.

In re Airfasttickets, Inc.
Debtor(s)

Case No. _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS
(Continuation Sheet)

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, Adam Meislik the Receiver of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date October 16, 2015

Signature 

*Penalty for making a false statement or concealing property: Fine of up to \$500,000 or imprisonment for up to 5 years or both.
18 U.S.C. §§ 152 and 3571.*