

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FLOAT Alaska LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 26-10075 (CTG)

(Jointly Administered)

Re: D.I. 8, 30, 34

**OMNIBUS OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS TO (I) DEBTORS' DIP FINANCING MOTION
AND (II) DEBTORS' BID PROCEDURES MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) appointed in these chapter 11 cases (these “Chapter 11 Cases”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”), by and through its undersigned proposed counsel, files this objection and reservation of rights (the “Objection”) to entry of a final order (the “Proposed Final Order”) approving (i) the *Debtors’ Motion For Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, And (VII) Granting Related Relief* [D.I. 8] (the “DIP Motion” and the DIP financing facility described therein, the “DIP Facility”) and (ii) the *Debtors’ Motion for Entry of (A) an Order (I) Scheduling a Hearing to Consider Approval of the Sale or Sales of Substantially All Assets and the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (II) Approving Certain Bidding Procedures, Assumption and Assignment Procedures, and the Form and Manner of Notice*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal EIN, are: FLOAT Alaska LLC (3705), Corvus Alaska Holdings Inc. (9732), FLOAT Alaska Holdings LLC (8617), FLOAT Alaska IP LLC (1986), New Pacific Airlines, Inc. (7666), FlyCoin, Inc. (2816), and FLOAT Shuttle Inc. (4269). The Debtors’ mailing address is 101 W Mission Blvd, #110-201, Pomona, CA 91766.

Thereof, (III) Establishing Procedures in Connection with the Selection of and Protections Afforded to Any Stalking Horse Purchasers, and (IV) Granting Related Relief; and (B) One or More Orders (I) Approving the Sales or Other Acquisition Transactions for the Assets, (II) Authorizing the Sales Free and Clear of All Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief (the “Bid Procedures Motion”) [D.I. 34].² In support of this Objection, the Committee respectfully states as follows:

PRELIMINARY STATEMENT

1. The Committee was appointed less than one week ago. Since that time, the Committee has uncovered a panoply of unencumbered assets that, but for the proposed insider DIP Facility, would be available for distribution to unsecured creditors who are collectively owed at least \$10 million (excluding insider debt). These assets include, among others that may be uncovered during the Committee’s investigation: (i) NPA’s Part 121 Certificate; (ii) spare aircraft parts; (iii) all intellectual property assets; (iv) NPA’s website domain name, www.np.com; (v) all tax refunds; (vi) all insurance proceeds; (vii) all Avoidance Actions; (viii) all commercial tort claims; and (ix) all proceeds and property derived from the foregoing. What is more concerning is that, if the DIP Facility is approved in its current form, these assets would be subject to two layers of DIP debt: one for new money lent (\$3.2 million) and one for the Roll Up Loans (an additional \$3.2 million). Given that the DIP Facility is guaranteed by valuable real estate assets of non-Debtor FLOAT Real Estate, LLC (“Float RE”),³ there is no reason for the DIP Facility to

² Capitalized terms used but not otherwise defined in this Objection shall have the meanings ascribed to them in the DIP Motion (including the DIP Credit Agreement attached thereto) and the Bid Procedures Motion (including the Bid Procedures attached thereto), as applicable.

³ FLOAT RE’s real estate assets are currently listed for sale by a third-party broker for *more than \$8 million*.

encumber every conceivable unencumbered asset (other than to unfairly enhance the insider DIP Lender's recovery prospects).

2. Based on the foregoing, it is abundantly clear that the DIP Motion and the Bid Procedures Motion work hand in hand to create a process that is designed to benefit one party: Josh Jones, the Debtors' founder, largest equityholder, prepetition lender, *current* board member, and proposed DIP Lender. If the sale process is successful, it will allow Jones to pay down a portion of the Prepetition Lender Secured Obligations and the DIP Obligations with assets that Jones never had a lien on before these Chapter 11 Cases. If the sale process is unsuccessful, Jones can credit bid for virtually all of the Debtors' assets and wipe out more than \$10 million of unsecured claims (despite those claims previously having recourse to several valuable unencumbered assets).

3. What makes these cases unique is the scope of unencumbered assets that existed as of the Petition Date. The gaping hole in the Prepetition Lender's collateral package is due to the fact that the Debtors' prepetition funded debt was secured by specific, discrete asset pools—there were no all-asset liens. Thus, unless the insider-driven process embodied in the DIP Motion and Bid Procedures Motion is corrected, unsecured creditors would likely be far better off if these cases were converted to chapter 7. In a chapter 7 liquidation, the Debtors' unencumbered assets—of which there are many—would at least be available for distribution to unsecured creditors. By contrast, the proposed DIP Facility, if approved in its current form, would hand over substantially all unencumbered assets to the insider DIP Lender who retains a right to credit bid “at any time” during an expedited sale process. That is not an appropriate use of the chapter 11 process.

4. To be clear, the Committee does not oppose a chapter 11 process that maximizes the value of the Debtors' assets for *all* stakeholders. However, such a process should not be run

for the benefit of a single insider and to the detriment of all unsecured creditors. For these reasons, and as set forth in greater detail below, the relief requested in the DIP Motion is not fair and reasonable, is not in the best interests of the estates, and falls woefully short of satisfying the “entire fairness” standard that applies to insider transactions like this one. Nonetheless, even if the business judgement standard were to apply, the terms of the DIP Facility should still not be approved as they are unnecessarily prejudicial to unsecured creditors.

5. Similarly, the Bid Procedures Motion should not be approved in its current form because it advances an expedited sale process that, among other things, puts Jones in a position to credit bid for all of the Debtors’ assets, many of which were unencumbered prior to the Petition Date. Put simply, unsecured creditors must be given the opportunity to share in the proceeds of any sale of the Debtors’ assets, especially assets that unsecured creditors had a right to share in approximately three (3) weeks ago. Without such opportunity, these Chapter 11 Cases are being administered solely for Jones’s benefit, and the Committee will not stand idle while the Debtors and Jones coopt virtually all unencumbered value for the benefit of a single insider.

BACKGROUND

A. General Background

6. On January 26, 2026 (the “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Court”) commencing these cases (the “Chapter 11 Cases”). No trustee or examiner has been appointed in the Chapter 11 Cases.

7. On February 11, 2026, the Office of the United States Trustee appointed the Committee pursuant to section 1102(a)(1) of the Bankruptcy Code. [D.I. 57]. The Committee is comprised of two members: (i) Intelsat Inflight LLC; and (ii) Regent Aerospace Corp. Also on

February 11, 2026, the Committee selected Lowenstein Sandler LLP to serve as its lead counsel and Morris James LLP to serve as its Delaware counsel.

8. Information regarding the Debtors' history, business operations, capital structure, secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases can be found in the *Declaration of Thomas Hsieh in Support of Chapter 11 Petitions and First Relief* [D.I. 9] (the "First Day Declaration").

B. The Debtors' Prepetition Capital Structure

9. Beginning in December 2024, Jones Holding entered into a series of secured promissory notes with Debtors NPA and FLOAT (the "Jones Prepetition Loans"). As of the Petition Date, the total amount outstanding under the Jones Prepetition Loans was approximately \$11 million, plus accrued and unpaid interest and other costs. Neither the DIP Motion nor the First Day Declaration describe the assets that purportedly secure the Jones Prepetition Loans. While the Committee's lien analysis remains ongoing, the documents provided to the Committee thus far suggest that the Jones Prepetition Loans are secured by equity interests in third-party Aleutian Airways, LLC.

10. On May 16, 2025, Debtors NPA and FLOAT Holdings entered into the NFS Loan Agreement with NFS. Shortly before the Petition Date, the NFS Loan Agreement was assigned to Jones Holding under an arrangement that included sharing postpetition aircraft sale proceeds between Jones Holding and NFS. As part of this transaction, a side letter agreement fixed the amount due under the NFS Loan Agreement at \$18.3 million. According to the Debtors, the amounts due under the NFS Loan Agreement are secured by three Boeing 757 aircraft and four engines. *See* First Day Decl. at ¶ 15.

B. The DIP Motion & Bid Procedures Motion

11. On January 26, 2026, the Debtors filed the DIP Motion. The DIP Motion seeks approval of a DIP Facility provided by Jones, an insider. The DIP Facility is comprised of \$3.2 million in new money and a roll-up of the Prepetition Lender Secured Obligations on a dollar-for-dollar basis. The DIP Motion does not specify which of the Prepetition Secured Lender Obligations are subject to the roll-up.⁴ The other salient terms of the DIP Facility include: (i) liens on “all unencumbered assets of the Debtors” for the DIP Term Loans and the Roll Up Loans; (ii) the right to credit bid the DIP Term Loans and the Roll Up Loans; (iii) aggressive sale milestones; and (iv) section 506(c), section 552(b), and marshaling waivers. Furthermore, the proposed Approved DIP Budget allocates more than \$1 million in fees for the Debtors’ professionals and only \$190,000 for the Committee’s professionals.

12. On January 28, 2026, the Court held a hearing and approved the DIP Motion on an interim basis. *See Interim Order (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection, (V) Modifying The Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [D.I. 30] (the “Interim DIP Order”).

13. Also on January 28, 2026, the Debtors filed the Bid Procedures Motion. The Bid Procedures Motion proposes, among other things, the following sale milestones, which are all

⁴ The Committee raised this issue with the Debtors and was advised that the roll up is *pro rata* relative to the total debt under each of the Jones Prepetition Loans and the NFS Loan Agreement.

driven by the terms of the insider DIP Facility:

Proposed Date	Key Milestone
February 20, 2026, at 1:00 p.m. (EST)	Hearing on Bid Procedures and Approval of Stalking Horse Bidder Bid Protections
March 2, 2026	Stalking Horse Notice Deadline
March 16, 2026, at 4:00 p.m. (EST)	Sale Objection Deadline
March 16, 2026, at 4:00 p.m. (EST)	Bid Deadline
March 18, 2026	Auction
March 25, 2026, 1:00 p.m. (EST)	Sale Hearing
March 27, 2026	Outside Closing Date

DIP OBJECTION

14. Debtor in possession financing should only be approved if it is fair and reasonable under the circumstances, comports with basic notions of fairness and equity, and will ultimately inure to the benefit of the debtor's estate. *See In re Aqua Assocs.*, 123 B.R. 192, 196 (Bankr. E.D. Pa. 1991); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 37-40 (Bankr. S.D.N.Y. 1990). Courts routinely recognize that "[d]ebtors in possession generally enjoy little negotiating power with a proposed lender[.]" *In re Def. Drug Stores, Inc.*, 145 B.R. 312, 317 (9th Cir. B.A.P. 1992). As a result, courts are hesitant to approve financing terms that are considered harmful to an estate and its creditors. *See, e.g., Ames Dep't Stores*, 115 B.R. at 40.

15. In these Chapter 11 Cases, the proposed DIP Facility is from an insider. As a result, it is the Debtors' burden to prove that the DIP Facility is "entirely fair". The Debtors have not, and cannot, meet their burden. As discussed herein, the Committee believes that significant unencumbered assets exist, but rather than preserve even some of these assets for unsecured creditors, the Final DIP Order would transfer all unencumbered assets to the insider DIP Lender.

For these reasons and many others, the DIP Facility is not “entirely fair” and, if applicable, not a proper exercise of the Debtors’ business judgement.

A. The DIP Facility Fails to Meet the “Entire Fairness” Standard.

16. Where the DIP Lender is an “insider” of the Debtors within the meaning of section 101(31) of the Bankruptcy Code, then the DIP Facility is subject to the heightened “entire fairness” standard. *See In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) (“[T]he Court must review Debtors’ decision to accept the Highbridge Loan applying the entire fairness standard. This requires proof of fair dealing and fair price and terms.”); *see also In re Winstar Commun’cs, Inc.*, 554 F.3d 382, 412 (3d Cir. 2009) (citation omitted) (“A claim arising from the dealings between a debtor and an insider is to be rigorously scrutinized by the courts.”); *In re LATAM Airlines Grp. S.A.*, 620 B.R. 722, 769 (Bankr. S.D.N.Y. 2020) (citations omitted) (“By definition, the business judgment rule is not applicable to transactions among a debtor and an insider of the debtor.”).

17. The Debtors bear the burden of showing the “entire fairness” of the proposed transaction by demonstrating that both (a) the process leading to the transaction and (b) the price and terms of the transaction “not only appear fair but are fair.” *LATAM*, 620 B.R. at 769 (quoting *In re Innkeepers USA Tr.*, 442 B.R. 227, 231 (Bankr. S.D.N.Y. 2010)). As noted, even if the business judgment standard is applied, the DIP Motion should still be denied because, among other things, it unnecessarily grants liens and claims on valuable estate assets that would otherwise remain available for general unsecured creditors. In fact, if the DIP Motion is approved as is, several of the Debtor entities that were not subject to any prepetition secured debt will now be on

the hook for \$3.2 million in DIP obligations *plus* \$3.2 million in Roll Up Loans.⁵

B. No Liens or Claims on Previously Unencumbered Assets Should be Permitted.

18. The Committee objects to the DIP Facility granting any liens on, and superpriority claims being made payable from, the Debtors' previously unencumbered assets, of which there are many. Significantly, the Committee believes that the Debtors' Part 121 Certificate, intellectual property, website domain name (www.np.com), tax refunds, insurance proceeds, commercial tort claims, Avoidance Actions, and certain spare parts are entirely unencumbered (including all proceeds derived therefrom). Given that the Committee's lien review is in its nascent stages, additional unencumbered assets may be unearthed.⁶

19. While the Committee appreciates the DIP Lender's desire to secure new money financing with unencumbered collateral, the DIP Facility is already guaranteed by valuable real estate assets of non-Debtor FLOAT RE. Those real estate assets appear to be worth more than *double* the amount of the DIP Term Loans. With that collateral cushion already in place, the DIP Lender should not be permitted to enlarge its security interests and absorb *all* the Debtors' unencumbered assets. Such a result unnecessarily strips unsecured creditors of their only source of recovery in these Chapter 11 Cases and positions the insider DIP Lender to buy back the company in approximately thirty (30) days by way of a credit bid. The Court should not countenance those efforts.

20. Granting the DIP Lender liens on the proceeds of all Avoidance Actions is particularly inappropriate because it undermines the very purpose of those actions and deprives

⁵ Subject to the Committee's ongoing lien analysis, Debtors Shuttle, Flycoin, FLOAT IP, and Corvus were not subject to any prepetition secured debt. Yet, each of those Debtors will be "Borrowers" under the proposed DIP Facility.

⁶ On February 15, 2026, the Committee requested additional security documents regarding the aircraft and engine collateral. As of the filing of this Objection, certain but not all of the requested documents have been provided to the Committee.

the estates—and their unsecured creditors—of a critical source of recovery. Avoidance Actions (and their proceeds) are unique creatures of bankruptcy law intended to promote equal distribution among general unsecured creditors. *See, e.g., Off. Comm. of Unsecured Creditors of Cybergenics Corp. v. Chinery (In re Cybergenics Corp.)*, 226 F.3d 237, 244-245 (3d Cir. 2000) (identifying underlying intent of avoidance powers to recover valuable assets for the benefit of all estate creditors), *rev'd en banc on other grounds*, 330 F.3d 548 (3d Cir. 2003); *In re Tribune Co.*, 464 B.R. 126, 171 (Bankr. D. Del. 2011) (noting “that case law permits all unsecured creditors to benefit from avoidance action recoveries”). The DIP Facility should not be a means by which unsecured creditors are stripped of the value of Avoidance Proceeds. For that reason, DIP financing orders in this District often exclude proceeds from avoidance actions from DIP Collateral, absent the consent of the official committee of unsecured creditors. *See, e.g., In re Ravn Air Grp., Inc.*, Case No. 20-10755 (BLS) (Bankr. D. Del. Apr. 29, 2020) [D.I. 159], Hr’g Tr. at 80:21-23)⁷ (“I’ll say this, I don’t believe that I have ever approved . . . a lien on avoidance actions or proceeds of avoidance actions over a committee [objection], and I would be reluctant to do so. . .”); *id.* at 91:25-92:2 (“And so I would not be prepared to authorize a lien on the proceeds of avoidance actions, again, over a committee objection”); *see also In re YogaWorks, Inc.*, Case No. 20-12599 (KBO) (Bankr. D. Del. Nov. 9, 2020) [Dkt. No. 133], ¶ 3(a) (excluding avoidance action proceeds from DIP collateral); *In re Emerge Energy Services LP*, Case No. 19-11563 (KBO) (Bankr. D. Del. Aug. 14, 2019) [D.I. 209], ¶ 13(a)(i) (same). The Committee similarly objects to DIP Liens and Adequate Protections Liens attaching to and having recourse from commercial tort claims, which were also unencumbered as of the Petition Date.

21. Subject to the Committee’s ongoing investigation, the Committee believes that

⁷ The Debtors acquired their FAA Part 121 Certificate through the *Ravn Air Grp.* chapter 11 cases.

there may be viable director and officer liability claims against Josh Jones and other insiders, and the proceeds of any such claims, including any applicable insurance, should be preserved for the benefit of unsecured creditors. As described in the First Day Declaration, the Debtors engaged in several insider transactions with Jones, including several prepetition transactions that were consummated without an independent board member in place.⁸ The Committee will investigate the appropriateness of these transactions, among others, and any potential claims for breach of fiduciary duties by Jones and the Debtors' directors and officers. In the meantime, it is critical to preserve any director and officer liability claim proceeds as unencumbered assets so that they may provide a (potentially significant) source of recovery for unsecured creditors.

22. Unless the Final DIP Order is modified to address these concerns, the chapter 11 cases will effectively be run for the secured lender's sole benefit. While such a result may be permissible if a debtor was fully lien-ed up, here, a significant portion of the Debtors' assets were unencumbered as of the Petition Date, and they should stay that way.

C. The Roll-Up Is Unnecessary And Not In The Best Interests Of The Estates.

23. Courts routinely scrutinize postpetition financing that converts prepetition debt into postpetition obligations, as it is as a form of cross-collateralization that circumvents the Bankruptcy Code's priority scheme. *See, e.g., Off. Comm. of Unsecured Creditors of New World Pasta Co. v. New World Pasta Co.*, 322 B.R. 560, 569 n.4 (M.D. Pa. 2005) (noting that rollup provisions "have the effect of improving the priority of a prepetition creditor"); *In re Tenney Vill. Co.*, 104 B.R. 562, 568-70 (Bankr. D.N.H. 1989) (holding that Bankruptcy Code section 364 does

⁸ The Debtors' independent board member only joined the company in late November 2025. First Day Decl. at ¶ 34. Prior to the independent joining, it appears as if the Debtors' board was comprised of only two members: Jones and co-founder Mr. Thomas Hsieh. The Committee is examining what type of corporate governance was in place for insider transactions when the board was comprised of only two members.

not authorize the granting of administrative expense priority for prepetition debt).

24. Here, the proposed roll-up goes one step further: not only does it elevate prepetition debt to postpetition debt, but it secures the newly minted postpetition debt with all of the Debtors' unencumbered assets, including assets maintained by Debtor entities that were never subject to any prepetition debt in the first place. As a result, the requested roll-up of \$3.2 million of Prepetition Lender Secured Obligations would consume unencumbered value and further stifle the ability for unsecured creditors to realize recoveries from unencumbered assets. The Court should not permit such a result.

25. The DIP Credit Agreement also contains terms relating to the Roll Up Loans that need to be addressed. Specifically, the DIP Credit Agreement requires that the Debtors first apply any net sale proceeds to the Roll Up Loans within three (3) business days of receiving such sale proceeds. *See* DIP Credit Agreement at § 1.9(a). This requirement is not mentioned anywhere in the DIP Motion or the proposed Final DIP Order. Not only does this requirement further deprive unsecured creditors of their fair share of unencumbered value, but it also effectively shortens the Challenge Period. As such, the Final DIP Order should make clear that notwithstanding anything to the contrary in the DIP Credit Agreement, no sale proceeds should be remitted to the Prepetition Lender or the DIP Lender absent a further order from the Court.

26. To the extent that the Court is inclined to approve the Roll Up Loans, the Committee submits that any previously unencumbered assets and their proceeds should not be used to secure or satisfy any obligations and claims relating to the Roll Up Loans.

D. The Court Should Not Approve Marshaling and 506(c) Waivers Under the Current Circumstances.

i. Equitable Doctrine of Marshaling.

27. The Debtors should not waive the equitable doctrine of marshaling under the facts

of these cases. Instead, given the universe of unencumbered assets, there is a compelling justification to require “soft marshaling.” Specifically, the Final DIP Order should require Jones to satisfy its secured claims from non-Debtor assets first, namely FLOAT RE’s assets. After exhausting those efforts, Jones should then be required to satisfy any remaining secured obligations from DIP Collateral that was previously encumbered before resorting to DIP Collateral that was previously unencumbered.

ii. Surcharge Rights Under Section 506(c).

28. The DIP Motion provides that, subject to the entry of the Final Order, the Debtors will waive their rights under section 506(c) of the Bankruptcy Code to surcharge the DIP Collateral for the costs of preserving or disposing of such collateral. Courts have noted that section 506(c) helps ensure that general unsecured creditors do not bear the costs of a secured lender liquidating its collateral in the bankruptcy court. *See, e.g., In re Visual Indus., Inc.*, 57 F.3d 321, 325 (3d Cir. 1995) (citing *In re C.S. Assocs.*, 29 F.3d 903, 907 (3d Cir. 1994)) (“section 506(c) is designed to prevent a windfall to the secured creditor”). Courts view such waivers skeptically and often times will not approve them absent committee consent. *See, e.g., In re Mortg. Lenders Network USA, Inc.*, Case No. 07-10146 (PJW) (Bankr. D. Del. Mar. 20, 2007) [D.I. 346], Hr’g Tr. at 21:7-13 (the court noting: “If the Committee doesn’t agree with the waiver, it doesn’t happen.”). *In re NEC Holdings Corp.*, Case No. 10-11890 (KG), (Bankr. D. Del. July 13, 2010), [D.I. 224], Hr’g Tr. at 101:7–13 (“[Y]ou don’t give a 506[(c)] waiver over an objection by the committee . . . So I would not be inclined to give a 506(c) waiver.”).

29. The Committee submits that it is inequitable and premature to waive the estates’ surcharge rights under section 506(c) of the Bankruptcy Code. At present, it is uncertain whether various categories of administrative expenses will be paid in full if the sale of the Debtors’ assets

is unsuccessful. Furthermore, given that a stalking horse has not yet been identified, the DIP Facility is scheduled to terminate on May 22, 2026, the proposed Budget is devoid of any winddown funds, and the insider DIP Lender is driving the expedited sale process for its own benefit, the Debtors should preserve rather than waive their rights under section 506(c) of the Bankruptcy Code.

D. Other Terms of the DIP Facility are Unreasonable.

30. The Committee further submits the following objections to the DIP Facility and requests that the Final DIP Order be amended accordingly:

- a. **Debtors' Stipulations and Release:** The release of each of the Prepetition Lender's related parties needs to be "in their capacity as such." Similarly, the limitation of liability and indemnification paragraphs need "solely in their capacities as such" qualifiers. Given that the DIP Lender, the Prepetition Lender and Jones (a current board member) are effectively one in the same, these qualifications are critical. Interim DIP Order at ¶¶F(v), 24(d), 29, and 35.
- b. **Access to Records:** The Committee must receive all reporting contemporaneously with the DIP Lender. Interim DIP Order at ¶ 6.
- c. **Diminution in Value:** The definition of "Diminution in Value" is too broad. The term should be revised to make clear that any diminution in value is "as permitted under the Bankruptcy Code." Interim DIP Order at ¶ 10.
- d. **Post-Carve Out Trigger Notice Cap.** The Post-Carve Out Trigger Notice Cap should be increased to \$175,000 to ensure that these Chapter 11 Cases can be properly wound down following a default under the DIP Facility. Interim DIP Order at ¶ 11(a).
- e. **Challenge Provisions:** Several changes need to be made to the Challenge provisions, including: (i) the Final DIP Order should make clear that the Challenge Period and any limitations associated therewith do not apply to any claims of the Debtors or their estates against (a) Josh Jones or (b) the DIP Lender acting in its capacity as an equity holder or any other capacity other than lender; (ii) the Challenge Period should specifically be subject to extension by order of the Court for cause shown; (iii) the "LLC waiver" needs to be provided by the DIP Lender's affiliates, Josh Jones, and the Prepetition Lender (in addition to the DIP Lender and the Debtors); and (iv) the \$25,000 Challenge Budget should be increased to \$75,000. Interim DIP Order at ¶ 11.

- f. **Limitation on Use of DIP Proceeds.** The restrictions on the use of the DIP proceeds could be read to prohibit the Committee from being compensated for its work in connection with the DIP Motion, the Bid Procedures Motion, or any Plan or Disclosure Statement. The Committee's professionals must be permitted to carry out their fiduciary duties pursuant to section 1103 of the Bankruptcy Code. Interim DIP Order at ¶ 32.
- g. **Section 552(b) Waiver:** The Debtors' willingness to waive their rights under section 552(b) of the Bankruptcy Code is premature. At a minimum, any section 552(b) waiver should be subject in all respects to the Committee's challenge rights. Interim DIP Order at ¶ 41.
- h. **Committee Professional Fee Budget.** The Committee's professional fee budget needs to be proportional to the fees budgeted for the Debtors' professionals. As such, the DIP Budget should reflect \$500,000 available for the fees of the Committee's professionals.
- i. **Wind Down:** The proposed Approved DIP Budget should include a specific line item for a wind-down reserve to be funded at the closing of any sale, in an amount sufficient to cover all anticipated post-closing administrative expenses.

BID PROCEDURES OBJECTION

31. Section 363(b) of the Bankruptcy Code provides, in pertinent part, that "[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). The paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. *See In re Mushroom Transp. Co., Inc.*, 382 F.3d 325, 339 (3d Cir. 2004) (debtor-in-possession "had a fiduciary duty to protect and maximize the estate's assets"); *Cybergenics Corp.*, 330 F.3d at 573 (same).

32. To that end, bidding procedures utilized in connection with the sale of estate property may only be approved where they benefit the estate by serving to maximize the value of the estate's assets. *See In re O'Brien Env't Energy, Inc.*, 181 F.3d 527, 535-37 (3d Cir. 1999) (affirming bankruptcy court denial of bid protections where the protections were not necessary to preserve value to the estate); *see also In re Edwards*, 228 B.R. 552, 561 (Bankr. E.D. Pa. 1998) ("The purpose of procedural bidding orders is to facilitate an open and fair public sale designed to

maximize value for the estate.”). Bidding procedures should not be approved where they facilitate a sale for which the sole purpose is to liquidate assets for the benefit of a secured lender. *See In re Encore Healthcare Assocs.*, 312 B.R. 52, 54- 58 (Bankr. W.D. Pa. 2004) (denying bid procedures motion because court would not approve the sale, “the sole purpose of which was to liquidate assets for the benefit of the secured creditor,” and which would render the estate administratively insolvent, noting that an “asset sale can easily be accomplished outside of bankruptcy either with the consent of the secured creditor or by abandoning the asset to the secured creditor to sell on its own”).

33. Here, the Bid Procedures fail to meet the goals of fostering an open and fair bidding process designed to maximize the value for the Debtors’ estates. Instead, the Bid Procedures merely facilitate a sale (or a portion thereof) that benefits one party, the insider DIP Lender, at the expense of all unsecured creditors. The Committee therefore requests that the Court only approve the Bid Procedures to the extent that the Committee’s objections are adequately resolved.

A. The Proposed Sale Timeline is Inadequate.

34. The proposed sale timeline attempts to push through a sale of substantially all of the Debtors’ assets at breakneck speed—even though many of those assets carry significant regulatory considerations due to the Debtors’ former operations. Moreover, the Debtors have not yet identified a stalking horse bidder for any of their assets and have acknowledged that, prior to the Petition Date, “the Debtors did not receive any actionable proposals from these interested parties for either an out-of-court transaction or postpetition financing or as a potential stalking horse bid.” *Declaration of Jarod Wada in Support of Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative*

Expense Claims, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief[D.I. 10] (the “Wada Declaration”), at ¶ 10. An accelerated sale process for the Debtors’ assets, especially under the facts of these Chapter 11 Cases, is not designed to generate a robust sale process or the highest value for the Debtors’ assets.

35. Rather, the proposed sale process makes Jones’s intent readily apparent: Jones is running an expedited market test to see if he can pay down a portion of his insider debt with the Debtors’ assets, including previously unencumbered assets that would be absorbed by the insider DIP Facility, and, if the process fails, he will simply credit bid for the assets. In either scenario, unsecured creditors are left holding the bag despite previously having recourse to several valuable unencumbered assets. That is not what chapter 11 was designed for. Accordingly, the sale timeline under the Bid Procedures should be extended by two (2) weeks to allow for a fair and robust postpetition marketing process.

B. Jones Must Carve Out Sale Proceeds to Fund a Sufficient Wind Down Budget.

36. The Bid Procedures establish a framework akin to a state foreclosure sale conducted solely for the benefit of Jones, to the detriment of the Debtors’ unsecured creditors, and should not be approved. In fact, even the Debtors’ chapter 11 petition acknowledges that the secured lender will be the only party to benefit from these Chapter 11 Cases.⁹ While the Committee recognizes the unfortunate reality that many chapter 11 cases do not produce recoveries for unsecured creditors, this case should not be one of them. In this case, a single insider is (i) absorbing a litany of previously unencumbered assets by way of a self-serving DIP Facility that is juiced up by Roll Up Loans, and (ii) putting himself in a position to acquire substantially all of the Debtors’ assets

⁹ Question 13 from the Debtors’ chapter 11 petition indicates that no funds will be available for unsecured creditors in these Chapter 11 Cases. See D.I. 1.

by way of a quick credit bid. Such a result is highly prejudicial to all stakeholders, other than the insider DIP Lender.

37. For this reason, the Bid Procedures should be modified to provide non-insider general unsecured creditors with some share of the Sale proceeds. Leaving this issue to the Sale hearing or a plan process (which seems unlikely based on the current case trajectory) will leave unsecured creditors with little to no leverage, especially if the Debtors are able to handcuff the Committee's professionals with a *de minimis* professional fee budget. The Committee respectfully requests that the process be amended now to provide some benefit to all creditor constituencies.

C. Credit Bid Rights Must be Limited.

38. The Bid Procedures grant Jones an unfettered and highly unusual right to credit bid “*at any time*.” Bid Procedures at §§ 2, 6 (emphasis added). Such a provision would technically allow Jones to credit bid upwards of \$30 million of allegedly secured debt at the very tail end of the Auction. *Id.* Meanwhile, as DIP Lender, Jones will serve as a Consultation Party, affording it the opportunity to engage with the Debtors regarding Bid Protections, review bids, consider modifications to Auction procedures, among other consultation rights. *Id.* at §§ 5, 8, 10, 12. Such an all-encompassing role in the sale process *combined* with an unfettered right to credit bid “at any time” is inappropriate and will certainly chill bidding. *In re Phila. Newspapers, LLC*, 599 F.3d 298, 316 n.14 (3d Cir. 2010) (“A court may deny a lender the right to credit bid in the interest of any policy advanced by the Code, such as to ensure the success of the reorganization or to foster a competitive bidding environment”).

39. For these reasons, the Committee requests that the bid procedures be modified as follows: (i) any credit bids must be submitted by the Bid Deadline to ensure an even playing field for all interested parties; (ii) if Jones or its affiliates credit bid, Jones should no longer serve as a

Consultation Party with respect to the sale of *any* of the Debtors' assets; (iii) to the extent a credit bid is defective as a result of a successful challenge or otherwise, Jones must pay cash for any such defective portion; and (iv) the Committee's right to challenge any credit bid for "cause" should be specifically preserved.

RESERVATION OF RIGHTS

Since its appointment and selection of advisors, the Committee and its professionals have worked tirelessly to review the DIP Motion and Bid Procedures Motion and work toward a consensual resolution with the Debtors and DIP Lender. As negotiations remain ongoing, the Committee reserves all rights with respect to the DIP Motion and Bid Procedures Motion, including the right to supplement or amend this Objection at or before the hearing on the DIP Motion and Bid Procedures Motion. The Committee further reserves the right to object in the future to any further relief sought by the Debtors on any grounds, including, without limitation, in connection with the proposed Approved DIP Budget.

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CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court (i) deny final approval of the DIP Motion and Bid Procedures Motion unless the issues raised in this Objection are adequately addressed; and (ii) grant such other and further relief as is just and proper.

Dated: February 17, 2026
Wilmington, Delaware

MORRIS JAMES LLP

/s/ Siena B. Cerra

Eric J. Monzo (DE Bar No. 5214)
Siena B. Cerra (DE Bar No. 7290)
3205 Avenue North Blvd., Suite 100
Wilmington, DE 19803
Telephone: (302) 888-6800
Email: emonzo@morrisjames.com
scerra@morrisjames.com

-and-

LOWENSTEIN SANDLER LLP

Jeffrey L. Cohen (*pro hac vice* pending)
Gianfranco Finizio (*pro hac vice* pending)
Jake A. Rauchberg (DE Bar No. 7444)
1251 Avenue of the Americas
New York, NY 10020
Telephone: (212) 262-6700
Email: jcohen@lowenstein.com
gfinizio@lowenstein.com
jrauchberg@lowenstein.com

*Proposed Counsel to the Official Committee of
Unsecured Creditors*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FLOAT Alaska LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 26-10075 (CTG)

(Jointly Administered)

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of February, 2026, I caused to be filed with the Court electronically, and I caused to be served a true and correct copy of the *Omnibus Objection of the Official Committee of Unsecured Creditors to (I) Debtors' DIP Financing Motion and (II) Debtors' Bid Procedures Motion* upon the parties that are registered to receive notice via the Court's CM/ECF notification system, and additional service was completed via electronic mail on the parties listed on the attached service list.

/s/ Siena B. Cerra

Siena B. Cerra (DE Bar No. 7290)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal EIN, are: FLOAT Alaska LLC (3705), Corvus Alaska Holdings Inc. (9732), FLOAT Alaska Holdings LLC (8617), FLOAT Alaska IP LLC (1986), New Pacific Airlines, Inc. (7666), FlyCoin, Inc. (2816), and FLOAT Shuttle Inc. (4269). The Debtors' mailing address is 101 W Mission Blvd, #110-201, Pomona, CA 91766.

Service List

Paige N. Topper
Nicholas Smargiassi
Saul Ewing LLP
1201 N. Market Street, Suite 2300
Wilmington, DE 19801
Email: paige.topper@saule.com
nicholas.smargiassi@saule.com

and

Zev Shechtman
1888 Century Park East, Suite 1500
Los Angeles, CA 90067
Email: zev.shechtman@saule.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

Office of the United States Trustee
for the District of Delaware
Linda J. Casey
844 King Street, Suite 2207
Lockbox #35
Wilmington, DE 19801
Linda.casey@usdoj.gov

Office of the United States Trustee

Laura Metzger
Michael Trentin
Orrick, Herrington & Sutcliffe LLP
51 W 52nd St.
New York, NY 10019
Email: lmetzger@orrick.com
mtrentin@orrick.com

Counsel to DIP Lender