

Edgar Filing: CHEAP TICKETS INC - Form SC 13D

CHEAP TICKETS INC
Form SC 13D
August 24, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Cheap Tickets, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

162672109

(CUSIP Number)

Eric J. Bock, Esq.
Senior Vice President, Law and Corporate Secretary
Cendant Corporation
9 West 57th Street, New York, NY 10019
Telephone: (202) 431-1836

Copy to:
Kenton J. King, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
525 University Avenue
Palo Alto, CA 94301
(650) 470-4500

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

August 13, 2001

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

CUSIP No. 162672109

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NAME OF REPORTING PERSON
1 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Cendant Corporation

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
2 (a)
(b)

SEC USE ONLY
3

SOURCE OF FUNDS (See Instructions)
4 WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
5 TO ITEMS 2(d) or 2(e)

CITIZENSHIP OR PLACE OF ORGANIZATION
6 United States

SOLE VOTING POWER
7
NUMBER OF
SHARES None

BENEFICIALLY OWNED BY
8 10,960,637 (See Item 5)

SOLE DISPOSITIVE POWER
9
EACH
REPORTING PERSON None

SHARED DISPOSITIVE POWER
10 10,960,637 (See Item 5)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
11

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10,960,637 (See Item 5)

| | | |
|----|---|--------------------------|
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) | <input type="checkbox"/> |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | 47% |
| 14 | TYPE OF REPORTING PERSON (See Instructions) | CO |

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This Statement on Schedule 13D (this "Schedule 13D") relates to the Agreement and Plan of Merger, dated August 13, 2001 (the "Merger Agreement") by and among Cendant Corporation, a Delaware corporation ("Parent"), Diamondhead Acquisition Corporation, a Delaware corporation and an wholly owned subsidiary of Parent (the "Purchaser") and Cheap Tickets, Inc., a Delaware corporation (the "Company"). Pursuant to the Merger Agreement, on August 23, 2001, the Purchaser commenced a tender offer (the "Offer") to purchase all issued and outstanding shares of common stock ("Common Stock"), par value \$0.001 per share (the "Shares"), of the Company at a price of \$16.50 per share, net to the seller in cash. Following the Offer, it is expected that the Purchaser will be merged with and into the Company (the "Merger"), and the Company will be the surviving corporation in the Merger. At the effective time of the Merger, each share of Common Stock then outstanding (other than shares held by Parent, the Purchaser or any other wholly owned subsidiary of Parent), will be canceled and retired and converted into the right to receive \$16.50 per Share or any higher price per Share paid in the Offer, in cash payable to the holder thereof without interest. The Merger Agreement has been filed as Exhibit (d)(1) to the Tender Offer Statement on Schedule TO filed by Parent and the Purchaser on August 23, 2001 (the "Schedule TO"), and is incorporated herein by reference. The Offer to Purchase setting forth the terms of the Offer has been filed as Exhibit (a)(1)(A) to the Schedule TO (the "Offer to Purchase") and is incorporated herein by reference. The Company filed a Solicitation/Recommendation Statement on Schedule 14D-9 relating to the Offer and the Merger on August 23, 2001.

This Schedule 13D also relates to the Stockholder Agreement, dated August 13, 2001, among Parent, the Purchaser and the stockholders of the Company who are signatories to such agreement (the "Stockholders Agreement"). Pursuant to the Stockholder Agreement, such stockholders have agreed to tender the Shares held by them in the Offer and to grant Parent a proxy with respect to the voting of such Shares in favor of the Merger upon the terms and subject to the conditions set forth therein. In addition, each Stockholder has granted Parent an option to purchase all Shares beneficially owned or controlled by such Stockholder as of the date of the Stockholder Agreement, or beneficially owned or controlled by such Stockholder at any time thereafter (including, without limitation, Shares acquired by way of exercise of options, warrants or other rights to purchase shares of Common Stock), subject to certain conditions. The Stockholder Agreement has been filed as Exhibit (d)(2) to the Schedule TO and is incorporated herein by reference.

The information set forth in response to each separate Item shall be deemed to be a response to all Items where such information is relevant.

Item 1. Security and Issuer.

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This statement on Schedule 13D (this "Statement") relates to the common stock, par value \$0.001 per share (the "Common Stock"), of Cheap Tickets, Inc., a Delaware corporation ("Cheap Tickets"). The principal executive offices of Cheap Tickets are located at 1440 Kapiolani Blvd, Honolulu, HI 96814.

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Item 2. Identity and Background.

- (a) The name of the person filing this Statement is Cendant Corporation, a Delaware corporation ("Cendant").
- (b) The address of Cendant's principal office and principal business is 9 West 57th Street, New York, NY 10019.
- (c) Cendant is a diversified global provider of business and consumer services primarily within the real estate and travel sectors. The Company's fee-for-service businesses include hotel, real estate and tax preparation franchising; rental cars, fleet leasing and fuel cards; mortgage origination and employee relocation; customer loyalty programs; vacation exchange and rental services and vacation interval sales. Other business units include the UK's largest private car park operator and electronic reservations processing for the travel industry. With headquarters in New York City, the Company has approximately 60,000 employees and operates in over 100 countries. Cendant's principal executive offices are located at 9 West 57th Street, New York, New York 10019.
- (d) On June 14, 2000, the Securities and Exchange Commission (the "SEC") instituted and simultaneously settled an administrative proceeding, Administrative Proceeding File No. 3-10225, against Cendant in connection with certain accounting irregularities at the former CUC International, Inc., which merged with HFS Incorporated in December 1997 to form Cendant. The SEC found that, as a result of such accounting irregularities, Cendant violated the periodic reporting, corporate record-keeping and internal controls provisions of the federal securities laws. Without admitting or denying the findings contained in the SEC's administrative order, Cendant consented to the issuance of an SEC order directing Cendant to cease and desist from committing or causing any violation, and any future violation, of the periodic reporting, corporate record-keeping and internal controls provisions of the federal securities laws. No financial penalties were imposed against Cendant.
- (e) Except as set forth in response to this Item 2, during the last five years, neither Cendant nor, to the best of Cendant's knowledge, any of the individuals referred to in Schedule A, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding violations with respect to such laws.
- (f) The name, business address, present principal occupation and citizenship of each executive officer and director is set forth in Schedule A to this Schedule 13D and is specifically incorporated herein by reference.

Item 3. Source and Amount of Funds or Other Consideration.

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The information set forth in the section entitled "THE TENDER OFFER - 10. Source and Amount of Funds" of the Offer to Purchase is incorporated herein

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by reference. The Purchaser will acquire all funds from Parent, which currently intends to use generally available corporate funds (which include the proceeds of recent issuances of debt securities) for this purpose.

Item 4. Purpose of Transaction.

The information set forth in the sections entitled "INTRODUCTION", "THE TENDER OFFER - 11. Background of the Offer", "THE TENDER OFFER - 12. Purpose of the Offer; Plans for the Company", "THE TENDER OFFER - 13. The Merger Agreement and the Stockholder Agreement" and "THE TENDER OFFER - 7. Effect of the Offer on the Market for the Shares; Stock Listing; Exchange Act Registration; Margin Regulations" of the Offer to Purchase is incorporated herein by reference. This Schedule 13D relates to the transactions contemplated by the Merger Agreement, and the Stockholder Agreement. Copies of the Merger Agreement and the Stockholder Agreement, attached as Exhibits (d)(1) and (d)(2), respectively, to the Schedule TO, are incorporated herein by reference.

Except as set forth in this Item 4, neither Parent nor the Purchaser has any plans or proposals which relate to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a), (c) The information set forth in each of the sections entitled "INTRODUCTION," "THE TENDER OFFER - 8. Certain Information Concerning the Company," "THE TENDER OFFER - 9. Certain Information Concerning Parent and the Purchaser," "THE TENDER OFFER - 11. Background of the Offer", "THE TENDER OFFER- 12. Purpose of the Offer; Plans for the Company," "THE TENDER OFFER - 13. The Merger Agreement and the Stockholder Agreement" and Schedule I of the Offer to Purchase is incorporated herein by reference.

(b) The number of Shares of the Company that may be deemed to be beneficially owned by Parent (i) with respect to which their sole voting power is none, (ii) with respect to which their shared voting power is 10,960,637, (iii) with respect to which their sole dispositive power is none, and (iv) with respect to which their shared dispositive power is 10,960,637.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The information set forth in each of the sections entitled "THE TENDER OFFER - 11. Background of the Offer", "THE TENDER OFFER - 12. Purpose of the Offer; Plans for the Company", "THE TENDER OFFER - 13. The Merger Agreement and the Stockholder Agreement," "THE TENDER OFFER - 8. Certain Information Concerning the Company" and

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"THE TENDER OFFER - 9. Certain Information Concerning Parent and the Purchaser" in the Offer to Purchase is incorporated herein by reference.

Other than the Merger Agreement and the exhibit thereto, and the Stockholder Agreement, and as set forth below, to the knowledge of Parent, there are no contracts, arrangements, understandings or relationships among the persons named in Item 2 and between such persons and any person with respect to any securities of Cheap Tickets, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangement, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be filed as Exhibits.

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1.* Agreement and Plan of Merger, dated August 13, 2001 by and among Cendant Corporation, Diamondhead Acquisition Corporation and Cheap Tickets, Inc.

2.* Stockholder Agreement, dated August 13, 2001, by and among Cendant Corporation, Diamondhead Acquisition Corporation and certain stockholders of Cheap Tickets, Inc.

3.* Offer to Purchase, dated August 23, 2001.

4. Joint Filing Agreement, dated as of August 23, 2001 between Parent and Purchaser.

* Incorporated by reference to the Tender Offer Statement on Schedule TO filed by Cendant Corporation and Diamondhead Acquisition Corporation on August 23, 2001.

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Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Cendant Corporation

Dated: August 23, 2001

By: /s/ Eric J. Bock

Name: Eric J. Bock
Title: Senior Vice President,
Law and Corporate Secretary

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SCHEDULE A TO SCHEDULE 13D

Following is a list of each executive officer and director of Cendant Corporation setting forth the business address and present principal employment (and the name and address of any corporation or organization in which such employment is conducted) of each person. The persons named below are citizens of the United States (other than Mr. Mulrone, who is a citizen of Canada) and have not, during the last five years, been convicted in a criminal proceeding or been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which they are or were subject to a judgment, decree, or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

DIRECTORS
(INCLUDING DIRECTORS WHO ARE EXECUTIVE OFFICERS)

| Name | Principal Occupation | Address |
|--------------------|---|---|
| Henry R. Silverman | President, Chairman and Chief Executive Officer | Cendant Corporation 9 West 57th Street |

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| | | |
|-------------------|--|--|
| James E. Buckman | Vice Chairman and General Counsel | New York, NY 10019 Cendant Corporation 9 West 57th Street New York, NY 10019 |
| Stephen P. Holmes | Vice Chairman; Chairman and Chief Executive Officer, Cendant Travel Division | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |
| Martin Edelman | Of Counsel, Paul Hastings Janofsky & Walker | Paul, Hastings, Janofsky & LLP 399 Park Avenue New York, NY 10022 |
| Myra J. Biblowit | President, The Breast Cancer Research Foundation | The Breast Cancer Research Foundation Suite 1209 654 Madison Avenue New York, NY 10021 |

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| | | |
|---|--|---|
| The Rt. Hon. Brian Mulroney, P.C., LL.D. | Senior Partner, Ogilvy Renault | Ogilvy Renault 1981 McGill College Ave. Suite 1100 Montreal, Quebec H3A 3C1 |
| Robert W. Pittman | President and Co-Chief Operating Officer, AOL Time Warner, Inc. | AOL Time Warner, Inc. 22000 AOL Way Dulles, VA 20166 |
| Sheli Z. Rosenberg | Vice Chairwoman, Equity Group Investments, Inc. | Equity Group Investments, I 2 N. Riverside Plaza Suite 600 Chicago, IL 60606 |
| Leonard S. Coleman | Senior Advisor, Major League Baseball | Cendant Corporation 9 West 57th Street New York, NY 10019 |
| John C. Malone, Ph.D. | Chairman, Liberty Media Corporation | Liberty Media Corporation 9197 South Pioria St. Englewood, CO 80112 |
| Robert E. Nederlander | President, Nederlander Organization, Inc. | Nederlander Organization, I 1450 Broadway 20th Floor New York, NY 10018 |
| Cheryl D. Mills | Senior Vice President, Corporate Policy and Public Programming, Oxygen Media, Inc. | Oxygen Media, Inc. New York, NY 10011 75 Ninth Avenue New York, NY 10018 |
| Robert F. Smith | Senior Managing Director, Car Component Technologies, Inc. | Car Component Technologies, 10 Ironhorse Drive Bedford, NH 03110 |

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Secretary William S. Cohen

Chairman and Chief Executive
Officer, The Cohen Group

The Cohen Group
600 13th St. NW
Suite 640
Washington, DC 20005

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EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

| Name | Principal Occupation | Address |
|-----------------------|--|---|
| Kevin M. Sheehan | Senior Executive Vice President and Chief Financial Officer | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |
| Richard A. Smith | Chairman and Chief Executive Officer, Real Estate Division | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |
| John W. Chidsey | Chairman and Chief Executive Officer, Diversified Services Division | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |
| Samuel L. Katz | Chief Strategic Officer and Senior Executive Vice President, Strategic and Business Development | Cendant Corporation 9 West 57th Street New York, NY 10019 |
| Thomas D. Christopoul | Senior Executive Vice President and Chief Administrative Officer | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |
| Toby Ippolito | Executive Vice President and Chief Accounting Officer | Cendant Corporation 6 Sylvan Way Parsippany, NJ 07054 |

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