

“Broken Trust” is the culmination of a four-year WFAA investigation into why more than a thousand planes were registered to two post office boxes in a tiny Texas town with no airport. The stories led to a dramatic drop in drug flights from South America into the United States, as well as an international criminal investigation resulting in eight indictments.

What follows are some supplemental materials highlighting the impact and results of our investigation.

- As we began our reporting, WFAA discovered a **2013 federal Office of Inspector General audit** investigation that found fault with Aircraft Guaranty Corp.’s use of anonymous trusts to register aircraft.
- **Here is a 2019 list of some of the top U.S. cities ranked by number of aircraft registered there.** Onalaska, which has 3,000 people, has more than 1,000 planes – and no airport.
- About two years after our initial report, federal authorities announced they had **indicted** a number of people for, essentially, helping international drug cartels hide the ownership of aircraft.
- A leading aviation expert called the federal investigation and criminal indictments that resulted from WFAA’s investigation **“unprecedented and alarming** to the international aviation community.”
- WFAA was mentioned in a Medellín, Colombia-based InSight Crime **story** analyzing the impact of the indictments on the Latin American drug trade.
- At trial, prosecutors produced a key piece of evidence for jurors – a **secret ledger** kept by Mercer-Erwin and an international fugitive accomplice detailing their crimes.
- After a three-week federal trial, which WFAA was the only media outlet to cover, jurors **convicted** Debra Mercer-Erwin, validating years of “Broken Trust” reporting.
- After the conviction, a federal judge **ordered Mercer-Erwin to forfeit \$50 million.**

We appreciate your consideration of WFAA’s “Broken Trust” investigation.

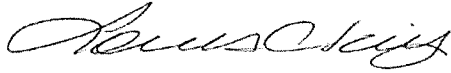


Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Management Advisory on Registration
of Aircraft to U.S. Citizen Trustees in Situations
Involving Non-U.S. Citizen Trustors and
Beneficiaries

Date: January 31, 2014

From: Louis King 
Assistant Inspector General for Financial and
Information Technology Audits

Reply to
Attn. of: JA-20

To: Federal Aviation Administrator

The Department of Transportation (DOT) Office of Inspector General (OIG) is providing this advisory to inform you of issues related to our audit¹ report of June 2013 on the Federal Aviation Administration's (FAA) Civil Aviation Registry. In that audit, we reported that approximately 5,600 of the registrations for aircraft owned under trusts for non-U.S. citizens lacked key information, such as the identity of trustors and beneficiaries. Without this information, we could not complete our work in this area at that time. Because of the significance of the matter, we contacted the five trustees with most registrations to obtain the information needed to complete this work. As a result, we have identified additional concerns regarding the lack of information in the Registry pertaining to aircraft owned under trusts for non-U.S. citizens, and FAA's compliance with registration requirements. FAA uses the Registry to process and maintain ownership registrations on 350,000² private and commercial aircraft. According to its regulations, aircraft cannot receive FAA's certification for safe operation and approval for flight without maintaining a valid registration in the Civil Aviation Registry.³

FAA regulations permit trustees and non-U.S. citizens to register their aircraft by setting up trusts. To do this, an aircraft owner (or trustor or grantor) creates an agreement to transfer the aircraft's title to a trustee that is a U.S. citizen. The

¹ *FAA's Civil Aviation Registry Lacks Information Needed for Aviation Safety and Security Measures*, OIG Report Number FI-2013-101, June 27, 2013. OIG reports are available on our Web site at: <http://www.oig.dot.gov/>.

² The number of U.S. civil aircraft registered as of August 2012.

³ FAA must ensure that an aircraft presented for airworthiness certification is properly registered (49 U.S.C. § 44704(c) and 14 CFR § 21.173).

trustee—who may be an individual or an organization—registers the aircraft under his, her, or its name. The agreements we reviewed, however, provide little substantive information identifying the trustor, beneficiary, or person(s) who can use the aircraft. The trustor and the beneficiary are frequently the same person. As we reported in June 2013, Registry records on an estimated 5,600⁴ aircraft owned under trusts for non-U.S. citizens lacked important information, such as the identity of the trustors and beneficiaries. Because of the significance of this finding, we noted in our report that we were conducting additional work to assess the relationships between the trustees and the anonymous beneficiaries.

We have determined that FAA does not have the information it needs on numerous aircraft owned under non-U.S. citizen trusts, or that this information may not be readily available. We also determined that FAA does not always comply with its requirements for registering aircraft owned under these arrangements. In addition to FAA's lack of information, some of the trustees we contacted could not or would not provide the information on the aircraft they own. Without collecting and maintaining complete and accurate aircraft data, FAA increases the risk of not meeting its aviation safety mission. For example, FAA has experienced problems in providing information on these aircraft to foreign authorities upon request, as required by the Convention on International Aviation when U.S. registered aircraft are involved in accidents or incidents in foreign countries. If FAA takes appropriate actions to address the recommendations in our recent audit of the Civil Aviation Registry, it should be able to correct these deficiencies. Details of our additional work are included below.

FAA DOES NOT HAVE IMPORTANT INFORMATION ON TRUSTS REGISTERING AIRCRAFT FOR NON-CITIZENS

As we reported in June 2013, FAA does not have important safety information on trusts used to register aircraft on behalf of foreign owners. FAA's policy and regulations do not require trustees to identify the trustors, beneficiaries, or operators as a condition of aircraft registration.⁵ FAA recently updated its policy to require trustees to produce this information, but only within 48 hours of an FAA request.⁶ This lack of information on non-U.S. citizen aircraft owners—information that domestic owners, not registering under trusts, are required to provide as a condition of registration—prevents FAA and other Registry users from: (1) knowing who controls or uses these aircraft; (2) determining the locations of non-U.S. citizens who benefit from these registrations; and (3) assessing the propriety of the registrations. We found several cases in which

⁴ Our 5,600 estimate has a precision of +/-1,027 at the 90-percent confidence level.

⁵ The regulations do require trustees to submit copies of documents to the Registry if the trustee and trustor have executed them.

⁶ 78 Fed. Reg. 36412 (2013).

aircraft were operating or registered under questionable and possibly illegal circumstances and FAA did not have sufficient information to conduct its safety oversight. For example:

- In January 2012, an FAA inspector was asked to look into a complaint that a Boeing 737 aircraft—registered on behalf of a foreign trustor—was operated contrary to current U.S. regulations and possibly for illegal revenue. The inspector contacted the trustor, but the trustor had leased the aircraft to a rental service that based the aircraft in the United Arab Emirates. The trustor was unable to provide the inspector with any information about who was flying the aircraft.
- In October 2006, a large U.S. bank became trustee of an aircraft on FAA's Registry under a trust on behalf of a trustor that was a Lebanese politician. To comply with Federal regulations on financial institutions, the bank had to obtain more information on the aircraft's owner. The trustee discovered that the trustor was backed by a well known U.S. Government-designated terrorist organization. The trustee resigned, and the trust was dissolved. As a result, the aircraft's registration was cancelled.⁷
- The President of a foreign oil corporation previously owned an aircraft registered under a trust and sold a large percentage of his organization in March 2010 to a company owned by the Government of China. In March 2011, the Newsmax internet media outlet reported⁸ that the aircraft approached Tripoli International Airport with no landing permit just hours before the United Nations Security Council met to approve a "no-fly zone" over Libya.

FAA's new policy that requires trustees to provide the identities and locations of trustors within 48 hours of FAA's request does not adequately address this issue. For example, we found that the five trustees⁹ we contacted could not or would not always make this information available and often not as rapidly as required. We selected a random sample of 77 out of 5,379 aircraft registered to the 5 trustees with most registrations. We found 47 of them had aircraft registered on behalf of non-U.S. citizens. Based on this finding, we estimate that these five trustees have 3,283 aircraft registered on behalf of non-U.S. citizens.¹⁰ We requested information from the trustees on the identities and locations of foreign owners and found that the trustees were unable to provide this information for 35 of the 47 owners, or 74 percent. Furthermore, one of the trustees required that we first

⁷ The trustee requested FAA immediately cancel the U.S. registration and exported the aircraft to the Isle of Man.

⁸ Newsmax, "Wells Fargo Jet Makes Mystery Flight to Libya," Mar. 22, 2011, <http://www.newsmax.com/kentimmerman/wells-fargo-moammar-gadhafi/2011/03/22/id/390349>.

⁹ We selected these 5 out of 3,587 trustees because they had the most registrations.

¹⁰ Our estimate of 3,283 has a precision of +/-491 or +/-9.1 percentage points at the 90-percent confidence level.

issue a subpoena for the information. Additionally trustees that did give us information took nearly 2 months to do so. Based on this sample, we estimate that these 5 trustees would not be able to provide this information for 2,445 out of 3,283 registrations.¹¹

FAA REGISTERS AIRCRAFT THAT DO NOT MEET ITS REQUIREMENTS

FAA does not always enforce its requirements when registering aircraft. FAA's regulations¹² require non-U.S. citizens to have no more than 25 percent of the power to influence, limit, direct, or remove U.S.-citizen trustees from the trusts, and consequently from control over the aircraft. However, in our sample of 47 aircraft registered on behalf of non-U.S. citizens from the 5 major trustees, all of them (100 percent) were registered under trusts that allow the trustors to remove the trustee. As a result, we estimate 3,283 trusts exceed the limitation on foreign control specified in FAA's regulations.¹³ Further, 46 out of 47 trusts did not sufficiently specify the causes for trustee removal or address FAA's concerns in this regard. Based on our sample, we estimate that 3,213¹⁴ out of 3,283 registrations do not comply with FAA's regulations or policy on removing U.S. citizen trustees, making it difficult for FAA to determine who controls the aircraft.

FAA policy¹⁵ also requires Registry personnel to determine whether trusts involving non-citizen beneficiaries are governed by U.S. law and to reject those governed by foreign laws as not eligible for U.S. registration.¹⁶ We selected a random sample of 68 out of 10,292 aircraft trust registrations and found 10 registered to trusts governed by foreign law. Based on our finding, we estimate that the Registry contains 1,514¹⁷ aircraft owned under trusts that are governed by foreign laws. For example, we found aircraft registered to trusts governed by the laws of the Cayman Islands. In July 2008, the Government Accountability Office reported that because U.S. regulators have limited means of collecting information regarding Cayman Island entities, persons intent on breaking U.S. law may use such trusts to obscure their activities.¹⁸ Trusts governed by foreign laws may also limit the trustee's ability to comply with FAA requirements.

¹¹ Our estimate of 2,445 has a precision of +/-345 or +/-10.5 percentage points at the 90-percent confidence level.

¹² 14 C.F.R. § 47.7(c)(2)(iii) and (3).

¹³ Our estimate of 3,283 has a precision of -161 or -4.9 percentage points at the 90-percent confidence level.

¹⁴ Our estimate of 3,213 has a precision of -113/+70 or -3.5/+2.1 percentage points at the 90-percent confidence level.

¹⁵ FAA Policy AFS-751, Information Bulletin 10-03, March 16, 2010.

¹⁶ FAA's policy further states that the trustee of a trust governed by foreign laws may be subject to a court or other foreign entity with greater than 25 percent power to limit the exercise of his or her authority as trustee.

¹⁷ Our estimate of 1,514 has a precision of +/-7.1 percentage points at the 90-percent confidence level.

¹⁸ Government Accountability Office, *Business and Tax Advantages Attract U.S. Persons and Enforcement Challenges Exist*, GAO-08-778, July 24, 2008.

Regulations for registration of aircraft on FAA's Registry also require that applications be accepted only when received from individual U.S. citizens, partnerships of U.S. citizens, or corporations or associations subject to limitations on foreign control.¹⁹ However, we found that an export credit agency wholly owned by a foreign government entered into a Delaware Statutory Trust²⁰ agreement with a trustee employed by a U.S. bank. After reviewing the trust agreement, FAA's Aeronautical Center Counsel opined that the trust should be treated as an "association" for aircraft registration. As a result, the aircraft was registered to the trust, not the U.S. citizen trustee. It is unclear why FAA concluded that statutory trusts can be treated as associations rather than traditional trusts. FAA's Registry personnel we spoke to were unclear how such registrations complied with the citizenship requirements.

In each of these instances, FAA Registry personnel were unaware of these matters because FAA does not have quality control procedures that call for regular reassessments to identify and remove such registrations. The lack of the procedures increase the risk that foreign entities that do not meet FAA requirements will have excessive control over registered aircraft. In addition, the lack of these procedures in conjunction with the insufficient policy to address the identification of trustors, beneficiaries, and operators have created a loophole that limits FAA's ability to perform its safety oversight and allows situations, such as those described above, to exist and remain undetected.

Thank you for your attention to these important issues. If you have any questions regarding this advisory, please contact me at (202) 366-1407, or Joann Adam, Program Director, at (202) 366-1488.

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cc: Chief Information Officer, DOT
Associate Administrator for Aviation Safety, FAA
Deputy Assistant Administrator for Information Services and
Chief Information Officer, FAA
DOT Audit Liaison, M-1
FAA Audit Liaison, AAE-100

¹⁹ 14 C.F.R. § 47.2.

²⁰ A statutory trust established under the Statutory Trust Act of Delaware, 12 Del. C. § 3801, *et seq.*

City	State	Total registered
WILMINGTON	DE	8428
SALT LAKE CITY	UT	3426
ANCHORAGE	AK	2532
DALLAS	TX	1724
FORT WORTH	TX	1655
ATLANTA	GA	1570
HOUSTON	TX	1399
OKLAHOMA CITY	OK	1197
LAS VEGAS	NV	1183
WICHITA	KS	1140
CHICAGO	IL	1121
PHOENIX	AZ	1111
ONALASKA	TX	1042
SEATTLE	WA	1012
WASILLA	AK	991
MEMPHIS	TN	984
ALBUQUERQUE	NM	968
MIAMI	FL	880
FAIRBANKS	AK	858
TUCSON	AZ	817
SAN ANTONIO	TX	815
AUSTIN	TX	730
SAN DIEGO	CA	702
NORTH SALT LAKE	UT	693
LEWES	DE	684
PORTLAND	OR	679
DOVER	DE	672
TULSA	OK	634
RENO	NV	632
MAXWELL AFB	AL	618
CARSON CITY	NV	616
BOISE	ID	590
NEW YORK	NY	590
MESA	AZ	589
LOUISVILLE	KY	586
INDIANAPOLIS	IN	565
SCOTTSDALE	AZ	559
MISSOULA	MT	529
LOS ANGELES	CA	509
FORT LAUDERDALE	FL	504
COLORADO SPRINGS	CO	498
VERO BEACH	FL	487
SAN JOSE	CA	482
ORLANDO	FL	461
RALEIGH	NC	451
JACKSONVILLE	FL	448

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF TEXAS

IN THE UNITED STATES DISTRICT COURT **MAY 05 2021**
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

BY
DEPUTY _____

UNITED STATES OF AMERICA §
§
v. §
§
DEBRA LYNN MERCER-ERWIN (1) §
KAYLEIGH MOFFETT (2) §
GUILLERMO GARCIA MENDEZ (3) §
FEDERICO ANDRES MACHADO (4) §
CARLOS ROCHA VILLAURRUTIA (5) §
ALBAN GERARDO AZOFEIFA-CHACON (6) §
AARON BELLO-MILLAN (7) §
MICHAEL ASSAD MARCOS (8) §

No. 4:20-CR-212
Judge Mazzant

FIFTH SUPERSEDING INDICTMENT

THE UNITED STATES GRAND JURY CHARGES:

At all times material to this Fifth Superseding Indictment:

INTRODUCTION

1. Aircraft Guaranty Corporation (AGC) registered thousands of aircraft in Onalaska Texas, an East Texas town without an airport. The true owners of many of these aircraft are foreign nationals. Non-citizens can register aircraft with the United States Federal Aviation Administration if the aircraft is placed in a trust managed by a United States trustee. 14 C.F.R. § 47.7(c). In exchange for entering into this arrangement, the foreign national receives a coveted “N” tail number for his aircraft. This “N” number is valuable because foreign countries are less likely to inspect an U.S.-registered aircraft for airworthiness or force down an American aircraft. It also avoids

foreign taxes related to the aircraft's importation to that foreign country and increases the aircraft's resell value.

2. To register an aircraft held in a U.S. Trust, the U.S. Trustee submits at least three documents for FAA review: (1) the Trust Agreement; (2) an Affidavit of Citizenship of the Owner Trustee; and (3) the Operating Agreement or Lease Agreement. The FAA then issues a reasoned opinion about whether the aircraft is eligible for registration. AGC followed this procedure, but made several fraudulent representations or filings in the process. It then received an opinion letter from the FAA stating, "we have reviewed both the Trust Agreement and the Affidavit for compliance with 14 C.F.R. § 47.7(c). "Regarding the Trust Agreement, . . . Article 6.2(c) directs the owner trustee to effect registration of the aircraft with the FAA." Article 6.2 of AGC's standard Trust Agreement outlines the actions the Trustee "covenants and agrees to take." Article 6.2(c) requires the Trustee to "take all actions which the Trustee deems necessary or advisable to register any Aircraft which comprises a portion of the Trust Property with the United States Federal Aviation Administration and to insure that the Aircraft maintains its registration and *complies with related regulations and requirements.*" (emphasis added). After reading this provision, and others, the FAA concluded that "the form of the Trust Agreement . . . satisfies the requirements of Sections 47.7(c)(2)(i) and 47.7(c)(2)(iii)." It determined the aircraft was "eligible for United States registration in the name of the Owner Trustee." Without this representation, the FAA would not register the aircraft.

3. Upon entering this arrangement, the trustee is responsible for complying with aircraft reporting obligations, which they cannot delegate to third parties. In June

2013, the FAA stressed, “The regulatory obligations of an owner trustee with regard to an aircraft registered in the U.S. using a non-citizen trust are, and always have been, the same as the regulatory obligations of all owners of U.S. registered aircraft.” Fed. Reg. Vol 78, No. 117 (June 18, 2013). “The FAA Registry is an ‘owner’ registry; it is not an ‘operator’ registry.” *Id.* “Once the FAA completes the registration process, the registered owner is the owner for all purposes under the regulations.” *Id.* “The FAA has determined that there is nothing inherent in the status of a trustee owner of a U.S.-registered aircraft that would affect or limit its responsibilities for ensuring compliance with applicable laws and regulations.” *Id.* Thus, “an owner of an aircraft on the U.S. registry cannot avoid a regulatory obligation imposed on it by the FAA simply by entering into a private contract with another party.” *Id.*

4. The aircraft is subject to United States regulations and requirements, including those issued by the Department of Commerce. The Owner Trustee promised the FAA compliance. If the aircraft is exported, then the Trustee must insure the required Electronic Export Information is filed under 15 C.F.R. §§ 30.3, 758.1(b)(5), and 758.2. AGC refused to comply, even when confronted by United States authorities.

5. The defendants circumvent United States laws and regulations by placing “N” numbers in the hands of drug traffickers and prohibited foreign nationals. Each named individual participated in the scheme. The defendants use their status as United States citizens with United States corporations to execute a three-part scheme furthering international drug trafficking activity. First, the defendants violate FAA and Department of Commerce regulations to register aircraft with the United States while concealing the

aircraft's true ownership and exportation. *Second*, when law enforcement seizes a registered aircraft laden with drugs, the defendants deregister or otherwise transfer ownership of the aircraft. *Finally*, the defendants participated in a series of bogus aircraft sales transactions in order to conceal the movement of illegally obtained funds.

THE DEFENDANTS AND THEIR CORPORATE ENTITIES

6. **Aircraft Guaranty Corporation Holdings (AGC)**, was founded in Onalaska, Texas, Eastern District of Texas. In December 2014, Debbie Mercer-Erwin purchased AGC and continued registering aircraft in Onalaska, Texas. On or about January 22, 2020, AGC changed its address to 928 SW 107th St. Oklahoma City, Oklahoma 73170.

7. **Wright Brothers Aircraft Title, Inc. (WBAT)** is an Oklahoma corporation with a principle place of business in Oklahoma at 928 SW 107th Street, Oklahoma City, Oklahoma 73170. WBAT often acts as an escrow agent in aircraft purchase transactions involving AGC and other co-conspirators. WBAT shares resources, office space, and employees with AGC. At times, it makes FAA filings related to AGC aircraft.

8. **GMAVIATION S.A. de C.V.** is listed on AGC's website as its Mexican-based location.

9. **Debra Lynn Mercer-Erwin** owns AGC and WBAT.

10. **Kayleigh Moffett** is an officer of AGC and WBAT.

11. **Guillermo Garcia Mendez** owns and operates GMAVIATION. Guillermo Garcia Mendez and GMAVIACION S.A. de C.V. are listed on AGC's website as its representatives in Mexico.

12. **South Aviation, Inc. (SAI)** is a Florida corporation, with its principal place of business located at 1470 Lee Wagener Boulevard, Suite 100, Ft. Lauderdale, Florida 33315. SAI acts as a broker for third-party buyers of aircraft.

13. **Pampa Aircraft Financing (PAF)** is a Florida corporation, with its principal place of business located at 1470 Lee Wagener Blvd, Suite 100, Ft. Lauderdale, Florida 33315. PAF acts as a broker for third-party buyers of aircraft.

14. **Federico Andres Machado** owns and operates SAI and PAF.

15. **Ford Electric Co.** is a Wyoming company, with a principle place of business at 1712 Pioneer Ave. STE 1461, Cheyenne, Wyoming 82001.

16. **Texton Enterprises, LLC (Texton)** is a Wyoming corporation, with its principle place of business at 1712 Pioneer Ave #500 Cheyenne, Wyoming 82001.

17. **TWA International, Inc. (TWA)** is a Wyoming corporation, with its principle place of business at 17122 Pioneer Ave #500 Cheyenne, Wyoming 82001.

18. **Carlos Rocha Villaurrutia** purchases aircraft and illegally exports them to foreign countries using Texton, TWA, and Ford Electric Co.

19. **Alban Gerardo Azoifeifa-Chacon** is a Costa Rican national and pilot.

20. **Aaron Bello-Millan** is a Mexican national and pilot.

21. **Projets Inc.** is a Texas corporation with its principle place of business at 8620 West Monroe Rd., Suite 204 Houston, Texas 77061.

22. **Jetnet, LLC** is a Delaware limited liability corporation with its principle place of business at 2711 Centerville Rd Suite #400 Wilmington, Delaware, 19808.

23. **Global Jets LLC** is a Delaware limited liability corporation with its principle place of business at 5444 Westheimer Rd. Ste. 1090 Houston, Texas 77056

24. **Michael Assad Marcos** is the Managing Member of Jetnet, LLC and the President of Projets, Inc. He also owns Global Jets.

25. The above-mentioned companies are interrelated. For example, GMAVIACION is the Mexican representative of AGC. AGC and WBAT comingle leadership, employees, resources, and office space. Texton and TWA have similarly comingled their operations. SAI and PAF contract with WBAT as an escrow agent and TWA transacts business with WBAT. In November 2018, WBAT received three wires comprising \$220,000 from TWA for the purchase of an aircraft. WBAT was also involved in the purchase of aircraft used by Marcos.

OFFENDING AIRCRAFT TRANSACTIONS

26. The Department of Commerce (DOC), Bureau of Industry and Security (BIS), Office of Export Enforcement (OEE), and Homeland Security Investigation (HSI) initiated their investigation of Defendants after noticing irregularities in aircraft filings and learning that several defendant-registered aircraft were seized or destroyed while smuggling drugs internationally. The following paragraphs provide non-exhaustive examples by aircraft.

27. **N8286M / N456PF**. On or about February 11, 2020, N8286M and N456PF were registered with the FAA to Irvin A. Romero Lozano, an illegal alien with an

apartment in San Jose, California. In the registration documents, Lozano claimed to be a U.S. Citizen (in violation of 49 U.S.C. § 46306 and 18 U.S.C. § 1001). That same day, Declarations of International Operation were filed for both “N” numbers listing Guadalajara, Mexico as the final destination. The associated bills of sale for this aircraft were dated December 10, 2019 for N8286M and December 27, 2019 for N456PF. These transactions were brokered by Guillermo Garcia of GMAVIATION. Because Lozano is an illegal alien, he cannot legally register an aircraft as an individual with the United States. DOC notified Lozano that his aircraft had been seized. Lozano signed a notice of abandonment for the aircraft and stated that he believed his identity had been stolen.

28. **N260RC.** On or about January 31, 2020, N260RC was scheduled to depart Brownsville, Texas to Monterrey, Mexico. 19 C.F.R. 122.22(c) requires private aircraft pilots or their designees departing the U.S. to provide CBP Automated Passenger Information System filings for each passenger at least one hour before departure. This information was not provided, and the aircraft was seized. Agents reviewed the ownership documents for the aircraft and determined that on September 15, 2017, the Mescalero Apache Tribe sold this aircraft to ITRC, LLC. On or about October 20, 2017, ITRC and AGC entered into a Trust Agreement for this aircraft. Rodolfo Camarillo Montemayor—a foreign national—was the manager of ITRC. ITRC., a Mexican corporation, held 100% of the membership shares of ITRC and Montemayor was the president, CEO, and 99% shareholder of ITRC. A bill of sale showed transfer of this aircraft to AGC and a corresponding Lease Agreement dated October 20, 2017, leased the aircraft to Camro Transportes, S.A. de C.V. Montemayor signed the Lease Agreement

as the “Sole-Administrator.” AGC is a Texas corporation and the sales records show an address for AGC of POB 2547 Onalaska, Texas, which subjects its purchase to Texas’s 6.25% sales tax. Rather than pay this tax, AGC filed a Texas Aircraft Exemption Certificate on or about October 30, 2017, stating that AGC did not owe the tax because “the aircraft will be registered in Onalaska, Texas” but will “be hangered in Apodaca, NL, Mexico and is not purchased for use in Texas.” The aircraft has been outside of the United States for three years without any export filings.

29. **N18BA.** On or about September 15, 2014, Daniel Regalado Orta signed a bill of sale for N18BA to AGC. That same day, AGC registered the aircraft with the FAA. On or about July 24, 2014, AGC executed an Amended Dry Lease Agreement leasing the aircraft to Orta. On or about January 13, 2016, WBAT filed for a duplicate certificate with the FAA. On or about March 10, 2019, N18BA crashed in Mexico killing one pilot. Mexican authorities seized 1,215 kilograms of cocaine from the aircraft. Approximately five years earlier, in 2014, Connie Wood (who died in 2019 of natural causes) placed this aircraft in a trust controlled by AGC. AGC continued to file registration documents for this aircraft under the leadership of Debbie Mercer and Kayleigh Moffett. On or about March 21, 2019, AGC employee Dawna Peters, the Executive Vice President of Trust Administration, wrote the lessee of N18BA, Daniel Regalado Orta.

We have received reports that N18BA was involved in a fatal accident in Mexico, March 10th. Please confirm if this is accurate, and if not, where is N18BA currently located? This is an urgent request, we are being asked by a US government entity to provide the current location of your aircraft, British Aerospace HS 125-700A, s/n NA0316, N18BA.

Mr. Orta responded, “This information is false. The aircraft is currently located in Toluca airport in hangar 6A. It is currently in maintenance and therefore grounded.” Continuing its investigation, the Department of Commerce served a subpoena on AGC. AGC provided a written response, which claimed that the crashed aircraft falsely displayed the N18BA tail number, which belongs to a different AGC aircraft. “The aircraft which crashed, Beechcraft 256046, was formerly registered in the U.S. under N299GS and was held by AGC in ‘Trust 1936’ from October 3, 2011 to May 29, 2014.” The beneficiary of the trust was Administración Aeronáutica Internacional S.A. de C.V. and Marco Antonio Alvarado Padilla was the manager of that company. According to AGC, the aircraft was transferred to the foreign beneficiary before the crash on or about March 29, 2015, and the FAA Registration for this aircraft was canceled on or about February 15, 2018. AGC and its co-conspirators did not make any export filings for this transaction. On or about January 22, 2020, Kayleigh Moffett filed an address update with the FAA for N18BA.

30. **N305AG.** On or about October 5, 2012, N305AG was registered to AGC. That same day, a Declaration of International Operation was filed by AGC for this aircraft. On or about September 11, 2018, Kayleigh Moffett filed a FAA Registration renewal. On or about January 27, 2020, N305AG was seized in Guatemala with approximately 1,700 kilograms of cocaine. The aircraft was taken into Guatemalan custody, where it has remained ever since. On or about January 29, 2020, news reports published the seizure. Two days later, on or about January 31, 2020, Kayleigh Moffett transferred ownership of the aircraft to Arrendadora THH SA de CV, a foreign company.

AGC and its co-conspirators did not make any export filings for this transaction. On or about February 6, 2020, an open source video of N305AG flying out of the Guatemalan jungle went viral. On or about February 20, 2020, Moffett filed a bill of sale with the FAA and asked to deregister the aircraft.

31. **N311BD.** On or about December 16, 2019, Kayleigh Moffett filed a bill of sale for N311BD, which transferred the aircraft from Gastelum—a convicted drug trafficker located in Sinaloa, Mexico¹—to AGC. That same day, Kayleigh Moffett filed for a Declaration of International Operation to Mexico on behalf of N311BD as trustee. On or about February 27, 2020, the aircraft was seized in Belize with approximately 2,310 kilograms of cocaine. The aircraft was taken into government custody, where it remains. The news broadcasted this seizure on or about March 1, 2020. Approximately four days later, Debbie Mercer sent Gastelum a letter stating that AGC will begin the reassignment and deregistration of N311BD. On or about April 14, 2020, Kayleigh Moffett filed a bill of sale transferring the aircraft to Gastelum despite the fact that the aircraft was in government custody in Belize. AGC and its co-conspirators did not make any export filings. In July 2020, the FAA advised Gastelum that he does not meet the U.S. citizenship requirements to register an aircraft.

32. **N569LM.** On or about May 16, 2016, AGC entered into a trust agreement with Ancheta SA. de C.V. for the purposes of holding N56LM in a trust. It then leased the aircraft back to Ancehta, SA. de CV. On or about June 16, 2016, Kayleigh Moffett

¹ A simple Google search yield articles related to Gastelum's US drug conviction. <https://www.cleveland19.com/story/7488478/mexican-drug-ring-busted-2-million-in-cocaine-seized/>

registered N569LM with the FAA. That same day, Ancheta, S.A. de C.V., a Mexican company, sold N569LM to AGC. Robert Miguel Gonzalez Barragan signed on behalf of Ancheta. On or about June 16, 2016, Debra Mercer-Erwin filed a Declaration of International Operations as president of AGC. On or about January 3, 2020, the government learned that the aircraft is located in Mexico 90% of the time. AGC and its co-conspirators did not make any export filings for this aircraft. On or about January 15, 2020, Kayleigh Moffett filed a change of address for trustee AGC.

33. **N515BA.** On or about June 25, 2020, AGC entered into a trust agreement with Jorge Alberto Torres Isalas. This document was certified as a true and correct copy by Moffett noting WBAT. AGC then leased the aircraft back to Torres Isalas. AGC and its co-conspirators did not file export documents for this plane. On or about June 28, 2020, HSI learned of a suspicious flight leaving Mexican airspace in violation of a filed flight plan. The aircraft left Mexican airspace and entered Venezuelan airspace. Authorities located the flight and photographed the aircraft. It bore tail number N515BA. Authorities continued to monitor the aircraft and noticed that false tail number N5674 was later applied to the aircraft. N5674 is tied to a deregistered aircraft that differs substantially in appearance from the targeted aircraft. The Venezuelan military attempted to force the aircraft down but lost tracking near a clandestine runway. The following morning, a destroyed aircraft was located on the clandestine runway. Photos of the destroyed aircraft briefly appeared on a social media account and identified the aircraft as N515BA.

34. **N770SW.** From approximately January 5, 2018 until April 16, 2019, N770SW was registered with the FAA as belonging to AGC. On or about April 16, 2019, Kayleigh Moffett as secretary of AGC sent the FAA a bill of sale transferring the aircraft to Aircraft Finance Aircorp, Inc. The bill of sale was dated April 17, 2019. On or about June 17, 2019, Federico Andres Machado told the government that Aircraft Finance Aircorp, Inc. was his company and that it had not purchased N770SW. On or about June 18, 2019, a bill of sale transferred ownership of N700SW to EOLO Air Corp. This form is DocuSigned by Federico Machado as company secretary. On or about June 20, 2019, EOLO filed a Declaration of International Operations for N770SW to fly from Opa-Locka, Florida to Toluco, Mexico. EOLO asked the FAA to fax the flight wire to WBAT. EOLO Air Corp. is listed as the owner of the aircraft. A document on WBAT letterhead asked the FAA to return all un-recordable documents to WBAT. AGC and its co-conspirators did not make any export filings for this aircraft.

35. **N224EA.** On or about March 10, 2017, TWA purchased N224EA. The aircraft was registered with the FAA under TWA. Villaurrutia is the sole owner and president of TWA. That same day, Villaurrutia filed a Declaration of International Operations to fly the aircraft from Pompano, Florida to Cancun, Mexico. TWA and its co-conspirators did not make any export filings. On or about November 9, 2018, TWA sold N224EA to VICA Aviation, Inc. This company is wholly owned and operated by a relative of Villaurrutia. Despite TWA's representations that it owned the aircraft, other entities funded and operated the aircraft. On or about December 19, 2018, N224EA

crashed in Honduras while transporting drugs. On or about January 7, 2019, VICA Aviation requested the deregistration of the aircraft for export to Mexico.

36. **N241CW.** On or about October 11, 2018, TWA purchased N241CW. That same day, Villaurrutia registered N241CW with the FAA under TWA and filed a Declaration of International Operations to fly the aircraft from Phoenix, Arizona to Ciudad Juarez, Mexico. TWA did not make any export filings. On or about December 9, 2018, N241CW crashed in Venezuela while delivering 1,200 kilograms of cocaine for the Sinaloa Cartel. On or about January 7, 2019, TWA submitted a deregistration request for export to Mexico.

37. **N322BC.** On or about January 11, 2019, TWA purchased N322BC and registered it with the FAA under TWA. On or about January 14, 2019, Villaurrutia filed a Declaration of International Operation to fly the aircraft from McAllen, Texas to Monterrey, Mexico. On or about September 11, 2019, Villaurrutia submitted a deregistration request for export to Mexico. TWA and its co-conspirators did not make any export filings. On or about October 19, 2019, the aircraft landed on a clandestine airstrip in Cayo District, Belize, where it was found abandoned. The seats had been removed and the aircraft was configured for narcotics transportation.

38. **N35531.** On or about February 14, 2019, Texton purchased N35531, but never registered it. An unregistered aircraft should not be flown by anyone at any time. From approximately April 4, 2019 to November 13, 2019, the FAA sent letters to Texton notifying Texton that the aircraft was not registered. On or about February 15, 2019, a flight plan was filed for N35531. It disclosed a departure from Fort Worth, Texas to

Tampico, Mexico. On or about June 6, 2019, the aircraft was found abandoned in Guatemala. TWA did not make any export filings.

39. **N465BC.** On or about August 16, 2019, TWA purchased N465BC and registered it with the FAA under TWA. Despite TWA's representations that it owned the aircraft, other entities funded and operated the aircraft. On or about August 19, 2019, TWA filed a Declaration of International Operations to fly the aircraft from Memphis, Tennessee to Merida, Mexico. TWA and its co-conspirators did not make any export filings. On or about October 25, 2019, the aircraft landed on a clandestine airstrip in Guatemala. The aircraft was configured for narcotics transportation. That same day, TWA filed a request to deregister the aircraft for export to Mexico.

40. **N530GA.** On or about March 2, 2018, TWA purchased N530GA and registered it with the FAA under TWA. On or about June 6, 2018, Villaurrutia filed a Declaration of International Operations to fly the aircraft from Chino, California to Tijuana, Mexico. TWA and its co-conspirators did not make any export filings. On or about October 26, 2019, the aircraft landed on a clandestine airstrip in Guatemala. The aircraft was configured for narcotics transportation. As of December 11, 2020, N530GA was still registered to TWA.

41. **N939RR.** On or about January 11, 2017, Texton purchased N939RR and registered it with the FAA under Texton. Villaurrutia is the sole owner and president of Texton. Despite Texton's representations that it owned the aircraft, other entities funded and operated the aircraft. On or about May 29, 2018, Villaurrutia deregistered the aircraft for export to Mexico. On or about December 16, 2019, the aircraft was seized in

Guatemala with approximately 2,572 kilograms of cocaine. TWA did not make any export filings.

42. **N990PA.** On or about May 9, 2018, Villaurrutia purchased N990PA and registered it with the FAA under TWA. Despite TWA's representations that it owned the aircraft, other entities funded and operated the aircraft. On or about March 22, 2019, the aircraft crashed in Honduras with one kilogram of cocaine and one firearm. On or about March 25, 2019, Villaurrutia deregistered the aircraft with the acknowledgement that it was exported and destroyed. TWA and its co-conspirators did not make any export filings.

43. **N368AG.** On or about August 2, 2019, Villaurrutia purchased N368AG and registered it with the FAA under TWA. Villaurrutia entered into an Aircraft Security Agreement with AW Asset Holdings, LLC, a company located in Plano, Texas. AW Asset Holdings entered into this agreement with TWA on or about August 2, 2019. On or about August 2, 2019, Villaurrutia filed a Declaration of International Operation to fly from Wichita, Kansas to Cancun, Mexico. TWA and its co-conspirators did not make any export filings. On or about October 15, 2019, this aircraft was sold to SMB G-IV IX LLC.

44. **N2000.** On or about October 29, 2016, Villaurrutia registered N2000 with the FAA through Ford Electric Co. On or about October 31, 2016, Hadid Design and Management LLC sold N2000 to Ford Electric Co. On or about November 1, 2016, Villaurrutia filed a Declaration of International Operations for a flight from Nassau, Bahamas to Opa Locka, Florida. In approximately March 2017, Michael Marcos

attempted to use N2000 to conduct a narcotics delivery. On or about December 11, 2017, Carlos Villaurrutia through Ford Electronic Co. sold N2000 to Soto Santiago William. The corresponding Bill of Sale was filed on or about January 10, 2018.

45. **N466MM / NN886N.** On or about November 25, 2015, Exmegs Marketing, LLC, sold N466MM to Projets, Inc. On or about December 25, 2015, Projets, Inc. registered N466MM with the FAA. On or about October 30, 2018, Projets, Inc. sold N466MM to Jetnet LLC. N466MM was a Hawker 700A. On or about November 30, 2018, a Hawker 700A attempted to land on a clandestine airstrip in Belize, but aborted its landing plans and landed in the Chetumal Airport in Mexico. This aircraft bore a modified registration number—NN886N. The pilot abandoned the aircraft. The aircraft contained approximately 1,556 kilograms of cocaine. The aircraft also had two Honeywell TFE731 series engines with serial numbers P84284 and P76292. According to FAA documents, these serial numbers are assigned to N466MM, the aircraft registered to Jetnet, LLC by Michael Marcos and leased to Mexican national Luis Alberto Romero Rosales. On or about December 14, 2018, Marcos deregistered the aircraft noted that it was sold to a foreign purchaser and exported to Mexico while it was in the custody of the Mexican government. No export filing was made for this aircraft.

46. **N884AB.** On or about August 10, 2020, Horizons Ahead, LLC sold N384AB to Projets, Inc. On or about August 14, 2020, Projets, Inc. filed a Declaration of International Operation for a flight to Monterrey, Mexico. On or about August 17, 2020, the registration number N384AB was changed to N884AB. On or about August 25, 2020, Marcos filed a Declaration of International Operation with the FAA for a flight

from Houston, Texas to Monterrey, Mexico. On or about August 26, 2020, Marcos deregistered N884AB with the FAA and sold it to Vander Servicios y Comercial, SA de CV, a Mexican company. An export filing listing Vander Servicios was made for this aircraft. After August 26, 2020, it is illegal to display tail number N884AB on any aircraft because it is a de-registered number. On or about August 29, 2020, the Mexican government seized N884AB as a stateless aircraft. According to its pilots, the aircraft's true owner is Hector Sanchez Garcia in Guadalajara, Jalisco, Mexico. This individual should have been listed on the export filing.

47. **N740HB.** On or about June 10, 2019, N740HB was sold by PIBSA Ignerio Construcccion Industrial (PIBSA) to Victor Gilberto Alvarez, a Mexican citizen. On or about May 24, 2020, an aircraft with fictitious registration number N740HBH arrived at Hobby Airport in Houston, Texas from Durango, Mexico. This number was a clerical error. The true registration number for this aircraft was N740HB. FAA registration documents for N740HB list Global Jets LLC—a company owned by Michael Marcos—as the trustee owner and PIBSA Ignerio Construcccion Industrial (PIBSA) as the operator. However, the Automated Passenger Information System filing for N740HB listed Global Jets LLC as the operator and Victor Gilberto Alvarez, in Toluca Mexico as the owner. Victor Gilberto Alvarez is not listed on the FAA registration. No export filing was made for this aircraft.

48. **N777EH.** On or about January 26, 2018, the FAA received a Bill of Sale for N777EH noting that Projets, Inc. purchased N777EH from Charter Equipment Leasing LLC. That same day, Michael Marcos filed an Aircraft Registration Application

for N777EH on the behalf of Projets, Inc. On or about February 27, 2018, the FAA received a bill of sale noting the sale of N777EH from Projets Inc. to Jet Net LLC as Trustee. On or about January 26, 2020, Passengers waiting to board the N777EH were detained on the tarmac with approximately 168 kilograms of cocaine. The Aircraft was taken into Colombian custody. On or about January 27, 2020, Michael Marcos, as the Managing Member of Jetnet, LLC, sold N777EH to Jesus Arteaga Morales. That same day Michael Marcos deregistered the aircraft with the FAA for export to Mexico. These filings occurred while the aircraft was in Colombian custody. No export filings were made for this aircraft.

THE TRUST SCHEME

49. AGC typically enters into a (1) Trust Agreement, (2) Purchase Agreement and corresponding Bill of Sale, and (3) Dry Lease Agreement with a corporation owned by a foreign national. On at least one occasion, this foreign national was a convicted drug trafficker. Typically, the documents are structured as follows:

50. **Trust Agreement.** The Trust Agreement creates a legal structure in which AGC holds the title to the aircraft for the benefit of the drug dealer's corporation. As explained earlier, the FAA requires this arrangement for a non-citizen to register his aircraft with the United States. AGC does not specifically identify any aircraft in its trust agreements by unique identifier. This runs contrary to the model trust agreement promulgated by the FAA in 2013.

FAA Model	AGC Agreement
<p>“Aircraft” means the Aircraft, serial number [], FAA Registration Number N [], together with the [] engines, bearings, manufacturer’s serial numbers and [], which are transferred to the Owner Trustee in trust under this Trust Agreement</p>	<p>“Aircraft” means those certain airplanes or helicopters, including engines and parts, for which the Trustee holds title for the benefit of Beneficiary, and which shall constitute the Trust Property.”</p> <p><i>*Note, the Aircraft is not identified anywhere in AGC’s trust agreements.</i></p>

The following provisions are noteworthy:

- *Section 2.4 Activities* — “The Trust may engage in the following activities: (i) the ownership, management, registration and leasing of the Trust property, (ii) activities which are necessary, suitable or convenient to accomplish the foregoing, and (iii) other such activities as may be required in connection with conserving the Trust Property and making distributions to the Beneficiaries.”
- *Section 3.2. Limitations on Transfer* — allows the Beneficiary to transfer his beneficial interest in the trust but requires Trustee approval.
- *Section 4.3 Beneficiary’s Duties to Provide Information under the FAA Trust Policy* — Beneficiary acknowledges that Trustee has reporting obligations to the FAA and agrees to provide information to fulfill those obligations.
- *Section 6.2 Specific Authority* — explains authorized activities of the Trustee including authorization to “take all actions which the Trustee deems necessary or advisable to register any Aircraft which comprises the Trust Property with the [FAA] and to insure that such Aircraft maintains its registration and complies with related regulations and requirements.”
- *Section 6.4 (d)* — “nothing in this Agreement shall relieve any of the Beneficiary, Trustee or any other Person of any obligation to comply with any law, rule or regulation of any governmental authority with respect to the ownership and operation of the Aircraft.”
- *Section 11.13 Beneficiary Compliance with US Law.* — The Beneficiary acknowledges that the aircraft may be subject to export and re-export restrictions and that these laws and OFAC regulations bind the Trustee.
- *Exhibit 1 Trustee Fee Schedule* — This form sets out payments owed to the Trustee for maintaining the trust. In the AGC trust agreements on file with the FAA, this form is blank.
- *Exhibit 2 FAA Trust Policy Certificate* — This is the form the Beneficiary fills out to aid the Trustee in meeting its FAA reporting obligations. In the AGC trust agreements on file with the FAA, this form is blank.

51. **Bill of Sale.** AGC's Trust Agreements create the trust, but do not transfer the aircraft from the foreign owner to the trustee. AGC executes an Aircraft Purchase Agreement and files a one-page Bill of Sale that appears to transfer the aircraft into AGC's possession in exchange for a nominal amount, usually from \$1 to \$10.

52. **Dry Lease Agreement.** After transferring the aircraft into the newly created trust, AGC leases the aircraft back to the foreign national through his corporation in a Dry Lease Agreement. A Dry Lease Agreement allows the Lessee to operate the aircraft and select his own crew. AGC also attempts to shirk its responsibilities by delegating regulation obligations to the foreign national. As explained above, the FAA publicly rejected this arrangement. The following are notable provisions:

- *Lease Agreement Section 3.1. Operation and Control* — “Lessee is responsible for operating the Aircraft in accordance and compliance with all laws, ordinances and regulations relating to the possession, use, operation, or maintenance of the Aircraft, including but not limited to, Federal Aviation Regulations.”
- *Lease Agreement Section 3.4. Limits of Operations* — Lessee warrants it will not use the aircraft for an illegal purpose.
- *Lease Agreement Section 5.1 Lessor's Warranty* — Lessor warrants, among other things, that the aircraft is properly registered in the name of the Lessor in accordance with U.S. law.
- *Lease Agreement Section 6.13 FAA Trust Policy* — Lessee agrees to provide Lessor with the information needed to fulfill FAA reporting obligations.
- *Exhibit A* — Lessee provides name and contact information as well as the location where the aircraft will be primarily hangered. This location is usually foreign.
- *Exhibit B Addendum to Dry Lease Agreement Section 2. Compliance with US Law* — Lessee affirms it is in compliance with OFAC regulations and acknowledges that the aircraft may be subject to export restrictions.
- *Exhibit 1 to Exhibit B Addendum to Dry Lease Agreement FAA Trust Policy Certificate* — provides the address, contact information, and Jurisdiction of incorporation for the Lessee. This is usually a foreign corporation. It also

identifies the airport where the aircraft is “normally based” and the jurisdiction where the “aircraft is normally operated.” These typically are foreign locations.

53. After executing these agreements, the aircraft receives an “N” number.

Now, it must adhere to all United States laws and regulations. The Trustee agrees to comply with to all of the reporting obligations for the aircraft. This streamlines the reporting process for the FAA by designating a U.S. citizen that is responsible for providing the FAA (and other agencies) with information related to the aircraft.

THE PONZI SCHEME

54. WBAT, through its principals and agents, and its co-conspirators funnel money through refundable deposits placed on un-sellable aircraft during bogus sales transactions. Beginning on a date unknown, but no later than 2016, Mercer-Erwin, Moffett, and Machado devised a scheme and artifice, namely a “Ponzi” scheme, to defraud persons and to obtain money by means of false and fraudulent pretenses, representations, and promises.

55. This scheme took advantage of the typical aircraft purchase transaction to dupe investors into depositing money in the WBAT escrow account. The typical aircraft purchase transaction proceeds as follows:

- **Step 1:** The buyer identifies an aircraft he would like to purchase. There is usually a period of time during which the buyer will perform due diligence on the aircraft. In order to ensure the seller does not continue marketing the aircraft, the buyer will agree to provide a refundable deposit of money. The buyer and seller will agree to conditions that, if met, render the deposit non-refundable. Usually, the “hardening” of the deposit into a non-refundable deposit depends on whether the aircraft has passed an inspection initiated by the buyer.

- **Step 2:** The buyer typically secures a lender to help provide funds for the full-purchase price of the aircraft. The loan is for the purchase of the aircraft, not the deposit. If a buyer cannot afford the deposit, it signals to the seller that he is not capable of purchasing the aircraft.
- **Step 3:** The buyer and seller enter into an escrow agreement with an escrow agent. The escrow agent holds the buyer's refundable deposit in a separate account and controls disbursement of the funds. If there is a dispute between the buyer and seller about whether the deposit has become nonrefundable under the conditions of the parties' agreement, the escrow agent will decide the dispute and disburse the funds accordingly.
- **Step 4:** After completion of the sale, the buyer usually sells the aircraft to a company for a higher asking price. Sometimes the buyer will already have this second purchaser lined-up before he purchases the aircraft from the seller.

56. The WBAT Ponzi scheme differs from this model in two key respects.

First, the loan money is for the refundable deposit, not the purchase of the aircraft.

Second, the sale of the aircraft is never consummated because the aircraft either does not exist or belongs to someone else. The WBAT Ponzi scheme is as follows:

- **Step 1:** The lender agrees to lend the fraudulent buyer a refundable deposit. The fraudulent buyer secures a loan and now owes the lender interest. The "hardening" of the deposit into a non-refundable deposit is contingent upon the illegitimate buyer's successful inspection of the aircraft and other things.
- **Step 2:** The lender's deposit money is placed into a WBAT's escrow account, which is always designated by the fraudulent buyer.
- **Step 3:** The fraudulent buyer never inspects the aircraft because the aircraft either does not exist (e.g., has been decommissioned) or is not actually for sale (e.g., belongs to a commercial airline). WBAT transfers the refundable deposit into accounts designated by the fraudulent buyer to be used for other purposes, and not for the purchase of the designated aircraft. WBAT is compensated for these fraudulent transactions with money taken from the escrow account as well. As a result, the deal falls through and the deposit does not harden.

- **Step 4:** The fraudulent buyer then secures another loan from another lender for the purchase of another unsellable aircraft. This loan pays for the principle and interest owed to the previous lender for the previous aircraft transaction involving WBAT and the fraudulent buyer.

57. On or about September 27, 2019, SAI, and WBAT entered into a series of agreements for the sale of an unsellable plane. The plane was unsellable because it belonged to a private airline and was located in China. On or about September 27, 2019, a company known to the grand jury as “UC1” and SAI entered into a letter agreement regarding a refundable deposit on an aircraft. Machado signed this agreement on behalf of SAI. That same day, UC1 entered into an Escrow Agreement with WBAT. Mercer signed this agreement on behalf of WBAT.

58. In or about December 2019, UC1 approached a legitimate bank known to the grand jury as “LB1” to secure a loan to perpetuate the scheme. On or about January 14, 2020, Machado spoke with the CEO of LB1 over the phone about the proposed transaction. The proposed buyer in this transaction was SAI and the proposed escrow company was WBAT. UC1 engaged LB1 in a series of negotiations surrounding this proposal. UC1 provided LB1 the serial number and registration of the aircraft. It did not correspond to any existing aircraft records. When asked about the discrepancy, UC1 responded that the information it originally provided was incorrect. UC1 provided a new registration number. This number corresponded to an aircraft that was decommissioned in 2017.

59. On or about February 28, 2019, SAI and WBAT entered into a series of agreements for the sale of an unsellable aircraft. The aircraft was unsellable because the aircraft has belonged to All Nippon Airways Co., LTD. since 2010 and is registered in Japan. On February 28, 2019, UC1 and SAI entered into a letter agreement regarding a refundable deposit on an aircraft. Machado signed this agreement on behalf of SAI. That same day, UC1 and SAI entered into an escrow agreement with WBAT. Machado signed this agreement on behalf of SAI.

60. On or about November 12, 2020, PAF, and Rusty 115 Corp entered into an agreement for the sale of an unsellable aircraft utilizing WBAT. The aircraft was unsellable because the aircraft belonged to Air India and was not for sale. This agreement was for \$5,000,000 refundable deposit on the unsellable aircraft. Machado signed this agreement on behalf of PAF. \$550,000 was subsequently transferred to Machado by WBAT for use other than the purchase of the aircraft.

61. To further the Ponzi scheme, Mercer-Erwin and Moffett directed funds from the WBAT escrow account to Machado within hours of the lender depositing them. Machado then used those funds for purposes other than the purchase of the aircraft.

62. The below table provides a non-exhaustive list of transactions that Mercer-Erwin, Moffett, and Machado engaged in to further the Ponzi scheme.² This list shows transactions occurring in 2016 and 2017.

² Unindicted third-party participants are listed by initials.

Month/Year	Depositor	Wire in	Wire Out	Recipient
Oct. 2016	A.H.	\$6,777,725	\$50,000.00	Escrow Fee
			\$530,000.00	S
			\$85,190.15	W
			\$230,000.00	I
			\$203,500.00	G.G.
			275,000.00	N.G.
			\$172,445.00	N272TX/ N488AM
			\$1,700,000.00	N51NM Ghotic
			\$275,000.00	South Aviation
Nov. 2016	N272TX	\$168,418.32	\$1,120,613.86	N951DP BAM
			\$262,500.00	N.C.
Nov. 2016	C	\$7,600,000.00	\$5,088,333.33	P.G.
			\$1,000,388.89	R
Nov. 2016	P.B.F.E.	\$1,971.69	\$220,000.00	I
			\$200,000.00	C.A.
			\$2,725.00	Escrow fee
			\$50,000.00	K.J.C.
			\$58,830.00	Bond Cost
			\$50,000.00	Escrow Fee
			\$347,135.22	J.A
			\$200,000.00	N752CS
			\$100,000.00	N425SU
			\$84,444.14	W.
			\$20,188.10	South Aviation
Dec. 2016	G.	\$8,550,00.00		
			\$7,950,000.00	S.G.V.
Dec. 2016	G5 Buyer	\$36,960.41	\$150,00.00	K.J.
Dec. 2016	N272TX	\$108,000.00	\$96,960.00	C
			\$102,695.00	A.L.G.
			\$50,000.00	Escrow Fee
			\$200,345.00	South Aviation
			\$250,000.00	A.C.
			\$200,000.00	South Aviation
			\$17,341.87	O
Dec. 2016	H.	\$6,000,000.00		
			\$4,010,961.67	C
			\$230,000.00	I
			\$200,000.00	A
			\$50,000.00	Escrow Fee

Month/Year	Depositor	Wire in	Wire Out	Recipient
			\$23,320.00	Insurance extra
			\$275,000.00	South Aviation
			\$480,000.00	H.
Dec. 2016	N1904W	\$1,200,000.00	\$1,000,000.00	C
			\$100,000.00	K
			\$90,839.92	S
			\$150,000.00	South
			\$84,500.00	W
			\$177,340.00	N425SU
			\$5,398.82	Escrow
Jan. 2017	N272TX	\$84,209.16		
			\$200,000.00	South
Jan. 2017	C	\$4,000,000.00	\$1,450,000.00	N752CS
			\$1,043,062.50	H.A.
			\$125,000.00	G
			\$210,000.00	C
			\$540,000.00	N
			\$105,000.00	I
			\$250,000.00	South
			\$25,000.00	Escrow Fee
			\$15,650.90	Insurance
			\$19,604.70	Insurance
			\$95,000.00	K
			\$5,891.06	Escrow
Jan. 2017	N1904W	\$118,795.82	\$92,600.00	W
			\$26,453.95	South Aviation
Feb. 2017	N1904W	\$100,000.00	\$154,500.00	W.N.
			\$83,703.38	W
			\$177,719.18	BAM
Mar. 2017	N272TX	\$84,209.16	\$102,695.00	A.L.G.
Mar. 2017	N752CS	\$960,000.00	\$75,000.00	South Aviation
			\$220,000.00	I
			\$192,500.00	A.C.
			\$10,000.00	Escrow Fee
			\$140,000.00	C.
Apr. 2017	N1904W	\$100,000.00	\$83,703.38	W.
Apr. 2017	H.	\$3,000,000.00	\$319,196.66	C
			\$210,000.00	G.R.
			\$102,695.00	A.L.G.
			\$15,000.00	Escrow Fee

Month/Year	Depositor	Wire in	Wire Out	Recipient
			\$750,000.00	N.C.
			\$375,000.00	South Aviation
			\$75,000.00	H
			\$137,450.00	D, V, B
			\$799,583.33	C
			\$220,463.23	South
Apr. 2017	N272TX	\$168,418.32	\$102,695.00	A.L.G.
May 2017	N1904W	\$100,000.00	\$300,000.00	M.G.
			\$2,744.69	E Invoice
May 2017	N272TX	\$84,209.16	\$83,820.72	W
			\$75,000.00	H
May 2017	I	\$500,000.00	\$386,420.00	C
			\$66,921.00	A.L.G.
June 2017	South Aviation	\$60,973.93		
June 2017	C	\$6,000,000.00	\$360,000.00	C
			\$250,000.00	N.C.
			\$50,000.00	Escrow Fee
			\$236,000.00	M4L
			\$5,000,000.00	A.C.
June 2017	JTG	\$100,000.00	\$435,000.00	H
June 2017	N862VP	\$1,450,000.00	\$1,312,500.00	G.A.
June 2017	N272TX	\$84,209.16	\$80,000.00	C
June 2017	H.A.	\$1,880,000.00	\$4,209.16	Escrow
			\$1,250,000.00	G
			\$630,000.00	D,V,B
June 2017	G.R.	\$200,000.00	\$2,500.00	Escrow Fee
July 2017	N1904W	\$100,000.00	\$520,000.00	G
July 2017	N272TX	\$84,209.16	\$30,000.00	S.I.
July 2017	S.I.	\$750,000.00	\$750,000.00	G.
July 2017	B.G.	\$1,846,685.00	\$1,000,000.00	C
			\$75,000.00	H
			\$278,920.00	South
July 2017	W.P.	\$3,000,000.00	\$4,500,000.00	S.E.
July 2017	A.C.	\$1,800,000.00	\$3,00,000.00	C
July 2017	G.C.	\$200,000.00		
July 2017	C	\$4,000,000.00	\$2,000,000.00	C
July 2017	C	\$3,000,000.00	\$480,000.00	C
			\$213,600.00	W.P.
			\$533,664.50	N546MG
			\$840,000.00	S

Month/Year	Depositor	Wire in	Wire Out	Recipient
			\$168,055.68	W
			\$291,653.98	South
			\$100,000.00	Escrow Fee
			\$120,000.00	South
Aug. 2017	W.P.	\$3,000,000.00	\$2,000,000.00	N272TX
Aug. 2017	S.I.	\$750,000.00	\$250,000.00	G.E.R.
			\$157,500.00	W.P.
			\$50,000.00	Escrow Fee
			\$50,000.00	W
			\$30,000.00	S.I.
			\$50,000.00	South
			\$150,000.00	H.A.
			\$657,285.00	C
			\$75,000.00	H
Aug. 2017	A.C.	\$1,400,000.00	\$78,000.00	N.C.
			\$350,000.00	A.F.A
			\$107,270.00	South
			\$10,000.00	Escrow Fee
			\$46,220.00	South
			\$133,780.00	C
			\$50,000.00	A.F.A.
			\$100,000.00	South
Sept. 2017	SN7	\$100,000.00	\$100,000.00	South
Sept. 2017	W.P.	\$2,000,000.00	\$1,450,000.00	H.A.
			\$292,500.00	G
			\$100,000.00	W.P
			\$75,000.00	H
Sept. 2017	KCL6	\$750,000.00	\$450,000.00	ACA
			\$430,000.00	G.R.
			\$50,000.00	South
Sept. 2017	P.	\$1,450,000.00	\$20,000.00	Escrow Fee
			\$212,780.00	C
			\$750,000.00	S.I.
			\$319,720.00	South
Sept. 2017	Spe.	\$1,000,000.00	\$60,000.00	South
Sept. 2017	C	\$1,500,000.00	\$2,427,005.28	W
Sept. 2017	C	\$5,000,000.00	\$40,000.00	S.I.
			\$300,000.00	C
			\$60,000.00	C
			\$50,000.00	Escrow Fee

Month/Year	Depositor	Wire in	Wire Out	Recipient
			\$150,000.00	A.F.A.
			\$105,000.00	S.C.
			\$231,500.00	2E
			\$4,500,000.00	E
Oct. 2017	P.I.	\$708,173.00	\$200,000.00	South
Oct. 2017	E	\$9,000,000.00	\$540,000.00	ES
			\$2,000,000.00	WP
			\$3,000,000.00	H
			\$1,500,000.00	A.C.
			\$230,000.00	G.R.
			\$300,000.00	Ghm
			\$100,000.00	S.C.
			\$50,00.00	Escrow Fee
			\$180,000.00	C
			\$300,000.00	South Aviation
			\$100,000.00	K
			\$184,667.72	South
Oct. 2017	T.B.	\$250,000.00	\$100,000.00	A.C.
Nov. 2017	T.B.	\$440,000.00	\$780,000.00	G.A.T.
Nov. 2017	G.A.T.	\$2,805,000.00	\$690,000.00	T.B.
			\$2,285,000.00	N770SW
			\$50,000.00	Escrow Fee
			\$90,000.00	South Aviation
Nov. 2017	E	\$5,000,000.00	\$3,000,000.00	W.P
			\$1,500,000.00	A.C.
			\$50,000.00	Escrow Fee
			\$268,33.32	F.W.
Nov. 2017	C	\$500,000.00	\$356,400.00	J.A.A.
Nov. 2017	H.A.	\$1,880,000.00	\$2,000,000.00	W.P.F. 2000
			\$10,000.00	Escrow Fee
			\$40,000.00	G.C.
Nov. 2017	N546MG	\$550,000.00	\$117,000.00	C
			\$217,000.00	2E
			\$100,000.00	South Aviation
			\$78,000.00	Insurance
			\$46,296.59	J.A.A.
			\$100,000.00	P.S.
			\$50,000.00	T
Nov. 2017	WP	\$7,000,000.00	\$4,000,000.00	C
			\$567,000.00	WP

Month/Year	Depositor	Wire in	Wire Out	Recipient
			\$312,000.00	G.R.
			\$1,000,000.00	S.I.
			\$40,000.00	L.B.
			\$82,000.00	S
			\$50,000.00	Escrow Fee
			\$57,970.09	South Aviation
Dec. 2017	S	\$750,000.00	\$311,238.00	J.S.C.X.
			\$80,000.00	A.F.
			\$60,000.00	C
Dec. 2017	C	\$9,000,000.00	\$9,000,000.00	G MD
			\$450,000.00	C MD
			\$50,000.00	Escrow Fee
Dec. 2017	Spe	\$1,500,000.00	\$75,000.00	S.I.
	Spe	\$500,000.00	\$25,000.00	S.I.
			\$1,500,000.00	C
Dec. 2017	G.A.T.	\$1,870,000.00	\$1,750,000.00	C
			\$20,000.00	Escrow Fee
			\$100,000.00	South Aviation
Dec. 2017	N770SW	\$1,937,719.96	\$250,000.00	South Aviation
			\$180,000.00	H.A.
			\$280,000.00	C
			\$4,000,000.00	H
Dec. 2017	C	\$3,000,000.00	\$50,000.00	Escrow Fee

63. On or about January of 2011, Spanish police discovered approximately 944 kilograms of powder cocaine concealed inside N600AM upon arrival in Spain from Argentina. The flight that departed Argentina en route to Spain that smuggled the cocaine was operated by SOUTH AVIATION. In other words, SOUTH AVIATION's name was listed as the proprietor of the flight on the manifest.

COUNT ONE

Violation: 21 U.S.C. § 846 (Conspiracy to Manufacture and Distribute Cocaine)

That sometime in or about 2010, and continuously thereafter up to and including the date of this Fifth Superseding Indictment, in the Eastern District of Texas, and elsewhere, **Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, Federico Andres Machado, Carlos Rocha Villaurrutia, Alban Gerardo Azofeifa-Chacon, Aaron Bello-Millan, and Michael Assad Marcos**, defendants, did knowingly and intentionally combine, conspire, and agree with other persons known and unknown to the United States Grand Jury, to knowingly and intentionally possess with the intent to distribute five kilograms or more of a mixture and substance containing a detectable amount of cocaine, a schedule II controlled substance, a violation of 21 U.S.C. § 841(a)(1).

In violation of 21 U.S.C. § 846.

COUNT TWO

Violation: 21 U.S.C. § 963 (Conspiracy to Manufacture and Distribute Cocaine Intending, Knowing, and with Reasonable Cause to Believe that the Cocaine will be Unlawfully Imported into the United States)

That sometime in or about 2010, and continuously thereafter up to and including the date of this Fifth Superseding Indictment, in Colombia, Ecuador, Panama, Costa Rica, Guatemala, Mexico, Belize, Venezuela, and elsewhere, **Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, Federico Andres Machado, Carlos**

Rocha Villaurrutia, Alban Gerardo Azofeifa-Chacon, Aaron Bello-Millan, and **Michael Assad Marcos**, defendants, did knowingly and intentionally combine, conspire, and agree with other persons known and unknown to the United States Grand Jury, to knowingly and intentionally manufacture and distribute five kilograms or more of a mixture and substance containing a detectable amount of cocaine, a schedule II controlled substance, intending, knowing, and having reasonable cause to believe that such substance would be unlawfully imported into the United States, in violation of 21 U.S.C. §§ 959(a) and 960.

In violation of 21 U.S.C. § 963.

COUNT THREE

Violation: 21 U.S.C. § 959, 18 U.S.C. § 2 (Manufacturing and Distributing Five Kilograms or More of Cocaine Intending, Knowing and with Reasonable Cause to Believe that the Cocaine will be Unlawfully Imported into the United States)

That sometime in or about 2010, and continuously thereafter up to and including the date of this Fifth Superseding Indictment, in Colombia, Ecuador, Panama, Costa Rica, Guatemala, Mexico, Belize, Venezuela, and elsewhere, **Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, Federico Andres Machado, Carlos Rocha Villaurrutia, Alban Gerardo Azofeifa-Chacon, Aaron Bello-Millan,** and **Michael Assad Marcos**, defendants, aided and abetted by each other, did knowingly and intentionally manufacture and distribute five kilograms or more of a mixture and substance containing a detectable amount of cocaine, a Schedule II controlled substance,

intending, knowing, and with reasonable cause to believe that such cocaine would be unlawfully imported into the United States.

In violation of 21 U.S.C. § 959.

COUNT FOUR

Violation: 18 U.S.C. § 1956(h)
(Conspiracy to Commit Money
Laundering in violation of 18 U.S.C.
§§ 1956(a)(1)(A)(i), 1956(a)(1)(B)(i),
1956(a)(2)(A), 1956(a)(2)(B)(i), and
1957)

From in or about 2010, and continuing thereafter up to and including the date of this Fifth Superseding Indictment, in the Eastern District of Texas, and elsewhere, **Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, Federico Andres Machado, Carlos Rocha Villaurrutia, and Michael Assad Marcos**, defendants, did knowingly combine, conspire, and agree together and with others known and unknown to the Grand Jury, to commit offenses against the United States in violation of 18 U.S.C. §§ 1956 and 1957, that is:

(a) to knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, knowing that the property involved in the transaction and attempted transaction represented the proceeds of some form of unlawful activity, which involved the proceeds of specified unlawful activity, that is, wire fraud and wire fraud conspiracy; distribution, and conspiracy to distribute and possess with the intent to distribute a controlled substance; and distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance intending, knowing, and

having reasonable cause to believe that such substance would be unlawfully imported into the United States; all with the intent to promote the carrying on of said specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(A)(i);

(b) to knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, knowing that the property involved in the transaction and attempted transaction represented the proceeds of some form of unlawful activity, which involved the proceeds of specified unlawful activity, that is, wire fraud and wire fraud conspiracy; distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance; and distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance intending, knowing, and having reasonable cause to believe that such substance would be unlawfully imported into the United States, all while knowing that the transaction was designed to conceal and disguise the nature, location, source, ownership, and control of the proceeds of the specified unlawful activity, in violation of 18 U.S.C. § 1956(a)(1)(B)(i);

(c) to knowingly transport, transmit, and transfer, and attempt to transport, transmit, and transfer a monetary instrument and funds, from a place in the United States to and through a place outside the United States, and to a place in the United States from and through a place outside the United States, with intent to promote the carrying on of specified unlawful activity, that is, wire fraud and wire fraud conspiracy; distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance; and distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance intending, knowing, and having reasonable cause to believe that

such substance would be unlawfully imported into the United States, in violation of 18 U.S.C. § 1956(a)(2)(A);

(d) to knowingly transport, transmit, and transfer, and attempt to transport, transmit, and transfer a monetary instrument and funds, from a place in the United States to and through a place outside the United States, and to a place in the United States from and through a place outside the United States, knowing that the monetary instrument and funds were proceeds of some form of unlawful activity, and with the intent to conceal and disguise the nature, location, source, ownership, and control of the proceeds of specified unlawful activity, that is, wire fraud and wire fraud conspiracy; distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance; and distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance intending, knowing, and having reasonable cause to believe that such substance would be unlawfully imported into the United States, in violation of 18 U.S.C. § 1956(a)(2)(B)(i); and

(e) to knowingly engage and attempt to engage in a monetary transaction of a value greater than \$10,000, by, through, and to a financial institution affecting interstate and foreign commerce, knowing that the transaction and attempted transaction involved criminally derived property, such property having been derived from specified unlawful activity, that is, wire fraud and wire fraud conspiracy; distribution and conspiracy to distribute and possess with the intent to distribute a controlled substance; and distribution and conspiracy to distribute and possess with the intent to distribute a controlled

substance intending, knowing, and having reasonable cause to believe that such substance would be unlawfully imported into the United States, in violation of 18 U.S.C. § 1957.

In violation of 18 U.S.C. § 1956(h).

COUNT FIVE

Violation: 18 U.S.C. § 371 (Conspiracy to Commit Export Violations)

All prior allegations are re-alleged and incorporated by reference as though fully set forth herein.

Introduction

The U.S. Department of Commerce, through the U.S. Census Bureau and the U.S. Department of Homeland Security, Customs and Border Protection, participates in and maintains the Automated Export System (AES), an electronic portal of information for exports of goods from the United States. Both the Census Bureau and the Bureau of Industry and Security, also within the Department of Commerce, require the filing of electronic export information (EEI) through the AES (using AESDirect) pursuant to 13 C.F.R. Part 30 and 15 C.F.R. Part 758. The EEI is also known as a shipper's export declaration (SED). The purpose of these requirements is to strengthen the U.S. Government's ability to prevent the export of certain items to unauthorized destinations and end users because the AES aids in targeting, identifying, and, when necessary, confiscating suspicious or illegal shipments prior to exportation. 15 C.F.R. § 30.1(b). Exporters file EEI by entering data into AES via a computer. 15 C.F.R. § 30.6(a). EEI includes the date of export, the U.S. principle party of interest, the description of the

commodity to be exported, the intermediate consignee's name and address (if applicable), the ultimate consignee's name and address, and the country of ultimate destination. 15 C.F.R. § 30.6. Each filing can be identified by a unique Internal Transaction Number. Exporters, shippers, and freight forwarders, with limited exceptions inapplicable here, are required to file an EEI for every export of goods or technology from the United States that has a value greater than \$2,500 or for which an export license was required. 15 C.F.R. § 758.1(b)(5); 15 C.F.R. § 30.2.

The Agreement

Sometime in or about 2010, and continuously thereafter up to and including the date of this Fifth Superseding Indictment, in the Eastern District of Texas, and elsewhere, the defendants **Debra Lynn Mercer-Erwin, Kayleigh Moffett, and Michael Assad Marcos** did knowingly conspire with each other and with other persons, both known and unknown to the Grand Jury, to commit offenses against the United States, specifically:

- (i) Knowingly failing to file an EEI, in violation of 13 U.S.C. § 305; and
- (ii) Fraudulently and knowingly attempting to export or send from the United States any merchandise, article, and object contrary to 13 U.S.C. § 305, a law and regulation of the United States, in violation of 18 U.S.C. § 554.

Manner and Means

It was part of the conspiracy that Debra Mercer-Erwin, Kayleigh Moffett, and Michael Assad Marcos would file or cause to be filed with the FAA documents that either concealed the true ownership of the aircraft, falsely identified the citizenship of the aircraft owner, or that established a trust. If the documents established the trust, the documents would contain misrepresentation and false assurances that the trustee would

comply with United States regulations and laws as explained in more detail above in the section titled “The Trust Scheme.” These aircraft were then shipped overseas without the requisite exportation filings under 15 C.F.R. §§ 30.3, 758.1. and 758.2.

Overt Acts

In furtherance of the conspiracy and to accomplish its objects, at least one of the Defendants committed or cause to be committed, in the Eastern District of Texas and elsewhere, the overt acts described in the section titled “Offending Aircraft Transactions” above.

In violation of 18 U.S.C. §§ 371 and 554, 13 U.S.C. § 305.

COUNT SIX

Violation: 18 U.S.C. § 371 (Conspiracy to Commit Registration Violations Involving Aircraft Not Providing Air Transportation in violation of 49 U.S.C. § 46306)

All prior allegations are re-alleged and incorporated by reference as though fully set forth herein.

That sometime in or about 2010, and continuously thereafter up to and including the date of this Fifth Superseding Indictment, **Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, and Carlos Rocha Villaurrutia**, defendants, did knowingly and intentionally combine, conspire, and agree with other persons known and unknown to the United States Grand Jury, to intentionally obtain and cause to be obtained a certificate authorized to be issued under Title 49, United States Code, Section 44103, that is, an owner’s certificate of registration, by knowingly and willfully falsifying and

concealing the following material facts with respect to the below aircraft:

<u>“N” Number</u>	<u>Material Misrepresentation</u>
N8286M/N456F	Irvine A. Romero Lozano was the owner of the aircraft and was a United States citizen.
N260RC	That AGC would adhere to all regulatory and statutory requirements under United States law.
N18BA	That AGC would adhere to all regulatory and statutory requirements under United States law.
N305AG	That AGC would adhere to all regulatory and statutory requirements under United States law.
N311BD	That AGC would adhere to all regulatory and statutory requirements under United States law.
N35531	Texton did not submit a registration filing and yet operated the aircraft in violation of United States law.
N515BA	That AGC would adhere to all regulatory and statutory requirements under United States law.
N770SW	The true owner of N770SW.
N224EA	The true owner of N224EA.
N465BC	The true owner of N465BC.
N939RR	The true owner of N939RR.
N990PA	The true owner of N990PA.

Objects of the Conspiracy

The objects of the conspiracy were: (1) to illegally enrich the conspirators by providing United States registration for aircraft that otherwise would not qualify for registration; (2) avoid compliance with United State regulatory and statutory requirements; and (3) to conceal the prohibited activities from the United States government as to avoid penalties, deregistration of the above listed aircraft, and disruption of the illegal activity.

Manner and Means of the Conspiracy

It was part of the conspiracy and among the manner and means that some of the defendants, aided and abetted by each other and others: (1) either entered into a series of contracts that hid ownership, possessory, and citizenship information related to the aircraft; (2) to transmit this information or cause this information to be transmitted to the FAA by wire in foreign or interstate commerce; and (3) to obscure the true end use of the aircraft and compliance with United States laws.

Overt Acts

In furtherance of the conspiracy and to accomplish its objects, at least one of the Defendants committed or cause to be committed, in the Eastern District of Texas and elsewhere, the overt acts described in in the section titled “Offending Aircraft Transactions” above.

In violation of 18 U.S.C. § 371 and 49 U.S.C. § 46306.

COUNT SEVEN

Violation: 18 U.S.C. § 1349 (Conspiracy to Commit Wire Fraud)

All prior allegations are re-alleged and incorporated by reference as though fully set forth herein. From in or about 2010 and continuously thereafter up to and including the date of this Fifth Superseding Indictment, the exact dates being unknown to the Grand Jury, in the Eastern District of Texas and elsewhere, **Debra Lynn Mercer-Erwin**, **Kayleigh Moffett**, and **Federico Andres Machado**, along with others, both known and unknown to the Grand Jury, did knowingly and willfully combine, conspire, confederate,

and agree to violate 18 U.S.C. § 1343, wire fraud, that is to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce any writings, signs, signals, pictures, and sounds for the purpose of executing a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises.

Purpose of the Conspiracy

It was the general purpose of the conspiracy for the defendants and their co-conspirators to defraud victim investors, illegally funnel investment money designated for aircraft purchases into foreign investments, and to conceal from the victim investors that their investment funds were not being used to purchase aircraft.

Manner and Means of the Conspiracy

The manner and means by which the defendants and their co-conspirators sought to accomplish the object and purpose of the conspiracy included, among others, the following:

- **Step 1:** The lender agrees to lend the fraudulent buyer a refundable deposit. The fraudulent buyer secures a loan and now owes the lender interest. The “hardening” of the deposit into a non-refundable deposit is contingent upon the illegitimate buyer’s successful inspection of the aircraft and other things.
- **Step 2:** The lender’s deposit money is placed into an escrow company’s escrow account, which is always designated by the fraudulent buyer, i.e. WBAT.
- **Step 3:** The fraudulent buyer never inspects the aircraft because the aircraft either does not exist (e.g., has been decommissioned) or is not actually for sale (e.g., belongs to a commercial airline). WBAT transfers the refundable deposit into accounts designated by the fraudulent buyer to be used for other purposes, and not for the purchase of the designated aircraft. WBAT is compensated for

these fraudulent transactions with money taken from the escrow account as well. As a result, the deal falls through and the deposit does not harden.

- **Step 4:** The fraudulent buyer then secures another loan from another lender for the purchase of another unsellable aircraft. This loan pays for the principle and interest owed for the previous aircraft transaction involving WBAT and the fraudulent buyer.

Acts in Furtherance of the Conspiracy

In furtherance of the conspiracy and to achieve its objects and purpose, at least one of the defendants committed and caused to be committed, in the Eastern District of Texas and elsewhere, the acts described in in the section titled “The Ponzi Scheme.”

All in violation of 18 U.S.C. § 1349.

NOTICE OF INTENT TO SEEK CRIMINAL FORFEITURE

18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), and 982(a)(2); 21 U.S.C. §§ 853, 881(a), and 970; 28 U.S.C. § 2461; 49 U.S.C. § 46306(d); and 50 U.S.C. § 4819(d)

As a result of committing the offenses as alleged in this Fifth Superseding Indictment, defendants shall forfeit to the United States pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982(a)(1), and 982(a)(2); 21 U.S.C. §§ 853, 881(a), and 970; 28 U.S.C. § 2461; and 49 U.S.C. § 46306(d) any property constituting, or derived from, proceeds obtained directly, or indirectly, as a result of the said violations, and any property used, or intended to be used in any manner or part, to commit or to facilitate the commission of the said violations, including but not limited to the following:

Money Judgment

A sum of money equal to \$350,000,000 in United States currency, and all interest and proceeds traceable thereto, representing the amount of proceeds obtained by defendants as a result of the offenses alleged in this Fifth Superseding Indictment.

Aircraft

- a. A Cessna T210K, Serial No. 21059286, United States Registered Number N8286M
- b. A Beech 200, Serial No. BB413, United States Registration number N456PF
- c. A Lear 31A, Serial No. 080, United States Registered Number N260RC
- d. A Gulfstream G-1159, Serial No. 236, United States Registered Number N311BD
- e. A British Aerospace BAE 125-800A, Serial No. 258013, United States Registered Number N305AG
- f. A Cessna 560, Serial No. 560-0068, United States Registered Number N569LM
- g. A Gulfstream G-1159A, Serial No. 332, United States Registered Number N939RR
- h. A Gulfstream G-IV, Serial No. 1087, United States Registered Number N368AG
- i. A Hawker 800 XP, Serial No. 258740, United States Registered Number N740HB

Substitute Assets

If any of the property described above as being subject to forfeiture, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), to seek forfeiture of any other property of defendants up to the value of the above forfeitable property, including but not limited to all property, both real and personal, owned by the defendants.

By virtue of the commission of the felony offenses charged in this Fifth Superseding Indictment, any and all interest defendants have in the above-described property is vested in the United States and hereby forfeited to the United States pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461.

A TRUE BILL



GRAND JURY FOREPERSON

NICHOLAS J. GANJEI
ACTING UNITED STATES ATTORNEY

Michelle F. Engade
for ERNEST GONZALEZ
COLLEEN BLOSS
ROBERT AUSTIN WELLS
Assistant United States Attorneys

MAY 5, 2021
Date

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	No. 4:20-CR-212
	§	Judge Mazzant
DEBRA LYNN MERCER-ERWIN (1)	§	
KAYLEIGH MOFFETT (2)	§	
GUILLERMO GARCIA MENDEZ (3)	§	
FEDERICO ANDRES MACHADO (4)	§	
CARLOS ROCHA VILLARRUTIA (5)	§	
ALBAN GERARDO AZOFEIFA-CHACON (6)	§	
AARON BELLO-MILLAN (7)	§	
MICHAEL ASSAD MARCOS (8)	§	

NOTICE OF PENALTIES

Count One

Violation: 21 U.S.C. § 846

Penalty: If 5 kilograms or more of a mixture or substance containing a detectable amount of cocaine – not less than 10 years and not more than life imprisonment, a fine not to exceed \$10 million, or both. A term of supervised release of at least five years

Special Assessment: \$100.00

Count Two

Violation: 21 U.S.C. § 963

Penalty: Imprisonment for not less than ten years or more than life, a fine not to exceed \$10,000,000.00 or both. A term of supervised release of at least five years.

Special Assessment: \$100.00

Count Three

Violation: 21 U.S.C. § 959, 18 U.S.C. § 2

Penalty: Imprisonment for not less than ten years or more than life, a fine not to exceed \$10,000,000.00 or both. A term of supervised release of at least five years

Special Assessment: \$100.00

Count Four

Violation: 18 U.S.C. § 1956(h) in violation of 18 U.S.C. §§ 1956(a)(1)(A)(i), 1956(a)(1)(B)(i), 1956(a)(2)(A), 1956(a)(2)(B)(i), and 1957

Penalty: Not more than 20 years imprisonment; a fine not to exceed \$250,000 or twice the pecuniary gain or loss. A term of supervised release of not more than 3 years.

Special Assessment: \$100.00

Count Five

Violation: 18 U.S.C. § 371

Penalty: Not more than 10 years imprisonment; a fine not to exceed \$250,000 or both. A term of supervised release of not more than 3 years.

Special Assessment: \$100.00

Count Six

Violation: 18 U.S.C. § 371

Penalty: Not more than 5 years imprisonment to be served in addition to, and not, concurrently with, any other term of imprisonment imposed on the individual; a fine not to exceed \$250,000, or both. A term of supervised release of not more than 3 years.

Special Assessment: \$100.00

Count Seven

Violation: 18 U.S.C. § 1349

Penalty: Not more than 20 years imprisonment; a fine not to exceed \$250,000 or both. A term of supervised release of not more than 5 years.

Special Assessment: \$100.00

Aircraft Exports from the United States following the Aircraft Guaranty Corporation Trust Indictment: Avoiding Civil, Criminal Penalties and Aircraft Seizures

By David M. Hernandez

April 5, 2021

The criminal prosecution of the owner¹ of Aircraft Guaranty Corporation (“AGC”) involving, in part, the failure to export aircraft from the United States as alleged in Count Five of the federal grand jury indictment² (the “**Indictment**”) by the United States Government (the “**Government**”) is **unprecedented and alarming to the international aviation community**. As alleged in the Indictment, the specified defendants failed to comply with federal laws applicable to the permanent export of aircraft. As background, aircraft are deemed to be permanently exported from, if not permanently returned to, the United States within one year (12 months) after the date of export.³ What was particularly alarming to many industry participants was the Government’s position as to what circumstances require compliance with the permanent export laws, and that a trust company is responsible, as registered owner, for compliance with these export laws.

The Indictment provides that the Government charged defendants with, among other things,⁴ conspiracy to commit export violations, *and the seizure of 12 aircraft*. According to various anecdotal accounts, the investigations that led to the Indictment were among a number of investigations by various agencies of the Government regarding the customs export practices of U.S.-based trust companies serving as trustees in aircraft ownership trusts with non-United States citizen beneficiaries. These trusts are commonly referred to as “**Non-Citizen Trusts**” or “**NCTs**.” As of May 2019, there were approximately 6,800 NCTs,⁵ and, again according to anecdotal accounts, the Government may be investigating as many as 15,000 NCT aircraft for export compliance, including aircraft that have exited NCT trusts in the last five years.

If these anecdotal reports are correct, the scope of these investigations is astonishing, and as a result, is quite unsettling for industry participants, almost all of whom frequently rely on NCTs for routine business or other purposes. This article focuses on both the laws and regulations pertaining to the export of U.S.-registered aircraft that were the subject of the charges in the Indictment, as well as the implications to industry participants who have become accustomed to relying on NCTs when registering aircraft on the United States “N” registry (“**FAA Registry**”).

¹ The Indictment names nine defendants involved in a multiple allegations, and the focus of this article is limited to the aircraft export violations described in Count Five of the Indictment. We understand from various sources with first-hand knowledge that the current owner is engaged in the sale of AGC, and this article is focused solely on the events, circumstances and defendants named in the Indictment on or prior to February 24, 2021.

² See *United States of America v. Debra Lynn Mercer-Erwin, Kayleigh Moffett, Guillermo Garcia Mendez, Federico Andres Machado, Carlos Rocha Villarrutia, Alban Gerardo Azofeifa-Chacon, Aaron Bello-Millan, Michael Assad Marcos, Third Superseding Indictment*, In the United States District Court for the Eastern District of Texas, Sherman Div., Docket No. 4:20-CR-212, Feb. 24, 2021.

³ The analysis of whether an aircraft is permanently exported is fact specific and based on the intent of the parties. Factors to consider are transactions documents, state sales tax exemption affidavits, existence of hangar lease agreements, management agreements, flight history and similar related documentation.

⁴ The scope of this article is limited to an analysis of Count Five of the Indictment (18 U.S.C. § 371, Conspiracy to Commit Export Violations).

⁵ U.S. Gov’t Accountability Off., GAO-20-164, FAA NEEDS TO BETTER PREVENT, DETECT, AND RESPOND TO FRAUD AND ABUSE RISKS IN AIRCRAFT REGISTRATION, Mar. 2020 (“**GAO Report**”).

How Did This Happen?

The Government's actions are alarming because, frankly, few people properly exported aircraft from the United States, particularly aircraft that remain on the United States registry by way of NCTs. The primary reason why many aircraft owners failed to properly export aircraft is that they simply did not realize they were required to do so if the aircraft remained on the United States registry. This view is based on the misunderstanding that because no Federal Aviation Administration ("FAA") export certificate of airworthiness was required, then no customs export reporting was required.

Second, many aircraft owners (i) were unaware of the Federal Trade Regulations' ("FTR") aircraft customs exporting requirements or (ii) simply believed that the customs exporting requirements were merely an administrative task that could be ignored without any penalties. Ironically, except for the custom broker's fee, it is free to file the required export data with the United States Census Bureau ("Census").

Third, few in the aviation industry stressed compliance with the customs export requirements in aircraft transactions because they viewed the customs export as the foreign buyer's concern, and sellers often endeavored to deliver the aircraft in the United States to avoid any export reporting obligations. Finally, it is conceivable that some intentionally ignored the customs export requirements to avoid the necessary disclosures to the Government required under the applicable regulations to remain anonymous or for other reasons.⁶

Non-U.S. citizens are able to register their aircraft on the FAA Registry because FAA regulations permit trustees to facilitate such registrations, and enjoy the benefits associated with coveted "N" registration, by establishing NCTs.⁷ FAA regulations ("FARs") permit trust companies to facilitate access to the FAA Registry, and it is a profitable business. In order to establish an NCT, an aircraft owner enters into a grantor trust agreement with a trustee that is a citizen of the United States,⁸ and transfers or otherwise causes the title to the aircraft to be held by the trust, with the effect of the trustee having legal title to the aircraft, and the owner retaining only a beneficial interest. The arrangement also requires a lease agreement to enable the beneficial owner to operate or manage the availability of the aircraft. The trust agreement and lease must be filed with the FAA.⁹ The trustee registers the aircraft in its name, and the trustor and the beneficiary are frequently the same person. The FAA does not monitor, regulate or require any customs export data whatsoever, nor does the FAA perform any due diligence on the trustor. All trust companies that we are aware of perform extensive financial "know your customer" and export control due diligence (e.g., Export Administration Regulations administered by the Bureau of Industry and Security¹⁰ ("BIS") and the Office of Foreign Assets Control¹¹ ("OFAC") compliance).¹²

⁶ See GAO Report.

⁷ 14 C.F.R. Part 47.7(c) Trustees, provides: An applicant for aircraft registration under 49 U.S.C. § 44102 that holds legal title to an aircraft in trust must comply with the following requirements: (1) Each trustee must be either a U.S. citizen or a resident alien. (2) The applicant must submit with the Aircraft Registration Application: (i) A copy of each document legally affecting a relationship under the trust; (ii) If each beneficiary under the trust, including each person whose security interest in the aircraft is incorporated in the trust, is either a U.S. citizen or a resident alien, an affidavit by the applicant to that effect; and (iii) If any beneficiary under the trust, including any person whose security interest in the aircraft is incorporated in the trust, is not a U.S. citizen or resident alien, an affidavit from each trustee stating that the trustee is not aware of any reason, situation, or relationship (involving beneficiaries or other persons who are not U.S. citizens or resident aliens) as a result of which those persons together would have more than 25 percent of the aggregate power to influence or limit the exercise of the trustee's authority. (3) If persons who are neither U.S. citizens nor resident aliens have the power to direct or remove a trustee, either directly or indirectly through the control of another person, the trust instrument must provide that those persons together may not have more than 25 percent of the aggregate power to direct or remove a trustee. Nothing in this paragraph prevents those persons from having more than 25 percent of the beneficial interest in the trust.

⁸ "Citizen of the United States" means (i) an individual who is a citizen of the United States; (ii) a partnership each of whose partners is an individual who is a citizen of the United States; or (iii) a corporation or association organized under the laws of the United States or a State, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, which is under the actual control of citizens of the United States, and in which at least 75 percent of the voting interest is owned or controlled by persons that are citizens of the United States. 49 U.S.C. § 40102(a)(15).

⁹ 14 C.F.R. Parts 47.7 and 91.23.

¹⁰ The BIS is a bureau within the U.S. Department of Commerce ("Commerce") that is concerned with the advancement of U.S. national security, foreign policy, and economic interests. The BIS is responsible for

NCTs have been under scrutiny by the Government for years because of their concerns regarding transparency and oversight, so it should not be a surprise that the customs export investigations relate to the use of NCTs.¹³ Perhaps the bigger question is: why did it take so long for the Government to enforce the customs reporting requirements in the context of NCT aircraft exports? As discussed below, the Indictment makes clear that the Government believes trustees – acting as the registered owners of the aircraft – are responsible for customs export compliance. This would constitute an unanticipated and very significant reallocation to trustees of the risks associated with the use of NCTs to achieve FAA registration for aircraft that are exported well before, concurrently with or after registration.

The Regulatory Overview

As an initial matter, Census is responsible for collecting, compiling and publishing United States export trade statistics. Prior to July 2, 2008, a paper Shipper Export Declaration filed with the Automated Export System (“AES” or “AESDirect”) was the primary method for collecting export trade data, and Census used the data for statistical purposes only. On July 2, 2008, the requirements changed, and export trade data was required to be reported online to AES via an Electronic Export Information (“EEI”) if any parts and labor valued over \$2,500 were exported. The AES enables EEIs to be filed directly with the United States Customs and Border Protection and Census. The BIS also uses EEI data for export control purposes to detect and prevent the export of certain items by unauthorized parties or to unauthorized destinations or end users. Census delegates its regulatory enforcement in this area to the BIS, *and the BIS has subpoena authority*.

The EEI filing requirement also is a national security issue because the electronic filing strengthens the Government’s ability to prevent the export of certain items by unauthorized parties to unauthorized destinations and end users. The EEI filings aid in targeting and identifying suspicious shipments prior to export, and afford the Government the ability to significantly improve the quality, timeliness and coverage of export statistics.

EEI Filing Requirements¹⁴

EEI filing requirements are extremely complex and it is wise to hire a customs broker to ensure that the EEI is filed properly. The EEI must be filed through the AES by the United States Principal Party In Interest (“USPPI”), the USPPI’s authorized agent or the authorized United States agent of the Foreign Principal Party in Interest (“FPPI”). Generally, the foreign aircraft buyer should file the EEI, and typically hires a customs broker as its authorized agent to physically file the EEI.

The principal parties in a transaction, for the purpose of these export requirements, are the parties who receive the primary benefit, monetary or otherwise. Generally, the principal parties in interest in a transaction are the seller and buyer. In the context of a transaction, the USPPI is the person or legal entity in the United States that receives the primary benefit, monetary or otherwise, from that transaction. That person or entity is generally the United States seller, manufacturer, order party or a foreign entity if in the United States at the time goods are purchased or obtained for export (i.e., the foreign buyer taking delivery).

regulating the export of sensitive goods and technologies; enforcing export control, antiboycott and public safety laws; cooperating with and assisting other countries on export control and strategic trade issues; and assisting U.S. industry to comply with international arms control agreements. See 15 C.F.R. Parts 730-780 (Export Administration Regulations).

¹¹ The OFAC is an agency within the U.S. Department of the Treasury that administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. See 31 C.F.R. Parts 501-599 (Office of Foreign Assets Control).

¹² Export controls due diligence (aka BIS and OFAC due diligence) is completely different than customs export reporting requirements, and outside the scope of this article.

¹³ U.S. Dep’t of Transp. Office of Inspector General (“**DOT OIG**”), Rep. No. AV2019052, FAA Plans to Modernize Its Outdated Civil Aviation Registry System, but Key Decisions and Challenges Remain (May 8, 2019); DOT OIG, Management Advisory on Registration of Aircraft to United States Citizen Trustees in Situations Involving Non-United States Citizen Trustors and Beneficiaries (Jan. 31, 2014); Notice of Policy Clarification for the Registration of Aircraft to United States Citizen Trustees in Situations Involving Non-United States Citizen Trustors and Beneficiaries, 78 Fed. Reg. 36412 (June 18, 2013) (“**FAA NCT Policy Clarification**”); “Under Scrutiny: The New GAO Recommendations for FAA Aircraft Registration” *American Bar Association The Air & Space Lawyer* (vol. 33, no. 2, 2020), Edward K. Gross, Erich P. Dylus and Jonathan M. Rauch, Vedder Price P.C., <https://www.vedderprice.com/edward-gross-erich-dylus-jonathan-rauch-publish-article-in-aba-the-air-and-space-lawyer>

¹⁴ See 15 C.F.R. Part 30 (Foreign Trade Regulations).

The foreign entity must be listed as the USPPI if it is in the United States when the items are purchased or obtained for export, and follow the applicable provisions for filing the EEI pertaining to the USPPI. The allegations in the Indictment make clear the Government's position that these procedures should have been followed with the vast majority of aircraft exports (i.e., the foreign buyer should have filed the EEI with the assistance of a customs broker, acting as the foreign buyer's authorized agent and power of attorney).

Specific instructions also exist for filing EEI for aircraft when sold while outside the United States. In most cases, the EEI should be filed *prior to exportation* unless the USPPI has been approved to submit export data on a post-departure basis, which we understand to be an extraordinary circumstance. Aircraft sales requiring a license or license exemption may be filed post-departure only when the appropriate licensing agency has granted the USPPI authorization.

All EEI filings must be complete, correct, and based on personal knowledge of the facts stated or on information furnished by the parties to the export transaction. The filer must be physically located in the United States at the time of filing, have a federal Employee Identification Number ("EIN") or Data Universal Numbering System number ("DUNS"), and be certified to report in the AES. If the filer does not have an EIN or DUNS, the filer must obtain an EIN from the Internal Revenue Service. Importantly, the filer is responsible for the truth, accuracy and completeness of the EEI, except insofar as that party can demonstrate that it reasonably relied on information furnished by other responsible persons participating in the transaction. As noted above, the process is very challenging for any party endeavoring to export an aircraft and the referenced requirements for an EIN, DUNS and U.S. presence are often quite problematic for non-United States parties.

Finally, parties filing an EEI must ensure that: (i) the filing contains complete and accurate information, (ii) if applicable for a customs broker, that person obtain a power of attorney or written authorization to file the EEI, (iii) the required information is filed in a timely manner in accordance with FTR, (iv) they promptly respond to fatal errors, warning, verify and reminder messages, and compliance alerts, (v) they provide the exporting carrier with the required proof of filing citations or exemption legends in accordance with the EEI requirements and (vi) they promptly file corrections or cancellations to the EEI.¹⁵

Why You Should Care – the Penalties

Failure to file an EEI or submitting false or misleading information to the AES has significant criminal and civil penalties, including aircraft seizure and forfeiture.

Criminal Penalties¹⁶

Any person, including any USPPI, authorized agent or carrier, who knowingly fails to file or knowingly submits, directly or indirectly, to the Government, false or misleading export information through the AES, or who knowingly reports, directly or indirectly, to the Government any information through or otherwise uses the AES to further any illegal activity shall, with respect to any of these violations, be subject to a fine not to exceed \$10,000 or imprisonment for not more than five years, or both, for each violation. Finally, any person who is criminally convicted, faces the risk of forfeiture of their aircraft to the Government of any or all of that person's:¹⁷

interest in, security of, claim against, or property or contractual rights of any kind in the goods or tangible items that were the subject of the violation; and

interest in, security of, claim against, or property or contractual rights of any kind in tangible property that was used in the export or attempt to export that was the subject of the violation; and

property constituting, or derived from, any proceeds obtained directly or indirectly because of this violation.

False Statements

Not surprisingly, it is a crime under 18 U.S.C. § 1001 for any person to make a false statement to a federal agent either in response to an inquiry or made voluntarily. Certain false responses to questions propounded for administrative purposes, including statements to BIS agents regarding the circumstances related to the export of an aircraft during routine inquiries, are also prosecutable, as are untruthful "no's" if a party initiates contact with the Government in order to obtain a benefit

¹⁵ 15 C.F.R. § 30.3.

¹⁶ 15 C.F.R. § 30.71 (False or fraudulent reporting on or misuse of the Automated Export System. (a) Criminal penalties.)

¹⁷ 15 C.F.R. § 30.70(a)(3) (Forfeiture Penalties).

such as facilitating an aircraft sale. Section 1001 provides as follows:

Except as otherwise provided in this section, whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully:

falsifies, conceals, or covers up by any trick, scheme, or device a material fact;

makes any materially false, fictitious, or fraudulent statement or representation; or

makes or uses any false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry; shall be fined under this title or imprisoned not more than 5 years, or both.

The false statement crime is particularly problematic for aircraft owners who by innocent mistake or with the intent to deceive assert that their aircraft were never exported, even though some or the related transaction, trust, financing and state sales tax exemption documents establish that the aircraft were “exported” for the purposes of the applicable export requirements, and that the owner should have filed an EEI.

Civil Penalties¹⁸

The most common export civil violation is referred to as a “**failure to file**” an EEI, and occurs if the Government discovers that no AES record exists for an export transaction, in the form of an EEI or Internal Transaction Number (“**ITN**”). Any AES record filed later than 10 calendar days after the due date is a failure to file, and the maximum penalty is \$10,000 for a failure to file violation. A late filing violation occurs when an AES record is filed after the required period prescribed, with a maximum penalty of \$1,100 per day, up to a maximum of \$10,000 per violation. Filing false or misleading information is subject to a maximum civil penalty of \$10,000 per violation, which may be in addition to any other penalty imposed.

Except for criminal penalties, civil forfeiture penalties are the biggest concern for most aircraft owners and lessors. The Government has the authority to seize any aircraft involved in an FTR violation, and the aircraft may be subject to a forfeiture sale under the FTR.¹⁹ As the Indictment details, the Government has seized several aircraft and has the authority to seize any aircraft that has not been exported properly in accordance with the applicable regulations.

The Export-Related Indictment Allegations

The Indictment illustrates the consequences of failing to properly export an aircraft – albeit a worst-case scenario – and should be a warning to any aircraft owner who is deemed to have exported an aircraft from the United States. Suffice to say, the days of ignoring EEI filings are over. Count Five²⁰ of the Indictment focuses on AGC’s actions in its capacity as trustee and alleges a conspiracy to commit aircraft export in furtherance of a criminal act. The widespread failure to file EEIs was discovered by the Commerce’s BIS Office of Export Enforcement (“OEE”) and Homeland Security Investigations,²¹ which initiated an investigation of defendants after noticing irregularities in aircraft filings and learning that several defendant-registered aircraft were seized or destroyed by the government in which such aircraft was located because an agency of that government believed that the aircraft was involved in smuggling drugs internationally. The OEE also discovered that no EEIs were filed for many of the aircraft under investigation.

The Government alleges that AGC, as the registered owner of the aircraft upon and after entering into a trust arrangement, was responsible for complying with aircraft export reporting obligations imposed on aircraft owners, and such obligations cannot be delegated to third parties. The Government relies upon the FAA’s NCT Policy Guidance, stating as follows:

The regulatory obligations of an owner trustee with regard to an aircraft registered in the U.S. using a non-citizen trust are, and always have been, the same as the regulatory obligations of all owners of U.S. registered aircraft. The FAA Registry is an “owner” registry; it is not an “operator” registry. Once the FAA completes the registration process, the registered owner is the owner for all purposes under the regulations. The FAA has determined that there is nothing

¹⁸ 15 C.F.R. § 30.71(b) (Civil Penalties).

¹⁹ 15 C.F.R. § 71(b)(4) (Forfeiture penalties).

²⁰ 18 U.S.C. § 371 (*Conspiracy to Commit Export Violations*); with a penalty of not more than 10 years imprisonment, a fine not to exceed \$250,000, or both. A term of supervised release of not more than three years.

²¹ Homeland Security Investigations (“**HSI**”), which is a sub-component of Immigration and Customs Enforcement, is the second largest criminal investigative agency in the United States. HSI is primarily concerned with transnational criminal organizations and focuses its authorities on issues such as human smuggling, drug trafficking organizations, violent street gangs, intellectual property rights, commercial fraud, child pornography, bulk cash smuggling and counter-proliferation.

inherent in the status of a trustee owner of a U.S.-registered aircraft that would affect or limit its responsibilities for ensuring compliance with applicable laws and regulations. Thus, an owner of an aircraft on the U.S. registry cannot avoid a regulatory obligation imposed on it by the FAA simply by entering into a private contract with another party.

The aircraft is subject to United States regulations and requirements, including those issued by the Department of Commerce. The Owner Trustee promised the FAA compliance. If the aircraft is exported, then the Trustee must insure the required Electronic Export Information is filed under 15 C.F.R. §§ 30.3, 758.1(b)(5), and 758.2. AGC refused to comply, even when confronted by United States authorities.²²

However, despite the position taken by the Government in the Indictment, we understand that many in the aviation industry firmly believe that if an aircraft is exported, it is not the trustee's responsibility to insure that the required EEI is filed.

The Indictment also describes a cautionary example of a seizure and forfeiture action related to the failure to file an EEI. On October 20, 2017, a Learjet 31A aircraft was placed into an AGC trust and lease. On January 31, 2020, the beneficial owner of the aircraft was scheduled to depart Brownsville, Texas to Monterrey, Mexico. The beneficial owner's pilots allegedly failed to provide CBP Automated Passenger Information System filings for each passenger at least one hour before departure, and the aircraft was seized.²³ Upon discovering that the aircraft has been outside of the United States for three years without any EEI filing, the Government is now pursuing a forfeiture action against the aircraft.

Ramifications for the Aviation Industry

The Indictment has fundamentally altered the risk dynamic for trust companies, the likely result of which includes, among other things, increased regulatory compliance costs, enhanced indemnifications in favor of the trustees, and a comprehensive re-evaluation of the entire NCT business model. We understand based on conversations with various Government representatives involved in the AGC matter, many in the Government view NCTs as merely selling access to the coveted FAA Registry with very little oversight or transparency. It is doubtful that the FAA has the resources or authority to conduct any meaningful safety oversight or surveillance of the thousands of United States registered aircraft based outside of the United States. It is possible that there are many aircraft being leased or subleased without the required notice to the FAA, and without the trustee's knowledge.

A recent example of a tragic circumstance exists relating to an NCT-registered aircraft being operated primarily outside of the United States, which resulted in renewed scrutiny of the use of NCTs. On January 21, 2019, a Piper Malibu (N264DB) – operated by a pilot not licensed to operate the flight – crashed in the English Channel resulting in the tragic death of Argentine football player Emiliano Sala.²⁴ That aircraft was registered to the Southern Aircraft Consultancy, a United States trustee, ironically, based in Bungay, Suffolk, United Kingdom.²⁵ FAA regulations permit a United States trustee to be based anywhere the world.²⁶

FAR 91.23 requires the registered owner, including an owner trustee, to comply with all of the applicable truth-in-leasing requirements.²⁷ Pursuant to these requirements, parties to a lease or contract of conditional sale involving a U.S.-registered large civil aircraft must: execute a written lease or conditional sale contract which includes a truth-in-leasing clause and file it with the FAA; notify the FAA of the first flight under the lease or conditional sale contract, to enable the FAA to perform a ramp check; and keep a copy of the lease on the aircraft at all times.²⁸ By way of example of the risk of non-compliance, consider the prosecution of an aircraft charter company in 2018 relating to

²² Indictment at 2-3, paragraph 3 (internal citations and quotes omitted; emphasis added).

²³ Indictment at paragraph 28.

²⁴ See <https://www.bbc.com/news/uk-wales-51870306> *Emiliano Sala crash: Pilot Ibbotson "not licensed for flight"* BBC News, March 13, 2020, retrieved Apr. 4, 2021; <https://www.gov.uk/government/news/aaib-investigation-into-the-loss-of-aircraft-n264db>, *United Kingdom Air Accidents Investigation Branch AAIB Bulletin S2/2019*, Aug. 14 2019.

²⁵ See <https://www.southernaircraft.co.uk/>; https://registry.faa.gov/aircraftinquiry/Search/NNumberResult_ retrieved Apr. 4, 2021.

²⁶ 14 C.F.R. § 47.7(c).

²⁷ 14 C.F.R. § 91.23(c).

²⁸ See 14 C.F.R. § 91.23.

such a violation, and that its owner pled guilty to failing to report a lease to the FAA.²⁹ As it was in that case, it seems unlikely that either a sublessor in Europe or Asia or the registered owner of an aircraft would even consider filing a first flight notice with the local FAA Flight Standard District Office. Consequences for failing to file are also unlikely to motivate a person to comply because it is virtually impossible for the FAA to ramp check the aircraft in Europe or Asia with 48 hours' notice of the first flight under the lease.

Significant risk and default concerns exist for parties with an interest in an aircraft facing Government seizure for failing to file an EEI. Among other things, aircraft that were not properly exported are subject to seizure, and such circumstances likely presents a very serious coverage problem for insurers, and may trigger policy cancellations. Lessors and lenders should also determine whether, with respect to any FAA-registered aircraft leased to or securing the repayment of a loan to a customer are being operated primarily outside of the United States, were properly exported and if not, immediately assess the potential risks.

Government concerns regarding and scrutiny of NCTs are not new; the OEE enforcement and subpoenas are the new development, and the aviation community is now taking this seriously to avoid being the owner of the next aircraft seized. It is unclear whether the Government realizes the tsunami it has caused throughout the industry or the potential ramifications. With each subpoena issued by the OEE, the Government is becoming more aware of the scope of the problem of widespread failure to file EEIs. Given that the requirement to file an EEI is based on United States national security interests, it is very doubtful that the Government will change its position regarding a trustee's responsibility to file the EEI merely because of the challenges associated with filing, or because the trustee contractually shifts EEI filing responsibility to the beneficial owner.

As is evident in the Indictment, the Government's position is that the registered owner of the United States-registered aircraft is responsible for filing the EEI. However, the FTR are ambiguous regarding whether a trust company is actually the party responsible to file the EEI. As a result, the ramifications for trusts, lessors, banks, financial institutions, foreign buyers, United States sellers and customs brokers are potentially enormous. All aircraft transactions will have to address which party is responsible for customs export compliance and an EEI ITN will become an industry standard requirement.

A common industry joke was that it was easier to find a leprechaun with a pot of gold than an aircraft customs broker, because the services of a customs broker were rarely required. Aircraft customs brokers will likely be a growth industry going forward. It is also unclear how trust companies that offer NCTs will survive without additional oversight and increased transparency. The beneficial owner's strong desire for privacy must be weighed against the Government's legitimate national security interests and the need for transparency.

At a minimum, the aviation industry must start mandating compliance with the requirement to file an EEI. Any such filing, if applicable, must be an aircraft transaction closing checklist item going forward. Most importantly, the parties to any related transactions, especially lessors and lenders, must monitor and enforce compliance with these requirements. But lenders, lessors and other transaction parties must be aware of the implications of the Government's investigations and position regarding export compliance on a going forward basis, but they should also be aware that there could be implications regarding aircraft in their portfolio which were previously held in trust and permanently exported in violation of the referenced export laws. In that regard, it is prudent that they seek advice of counsel regarding what might be a prudent course of action, including due diligence and any follow-up should they identify any potential non-compliance.

As is the case with most significant regulatory events, the industry will figure out how to file an EEI and will be better after the dust settles, but until then we will persevere, comply with the regulatory requirements and resolve the issues in accordance with the applicable law. Good luck all!

Vedder Price has created a Task Force to assist clients with the consequences associated with the AGC Indictment. Please contact **David M. Hernandez**, Shareholder, Vedder Price P.C. with any questions or comments, at dhernandez@vedderprice.com, +1 (202) 312-3340 or +1 (202) 403-1678. David M. Hernandez is a Shareholder at Vedder Price P.C. Mr. Hernandez has considerable experience assisting clients with aircraft transactions, operational issues, financing, leasing and regulatory matters, complex government investigations and enforcement matters. Mr. Hernandez, a graduate of Northwestern University School of Law, was an FAA prosecutor and a DOT Honors' Program Attorney. He also served in the Office of the Counsel to the President during the Clinton Administration, and was a Captain in the U.S. Air Force after graduating from the United States Air Force Academy (Class of 1988).

For Task Force Inquiries:

²⁹ <https://www.justice.gov/usao-wdok/pr/charter-aircraft-company-and-its-owner-plead-guilty-failing-report-leases-faa>.

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NEWS

Aviation Tycoon in Argentina Organized Drug Flights Across Americas

ARGENTINA / 28 APR 2021 BY SHANE SULLIVAN

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Despite numerous investigations against him, an Argentine aviation tycoon was able to exploit aircraft registration loopholes in the United States to help traffickers across Latin America source drug planes.

Frederico Machado, an Argentine businessman and owner of two Florida-based aviation companies, was [arrested](#) pursuant to an Interpol red alert on April 15 in Argentina's Neuquén airport. Machado may soon be [extradited](#) to the United States, where he is accused of being part of a complex drug trafficking conspiracy.

On February 26, Machado was indicted, along with seven others, in the US District Court of Eastern Texas for the alleged purchase and illegal registration of aircraft under foreign corporations and individuals. The planes were used to traffic cocaine, according to a US Department of Justice [press release](#).

SEE ALSO: [Private Jets Laden With Cocaine Travel from Brazil to Europe](#)

Court [documents](#) allege that Machado used his Florida-based aviation company, South Aviation Inc., to purchase aircraft, which were illegally registered with the United States Federal Aviation Administration (FAA) by the Aircraft Guarantee Corporation (AGC), a company owned by two co-conspirators. The aircraft were then exported and sold in foreign countries, where FAA credentials reportedly make it less likely that planes will be inspected.

The AGC allegedly registered thousands of aircraft with the FAA in Onalaska – a town in eastern Texas without an airport.

Several illegally registered aircraft were exported to foreign countries and used by transnational organized criminal groups to smuggle large quantities of cocaine destined for the United States, according to the [indictment](#). Proceeds from the subsequent drug sales were then transported to from the US to Mexico and used to buy more planes and cocaine.

Machado has allegedly functioned as an aircraft broker for drug smugglers since at least 2011 and has been implicated in high-profile money laundering cases in the US and Argentina, although his recent criminal ventures indicate that brokering aircraft was just the tip of the iceberg.

InSight Crime Analysis

Planes carrying drugs continue to be a favored smuggling method that authorities across the region have [struggled to stop](#). These flights often land in remote locations and, if detected, the planes are [often burned](#) and the traffickers are long gone by the time authorities arrive.

The scale of Machado's organization reveals a relatively unexplored piece of this puzzle - namely, how traffickers get access to so many planes in the first place.

The aircraft purchased by Machado and illegally registered by ACG were explicitly used for drug smuggling across Latin America, according to the US indictment. Aircraft acquired by Machado have been seized transporting drugs in Colombia, Venezuela, Ecuador, Belize, Honduras, Guatemala and Mexico. Planes were also sold to a convicted drug trafficker in Sinaloa, Mexico. One was later seized in Belize carrying 2.3 tons of cocaine.

SEE ALSO: [Argentina News and Profile](#)

In the early 2010s, Machado's name first appeared in connection to two high-profile scandals in Argentina: a [drug trafficking case](#) involving the sons of Argentina's former Air Force commander José Juliá (1989-1993) and the "[Route of the K-Money](#)" (La ruta del dinero K) scandal. Aircraft involved in both cases – one used for drug smuggling between Argentina and Spain and another used to transport bulk sums of embezzled state funds – were linked to Machado's company, South Aviation Inc.

Criminal charges against Machado in the US also accuse him and his co-conspirators of orchestrating a Ponzi scheme related to the acquisition of aircraft. According to the [indictment](#), Machado recruited investors to purchase of aircraft that were dysfunctional or non-existent. Investors allegedly placed their funds in an escrow account managed by Machado's co-conspirators, which he then used to fund distinct criminal ventures. When the sale of the aircraft did not materialize, Machado secured new investors to obtain purchase deposits that were used to refund previous investors.

"Investigators found millions of dollars being sent to Machado, who was funneling some of the money into mineral mines in Guatemala," Ernesto González, a federal prosecutor in the case, [told](#) WFAA, a Texas-based news station.

Machado has been also linked to illegal mining in Guatemala, according to [El Periódico](#). In January 2020, Guatemala's congress accused Machado of being involved in illegal gold and silver mining in the eastern department of Chiquimula.

Guatemalan politicians who spoke to El Periódico [said](#) that Machado had financed the campaigns of various presidential candidates in Guatemala, including former president [Jimmy Morales](#) (2016 – 2020), to whom Machado apparently lent planes and his private helicopter, on multiple occasions. Sources also reported that

Machado had repeatedly bragged about financing the campaigns of current President Alejandro Giammattei and former presidential candidate Sandra Torres.

On April 21, Guatemalan prosecutors [opened](#) an investigation into Machado's financing of political parties in the country.

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	A	B	C	D	E	F
1			Wires in		Wires out	To
2						
3						
4		Amaral Holding	\$100,000.00		\$1,921,821.32	N277GM
5					\$400,000.00	South Aviation
6	20-Oct	Amaral Holding	\$6,777,725.00		\$50,000.00	Escrow fee
7					\$530,000.00	Sherwood
8	20-Oct				\$85,190.15	Whirlpool
9					\$230,000.00	Indriago
10					\$203,500.00	Gomez and Gomes
11					\$275,000.00	NTG Capital
12					\$172,445.00	N272TX / N488AM
13					\$1,700,000.00	N51NM Ghotic
14					\$275,000.00	South Aviation
15	7-Nov				\$1,120,613.86	N951DP BAM
16		Izadin N272TX	\$168,418.32		\$262,500.00	NTG Capital
17						
18	21-Nov	Chemtov	\$7,600,000.00		\$5,088,333.33	Phenom Ghotic
19					\$1,000,388.89	Richard
20	21-Nov	Phenom buyer fuel expenses	\$1,971.69		\$220,000.00	Indriago
21					\$200,000.00	Commision Aviva
22					\$2,725.00	Escrow fee pay by Aviva
23					\$50,000.00	Kevin Jordan Commision
24					\$58,830.00	Bond cost
25					\$50,000.00	Escrow Fee
26					\$347,135.22	Jet Aviation
27					\$200,000.00	N752CS deposit Insured Aircraft Title
28					\$100,000.00	N425SU deposit AIC Title Services
29					\$84,444.14	Whirlpool
30					\$20,188.10	South Aviation
31	12-Dec	Ghotic	\$8,550,000.00			
32					\$7,950,000.00	Seller GV s/n 572
33	12-Dec	G5 Buyer	\$36,960.41		\$150,000.00	Kevin Jordan
34	12-Dec	N272TX	\$108,000.00		\$96,960.00	Chemtov
35					\$102,695.00	Aircraft Logistic Group
36					\$50,000.00	Escrow fee
37					\$200,345.00	South Aviation
38					\$250,000.00	America Core
39					\$200,000.00	South Aviation
40					\$17,341.87	Oliver
41						
42	22-Dec	Hutton	\$6,000,000.00			
43					\$4,010,961.67	Chemtov
44					\$230,000.00	Indriago
45					\$200,000.00	Arocena
46					\$50,000.00	Escrow fee
47					\$23,320.00	Insurance extra
48					\$275,000.00	South Aviation
49					\$480,000.00	Hutton
50						
51						
52	24-Dec	N1904W	\$1,200,000.00		\$1,000,000.00	Chemtov
53					\$100,000.00	Keith
54					\$90,839.92	Steve

	A	B	C	D	E	F
55					\$150,000.00	South
56					\$84,500.00	Whirlpool
57					\$177,340.00	N425SU
58					\$5,398.82	Escrow
59						
60						
61						
62	11-Jan	N272TX	\$84,209.16			
63					\$200,000.00	South
64	12-Jan	Chemtov	\$4,000,000.00		\$1,450,000.00	N752CS
65					\$1,043,062.50	Harris Air
66					\$125,000.00	Ghotic
67					\$210,000.00	Chemtov
68					\$540,000.00	Nathan
69					\$105,000.00	Indriago
70					\$250,000.00	South
71					\$25,000.00	Escrow fee
72					\$15,650.90	Insurance
73					\$19,604.70	Insurance
74					\$95,000.00	Kal
75					\$5,891.06	Escrow
76						
77	31-Jan	Wires N1904W	\$118,795.82		\$92,600.00	Whirlpool
78					\$26,453.95	South Aviation
79						
80	28-Feb	Wires N1904W	\$100,000.00		\$154,500.00	Washingotn National
81					\$83,703.38	Whirlpool
82					\$177,719.18	BAM
83						
84	9-Mar	N272TX	\$84,209.16		\$102,695.00	Aircraft Logistic Group
85	14-Mar	N752CS	\$960,000.00		\$75,000.00	South Aviation
86					\$220,000.00	Indriago
87					\$192,500.00	America Core
88					\$10,000.00	Escrow fee
89					\$140,000.00	Chemtov
90						
91	10-Apr	Wires N1904W	\$100,000.00		\$83,703.38	Whirlpool
92						
93	14-Apr	Hutton	\$3,000,000.00		\$319,196.66	Chemtov
94					\$210,000.00	Gustavo Ramirez
95					\$102,695.00	Aircraft Logistic Group
96					\$15,000.00	Escrow fee
97					\$750,000.00	NTG Capital
98					\$375,000.00	South Aviation
99					\$75,000.00	Hutton
100					\$137,450.00	Dayton, Voorhees @ Balsam
101					\$799,583.33	Chemtov
102					\$220,463.23	South
103	18-Apr	N272TX	\$168,418.32		\$102,695.00	Aircraft Logistic Group
104	5-May	Torrey N1904W	\$100,000.00		\$300,000.00	MI Global
105					\$2,744.69	Embraer Invoice
106	8-May	N272TX	\$84,209.16		\$83,820.72	Whirlpool
107					\$75,000.00	Hutton
108						

	A	B	C	D	E	F
109	22-May	Indriago	\$500,000.00		\$386,420.00	Chemtov
110					\$66,921.00	Aircraft Logistic Group
111						
112	1-Jun	South Aviation	\$60,973.93			
113	1-Jun	Chemtov	\$6,000,000.00		\$360,000.00	Chemtov
114					\$250,000.00	NTG Capital LLC
115					\$50,000.00	Escrow fee
116					\$236,000.00	My 4 Lads
117					\$5,000,000.00	America Core
118						
119						
120	6-Jun	Jim Torrey GIV	\$100,000.00		\$435,000.00	Hutton
121	12-Jun	N862VP	\$1,450,000.00		\$1,312,500.00	Ghotic Air
122						
123	20-Jun	N272TX	\$84,209.16		\$80,000.00	Chemtov
124	22-Jun	Harris Air	\$1,880,000.00		\$4,209.16	Escrow
125						
126					\$1,250,000.00	Ghotic
127					\$630,000.00	Dayton, Voorhees @ Balsam
128						
129	30-Jun	Gustavo Ramirez	\$200,000.00		\$2,500.00	Escrow Fee
130						
131	6-Jul	Torrey N1904W	\$100,000.00		\$520,000.00	Ghotic
132	7-Jul	N272TX	\$84,209.16		\$30,000.00	Specialized Investment
133	7-Jul	Specialized Investent	\$750,000.00		\$750,000.00	Ghotic
134						
135	14-Jul	Bruce Green	\$1,846,685.00		\$1,000,000.00	Chemtov
136					\$75,000.00	Hutton
137					\$278,920.00	South
138						
139	17-Jul	WBIP LLC	\$3,000,000.00		\$4,500,000.00	Steven Elkin
140	18-Jul	America Core	\$1,800,000.00		\$3,000,000.00	Chemtov
141	18-Jul	Graham Cox	\$200,000.00			
142						
143	19-Jul	Chemtov	\$4,000,000.00		\$2,000,000.00	Chemtov
144	19-Jul	Chemtov	\$3,000,000.00		\$480,000.00	Chemtov
145					\$213,600.00	WBIP
146					\$533,664.50	N546MG Closing
147					\$840,000.00	Sherwood
148					\$168,055.68	Whirlpool
149					\$291,653.98	South
150					\$100,000.00	Escrow fee
151						
152					\$120,000.00	South
153	2-Aug	Torrey N1904W	\$100,000.00		\$80,000.00	Chemtov
154					\$32,945.00	Air Logistics
155					\$20,000.00	South
156						
157	3-Aug	Sherwood	\$750,000.00		\$750,000.00	Specializad Investment
158						
159						
160	9-Aug	WBIP	\$3,000,000.00		\$2,000,000.00	Keystone N272TX
161	9-Aug	Specializad Investment	\$750,000.00		\$250,000.00	Gustavo Enrique Ramirez
162					\$157,500.00	WBIP

	A	B	C	D	E	F
163					\$50,000.00	Escrow fee
164					\$50,000.00	Whirlpool
165					\$30,000.00	Specialized Investment
166					\$50,000.00	South
167					\$150,000.00	Harris Air
168					\$657,285.00	Chemtov
169						
170						
171					\$75,000.00	Hutton
172	14-Aug	America Core	\$1,400,000.00		\$780,000.00	NGT Capital
173					\$350,000.00	Aircraft Finance Aircorp
174					\$107,270.00	South
175					\$10,000.00	Escrow Fee
176					\$46,220.00	South
177					\$133,780.00	Chemtov
178					\$50,000.00	Aircraft Finance Aircorp
179						
180					\$100,000.00	South
181						
182						
183	5-Sep	SN1237 LLC	\$100,000.00		\$100,000.00	South
184						
185						
186	8-Sep	WBIP	\$2,000,000.00		\$1,450,000.00	Harris Air
187					\$292,500.00	Ghotic
188					\$100,000.00	WBIP
189					\$75,000.00	Hutton
190						
191						
192	15-Sep	Kris CL600	\$750,000.00		\$450,000.00	Argentum CA
193					\$430,000.00	Gustavo Ramirez
194						
195					\$50,000.00	South
196						
197	22-Sep	Paul	\$1,450,000.00		\$20,000.00	Escrow fee
198					\$212,780.00	Chemtov
199					\$750,000.00	Specilized Investment
200					\$319,720.00	South
201						
202	29-Sep	Specialized	\$1,000,000.00		\$60,000.00	South
203	29-Sep	Chemtov	\$1,500,000.00		\$2,427,005.28	Whirlpool
204	29-Sep	Chemtov	\$5,000,000.00		\$40,000.00	Specilized Investment
205					\$300,000.00	Chemtov
206					\$60,000.00	Chemtov
207					\$50,000.00	Escrow fee
208					\$150,000.00	Aircraft Finance Aircorp
209					\$105,000.00	Steve Climie
210					\$231,500.00	2EE
211					\$4,500,000.00	Everstrong
212						
213	4-Oct	Powder Investments	\$708,173.00		\$200,000.00	South
214						
215	16-Oct	Evestrong	\$9,000,000.00		\$540,000.00	Everstrong
216					\$2,000,000.00	WBIP

	A	B	C	D	E	F
217					\$3,000,000.00	Hutton
218					\$1,500,000.00	America Core
219					\$230,000.00	Gustavo Ramirez
220					\$300,000.00	Graham
221					\$100,000.00	Steve Climie
222					\$50,000.00	Escrow Fee
223					\$180,000.00	Chemtov
224					\$300,000.00	South Aviation
225					\$100,000.00	Kal
226					\$184,667.72	South
227						
228						
229						
230	25-Oct	Torrey Buyer	\$250,000.00		\$100,000.00	America Core
231	3-Nov	Torrey Buyer	\$440,000.00		\$780,000.00	General Aviation Trust
232						
233	6-Nov	General Aviation Trust	\$2,805,000.00		\$690,000.00	Torrey Buyer
234					\$2,285,000.00	N770SW Seller
235					\$50,000.00	Escrow fee
236					\$90,000.00	South Aviation
237						
238	9-Nov	Evestrong	\$5,000,000.00		\$3,000,000.00	WBIP
239					\$1,500,000.00	America Core
240					\$50,000.00	Escrow fee
241					\$50,000.00	Kal
242					\$268,333.32	Frank & Weinberg
243						
244	13-Nov	Chemtov	\$500,000.00		\$356,400.00	Jet Art Aviation
245	15-Nov	Harris Air	\$1,880,000.00		\$2,000,000.00	WBIP Falcon 2000
246					\$10,000.00	Escrow fee
247					\$40,000.00	Graham Cox
248						
249	16-Nov	N546MG	\$550,000.00		\$117,000.00	Chemtov
250					\$217,000.00	2EE LLC
251					\$100,000.00	South Aviation
252					\$78,000.00	Insurance
253					\$46,296.59	Jet Art Aviation
254					\$100,000.00	Plane Sense
255					\$50,000.00	Torrey
256						
257						
258	27-Nov	WBIP	\$7,000,000.00		\$4,000,000.00	Chemtov
259					\$567,000.00	WBIP
260					\$312,000.00	Gustavo Ramirez
261					\$1,000,000.00	Specilized Investment
262					\$40,000.00	Lewis Bordoley
263					\$820,000.00	Sherwood
264					\$50,000.00	Escrow fee
265					\$57,970.09	South Aviation
266						
267	6-Dec	America Core	\$2,850,000.00		\$4,000,000.00	Chemtov
268		Specialized Investment	\$1,000,000.00		\$80,000.00	Aircraft Finance
269						
270	8-Dec	Sherwood	\$750,000.00		\$311,238.00	Jet Sense Citation X

	A	B	C	D	E	F
271					\$80,000.00	Aircraft Finance
272					\$60,000.00	Chemtov
273						
274	11-Dec	Chemtov	\$9,000,000.00		\$9,000,000.00	Ghotic MD
275					\$450,000.00	Chemtov MD
276					\$50,000.00	Escrow Fee
277						
278	19-Dec	Specilized	\$1,500,000.00		\$75,000.00	Specilized Investment
279		Specilized	\$500,000.00		\$25,000.00	Specilized Investment
280					\$1,500,000.00	Chemtov
281						
282	19-Dec	General Aviation Trust	\$1,870,000.00		\$1,750,000.00	Chemtov
283					\$20,000.00	Escrow fee
284					\$100,000.00	South Aviation
285						
286	27-Dec	Spectreum loan N770SW	\$1,937,716.96		\$250,000.00	South Aviation
287					\$180,000.00	Harris Air
288					\$280,000.00	Chemtov
289					\$4,000,000.00	Hutton
290	29-Dec	Chemtov	\$3,000,000.00		\$50,000.00	Escrow Fee
291						
292						
293	4-Jan	Moncler	\$930,000.00		\$50,000.00	Specilized Investment
294		General Aviation Trust	\$930,000.00		\$2,000,000.00	Hutton
295					\$25,000.00	Escrow fee
296					\$131,478.96	South Aviation
297						
298						
299	19-Jan	South	\$50,000.00		\$50,000.00	America Core
300	22-Jan	Monclear	\$333,334.00		\$580,000.00	Chemtov
301		General Aviation Trust	\$333,334.00		\$80,000.00	South
302						
303	1-Feb	Everstrong	\$500,000.00		\$270,000.00	Chemtov
304		Steve Cairncross	\$750,000.00		\$290,000.00	Specilized Investment
305		My 4 Lads	\$250,000.00		\$1,000,000.00	WBIP
306		RY Trading	\$1,100,000.00		\$299,000.00	2EE LLC
307					\$1,000.00	Escrow fee
308					\$25,000.00	South
309					\$725,000.00	Chemtov N1904W
310					\$25,000.00	Escrow fee N1904W
311						
312	6-Feb	Powder Investment	\$291,872.70		\$263,540.70	South N1904W
313		Oil @ Gas	\$1,000,000.00		\$775,000.00	Chemtov N1904W
314					\$225,000.00	Aircraft Finance Aircorp
315						
316						
317	28-Feb	Chemtov	\$5,000,000.00		\$675,000.00	HO POP
318	28-Feb	HO POP	\$5,000,000.00		\$50,000.00	Escrow Fee
319					\$800,000.00	Chemtov
320					\$50,000.00	Escrow fee
321					\$5,000,000.00	America Core
322					\$278,000.00	South
323					\$275,000.00	Aircraft Finance Aircorp
324					\$1,100,000.00	Refund to escrow for G5 Yeffet

	A	B	C	D	E	F
325					\$333,334.00	Monclear motors
326					\$333,334.00	Mark Bryn
327					\$500,000.00	Steven Elkin
328					\$372,000.00	Gustavo Ramirez
329					\$233,332.00	Aircraft Finance Aircorp
330						
331	28-Mar	Trinity Aviation N530FM	\$2,100,000.00		\$1,572,000.00	Chemtov Note
332					\$50,000.00	Keith and Steve
333					\$213,000.00	2EE LLC
334					\$250,000.00	South
335					\$15,000.00	Escrow fee
336						
337						
338	30-Mar	America Core	\$4,437,500.00		\$1,880,000.00	Harris Air
339					\$250,000.00	Four Lads
340					\$750,000.00	Steve Camcress
341					\$318,000.00	Gustavo Ramirez
342					\$25,000.00	Escrow fee
343					\$214,500.00	South Aviation
344						
345	8-Apr	David Pop	\$5,000,000.00		\$555,000.00	David Pop
346					\$5,000,000.00	Chemtov Dornier 3131 & 3213
347					\$50,000.00	Escrow Fee
348					\$115,000.00	South Aviation
349						
350	15-Apr	Graham 4 Lads	\$95,000.00			
351	15-Apr	Steve Camcress	\$875,000.00		\$1,000,000.00	Francisco DLE escrow
352						
353	15-Apr	Citation III N955HG	\$100,000.00			
354						
355	15-Apr	Harris Air	\$1,443,750.00		\$1,000,000.00	Powder DLE escrow
356					\$50,000.00	4 Lads
357					\$200,000.00	Aircraft Finance Aircorp
358					\$250,000.00	Alfredo Mariscal Barba
359						
360	20-Apr	Slome	\$4,200,000.00		\$3,000,000.00	Chemtov Dornier 3207
361					\$50,000.00	Escrow Fee
362					\$560,000.00	Chemtov Embraer
363					\$100,000.00	Specialized Global 7000
364					\$50,000.00	Aircraft Finance Aircorp
365						
366	24-Apr	Chemtov	\$9,000,000.00		\$720,000.00	Chemtov
367					\$9,000,000.00	Steve Elkin
368					\$50,000.00	Escrow Fee
369					\$50,000.00	South Aviation
370						
371						
372	1-May	Steve Elkin	\$9,000,000.00		\$563,488.00	Steve Elkin
373					\$3,000,000.00	Mark Bryn
374					\$318,000.00	Gustavo Ramirez
375					\$100,000.00	Kal Bitzer
376					\$50,000.00	Escrow fee
377					\$200,000.00	South Aviation
378					\$250,000.00	Aircraft Finance Aircorp

	A	B	C	D	E	F
379					\$575,000.00	Chemtov N488AM
380					\$840,000.00	Sherwood
381					\$3,000,000.00	Specialized
382						
383						
384	1-May	Specialized	\$3,000,000.00		\$200,000.00	Specialized
385					\$130,000.00	4 Lads
386					\$900,000.00	Steven Caimcross
387					\$282,262.00	South
388						
389						
390	11-May	Rusty Pop	\$9,010,000.00		\$5,000,000.00	Steve Elkin
391					\$50,000.00	Escrow Fee
392					\$2,000,000.00	Harris Air
393					\$200,000.00	South Aviation
394					\$200,000.00	Aircraft Finance
395					\$100,000.00	Kobi Karp
396						
397						
398	24-May	Steve Elkin	\$6,000,000.00		\$380,488.00	Steve Elkin
399					\$7,000,000.00	WBIP
400					\$306,000.00	Gustavo Ramirez
401					\$100,000.00	Escrow fee
402					\$562,500.00	Chemtov MD
403					\$300,000.00	South Aviation
404					\$60,000.00	Kal Bitzer
405						
406	4-Jun				\$156,012.00	South Aviation
407					\$100,000.00	Aircraft Finance
408						
409						
410	17-Jun	Harris Air	\$4,700,000.00		\$2,000,000.00	Mark Bryn
411					\$250,000.00	South Aviation
412					\$500,000.00	Chemtov
413					\$50,000.00	Escrow fee
414						
415						
416	21-Jun				\$150,000.00	South Aviation
417						
418	27-Jun	WBIP	\$6,000,000.00		\$50,000.00	Escrow fee
419					\$430,000.00	WBIP
420					\$306,000.00	Gustavo Ramirez
421					\$3,125,000.00	Chemtov MD
422					\$150,000.00	South Aviation
423					\$125,000.00	4 Lads
424					\$2,000,000.00	Mark Bryn
425						
426	3-Jul				\$100,000.00	Moncler Motors
427					\$250,000.00	South Aviation
428					\$56,250.00	Harris Air
429						
430	13-Jul				\$306,000.00	Gustavo Ramirez
431					\$250,000.00	Aircraft Finance Aircorp
432						

	A	B	C	D	E	F
433	26-Jul				\$306,000.00	Gustavo Ramirez
434					\$100,000.00	Refund N955HG Deposit
435						
436	30-Jul				\$195,750.00	South Aviation
437						
438	1-Aug	Sherwood	\$910,000.00		\$20,000.00	Escrow fee
439					\$180,000.00	Specialized
440					\$295,000.00	South Aviation
441					\$200,000.00	Aircraft Finance Aircorp
442					\$215,000.00	South Aviation
443						
444	10-Aug	CCUR Holdings	\$2,000,000.00		\$50,000.00	Escrow fee
445					\$312,000.00	Gustavo Ramirez
446					\$200,000.00	Minas del Pueblo
447					\$194,841.84	2 EE LLC
448					\$359,611.00	Yantai
449					\$150,000.00	South
450						
451						
452						
453	24-Aug	Kip	\$4,700,000.00		\$50,000.00	Escrow fee
454					\$50,000.00	4 Lads
455					\$5,000,000.00	Ho Pop Corp
456					\$312,000.00	Gustavo Ramirez
457						
458						
459	31-Aug	Everstrong	\$6,000,000.00		\$50,000.00	Escrow fee
460					\$300,000.00	Aircraft Finance Aircorp
461					\$5,000,000.00	Chemtov
462						
463						
464						
465						
466	5-Sep	Moncler	\$3,700,000.00		\$50,000.00	Escrow fee
467					\$350,000.00	South Aviation
468					\$306,000.00	Gustavo Ramirez
469					\$220,412.00	South Aviation
470					\$350,000.00	Aircraft Finance Aircorp
471						
472	7-Sep	Ho Pop	\$5,000,000.00		\$50,000.00	Escrow fee
473					\$355,000.00	Ho Pop
474						
475						
476	10-Sep				\$6,000,000.00	Everstrong Boieing 23974/24032
477					\$30,000.00	Kal Bitzer
478						
479					\$306,000.00	Gustavo Ramirez
480					\$275,000.00	South Aviation
481						
482						
483	20-Sep	Chemtov	\$10,000,000.00		\$9,000,000.00	Everstrong Boieing 23974/24032
484					\$50,000.00	Escrow Fee
485					\$150,000.00	South Aviation
486					\$327,511.00	2EE LLC

	A	B	C	D	E	F
487					\$374,855.00	Yantai
488					\$800,000.00	Chemtov
489					\$87,500.00	America Core
490						
491						
492	1-Oct	Metrocity Boeings	\$9,000,000.00		\$5,000,000.00	Michael
493					\$50,000.00	Escrow fee
494					\$554,488.00	Evertrong
495					\$200,000.00	Specialized
496					\$288,000.00	Gustavo Ramirez
497					\$350,488.00	South Aviation
498					\$400,000.00	Aircraft Finance
499					\$150,000.00	South Aviation
500						
501						
502	12-Oct	Metrocity Boeing	\$9,000,000.00		\$9,000,000.00	Chemtov " MD South"
503					\$200,000.00	Jaime Arimany
504					\$50,000.00	Escrow fee
505					\$551,488.00	Metrocity
506						
507						
508	16-Oct	Chemtov	\$10,000,000.00		\$800,000.00	Chemtov
509					\$50,000.00	Escrow Fee
510					\$1,500,000.00	Robert
511					\$90,000.00	Kal Bitzer
512					\$306,000.00	Gustavo Ramirez
513					\$250,000.00	AFA
514					\$8,000,000.00	Chemtov
515						
516						
517	23-Oct	Gneral Aviation Trust	\$3,700,000.00		\$30,000.00	Escrow fee
518					\$3,090,000.00	Chemtov s/n 24783
519					\$250,000.00	South Aviation
520						
521						
522	1-Nov	Chemtov	\$10,000,000.00		\$800,000.00	Chemtov
523					\$50,000.00	Escrow Fee
524					\$3,584,307.20	2EE LLC
525					\$300,000.00	South
526					\$200,000.00	AFA
527					\$1,001,000.00	Rusty Pop
528					\$993,334.00	Specialized s/n 4113
529					\$300,000.00	AFA
530					\$312,000.00	Gustavo Ramirez
531					\$30,000.00	Sherwood s/n 7964
532						
533					\$300,000.00	South
534					\$200,000.00	AFA
535					\$200,000.00	AFA
536					\$200,000.00	South
537						
538	21-Nov				\$306,000.00	Gustavo Ramirez
539						
540						

	A	B	C	D	E	F
541	27-Nov	Marital Trust	\$1,870,000.00		\$150,000.00	South
542					\$25,000.00	Escrow Fee
543					\$3,000,000.00	Chemtov s/n 27311
544					\$89,750.00	Insurance
545					\$150,000.00	Zingg
546					\$200,000.00	Mamcy
547					\$307,413.96	South
548						
549	3-Dec	Chemtov	\$10,000,000.00		\$800,000.00	Chemtov
550					\$50,000.00	Escrow Fee
551					\$5,000,000.00	America Core s/n 4429
552					\$306,000.00	Ramirez
553					\$325,000.00	AFA
554					\$230,000.00	South
555					\$450,000.00	AFA
556						
557						
558						
559	10-Dec	America Core	\$4,675,000.00		\$200,000.00	South
560					\$25,000.00	Escrow Fee
561						
562	15-Dec				\$300,000.00	Harris Air
563					\$3,000,000.00	Chemtov ref s/n 27312
564					\$285,000.00	WBIP
565					\$500,000.00	AFA s/n 27312
566					\$275,000.00	AFA
567					\$275,000.00	South
568						
569						
570	26-Dec				\$395,000.00	AFA
571					\$306,000.00	Ramirez
572						
573						
574						
575	2-Jan				\$200,000.00	Arimany
576					\$750,000.00	AFA N868DM
577						
578						
579	9-Jan				\$306,000.00	Ramirez
580					\$375,000.00	South
581						
582					\$150,000.00	C185
583					\$39,144.74	E&O Insurance
584						
585						
586	23-Jan	Chemtov	\$10,000,000.00		\$800,000.00	Chemtov
587					\$50,000.00	Escrow fee
588					\$2,000,000.00	CCUR Holdings
589					\$475,000.00	Aircraft Finance Aircorp
590						
591					\$375,000.00	South
592					\$306,000.00	Ramirez
593						
594	31-Jan				\$1,500,000.00	Chemtov Citation X pay off

	A	B	C	D	E	F
595						
596						
597						
598	5-Feb	Citation X Buyer	\$1,650,000.00		\$10,000.00	Kayleigh
599					\$375,000.00	South Aviation
600					\$375,000.00	Aircraft Finance Aircorp
601						
602						
603	11-Feb				\$306,000.00	Ramirez
604					\$1,000,000.00	Sherwood
605						
606						
607	13-Feb				\$130,000.00	Arimany
608					\$475,000.00	Aircraft Finance
609						
610	18-Feb				\$700,000.00	Baron
611						
612	25-Feb				\$600,000.00	Ghotic
613						
614						
615	28-Feb	CCUR	\$3,500,000.00		\$226,800.00	CCUR
616					\$50,000.00	Escrow fee
617						
618						
619	28-Feb	Chemtov Loan	\$791,032.00		\$675,000.00	South Aviation
620					\$600.00	Fee
621						
622	1-Mar	Sherwood	\$1,820,000.00		\$20,000.00	Escrow fee
623						
624	1-Mar				\$6,000,000.00	Everstrong refund
625						
626	4-Mar				\$375,000.00	South
627					\$375,000.00	Aircraft Finance
628						
629	7-Mar	America Core	\$1,870,000.00		\$25,000.00	Escrow fee
630						
631	8-Mar	Saniva International	\$4,650,000.00		\$50,000.00	Escrow fee
632					\$306,000.00	Ramirez
633					\$575,000.00	South
634					\$5,000,000.00	Ho Pop
635						
636						
637	19-Mar	Chemtov	\$15,000,000.00		\$675,000.00	Chemtov interest s/n 41048
638					\$5,000,000.00	Silnom Holding ref s/n 4424
639					\$2,000,000.00	Specialized ref s/n 4113
640					\$306,000.00	Gustavo Ramirez
641					\$100,000.00	Escrow fee
642					\$300,000.00	General Aviation Trust s/n 33469
643						
644						
645	19-Mar	N868DM	\$426,482.03		\$650,000.00	South Aviation ref N868DM
646					\$650,000.00	Aircraft Finance Aircorp ref s/n 4113
647					\$750,000.00	Aircraft Finance Aircorp ref s/n 4113
648						

	A	B	C	D	E	F
649						
650					\$475,000.00	South
651						
652						
653	28-Mar				\$875,000.00	South Aviation ref s/n 33047
654					\$550,360.70	Steve Elkin, ref, South Extensions
655						
656						
657	4-Apr				\$390,000.00	Rodriguez SR 22
658					\$306,000.00	Ramirez
659						
660	10-Apr				\$725,000.00	South
661					\$600,000.00	Chemtov 3-4 ext.
662						
663						
664	25-Apr				\$425,000.00	South
665					\$3,026,000.00	John Todd
666	25-Apr	Specialized	\$1,760,000.00		\$25,000.00	Escrow fee
667						
668						
669	7-May	Moncler	\$1,725,642.00		\$600,000.00	Chemtov
670			\$1,870,000.00			
671						
672						
673	8-May	Metrocity Holding	\$5,000,000.00		\$188,322.00	Metro city
674					\$100,000.00	Escrow fee
675						
676	8-May	Harris Air	\$2,000,000.00			
677	8-May				\$10,000,000.00	Rusty Pop
678						
679						
680	10-May	Rusty Pop	\$10,000,000.00		\$765,000.00	Rusty Pop
681					\$2,050,000.00	Harris Air s/n 298
682					\$3,000,000.00	WWIP Aviation
683					\$636,000.00	Ramirez
684						
685					\$325,000.00	Chemtov s/n 41048
686					\$150,000.00	Marital Trust
687					\$675,000.00	South s/n 41048
688					\$15,000.00	4 Lads s/n 298
689					\$650,000.00	South s/n 298
690						
691					\$600,000.00	Chemtov
692					\$475,000.00	South
693					\$143,000.00	America Core
694						
695						
696	15-Jun	WBIP	\$3,000,000.00		\$275,000.00	WBIP
697					\$3,550,000.00	Harris s/n 2833
698						
699	17-Jun	Avire LLC	\$935,000.00		\$1,500,000.00	Harris s/n 2833
700						
701		NTG Capital	\$750,000.00		\$250,000.00	NTG Capital
702						

	A	B	C	D	E	F
703	24-Jun	Harris air	\$4,700,000.00		\$75,000.00	4 Lads ref s/n 5268
704					\$100,000.00	Escrow fee
705					\$624,000.00	Gustavo Ramirez ref "South"
706					\$550,000.00	NTG Capital ref "South"
707					\$750,000.00	South BOFA ref s/n 5268
708					\$750,000.00	MDP Trading ref s/n 5268
709						
710						
711	27-Jun	Ho Pop / David Pop	\$10,000,000.00		\$630,000.00	Ho Pop / David Pop
712					\$100,000.00	Escrow fee
713						
714						
715	2-Jul				\$9,000,000.00	Metro City Holding s/n 30854/33047/33049
716					\$750,000.00	South BOFA ref s/n 5268
717						
718	10-Jul				\$600,000.00	Chemtov s/N 32954 and 35156
719					\$90,000.00	Metrocity ref s/n 30432/30433/30535
720					\$10,000.00	Escrow fee
721					\$620,928.59	MDP Trading ref s/n 32954 and 35156
722						
723						
724	6-Aug	Saniva	\$4,587,000.00		\$65,000.00	Chemtov
725		Harris air	\$1,950,000.00		\$315,000.00	South
726					\$5,000,000.00	Metrocity ref s/n 28744
727						
728						
729						
730	8-Aug	Metrocity	\$15,000,000.00		\$911,488.00	Metrocity
731						
732						
733	9-Aug	South	\$117,488.00		\$363,000.00	Metrocity
734					\$15,000,000.00	Chemtov
735						
736	13-Aug	Metrocity	\$5,000,000.00		\$305,488.00	Metrocity s/n 30214
737	13-Aug	Bayside support	\$2,000,000.00		\$2,005,000.00	Harris ref s/n 330
738					\$539,500.00	Chemtov ref 1153 and CL601
739					\$430,000.00	Emerald Aviation ref South
740					\$684,000.00	Gustavo Ramirez ref " South"
741					\$575,000.00	South Aviation ref s/n 330
742					\$25,000.00	4 Lads ref s/n 330
743					\$150,000.00	Escrow fee
744						
745	15-Aug	Chemtov	\$15,000,000.00		\$750,000.00	Chemtov s/n 41820
746					\$2,000,000.00	Sherwood s/n 10228
747					\$4,700,000.00	Ghotic Air G7500
748					\$7,000,000.00	America Core 33767 & 30483
749					\$875,000.00	South Aviation
750					\$302,600.00	Veros Investment
751					\$100,000.00	Escrow fee
752					\$675,000.00	MDP Trading ref N546MG
753					\$600,000.00	Emerald Aviation
754					\$283,412.00	South Aviation
755						
756						

	A	B	C	D	E	F
757	30-Aug	Chemtov	\$7,700,000.00		\$3,500,000.00	CCUR ref s/n 33469
758					\$4,000,000.00	General Aviation Trust ref s/n 40567
759					\$50,000.00	Escrow Fee
760						
761						
762	11-Sep				\$100,000.00	MDP Trading new account
763						
764						
765	12-Sep	Harris Air	\$2,700,000.00		\$5,000,000.00	Saniva ref s/n 36308
766		America Core	\$4,675,000.00		\$200,000.00	Moncler ref s/n 36308
767					\$75,000.00	Escrow Fee
768					\$615,000.00	Gustavo Ramirez ref South
769					\$885,000.00	MDP Trading ref s/n 36308
770						
771	19-Sep				\$45,000.00	Chemtov s/n 4171
772					\$125,000.00	Chemtovs/n 40565 & 40567
773					\$150,000.00	MDP Trading s/n 4171
774						
775						
776	24-Sep	Aurele	\$910,000.00		\$8,000,000.00	Chemtov ref s/n 4171
777						
778	24-Sep	General Aviation Trust	\$4,625,000.00		\$110,000.00	Ho Pop ref s/n 9473
779						
780	27-Sep	CCUR	\$2,910,000.00		\$2,800,000.00	Harris Air ref s/n 106
781						
782	3-Oct	Ho Pop	\$2,500,000.00		\$100,000.00	Escrow fee
783						
784	3-Oct	Monclear	\$2,500,000.00		\$475,000.00	MDP Trading ref s/n 106
785						
786					\$750,000.00	South Aviation Inc ref s/n 9473
787						
788					\$375,000.00	MDP Trading ref s/n 106
789						
790	10-Oct	Harris Air	\$2,400,000.00		\$636,000.00	Gustavo Ramirez ref " South"
791						
792	10-Oct	Chemtov	\$1,900,000.00		\$100,000.00	Monclear ref s/n 33848
793						
794					\$4,000,000.00	General Aviation Trust ref s/n 33848
795						
796					\$50,000.00	Escrow fee
797						
798					\$479,000.00	South Aviation ref s/n 33848
799						
800					\$49,315.07	Chemtov s/n 40656/40567/33510/3780
801						
802	18-Oct				\$100,000.00	Specialized ref Lear 45
803						
804	25-Oct	General Aviation Trust	\$4,625,000.00		\$3,000,000.00	CCUR s/n 9743
805						
806					\$300,000.00	Ho Pop / David Pop s/n 33751 & 33754
807						
808					\$50,000.00	Escrow fee
809						
810					\$612,000.00	Gustavo Ramirez ref " South"

	A	B	C	D	E	F
811						
812						
813	31-Oct	CCUR	\$4,600,000.00		\$5,000,000.00	Chemtov s/n 40565
814						
815	31-Oct	CCUR	\$2,000,000.00		\$5,000,000.00	Chemtov s/n 40567
816						
817	31-Oct	Silnom Holdings	\$2,500,000.00		\$50,000.00	Escrow fee
818						
819	31-Oct	Gustavo Ramirez	\$500,000.00			
820						
821	1-Nov				\$42,000.00	Rusty Pop/ Da Rusty
822						
823	10-Nov				\$150,000.00	MDP Trading LLC
824						
825	14-Nov				\$536,000.00	Chemtov ref s/n 41820
826						
827	14-Nov	Bayside Support Services	\$9,350,000.00		\$20,000,000.00	Chemtov ref s/n 33510/37808/33847/35814
828						
829	15-Nov	Ghotic Venture Fund	\$9,150,000.00		\$2,000,000.00	Marital Trust ref s/n 4219
830						
831	15-Nov	Chemtov	\$27,600,000.00		\$4,160,000.00	Moncler ref s/n 40065
832						
833					\$80,000.00	Moncler ref s/n 4219
834						
835					\$520,000.00	Gustavo Ramirez Ref South
836						
837					\$10,000,000.00	Rusty Pop & Da Rusty Popref s/n 4432 @ 4433
838						
839					\$2,500,000.00	Ho Pop ref s/n 9473
840						
841					\$2,517,500.00	Harris ref F900 s/n 91
842						
843					\$795,000.00	South Aviation Ref F900 s/n 91
844						
845					\$2,500,000.00	Slome ref s/n 9464
846						
847					\$375,000.00	MDP Trading ref s/n 9473
848						
849					\$150,000.00	Escrow Fee
850						
851	26-Nov	Harris	\$2,425,000.00		\$1,321,000.00	Rust Pop & Da Rusty
852						
853	27-Nov	Rust Pop & Da Rusty	\$10,000,000.00		\$2,000,000.00	Chemtov
854						
855					\$824,500.00	CL601
856						
857					\$325,000.00	MDP Trading ref s/n 135
858						
859					\$575,000.00	South Aviation ref s/n 135
860						
861					\$100,000.00	Escrow Fee
862						
863					\$675,000.00	South Aviation ref s/n 5268
864						

	A	B	C	D	E	F
865						
866						
867						
868	5-Dec	Chemtov	\$8,000,000.00		\$3,000,000.00	WBIP Aviation ref s/n 5268
869						
870					\$280,000.00	Chemtov ref s/n 4173
871						
872					\$993,000.00	Avire LLC ref s/n 40065
873						
874					\$9,000,000.00	Metrocity sn 30432/30433/30435
875						
876					\$468,494.00	Chemtov Extensions
877						
878					\$65,000.00	South Aviation ref s/n 4173
879						
880					\$99,534.00	Insurance
881						
882					\$50,000.00	Escrow fee
883						
884						
885	13-Dec	Metrocity	\$9,000,000.00		\$548,488.00	Metrocity
886						
887					\$7,500,000.00	Harris
888						
889					\$695,000.00	South
890						
891					\$50,000.00	Escrow fee
892						
893					\$495,000.00	MDP Trading
894						
895						
896	20-Dec	Harris Air	\$6,510,000.00		\$100,000.00	My 4 lads
897						
898					\$1,622,000.00	Specialized
899						
900					\$695,000.00	South
901						
902					\$50,000.00	Escrow fee
903						
904					\$525,000.00	MDP Trading
905						
906						
907	6-Jan				\$150,000.00	Chemtov Extension Air Services
908						
909					\$625,000.00	MDP Trading ref N28FM
910						
911					\$295,000.00	South Aviation. Ref s/n 4171
912						
913						
914	15-Jan				39,684.24	Insurance
915						
916					\$675,000.00	MDP Trading s/n 4173
917						
918					\$586,000.00	South Aviation REF s/n 36160

	A	B	C	D	E	F
919						
920	1-Feb				\$200,000.00	Jose Luis Espert
921						
922	6-Feb				1,206,000.00	Metrocity ref s/n 29062/29157/29908/30214
923						
924						
925	6-Feb	Harris Air	\$2,400,000.00		\$25,000.00	My 4 lads ref s/n 9438
926						
927					\$25,000.00	Escrow fee
928						
929						
930	6-Feb	Silnom Holdings	\$2,500,000.00		\$25,000.00	Escrow fee
931						
932					\$5,000,000.00	Saniva ref s/n 36160
933						
934					\$137,000.00	Monclear ref s/n 36160
935						
936						
937	7-Feb	BOE 30875 LLC	\$4,000,000.00		\$50,000.00	Escrow fee
938						
939	7-Feb	Ghotic Ventures Fund	\$4,575,000.00		\$50,000.00	Escrow fee
940						
941					\$8,000,000.00	Chemtov s/n 4173
942						
943					\$227,484.69	South Aviation ref s/n 4173
944						
945					\$50,000.00	South Aviation Chase Account
946						
947						
948	26-Feb	Horvitz_Rusty 115	\$1,217,500.00			
949						
950	2-Mar	WBIP Aviation One	\$6,475,000.00		\$50,000.00	Escrow fee
951						
952					\$187,912.09	CCUR Holdings
953						
954					\$162,500.00	America Core ref s/n 30214
955						
956					\$1,520,000.00	Harris Air s/n 9438
957						
958					\$2,500,000.00	Silnom Holdings ref s/n 9438
959						
960					\$495,000.00	South Aviation ref s/n 680
961						
962					\$1,505,000.00	Chemtov
963						
964					\$575,000.00	South
965						
966					\$275,000.00	South ref s/n 41048
967						
968					\$295,000.00	MDP Trading ref s/n 41049
969						
970	17-Mar	Chemtov	\$5,700,000.00		\$50,000.00	Escrow fee
971						
972					\$375,000.00	South Aviation

	A	B	C	D	E	F
973						
974					\$1,000,000.00	Harris Air
975						
976					\$1,250,000.00	Horvitz_Rusty 115
977						
978					\$12,500.00	Horvitz_Rusty 115
979						
980	20-Mar	Silnom Holdings	\$2,500,000.00		\$5,000,000.00	Bryn Associates ref serial 30214
981						
982					\$50,000.00	South Aviation ref serial 30214
983						
984					\$30,000.00	Sherwood ref serial 10289
985						
986	25-Mar				\$540,540.54	Monclear serial 29908
987						
988	3-Apr				\$2,301,710.00	Monclear serial 29908
989						
990	3-Apr	Chemtov	\$1,440,000.00			
991						
992	3-Apr	4 Lads	\$250,000.00		\$2,500,000.00	Silnom Holdings
993						
994	9-Apr	Specialized	\$500,000.00		\$260,000.00	4 Lads
995						
996	16-Apr	Monclear	\$4,150,000.00		\$500,000.00	Specialized
997						
998					\$65,000.00	Escrow fee
999						
1000					\$475,000.00	South Aviation
1001						
1002					\$282,000.00	MDP Trading
1003						
1004	24-Apr	Silnom Holdings	\$2,000,000.00		\$721,000.00	NTG Capital
1005						
1006					\$15,000.00	Escrow fee
1007						
1008					\$152,000.00	Rusty Pop
1009						
1010					\$375,000.00	MDP Trading
1011						
1012	27-Apr	Silnom Holdings 2	\$2,500,000.00		\$1,500,000.00	CMG Capital
1013						
1014	30-Apr	Monclear 3	\$3,950,000.00		\$5,100,000.00	CCUR ref s/n 30214
1015						
1016	1-May	CMG Capital	\$1,500,000.00		\$1,648,351.65	EP LLC ref s/n 29908
1017						
1018					\$549,450.55	JDS1 ref s/n 29908
1019						
1020					\$75,000.00	CMG Capital ref s/n 4387
1021						
1022	5-May	NGT	\$475,000.00		\$50,000.00	Escrow fee
1023						
1024	5-May	Specialized	\$250,000.00		\$230,000.00	South Aviation ref s/n 29908
1025						
1026					\$259,000.00	MDP Trading ref s/n 4387

	A	B	C	D	E	F
1027						
1028						
1029	14-May	CCUR	\$9,400,000.00		\$50,000.00	Escrow fee
1030						
1031	5-May	CCUR	\$960,000.00		\$1,000,000.00	Sherwood ref s/n 10289
1032						
1033					\$900,000.00	CMG Capital ref s/n 35159 and 35160
1034						
1035					\$375,000.00	South Aviation ref s/n 35159
1036						
1037					\$10,000,000.00	Ho Pop and David Pop ref s/n 33751 and 33754
1038						
1039	18-May	Monclear 4	\$4,050,000.00		\$100,000.00	Escrow fee
1040						
1041	18-May	Ho Pop / David Pop	\$9,235,000.00		\$575,000.00	South Aviation ref s/n 10289
1042						
1043					\$390,000.00	Da Rusty 33377 and Rust Pop 34568
1044						
1045					\$5,000,000.00	Bryn Ass. Ref s/n 29062
1046						
1047					\$150,000.00	MDP Trading
1048						
1049					\$475,000.00	South Aviation s/n 35160
1050						
1051					\$575,000.00	MDP Trading s/n 35159
1052						
1053					\$10,000.00	Escrow fee
1054						
1055					\$250,000.00	Efraim
1056						
1057	2-Jun				\$2,500,000.00	Silnom s/n 212
1058						
1059	4-Jun				\$2,000,000.00	Silnom s/n 133
1060						
1061	4-Jun	Rusty 115	\$1,000,000.00		\$245,000.00	South Aviation s/n 5965
1062						
1063					\$50,000.00	Rusty 115
1064						
1065	11-Jun	America Core	\$4,675,000.00		\$50,000.00	Escrow fee
1066						
1067					\$1,000,000.00	CCUR ref s/n 5965
1068						
1069					\$546,384.00	Harris Air ref s/n 9473 & 9488
1070						
1071					\$543,000.00	Metro City ref s/n 35160 & 35162
1072						
1073					\$741,666.67	Gothic Ventures ref s/n 29062 & 29908
1074						
1075					\$500,000.00	NGT ref s/n 9490
1076						
1077					\$395,000.00	South Aviation ref s/n 9490
1078						
1079					\$415,000.00	MDP Trading ref s/n 35162
1080						

United States District Court
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA

v.

DEBRA LYNN MERCER-ERWIN (1)

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Case No. 4:20-CR-212

VERDICT OF THE JURY

We the Jury find as follows:

COUNT ONE

As to the offense charged in Count One of the Fifth Superseding Indictment, conspiracy to possess with the intent to distribute a mixture or substance containing a detectable amount of cocaine, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

 X Guilty _____ Not Guilty

If, and only if, you have found defendant guilty of Count One of the Fifth Superseding Indictment, you must consider the following special issues. You must determine (1) the quantity of cocaine, if any, attributable to the overall scope of the conspiracy during the time that defendant was a member of the conspiracy; and (2) the quantity of cocaine, if any, defendant was individually responsible for or the quantity that defendant could reasonably have foreseen that the conspiracy involved.

SPECIAL ISSUE ONE — COUNT ONE

Please indicate your unanimous finding, beyond a reasonable doubt, of the quantity involved in the overall scope of the conspiracy, if any, of which you have found the defendant to be a member and during the time she was a member, related to a mixture or substance containing cocaine.

5 kilograms or more of a mixture or substance containing a detectable amount of cocaine;

500 grams but less than 5 kilograms of a mixture or substance containing a detectable amount of cocaine;

Less than 500 grams of a mixture or substance containing a detectable amount of cocaine.

SPECIAL ISSUE TWO — COUNT ONE

Please indicate your unanimous finding, beyond a reasonable doubt, of the quantity involved in the overall conspiracy, if any, related to a mixture or substance containing cocaine that **Debra Lynn Mercer-Erwin** was individually responsible for or could have reasonably foreseen that the conspiracy involved. A quantity of cocaine may only be attributed to the defendant if that quantity was within the scope of the conspiracy after the defendant entered into the conspiracy.

5 kilograms or more of a mixture or substance containing a detectable amount of cocaine;

500 grams but less than 5 kilograms of a mixture or substance containing a detectable amount of cocaine;

_____ Less than 500 grams of a mixture or substance containing a detectable amount of cocaine.

COUNT TWO

As to the offense charged in Count Two of the Fifth Superseding Indictment, conspiracy to manufacture or distribute a mixture or substance containing a detectable amount of cocaine intending, knowing, or with reasonable cause to believe that such cocaine would be unlawfully imported into the United States, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

Guilty Not Guilty

If, and only if, you have found defendant guilty of Count Two of the Fifth Superseding Indictment, you must consider the following special issues. You must determine (1) the quantity of cocaine, if any, attributable to the overall scope of the conspiracy during the time that defendant was a member of the conspiracy; and (2) the quantity of cocaine, if any, defendant was individually responsible for or the quantity that defendant could reasonably have foreseen that the conspiracy involved.

SPECIAL ISSUE ONE — COUNT TWO

Please indicate your unanimous finding, beyond a reasonable doubt, of the quantity involved in the overall scope of the conspiracy, if any, of which you have found the defendant to be a member and during the time she was a member, related to a mixture or substance containing cocaine.

5 kilograms or more of a mixture or substance containing a detectable amount of cocaine;

500 grams but less than 5 kilograms of a mixture or substance containing a

detectable amount of cocaine;

_____ Less than 500 grams of a mixture or substance containing a detectable amount of cocaine.

SPECIAL ISSUE TWO — COUNT TWO

Please indicate your unanimous finding, beyond a reasonable doubt, of the quantity involved in the overall conspiracy, if any, related to a mixture or substance containing cocaine that **Debra Lynn Mercer-Erwin** was individually responsible for or could have reasonably foreseen that the conspiracy involved. A quantity of cocaine may only be attributed to the defendant if that quantity was within the scope of the conspiracy after the defendant entered into the conspiracy.

5 kilograms or more of a mixture or substance containing a detectable amount of cocaine;

_____ 500 grams but less than 5 kilograms of a mixture or substance containing a detectable amount of cocaine;

_____ Less than 500 grams of a mixture or substance containing a detectable amount of cocaine.

COUNT THREE

As to the offense charged in Count Three of the Fifth Superseding Indictment, manufacturing and distributing five kilograms or more of cocaine intending, knowing and with reasonable cause to believe that the cocaine will be unlawfully imported into the United States, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

_____ Guilty ~~_____~~ Not Guilty

SPECIAL ISSUE ONE — COUNT THREE

If, and only if, you have found defendant guilty of Count Three of the Fifth Superseding Indictment, you must consider the following special issue. You must determine the quantity of cocaine, if any, that defendant was individually responsible for. Indicate below the unanimous findings, beyond a reasonable doubt, of the quantity range of cocaine, if any, attributable to defendant.

_____ 5 kilograms or more of a mixture or substance containing a detectable amount of cocaine;

_____ 500 grams but less than 5 kilograms of a mixture or substance containing a detectable amount of cocaine;

_____ Less than 500 grams of a mixture or substance containing a detectable amount of cocaine.

COUNT FOUR

As to the offense charged in Count Four of the Fifth Superseding Indictment, conspiracy to commit money laundering, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

Guilty Not Guilty

COUNT FIVE

As to the offense charged in Count Six of the Fifth Superseding Indictment, conspiracy to commit export violations, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

Guilty Not Guilty

COUNT SIX

As to the offense charged in Count Six of the Fifth Superseding Indictment, conspiracy to commit registration violations involving aircraft not providing air transportation, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

Guilty Not Guilty

COUNT SEVEN

As to the offense charged in Count Seven of the Fifth Superseding Indictment, conspiracy to commit wire fraud, we, the Jury, find the defendant **Debra Lynn Mercer-Erwin**:

Guilty Not Guilty

Date: 5/3/2023

Foreperson: _____

**IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

UNITED STATES OF AMERICA

v.

DEBRA LYNN MERCER-ERWIN (1)

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No. 4:20-CR-212 ALM/KPJ

PRELIMINARY ORDER OF FORFEITURE

The defendant, **Debra Lynn Mercer-Erwin**, was found guilty by a Jury as to Counts One, Two, Four and Seven of the Fifth Superseding Indictment which included a Notice of Intention to Seek Criminal Forfeiture pursuant to 18 U.S.C. § 982(a)(1); 21 U.S.C. §§ 853 and 970; and 28 U.S.C. § 2461.

The United States has filed a Motion for Preliminary Order of Forfeiture which would consist of a money judgment against the defendant in the amount of \$50,000,000.

Rule 32.2(c)(1) provides that “no ancillary proceeding is required to the extent that the forfeiture consists of a money judgment.”

IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The defendant, **Debra Lynn Mercer-Erwin**, shall forfeit to the United States the sum of \$50,000,000 which shall be a money judgment representing the proceeds of the offenses to which the defendant has been found guilty by the jury, pursuant to 18 U.S.C. § 982(a)(1); 21 U.S.C. §§ 853 and 970; and 28 U.S.C. § 2461.

2. This order shall become final as to the defendant at the time of sentencing, and shall be made part of the sentence and included in the judgment, pursuant to Fed. R.

Crim. P. 32.2(b)(4).

3. The United States may, at any time, move to amend this order of forfeiture to include substitute property having a value not to exceed \$50,000,000 to satisfy the money judgment in whole or in part.

4. Because the forfeiture consists of a money judgment, no ancillary proceeding is necessary, pursuant to Fed. R. Crim. P. 32.2(c)(1).

5. The United States District Court shall retain jurisdiction in the case for the purpose of enforcing this Order.

So ORDERED and SIGNED this 9th day of May, 2023.

A handwritten signature in black ink, appearing to read 'K. Priest Johnson', written over a horizontal line.

KIMBERLY C. PRIEST JOHNSON
UNITED STATES MAGISTRATE JUDGE