Zetta Jet: multi-jurisdictional investigation and asset tracing

RESTRUCTURING - GLOBAL INSIGHT
7 MAR 2018
By: Kon Tsiakis | Ryan Hennessey | Tara Alexander

DLA Piper's Australian, Singapore and United States offices are at the forefront of an international legal dispute over the assets of luxury private jet hire company Zetta Jet.

DLA Piper is advising Zetta Jet in relation to ongoing proceedings in the United States, Singapore and Australia. This multi-jurisdictional matter centers on the bankruptcy proceedings and subsequent collapse of the luxury private jet hire company based in Singapore and the United States.

DLA Piper has led investigations into the conduct of the former managing director of Zetta Jet, who is accused of misappropriating company funds and spending them on yachts, houses, luxury cars and other personal expenses. Lawyers in the Restructuring team across three countries have worked collaboratively to attempt to sell the business, pursue the asset recoveries for Zetta Jet's stakeholders and otherwise advocate for the best possible outcome for the estates and their creditors.

United States bankruptcy proceedings

DLA Piper's Chicago and Los Angeles offices have been guiding Zetta Jet through bankruptcy proceedings in the US. In September 2017, voluntary chapter 11 bankruptcy proceedings were filed in the US Bankruptcy Court in Los
Angeles. On October 5, 2017, in the wake of fraud allegations and a corporate governance stalemate, Jon King, global co-head of DLA Piper's White Collar, Corporate Crime and Investigations practice and based in Chicago, was appointed trustee in the chapter 11 proceedings.

With the assistance of co-advisor Seabury Consulting, DLA Piper immediately took steps to stabilize the business and obtain financing to fund a sale process. Unfortunately, because of the damage caused to the business due to misappropriation of assets, financing could not be approved and the chapter 11 proceedings were converted to chapter 7. Jon King was re-appointed chapter 7 trustee following the conversion, and DLA Piper continues to represent Jon in this capacity.

Singapore injunction and recognition proceedings

At the same time, the Singapore team has been responding to an injunction brought by two Zetta Jet shareholders – one of whom is accused of misappropriation of assets – seeking, among other things, to prevent the US bankruptcy proceedings from taking effect.

Recently, the Singapore team has sought recognition of the US insolvency proceedings under the UNCITRAL Model Law on Cross-Border Insolvency. The UNCITRAL Model Law's purpose is to provide a legal framework in order to address cross-border insolvency proceedings concerning debtors experiencing severe financial distress or insolvency.

The UNCITRAL Model Law was implemented in Singapore in May 2017, and thus the Singaporean court's treatment of the application for recognition will be significant in demonstrating the approach of the Singaporean courts in foreign insolvency proceedings.

The Singapore court granted limited recognition to allow the chapter 7 trustee to seek dissolution of the injunction and deferred making a decision on the issue of general recognition until the injunction issue is dissolved.

Yacht seizure in Australia

Concurrently with the above, in October 2017 lawyers from DLA Piper's Melbourne office were successful in obtaining orders from the Federal Court of Australia to seize a multimillion-dollar luxury yacht known as the Dragon Pearl upon its entry into Australian waters.

The luxury yacht was purchased with Zetta Jet funds by the accused managing director. The Dragon Pearl remains seized as the parties contest its rightful ownership.

This significant cross-border engagement is ongoing and is an example of the global DLA Piper Restructuring team's skills and experience as it undertakes this global fraud investigation and asset recovery effort.

AUTHORS

Kon Tsiakis
Partner
Melbourne | T: +61 3 9274 5000
kon.tsiakis@dlapiper.com

Ryan Hennessey
Special Counsel
Melbourne | T: +61 3 9274 5000
ryan.hennessey@dlapiper.com