

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

In re:

GOLIATH VENTURES INC. (FL),
GOLIATH VENTURES INC. (WY),

Debtors.

Chapter 11

Case No. 26-13174-RAM

Case No. 26-13176-RAM

Jointly Administered

**ALSTON & BIRD LLP'S RESPONSE TO THE RECEIVER'S
MOTION FOR TURNOVER AND FOR AN AWARD OF FEES**

Alston & Bird LLP (the “**Firm**”) responds to the Debtors’ Motion for Turnover by and from Alston & Bird LLP and, and (sic) For an Award of Fees [ECF No. 104] (the “**Motion**”).

INTRODUCTION

1. A trustee is entitled to waive a debtor’s attorney-client privilege and demand turnover of the estate’s documents from its former attorneys. So is a debtor-in-possession. But Michael Budwick, as the state-court receiver (the “**Receiver**”) of Goliath Ventures Inc. (FL) (“**Goliath**”) and Goliath Ventures Inc. (WY) (together with Goliath, the “**Debtors**”), was not appointed as trustee under 11 U.S.C. § 1104, and it is uncertain whether he has the authority of a debtor-in-possession. Despite the Receiver’s argument, the law on that question is decidedly mixed and far from clear.

2. The Receiver has announced publicly and to the Firm his intention to waive attorney-client privilege for any documents the Firm produces to him. The Firm has an ethical duty to safeguard that privilege unless and until directed otherwise by its *client*. That concern is further complicated here, where the Firm’s representation of Goliath was governed by a joint-representation letter with Goliath and an entity called BlackBlock Management Solutions, LLC

(“**BlackBlock**”). Under Florida law, attorney-client privilege belongs to both co-clients, and the Firm has a duty of confidentiality to each.

3. Since the unusual circumstances of this case make it unclear whether the Debtors’ representative (here, the Receiver) has the authority to waive the privilege, the Firm asked the Receiver to delay his request for the client file (the “**File**”) until his authority became clear – either through an order confirming that the Receiver may act as a debtor-in-possession or an order appointing a trustee of the Debtors. The Firm told the Receiver that an order excusing compliance with 11 U.S.C. § 543 could suffice, if it clarified the extent of the Receiver’s authority. The Receiver agreed, and informed the Firm that its concerns would be resolved by the hearing on the Receiver’s Motion to Excuse Compliance with 11 U.S.C. § 543 or in the Alternative to Appoint a Trustee under 11 U.S.C. § 1104 [ECF No. 20] (the “**Motion to Excuse Compliance**”).

4. Neither that hearing nor the order [ECF No. 90] following it resolved the uncertainty around the Receiver’s authority to waive the Debtors’ attorney-client privilege. Instead, the Receiver told the Court: “we could ask today to excuse compliance on a permanent basis,” but “[w]e’re not asking for that.” Apr. 22, 2026 Hr’g Tr. at 34 (**Exhibit 1**). The Receiver then asked “to continue to excuse compliance on an interim basis for another 120 days, and then set a further status conference or appropriate hearing” in August. *Id.* at 35. The Court granted the request to extend interim relief for 120 days. *See id.* at 45–46. The order granting that interim relief did not further clarify the extent of the Receiver’s authority – it just extended the status quo.

5. With resolution of the Motion to Excuse Compliance delayed until at least August, the Firm is left without clarity about whether the Receiver can take custody of the File and immediately waive the Debtors’ attorney-client privilege over it. As the Court noted, the section 543 obligation to turn over control of a debtor after bankruptcy “sometimes gets confusing

when a receiver is appointed in state court.” Ex. 1 at 45. The Firm stands ready to immediately turn over the File after an order of this Court clarifies that the Receiver (or a trustee) has the authority to demand it. But the Firm cannot ethically turn over privileged material before then.

6. There is no justification for an award of fees under these circumstances, where the Firm was bound by ethical obligations not to turn over the File until it could be sure the recipient had the proper authority. To be clear: the Firm does not object to turnover of the File to the Debtors and will do so after entry of an order requiring it to do so. The Firm thus requests that the Court enter an order determining whether the Receiver is entitled to turnover of the File and whether the Receiver is authorized to waive the Debtors’ joint attorney-client privilege with BlackBlock.

LEGAL AUTHORITIES

To assist the Court’s consideration of these issues, the Firm provides below an explanation of (I) how conflicting case law makes uncertain whether the Receiver has authority to demand the File and waive the Debtors’ privilege as to all third parties; and (II) the need for clarification on the extent of the Receiver’s authority to waive a joint privilege shared with BlackBlock by disseminating privileged material to third parties.

I. THE FIRM CANNOT TURN OVER THE FILE TO THE RECEIVER UNTIL HIS AUTHORITY IS CONFIRMED

7. Under Florida’s ethical guidelines, an attorney should provide a former client with any original documents owned by the client, documents prepared for the client’s use, correspondence with the client, records necessary to protect the client’s interest, legal opinions issued at the client’s request, and billing statements. *See* Fla. Bar Ethics Op. 88-11 (reconsideration). But that client file “is protected by work-product and attorney-client privilege.” *Butler v. Harter*, 152 So. 3d 705, 714 (Fla. 1st DCA 2014). The Firm cannot disclose or produce any of that information without its client’s consent. *See* R. Reg. Fla. Bar 4-1.6.

8. The “trustee of a corporation in bankruptcy has the power to waive the corporation’s attorney-client privilege with respect to prebankruptcy communications.” *Commodity Futures Trading Comm’n v. Weintraub*, 471 U.S. 343, 358 (1985). A debtor-in-possession has the same rights and powers as a trustee, and so also has the authority to waive the attorney-client privilege. *See* 11 U.S.C. § 1107.

9. The answer is less clear for a state-court appointed receiver of an entity that later files for bankruptcy. The File and the privilege that accompanies it belong to the Debtors. Upon the filing of a chapter 11 petition, a “custodian” may not “take any action in the administration of” the debtor’s property. 11 U.S.C. § 543(a). The Receiver has conceded that he is such a custodian. *See* ECF No. 20 at 6 (“The Receiver is a ‘custodian’ within the meaning of the Bankruptcy Code”) (citing 11 U.S.C. § 101(11)(A)). Unless and until the Receiver is excused from complying with section 543 *and* confirmed to have the same authority that a trustee would have, he cannot demand the File and waive privilege over it. Interim excusal –which is what the Receiver has obtained here thus far – without an order confirming the extent of the Receiver’s authority is insufficient to satisfy the Firm’s ethical duty of confidentiality.

10. Moreover, the Court’s narrow interim order – which was entered at the request of the Receiver – does not answer the question of whether the Receiver has authority equal to a trustee, including the authority to waive privilege. *See* ECF No. 31. That order is limited because the Receiver backed away from the relief originally sought that would have provided that clarity. Shortly after filing the bankruptcy petitions, the Receiver sought: (1) to excuse compliance with section 543(a) and (b) *unless and until the Court orders otherwise*; or (2) for the appointment of a trustee. *See* Mot. to Excuse Compliance at 1, 9, 10. But at the hearing, the Receiver asked for neither form of relief, requesting instead to maintain the status quo. Ex. 1 at 34.

11. The law on the authority of a state-court receiver in this situation is far from clear. The Firm has found no decision by the Eleventh Circuit or a district or bankruptcy court in the Southern District of Florida deciding the question. But some courts in other jurisdictions have held that, after a receiver is excused from compliance with turnover, the receiver becomes “the functional equivalent of a trustee, although having not been appointed as such.” *Uno Broad. Corp.*, 167 B.R. 189, 201 (Bankr. D. Ariz. 1994) (“Once turnover is excused, it defies logic to treat the Debtor as the ‘debtor-in-possession,’ since the receiver is in possession.”). Although *Uno Broadcasting Corporation* involved a receiver appointed by a federal district court, at least one court has applied the same principle to a state-court receiver. *See In re Posadas Assocs.*, 127 B.R. 278, 281 (Bankr. D.N.M. 1991) (“Once excused from compliance and allowed to remain in possession, a custodian is in the same fiduciary capacity as a trustee or a debtor in possession.”).

12. Other courts, however, refuse to recognize a state-court appointed receiver as the equivalent of a trustee, even after excusal from compliance with turnover. For example, one court held that a receiver may remain in possession of a bankrupt company’s assets and act as its manager only if appointed “from an order from the federal district court, with the expectation of a bankruptcy proceeding.” *In re Roxwell Performance Drilling, LLC*, No. 13-50301-RLJ-11, 2013 Bankr. LEXIS 5345, at *12 (Bankr. N.D. Tex. Dec. 20, 2013). Where – as here – the receiver is appointed by a state court, the court held that there is “no trustee and, in fact, there is no debtor ‘in possession.’” *Id.* (rejecting argument that “a receiver of a debtor in bankruptcy preserves the debtor as debtor in possession”). Other courts have reached the same conclusion. *See, e.g., In re Plantation Inn Partners*, 142 B.R. 561, 563 (Bankr. S.D. Ga. 1992) (“it is improper to vest a state-appointed receiver with the long-term obligations of a debtor-in-possession”); *In re 400 Madison Ave. Ltd. P’ship.*, 213 B.R. 888, 894 (Bankr. S.D.N.Y. 1997) (“Since no section of the Code

includes a receiver who remains in possession within the definition of trustee, the receiver does not take on the obligations and duties of a Chapter 11 trustee nor the somewhat different ones of a debtor-in-possession set forth in Code § 1107.”).

13. The authority cited by the Receiver does not answer this question. Several of his cases stand for the unremarkable proposition – which the Firm does not dispute – that a *trustee*, not a receiver, can waive a debtor’s privilege. See *Weintraub*, 471 U.S. at 343 (trustee has power to waive privilege); *In re Pearlman*, 381 B.R. 903 (Bankr. M.D. Fla. 2007) (trustee was entitled to turnover of law firm files); *Schwartz v. Pisanelli Bice, PLLC (In re Fresh Mix LLC)*, Adv. Proc. No. 22-01049-GS, 2023 WL 6964726 (Bankr. D. Nev. Oct. 20, 2023)¹ (granting trustee turnover of files from a law firm, but imposing a protective order restricting the dissemination of materials disclosed to the trustee); *McKinstry v. Genser (In re Black Diamond Mining Co., LLC)*, 507 B.R. 209 (E.D. Ky. 2014) (granting a trustee’s motion for turnover of a law firm’s files); *In re Hotels Nev., LLC*, 458 B.R. 560 (Bankr. D. Nev. 2011) (same); *Rushton v. Woodbury & Kesler, P.C. (In re C.W. Mining Co.)*, 442 B.R. 44 (Bankr. D. Utah 2010) (same). Another case cited by the Receiver did not involve any privilege issues at all. See Mot. at 5 (citing *In re Herrera*, 390 B.R. 746, 748 (Bankr. S.D. Fla. 2008) (debtor entitled to turnover of its own financial records, notwithstanding its former attorney’s retaining lien)).

14. The few cases the Receiver cites that do involve a receiver do not clarify his authority. See Mot. at 4 n.6. The language he cites from *In re 29 Brooklyn Avenue, LLC* is a quotation *distinguishing* language from another case, *In re Posadas*. 548 B.R. 642, 650 (Bankr. E.D.N.Y. 2016). As noted above, *In re Posadas* is the only case we could locate that holds that a state-court receiver has the power of a trustee; and its holding conflicts with that of other courts.

¹ Also available at 2023 Bankr. LEXIS 2630.

See supra, ¶ 10. The Receiver’s citation to dicta from *In re Luna Developments Group, LLC* is unhelpful, because Judge Grossman made clear – twice in the decision, including just three sentences after the portion of the decision quoted by the Receiver in the Motion – that he was not deciding the question of the Receiver’s authority to file a complaint. *See Barbee v. Amerant Bank (In re Luna Devs. Grp., LLC)*, 618 B.R. 595, 598 n.2 (Bankr. S.D. Fla. 2020) (Grossman, J.) (“the Court need not adjudicate the standing issue and will assume, without deciding, that the Complaint was brought by Luna as debtor-in-possession operated by [the receiver]”); *id.* at 607 (“the Court will assume without deciding that the claims were asserted by Luna, as chapter 11 debtor-in-possession being operated by [the receiver] . . .”). And the Receiver’s last cited case involved a *federally* appointed receiver. *See Adams v. Marwil (In re Bayou Grp., LLC)*, 363 B.R. 674 (S.D.N.Y. 2007). Other courts have refused to apply that case to a state-court receiver. *See In re Roxwell Performance Drilling, LLC*, 2013 Bankr. LEXIS 5345, at *11–12 (“The *Bayou Group* case is distinguishable because the receiver there arose from an order from the federal district court, with the expectation of a bankruptcy proceeding.”). In short, the authority cited in the Motion exemplifies the confusion and uncertainty that prompted the Firm to wait for a final order on the Motion to Excuse Compliance.

15. In demanding the File, the Receiver has made clear that he intends to waive the Debtors’ privilege over the documents and permit their dissemination to third parties. Given the conflicting case law about the authority of a state-court receiver, the Firm cannot ethically produce the File until the Court clarifies whether the Receiver has the capacity to demand it and waive its privilege. Whether that clarification comes in the form of an order permanently excusing

compliance under section 543 or another directive, the Firm intends to comply promptly with the Court's directive.²

II. THE COURT SHOULD CLARIFY WHETHER THE RECEIVER HAS AUTHORITY TO WAIVE PRIVILEGE JOINTLY HELD BY GOLIATH AND BLACKBLOCK AND DISSEMINATE THE FILE TO THIRD PARTIES

16. The Firm's engagement letter was executed jointly by Goliath and BlackBlock as co-clients. The Firm, through a process server on May 13, 2026, delivered to BlackBlock's registered agent: (1) the Motion; and (2) the Order Setting Filing Deadlines and Hearing by Video Conference on Motion for Turnover [ECF No. 110]. The Firm provided notice to BlackBlock because "[o]ne co-client does not have authority to waive the privilege with respect to another co-client's communications to their common lawyer." Restat. 3d of the Law Governing Lawyers, § 75, comment e. The Firm has received no response from BlackBlock and is unaware as to whether BlackBlock intends to file any objection to the disclosure of the File to third parties.

17. Some courts have held that a debtor can waive a joint privilege because "neither the co-client nor community-of-interest privilege is effective in adverse litigation between the former clients." *In re Cutuli*, No. 11-35256-BKC-AJC, 2013 Bankr. LEXIS 3843, at *8 (Bankr. S.D. Fla. Sep. 13, 2013) ("Courts have applied the 'joint-client/common-interest' or 'subsequent adverse action' exception in the bankruptcy context."). If BlackBlock files a proof of claim, or if it holds property belonging to the Debtors, it cannot assert a co-client privilege. But since

² This is precisely what counsel to the Firm actually offered to counsel to the Receiver – to deliver the File after entry of an agreed order directing turnover, subject to the Receiver agreeing to maintain the confidentiality of the File pending entry of a final order on the Motion to Excuse Compliance.

BlackBlock has not appeared in the bankruptcy, it is unclear whether the Debtors (or the Receiver) can unilaterally waive a privilege that applies to both by disclosing the File to third parties.³

18. Courts have also found that a debtor is entitled to *turnover* of its client file, notwithstanding a joint privilege, while restricting the debtor from sharing that file with third parties. For example, one court found that a trustee for a debtor, “as a former client, is presumptively entitled to its files,” notwithstanding that those files were shared with a co-client. *In re Fundamental Long-Term Care, Inc.*, 489 B.R. 451, 456 (Bankr. M.D. Fla. 2013). But that court also held that the trustee “cannot disclose to any third parties,” including plaintiffs in related cases, because the co-client did not consent to waive the privilege. *Id.* That was also the route taken in the case relied on by the Receiver in the Motion. *See* Mot. at 5 n.8; (citing *Schwartz*, 2023 WL 6964726). In *Schwartz*, the court permitted a chapter 7 trustee to obtain privileged material from a joint representation between the debtor and another party. *See id.* at *14. But it expressed concern “that the bankruptcy is now being administered for the purposes of obtaining the debtor’s legal records for the ultimate benefit of the minority owners who otherwise would be unable to obtain those records,” and so imposed a protective order restricting the trustee’s use of the documents. *Id.* at *3–4.

19. The Court may find that the Receiver has the authority to demand the File. If so, the Court can either permit the Receiver to waive its privilege unilaterally and disseminate the privileged material to third parties, or it can restrict the Receiver from sharing privileged material with anyone but the government, as purportedly required by the Debtors’ Coordination Agreement (once approved by this Court). *See* Mot. at 2. Either way, the Firm respectfully requests that the

³ On May 14, the Receiver filed a Bankruptcy Rule 2004 notice directed to Matthew Burks, the principal of BlackBlock. *See* ECF No. 122.

Court explicitly define the limitations (if any) that apply to the Receiver's use of the File once produced.

* * *

20. Finally, there is no basis for attorney's fees as a sanction for "misconduct." Mot. at 6. As shown above, the Firm has legitimate concerns about turning over the privileged File. The law in this area is uncertain. The Receiver has declared he will waive that privilege not only for himself, but as to unrelated third parties. The Firm has acted to protect the privilege of its clients in compliance with its ethical duties of confidentiality. That is not an attempt to "unjustifiably imped[e] the Debtors' investigation of its pre-petition affairs." *Id.*; see also *In re Pearlman*, 381 B.R. at 911 (granting turnover motion but denying attorney's fees where a law firm had withheld documents from a chapter 11 trustee's request based on privilege).

CONCLUSION

Alston & Bird LLP asks the Court to enter an order: (1) determining whether the Receiver is entitled to take possession of the File; (2) determining whether the Receiver may waive the co-client attorney-client privilege over the portions of the File shared by BlackBlock by disseminating privileged material to third parties; and (3) denying the Receiver's request for an award of its fees.

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Dated: May 21, 2026

Respectfully submitted,

WHITE & CASE LLP

/s/ James N. Robinson

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Counsel for Alston & Bird LLP

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing document was served on May 21, 2026, by transmission of Notices of Electronic Filing (“NEF”) generated by the Court’s CM/ECF system, to the following parties who are registered to receive NEF in this case, and to those parties on the attached Master Service List pursuant to Local Rule 2002-1(H)(1):

Alexander E. Brody on behalf of Debtor Goliath Ventures Inc.
abrody@melandbudwick.com; ltannenbaum@melandbudwick.com; mrbnefs@yahoo.com;
ltannenbaum@ecf.courtdrive.com; phornia@ecf.courtdrive.com

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ebrusa@shumaker.com, mkulczycke@shumaker.com

Jonathan S. Feldman on behalf of Creditor Todd Rideman
feldman@katiephang.com, service@katiephang.com

Solomon B. Genet on behalf of Debtor Goliath Ventures Inc.
sgenet@melandbudwick.com; ltannenbaum@melandbudwick.com; mrbnefs@yahoo.com;
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Steven D. Schneiderman on behalf of U.S. Trustee Office of the US Trustee
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Christian Somodevilla on behalf of Creditor IRS c/o Christian Somodevilla United States of America
Christian.Somodevilla@usdoj.gov, ridget.patterson@usdoj.gov; ridgett.moore@usdoj.gov

Jeffrey R. Sonn on behalf of Creditor John Euliano
jsonn@sonnlaw.com

By: /s/ James N. Robinson
James N. Robinson

MASTER SERVICE LIST PER LOCAL RULE 2002-1(H)

U.S. Trustee: (via NEF)

Office of the United States Trustee
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Miami, FL 33130

Hannah Watson, AUSA
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Ocala, FL 34471
Via email: hannah.watson@usdoj.gov

Debtors-in-Possession: (via NEF)

Goliath Ventures Inc.
c/o Michael S. Budwick, Receiver
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Miami, FL 33131

Jordan A. Cortez
Sean O'Neill
Alan Maza
Securities & Exchange Commission
Division of Enforcement
Miami Regional Office
801 Brickell Avenue, Suite 1920
Miami, FL 33131

Via email: cortezjo@sec.gov
Via email: oneills@sec.gov
Via Email: mazaa@sec.gov

Debtor-in-Possession's Attorney:

(Notice provided via NEF)
Solomon B. Genet, Esquire
Alexander E. Brody, Esquire
Meland Budwick, P.A.
Southeast Financial Center
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Miami, FL 33131

Joint Committee of Creditors:

John D. Euliano Revocable Trust
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Secured Creditors:

Attn: BMW Financial Services
NA, LLC Department
AIS Portfolio Services, LLC
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Oklahoma City, OK 73118

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EXHIBIT 1

1 UNITED STATES BANKRUPTCY COURT
2 SOUTHERN DISTRICT OF FLORIDA
3 MIAMI DIVISION
4

5 IN RE: CASE NO.: 26-13174-RAM
6 Chapter 11
7 GOLIATH VENTURES, INC.,
Debtor.

8 _____/

9
10
11 ECF# 20, 67

12
13 April 22, 2026
14

15 The above-entitled cause came on for hearing
16 before the Honorable ROBERT A. MARK, one of the Judges in
17 the UNITED STATES BANKRUPTCY COURT, in and for the
18 SOUTHERN DISTRICT OF FLORIDA, via Zoom Video Conference,
19 at 301 North Miami Avenue, Miami, Miami-Dade County,
20 Florida, on Wednesday, April 22, 2026, commencing at
21 or about 2:30 p.m., and the following proceedings were
22 had:

23
24 Transcribed from a Digital Audio Recording by:
Margaret Franzen, Court Reporter
25

1 APPEARANCES VIA ZOOM VIDEO CONFERENCE:
2

3 MICHAEL S. BUDWICK, ESQUIRE
4 State Court Receiver for Goliath Ventures, Inc.
5

6 MELAND BUDWICK, P.A., by
7 SOLOMON B. GENET, ESQUIRE
8 On behalf of the Debtors

9 SONN LAW GROUP, P.A., by
10 JEFFREY R. SONN, ESQUIRE
11 On behalf of John Euliano

12 UNITED STATES ATTORNEY'S OFFICE, by
13 CHRISTIAN SOMODEVILLA, ESQUIRE
14 HANNAH N. WATSON, ESQUIRE
15 On behalf of the United States

16 OFFICE OF THE UNITED STATES TRUSTEE, by
17 STEVEN D. SCHNEIDERMAN, ESQUIRE
18 On behalf of the United States Trustee

19 ALSO PRESENT VIA ZOOM VIDEO CONFERENCE:

20 JOHN EULIANO

21 JACKIE ANTILLON, Courtroom Deputy and
22 ECRO - Electronic Court Reporting Operator
23
24
25

- - - - -

1 THE COURT: Good afternoon. We're ready to
2 begin the hearing today in Goliath Ventures, Inc.

3 I see we have several dozen people that are
4 attending the hearing, mostly, I assume, are -- most of
5 you are investors who lost money in Goliath, some may be
6 attorneys that have not yet appeared, but may be appearing
7 in the case.

8 Before we go further, are there any
9 individuals present that understand enough English to let
10 me know whether you need anything to be translated that
11 may be relevant to you?

12 (No audible response.)

13 Okay. So before we have the attorneys
14 announce appearances, please, all of you listen carefully.
15 First, if you can keep your cameras off and your
16 microphones muted unless I ask you to speak or ask for
17 questions.

18 Second, I assume many or most of you are
19 here because you received notice of this hearing and have
20 an interest in the case, certainly a major interest in the
21 case if you were creditors or investors, but please
22 understand that today's hearing is not a hearing to talk
23 about individual claims.

24 I will talk later about the process for
25 filing claims, but today is not a day in which the Court

1 will hear any presentations from individuals about their
2 claims, and certainly, we're not close to any point in
3 time where there's knowledge of the amount that may be
4 distributed to investors who lost money or other creditors
5 in the case.

6 So with that, I'd like to start with
7 appearances by just the attorneys who are already
8 attorneys who have filed an appearance in the case, and
9 we'll -- we'll start with the representative of the
10 debtor, Mr. Budwick, and his counsel.

11 MR. GENET: Thank you very much, Your Honor.
12 Good afternoon.

13 Solomon Genet, G-e-n-e-t, from Meland
14 Budwick, on behalf of the debtors, who are controlled by
15 the receiver.

16 The receiver, Michael Budwick, is here with
17 me, as well.

18 THE COURT: Okay. Thank you.

19 Okay. Other counsel that's present? Let's
20 get the U.S. Trustee.

21 MR. SCHNEIDERMAN: Steven Schneiderman for
22 the U.S. Trustee.

23 THE COURT: All right. So I'm on speaker
24 view, so just jump in one at a time, attorneys, who are
25 attorneys of record in the case who would like to announce

1 an appearance.

2 MR. SOMODEVILLA: Good afternoon, Your
3 Honor.

4 Christian Somodevilla on behalf of the
5 United States of America. I also have with me today on
6 the Zoom, Hannah Watson, a U.S.A. from the Middle District
7 observing.

8 THE COURT: Okay. All right. Other counsel
9 that --

10 MR. SONN: Good afternoon, Your Honor.

11 Jeffrey Sonn, S-o-n-n, law firm, Sonn Law
12 Group, on behalf of creditor, John Euliano, who's also
13 listening in today.

14 THE COURT: Can you spell the name of your
15 client, please?

16 MR. SONN: E-u-l-i-a-n-o.

17 THE COURT: All right. Anyone else?

18 (No audible response.)

19 Okay. Then, Mr. Genet, you can proceed.

20 MR. BUDWICK: Thank you, Your Honor. This
21 is Michael Budwick.

22 What I may suggest, if it pleases the Court,
23 perhaps I can give a five or seven or so minute overview,
24 of --

25 THE COURT: Yeah, I'd like --

1 MR. BUDWICK: -- sort of where we are --
2 (indecipherable).

3 THE COURT: -- I'd like to get that. I
4 didn't know if it was going to come from you or Mr. Genet.

5 Let me just check. Somebody's asked a
6 question in chat.

7 Is it possible to translate to Polish? No,
8 sorry. In the -- in the future, we may be able to set
9 that up if there is a particular matter, but not for
10 today.

11 All right.

12 MR. BUDWICK: All right. Thank you, Your
13 Honor.

14 Today we had, it was actually a couple of
15 hours ago, the 341 Meeting of Creditors. We had over 100
16 participants.

17 Since the schedules have not yet been filed,
18 Mr. Schneiderman continued the 341 until June 26th at
19 noon. We had some logistical issues, quite frankly, with
20 a lot of people on the speaker and some background noise,
21 but I know that we're going to try to take steps,
22 hopefully, to try to help that at the continued 341 on
23 June 26th, but we appreciate Mr. Schneiderman's efforts.

24 It was challenging logistics with so many
25 participants, and we appreciate his efforts to get through

1 that process as smoothly as possible, and I think it was
2 beneficial to the creditors.

3 As -- as the Court is aware, on
4 February 20th, the United States of America filed a
5 complaint against Mr. Delgado. It was supported by an
6 affidavit by an IRS special agent.

7 The affidavit alleges that Mr. Delgado
8 perpetrated a Ponzi scheme through Goliath Ventures, and
9 that the total amount of monies obtained from investors
10 was approximately \$328 million.

11 On March 3rd, about two weeks later, the
12 Broward County Circuit Court, Judge Michael Robinson,
13 appointed me to serve as receiver. I serve as receiver
14 for both entities. So there's two debtors with the exact
15 same name, the exact same EIN, but they're incorporated in
16 -- in different states, one is in Florida, one is in
17 Wyoming.

18 The Florida entity was actually dissolved
19 the same day that the Wyoming entity was created, and that
20 will raise issues, I think, in the future, not for today,
21 in terms of substantive consolidation and so forth. That
22 certainly is an issue to be addressed at some point in the
23 future.

24 One of my first goals as receiver was to
25 obtain the debtors' books and records. So the day of my

1 appointment, I went on the Brightline, went to Orlando
2 with my team, and we went to the premises, which basically
3 was an address in Downtown Orlando, an office condo, and
4 we learned, including through conversations that day with
5 the U.S. Attorney's Office, and I'll get into further a
6 little bit of our discussions with that office, which has
7 been excellent and very productive and helpful, so we
8 inspected the office, and we realized that essentially all
9 of the personal property, the records, the computers, and
10 so forth, had already been vacated and taken from the
11 property.

12 The Government did take possession of the
13 books and records, as well as extensive personal property
14 of both Mr. Delgado, individually, and of the debtors,
15 that includes real estate, jewelry, luxury vehicles, and
16 similar type assets.

17 The circuit court gave me very broad powers
18 on behalf of both debtors. One of those powers was the
19 authority to file a bankruptcy petition.

20 After consultation with counsel, we made the
21 decision that it would be in the best interest of the
22 creditors to file a bankruptcy petition, and so we did put
23 both of those entities, as Your Honor is aware, into
24 bankruptcy, Chapter 11, on March 16th, and I explain the
25 reasons for that in the case management summary.

1 Since my appointment, I continued in
2 discussions with the U.S. Attorney's Office. Those
3 discussions began literally the day of my appointment,
4 and that resulted in quite a number of telephone calls, a
5 lot of extensive negotiations focusing on a number of
6 issues, including turnover of at least a copy of the books
7 and records.

8 I'm pleased to report that yesterday we did
9 reach a coordination agreement with the U.S.A. We are now
10 working, my office is now working on a 9019 motion to
11 file, and we'll present that agreement to the Court for
12 Your Honor's consideration.

13 I want to express my appreciation to the
14 U.S. Attorney's Office in the Middle District and the U.S.
15 Attorney, himself, in the Middle District, the AUSAs we
16 worked with. There was a number of issues that we had to
17 discuss in order to sort of meet the goals of both the
18 criminal investigation and the civil recovery, and I think
19 we reached an agreement on a number of terms that are
20 going to ensure that the estate is in the best interest
21 going forward in order to maximize the recovery for
22 creditors, who, in large part, are crime victims.

23 And so I -- I don't know that it makes sense
24 for me to go through all the terms of that agreement now
25 when Your Honor does not have the benefit of being able to

1 see the agreement itself, but I want to just highlight a
2 couple of items because I think, first of all, these came
3 out during the 341; and two, I think these are items that
4 are probably on the Court's mind.

5 So one is the books and records. So the
6 Government will seek approval from the district court
7 handling the criminal prosecution, to turn over a copy of
8 the books and records, including the server, to -- to the
9 debtors, to us, to allow us to continue our investigation.

10 THE COURT: I'm going to interrupt for a
11 quick question.

12 The criminal prosecution is against just the
13 individual or is there a criminal case against the
14 Goliath, as well?

15 MR. BUDWICK: So -- so the only complaint as
16 of now is against Mr. Delgado, individually. I don't want
17 to speak for the U.S. Attorney's Office. It is -- it is
18 my sense that there are likely other potential targets.

19 I'm not aware that the entity, itself, is
20 necessarily a target, but I'm surmising that there are
21 other individuals who would be targets, as well.

22 THE COURT: Okay.

23 MR. BUDWICK: So the books and records,
24 obviously, are very important to us.

25 A second item which is important is the

1 physical assets. So before my appointment, as I
2 mentioned, the Government was already in the process of
3 seizing real estate and -- and personal assets, some of
4 which are in the U.S., some of which apparently are
5 overseas in Dubai. It's an extensive, I'll call it, a
6 collection of jewelry and vehicles. The Government began
7 that process.

8 So one of the terms of the agreement is that
9 the Government will continue that process. The Government
10 will take responsibility for continuing, taking, seizure,
11 control, ensuring, and protecting, and liquidating those
12 assets, and then the Government will internally go through
13 a process to seek approval to turn over the ultimate
14 forfeiture proceeds to the bankruptcy estate for purposes
15 of including in a distribution.

16 So from our perspective, this eliminates the
17 administrative expense, I don't want to say distraction,
18 but the time spent on liquidating assets and taking
19 possession of assets that could otherwise be devoted
20 towards the litigation recoveries, which is probably where
21 the lion's share of the recoveries are going to come from.

22 It allows the Government to continue what it
23 began, and we think it makes sense in terms of focusing
24 our efforts, and so that is one of the components of the
25 agreement.

1 I wanted to highlight that because one of
2 the questions, obviously, at the 341 is, where are the
3 vehicles, where's the jewelry, and that's under the
4 custody and control of the U.S., so I wanted to let the
5 Court be aware of that.

6 THE COURT: So the assets, some of the
7 assets are the -- Mr. Delgado's, and some are the
8 company's, or it's -- it's really --

9 MR. BUDWICK: Yeah, yeah. So in terms of
10 what's listed in -- in the filings in the criminal
11 prosecution, which, of course, we independently cannot vet
12 until we see the actual complete books and records, but in
13 terms of what's been submitted in the public filings,
14 assets are owned by both, but generally, it's a small
15 minority that's actually titled in the name of the
16 debtors.

17 It's typically a series of vehicles. As an
18 example, the office condo in Orlando is titled under the
19 name of an affiliate of Mr. Delgado. The jewelry,
20 largely, we understand, is in Mr. Delgado's name, titled
21 personally.

22 So most of the assets are in his name or an
23 affiliate, but there are some assets, such as some
24 vehicles, in the name of the debtors.

25 THE COURT: So the individual assets would

1 be subject presumably to a restitution judgment in the
2 criminal case or as part of a plea?

3 MR. BUDWICK: Yes, my sense is, and again, I
4 don't want to speak for the U.S.A., but my understanding
5 and sense is that all those forfeited assets, whether they
6 were titled in Mr. Delgado's name, individually, under an
7 affiliate name, or under the debtors, would then be
8 available for distribution to the victims of his crimes.

9 Now, that may be different than the entire
10 complete creditor body in our case, and therefore, one of
11 the terms of the coordination agreement is consistent with
12 applicable law, those -- the proceeds of those forfeited
13 assets will be made available for distribution to the
14 investors who are the crime victims. That may exclude, as
15 an example, potentially a trade creditor, just to list an
16 example.

17 We do believe that under Chapter 11, I'm not
18 asking the Court to adjudicate this today, but just to
19 give a sense of our vision, we do believe that under
20 Chapter 11, we may classify, as an example, trade
21 creditors separately from the investor creditors, and we
22 can provide disparate treatment if it's justified, here we
23 would submit that it would be justified, and therefore,
24 effectuate a distribution of those proceeds just to the
25 crime victims.

1 THE COURT: Okay. Well, certainly having
2 agreement with the U.S. Attorney's Office instead of
3 fighting with them, which has happened in other Ponzi
4 cases, is an excellent start, so I compliment you and
5 Mr. Genet, and the U.S. Attorneys for working this out,
6 because the less attorney time that can -- that is
7 necessary to liquidate assets, the more that will be
8 available for the victims.

9 So good work so far.

10 MR. BUDWICK: Thank you, and again, we -- we
11 appreciate the efforts of the -- of the prosecutors, and I
12 believe and hope that we've developed a good, positive
13 relationship with them, and our discussions have been very
14 helpful and productive, and -- and we expect that to
15 continue.

16 Following up on some issues at the 341,
17 there were several committee members who attended the 341,
18 and really just for the Court's benefit, it was announced
19 that today, I assume it's going to be after this hearing,
20 there will be a process by which they will interview
21 potential counsel, and so I would expect that they'll
22 likely select counsel, I assume, within the next day or
23 so, and then we'll have committee counsel retained.

24 And then, obviously, we would intend to work
25 in a cooperative way with committee counsel, as we have in

1 other cases, and would welcome their participation in the
2 case.

3 We don't yet have the complete creditor
4 list, since we don't have the books and records. It
5 happens that we've been contacted by a lot of creditors.
6 There's been a lot of publicity about this case.

7 So we're actually in a position where, while
8 we've heard, but have not confirmed, that there could be
9 1500 or so investor victims in this case, there's actually
10 been, without true proper notice to the entire creditor
11 world, in the Florida case, 244 claims filed for about
12 \$78 million, and in the Wyoming case -- and there appears
13 to be duplication within those two cases where a creditor
14 filed in both cases, but in the Wyoming case, 105 claims
15 for about \$41 million.

16 Obviously, we've not begun the process of
17 vetting that process. Part of the coordination agreement
18 is because the monies would be distributed through the
19 bankruptcy, we will complete a fulsome creditor analysis
20 to ensure that only appropriate creditors, as we would in
21 any other case, are going to be receiving distributions
22 from these monies.

23 The Court extended the deadline at ECF 57 to
24 file schedules to May 30th, and we're optimistic, based on
25 the timeline of when we would get these records, that

1 we'll be in a position to meet that deadline, and for any
2 reason we can't, we may come back and ask for more time,
3 but we're going to make every effort to try to meet that
4 deadline, and I think the June 26th continued 341 was
5 premised, in part, on the notion of we're optimistic about
6 being able to meet that deadline.

7 We also announced at the 341 that we will
8 create a website, not yet been created, but we will create
9 a website as an inexpensive and efficient means of
10 providing notice and information to the creditor body,
11 given the size of the creditor body.

12 We did announce, we've distributed this to
13 as many folks as we can, but we announced it at the 341,
14 I'll say it again now, we've created an email address,
15 goliathventuresreceiver@gmail.com, and ventures is plural,
16 and that's a means for creditors to contact us, give us
17 information, ask questions.

18 Of course, once committee counsel is
19 retained, they can contact committee counsel, as well, but
20 we wanted to have a means of having as efficient
21 communication as we can, given the number of creditors,
22 and the fact that they're located certainly throughout the
23 country, and many internationally, and apparently one
24 perhaps in Poland, so we have a very disparate creditor
25 body.

1 In terms of cash, we started with no cash.
2 That's not a situation we're unaccustomed to dealing with
3 in these sorts of cases, but we started with no cash.
4 We did enter into an agreement with a company called
5 WealthMD to turn over \$141,000 to the estate. Your Honor
6 entered an order approving that turnover. We're waiting
7 for that order to go final, and then we'll receive the
8 funds.

9 We've also entered into a settlement with
10 Orlando Economic Partnership. We filed a 9019 for that,
11 to return of a \$200,000 donation from the debtors,
12 \$190,000, so 95 percent of the donation, and I'm
13 optimistic that this is a start.

14 We will aim to resolve as much litigation --
15 as many claims without resort to litigation as we can.
16 We certainly want to maximize the recovery to creditors.
17 We also want to manage this case in a cost-effective way
18 because ultimately the lion's share of the creditors here
19 are crime victims, and we're keeping that in mind and
20 we're trying to be as efficient as we possibly can.

21 In terms of --

22 THE COURT: A quick -- quick question in the
23 chat as to -- well, let me pull it up. I don't know if
24 you've got the chat box open.

25 Do the victims have to hire committee

1 counsel to receive restitution funds?

2 And -- and the -- the answer is the
3 committee, itself, will be representing all the unsecured
4 creditors, primarily the crime victims. The committee
5 will hire counsel. The attorneys will be paid from monies
6 recovered in the estate.

7 So individual victims can certainly retain
8 their own attorneys, but the committee will act on behalf
9 of -- of all. I think that's the best way I can answer
10 that.

11 So the victims don't have to hire committee
12 counsel, nor necessarily hire their own attorneys, but
13 obviously the decision to hire your own attorney is going
14 to be personal to each and may depend on whether there's
15 issues involving your claim that may be different from
16 common issues of -- of all the victims.

17 Another question was, when will Delgado be
18 behind bars? If the U.S. Attorney wants to provide any
19 timeline on the prosecution, that would be welcome, but
20 it's early on, I assume.

21 But Mr. Somodevilla or Ms. Watson, did you
22 want to comment, as long as we have that question?

23 MR. SOMODEVILLA: I believe
24 (indecipherable).

25 MS. WATSON: Yes, Your Honor. I -- I can

1 speak to that.

2 So I am the criminal prosecutor on the case
3 with Mr. Delgado, and we have not filed formal charges.
4 We did a complaint, as was indicated earlier, in February,
5 but we have not yet filed former -- form -- excuse me,
6 formal charges, and we intend to after reviewing all the
7 evidence in the case.

8 THE COURT: Okay. I'm going to try, and I
9 think it may be an efficient way, it's certainly much
10 appreciated rather than people jumping in, the question
11 was, if we get a -- if we got an invitation, this is from
12 Ms. Wolchul, if we got an invitation through the receiver
13 to this hearing, does that mean we successfully submitted
14 our proof of claim?

15 And the answer is no, but let's -- let's
16 hold questions on the process and timing of proofs of
17 claim, because we will come back to that.

18 One other -- a couple other questions before
19 we go on. Dean Fantine or Fantin, do people who work for
20 Goliath receive money?

21 I'm not sure if I'm fully understanding the
22 question, but if there are employees that believe they
23 were owed money by the company, then certainly you should
24 consider filing a claim, as well. How those claims will
25 be treated, it's much too early to tell.

1 Rick Sharrow asked a question, who is the
2 committee and who picked them, and how do we contact them?

3 So, Mr. Schneiderman, this may be a good
4 time for you, since you had your hand up anyway, to just
5 briefly talk about the committee process.

6 MR. SCHNEIDERMAN: Two things. First, Your
7 Honor, I also want to clarify one of the first questions,
8 how do victims hire a committee counsel, receive
9 restitution?

10 The restitution and the bankruptcy are two
11 different matters. We don't know, and it's not our forum,
12 if there's a restitution fund that's not administered by
13 the receiver, that is a separate proceeding and claims
14 would happen --

15 THE COURT: Well, hold -- hold -- hold on,
16 because I don't want to take us down a path that doesn't
17 exist.

18 I understood from Mr. Budwick that there
19 won't be a separate fund, nonbankruptcy, that there might
20 be separate treatment of victims.

21 So, Mr. Budwick, did I understand that
22 correctly in the coordination agreement?

23 MR. BUDWICK: Yes. The Government has to go
24 through -- the caveat is the Government must go through an
25 internal approval process in order to make that happen,

1 but they will seek to go through that process.

2 And then, in that circumstance, the proceeds
3 of forfeited assets would then come to the bankruptcy
4 estate for distribution as I've described.

5 THE COURT: Okay. So all proceeds are going
6 to come into the estate. There may be a higher percentage
7 distribution to -- to crime victims, because only the
8 victims would be entitled to the forfeiture money.

9 MR. SCHNEIDERMAN: Right, it just hasn't
10 been -- it just hasn't been -- we -- we discussed it
11 briefly at the 341, and just to avoid confusion, we need
12 to wait to see that pleading filed, that's what was my
13 point.

14 The other thing with the committee, the
15 committee solicitation went out to the 20 largest
16 creditors as filed by -- by Mr. Budwick, the debtor, when
17 the case was filed.

18 We reviewed those responses we received and
19 selected seven members to be appointed to the committee.
20 Those seven members have now been appointed, and they are
21 apparently meeting this afternoon to select counsel
22 representation, and we'll wait to hear back to see who was
23 retained, which firm?

24 THE COURT: Okay, and in further response,
25 Mr. Sharrow, to your question, who is the committee and

1 who picked them, how do we contact them?

2 My -- my suggestion, not a court order,
3 would be wait for the committee to hire attorneys and then
4 let the committee start the process of reaching out to the
5 victims and answering questions.

6 As Mr. Budwick said, there's going to be
7 information on a website, and I know we're skipping
8 around, but I'm trying to handle these questions as they
9 come up.

10 You talked about a website, Mr. Budwick, so
11 I assume you can include or will include some information
12 there, if necessary, on how to file a proof of claim and
13 to reiterate the -- the deadline, and the extended
14 deadline that may come out of a -- of an order today.

15 A couple of other questions from -- one from
16 Ms. Gonzalez. Will Nick Petrillo be facing charges? I'm
17 sure the U.S. -- I'm pretty sure, you can never speak for
18 the Government entirely, but pretty sure the U.S.
19 Attorneys will not be at liberty to discuss other
20 potential charges at this point and certainly that's
21 beyond the scope of what we're doing today.

22 And then Mr. Fantin asked again to clarify,
23 are people who work for Goliath entitled to receive
24 restitution money the same as the victims?

25 I think we're getting ahead of ourselves.

1 My limited understanding and very preliminary comment,
2 and Mr. Budwick could perhaps comment more definitively,
3 is that by victims, we mean investors.

4 Employees may have been victims, even if
5 they weren't investors, but how that will work, I think
6 that's a down the road issue, but anything you wanted to
7 comment on, Mr. Budwick, at this point in response to that
8 question?

9 MR. BUDWICK: I -- I understand why the
10 question is posed. I think it's a down the road question.
11 Ultimately, we're going to be bound by applicable law as
12 to how forfeiture funds must be distributed, and I'm going
13 to defer really to the U.S. Attorney's Office on that
14 notion, whether or not an employee who -- who -- who took
15 a job without knowledge that there was a fraud and ended
16 up losing their position, if they would qualify as a crime
17 victim. I think that's probably a question better
18 deferred to the U.S. Attorney's Office.

19 THE COURT: Okay. So this may go on longer
20 than it's reasonable, given the early phase of the case,
21 but Ms. Gonzalez has asked, how long do people have to pay
22 clawbacks?

23 If -- if I can ask that questions be
24 deferred on what the individual situation may be for
25 investors to receive money, and if there has been or might

1 be a request to pay back some money that was received if
2 that's what you mean by clawback, those are down the road
3 issues.

4 If they've been discussed already between
5 the receiver and investors, who may have received some
6 money, then you'd have to defer to the information that
7 was provided.

8 I'm just learning about the case, so I'm
9 giving you -- giving general answers based on my
10 understanding, and certainly the bankruptcy issues about
11 the committee and so forth, but if -- if -- if you can
12 hold off as much as possible, and we can try to answer
13 some additional questions later.

14 But as Mr. Budwick said, there's going to be
15 a website, there's going to be an email address to send
16 certain questions, and there's going to be, in fairly
17 short order, I believe, an attorney or a law firm that
18 will be representing the interests of all the creditors,
19 including all the investors, who can take individual
20 questions.

21 All right. So I'm not sure where we left
22 off --

23 MR. BUDWICK: Sure.

24 THE COURT: -- but you seem to have a
25 notebook open, so find your place and continue.

1 MR. BUDWICK: Sure, and -- and I -- and I
2 think I'm coming in for a landing soon.

3 So in terms of -- subject to Your Honor's
4 questions, of course. So in terms of professionals, we
5 filed a motion to retain Meland Budwick, and the Court
6 entered an order approving that retention.

7 In the next few days, we will file an
8 application to retain GlassRatner. They would serve as
9 the forensic accounting firm. While we're waiting for the
10 books and records, we have issued several dozen document
11 subpoenas to third parties. We have obtained a fair
12 amount of documents and records.

13 GlassRatner has recently begun the process
14 of going through some of those documents. It's going to
15 be facilitated, obviously, once we get the full books and
16 records, but just to announce to the Court that we will be
17 seeking their formal retention, I assume, within the next
18 couple of days.

19 Since -- for the benefit of maybe more of
20 those in the virtual courtroom, since the Government is
21 going to be focusing on the, I'll call it the tangible
22 assets, the physical assets, I expect the bulk of the work
23 in terms of recovery efforts from the bankruptcy estate
24 side to come from the litigation claims, and so that will
25 probably fall into two buckets generally.

1 One will be what was described as clawbacks
2 or avoidance actions, and that will be certainly something
3 that we focus on, especially as we get the books and
4 records and get the sources and uses analysis, and
5 identify who exactly received transfers of property and
6 for what reasons; and then second will be the potential
7 for tort claims.

8 We've issued document requests under
9 Rule 2004, and we expect at some point to then begin going
10 through a process where we'll take oral 2004 Examinations
11 of potential targets, and -- and -- and that will take
12 place at some point in the future, and we will use
13 Rule 2004 to help us assess potential viable tort claims
14 against third parties, a process, which as Your Honor
15 knows, is typical of these sorts of cases, and that we've
16 done in other cases, as well.

17 The -- the last thing I'll say, and really
18 more for the benefit of those in the virtual courtroom,
19 and I said it at the 341 Meeting, is that we're very
20 focused and understand that most of the creditor body
21 consists of crime victims. They've suffered financially
22 as a result of the wrongdoing that was committed and
23 perpetrated against them, and my team and I are very
24 committed to being as creative and aggressive as possible
25 in order to maximize the recovery to the victims and all

1 the creditors.

2 And with that, I'll take any questions,
3 obviously, that Your Honor has.

4 THE COURT: There's been a few questions put
5 into the chat, and if you can just address whether there
6 are crypto assets, and my knowledge of crypto is maybe
7 fortunately not -- not personal, in terms of investing,
8 but the question is from Mr. Rishi Patel, did anyone find
9 a crypto wallet that holds funds?

10 So are there assets, crypto or otherwise,
11 that -- well, let's talk about crypto. Are there crypto
12 assets of value that have either been recovered by the
13 U.S., by the United States, or that you have or believe
14 you will obtain?

15 MR. BUDWICK: So -- so certainly --
16 certainly with the start, there clearly was, based on the
17 information in the affidavit by the special agent from the
18 IRS, substantial crypto assets, substantial transfers to
19 Coinbase, as an example, so there seems to have been
20 significant real activity. In some of these cases,
21 perhaps there's no activity or very little activity. Here
22 there appears to have been significant activity.

23 Part of the coordination agreement, as I've
24 described, I talked about the jewelry and the -- and the
25 vehicles and so forth. I should have, if I did not

1 mention, I should have mentioned also the cryptocurrency.

2 So the Government is taking responsibility
3 to continue the process that it began before my
4 appointment, which is to take possession of any
5 cryptocurrency that existed at the time that the
6 Government began the process of seizing assets or any
7 cryptocurrency that the Government identifies and locates,
8 which should be considered property of, as an example, the
9 debtors or of Mr. Delgado. That puts aside any clawbacks
10 or transfer actions we may bring of transfers of crypto
11 assets.

12 In terms of the specific question, what
13 exactly has the Government seized as of today, I would
14 defer, if I could, to -- to the AUSAs, if they -- if
15 they're in a -- in a position to answer that question, but
16 that really is a better question posed to them.

17 THE COURT: Yeah, as I said, it's very early
18 on and the amount that may be recovered, the percentage
19 that may be distributed to investors. There have been
20 occasional cases where there's been banks that were
21 involved in the fraud where there's been substantial
22 payout, but unfortunately in many of these Ponzi scheme
23 cases, just by the nature of the fraud, there's just not
24 going to be, in all likelihood, full recovery by any
25 means.

1 So the timing and amount, certainly, I don't
2 have any way to predict. I assume, Mr. Budwick, you don't
3 have any way to predict either timing or percentage
4 distribution at this point; correct?

5 MR. BUDWICK: No, we just don't have the
6 sort of information that would enable us to do that. I
7 don't think in any case -- any similar type case, any type
8 of analysis could be done this quickly.

9 THE COURT: Okay. So let me -- we have been
10 using the term Ponzi, that's -- that's a general term
11 that's used in instances where new investor money is used
12 to pay old investors, and to perpetuate the belief that
13 the enterprise is doing well.

14 Labeling something a Ponzi is really just a
15 general description at this point. It doesn't change the
16 fact that we're -- well, I -- I -- I shouldn't -- I
17 shouldn't say. There are different instances in which the
18 nature of the fraud, Ponzi or otherwise, may become
19 relevant to claims by the receiver or clawback claims.

20 But let's -- let's go back to Ms. Watson, if
21 there's anything you can provide, because at least one of
22 the folks in the chat has said the jewelry and hard assets
23 aren't going to take us too far.

24 So anything you can say about the potential
25 value of actual cryptocurrency?

1 MS. WATSON: Your Honor, we are in the
2 process of trying to identify all of the funds that were
3 unlawfully obtained, and trying to locate them so that we
4 can take possession, and as Mr. Budwick indicated, give
5 them back to our victims, whomever they may be, whether
6 they be investors or otherwise.

7 THE COURT: Okay. So there's nothing more
8 specific you'd say now about having obtained
9 cryptocurrency of -- of any significant value?

10 MS. WATSON: Your Honor, not at this time.
11 We're in the process of reviewing everything, though.

12 THE COURT: Okay, and so questions about
13 crypto, crypto wallets and so forth, I'm afraid we're
14 going to have to defer on that.

15 Once the committee is involved, I think
16 there will be a lot more information. We're very much in
17 the early stages and just for context for all of you who
18 are on, I know your biggest issue, and quite
19 understandably, is how much might be recovered and when
20 might we get some distribution, and who -- who can we turn
21 to for questions and answers.

22 The third -- the third piece, who can we
23 turn to, I think Mr. Budwick has partially answered, it'll
24 be further information once there's committee counsel, but
25 as far as amount and timing, it's -- it's way too early to

1 tell.

2 I will say from my knowledge of Mr. Budwick
3 and his firm, they have been involved in major fraud cases
4 around the country and have achieved excellent results and
5 as Mr. Budwick said, they have been creative in mitigation
6 and theories of recovery. So you're in good hands, and I
7 assume the committee will be selecting very qualified
8 counsel.

9 GlassRatner, which is proposed as forensic
10 accountants, which we need to understand all the books and
11 records, numbers, assets, liabilities, and so forth.
12 GlassRatner is known to the Court, has been involved in
13 numerous bankruptcy cases over the years.

14 So we're really at the -- at the starting
15 point. Today we're trying to determine really a
16 procedural point, which involves Mr. Budwick starting out
17 as a receiver and now representing a debtor in a
18 Chapter 11 case, and what his actual title and role will
19 be, and we're going to get to that hopefully in a few
20 minutes.

21 And then the only other issue specifically
22 before the Court today, is what will be the deadline for
23 filing proofs of claim, and just to one of the last
24 questions I see on the chat, what is the best way to keep
25 up with the case?

1 Well, you probably will get notice of -- of
2 hearings, and you're certainly welcome to attend. Any --
3 any hearing will be open to all of you, so the fact that
4 you registered today means you know how to do it, and
5 it'll be the same -- same process going forward.

6 I will ask Mr. Budwick to come back to the
7 website. Do you know when that will be up and running and
8 the information will be available to those of you who you
9 have on the list right now?

10 MR. GENET: Your Honor, Sol Genet on behalf
11 of the debtors.

12 We expect the website to be up in a couple
13 of weeks. The process that we expect to take place will
14 be once we get a better idea of the claims body through
15 review of the documents that we have, as well as the
16 claims that were filed, and hopefully the books and
17 records from the United States in short order, we're going
18 to send out a hard mailer, is how we expect to do it, to
19 all creditors at that time.

20 We're going to advise them in that fashion,
21 as well as through emails that we have, of a website
22 that's put up, and so everyone will get notice of it.

23 We expect that will be the most efficient
24 way of communicating to everybody that the website is
25 there and that they can access it.

1 MR. BUDWICK: And -- and just to add to
2 that, we've had websites in other cases, as an example,
3 related to the Fedders case, we had a website we've
4 maintained for many years and examples, 9019 motions, fee
5 applications of professionals, any -- anything which is a
6 significant pleading or a filing that we think -- or an
7 adversary complaint that we think that creditors would
8 want to see, we typically would post that to the website.
9 We'd certainly have a section on proof of claims.

10 We'll have a disclaimer. It's not our place
11 to recommend or advise whether someone should file a proof
12 of claim. I would say there's consequences to filing a
13 proof of claim.

14 What I did say at the 341, is while it's a
15 creditor's decision whether to file a proof of claim, if
16 they do not file a proof of claim, then they will not
17 participate in the recoveries that we achieve in these
18 cases, but it's their decision how to handle that.

19 But we'll try to post a good deal of
20 information, as we have in other cases, so that anyone
21 around the world can look at the website and get a good
22 amount of information updated on a regular basis.

23 THE COURT: Okay. Let me answer one easy
24 question from these -- the easy part is the answer, the
25 hard part is pronouncing the name. I think it's

1 Queila MacDonald. Will the order in which a claim is
2 filed affect the percentage of distribution?

3 No. As long as you file your claim before
4 the deadline, that's one of the purposes of a collective
5 bankruptcy proceeding, is it's not a race to the
6 courthouse. So that's the answer to that question.

7 Further questions about wallets and crypto,
8 those are going to have to be deferred. They're just not
9 things that can be further clarified today.

10 All right. So are we ready to turn to the
11 motion to excuse compliance?

12 MR. BUDWICK: Yes, Your Honor. I was going
13 to address that motion, and Mr. Genet was going to address
14 the claims bar date.

15 So if -- if I may proceed? So we filed a --
16 a motion to excuse turnover. As Your Honor is aware at
17 ECF 31, Your Honor entered an order excusing on an interim
18 basis turnover and then setting the hearing for today.
19 Your Honor also set a deadline to file objections and then
20 to file a reply.

21 No objections were filed, and therefore, we
22 did not file a -- a reply. I think theoretically, we
23 could ask today to excuse compliance on a permanent basis.
24 We're not asking for that.

25 I think what we would suggest is to -- we

1 believe we've made a good amount of progress, especially
2 the coordination agreement and other items in -- in the
3 past several weeks. We have a vision of where we're going
4 to take this case, and I think that we can accomplish a
5 lot in the coming months.

6 And so what our suggestion to the Court is,
7 especially since we've yet to deal with the committee
8 counsel, is to continue to excuse compliance on an interim
9 basis for another 120 days, and then set a further status
10 conference or appropriate hearing sometime in, we'll call
11 it, late August time period, if that's suitable to the
12 Court, and then we can assess at that point where we are
13 in the case, what the vision at that point is of the case.

14 We would ask that we would have the benefit
15 of any objections being filed at some reasonable time
16 period in advance of that hearing.

17 And then what would we do over the next 120
18 days? So I think this is really what our vision is. Our
19 vision is we'll seek approval of the coordination
20 agreement.

21 We will seek to, obviously, to retain
22 GlassRatner. They've begun to do work, but once we get
23 the books and records, I think that's going to jump start
24 what they can do, including getting the sources and uses
25 analysis.

1 We'll seek the approval of the Orlando
2 Economic Partnership Agreement, but we'll also try to
3 enter into other agreements. We are in negotiations with
4 other similar parties who received transfers that we would
5 assert are subject to avoidance.

6 We'll get the books and records. We'll get
7 the copy of the server and so forth. We'll continue to
8 identify potential avoidance targets. We'll continue
9 vetting potential tort targets. I think the stage of that
10 is really going to be at first seeking documents, and then
11 we'll be seeking 2004 Exams in the future.

12 We'll have a committee, which is engaged
13 with counsel, with whom we'll discuss the future direction
14 of the case.

15 I don't want to prejudge anything, but
16 certainly there is a potential vision of the case where
17 this winds up with a Chapter 11 liquidating plan, which
18 would provide for a mechanism to make the distribution of
19 the forfeited or the proceeds of the forfeited assets,
20 along with the appointment of a liquidating trustee, and
21 that's certainly a possibility, something which we've not
22 had a chance to speak to the committee about, but we would
23 speak to the committee once they engage counsel.

24 We would begin moving forward with the
25 claims reconciliation process as we get greater clarity on

1 the claims body based on the claims coming in and the
2 books and records to validate the claims body.

3 We can't accomplish all that in 120 days,
4 there's a lot of work to do in this case, but I think that
5 we can accomplish a good amount during that time period,
6 and then I think we can come back, in consultation with
7 the committee, and talk about next steps.

8 So that would be our proposal in terms of
9 addressing the pending motion.

10 THE COURT: Okay. Before I ask for comments
11 from the U.S. Trustee, just some quick questions and one
12 interpretation.

13 We often, as bankruptcy judges and lawyers,
14 use shorthand referring to code sections or rule sections.
15 So when Mr. Budwick says Rule 2004 Examination, that's
16 just essentially a deposition or questioning under oath of
17 individuals who may have relevant knowledge.

18 And when he says 9019, that's just a
19 shorthand referencing a bankruptcy rule, but it really
20 deals with settlements and proposed settlements of claims
21 by the estate, so I just wanted to translate that.

22 Now, there's a question about filing proofs
23 of claim. Again, we're going to have information on that,
24 but I just want to clarify one thing. There's a question
25 from Mr. Chmielewski, I might be mispronouncing your name.

1 For international investor victims, is filing a proof of
2 claim with Florida enough or do we need to file in
3 Wyoming, as well?

4 I just want to make it clear that there's a
5 Wyoming corporation and a Florida corporation that are
6 both in the bankruptcy proceeding, but the proofs of claim
7 are filed in the bankruptcy case, not -- not in either
8 state or in a state court proceeding at this point.
9 Whether you file in one or both, that -- that -- that may
10 be personal to the nature of your investment.

11 And -- and just one -- one last comment,
12 Mr. Rishi Patel is asking has anybody looked into the
13 claim that there are crypto wallets that contain over
14 800 million? This has been confirmed by Goliath employees
15 who can answer the question on this call.

16 I think we've talked about that and nobody
17 has an answer on this call. To the extent the U.S.
18 Attorney's Office is investigating or the receiver is
19 investigating, we don't have an answer to that yet. So
20 that will have to be deferred.

21 So let's -- let's turn to the matter at
22 hand, and I guess I'm just trying to understand, and I
23 don't mean this in an existential sense, who you are,
24 Mr. Budwick, but -- but who are you in the case?

25 The receivership order gave you authority to

1 file, but are you governed in your current activities by
2 the receivership order or are you essentially the
3 representative of a debtor-in-possession governed by the
4 rights and -- rights and responsibilities of a
5 debtor-in-possession?

6 MR. BUDWICK: Yeah, so I think that the --
7 the answer is, I have broad powers under the receivership
8 order, which essentially gives me complete control over
9 the debtors. I would say it's akin to being the board of
10 directors and being the CEO and the COO, and so I have the
11 corporate control over the debtors.

12 The debtors, themselves, are a D.I.P. and
13 they're in bankruptcy, and as an example, a Rule 9019
14 approval motion is between the debtors and the third
15 party, but I have the ability to direct the actions of the
16 debtor subject to Your Honor's approval. I hope that's
17 responsive.

18 THE COURT: There's things in the
19 receivership order that probably provided authority that's
20 contrary to what you can do as a -- in bankruptcy, and I
21 don't know if this was in the receivership order.

22 But you can't pay prepetition -- you can't
23 pay certain claims or expenses that perhaps you could
24 have --

25 MR. BUDWICK: Certainly, we're -- certainly

1 I'm subject to -- the debtors are subject to the
2 Bankruptcy Code.

3 So the debtors cannot spend any money,
4 cannot enter into agreements unless it's approved by the
5 Bankruptcy Code, whether it's under 363 or Rule 9019,
6 whatever the applicable provision might be under the
7 circumstance.

8 Certainly, the debtors, themselves, are
9 governed and -- and my ability is to direct the conduct of
10 -- of the debtors while the debtors are in bankruptcy.

11 THE COURT: Okay. Are there any fees that
12 you or your firm would be seeking under 543 for work done
13 prior to the bankruptcy or explain what you intend in
14 terms of fees and fee applications in this -- in this
15 case.

16 MR. GENET: Yes, Your Honor. Sol Genet on
17 behalf of the debtors.

18 We set forth in the retention application
19 prepetition monies owed both to Mr. Budwick, as receiver,
20 and to my firm, as receiver's counsel.

21 We do intend or expect at some point in the
22 future to seek approval under 543 or under 503,
23 potentially for payments of those -- of those amounts,
24 but that's not before the Court today, but we do have that
25 expectation at some point in the future.

1 THE COURT: That would come before me.

2 MR. GENET: Yes, Your Honor.

3 THE COURT: So I guess maybe a broader
4 question, will you be going back to the state court for
5 anything?

6 MR. GENET: Well, Your Honor, we -- so the
7 state court in the receivership order, for example, had a
8 requirement that we file -- that the receiver files a
9 first report 30 days after the receivership was initiated.

10 The receiver complied with that, even though
11 it was postpetition, and filed a report in the state court
12 and indicated in that report that the automatic stay and
13 the bankruptcy proceedings would alleviate the need for
14 the further reports as directed by the receivership order.
15 The next one, I believe, is in about 60 or 70 days.

16 You know, we'll make the decision whether to
17 file that report or whether it's, you know, whether there
18 is some limit as to whether we need to do so given 362,
19 but we intend to keep the state court updated in the
20 receivership, although the progress of the debtors and the
21 mechanism for acting for the benefit of the creditor body
22 is going to be before Your Honor.

23 I will note that in the --

24 MR. BUDWICK: The -- the report was filed in
25 part because even though it was postpetition, we felt that

1 it was appropriate to advise the state court as to what
2 the status was, since the state court had just appointed
3 the me as receiver a few weeks earlier.

4 In that report, we did ask to obviate the
5 need to file any further reports.

6 THE COURT: Okay. Skipping back to a chat
7 just briefly.

8 One -- one of the -- Mr. Patel, Rashmiben
9 Patel, again, I apologize for the pronunciation or
10 mispronunciation, but asks, is the correct email
11 goliathventuresreceiver@gmail.com you gave --

12 MR. BUDWICK: That is correct.

13 THE COURT: -- you gave earlier?

14 Okay, and the same individual, if we were
15 not contacted, does that mean our claim was not received?

16 I can't really comment, I don't have the
17 knowledge. I know the original notice of Chapter 11 had
18 only a limited number of people that received notice.

19 The notice of the hearing, I think on the
20 motion to excuse compliance that we're talking about now,
21 which went out to a larger group, I don't know the scope
22 of the matrix.

23 My understanding is that through the records
24 that the U.S. Trust -- U.S. Attorney's Office is going to
25 provide, the receiver is trying to get everybody's name

1 and address that is entitled to notice in the case, and
2 everybody will have an opportunity to participate.

3 Whether your claims have been filed -- are
4 we anticipating any kind of claims agent or we don't think
5 we have the numbers here that would require that?

6 MR. BUDWICK: We don't think we need a
7 claims agent and, yes, exactly, Your Honor's comments,
8 while word had gotten out such that we have, as I
9 mentioned, a couple hundred claims that are filed, our
10 intent is to give broad notice once we have the books and
11 records and can essentially identify who should be put on
12 notice.

13 THE COURT: The -- the motion we're going to
14 get to, the other motion for today, is to extend the
15 deadline. If the receiver is still asking for the same
16 deadline, it's not until the end of September.

17 So there's no -- as I said earlier in
18 response to another question, there's no priority based on
19 when you file your claim, and there's going to be several
20 months left in which to file a claim.

21 So more information will be available on the
22 website that Mr. Budwick and Mr. Genet have talked about,
23 and also on the Court's website.

24 So as to this -- this motion,
25 Mr. Schneiderman, what -- what is your view?

1 MR. SCHNEIDERMAN: Your Honor, I have no
2 objection to Mr. Budwick's request to continue it. We
3 understand his role as receiver under the court order
4 authorized him to file the case.

5 Mr. Genet says he represents the debtor.
6 Mr. Budwick is acting as management of the debtor,
7 basically, through his role as receiver. We were not
8 intending to oppose the motion, but have no objection at
9 this point to a continuance, and at least let the
10 committee, through its counsel, weigh in and coordinate
11 with Mr. Budwick on the process going forward.

12 THE COURT: Okay. U.S. -- U.S. Attorney's
13 Office have any comment on this motion?

14 MR. SOMODEVILLA: Good afternoon, again,
15 Your Honor.

16 Christian Somodevilla for the United States
17 of America. The United States of America has no
18 opposition to the motion.

19 If Your Honor wants to continue it out to
20 give the committee an opportunity to weigh in, we
21 understand. We'll be here every step of the way.

22 THE COURT: All right. Then I think the
23 only counsel of record that's here is Mr. Sonn. Did you
24 have any comment on this or question?

25 MR. SONN: No, Your Honor. We -- we support

1 the relief sought by the debtor and Mr. Budwick.

2 THE COURT: All right. Then I'll approve
3 that proposal. I don't want to try to pick a date now 120
4 days out, so what I would suggest is you have the 120-day
5 order and then file a motion to be heard before the
6 expiration of that 120 days if you're seeking to extend
7 and then, of course, any -- any other action that would be
8 relevant to the order.

9 If the committee has any questions or
10 requests for a different form of order, they can come in
11 and ask for it.

12 For all the investors, victims that are on,
13 this is really just trying to coordinate what sometimes
14 gets confusing when a receiver is appointed in state
15 court, then we're in Bankruptcy Court, but the -- the
16 short of it is the receiver has the authority, based on
17 the state court order, to act on behalf of the debtor and
18 essentially manage this Chapter 11 process.

19 And the technical side of the motion is just
20 because the Bankruptcy Code normally provides for
21 receivers when there's a bankruptcy to turn over control,
22 but that's -- that's in a different context, not where the
23 receiver is remaining in control.

24 So the order will be entered and then if
25 there's a need for extension, get a motion filed and --

1 and set within the 120 days.

2 Any -- any further guidance you need from me
3 on the form of the order?

4 MR. GENET: No, Your Honor. Thank you.

5 THE COURT: Okay. All right. Then let's
6 turn to the motion to extend and then maybe spend just a
7 few more minutes on explanations on the proof of claims
8 process.

9 MR. GENET: Yes, Your Honor. Sol Genet on
10 behalf of the debtors.

11 So this is Docket Number 67, the debtors'
12 motion to extend and reset the claims bar date. At
13 present the claims bar date is May 26, 2026. Earlier
14 today was the 341 Meeting, which was continued. We did
15 ask in the motion to extend the bar date through and
16 including September 30, 2026.

17 The receiver and the debtors's view is that
18 well before that time, the debtors will have been able to
19 go through the records, obtain the records from the
20 United States, be able to provide the requisite notice to
21 what the debtors will be able to identify is the proper
22 parties, and it will give all those parties the
23 opportunity to file a proof of claim well before that
24 claims bar date.

25 September 30th is -- is pretty far out, and

1 we believe that that timing works, especially given the
2 agreement, which we expect to put before Your Honor in the
3 coordination agreement with the United States.

4 THE COURT: Okay. Mr. Schneiderman, any
5 comment?

6 MR. SCHNEIDERMAN: Your Honor, no -- no
7 objection.

8 When we first saw the notice of creditors
9 and the mailing list at Docket Entry 20, we noticed the
10 very short list of creditors that was attached that
11 received the mailing, which is why I reached out to
12 Mr. Genet and Mr. Budwick in asking them about the bar
13 date and notice.

14 And Mr. Genet, thankfully, we -- we
15 appreciate his efforts, filed the motion with obviously
16 the approval of Mr. Budwick, to extend the bar date to
17 give fair -- fair and proper notice and due process to the
18 victims so that everyone is properly notified of the bar
19 date.

20 Since then, Your Honor, dozens and dozens of
21 claims have been filed, parties who are not on that list,
22 and that's because I believe through word of mouth through
23 the various other groups of investors and communications
24 they're having with each other and their counsel, spread
25 the word, but there are hundreds, potentially hundreds as

1 Mr. Budwick referenced, at the end of the day there might
2 be up to -- upwards of 1500 creditors in this case or
3 victims, and so we need to make sure that those victims
4 get proper notice, as well, and given an opportunity to
5 file those claims.

6 So with that, we do support the request,
7 Your Honor, and appreciate counsel filing that motion at
8 our request.

9 THE COURT: Okay. A couple of questions in
10 the chat, one is how can we ensure we're on the list of
11 victims? I emailed to confirm and did not receive
12 anything back.

13 There will be a mailing with this new bar
14 date, so let -- let's talk about that and maybe that will
15 partially answer the -- this -- this question that came
16 from Mr. Fantin or Fantine.

17 What -- what form of notice are you going to
18 give of the extended bar date? Will it have a copy of the
19 original notice of Chapter 11 with the information that's
20 in there or what -- what are you proposing?

21 MR. BUDWICK: If I can confer with Mr. Genet
22 just one second, Your Honor?

23 THE COURT: Okay.

24 MR. SONN: Your Honor, can I make one
25 comment while they're conferring?

1 THE COURT: As long as you don't necessarily
2 think they're listening.

3 MR. GENET: Your Honor, we're just mindful
4 of expenses in the case and -- and delivery of the
5 information, but we'll run by -- what we propose is to
6 prepare a short notice that identifies the extended date,
7 we'll run it by the Office of the United States Trustee
8 and Mr. Schneiderman to ensure that he's comfortable with
9 it, and then send it out, maybe even more than once, given
10 we're waiting for the books and records, as well as the
11 analysis of the records that we do have in order to get
12 that larger form list.

13 So I think what we identified in the -- in
14 the motion is that we will be filing the local form,
15 debtors' notice of compliance with requirements for
16 amending creditor information when we do have that fulsome
17 creditor information and -- and be able to provide that
18 notice.

19 THE COURT: All right. Just make sure at
20 least it includes -- I'm not asking to have the two-page
21 notice of Chapter 11 that went out to a limited group, but
22 at least put in the information that the proof of claim
23 form is available on the court website, and if those of
24 you are on the -- on the call want to make a note of the
25 website.

1 Our court website isn't going to tell you
2 anything specific about this case, other than what I'm
3 referring to now, which is a proof of claim form.

4 So our court website is [www.flspb](http://www.flspb.com), that's
5 Frank, Larry, Sam, Bob, [.uscourts](http://www.uscourts.gov), no space, [uscourts](http://www.uscourts.gov),
6 c-o-u-r-t-s, [.gov](http://www.uscourts.gov), g-o-v as in Victor. So that's where
7 you would get a proof of claim form.

8 And I guess down the road, you'll -- you'll
9 have email addresses to contact. If you -- if you haven't
10 heard or you have some concern about whether you're --
11 you're on the list, then reach out by email, but we're not
12 going to be able to tell you exactly when there will be a
13 final updated list. That's part of the reason we're going
14 out to September.

15 In response to essentially an objection from
16 Mr. Rishi Patel, I don't think -- who says, I don't think
17 we should extend the claim date if you're a victim, and
18 nothing should prevent you from submitting your claim as
19 soon as possible. Delaying to September is too long.

20 The claims process is going to take a while.
21 The asset collection process is going to take a while. I
22 hate to be the bearer of bad news, but no money is going
23 to be disbursed any sooner if we had a July or August bar
24 date, this is just to make sure everybody who has a claim
25 gets notice of it.

1 Extending the bar date for filing claims is
2 not going to slow down the process of pursuing claims on
3 behalf of the debtors, liquidating assets. So the claims
4 review process is going to take a while, but it's not
5 going to -- it's not going to slow down the process.

6 So I'm going to grant the motion to extend
7 and the -- but what is the order going to -- I'm still a
8 little unclear on what the order is going to provide or
9 whether a separate notice is going to go out.

10 MR. GENET: Well, Your Honor, the order is
11 going to provide for the extended bar date. The debtors
12 are going to take it upon themselves, as we indicated in
13 the motion, I believe separately from the order, that
14 we're going to get out notice properly, and as cost
15 effectively as possible.

16 We don't want to send out a notice, you
17 know, and spend the money and time to do that before we
18 get the books and records or are comfortable that we have
19 a wide ranging creditor list.

20 So we expect that -- well, to answer your
21 question directly, we'd like the order to say that the
22 motion is granted and the bar date is extended, and then
23 we'll get notice out on our own, ensure that it's proper
24 and timely, certainly communicate with the Office of the
25 United States Trustee about that and certainly with the

1 committee, as well, when they have counsel.

2 And if there's some period of time prior to
3 the extended bar date, where a party in interest believes
4 that it needs to be extended, certainly we can come back
5 before the Court.

6 THE COURT: So who are you going to serve
7 the order on, just counsel of record at this point, not --
8 not the existing matrix?

9 I'm not saying otherwise, I'm just --

10 MR. GENET: Yes, Your Honor, we would serve
11 it on the master service list, which would -- which at
12 present includes all members of the committee, and then
13 hopefully within the next day or two, we'll include
14 committee counsel, as well.

15 THE COURT: Okay. All right.

16 Mr. Schneiderman, any comment on the form of
17 the order or service of the order or subsequent service?

18 MR. SCHNEIDERMAN: Your Honor, just when the
19 notice is actually mailed out to all of the creditors to
20 comply, I think it's Local Form (undecipherable), that the
21 debtor needs to update the matrix that was used to include
22 all of the recipients on the updated creditor matrix when
23 that's filed to include all of the newly added creditors
24 that were not included with the original filing of maybe,
25 I forgot how many there were, 40 or 50 creditors.

1 Obviously, dozens of more have received it
2 now, but there's nothing of record of that mailing ever
3 going out. So the mailing is going to have to -- the
4 docket needed to show that the mailing went out and who
5 received it and when, in order to provide, you know, fair
6 notice and due process.

7 THE COURT: All right. But is the order --
8 I'm sorry, I'm skipping back and forth between listening
9 to comments and reading chat questions to try to be
10 helpful.

11 Is the order going to set a specific
12 deadline or specific form of notice that's going to go
13 out?

14 MR. GENET: Your Honor, on behalf of the
15 debtors, I don't think the order needs to include that. I
16 think that the debtors are going to -- we really need to
17 see what type of books and records we have and to finish
18 that process and to get them from the United States, which
19 we're not exactly sure when that's going to happen. We
20 hope that it's in short order.

21 We wouldn't want to insert a deadline into
22 an order and then have to, you know, utilize the time and
23 effort and professional expense of coming back before the
24 Court.

25 THE COURT: I -- I agree with that.

1 But to Mr. Schneiderman's point, there will
2 be something ultimately on the docket that indicates who
3 has received essentially supplemental notice of the
4 extended bar date?

5 MR. GENET: Yes, Your Honor. By -- by
6 May 30th we'll be filing schedules with the Court and yes,
7 when we serve notice, we'll be filing on the docket an
8 identification of who we sent out notice to.

9 THE COURT: Okay. Somebody asked, a
10 Mr. Hoa (phonetic), what is the update on the motion to
11 object that should be submitted by April 8th?

12 I think that just dealt with this motion on
13 for today, which is this procedural issue involving
14 Mr. Budwick having started as a receiver, and now being
15 the representative of the debtor. So there's nothing any
16 of the investors need to -- there's no deadline for the
17 investors that's relevant at this point.

18 Somebody asked, who does Mr. Schneiderman
19 represent? So, Mr. Schneiderman, I'll let -- I'll let you
20 answer that. He's -- he's part of the executive branch,
21 not the judiciary, but has a statutory role in bankruptcy
22 cases, but a brief explanation, I think probably would be
23 useful to the folks that are on the call.

24 MR. SCHNEIDERMAN: Yes, Your Honor. Thank
25 you.

1 I'm with the United States Trustee's Office,
2 we oversee bankruptcy cases and administration. As the
3 Judge said, we're part of the Department of Justice.
4 Bankruptcy is a federal statute, within that statute
5 creates the Office of the U.S. Trustee through the
6 attorney general, and we make sure that the rules are
7 followed and there's a level playing field for all
8 parties, and there's no abuse or fraud being committed
9 within the bankruptcy case, and we oversee the oversight
10 role of the bankruptcy process, obviously subject to
11 Judge Mark's rulings and courtroom.

12 THE COURT: Okay. Thank you. Just to
13 clarify, and this is confusing, the U.S. Attorney's Office
14 is also part of the Department of Justice. They prosecute
15 federal crimes, occasionally bankruptcy crimes.

16 So we're dealing here with a federal
17 criminal prosecution handled by the U.S. Attorney's Office
18 as part of the Department of Justice.

19 Mr. Schneiderman's U.S. Trustee's Office is
20 also part of the Department of Justice, but is a party in
21 interest and active in bankruptcy cases, so -- so I hope
22 -- I hope that answers the question for -- for now.

23 Well, with that I think we're -- we're --
24 we're done for the day. There was a couple other
25 questions about Florida and Wyoming, and I guess if you're

1 in doubt and you intend to file a proof of claim, you
2 could file in -- in -- in both. There will be separate
3 claims registers, I guess.

4 And ultimately, if you -- if you have one
5 investment of \$100,000, you're not going to get a
6 distribution based on 200,000 by filing it in both cases,
7 but I don't think, certainly the Court, and I don't think
8 the receiver at this point can give you a blanket answer
9 on which one to file in, and if you file it in both, it'll
10 be sorted out before the distribution process.

11 All right. Then thank you for the excellent
12 work so far. It's -- it's always tough on victims in
13 these cases, and it's tough to -- it's easy for me to tell
14 you to be patient, but I understand there's a lot of money
15 at stake here, a lot of frustration, a lot of financial
16 and other suffering that's involved in losing lots of
17 money.

18 This -- this process isn't inexpensive, and
19 I -- I'll forewarn you, and I think you may be frustrated
20 at times when you see the professional fees that are going
21 to be incurred, but when you have high-quality attorneys
22 that are experienced, that's what you need, and they don't
23 come cheaply, nor do the forensic accountants and others
24 that are going to be involved in the case.

25 But hopefully they will earn their keep and

1 bring in as much money as can be brought in under the
2 circumstances and provide a distribution. When it is and
3 what it'll be, is down the road.

4 All right. Thank you all for participating,
5 feel free to join us, and I do think for those of you that
6 come back in, while it requires my old brain to multitask
7 to look at the chat and listen to the arguments, I think
8 it's much more effective than people jumping in with --
9 with questions.

10 So I thank you for participating in that --
11 in that forum that made it easier to conduct the hearing.

12 All right. With that, anything else from
13 the receiver?

14 MR. BUDWICK: No, just thank you very much
15 for the comments and your time, Your Honor. We all
16 appreciate it. Thank you.

17 THE COURT: Okay. Thank you. Signing off.
18 (Thereupon, the hearing was concluded.)

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CERTIFICATION

STATE OF FLORIDA :
COUNTY OF MIAMI-DADE :

I, Margaret Franzen, Court Reporter and Notary Public in and for the State of Florida at Large, do hereby certify that the foregoing proceedings were transcribed by me from a digital recording held on the date and from the place as stated in the caption hereto on Page 1 to the best of my ability.

WITNESS my hand this 12th day of May 2026.

MARGARET FRANZEN
Court Reporter and Notary Public
in and for the State of Florida at Large
Commission #HH781575
April 14, 2030