



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

DEAN WILLIAM DRULIAS and
DOMINIC MCFEE, on behalf of
themselves and all similarly situated
stockholders,

Plaintiffs,

v.

ERIC L. AFFELDT, MARTIN
NEWBURGER, BRIAN C.
WITHEROW, RAFAEL PASTOR,
TED PHILLIP, CHARLIE MARTIN,
MICHAEL MOHAPP, and
EXPERIENCE SPONSOR LLC,

Defendants.

CONSOLIDATED

C.A. No.: 2024-0161-SG

REDACTED PUBLIC VERSION

Filed: July 19, 2024

VERIFIED AMENDED CONSOLIDATED CLASS ACTION COMPLAINT

Plaintiffs Dean William Drulias and Dominic McFee (“Plaintiffs”), on behalf of themselves and similarly situated current and former stockholders of Experience Investment Corp. (“EIC”), bring this Verified Class Action Complaint asserting: (i) breach of fiduciary duty claims arising from EIC’s merger on May 7, 2021 (the “Merger”) with BLADE Urban Air Mobility, Inc. (“Legacy Blade”) against (a) Eric L. Affeldt (“Affeldt”), Martin Newburger (“Newburger”), Brian C. Witherow (“Witherow”), Rafael Pastor (“Pastor”), and Ted Phillip (“Phillip”) in their capacities as members of EIC’s board of directors (the “Board” or the “Director Defendants”); and (b) Experience Sponsor LLC (the “Sponsor”), Affeldt,

Newburger, EIC Chief Financial Officer (“CFO”), Treasurer Charlie Martin (“Martin”), and EIC Chief Investment Officer (“CIO”) and Secretary Michael Mohapp (“Mohapp”), in their capacities as EIC’s controllers (the “Controller Defendants”); and (ii) unjust enrichment of all of the Defendants as a result of the Merger.

These allegations are based on Plaintiffs’ knowledge as to themselves, and on information and belief, including counsels’ investigation and review of publicly available information and review of documents produced in response to books-and-records inspections made pursuant to Delaware General Corporation Law, section 220 (the “220 Production”), as to the balance of the allegations set forth herein.

NATURE OF THE ACTION

1. EIC, now renamed Blade Air Mobility, Inc. (“New Blade”), is a Delaware corporation that was formed as a special purpose acquisition company (“SPAC”) by the Controller Defendants. The Controller Defendants took EIC public as a shell company and subsequently merged it with private company Legacy Blade in the Merger. Legacy Blade was an urban air mobility operator, transporting high-end customers with taxi cab helicopter services in the NYC area, and also engaging in rapid organ movements for human transplant (“MediMobility”).

2. A SPAC, also known as a “blank check company,” is a publicly traded company without commercial operations that is formed strictly to raise capital

through an IPO for the purpose of entering into a business combination with another company within a specified period of time. The proceeds of the SPAC's IPO are held in trust for the benefit of public stockholders. When a business combination is agreed to by the SPAC, and prior to the transaction's consummation, the SPAC's public stockholders are presented with a decision: they can elect to redeem all or a portion of their shares—and receive a proportionate share of the funds held in trust—or they can invest those funds in the post-combination company. If a SPAC does not close a business combination within the time specified in its charter, it is required to liquidate, in which circumstances public stockholders would receive a proportionate share of the IPO proceeds and any other contributions to the trust, plus interest accrued in the trust.

3. EIC's history is part of a disturbing trend of SPAC transactions in which financial conflicts of interest of sponsors and insiders override good corporate governance and the interests of SPAC public stockholders. The EIC Merger with Legacy Blade failed to observe the most basic principle of Delaware corporate governance—namely, that a corporation's governance structure should be designed to protect and promote the interests of public stockholders, not the financial interests of its insiders and controllers. Instead, Defendants granted themselves financial interests in the SPAC that diverged from those of public stockholders and allowed their financial interests to override their fiduciary duties and responsibilities as

controlling stockholders, directors, and/or officers of a Delaware corporation by forcing through a value destroying merger with Legacy Blade which was accomplished through the provision of false and misleading disclosures and material omissions to stockholders.

4. Defendants had a powerful incentive to cause EIC to enter into a business combination and avoid a liquidation. Prior to the IPO, the Controller Defendants caused EIC to issue 7,187,500 shares of EIC Class B common stock (“Founder Shares”) to the Sponsor for the nominal sum of \$25,000 (or \$0.003 per share), modified to 6,875,000 total Founder Shares following an IPO-related forfeiture. The Sponsor granted a direct financial interest in 605,250 Founder Shares to Affeldt, and 50,000 Founder Shares each to Witherow, Pastor, and Philip—purportedly EIC’s independent directors. Each of these Director Defendants’ financial interests in these Founder Shares would be converted to direct ownership after close of the Merger.

5. In addition, concurrently with the IPO, the Sponsor purchased 5,000,000 warrants in a private placement (the “Private Placement Warrants”) for \$7.5 million (or \$1.50 per warrant). The Sponsor allocated a direct financial interest in 350,000 Private Placement Warrants to Affeldt, which would be converted to his direct ownership after close of the Merger. The Private Placement Warrants were not exercisable until 30 days after completion of an initial business combination.

With respect to the Founder Shares, the Sponsor waived rights to liquidating distributions from the trust if EIC did not consummate a business combination.

6. EIC's structure created an inherent conflict of interest between the Defendants and the public stockholders. If EIC succeeded in consummating a business combination, Defendants would hold shares and warrants in the combined company. But if EIC liquidated, Defendants' shares and warrants would be worthless, and the Defendants would lose their entire investment. Under EIC's Amended and Restated Certificated dated September 12, 2019 (the "Charter"), EIC was required to complete a business combination by September 17, 2021 or it would be forced to liquidate. The Charter did not provide any possibility for EIC to seek stockholder approval of a liquidation deadline from EIC's stockholders.

7. Thus, the interests of Defendants in getting any deal done to avoid liquidation provided them with a perverse incentive to complete a merger regardless of whether it was in the best interests of the Company's public stockholders. Furthermore, since Defendants would continue to hold their shares and warrants after any business combination, they had an interest in discouraging public stockholders from redeeming their shares, as each share redeemed would dilute their interest post-transaction.

8. It was no surprise, then, that the Board approved the Merger and disseminated a false and misleading proxy statement (the "Proxy").

9. *First*, the Proxy withheld critical information from EIC’s public stockholders concerning the high degree of dilution of EIC shares and dissipation of cash that would occur in connection with the Merger. Whereas EIC shares were valued at \$10 for purposes of the share exchange provided for in the Merger Agreement, those shares were worth far less. The dilution and dissipation of cash reduced the value of shares that EIC would contribute to the Merger to less than \$7.50 per share, which in turn reduced the value that EIC stockholders could reasonably expect to contribute to the Merger, and therefore also reduced the value of the post-Merger shares that EIC stockholders could expect to hold if they chose to invest in the Merger. Further, with every redemption, the net cash per share available to contribute to the combined company would decrease. The Proxy failed to disclose to EIC public stockholders this mismatch between actual and purported value of EIC shares, and indeed suggested that those shares were worth \$10. The Proxy stated that the “Reference Price” of the per share Merger consideration of EIC Class A common stock was \$10 per share. This same misleading statement was made in an investor presentation issued in connection with the Merger and incorporated by reference into the Proxy (the “Investor Presentation”).¹

10. *Second*, the Proxy flatly misrepresented Legacy Blade’s value and prospects by (a) providing financial projections purportedly for Legacy Blade as a

¹ EIC, Form 8-K, Ex. 99.1 at 38 (Mar. 18, 2021).

standalone company, but which, in fact, incorporated growth plans that depended on a significant infusion of cash into Legacy Blade through the Merger itself (the “Proxy Projections”), and (b) failing to disclose two internal reports provided to KSL/EIC that cast substantial doubt on the viability of those growth plans.

11. New Blade’s actual business developments after the close of the Merger has revealed that these omissions and misrepresentations were material. New Blade has failed to undertake any growth plans that formed the basis of the Proxy Projections. As a consequence, New Blade’s stock price has fallen steadily since the Merger, closing at just \$3.44 per share on July 10, 2024.

12. As a natural and predictable consequence of the Proxy’s false and misleading disclosures and omissions, the Merger was approved and subsequently closed and only 13% of EIC shares were redeemed.

13. The deeply conflicted Director Defendants, Officer Defendants, and Controller Defendants breached their duty of loyalty and candor by recommending the Merger to stockholders and impairing their redemption rights by providing false and misleading information in the Proxy and omitting from the Proxy information that was material to public stockholders’ decision whether to redeem their shares or invest in the Merger. Defendants did this to promote their own self-interest in seeing the redemptions minimized and the Merger consummated.

14. Although an abysmal deal for EIC's public stockholders, the Merger was a financial windfall for Defendants. On May 10, 2021, the first trading date after the Merger closed, New Blade's stock closed at \$7.72 per share. As of this date, the Founder Shares were worth \$53.075 million, a return of 212,300% on the Sponsor's investment. On October 28, 2021, the date that the lockup period for the Founder Shares expired, New Blade's stock closed at \$9.54 per share. As of that date, the Founder Shares were worth \$65,587,500, a return of 262,235% on the Sponsor's investment.

15. Due to the conflicts of interest on the part of Defendants, the Merger requires judicial review for entire fairness, a test which Defendants cannot meet.

PARTIES

16. Plaintiff Dean William Drulias is a public stockholder who purchased shares of EIC Class A common stock on August 21, 2020, and has continuously held shares since that date.

17. Plaintiff Dominic McFee is a public stockholder who purchased shares of EIC Class A common stock on February 4, 2021, and has continuously held shares since that date.

18. Defendant Experience Sponsor LLC was EIC's Sponsor. The Sponsor controlled EIC. The Sponsor was an affiliate of KSL Capital Partners, LLC ("KSL").

The Sponsor was the beneficial owner of 6,875,000 Founder Shares, and 5,000,000 Private Placement Warrants.

19. Defendant Eric Affeldt was the Chairman and CEO of EIC. As an “Authorized Officer” of EIC, Affeldt was authorized to “execute and file, or cause to be filed” the Proxy and all related filings incorporated by reference into the Proxy.² Affeldt is a former principal of KSL. Affeldt was the beneficial owner of 605,250 Founder Shares and 350,000 Private Placement Warrants. Based on subsequent New Blade filings discussed *infra*, it appears that Affeldt was allocated direct and sole ownership of all of these assets as of January 28, 2022. Affeldt was also appointed as a director of New Blade post-Merger. As of February 6, 2023, Affeldt beneficially owned 821,676 shares of New Blade. Affeldt was the Chairman and CEO of ClubCorp from 2007-2017, an entity for which Newburger continues to serve as a director.

20. Defendant Martin Newburger was a director of EIC. Newburger has been a Partner at KSL since 2006. KSL was a direct affiliate and/or controller of the Sponsor. Due to his affiliation with KSL, Newburger was also a direct affiliate and/or controller of the Sponsor. Newburger is a director of numerous KSL portfolio companies, including ClubCorp, which Affeldt was the Chairman and CEO of from 2007-2017, Western Athletic Club and Outrigger Hotels & Resorts.

² BLADE220_001519.

21. Defendant Brian Witherow was a director of EIC. Witherow was the beneficial owner of 50,000 Founder Shares. Based on subsequent New Blade filings discussed *infra*, it appears that Witherow was allocated direct and sole ownership of these Founder Shares as of January 28, 2022.

22. Defendant Rafael Pastor was a director of EIC. Pastor was the beneficial owner of 50,000 Founder Shares. Based on subsequent New Blade filings discussed *infra*, it appears that Pastor was allocated direct and sole ownership of these Founder Shares as of January 28, 2022.

23. Defendant Edward Philip was a director of EIC. Philip was the beneficial owner of 50,000 Founder Shares. Based on subsequent New Blade filings discussed *infra*, it appears that Philip was allocated direct and sole ownership of these Founder Shares as of January 28, 2022.

24. Defendant Charlie Martin was EIC's CFO and Treasurer. As an "Authorized Officer" of EIC, Martin was authorized to "execute and file, or cause to be filed" the Proxy and all related filings incorporated by reference into the Proxy.³ Martin is also the CFO of KSL. KSL was a direct affiliate and/or controller of the Sponsor. Due to his affiliation with KSL, Martin was also a direct affiliate and/or controller of the Sponsor.

³ BLADE220_001519.

25. Defendant Michael Mohapp was EIC's CIO and Secretary. As an "Authorized Officer" of EIC, Mohapp was authorized to "execute and file, or cause to be filed" the Proxy and all related filings incorporated by reference into the Proxy.⁴ Mohapp is also a Principal with KSL and a member of KSL's Investment Committee. KSL was a direct affiliate and/or controller of the Sponsor. Due to his affiliation with KSL, Mohapp was also a direct affiliate and/or controller of the Sponsor. Mohapp is a director of numerous KSL portfolio companies, including Outrigger Hotels & Resorts.

RELEVANT NON-PARTIES

26. New Blade is a publicly traded company, listed on Nasdaq under the ticker "BLDE." New Blade was formerly known as EIC, a publicly traded Delaware corporation formed as a SPAC by the Controller Defendants. Following the de-SPAC Merger of EIC and Legacy Blade on May 7, 2021, EIC changed its name to BLADE Air Mobility, Inc.

27. Legacy Blade was a technology-powered, air mobility platform that provides transportation services in areas with highly congested ground transportation in the United States and other countries.

28. KSL is a private equity fund headquartered in Denver, Colorado that focuses on acquisitions of a broad range of businesses. Since 2005, KSL has raised

⁴ BLADE220_001519.

a combined approximately \$11 billion in equity capital across four private equity funds and two credit funds, has made over 35 investments, and has grown to three offices with over 70 employees, including 14 senior investment professionals who comprise the firm’s equity fund Investment Committee. KSL was a direct affiliate and/or controller of the Sponsor and controlled the Merger process. As part of the Merger process, KSL negotiated a strategic partnership between one of its portfolio companies, Ross Aviation, LLC (“Ross”) and Legacy Blade. On January 28, 2021—after the Merger was announced—EIC and Legacy Blade announced that New Blade would be working with Ross to develop plans for a “vertiport” in Westchester and to “offer Blade services at Ross Aviation locations in Massachusetts and California.” The Investor Presentation stated that New Blade “will leverage and partner with KSL’s portfolio companies to generate attractive growth opportunities.” As discussed below, as of January 28, 2022, the Sponsor had allocated 12,423,000 shares that it beneficially held to KSL affiliate Steele Expo Holdings, LLC (“Steele”), which resulted in KSL being the beneficial owner of all of these assets.

SUBSTANTIVE ALLEGATIONS

A. THE CONTROLLER DEFENDANTS FORMED EIC

29. On May 24, 2019, the Controller Defendants incorporated EIC in Delaware as a SPAC for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination

with one or more businesses. EIC was controlled by the Sponsor, which was controlled by KSL, Affeldt, Newburger, Martin, and Mohapp. The Sponsor, Affeldt, Newburger, Martin, and Mohapp selected and placed each director on the Board.

30. In August 2019, the Controller Defendants caused EIC to sell to the Sponsor an aggregate of 7,187,500 Founder Shares in exchange for \$25,000, or approximately \$0.003 per share. Following a forfeiture of certain Founder Shares in connection with the IPO, the Sponsor held 6,875,000 Founder Shares at the time of the Merger. The Sponsor allocated an economic interest in 605,250 Founder Shares to Affeldt, and 50,000 each to Witherow, Pastor, and Philip.

31. On September 17, 2019, EIC went public through its IPO, in which it sold 27,500,000 units to public investors at \$10.00 per public unit (“Public Unit”). Each Public Unit consisted of one share of Class A common stock (“Public Share”) and one-third of one whole warrant (“Public Warrant”). Each Public Warrant was exercisable in exchange for one share of Class A common stock at an exercise price of \$11.50. Each Public Share came with a redemption right that allowed those Public Shares to be redeemed at \$10.00 per share plus any accrued interest from the trust held in public stockholders’ benefit in the event of a liquidation or a vote on a business combination.

32. Even if public stockholders redeemed their Public Shares, they would be permitted to retain their Public Warrants. In the event of a liquidation, public

stockholders were entitled to receive the same \$10.00 per share plus interest from the trust. Following the IPO, the Founder Shares held by the Sponsor and the Director Defendants comprised 20% of the outstanding equity of EIC.

33. Simultaneously with the consummation of EIC's IPO, the Sponsor purchased 5,000,000 Private Placement Warrants at a price of \$1.50 per unit, generating proceeds of approximately \$7.5 million.

34. The Founder Shares would be worthless absent a business combination, as they were not entitled to any distributions from the trust in the event of a liquidation. The Private Placement Warrants would also be worthless absent a business combination, because they were not exercisable until 30 days after the close of such a transaction. Thus, each of the Defendants and their affiliated entities were heavily incentivized to get any deal done even if it was a bad deal for EIC's public stockholders.

35. EIC had until only September 17, 2021, to close a business combination. There was no provision in EIC's charter that provided a basis to extend this liquidation deadline.

36. In connection with the IPO, the Prospectus disclosed that, as "Initial Stockholders," the Sponsor, Affeldt, Witherow, Pastor, and Philip, "will continue to exert control [over EIC] at least until the completion of our business combination" due to the fact that: (i) "our initial stockholders will own shares representing 20% of

our issued and outstanding shares of common stock”; (ii) the Board would be divided into three classes—a staggered board of directors—that would preclude any possibility that the Controller Defendants would not continue to control the Board through the close of any business combination; and (iii) EIC could choose to not hold an annual meeting “in which case all of the current directors will continue in office until at least the completion of the business combination.”

B. THE CONTROLLER DEFENDANTS ENSURED THAT THE FINANCIAL INTERESTS OF THE DIRECTOR DEFENDANTS WERE ALIGNED WITH THE CONTROLLERS’ INTERESTS

37. As discussed above, Affeldt, Newburger, Martin, and Mohapp controlled the Sponsor, either directly or through KSL, which also exerted control over the Sponsor. Through their control over the Sponsor, KSL exercised control over EIC and the Merger process.

38. The Controller Defendants appointed Affeldt as Chairman to the Board. Affeldt was allocated a direct financial interest in 605,250 Founder Shares and 350,000 Private Placement Warrants.

39. The Controller Defendants appointed Witherow, Pastor, and Philip to the Board. Each were allocated a direct financial interest in 50,000 Founder Shares.

40. The financial interest of each of these directors is set forth below as referenced in the Proxy:

(10) Messrs. Affeldt, Witherow, Pastor and Philip each have an economic interest (or deemed economic interest) in shares of EIC Class A common stock and/or Private Placement Warrants through their respective ownership of membership interests in Experience Sponsor LLC, but do not beneficially own any shares of EIC Class A common stock or Private Placement Warrants. The indirect ownership interest via Experience Sponsor LLC is reflected solely under the rows for Experience Sponsor LLC. The economic interests (or deemed economic interests) of these individuals in the Founder Shares and/or Private Placement Warrants held by Experience Sponsor LLC are as shown below:

	Founder Shares	Private Placement Warrants
Eric Affeldt	605,250	350,000
Brian C. Witherow	50,000 ^(a)	—
Rafael Pastor	50,000 ^(a)	—
Edward Philip	50,000 ^(a)	—

(a) Subject to forfeiture in the event in the event their status as a director of EIC terminates for any reason prior to the date of consummation of the initial business combination.

(11) None of our directors or executive officers beneficially own securities of EIC prior to the Transactions and none are expected to beneficially own securities of EIC immediately after the Transactions.

41. Based on subsequent New Blade filings, it appears that the Sponsor allocated all of its Founder Shares to KSL and the Director Defendants. The Sponsor was last listed as the holder of 13,880,000 New Blade shares as of December 20, 2021.⁵

Name of Beneficial Owners ⁽¹⁾	Number of Shares of Class A Common Stock Beneficially Owned	Percentage of Outstanding Class A Common Stock ⁽²⁾
5% Stockholders:		
Experience Sponsor LLC ⁽³⁾	13,880,000	18.4%
Robert S. Wiesenthal ⁽⁴⁾	10,108,983	13.3%
HG Vira Capital Management, LLC ⁽⁵⁾	7,876,453	11.2%
Ark Investment Management, LLC ⁽⁶⁾	7,021,803	10.0%
Colony Capital, Inc. ⁽⁷⁾	5,153,835	7.3%
Executive Officers and Directors:		
Eric Affeldt ⁽⁸⁾	16,431	0%
Jane Garvey	11,255	0%
Kenneth Lerer ⁽⁹⁾	1,241,780	1.8%
Susan Lynn	9,647	0%
Reginald Love	—	—%
Edward Philip ⁽⁸⁾	11,255	0%
Robert S. Wiesenthal ⁽⁴⁾	10,108,983	13.3%
William A. Heyburn ⁽¹¹⁾	935,489	1.3%
Melissa M. Tomkies ⁽¹²⁾	1,495,937	2.1%
All directors and executive officers as a group (11 individuals)⁽¹³⁾	14,351,300	18.4%

¹ Indicates less than 1 percent.
⁽¹⁾ Unless otherwise noted, the business address for each executive officer and director of Blade is 499 East 34th Street, New York, NY 10016.
⁽²⁾ The beneficial ownership of Blade as of December 6, 2021 is based on shares of common stock outstanding as of such date plus, with respect to each beneficial owner, the number of shares of common stock such person had the right to acquire within 60 days of December 6, 2021.
⁽³⁾ Includes 6,875,000 shares of common stock and Private Placement Warrants exercisable for 5,000,000 shares of common stock held directly by Experience Sponsor LLC. Also includes 2,005,000 shares of common stock held directly by Steeple ExpCo Holdings, LLC. Steeple ExpCo Holdings, LLC, a Delaware limited liability company, is the managing member of Steeple ExpCo Holdings, LLC. Eric Charles Resnick is the managing member of KSL Capital Partners V GP, LLC. As such, KSL Capital Partners V GP, LLC and Mr. Resnick may be deemed to have or share voting and dispositive power of the securities held directly by Steeple ExpCo Holdings, LLC. In addition, Steeple ExpCo Holdings, LLC, KSL Capital Partners V GP, LLC and Mr. Resnick may be deemed to have or share voting and dispositive power of the stock held directly by Experience Sponsor LLC. Mr. Resnick disclaims beneficial ownership of these shares except to the extent of his individual pecuniary interest in such shares, directly or indirectly. The address for each entity is a/o KSL Capital Partners, 100 5th, Paul Street, Suite 800, Denver, Colorado 80206.
⁽⁴⁾ Interests shown consist of 4,922,588 shares of common stock and vested Blade Options exercisable for an aggregate of 5,186,395 shares of common stock.
⁽⁵⁾ Slightly based on information in a Schedule 13G-A filed with the SEC on June 10, 2021 by HG Vira Capital Management, LLC. The Schedule 13G-A indicates that as of May 31, 2021, HG Vira Capital Management, LLC was the beneficial owner of 7,876,453 shares of our common stock, with sole voting power and dispositive power as to all of such shares. The business address for this investor is 330 Madison Avenue, 20th floor, New York, NY 10017.
⁽⁶⁾ Slightly based on information in a Schedule 13G filed with the SEC on November 9, 2021 by ARK Investment Management, LLC. The Schedule 13G indicates that as of October 31, 2021, ARK Investment Management, LLC was the beneficial owner of 7,021,803 shares of our common stock, with sole voting power and dispositive power as to all of such shares. The business address for this investor is 3 East 28th Street, 7th Floor, New York, NY 10016.
⁽⁷⁾ Slightly based on information in a Schedule 13D filed with the SEC on May 19, 2021 by Colony Capital, Inc., Colony Capital Operating Company, LLC, CFI RE Holdco, LLC, CoPPE Blade Holdco, LLC, and CoPPE Blade Investor, LLC. The Schedule 13D indicates that as of May 7, 2021, CoPPE Blade Investor, LLC directly held 5,153,835 shares of common stock. The Schedule 13D indicates that Colony Capital Operating Company, LLC is the sole managing member of CFI RE Holdco, LLC, which is the sole managing member of CoPPE Blade Holdco, LLC, which is the sole managing member of CoPPE Blade Investor, LLC. The business address for Colony Capital, Inc. is 750 Park of Commerce Drive, Suite 210, Boca Raton, Florida 33487.

⁵ New Blade, Form 424(b)(3) at 58 (Dec. 20, 2021).

42. On January 24, 2022, New Blade filed a Schedule 13G/A that designated, as of December 31, 2021, the Sponsor to be the beneficial owner of only 11,875,000 New Blade shares, and KSL, Steele Expo Holdings, LLC (“Steele”) and Eric Charles Resnick (“Resnick”) to be the beneficial owners of all 13,880,000 New Blade shares.⁶

43. On January 28 2022, New Blade filed a prospectus designating Steele to now be the owner of 12,423,000 New Blade shares, suggesting that all of the Founder Shares and Private Placement beneficially held by the Director Defendants had been officially transferred to them.⁷

Name of Beneficial Owners ⁽¹⁾	Number of Shares of Class A Common Stock Beneficially Owned ⁽²⁾	Percentage of Outstanding Class A Common Stock
5% Stockholders:		
Steele ExpCo Holdings, LLC ⁽³⁾	12,423,000	16.5%
Robert S. Wiesenthal ⁽⁴⁾	10,072,014	13.3%
HG Vora Capital Management, LLC ⁽⁵⁾	7,876,453	11.1%
Ark Investment Management, LLC ⁽⁶⁾	7,021,803	9.9%
Colony Capital, Inc. ⁽⁷⁾	5,153,835	7.3%
Executive Officers and Directors:		
Eric Affeldt ⁽⁸⁾	974,897	1.4%
Jane Garvey ⁽⁹⁾	16,883	*%
Kenneth Lerer ⁽¹⁰⁾	1,244,996	1.8%
Susan Lyne ⁽¹¹⁾	14,471	*%
Reginald Love ⁽¹²⁾	3,482	*%
Edward Philip ⁽¹³⁾	66,883	*%
Robert S. Wiesenthal ⁽⁴⁾	10,072,011	13.3%
William A. Heyburn ⁽¹⁴⁾	810,169	1.1%
Melissa M. Tomkiel ⁽¹⁵⁾	1,368,596	1.9%
All directors and executive officers as a group (11 individuals) ⁽¹⁶⁾	15,086,647	19.2%

⁶ New Blade, Schedule 13G (Jan. 24, 2022).

⁷ New Blade, Form 424(b)(3) at 72 (Jan. 28, 2022).

This prospectus further designated KSL and Resnick to be the beneficial owners of Steele's shares, due to the fact that KSL is the managing member of Steele, and Resnick is the managing member of KSL.

44. That the Director Defendants were in fact provided direct and sole ownership of their Founder Shares and Private Placement Warrants is supported by Pastor's D&O questionnaire, executed just prior to the IPO. Pastor said "I have been told that I would receive stock if I became a director of" EIC:⁸

(6) Ownership of Company Stock.

(a) Please include as Exhibit B, a list of all shares, options and warrants that are *beneficially* owned by you or your associates as of the date of this Questionnaire, including shares (i) registered in your name; (ii) registered in your name as trustee, executor, custodian, pledgee, agent or nominee, either alone or with others; (iii) owned by any *associate* of yours or (iv) registered in the name of a nominee or in street name, including any such shares held for the account of any of the above. If your voting or investment control over any shares is shared, Exhibit B should so indicate and provide a brief description of any arrangement concerning such shared control, including the names of all persons or entities with voting or dispositive power over such shares.

I have not received any stock in the Company. I have been told that I would receive stock if I became a Director of the Company.

(b) Do you have a right to acquire (other than through exercise of warrants or options) beneficial ownership of common stock of the Company other than as described on Exhibit B?

No _____.

Yes _____. Description of type of right (e.g., power to revoke a trust, discretionary account or similar arrangement, etc.) and exercisability, including with respect to each of the rights described below the date or dates on which the right becomes or became exercisable, and the number of shares for which the right is exercisable on each such date:

I. THE FLAWED MERGER PROCESS

45. EIC undertook the business combination process immediately following the IPO, engaging with over 40 potential target entities. From the outset,

⁸ Blade220_0000644.

KSL controlled the entire business combination process through the Controller Defendants and additional members of KSL's management team. Matt Karle ("Karle"), from KSL, was present at nearly every Board meeting and Board Audit Committee meeting.

46. On March 3, 2020, the Board met for an update on the status of discussions with target entities, and EIC's financial status. Karle provided presentations to the Board regarding both topics, including a presentation "by the KSL Partners team regarding recent developments in the Company's search for potential target companies to consummate its initial business combination."⁹

47. On June 18, 2020, the Board met again to discuss these same two topics. Once again, Karle and KSL provided presentations on EIC's financial status and the initial business combination process.

48. In July 2020, Blade reached out to Ross, a portfolio company affiliated with the Sponsor and KSL. These initial discussions, through July 2020, were initially conducted exclusively by KSL with Legacy Blade management. The focus of these initial discussions was on a direct partnership between Legacy Blade and Ross to utilize Ross's facilities to expand Legacy Blade's current business.

49. As part of these discussions, KSL and Legacy Blade entered into an NDA on September 9, 2020. The next day, on September 10, 2020, Legacy Blade's

⁹ Blade220_0000001.

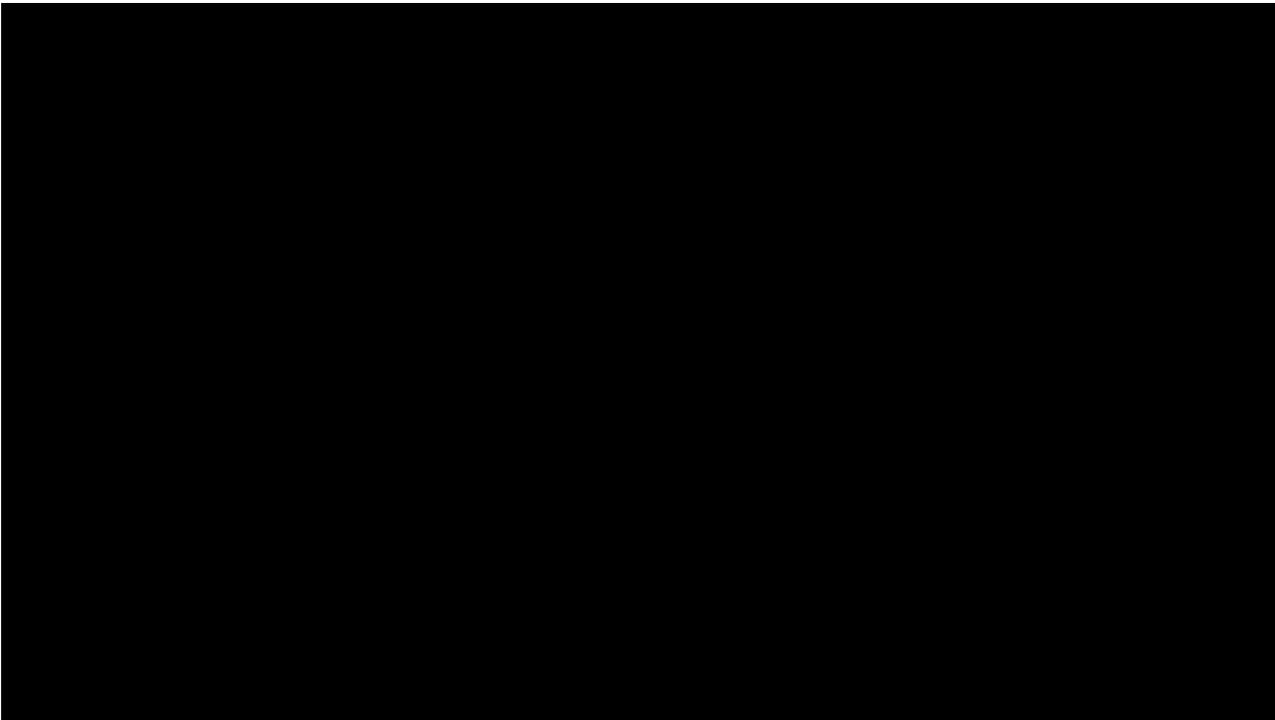
financial advisor, Credit Suisse Securities (USA) LLC (“Credit Suisse”), reached out to KSL to determine if EIC was interested “in a transaction to raise additional growth capital” for Legacy Blade. These discussions were exclusively with KSL principals Martin and Karle.¹⁰

50. On September 21, 2020, Karle spoke with Legacy Blade CFO William Heyburn (“Heyburn”) about Legacy Blade’s business plan. Later that day, Karle and Mohapp—both KSL affiliates—were provided with a detailed overview of Legacy Blade’s financial plan in a presentation by Legacy Blade’s management and Credit Suisse.

51. This presentation, entitled simply “Blade Urban Air Mobility” (“Legacy Blade Presentation”) contained a general discussion of Legacy Blade’s current plan which projected ██████████ in revenue in 2021 growing to ██████████ ██████████ in 2026:¹¹

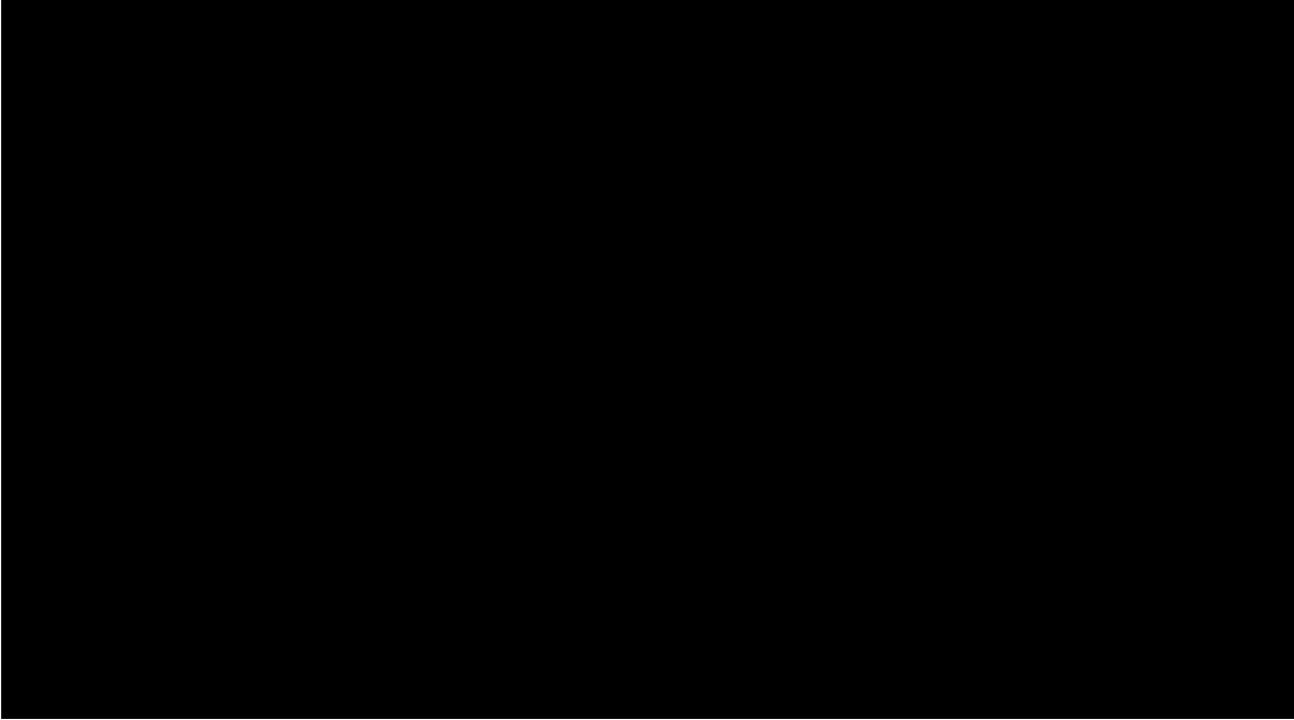
¹⁰ Blade220_0000121.

¹¹ Blade220_0000160 at 168.



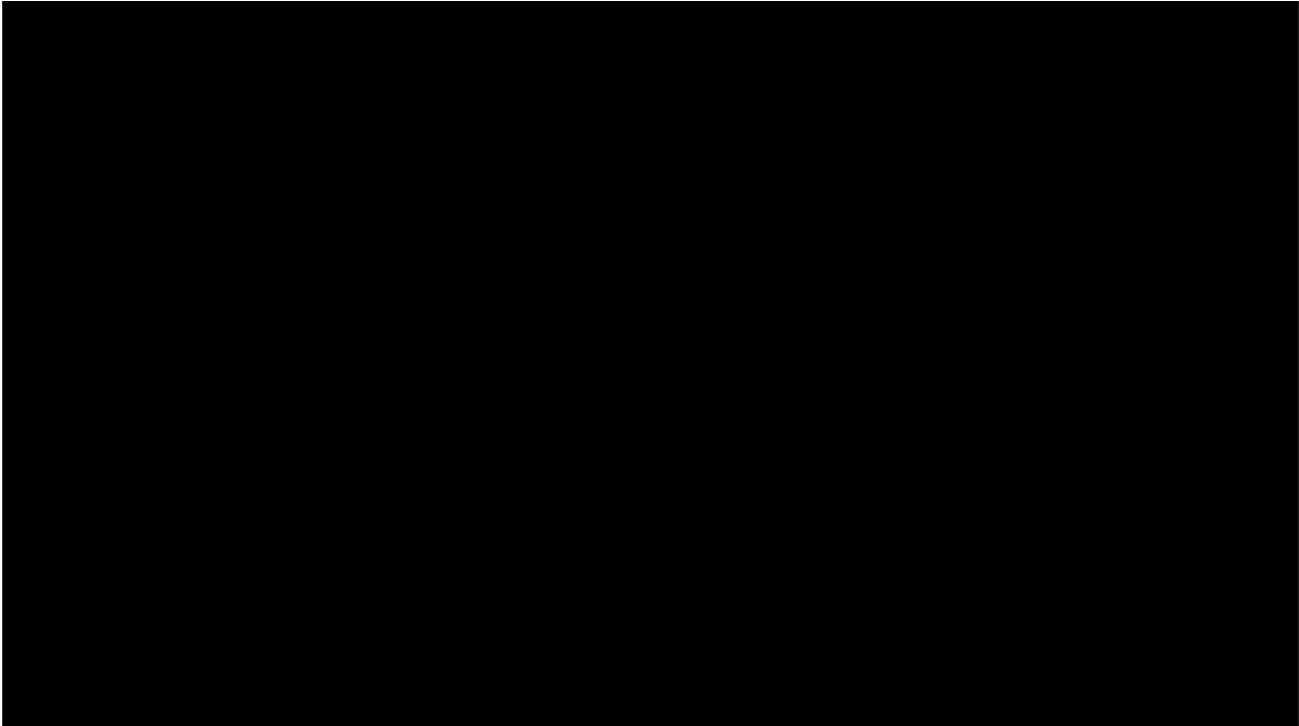
52. The plan assumed market expansion in [REDACTED] and [REDACTED] which included [REDACTED] [REDACTED]. The revenue from this assumed expansion was incorporated into a financial plan of Legacy Blade as a standalone company (“Base Case Projections”):¹²

¹² Blade220_0000160 at 181.



53. The Legacy Blade Presentation also included a set of financial projections that contemplated significant growth funded by an infusion of additional capital which the presentation termed a “Growth capital overlay model impact” (“Growth Capital Projections”):¹³

¹³ Blade220_0000160 at 183.



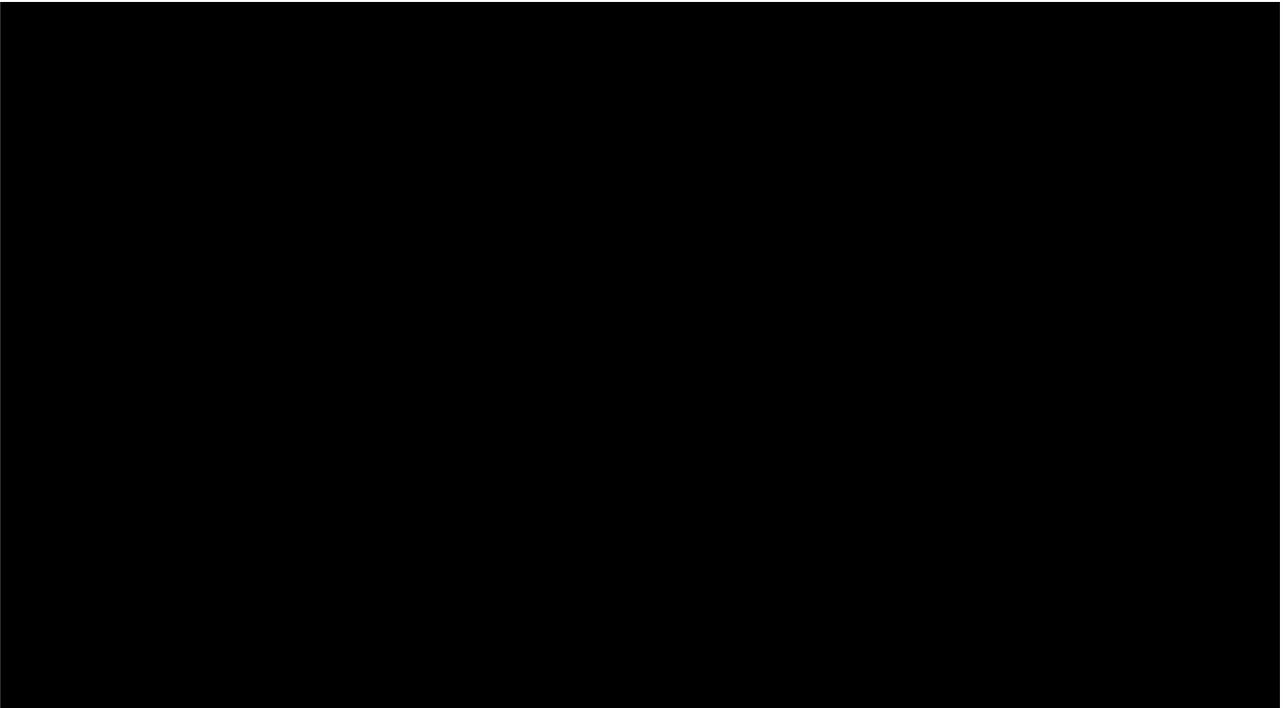
The Growth Capital Projections outlined projected revenue for [REDACTED]
[REDACTED], and an
additional [REDACTED] in revenue for the [REDACTED]
[REDACTED].

54. The Growth Capital Projections, however, assumed a minimum cash
infusion of [REDACTED] to support the [REDACTED]. The Legacy Blade
Presentation also “identified [REDACTED]

[REDACTED]

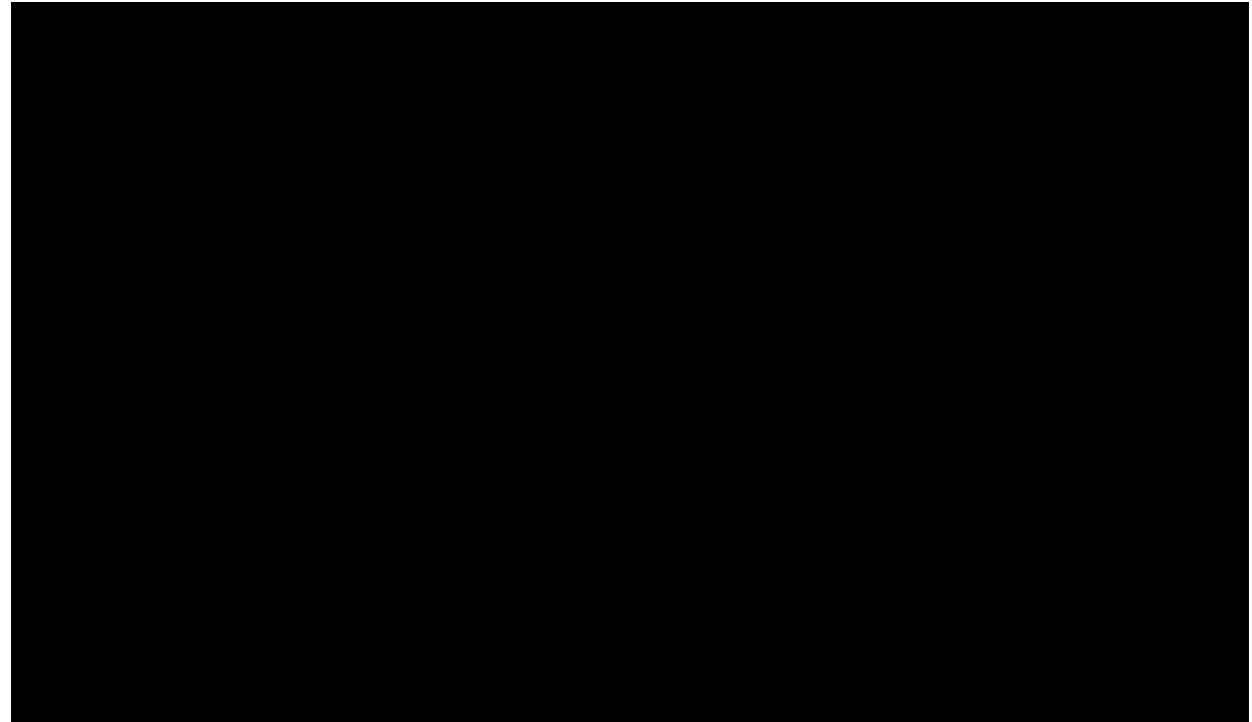
[REDACTED] 14

¹⁴ Blade220_0000160 at 184.



55. On September 23, 2020, Legacy Blade provided Karle, Mohapp, and Affeldt with a follow-up financial presentation, entitled “Growth Capital Overlay and Unit Economics Overview” (“Growth Capital Presentation”). The Growth Capital Presentation contained an “Executive Summary” that clearly delineated between Legacy Blade’s “base projections” and its recently created “incremental growth investment layer” that would include the “ total use of proceeds.”¹⁵

¹⁵ Blade220_001832 at 1833.



56. The Growth Capital Presentation also reiterated that Legacy Blade’s “Existing Infrastructure Only”—its Base Case—assumed only “[REDACTED]” in revenues by 2026.”¹⁶

57. On September 25, 2020, Legacy Blade sent Karle a “detailed financial model” for EIC and KSL review. On October 6, 2020, Legacy Blade provided EIC and KSL with access to a virtual data room (“VDR”).¹⁷

58. On September 29, 2020, Karle spoke with Legacy Blade management, to discuss the “detailed financial model,” and specifically “the ability of EIC to raise the growth capital that [Legacy] Blade desired.”

¹⁶ Blade220_001848.

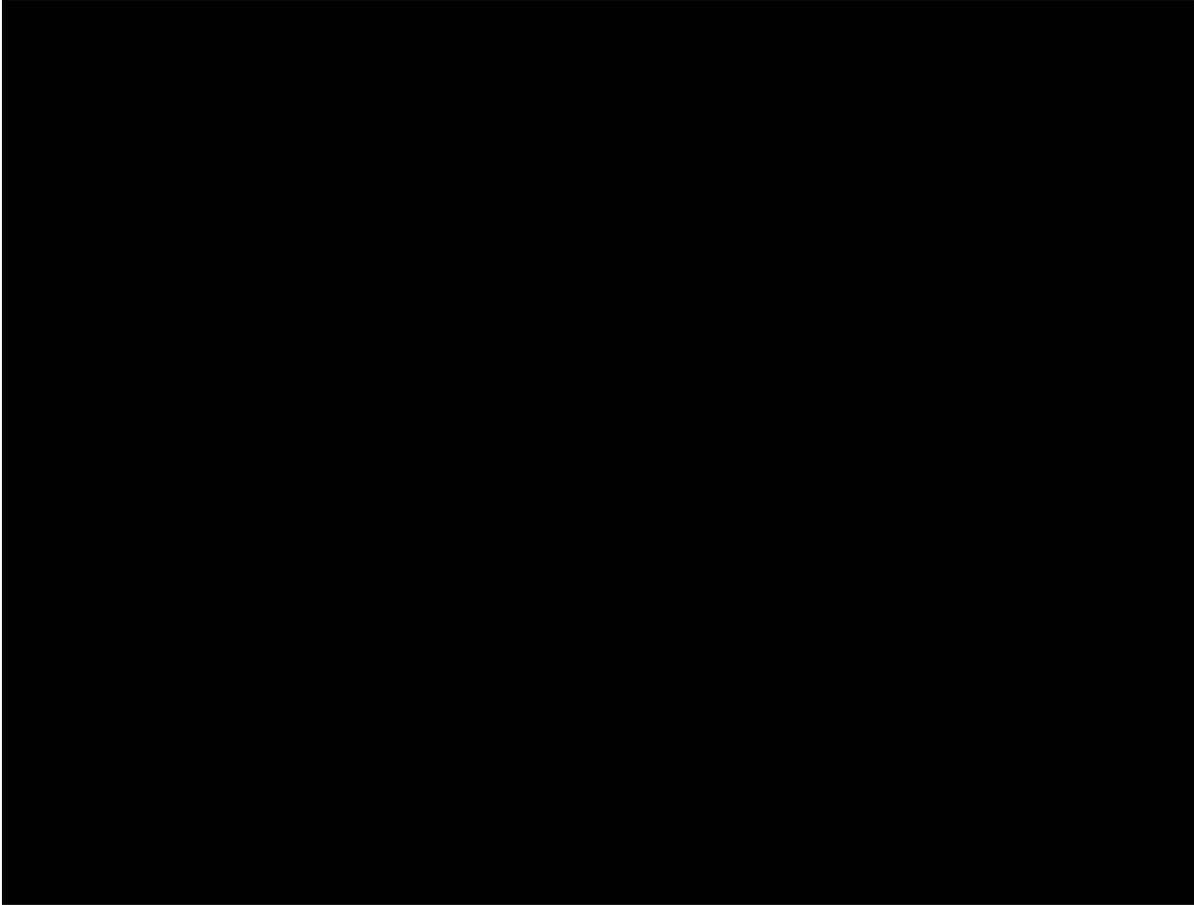
¹⁷ Neither the “detailed financial model” nor the contents of the VDR were provided in the 220 Production.

59. On October 2, 2020, KSL sent Legacy Blade an initial letter of intent. The draft LOI had a KSL letterhead and stated that KSL was “express[ing] our interest in exploring a potential investment by an affiliate of KSL”—EIC.¹⁸ The LOI also referenced KSL’s relationship with Ross. The draft LOI valued Legacy Blade at “██████████ on a post-money” basis that assumed ██████████ total consideration to sellers.”¹⁹ The draft LOI projected a cash infusion of \$100 million in PIPE investments (including \$25 million from KSL), with a total cash infusion of ██████████ with all funds from the trust minus transaction expenses.²⁰

¹⁸ Blade220_002008.

¹⁹ Blade220_002008 at 2009.

²⁰ Blade220_002008 at 2012.



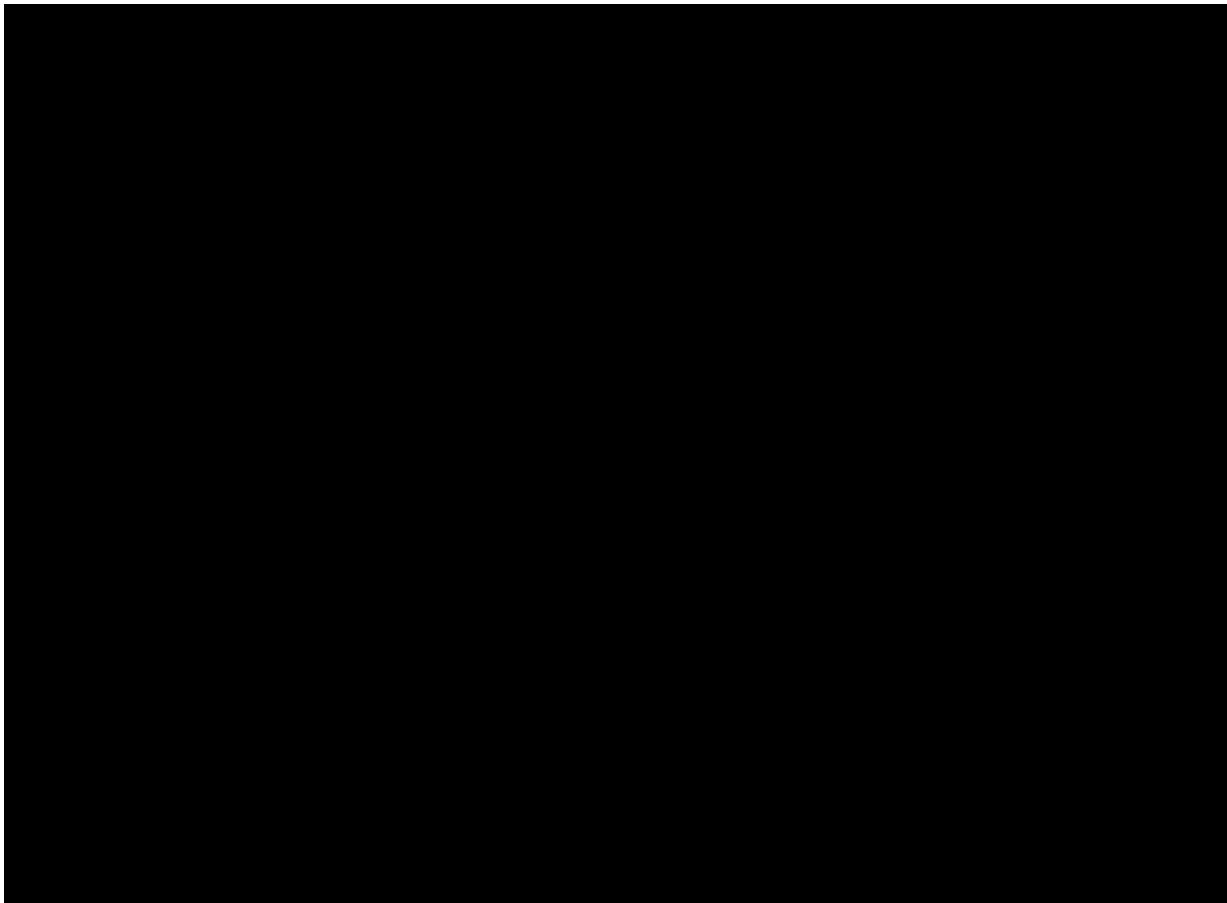
The draft LOI also proposed appointing two EIC directors to the New Blade board. Newburger and Mohapp executed the draft LOI. There is no evidence that it was provided to or approved by the Board.

60. On October 5, 2020, Legacy Blade sent a revised draft LOI to KSL that:

- (i) [redacted]
[redacted]
[redacted];
- (ii) [redacted]
[redacted]; and

(iii) proposed a minimum cash infusion of \$100 million from EIC's trust.²¹ There is no evidence that this revised draft LOI was provided to the Board.

61. On October 6, 2020, KSL (Newburger and Mohapp) and Legacy Blade executed a final LOI that essentially accepted Legacy Blade's revisions.²² The transaction summary still assumed a [REDACTED] infusion from the Merger to support an [REDACTED] valuation.²³



²¹ Blade220_001996.

²² Blade220_002001.

²³ Blade220_002001 at 2006.

There is no evidence that the Board was provided with the final LOI or asked to approve its execution.

62. On October 7, 2020, the Board met for the first time to discuss the potential Merger.²⁴ At this meeting, the Board was provided with a presentation from KSL that laid out a “Blade Opportunity Overview.”²⁵ This “overview” informed the Board that: (i) the LOI was executed; (ii) the Merger valuation assumed a [REDACTED] cash infusion; and (iii) use of the Merger “proceeds” would require [REDACTED] to fund a post-Merger business combination.

63. The “overview” also informed the Board that McKinsey had been engaged to “perform a market study and validate model assumptions (the “McKinsey Report”), and that there were “Considerations” concerning “Significant revenue growth projected,” “Concerns on size of addressable market,” “Unproven concept on large scale,” and “Future value dependent on technology that currently does not exist”:²⁶

²⁴ Blade220_0000192.

²⁵ Blade220_0000193.

²⁶ *Id.*

BLADE Opportunity Overview



On [October 6], EXPC signed a non-binding LOI with BLADE Urban Air Mobility ("Blade")

64. This presentation also included the Growth Capital Presentation, which informed the Board of: (i) the immense financial discrepancies between Legacy Blade's Base Projections and its Growth Capital Projections that assumed [REDACTED] of cash infusion from the Merger; (ii) the fact that the Base Case assumed only [REDACTED] in 2026 revenue; and (iii) provided the Board with the full set of the Growth Capital Projections, which also laid out the underlying Base Case Projections.²⁷

²⁷ Blade220_0000203.

65. On October 16, 2020, Affeldt, Newburger, Mohapp and Karle, along with KSL CEO Resnick, attended a due diligence meeting in NYC with Legacy Blade management, the topics of which were laid in a presentation entitled “NYC Diligence Session” (“NYC DD Presentation”).²⁸ The NYC DD Presentation was provided by Legacy Blade to EIC/KSL, and was a supposed response to multiple due diligence inquiries from EIC/KSL concerning Legacy Blade’s projected future business operations. Among other things, EIC/KSL made some specific inquiries into [REDACTED], [REDACTED] and [REDACTED], questioning the viability of all of these business operations. Legacy Blade’s responses were negligible at best which should have caused the Board, EIC, and KSL to have serious concerns about Legacy Blade’s future business prospects—especially since these supposed business developments [REDACTED]

[REDACTED].

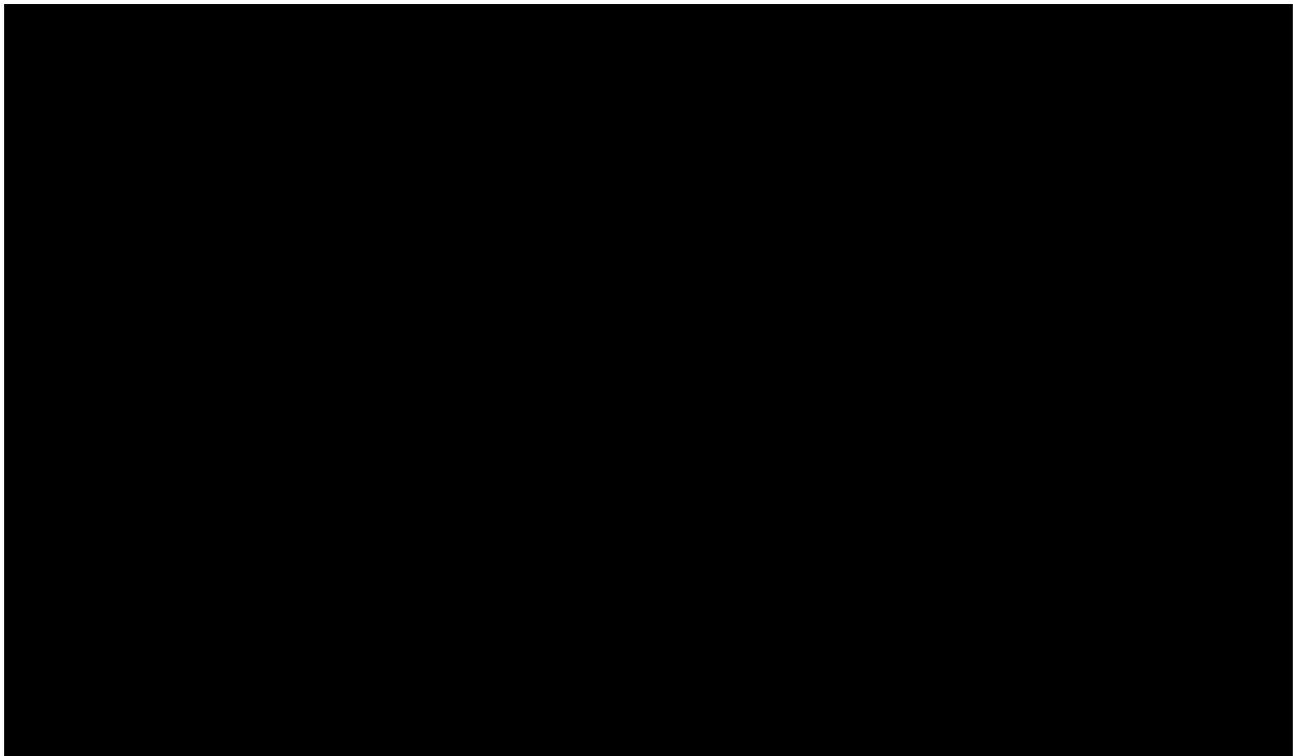
66. EIC/KSL questioned “what work has been done to date on various new routes [REDACTED] for the use of Merger proceeds for M&A for new routes on [REDACTED], “[w]hat are the economics for these various plans,” and what are the milestones needed to achieve this plan.” The response from Legacy Blade

²⁸ Blade220_002187.

67. The NYC DD presentation also asked why Legacy Blade had not yet entered markets in [REDACTED] despite including these assumptions in the Growth Capital Projections. There was no response from Legacy Blade.³⁰

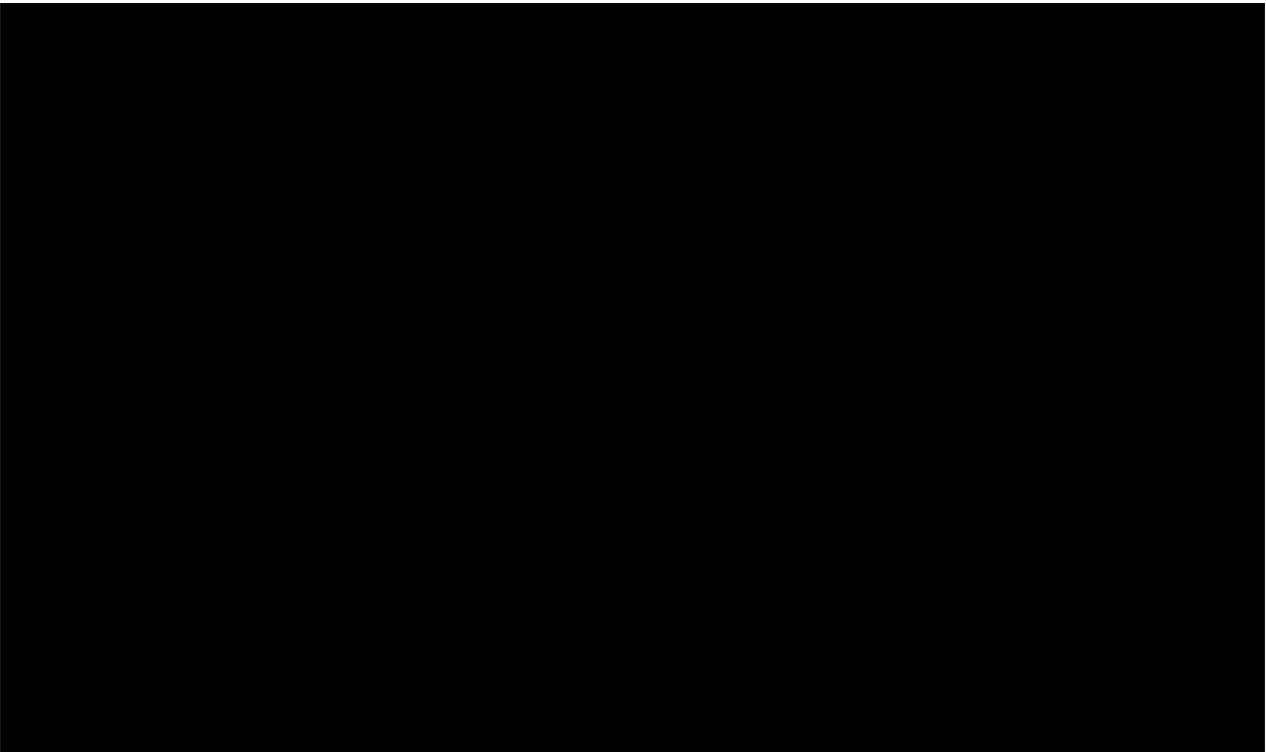
²⁹ Blade220_002187 at 2201.

³⁰ Blade220_002187 at 2207.



68. And the NYC DD Presentation also raised several “Key Diligence Questions” about Legacy Blade’s anticipated integration into the [REDACTED], which Legacy Blade also did not meaningfully respond to:³¹

³¹ Blade220_002187 at 2221.



69. On October 21, 2020, McKinsey provided the McKinsey Report, which EIC's Board had been expecting, to EIC and KSL. Neither the existence, nor the contents, of the McKinsey Report were disclosed in the Proxy. The McKinsey Report's primary concerns were similar to those in the NYC DD Presentation, including concerns about [REDACTED]

[REDACTED]

[REDACTED].

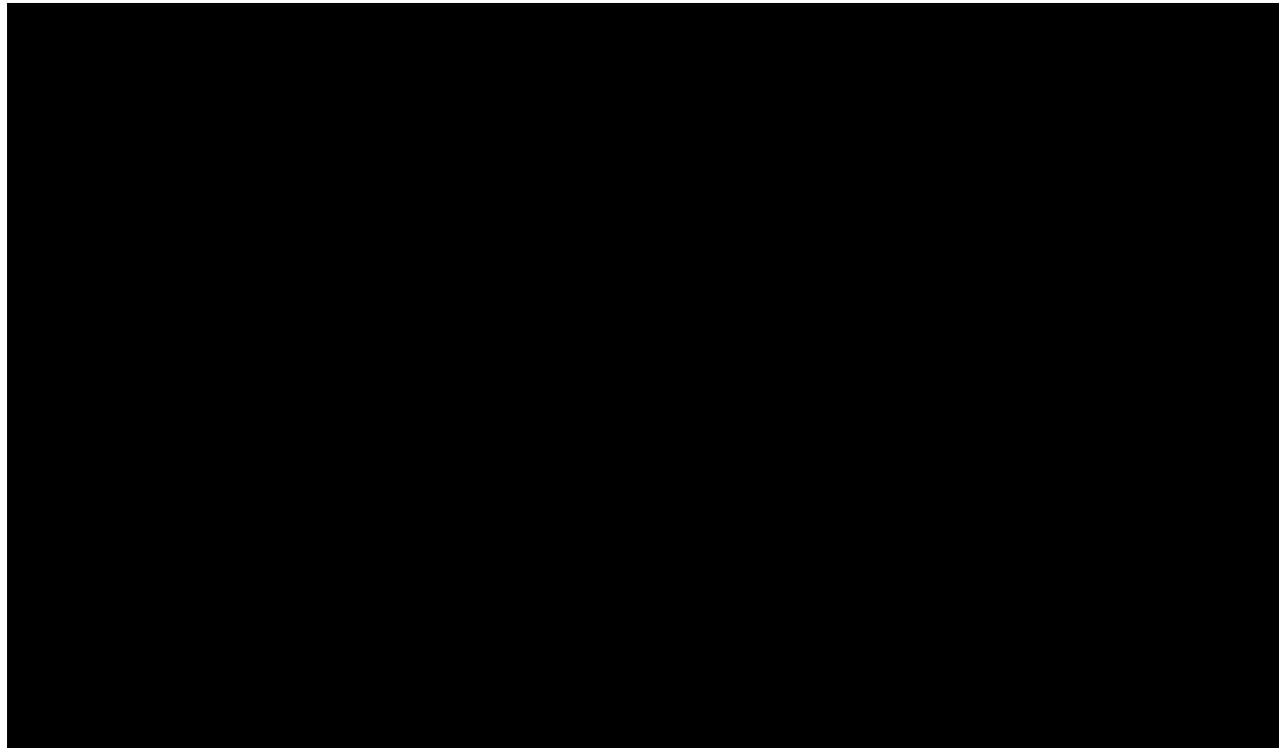
70. The McKinsey Report noted that Legacy Blade had [REDACTED] revenue for [REDACTED], yet anticipated this revenue to amount to [REDACTED] of New Blade revenue by 2024.³² The McKinsey Report, however, recognized [REDACTED]

³² Blade220_0000281.

71. The McKinsey Report further noted “additional downside risk if [New Blade’s] [REDACTED]

³³ Blade220_0000272 at 284.

³⁴ Blade220_0000272 at 335.



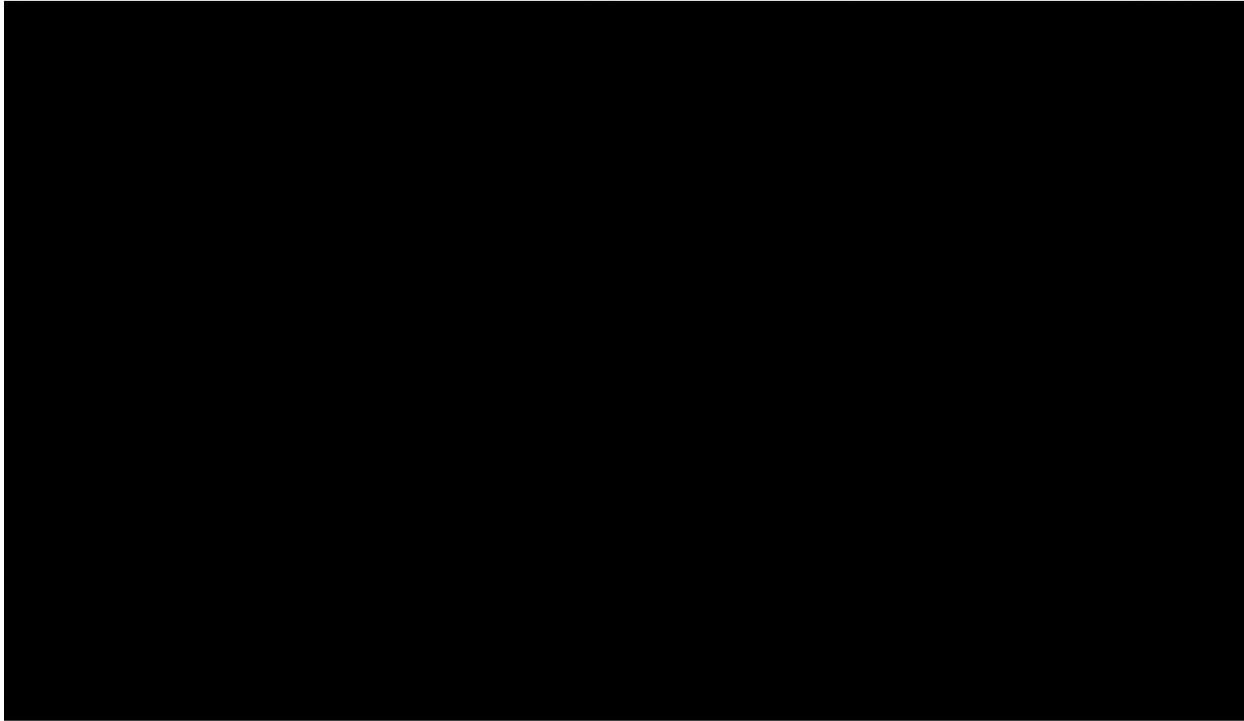
72. With respect to the [REDACTED], the McKinsey Report disclosed a full description of how [REDACTED]



35

³⁵ Blade220_0000272 at 283, 306, 365.

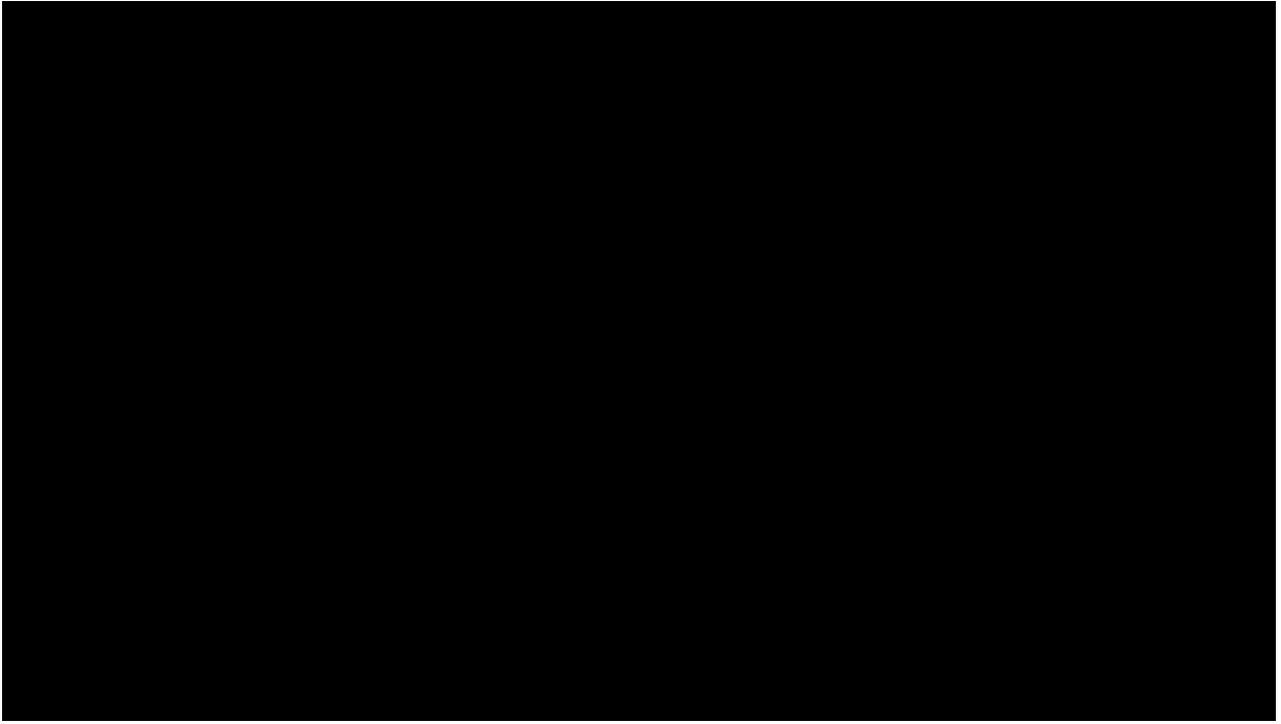


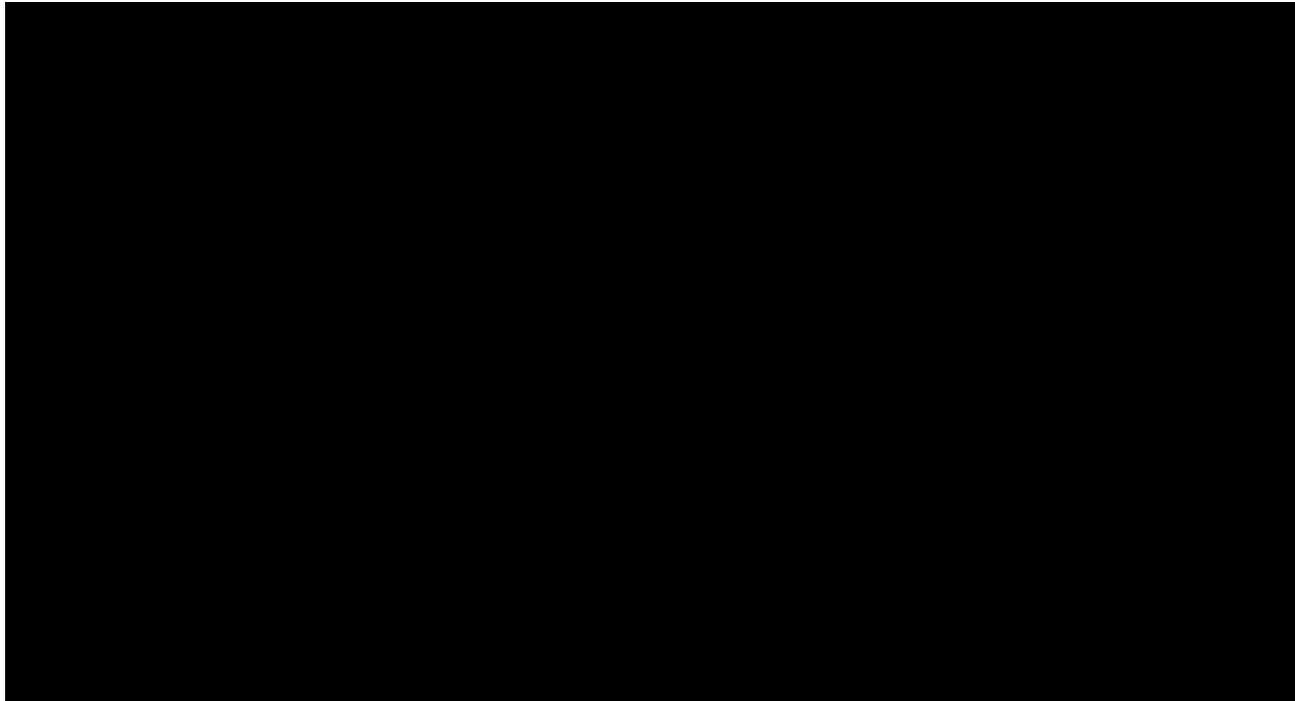


73. In addition, the McKinsey Report discussed the shut-down of a [REDACTED] [REDACTED] and what it meant for Legacy Blade. The McKinsey Report noted the [REDACTED] of such a business model, and [REDACTED] [REDACTED] McKinsey noted the correlation between [REDACTED] business model and Legacy Blade's, [REDACTED]

36

³⁶ Blade220_0000272 at 280, 314-15.





74. These concerns would ultimately completely undermine New Blade’s financial expectations for long-term viability beginning in 2024. As of the date of the filing of this complaint, New Blade has not materially expanded into the [REDACTED] or the [REDACTED], and no [REDACTED] [REDACTED].

75. Beginning on October 21, 2020, Ross and Legacy Blade undertook detailed discussions for their forthcoming “strategic partnership.”

76. On November 2, 2020, the Board was provided with a draft investor presentation that would be subsequently modified and ultimately disclosed to public stockholders as the Investor Presentation. One of the draft investor presentations

produced in the 220 Demand contained a set of the Growth Capital Projections.³⁷ These were deleted from the Investor Presentation and not disclosed in the Proxy.

77. On December 11, 2020, the Board met for an update on the Merger process.³⁸ Karle led the meeting on behalf of KSL and updated the Board on the PIPE process. Newburger informed the Board of potential partnerships between Legacy Blade and Ross, and other KSL portfolio companies. Karle also provided the Board with a “Project Sky” presentation that included a “Project Sky Update,” the transaction assumptions provided to the Board “from October 7 Meeting,” and the Investor Presentation. The Project Sky presentation did not include any financial valuation materials.

78. The Board met on December 14, 2020 to approve the Merger. Karle led the meeting.³⁹ The Board was not provided with any valuation materials, a fairness opinion, or any actual presentation to discuss the Merger. Despite the absence of any fundamental Merger discussions, the Board approved the Merger.

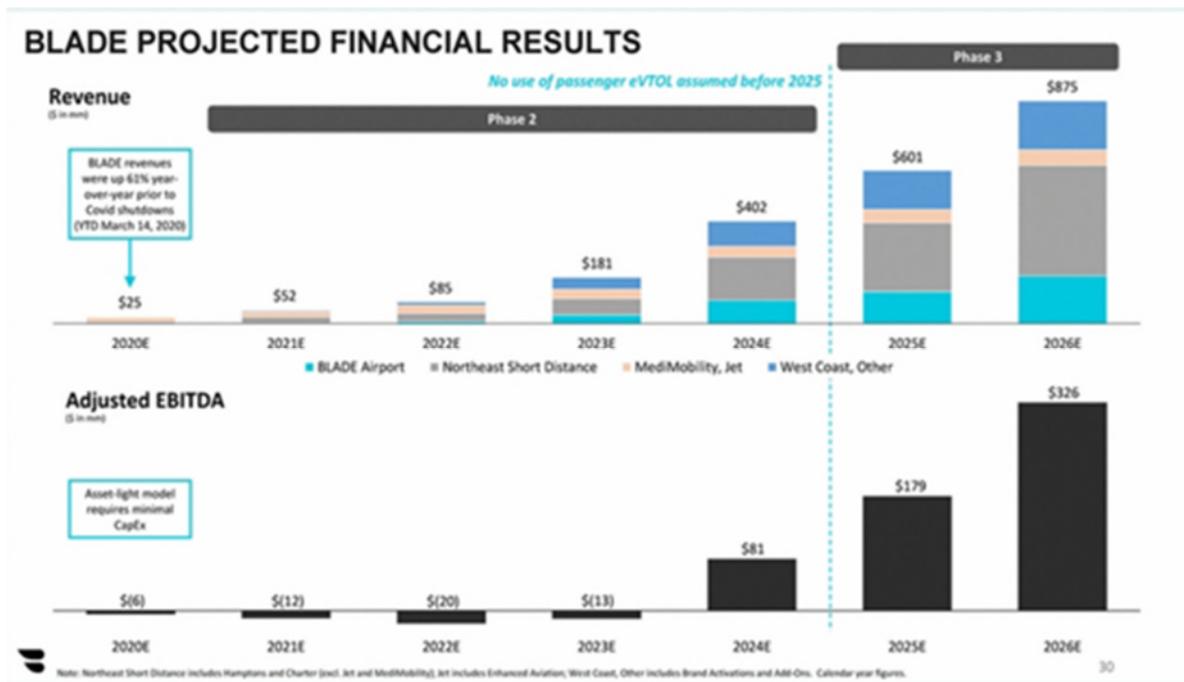
79. That same day, EIC and Legacy Blade entered into the Merger Agreement, and announced the Merger the next day, on December 15, 2020.

³⁷ Blade220_002132.

³⁸ Blade220_000269.

³⁹ Blade220_000422.

80. Also on December 15, 2020, EIC disseminated the Investor Presentation to stockholders. The Investor Presentation focused on long-term business plans for the Northeast Corridor, the West Coast, and EVAs. The Investor Presentation included a bar graph layout of the Proxy Projections, with colored references to Northeast and West Coast projected revenue but without any monetary specifications:



81. The Investor Presentation also included a summary of “Identified Investment Opportunities,” but did not disclose that some of these investments were based on an assumed cash infusion from the Merger:

IDENTIFIED INVESTMENT OPPORTUNITIES

BLADE and KSL have identified short-to-mid-term opportunities to invest approximately \$300mm to support BLADE's growth

	Capital Need	Description	Commentary
Northeast Strategic Infrastructure	\$114mm	Actionable acquisitions of heliports and logistics bases in the Northeast where BLADE has current operations	Immediate cash synergies from landing fees, fuel savings and repositioning costs
West Coast Strategic Infrastructure	\$43mm	San Francisco and Los Angeles	Continued strategic infrastructure and customer acquisition
Route Expansion	\$50mm	Fund marketing and launch of new routes, cover losses during ramp	Ramp of Airport, Northeast Corridor, and West Coast routes will result in initial losses
Opportunistic Acquisitions	\$75mm	Strategic acquisitions to add fliers, routes and new markets	Proven acquisition template in place to maximize cost-savings and maintain asset-light structure. Identified pipeline of opportunities to acquire hundreds of thousands of short-distance fliers and remove competitors
General Corporate Purposes	\$30mm	Support for ecosystem of current routes, enhancements to existing lounge infrastructure (e.g., TSA screening) and working capital	Continue to fortify BLADE's most important products and build out management team

32

82. The Investor Presentation also disclosed that the Merger assumed a share price of \$10 for New Blade stock:

PRO FORMA VALUATION

Share Price	\$10.00
PF Shares Outstanding	82.5
Equity Value	\$825
Plus: Debt	\$0
Less: Cash	(\$375)
Enterprise value	\$450

83. EIC disseminated the Proxy to EIC's public stockholders on April 6, 2021. The Proxy set the shareholder vote date for May 5, 2021. EIC's public stockholders had the option to redeem their shares prior to the close of the Acquisition for approximately \$10.07 based on the amount of funds in the Trust,

\$276.9 million as of March 17, 2021. Stockholders could have redeemed their shares regardless of how they voted on the Merger. And, even if they redeemed their shares, public stockholders would retain their warrants.

84. The Merger closed on May 7, 2021. Due to Defendants' material omissions and misrepresentations, EIC stockholders redeemed only 13% of EIC common stock.

II. THE FALSE AND MISLEADING PROXY

85. The Defendants published a false and misleading Proxy that omitted material information that was reasonably available to the Board.

86. The Board had an affirmative duty to provide materially accurate and complete information to public stockholders in connection with the redemption decision and Merger vote. It failed to do so.

RESOLVED, that in connection with the Merger Agreement and the transactions contemplated thereby and in order for the Corporation to comply with all applicable requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”) and any other antitrust, competition or similar laws, rules or regulations of any other federal, state, local or foreign governmental authority, any Authorized Officer be, and hereby is, authorized and empowered, in the name and on behalf of the Corporation, upon the advice and with the assistance of counsel, to execute and file, or cause to be filed, in the name and on behalf of the Corporation, all reports, statements, documents and information required to be filed by the Corporation pursuant to the HSR Act and any similar antitrust or other competition laws of any other jurisdiction as required, and to respond to all requests for additional information and to meet or confer, or to cause counsel to meet or confer, with officials of any federal, state, local or foreign governmental authority relating to any transactions contemplated by the Merger Agreement and by the foregoing resolutions; and further

RESOLVED, that, in connection with the Merger Agreement and the transactions contemplated thereby and in order for the Corporation to comply with all applicable requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each Authorized Officer is authorized on behalf of and in the name of the Corporation to execute and file, or cause to be filed, with the Securities and Exchange Commission (the “SEC”), in the name and on behalf of the Corporation, all reports, statements, documents and information required to be filed by the Corporation pursuant to the Exchange Act and the rules and regulations of the SEC thereunder; and further

PROXY STATEMENT/PROSPECTUS; REGISTRATION STATEMENTS

RESOLVED, that, in connection with the Merger Agreement and the PIPE Subscription Agreements and the transactions contemplated thereby and in order for the Corporation to comply with all applicable requirements of the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each Authorized Officer is authorized on behalf of and in the name of the Corporation to execute and file, or cause to be filed, with the Securities and Exchange Commission (the “SEC”), in the name and on behalf of the Corporation, all reports, statements, documents and information required to be filed by the Corporation pursuant to the Securities Act, the Exchange Act and the rules and regulations of the SEC thereunder, including without limitation a registration statement on Form S-4; and further

A. THE PROXY MISREPRESENTED THE VALUE OF EIC SHARES EXCHANGED IN THE MERGER

87. The Proxy explicitly, and repeatedly, represented to EIC stockholders that the EIC shares to be paid to Legacy Blade stockholders were deemed to be valued at \$10.00 per share. However, the value of EIC shares that Legacy Blade equity holders and EIC stockholders would receive in the Merger was not \$10.00 per share. It was less than \$7.50 per share.

88. As with all SPACs, EIC’s sole asset prior to the Merger was cash. To calculate the value of a share that EIC would exchange with Legacy Blade

stockholders in the Merger, one begins with cash, subtracts costs, and divides that number by EIC's pre-Merger shares outstanding:

$$\text{Net Cash per Share} = \frac{\text{Cash} - \text{Costs}}{\text{Pre-Merger Shares}}$$

89. At the time of the Proxy, EIC's cash consisted of funds in the trust, and net cash outside of the trust, and proceeds of the PIPE.

90. To determine net cash, costs must be subtracted from the total cash held by the Company pre-Merger. As to EIC, those costs included: (1) Merger-related transaction costs; (2) deferred underwriting fees; and (3) the value of the Public and Private Placement Warrants.

91. To determine net cash per share, one must divide net cash by the number of pre-Merger shares outstanding, which include: (1) Public Shares; (2) Founder Shares; and (3) PIPE shares.

92. To the extent one can obtain the inputs listed above—and one cannot obtain all the inputs from the disclosures in the Proxy or elsewhere—EIC's net cash per share at the time the Proxy was filed was less than \$7.50 per share, before taking into account any redemptions in connection with the Merger. This is the value EIC would contribute to the Merger—not \$10.00. Hence, EIC public stockholders who invested in the Merger instead of redeeming could not reasonably expect to receive \$10.00 worth of New Blade stock in exchange upon consummation of the Merger.

All they could reasonably expect was the amount they would contribute to the Merger, which would be less than \$7.50 per share.

93. This basic fact was not disclosed to EIC's public stockholders. Furthermore, public stockholders were not informed of the facts they would need to compute this on their own, nor were they even told that such an analysis would be highly relevant to an estimate of the value they could expect to receive if they chose to invest in the Merger rather than redeem their shares. Some of the information used to reach the less than \$7.50 figure was scattered across the Proxy in no coherent form and other pieces of information were wholly absent. The Proxy touted the Merger as in the best interests of the Company's stockholders, despite the fact that the stockholders' actual choice was between investing less than \$7.50 per share in the Merger or receiving approximately \$10.07 per share in a redemption.

94. Because the Proxy omitted and obfuscated material information needed to determine the net cash underlying EIC shares—and thus the value of those shares—EIC's public stockholders could not make an informed decision whether to redeem their shares or invest in the Merger.

95. In response to EIC overvaluing its shares at \$10.00 in the share exchange provided for in the Merger, it would be reasonable to expect Legacy Blade to overvalue *its* shares in order to get a fair deal. And indeed, this is what Legacy

Blade did, with the assistance of KSL and EIC management, and what the Board accepted. The Proxy did not disclose this risk to public stockholders.

B. FALSE REPRESENTATIONS AND MATERIAL OMISSIONS REGARDING BLADE'S FINANCIAL PROSPECTS

96. In addition to misrepresenting the value of EIC's public stockholders' investments in Legacy Blade to be \$10 per share, the Proxy materially misrepresented the value of Legacy Blade as a standalone company, and omitted crucial information raising considerable doubt regarding the Company's financial prospects following the Merger. Legacy Blade supported its inflated value with inflated financial projections.

1. The Proxy Projections

97. As explained above, Legacy Blade provided EIC and KSL management with two sets of financial projections for Legacy Blade: a "Base Case" forecast of Legacy Blade as a standalone company, and a set of "Growth Capital Projections" that purported to show that that a substantial investment of capital into Legacy Blade could facilitate substantial growth through specific identified opportunities. Neither set of projections was disclosed in the Proxy.

98. Instead, between October 20 and October 23, 2020, Karle, Newburger, Mohapp and Affeldt met with Legacy Blade management to finalize and convert the Growth Capital Projections into the Proxy Projections. Although the Proxy discloses that the Proxy Projections "assumed the addition of growth capital for [Legacy]

Blade’s growth and strategic plans,” the Proxy does not disclose that “growth capital” was actually the cash infusion expected from the Merger.

99. The Proxy portrayed the Proxy Projections as a standalone forecast for Legacy Blade, as follows:

As a private company, Blade does not, as a matter of course, make public projections as to future performance, revenues, earnings or other results of operations. The forecasts were prepared solely for internal use, capital budgeting and other management purposes and assumed the addition of growth capital for Blade’s growth and strategic plans. The forecasts are subjective in many respects and therefore susceptible to varying interpretations and the need for periodic revision based on actual experience and business developments, and were not intended for third-party use, including by investors or equity or debt holders.

...

The following table presents the selected forecasted financial information that EIC management reviewed with the Board:

	Calendar Year Ending December 31,						
	2020E	2021E	2022E	2023E	2024E	2025E	2026E
(in millions)							
Total revenue	\$25	\$ 52	\$ 85	\$181	\$402	\$601	\$875
Adjusted EBITDA	\$(6)	\$(12)	\$(20)	\$(13)	\$ 81	\$179	\$326

100. The Proxy Projections did not, in fact, represent Legacy Blade’s financial prospects as a standalone company. Rather, Legacy Blade’s standalone prospects were reflected in the “Base Case Projections” that Legacy Blade provided to EIC and KSL management. The Proxy was materially misleading by not including the Base Case Projections, to allow EIC’s public stockholders to assess the value of Legacy Blade on a standalone basis.

101. Rather than presenting the financial prospects of Legacy Blade as a standalone company, it appears that the Proxy Projections incorporated the growth

opportunities identified in the Growth Capital Projections, adjusted to account for the cash to be contributed by EIC in the Merger.

102. The Proxy revealed that Legacy Blade anticipated “expansion into new markets,” “acquisitions,” and “market adoption of [EVAs] for growth and expansion.” These same growth opportunities were identified in the Investor Presentation—the Northeast Infrastructure, the West Coast Infrastructure, and the EVA market. The Proxy did not disclose, however, that all of the business developments/expansions were not incorporated into the Base Case, but instead were assumptions factored into Growth Capital Projections, which were collectively “finalize[d]” by EIC/KSL and Legacy Blade into the Proxy Projections.

103. And, although the Proxy stated that Legacy Blade had “additional capital requirements” necessary to fund growth opportunities, the Proxy did not disclose that the Proxy Projections assumed and required a cash infusion of between [REDACTED] to [REDACTED] from the Merger, as set forth in the Growth Capital Presentation and the Blade Opportunity Overview, to support all of Legacy Blade’s long-term increase in revenue and EBITDA. Thus the Proxy did not disclose that the Proxy Projections were not stand-alone projections, but instead combined company projections that assumed a cash infusion from the Merger.

104. The Base Case Projections demonstrated the material differences between Legacy Blade’s stand-alone financial model and its combined company

projections, i.e., the Proxy Projections. For the years 2024-2026, the years in which Legacy Blade was supposed to massively increase its revenues and EBITDA due to expansion of business developments, the combined company Proxy Projections were much higher than the stand-alone Base Case Projections:

	2024	2025	2026
<i>Revenue</i>			
Base Case			
Proxy Projections	\$402	\$601	\$875
<i>EBITDA</i>			
Base Case			
Proxy Projections	\$81	\$179	\$326

105. Therefore, the Proxy should have disclosed the Base Case Projections and the fact that the Proxy Projections were a combined company financial model that assumed a cash infusion from the Merger.

106. As discussed in more detail *infra*, as of the date of the filing of this Complaint, New Blade has no likelihood of utilizing its cash infusion from the Merger to create an increase in revenue and EBITDA from the West Coast Infrastructure. If the McKinsey Report and the NYC DD Presentation were disclosed along with the Base Case Projections, Stockholders would have been well-informed that New Blade was unlikely to meet the 2024-26 revenue and EBITDA in the Proxy Projections, and would decline, at a minimum, to the revenue and EBITDA for 2024-26 in the Base Case Projections. With possession of this material information,

stockholders would have been far better positioned to determine whether to redeem their shares.

2. The Proxy Failed To Disclose The McKinsey Report As Well As Legacy Blade's Inadequate Responses To EIC's Due Diligence Requests In The NYC DD Presentation

107. To the extent the Proxy Projections were intended to provide the financial prospects for New Blade following the Merger, the Proxy was also materially misleading by not disclosing either the McKinsey Report or Legacy Blade's inadequate responses to EIC management's due diligence requests in the NYC DD Presentation. Both reports called into question the company's ability to achieve the [REDACTED], which were incorporated into the Proxy Projections. Both of these presentations, that were provided to EIC/KSL, extensively questioned the viability of Legacy Blade's anticipated business developments for [REDACTED], the [REDACTED], and the [REDACTED].

108. The Proxy and the Investor Presentation touted the viability of these potential business developments, identified specific capital needs for each of these investment opportunities, and highlighted the fact that the Proxy Projections assumed a material upswing in revenue from each of these potential business developments. The reality, however, is that New Blade has failed to undertake any of these business developments, as discussed *infra*, and continues to maintain most

of the cash infusion it received from the Merger because none of these “investment opportunities” have unfolded.

109. The Proxy should have disclosed all of these negative assessments from the McKinsey Report and the NYC DD Presentation so that stockholders could have determined whether or not the Proxy Projections, that materially relied on the developments of these projected business models, had any actual viability for the years 2024-2026. Disclosure of these negative assessments would have provided stockholders with the material information necessary to determine whether to redeem their shares, or invest in a corporation that relied on business developments that were essentially pie-in-the-sky without any actual justification for the expectations set forth in the Proxy and the Investor Presentation.

110. Although the Proxy does disclose some boilerplate references to potential “Risks Related to [Legacy] Blade’s Business and Growth Strategy,” none of these references disclose the specific risks that were outlined in detail and provided to the Board in the McKinsey Report and the NYC DD Presentation. Nor does the Proxy disclose any basis for how these generic risk references could undermine the Proxy Projections, as opposed to the McKinsey Report, which specifically discussed declines in the projected revenue of the Proxy Projections if Legacy Blade [REDACTED]

[REDACTED]. The

absence of this specific information, all of which was provided to the Board but *not* to the stockholders, resulted in material omissions that undermined stockholders' redemption rights.

3. The Proxy Omitted Material Information Casting Doubt On The Veracity Of Any Information Provided By Legacy Blade's Directors And Officers

111. The Proxy failed to disclose that *for three years* prior to the Merger, Legacy Blade's CEO Robert Wiesenthal had masqueraded as the public relations spokesperson for Legacy Blade under the false pseudonym "Simon McLaren." Wiesenthal admitted to having pretended to be McLaren in conversations with media outlets including *The New York Times*, *The Washington Post* and CNN. Legacy Blade even established a Twitter account for "McLaren" that described him as a "Jaded New Yorker, raconteur, college dropout writer, student of highly driven narcissists." Moreover, Wiesenthal and Legacy Blade's management created a blog newsletter under the "McLaren" name.

112. On June 7, 2021, *Business Insider* published an article in which Wiesenthal admitted to the charade, and further admitted that Legacy Blade used the tactic because the company did not have a full-time public relations spokesperson.

113. In the weeks following this revelation, New Blade's stock price declined from \$11.47 down to \$7.27 per share on July 19, 2021, a 35% decline.

114. EIC's Board knew or should have known about Legacy Blade's use of a fake spokesman. Had they conducted the level of diligence they claimed to have conducted in the Proxy, they would have known about the "McLaren" pseudonym and should have disclosed it. If they did not know, then it suggests that their diligence was far more superficial than the Proxy represents.

115. Legacy Blade's use and endorsement of a fake spokesman undermines the credibility of *any* of the information provided by Legacy Blade's directors and officers, and was material information that should have been disclosed to EIC public stockholders in the Proxy.

III. POST-MERGER REALITY SETS IN

116. On May 10, 2021, the first trading day after the close of the Merger, New Blade's stock closed at \$7.72 per share. And, although New Blade stock traded up and down over \$10 per share after the close of the Merger for several months, as of November 18, 2021, New Blade's stock has never traded above \$10:



117. As a result, New Blade’s enterprise value was only \$143.72 million as of July 10, 2024, approximately only 40% of Legacy Blade’s \$356 million enterprise valuation assessed in connection with the Merger.

118. Analysts have accurately assessed the basis for New Blade’s steady decline in its stock price—New Blade has unable to undertake the primary business expansions that were supposed to support the meteoric rise in the Proxy Projections from 2024 to 2026. Seeking Alpha published a report by Jessica Naor on June 21, 2023, entitled “Blade Air Mobility: Poor Execution And Profitability Keep Me On the Sideline” that discussed how “Blade Air Mobility has struggled to execute its business plans, with little progress in infrastructure development, no nominal growth in helicopter services, and limited expansion through acquisitions,” and that “[w]hile the firm has plenty of cash on hand, this is likely due to a lack of acquisition opportunities as planned in the original investor presentation.”

Blade Air Mobility (NASDAQ:BLDE) went public during the SPAC boom in 2021. The firm has lost considerable value during this period, [valued at \\$825 million](#) at the time, but has still managed to convince some investors that it has major growth prospects in the urban air mobility space. However, the company's lack of execution on its plans to scale its existing business segments leads me to believe this is a strong sell. While the firm sits on considerable cash reserves today, negative operational cash flows continue to burn cash that should be used for investments in growth - and insider trading activity raises red flags as well.

I believe eVTOL deployment will not create operational revenues for a minimum of 3 years given current [announcements](#). The 2020 Blade Investor Presentation [assumed](#) eVTOL operations to kick off in 2025 but also highlighted that "an eVTOL contribution will be significant - but not required for Blade to be a successful public

Recently, the company has pivoted heavier to Urban Air Mobility as the foundation of its growth future, citing the reduced costs of eVTOL aircraft, but will likely face considerable competitive pressure as airlines also ramp up to enter this space. United Airlines has already placed orders for hundreds of eVTOLs and [announced plans](#) to launch service in San Francisco in 2026.

Blade had planned on creating first-mover advantage in the eVTOL industry by acquiring heliport infrastructure and market share in helicopter heavy markets, but it has made little progress since announcing these strategies in its 2020 investor presentation, which causes me to doubt the firm can execute on its plans to grow and realistically compete against large airlines in the space.

2020 Investor Presentation Progress

In the 2020 [investor presentation](#), the Blade Airport NYC business segment was presented with the potential to capture a \$1 billion Serviceable Addressable Market. The 2022 10K notes about the Blade Airport business line: "we may not be successful in pursuing this growth strategy". In the [Q1 2023 Investor Presentation](#), the Blade Airport business line has been removed entirely and is now aggregated with the "Short Distance" passenger segment.

Northeast Corridor and West Coast

In the 2020 Prospectus, Blade [highlighted](#) future "hub and spoke" expansions to DC, Boston, Philadelphia and new commuter services between Boston and DC, but based on availability searches at the time of publishing on BLDE's website, no such routes exist - these expansions were not included in the financial projections, fortunately.

The company has not yet expanded into West Coast operations, which represented the largest market opportunity.



Blade Investment Analysis (Created by Author)

When comparing 2021 and 2022's short distance helicopter growth, the business has almost doubled, but this business segment is small compared to growth expectations, with the end of 2022 bringing in \$45 million revenue.

Use of Funds in 2020

While the 2020 presentation outlined a plan to use almost \$300 million to fund growth, the management team has only deployed \$83.6 million in two years (10-K), a large portion of the cash has been placed in held-to-maturity investments. While this puts the company in a comfortable cash position to cover its negative cash flows, it begs the question: is the firm being conservative with its investments or are there a lack of opportunities to fuel growth with their current business segments?

\$300 million was identified to fund Blade's growth including:

\$114 million for heliports in the Northeast

\$43 million for San Francisco and Los Angeles infrastructure and customer acquisition

\$50 million for route expansion

\$75 million in opportunistic acquisitions

\$30 million for general corporate purposes

2021 Acquisitions:

\$23.1 Million for Trinity (Now Blade MediMobility)

\$12.4 Million for Helijet (Canadian Scheduled Helicopter Routes)

2022 Acquisitions:

Blade Europe: Shares of Héli Tickets France and Helicopter Monaco of €47.8 million (\$48.1 million) (10-K)

Beyond a [recent announcement](#) to open a heliport in New Jersey, there seems to have been little progress made in heliport and infrastructure investments in the Northeast US since 2020, which could stem partially from community and [legislative pressures](#) to reduce helicopter noise throughout the region.

Issues with Execution

The path to profitability seems many years away based on the current business model, and with the continued delay of eVTOLs to the market, Blade may need to endure many years of losses. The firm had over \$37 million in [operating cash losses](#) in the year of 2022, \$17 million in [Q1 2023](#), and \$177 million cash and short-term investments in the [latest 10-Q](#).

While this gives Blade the ability to sustain a couple years of continued losses, the firm doesn't seem able to scale at the pace previously presented. The 2024E revenue goal of \$402 million with \$81 million in EBITDA from the 2020 presentation and [SEC filings](#) has already been almost halved by most analysts.

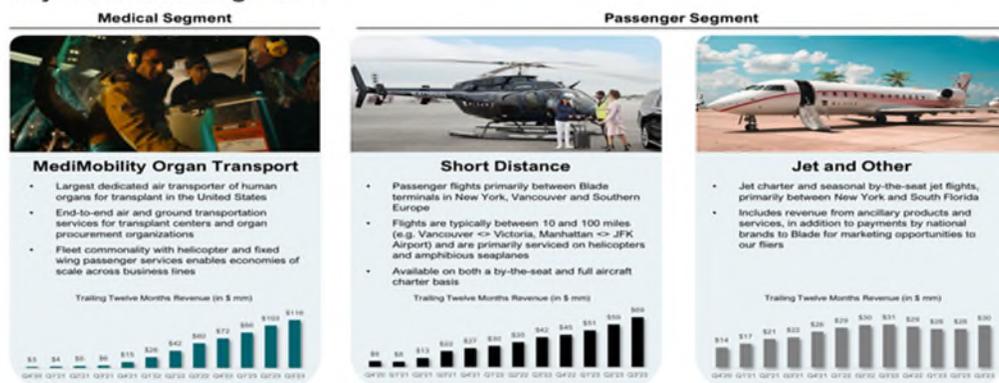
What is more concerning to me than negative profitability is that the firm simply hasn't executed on its business plans in any meaningful way. Since pitching its 2020 investor presentation, there have been no major infrastructure developments, nominal growth in helicopter services, and little expansion through acquisitions beyond MediMobility, which doesn't appear to be a cash generating business segment.

Why should investors think its plans to kick off the eVTOL boom will be any different? For investors willing to go very long Blade to revolutionize the skies, I would look for more meaningful execution on infrastructure, expertise in operating aircraft, or the ability to scale. I simply haven't seen enough growth in the last two years to believe Blade will be selling billions in helicopter flights over the next few years, and this is the foundation of their business model.

My expectation is to see revenue growth in the next quarter as seasonal demand and MediMobility flights increase, but a widening gap in negative profitability which is why I expect the stock to decline after August earnings calls. I feel this trend will continue until cash declines to critical levels - if insiders are already offloading shares at the current valuation, it's a sign for me that they think now is a great time to sell as well.

119. An investor presentation disseminated by New Blade to stockholders in November 2023 confirmed all of the observations in Naor's Seeking Alpha report. As of the date of this presentation, New Blade had not set up or accomplished any of the business developments supposed to infuse the upswing in the Proxy Projections from 2024-2026—the Northeast Infrastructure, the West Coast Infrastructure, and the EVAs. The November 2023 presentation disclosed New Blade's minimal "Key Business Segments" which included none of these promised expansions:

Key Business Segments



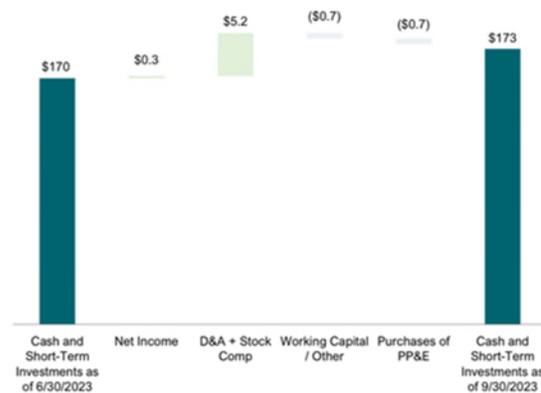
BLADE Note: Definition of all non-GAAP numbers and reconciliation to GAAP numbers are provided in the Appendix of this presentation

120. This investor presentation also confirmed through New Blade’s cash on hand that none of these investments and/or business opportunities were in progress:

Well Capitalized with Significant Liquidity

- As of September 30, 2023, Blade had \$173mm in cash and short-term investments on its balance sheet
- Blade believes its current cash balance provides sufficient liquidity to fund the company’s growth plan without the need to raise additional capital
- Blade seeks to deploy capital in a manner that generates the best risk-adjusted return for shareholders
- Key capital priorities include:
 - Organic expansion
 - Inorganic growth via acquisition
 - Investments in talent, technology, marketing, and strategic infrastructure

Cash and Short-Term Investments (\$ in millions)



121. On March 12, 2024, New Blade provided guidance for 2024 and 2025 that revealed New Blade would not even come close to meeting projected revenue in the Proxy Projections for the years 2024-2026. New Blade projected 2024 revenue would be no higher than \$250 million, and 2025 revenue as low as \$275 million even if there was “double-digit year-over-year revenue growth”:

Financial Outlook ⁽¹⁾

For the full year 2024, we expect:

- Revenue of \$240 million to \$250 million
- Positive Adjusted EBITDA

For the full year 2025, we expect:

- Double-digit year-over-year revenue growth
- Double-digit Adjusted EBITDA

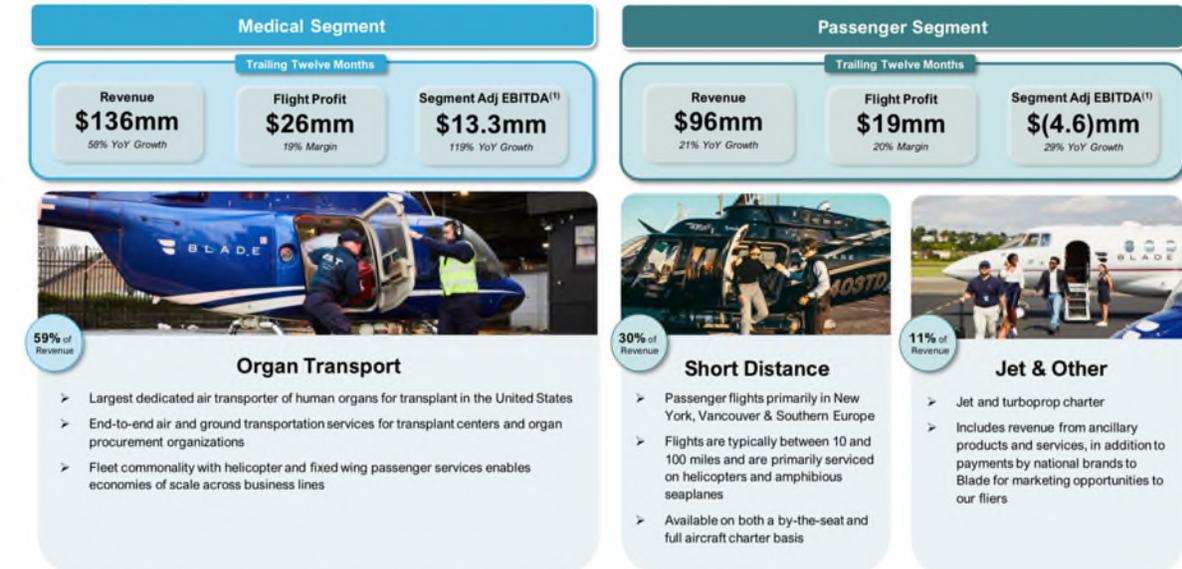
122. Based on this guidance, New Blade 2024 revenue would represent only 62% of the 2024 revenues of \$402 million that had been forecasted by the Proxy Projections. New Blade revenue for 2025 could be as low as 46% of the forecasted 2025 revenues of \$601 million in the Proxy Projections. After this announcement, New Blade stock dropped from \$3.99 on March 11, 2024 to \$2.78 on March 12, 2024.

123. On May 7, 2024, New Blade announced first quarter 2024 revenue that was lower than previous guidance for 2024 on March 12, 2024. New Blade disclosed first quarter 2024 revenue of \$51.5 Million. Multiplied by four to project annual revenue for 2024, New Blade 2024 revenue will be no higher \$206 million—only 51% of 2024 revenue in the Proxy Projections. After this announcement, New Blade's stock dropped from \$3.85 on May 7, 2024 to \$3.50 on May 8, 2024.

124. New Blade’s first quarter 2024 investor presentation also reveals that none of the business models exist that were supposed to enable the upswing in the Proxy Projections for the years 2024 through 2026—

_____ :

Key Business Segments



B L A D E Note: See "Use of Non-GAAP Information" in the Appendix of this presentation for an explanation of Non-GAAP measures used and reconciliations to the most directly comparable GAAP financial measure.
 1. Segment Adjusted EBITDA is a non-GAAP measure that excludes unallocated corporate expenses – see Appendix for reconciliation. 4

125. These concessions are consistent with disclosures contained in New Blade’s 2023 annual report on SEC Form 10-K, which was filed on March 12, 2024. The 10-K conceded that New Blade’s current business model does not contain any of those business developments assumed to enable the upswing in the Proxy Projections from 2024 to 2026. The 2023 10-K also discusses continuing risks that EVAs will never be approved by regulators.

126. As of July 10, 2024, New Blade’s stock price had declined to \$3.44.

CLASS ACTION ALLEGATIONS

127. Plaintiffs, stockholders in the Company, bring this action individually and as a class action pursuant to Rule 23 of the Rules of the Court of Chancery of the State of Delaware on behalf of himself and all record and beneficial holders of EIC common stock, who held such stock as of the redemption deadline and who elected not to redeem all or some of their stock (except the Defendants herein, and any person, firm, trust, corporation, or other entity related to, or affiliated with, any of the Defendants) and their successors-in-interest.

128. This action is properly maintainable as a class action.

129. A class action is superior to other available methods of fair and efficient adjudication of this controversy.

130. The Class is so numerous that joinder of all members is impracticable. The number of Class members is believed to be in the thousands, and they are likely scattered across the United States. Moreover, damages suffered by individual Class members may be small, making it overly expensive and burdensome for individual Class members to pursue redress on their own.

131. There are questions of law and fact which are common to all Class members and which predominate over any questions affecting only individuals, including, without limitation:

- a. whether Defendants owed fiduciary duties to Plaintiffs and the Class;

- b. whether the Controller Defendants controlled the Company;
- c. whether “entire fairness” is the applicable standard of review;
- d. which party or parties bear the burden of proof;
- e. whether Defendants breached their fiduciary duties to Plaintiffs and the Class;
- f. the existence and extent of any injury to the Class or Plaintiffs caused by any breach;
- g. the availability and propriety of equitable re-opening of the redemption period; and
- h. the proper measure of the Class’s damages.

132. Plaintiffs’ claims and defenses are typical of the claims and defenses of other Class members, and Plaintiffs have no interests antagonistic or adverse to the interests of other Class members. Plaintiffs will fairly and adequately protect the interests of the Class.

133. Plaintiffs are committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature.

134. Defendants have acted in a manner that affects Plaintiffs and all members of the Class alike, thereby making appropriate injunctive relief and/or corresponding declaratory relief with respect to the Class as a whole.

135. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants; or adjudications with respect to individual members of the Class would,

as a practical matter, be dispositive of the interest of other members or substantially impair or impede their ability to protect their interests.

COUNT I
**(Direct Claim for Breach of Fiduciary Duty
Against the Director Defendants)**

136. Plaintiffs repeat and reallege each and every allegation herein as if set forth in full in this Count.

137. As directors of the Company, the Director Defendants owed Plaintiffs and the Class the utmost fiduciary duties of care and loyalty, which subsume an obligation to act in good faith, with candor, and to make accurate material disclosures to the Company's stockholders.

138. These duties required them to place the interests of the Company stockholders above their personal interests and the interests of the Controller Defendants.

139. Through the events and actions described herein, the Director Defendants breached their fiduciary duties of loyalty and candor to Plaintiffs and the Class by prioritizing their own personal, financial, and/or reputational interests in a manner unfair to and misleading Plaintiffs and the Class by failing to adequately inform public stockholders of material information necessary to allow them to make an informed redemption decision.

140. As a result, Plaintiffs and the Class were harmed due to the impairment of their redemption rights prior to the Merger.

141. In addition, by virtue of misstatements and omissions in the Proxy, members of the Class could not exercise their vote in an informed manner and approved the Merger with Legacy Blade based on false and misleading information.

142. Plaintiffs and the Class suffered damages in an amount to be determined at trial.

COUNT II
(Direct Claim for Breach of Fiduciary Duty
Against the Controller Defendants)

143. Plaintiffs repeat and reallege each and every allegation herein as if set forth in full in this Count.

144. The Controller Defendants were the Sponsor, Affeldt, Newburger, Martin, and Mohapp. The Controller elected the members of the Board, had deep personal and financial ties to the members of the Board they selected—through the granting of Founder Shares, and the granting of other financial incentives.

145. As such, the Controller Defendants owed Plaintiffs and the Class fiduciary duties of care and loyalty, which include an obligation to act in good faith, and to provide accurate material disclosures to EIC stockholders.

146. At all relevant times, the Controller Defendants had the power to control, influence, and cause—and actually did control, influence, and cause—EIC to enter into the Merger.

147. Through the events and actions described herein, the Controller Defendants breached their fiduciary duties of loyalty and candor to Plaintiffs and Class members by failing to adequately inform public stockholders of material information necessary to allow them to make an informed redemption decision.

148. As a result, Plaintiffs and the Class were harmed due to the impairment of their redemption rights prior to the Merger.

149. Plaintiffs and the Class suffered damages in an amount to be determined at trial.

COUNT III
(Direct Claim for Unjust Enrichment
Against All Defendants)

150. Plaintiffs repeat and reallege each and every allegation and Count set forth above as if set forth in full herein.

151. As a result of the conduct described herein, the Defendants breached their fiduciary duties to EIC public stockholders and were disloyal by putting their own financial interests above those of EIC public stockholders.

152. Defendants were unjustly enriched.

153. All unjust profits realized by Defendants should be disgorged and recouped by the Class.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment and relief in his favor and in favor of the Class, and against Defendants, as follows:

- A. Declaring that this Action is properly maintainable as a class action;
- B. Finding the Director Defendants liable for breaching their fiduciary duties owed to Plaintiffs and the Class;
- C. Finding the Controller Defendants liable for breaching their fiduciary duties, in their capacity as the controllers of EIC, owed to Plaintiffs and the Class;
- D. Finding that Defendants were unjustly enriched;
- E. Awarding Plaintiffs and the other members of the Class damages in an amount which may be proven at trial, together with interest thereon;
- F. Awarding rescission or rescissory damages to Plaintiffs and the Class;
- G. Ordering disgorgement of any unjust enrichment to Plaintiffs and the Class;
- H. Certifying the proposed Class;
- I. Awarding Plaintiffs and the members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs; and

J. Awarding Plaintiffs and the Class such other relief as this Court deems just and equitable.

Dated: July 15, 2024

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