

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 21-cv-60462-BLOOM/Valle

CCUR AVIATION FINANCE, LLC and  
CCUR HOLDINGS, INC.,

Plaintiffs,

v.

SOUTH AVIATION, INC. and  
FEDERICO A. MACHADO,

Defendants.

\_\_\_\_\_ /

**TEMPORARY RECEIVER'S FIRST 30-DAY REPORT**

**I. INTRODUCTION**

The Court-appointed Temporary Receiver, Barbara Martinez, Esq. (the “Temporary Receiver”) for South Aviation, Inc. (“South Aviation”) and its respective affiliates, subsidiaries, successors, and assigns (excluding Defendant Federico A. Machado individually) (collectively, the “Receivership Estates”) hereby files this First 30-Day Report in order to inform the Court in addition to Plaintiffs CCUR Aviation Finance, LLC (“CCURA”) and CCUR Holdings, Inc. (“CCURH”) (collectively, “Plaintiffs”); WBIP Aviation One, LLC and WBIP Aviation Two, LLC (“WBIP Intervenors”) and Metrocity Holdings, LLC (“Metrocity Intervenor”) (together the “Receivership Entities”) of her activities to date, as well as her conclusions and next steps going forward. This report is part of the Temporary Receiver’s ongoing efforts to provide timely information to interested creditors of the Receivership Estates.

## II. PROCEDURAL BACKGROUND

1. On March 1, 2021, Plaintiffs filed their Original Verified Complaint (the “Complaint”) against Defendants South Aviation, Inc. (“South Aviation”) and Federico A. Machado (“Machado”) (together, “Defendants”). In the Complaint, the Plaintiffs allege that the Defendants engaged in a fraudulent Ponzi scheme (the “Scheme”) to provide financing for aircraft purchase agreements for South Aviation under false representations and executed under false pretenses.

2. Also on March 1, 2021, the Plaintiffs filed an Emergency Motion for Immediate Appointment of Receiver Pursuant to Rule 7.1(a)(2), ECF No. [5].

3. On March 2, 2021 the Court denied Plaintiff Emergency Motion for Immediate Appointment of the Temporary Receiver, ECF No. [11].

4. On March 4, 2021, Plaintiffs filed a Verified Amended Expedited Motion for Appointment of Temporary Receiver, ECF No. [13].

5. On April 16, 2021, the District Court ordered the appointment of Barbara Martinez, Esq. as Temporary Receiver over the Receivership Estates (the “Receivership Order”). The Receivership Order grants the Temporary Receiver general powers and requests the receiver to perform certain duties on behalf of the Receivership Estates, ECF No. [43]

6. On April 30, 2021 the Temporary Receiver filed an Emergency Motion to Expand the Receivership, ECF No. [49], to include the recently discovered asset, a 1986 Bombardier Challenger C1-601-2A12, bearing manufacturer’s serial number 3064 and N-registration N28FM, owned by JF Aircorp Inc. (the “Aircraft”) as part of the Receivership Estates.

7. On May 3, 2021, the Court ordered the Aircraft to remain grounded at Teterboro Airport. The Court’s order states “[a]ll persons or entities with direct or indirect control over this

Aircraft, other than the Temporary Receiver, are restrained and enjoined from directly or indirectly moving, transporting, selling, assigning, transferring, or otherwise interfering with the Aircraft in any manner.” ECF No. [50]. In compliance with the May 3, 2021 Order, on May 6, 2021, the Temporary Receiver served a copy of her Motion, ECF No. [49], the May 3 Order, ECF No. [50], and the Receivership Order, ECF No. [43], upon the registered agent for JF Aircorp Inc.

8. In the May 3 Order, the Court ordered that JF Aircorp Inc. file a response to the Temporary Receiver’s Agreed Emergency Motion to Expand the Receivership to Include Recently Discovered Assets, if any, by no later than May 20, 2021. To date, no response has been filed. The Court also ordered that JF Aircorp Inc.’s failure to file a timely response may result in the Temporary Receiver’s Agreed Emergency Motion to Expand the Receivership being granted by default, which would expand the Receivership Order to include the Aircraft and would vest title to the Aircraft with the Temporary Receiver by operation of law.

### **III. EXECUTIVE SUMMARY**

Over the past 30 days, the Temporary Receiver has attempted to investigate and take control of the Receivership Estates for the benefit of the Receivership Entities. The Temporary Receiver was appointed a month and a half after the filing of the Complaint and approximately eight months after the original indictment involving the related Scheme was filed in the Eastern District of Texas.<sup>1</sup> Thus far, the investigation has revealed that bank accounts were depleted and other assets were already otherwise transferred, seized, or sold prior to the Temporary Receiver’s appointment.

---

<sup>1</sup> Federico Machado was originally indicted for his role in the Scheme on August 12, 2020. By the time the Temporary Receiver was appointed in April 2021, a Third Superseding Indictment was pending in the Eastern District of Texas, which had been filed on February 24, 2021.

According to records and individuals interviewed, South Aviation has not operated since at least January 2021. Federico Machado, President of South Aviation, had been cooperating with prosecutors in the Eastern District of Texas regarding the identification of assets until he fled the country earlier this year. The Temporary Receiver's investigation has revealed that, despite his supposed cooperation with the Department of Justice, Federico Machado transferred assets prior to leaving the United States and before the Temporary Receiver's Appointment. At around the same time as the Temporary Receiver's appointment, Federico Machado was taken into custody in Argentina. Although we have not obtained official records to confirm the exact date of arrest, it has been reported that Federico Machado was arrested in Argentina on April 15, 2021. The Department of Justice has confirmed Federico Machado remains in custody awaiting extradition proceedings. These events, taken together, have likely created road blocks in identifying and gaining control of any assets.

Nonetheless, through the assistance of the Plaintiffs, investigators, other creditors, and records, the Temporary Receiver learned of South Aviation's transfers of large sums of money related to the Scheme to Guatemala. As a result, the Temporary Receiver uncovered various foreign assets, namely two mines and one plot of land in Guatemala related to South Aviation. Additionally, thus far, the Aircraft is the only potential domestic asset that the Temporary Receiver has identified that is not clearly subject to forfeiture in the criminal case in the Eastern District of Texas.

The Temporary Receiver retained legal counsel to assist in efforts regarding assets here and in Guatemala, but has been unable to retain forensic accountants or other experts due to lack of liquid assets available to fund these efforts.

Thus, to date, the receivership does not have title to or possession of any funds or property for the benefit of the Receivership Entities, aside from the possession of shares to certain Guatemalan entities identified below. The Temporary Receiver anticipates filing third party claims, participating in discovery, and reviewing additional documents in attempt to find assets of the Receivership Estates.

#### **IV. ROLE AND RESPONSIBILITIES**

On April 16, 2021, this Court appointed Barbara Martinez, Esq. as Temporary Receiver to:

confirm what assets South Aviation previously had and currently has; confirm what South Aviation's creditors are currently owed; freeze assets to ensure South Aviation's creditors are repaid; marshal, safeguard, and liquidate assets; ensure that preferential payments to creditors and insiders do not occur at the expense of other creditors; ensure that South Aviation's creditors are repaid in a fair and equitable manner; and file and prosecute ancillary actions to recover monies or assets for the benefit of South Aviation's creditors[.]

Receivership Order, ECF No. [43] at 2. Upon appointment, the Temporary Receiver was given authority, among other things, to

[i]mmediately take custody, control and possession of all of South Aviation's property and records relevant thereto; to sue for and collect, recover, receive and take into possession from third parties all property of South Aviation and records relevant thereto.

*Id.* at 4.

#### **V. TAKING POSSESSION OF RECEIVERSHIP PROPERTY**

##### **A. OFFICE OF SOUTH AVIATION**

On Sunday, April 18, 2021, the Temporary Receiver visited South Aviation's office building (which has multiple suites) to observe the premises at 1470 Lee Wagener Blvd, Suite 100 Fort Lauderdale, FL 33315. The Temporary Receiver could not enter the South Aviation office because it was locked, but the Temporary Receiver did obtain the lease contact information. On April 20, 2021, the Temporary Receiver went back to the office accompanied by two private

investigators. The South Aviation office space was completely cleared out and the Temporary Receiver was told by the leasing entity, Sheltair Aviation Services LLC (“Sheltair”), that the lease agreement for the space ended on September 3, 2020. The agent at Sheltair confirmed that all office furniture, office machines and other incidental business supplies were removed from the business address prior to April 16, 2021, sometime at or around September 2020.

Across the hall from the South Aviation office, the Temporary Receiver and investigators saw an office suite labeled South Aviation Group LLC (“South Aviation Group”), as opposed to South Aviation Inc. (the subject of the Receivership). The Temporary Receiver and investigators spoke to an individual by the name of Stephen “Steve” Climie at South Aviation Group. Climie previously served as the Vice President of South Aviation, Inc. and a website, <https://www.zoominfo.com/p/Fred-Machado/749312861>, indicates that Machado previously served as the President of South Aviation Group until 2020, although Machado does not appear on the Articles of Incorporation. The Temporary Receiver is further investigating whether the two entities, South Aviation and South Aviation Group are truly separate. The two entities appear to share the same logo, telephone number, website domain, and same office address. The Temporary Receiver attempted to call the shared telephone number, but it does not appear to be in service.

The Temporary Receiver recovered no physical property or records at the premises. However, records relating to South Aviation were obtained from Sheltair.

## **B. NOTICE TO THIRD PARTIES**

Pursuant to the Order, the Temporary Receiver has promptly given notice of her appointment as she deems it necessary or advisable to effectuate the operation of her appointment.

**1. MAIL**

The Receivership Order provided authorization for the Temporary Receiver to open all mail – including electronic mail – directed to or received by or at the offices or post office boxes of South Aviation or of other entities constituting the Receivership Estates, and to inspect all mail opened prior to the entry of this Order, to determine whether items or information therein fall within the mandates of the Receivership Order. The Temporary Receiver did provide a change of address notification to the United States Postal Service for all mail to be directed to Barbara Martinez, Esq., at 701 Brickell Avenue, Suite 3000 Miami, Florida 33131-1704. The Temporary Receiver is in contact with South Aviation’s registered agent to forward all communications, including mail, to the Temporary Receiver. As of March 17, 2021, the Registered Agent resigned.

**2. WEBSITE**

The South Aviation website appears to have been transferred to another, separate business (South Aviation Group LLC) and has not been shut down or re-directed. The Temporary Receiver is investigating whether South Aviation and South Aviation Group are truly separate entities.

**3. DEBTS/THIRD PARTY CLAIMS TO SOUTH AVIATION**

The Temporary Receiver is investigating entities that owe an obligation or debt to South Aviation. At this time, the Temporary Receiver has not initiated any collection efforts.

Through the Temporary Receivers authority “to assert, prosecute and/or negotiate any claims for coverage under any insurance policies issued to or for the benefit of South Aviation,” the Temporary Receiver is aware of two potential insurance policies affiliated with South Aviation for the Receivership Estates. The value of the insurance policies is currently unknown.

#### 4. FINANCIAL INSTITUTIONS

The Temporary Receiver has directed financial institutions who have monies, cryptocurrencies, funds, accounts, commodity interests, real estate, assets, liabilities, electronically stored information, and other property of any kind owned, controlled, managed, or held by, on behalf of, or for the benefit of South Aviation, its creditors or any other entities constituting the Receivership Estates to provide all accounting information consistent with the Receivership Order.

The bank accounts for South Aviation that the Temporary Receiver has identified as of the date of this Report are listed below. The specific account information is provided for the accounts that the Temporary Receiver has been able to confirm to date.

South Aviation Inc.	First American Bank	...7586	Closed 2/18/20	\$0.00
South Aviation Inc.	Continental National Bank			TBD
South Aviation Inc.	JP Morgan Chase Bank, N.A.			TBD
South Aviation, Inc.	JP Morgan Chase Bank, N.A.	...0593	As of 4/26/2021	(\$226.47)
South Aviation, Inc.	Bank of America	...0408	Closed 9/6/19	\$0.00

Other accounts from entities, affiliates, or subsidiaries that the Temporary Receiver, upon good faith, believes are part of the Receivership Estates, or related to South Aviation, include the following accounts, to which information is still being gathered and reviewed.

MDP Trading LLC	First American Bank			TBD
MDP Trading LLC	Wells Fargo Bank			TBD
MDP Trading LLC	Continental National Bank			TBD
MDP Trading LLC	JP Morgan Chase Bank, N.A.			TBD
South Aviation Group	Wells Fargo Bank			TBD
MDP Trading LLC	Bank of America	...0798	Closed 9/6/19	\$0.00
Aircharters Worldwide, Inc.	Bank of America	...1743	Closed 2/6/15	\$0.00
Aircharters Worldwide, Inc.	Bank of America	...5125	Closed 2/6/15	\$0.00
Aircraft Finance Aircorp, Inc.	Bank of America	...3643	Closed 4/2/19	\$0.00
JF Aircorp, Inc.	Bank of America	...1147	Closed 4/2/19	\$0.00
Wright Brothers Aircraft Title, Inc.	Bank of America	...1120	Closed 12/21/17	\$0.00
Wright Brothers Aircraft Title, Inc.	Bank of America	...9081	Closed 3/12/21	\$0.00
Wright Brothers Aircraft Title, Inc.	Bank of America	...9094	Closed 3/12/21	\$0.00

As illustrated above, most accounts were closed prior to the Temporary Receiver's appointment.

### **C. STAY OF LITIGATION**

The Temporary Receiver is not aware of the ongoing litigation related to South Aviation or its officers, directors, employees, partners, representatives, or agents except for the instant action, the criminal proceeding in Texas, and the bankruptcy proceeding discussed in further detail below.

#### **1. Existing Criminal Proceedings in Texas**

The Temporary Receiver has remained informed regarding the criminal proceedings pending before the United States District Court for the Eastern District of Texas, Sherman Division (the "Texas Court"), styled "United States of America v. Deborah Lynn Mercer-Erwin, et al.," Case No. 4:20-CR-212, Judge Mazzant presiding (the "Texas Proceedings") which began at or around August 12, 2020. The United States of America (the "Government") has obtained criminal forfeiture of assets of Federico Andres Machado and several related entities.

On May 5, 2021, the Government filed their Fifth Superseding Indictment (the "Indictment") in the Texas Court, ECF No. [224]. South Aviation was not named in the Indictment.

Attached to the Indictment, the Government filed a Notice of Intent to Seek Criminal Forfeiture of various assets. The Temporary Receiver has not attempted to retain any of the identified assets in the Indictment as part of the Receivership Estates.

The Temporary Receiver has been in oral and written communication with the Assistant United States Attorney, Robert Wells.

## **2. Bankruptcy Proceeding**

On April 19, 2021, the Plaintiffs and Metrocity Intervenor (the “Petitioners”) filed a Chapter 7 Involuntary Petition Against Wright Brothers Aircraft Title, Inc. (“Wright Brothers”) in U.S. Bankruptcy Court in the Western District of Oklahoma, 5:21-bk-10994, Chief Judge Janice D. Loyd presiding. Wright Brothers is the Escrow Agent detailed in the underlying Complaint as part of the alleged Scheme. On May 14, 2021, the Wright Brothers, responded to the petition and requested that the petition be denied. Prior to filing, the Petitioners contacted the Temporary Receiver for approval to file. Based on the Petitioners representation that the automatic stay and related relief could preserve the Wright Brother’s insurance claims for the benefit of the Receivership Estates, the Temporary Receiver approved the filing.

The Petitioners each allege a claim for breach of escrow agreements, which in the aggregate total \$43,000,00.00. The petition outlines the alleged debt as follows: Metrocity Holdings LLC (\$29,000,000.00); CCUR Aviation Finance, LLC (\$9,000,000.00); CCUR Holdings, Inc. (5,000,000.00).

A hearing on the petition will be held on May 26, 2021 at 10:00 AM 2nd Floor Courtroom, 215 Dean A. McGee Avenue, Oklahoma City, OK. To date, no trustee has been appointed.

### **B. ASSETS OF THE RECEIVERSHIP**

#### **1. DOMESTIC ASSETS**

##### **a) Bank Accounts**

As shown above, there does not appear to be any funds in the bank accounts associated with the Receivership Estates at this time. The Temporary Receiver has located several bank accounts in the name of South Aviation, Inc., however all of the accounts were closed prior to

April 16, 2021 and have no funds available. The Temporary Receiver has not located a current account.

**b) Tangible Property**

**(1) Home**

The Temporary Receiver, through an investigation, uncovered a residential home owned in the name of Federico A. Machado and his wife, Lisa Lopez, at 900 NW 4<sup>th</sup> Street, Boca Raton, FL 33486. The approximate value of the home is \$830,000.00. The home does have a 2006 mortgage lien in the amount of \$850,000. The remaining balance on the mortgage is unknown. According to the Palm Beach County Property Appraiser website, the mailing address listed for the home is the South Aviation office.<sup>2</sup>

**(2) Aircraft**

Through the investigation at the site visit to South Aviation, the Temporary Receiver was made aware the Aircraft owned by JF Aircorp Inc. hangared at Teterboro Airport in Teterboro, New Jersey, Hangar 122, with FBO Jet Aviation Teterboro (“Jet Aviation”). The Aircraft arrived on April 26, 2021 to Teterboro and remains grounded in the hangar with Jet Aviation at a cost of \$792.00 per night. The Aircraft appears to be subject to a purported lien in favor of HV Pal Holdings LLC (“HV Pal”) for approximately \$650,000.

On May 4, 2021, the Temporary Receiver agreed to allow an expert retained by HV Pal, Ken Hill, to inspect the Aircraft and provide a subsequent report. The Temporary Receiver and counsel for HV Pal are in the process of executing a confidentiality agreement for the exchange of the report and other related lien documents.

---

<sup>2</sup> Based on conversations with the Assistant United States Attorney, this asset is likely subject to forfeiture in the Texas Proceedings detailed below.

HV Pal provided an estimate for the necessary repairs on the Aircraft which total \$22,310.00. Upon information provided by HV Pal, there are outstanding balances on the Aircraft as follows: \$49,253.40 for previous repairs, \$5,510.76 due under the insurance premium financing agreement related to the Aircraft's insurance, \$13,598.00 for April insurance, \$5,220.72 for additional maintenance invoice, and \$3,400.00 for a recent repair invoiced on April 21, 2021. These were all billed to Century Jets, the purported operator of the Aircraft (not HV Pal).

The current value of the Aircraft is unknown. The Temporary Receiver intends to work with HV Pal to sell the Aircraft at a public or private sale for the benefit of the Receivership Estates.

## **2. FOREIGN ASSETS**

The alleged Ponzi scheme involving South Aviation included money transferred to, and investments made, in Guatemala. Through information provided by the Receivership Entities and other individuals, the Temporary Receiver has engaged in extensive work to uncover any assets in Guatemala that are tied to the alleged Scheme. The Temporary Receiver retained Guatemala legal counsel to assist with the protection of the assets.

As of the date of filing, the Temporary Receiver is aware of at least three entities affiliated with South Aviation: (a) Minas del Pueblo, S.A., ("MDP"); (b) Desarrollos Inmobiliarios Izabal ("DII"); and (c) El Pato GT, S.A. ("Pato").

### **a) Minas del Pueblo, S.A.**

MDP is the owner of the exploitation license of a zinc, lead, silver and antimony mine called Meca I, located in San Miguel Tucurú, Alta Verapaz, Guatemala. Upon information and belief, the mine site has around 500 acres, and includes 21 greenhouses, a laboratory, a mineral processing plant, and valuable equipment. The shares of MDP were transferred to the Temporary

Receiver's name on April 28, 2021. The Temporary Receiver was also appointed the sole administrator and legal representative of MDP. To remain an asset of the Receivership Estates, Meca I will need to be preserved or its value will rapidly diminish. The Temporary Receiver identified current and former employees of Meca I who provided an estimate of the cost to preserve Meca I. The estimate revealed that, as of May 3, 2021, the monthly cost for preserving Meca I would be approximately \$95,211.00 USD with a one-time payment of \$33,381.00 USD. On May 6, 2021, the Temporary Receiver sent this estimate to the Receivership Entities for their interest in preserving this asset. To date, the Receivership Entities are still exploring their interest in preserving Meca I, but have not come to a final decision.

**b) Desarrollos Inmobiliarios Izabal, S.A.**

DII is the owner of a real estate project located in Puerto Barrios, Guatemala, called Torre Manatí. Torre Manatí consists of the development of a condominium of 40 luxury apartments. The approximate value of the project is \$1.1 million USD. At this point, the construction of the tower has not started.

DII owns the plot of land and the blueprint from a reputed architecture and interior design firm and, upon information and belief, has allegedly received permits to start construction. Two units were sold prior to the appointment of the Temporary Receiver. DII's shares are now under the Temporary Receiver's name. The Temporary Receiver recently learned about this project and is in the process of obtaining financial records and other corporate documents to identify other creditors and a potential buyer.

**c) El Pato GT, S.A.**

Pato owns the application to an exploitation license of a silver and gold mine called El Pato II, located in Chiquimula, Guatemala. In November 2019, Fred Machado transferred his interest

in Pato to two individuals who now own 100% of Pato. The Temporary Receiver has contacted the two individuals and is arranging the transfer of the shares of Pato to the Temporary Receiver's name.

## **II. OPERATION AND PROPERTY OF SOUTH AVIATION**

Pursuant to the Receivership Order the Temporary Receiver must manage, control, operate and maintain South Aviation and hold in her possession, custody and control all property of South Aviation, pending further Order of this Court. The Temporary Receiver's investigation revealed that South Aviation has not operated since at least January 2021.

## **III. ACCESS TO BOOKS, RECORDS AND ACCOUNTS**

### **A. REGISTERED AGENT**

The Temporary Receiver has been in contact with South Aviation's Registered Agent and previous legal counsel. Counsel has identified several entities that under his information and belief were part of or related to South Aviation in his representation. The identified entities were:

- Charden Aero Corp
- Aircraft Finance Aircorp. Inc.
- JF Aircorp. Inc.
- Mapol Aircorp. Inc.
- Pampa Aircraft Leasing, LLC
- South Aircorp. Inc.

Counsel recently turned over approximately 1,000 documents for review. His predecessor, who retired in 2016, also served as the previous principal of some of the entities identified above, the registered agent, and legal counsel. The Temporary Receiver is in the process of coordinating retrieval of the hard copies of the documents prior to 2016. The Temporary Receiver does not believe the above list is exhaustive of all entities related to South Aviation and will continue to investigate.

#### **IV. RETAINED PROFESSIONALS**

The Temporary Receiver has hired counsel in Florida from Holland & Knight LLP and in Guatemala from Legalsa to assist in the Temporary Receivership. In addition to legal counsel, Temporary Receiver has retained private investigators.

The Temporary Receiver is interested in retaining forensic accounting experts and a mining expert to assess the value of Meca I, but without proof of any funds in the Receivership Estates to remunerate these professionals, such experts have not been retained.

#### **V. ACCOUNTING**

The Receivership Order directed South Aviation to “prepare, sign and file with this Court, within ten (10) calendar days, a complete and accurate accounting for the period of January 1, 2016 to the date of such accounting, which shall be no earlier than the date of this Order.” ECF No. [43] at 11. To date, no accounting has been filed with the Court or provided to the Temporary Receiver.

#### **VI. THE TEMPORARY RECEIVER’S ACTIONS GOING FORWARD**

Having taken the foregoing steps to take possession and preserve the receivership assets, the Temporary Receiver has begun investigating the affairs of the Receivership Estates, and exploring the possibility of recovering receivership funds from third parties.

##### **A. CREDITORS**

The Temporary Receiver has made it a priority to identify the creditors of the Receivership Estates to provide timely notice to them of the Receivership Order, to seek relevant information from them, and to ensure that they receive notice of the claims procedure, if one is necessary, and will continue to do so.

**B. EXPANSION OF RECEIVERSHIP**

Recently, the Temporary Receiver's investigation revealed that the Escrow Agent identified in the underlying dispute is likely inextricable part of the Scheme, was the conduit for funneling approximately half of the ill-gotten gains to South Aviation and third-parties in Guatemala, and may have assets or insurance, that could help cover the shortfall between the Receivership Estates and the legitimate claims against it. Accordingly, Temporary Receiver has consulted with the prosecutor in the Texas Proceedings, as well as the Receivership Entities, and anticipates filing a Motion for Order Expanding the Receivership over Wright Brothers.

**C. FURTHER ACCOUNTING ANALYSIS**

At the Temporary Receiver's direction, Holland & Knight did a preliminary review of the flow of funds both into and out of South Aviation, and related entity accounts. This analysis led to the discovery that South Aviation has transmitted and received millions of dollars from the Receivership Estates (an amount exceeding the receivership funds now on hand), which served as the basis for the Receiver's Motion to Expand the Receivership to include the Escrow Agent. Further analysis is needed.

**D. INTERVIEWS AND THIRD PARTY DISCOVERY**

In an effort to more fully understand how the Receivership Estates perpetrated this fraud and potential discovery of additional assets, the Temporary Receiver has begun scheduling interviews with third parties with relevant knowledge.

The Temporary Receiver anticipates the need to issue subpoenas and conduct formal discovery in an effort to more fully understand the scheme and the Receivership Estates' claimed creditors.

**E. ADDITIONAL ACTION FROM COURT**

The Temporary Receiver anticipates requesting further action from the Court that is necessary to protect the interests of South Aviation, for the benefit of its creditors and the Receivership Estates.

**VII. CONCLUSION**

As stated in the Executive Summary above, the investigation has revealed that bank accounts were depleted and other assets were already otherwise transferred, seized, or sold prior to the Temporary Receiver's appointment.

Nonetheless, through the assistance of the Plaintiffs, investigators, other creditors, and records, the Temporary Receiver learned of South Aviation's transfers of large sums of money related to the Scheme to Guatemala. The foreign assets located, namely two mines and one plot of land in Guatemala related, are valuable and perhaps can be sold. To further these efforts, the Temporary Receiver retained legal counsel to assist in exploring all potential options.

Domestic assets identified that have not been seized or are not clearly covered by the forfeiture in the Texas Proceedings are currently limited to the Aircraft. Investigation into other potential assets continues, including the potential expansion of the Temporary Receivership to include other entities identified as related to the South Aviation and the Scheme. Additionally, the Temporary Receiver is exploring the viability of filing third party claims.

Lastly, the Temporary Receiver believes additional time is necessary to make any recommendations regarding the likelihood of any recovery for the Receivership Entities.

Creditors and investors of the Receivership Estates are encouraged to reach out to Holland & Knight lead counsel for the Temporary Receiver, Dan Small at dan.small@hklaw.com. Persons



**SERVICE LIST**

<p>Jonathan Bart Morton jonathan.morton@klgates.com Stephen Allan McGuinness stephen.mcguinness@klgates.com K&amp;L Gates LLP Southeast Financial Center 200 S Biscayne Boulevard, 39th Floor Miami, FL 33131-2399 Telephone: (305) 539-3357 Facsimile: (305) 358-7095 <i>Counsel for CCUR Holdings, Inc. and CCUR Aviation Finance, LLC</i></p>	<p>Christopher A. Brown chris.brown@klgates.com David Weitman david.weitman@klgates.com K&amp;L Gates, LLP 1717 Main Street, Suite 2800 Dallas, TX 75201 Telephone: (214) 939-5500 <i>Counsel for CCUR Holdings, Inc. and CCUR Aviation Finance, LLC</i></p>
<p>John Arrastia, Jr. jarrastia@gjb-law.com Paul Joseph Battista pbattista@gjb-law.com Genovese Joblove &amp; Battista, P.A. 100 S.E. 2nd Street, 44th Flr. Miami, FL 33131 Telephone: (305) 349-2329 Facsimile: (305) 428-8832 <i>Counsel for Metrocity Holdings, LLC</i></p>	<p>Peter Harlan Levitt plevitt@shutts-law.com Shutts &amp; Bowen 201 S Biscayne Boulevard Suite 1500 Miami Center Miami, FL 33131 Telephone: (305) 358-6300 Facsimile: (305) 415-9847 <i>Counsel for WBIP Aviation One, LLC and WBIP Aviation Two, LLC</i></p>
<p>Gabriel Hertzberg ghertzberg@curtis.com Curtis, Mallet-Prevost, Colt &amp; Mosle, LLP 101 Park Avenue New York, NY 10178 Telephone: (212) 696-8856 Facsimile: (917) 368-7356 <i>Counsel for WBIP Aviation One, LLC and WBIP Aviation Two, LLC</i></p>	<p>South Aviation, Inc. 1470 Lee Wagoner Blvd, Suite 100 Fort Lauderdale, FL 33315 <i>Pro Se</i></p>
<p>Federico A. Machado 1470 Lee Wagoner Blvd., Suite 100 Fort Lauderdale, FL 33315 <i>Pro Se</i></p>	