

FOR IMMEDIATE RELEASE

Vedder Price Creates Task Force to Assist Clients Impacted by the Aircraft Guaranty Corporation & Wright Brothers Aircraft Title Indictment

CHICAGO (March 1, 2021) – [Vedder Price](http://vedderprice.com) has created a Task Force to assist clients impacted by the indictment involving Aircraft Guaranty Corporation (AGC) and Wright Brothers Aircraft Title, Inc. (WBAT) filed by the United States Attorney's Office for the Eastern District of Texas on February 24, 2021. AGC's website provides that it "controls over one billion in aircraft value. With over 2,000 aircraft registered in more than 160 different countries." AGC has nearly 1,500 aircraft in trusts in the United States, and WBAT is a full-service title and escrow company. Both companies are owned by Debbie Mercer-Erwin and are located in Oklahoma City. The Task Force will be led by David M. Hernandez, a Shareholder in Vedder Price's Washington, DC office.

The seven-count indictment alleges, among other things, that specific defendants:

- were involved in a complex \$350 million Ponzi scheme that "took advantage of the typical aircraft purchase transaction to dupe investors into depositing money in the WBAT escrow account;" however, the funds were not used for aircraft transactions, and, instead, the defendants diverted the money for their own uses, including a mineral mine in Guatemala, according to the indictment and the lead Assistant U.S. Attorney;
- conspired to commit aircraft export violations by failing to export aircraft in trusts as required in accordance with the export regulations, and as a result the aircraft were shipped overseas without the required export filings; and
- conspired to commit aircraft registration violations by creating aircraft trusts contrary to Federal Aviation Administration (FAA) guidance and filing documents with the FAA that were allegedly false or misleading in violation of FAA regulations.

The indictment allegations may have very serious consequences to AGC and WBAT customers. **First**, according to federal prosecutors, AGC and WBAT have been effectively shut down by order of the court. **Second**, the government is seeking \$350 million in restitution, which may impact escrow clients' access to their seized funds. **Third**, AGC clients who based their aircraft overseas without properly exporting the aircraft may face civil or criminal penalties and/or aircraft seizure. **Fourth**, all AGC and WBAT aircraft transactions, trust transfers and financing matters are now subject to prior government approval, which will delay transactions and may trigger loan or lease defaults. **Fifth**, non-U.S. citizens will not be able to maintain their aircraft on the U.S. registry if their trust is dissolved.

Vedder Price has been successfully assisting clients with WBAT and AGC matters, including funds recovery, aircraft transactions, trust transfers and export compliance review and rectification, since the government seized the accounts of WBAT and AGC in December. "We have a dialogue with the U.S. Attorney's Office, and our primary focus is to assist clients with the complex issues associated with the WBAT and AGC matter. It's important to promptly identify and resolve each client's risks and assess the collateral damage," said Mr. Hernandez.

The Task Force combines Vedder's exceptionally strong aircraft transactional, financial and regulatory enforcement expertise to address this crisis as effectively and efficiently as possible. Geoffrey R. Kass, Chair of Vedder Price's Global Transportation Finance team, noted that "as a former FAA enforcement attorney and experienced transactional attorney, David has over two decades of experience assisting clients with complex aircraft transactions, trusts and government investigation/enforcement matters, and he is uniquely qualified to lead the Task Force and resolve the issues associated with the WBAT and AGC Indictment."

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About Vedder Price:

Vedder Price is a thriving commercial law firm with eight offices worldwide including Chicago, New York, Washington, DC, London, San Francisco, Los Angeles, Singapore and Dallas. The firm offers a unique and sophisticated mix of finance, corporate, labor and employment, and litigation legal services, including market-leading practices in global transportation finance, middle-market finance/M&A, executive compensation, employment class actions, investment services and more. Vedder Price has enduring relationships with marquee organizations, and many of the firm's clients have been with the firm since its founding in 1952. For more information, visit vedderprice.com.

For Press Inquiries:

Katherine M. Miletich
Chief Marketing Officer
Vedder Price P.C.
T: +1 (312) 609 5043
kmiletich@vedderprice.com

For Task Force Inquiries:

David M. Hernandez
Shareholder
Vedder Price P.C.
M: +1 (202) 403-1678
T: +1 (202) 312-3340
dhernandez@vedderprice.com
