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## AIRLINES

# Arrow's debt bought

**Arrow Air's debt is sold to a company formed by a local aviation executive who is to assist with its reorganization.**

BY INA PAIVA CORDLE  
icordle@herald.com

The Miami cargo carrier Arrow Air is continuing operating and planning to reorganize, now that local aviation executive Anthony Romeo has purchased its debt and no qualified bids were offered for the company at Monday's bankruptcy hearing.

Romeo, whose Miami-based Charter America group owns a variety of companies that operate charter cargo aircraft to Latin America and the Caribbean, said his plan was to eventually merge Custom Air Transport's cargo division into Arrow Air.

That would give him a broader route network, stronger marketing ability and larger facility and infrastructure.

"We already own a [Boeing] 727 operation, and we started operating in Central America last March on our own schedule with Custom Air Transport," Romeo said outside the courthouse. "Basically, by lending the money to Arrow Air and merging the operations together, we can

complete the task in 60 to 90 days, which would have taken us two years."

Romeo bought Arrow Air's \$32.5 million in secured debt from Banc of America Commercial Finance for \$15 million, a source familiar with the deal said.

Arrow Air filed for bankruptcy protection under Chapter 11 on Jan. 28, less than two years after the airline, formerly called Fine Air, emerged from bankruptcy protection. Arrow Air Chief Executive Frank Visconti said a weak economy, high fuel prices and too much competition on rates led to the bankruptcy.

Since its filing, Arrow Air has reduced its staff from 750 to 580 employees.

The airline hopes to emerge from bankruptcy in about two months, said Stearns Weaver attorney Jonathan Vair, who represents Arrow Air.

Any plan of reorganization would need to be approved by the court.

"I think it's a great opportunity for the company," Visconti said. "[Romeo] has enough knowledge of the industry to help us reorganize the business to be a much stronger competitor."

Four bids were presented during the auction before U.S.

Bankruptcy Judge A. Jay Cristol, but each was rejected after failing to meet the \$15 million standard he had set. The judge had said he would prefer to see the airline sold as a going concern.

H.L.G. Capital, majority owner of the Fort Lauderdale cargo carrier Amerijet International — which initially offered \$13.5 million for certain Arrow Air assets, then withdrew its offer — made two new bids. One was for \$12 million, for the airline as a going concern; the other was for \$50,000, for the lease on its cooler facility.

Universal Express offered \$14 million for the airline as a going concern. And Mansour Rasnavad, majority owner of Florida West, bid \$800,000 for two aircraft and 10 engines.

Romeo, who formed Arrow Air Acquisition Inc. to purchase the debt, sold Miami Aircraft Support, a ground-service provider, to Worldwide Flight Services in 1999 for \$66 million.

His current Charter America group of companies includes the Fort Lauderdale-based Custom Air Transport, the Miami-based Custom Air Cargo, the Miami-based Cargo Force, the Miami-based Custom Ground Transport and the Miami-based aircraft-part

sales company Rome Management.

Plus, he owns a majority stake in the Sheridan, Wyo.-based Phoenix Fuel Corp. and the Detroit-based fixed-based operator Metro Flight Services.

After Romeo bought 40 percent of Custom Air Transport in 1998, the FAA found problems with Custom's maintenance, training and other procedures and the airline voluntarily grounded itself for 24 hours.

Romeo said that since he took majority ownership of Custom Air in 2001, all prior FAA violations have been resolved.

The FAA could not provide an update late Monday.

Romeo's businesses currently operate 10 Boeing 727s and broker DC-10 aircraft for cargo charters to and from the Caribbean and Central and South America.

The companies also provide ground handling, warehousing and cooler services for aircraft.

"We intend to assist Arrow Air in its reorganization," said Andrew Hellinger, an attorney with Meland Russin Hellinger & Budwick representing Romeo and his companies. "And we hope they leave bankruptcy court quickly."