



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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March 4, 2024

David Haring, Executive Director
Lincoln Airport Authority
2400 W. Adams Street
Lincoln, NE 68524

Dear Mr. Haring:

In reference to the December 14, 2023, letter issued to you by the Nebraska Auditor of Public Accounts (APA), the purpose of this communication is to provide you with current information regarding outstanding customer refunds that were due from Fly Next LLC (Fly Next), a limited liability company owned by Nickolas Wangler and based in Castle Rock, Colorado, which conducted business in Nebraska under the trade name "Red Way."

As you know, the Lincoln Airport Authority (Authority) previously provided the APA with documentation purporting to show that all Red Way customer refunds had been processed as of December 12, 2023. Due to multiple factors, that information explained, several days might pass before the refunds would be reflected in customer accounts. Additionally, various news outlets reported the December 1, 2023, announcement by the Attorney General's office that all outstanding Red Way customer refunds had been completed as of that day.

For most audits conducted by the APA, follow-up work is not performed until a subsequent audit or attestation is due. Because it was important to ensure that Nebraskans and other Red Way customers were properly refunded, however, the APA continued to pursue this matter. Not doing so would have left unresolved the risk that hundreds of Red Way customers might still be owed refunds totaling over \$100,000.

The APA reached out to Red Way on December 13, 2023, inquiring by email about certain individuals who, despite the Authority's assurances to the contrary, appeared not to have received their refunds. In a December 19, 2023, email response to that inquiry, Mr. Wangler stated the following:

They are fully refunded, confirmed across all systems (AvAIO, Auth.Net, Maverick. Refund receipts are attached. One was refunded on Sep 3 – the other Sep 12[.]

Taken at face value, the above statement – along with corroborating information received from the Authority and others – would appear to have indicated that all customer refunds had been processed as of December 19, 2023. However, the APA questioned Mr. Wangler again on December 20, 2023, sending him the following email message:

Thanks for the response. We do not believe that these refunds were actually processed fully because no money was disbursed from the escrow account and there was not sufficient funds remaining in the escrow account to process those refunds. We have confirmed with these individuals as well as several others that have not received their refund. The refund files set to be processed and paid through the escrow account in early September 2023 never fully processed as there was not sufficient funds remaining.

For the refunds to be paid out of the escrow on September 3rd, we sent out an email to 13 individuals and all of the Red Way customers responded and said they did not receive a refund.

The APA continued to correspond by email with Mr. Wangler. On January 25, 2024, however, in response to an email update from him, the APA sent the following message to Red Way:

Thanks for the update! Based on our analysis, there were a significant number of customers who were set to receive a refund in early September, but there was no money in the escrow as previously mentioned to you. I would point Maverick to those files including refunds to be processed on 9/2/2023, 9/3/2023, 9/5/2023, 9/8/2023, and 9/12/2023. We continue to receive information from customers that have not yet received their refund from those files.

Let me know if you or Maverick need additional information.

Mr. Wangler responded by email on that same day, as follows:

Understood...that's what I've uncovered. Maverick as assured me that this will be cleaned up asap. I'll report back. Sorry for the delay....as I've said before I will 100% ensure that this is settled with everyone.

I'll be back in touch soon....as soon as I possibly can. If you don't hear from me tomorrow its only because I'm waiting on Maverick.

The APA continued to correspond with Mr. Wangler to discuss additional details regarding the outstanding refunds. The following message was received on February 10, 2024:

Craig,

I owe you, Mason and everyone else working on this (as well as all effected passengers) a HUGE apology. I simply had no idea the severity of these refunds. I don't have a way to independently verify (at least not that I was aware of) to see that these passengers were not refund. I am so sincerely sorry to everyone.... The sun will not set on Monday until these are 100% refunded and verified.

On February 13, 2024, Mr. Wangler confirmed that the remaining 235 refunds were issued with no processing errors. Throughout the APA's process of ensuring that the remaining Red Way customers were properly refunded, Mr. Wangler was helpful and upfront with our office, providing routine updates along the way. We appreciate his work to ensure that, in response to questions by our office, the remaining Red Way customers received the refunds to which they were entitled.

On February 14, 2024, the APA reached out again to over 25 Red Way customers to inquire as to whether they had received their refunds. Several responded that their refunds had been processed. Moreover, many of those responses expressed appreciation for the APA's assistance in obtaining refunds that the recipients had come to assume might never be issued.

We recommend that the Authority continue to work with the appropriate parties to ensure that any remaining concerns resulting from Red Way's operations in this State be addressed and, hopefully, resolved promptly.

If you have any questions regarding the above information, please contact our office.

Sincerely,



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