

HEARING DATE AND TIME: MAY 15, 2019 AT 2:00 P.M. (EASTERN TIME)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
MIAMI METALS I, INC., <i>et al.</i> ¹)	Case No. 18-13359 (shl)
)	
Debtors.)	(Jointly Administered)
)	RELATED DOC. NO. 931

**DECLARATION OF SCOTT AVILA IN SUPPORT OF
DEBTORS’ AMENDED MOTION FOR AUTHORITY TO SETTLE COMPROMISES
RELATING TO REMAINING MATERIALS PURSUANT TO RULE 9019 AND TO
AUTHORIZE ABANDONMENT OF REMAINING MATERIALS**

I, SCOTT AVILA, being duly sworn, depose and say as follows:

1. My name is Scott Avila. I am a principal of Paladin Management Group, LLC (“Paladin”), a financial advisory firm. I submit this declaration (the “Declaration”) in my capacity

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: Miami Metals I, Inc. (f/k/a Republic Metals Refining Corporation), 15 West 47th Street, Suites 206 and 209, New York, NY 10036 (3194); Miami Metals II, Inc. (f/k/a Republic Metals Corporation), 12900 NW 38th Avenue, Miami, FL 33054 (4378); Miami Metals III LLC (f/k/a Republic Carbon Company), 5295 Northwest 163rd Street, Miami Gardens, FL 33014 (5833); Miami Metals IV LLC (f/k/a J & L Republic LLC), 12900 NW 38th Avenue, Miami, FL 33054 (7604); Miami Metals V LLC (f/k/a R & R Metals, LLC), 12900 NW 38th Avenue, Miami, FL 33054 (7848); Miami Metals VI (f/k/a RMC Diamonds, LLC), 12900 NW 38th Avenue, Miami, FL 33054 (1507); Miami Metals VII (f/k/a RMC2, LLC), 12900 NW 38th Avenue, Miami, FL 33054 (4696); Miami Metals VIII (f/k/a Republic High Tech Metals, LLC), 13001 NW 38 Avenue, Miami, FL 33054 (6102), 12900 NW 38th Avenue, Miami, FL 33054 (1507); Republic Metals Trading (Shanghai) Co., Ltd., 276 Ningbo Road, Huangpu District, Shanghai, P.R. 200001 China (1639); and Republic Trans Mexico Metals, S.R.L., Francisco I. Madero No. 55 Piso 5, Local 409, Centro Joyero Edificio Central, Delegación Cuauhtémoc, Mexico DF 6000 (2942).

as Chief Restructuring Officer (“CRO”) of Miami Metals I, Inc. (f/k/a Republic Metals Refining Corporation) (“Miami Metals”) and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”), in the above-captioned chapter 11 cases pending before the United States Bankruptcy Court for the Southern District of New York (the “Court”) in support of the Debtors’ Amended Motion for Authority to Settle Compromises Relating to Remaining Materials Pursuant to Rule 9019 and to Authorize Abandonment of Remaining Materials [Docket No. 931] (the “Motion”) filed by the above-captioned Debtors and Debtors-in-possession.

2. I am duly authorized to make this declaration on behalf of the Debtors.²

3. A history of the Debtors’ businesses and the events leading to these Chapter 11 Cases are set forth in my Declaration, as Chief Restructuring Officer, in Support of Chapter 11 Petitions and First Day Motions (Docket No. 2, the “Avila Declaration”), and can be gleaned from reviewing the entirety of the Court’s docket for these Chapter 11 Cases

4. I have personal knowledge of the facts set forth herein and, if called as a witness, I could and would testify in support of the approval of the Motion as set forth herein.

5. On February 21, 2019, the Bankruptcy Court entered an *Order (a) Approving Sale of Substantially All of Debtors’ Assets “Free and Clear” of All Liens, Claims, Encumbrances, and Other Interests, (b) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases, and (c) Granting Related Relief* [Docket No. 658] to Asahi Holdings, Inc. (“Asahi”).

6. The sale to Asahi, which included the Debtors’ refining operations, closed on March 7, 2019. Thus, the Debtors no longer have the ability to process and refine materials.

7. The Debtors must liquidate remaining, identifiable and segregated raw materials previously delivered to the Debtors for refining (the “Remaining Materials”), by customers, So

² Unless otherwise indicated, defined terms herein shall have the meaning as set forth in the Motion.

Accurate Group, Inc. and Midwest Refineries, LLC (collectively the "Customers"). The Debtors, subject to the approval of the Settlement Terms, shipped the Remaining Materials to the Customers with the agreement the materials would be returned to the Debtors if the Court did not authorize the Settlement Terms. The chart below describes the Remaining Materials and the Customer associated with each lot:

Lot Number	Reclamation	Customer	Weight (Grams)	Weight (Ounces)
181835	Reclamation	Midwest Refineries	155	5
181388	Reclamation	So Accurate Group	88,953	2,860
181389	Reclamation	So Accurate Group	102,766	3,304
Totals			193,874	6,169

8. Based on a preliminary analysis, the Remaining Materials have a value of approximately \$38,500 before any refining and processing costs, which would need to be paid to a third party.

9. The preliminary analysis of the Remaining Materials shows the following detailed content of precious metals in each lot:

- (a) Lot Number 181835: Contains 3 oz. of platinum.
- (b) Lot Number 181388: Contains 6 oz. of gold, 350 oz. of silver, and 5 oz. of palladium.
- (c) Lot number 181389: Contains 4 oz. of gold, 250 oz. of silver and 4 oz. of palladium.

10. The Remaining Materials contain a total of 10 oz. of gold, 600 oz. of silver, 3 oz. of platinum, and 9 oz. of palladium.

11. The Customers served reclamation demands on the Debtors relating to the Remaining Materials and claim an interest in the Remaining Materials.

12. The Senior Lenders assert a lien against the Remaining Materials.

13. Pursuant to the Motion, the Debtors propose to settle any potential disputes as to the Remaining Materials with the Customers and request Court approval of the following

Settlement Terms:

- (a) The Debtors shall ship to the Customers the Remaining Material in which the Customers claim ownership;
- (b) The Customers shall pay all costs of shipping;
- (c) Upon approval of the Settlement, the Customers shall withdraw any Customer Statements relating to the Remaining Materials.³

14. I considered the following factors with respect to the Settlement Terms:

- The amounts at issue in each of the proposed settlements.
- The risks and costs inherent in litigation.
- The legal theories of the Customers in regards to ownership and other claims asserted.
- The legal theories of the Debtors in regards to ownership and other claims asserted.
- The interests of the bankruptcy estates of the Debtors and its creditors.

15. Aside from having lost the ability to process and refine metals and other materials, the Debtors have no use for the Remaining Materials. The Remaining Materials are impure and consist of low-grade material. There is no identifiable market for this tainted material. Historically the Remaining Materials in their current form were not the type of assets purchased by the Debtors' customers or processed by the Debtors.

³ To the extent a Customer's claim does not relate to the Remaining Material, the Customer does not have to withdraw a filed Customer Statement.

16. I believe that the paramount interests of the creditors will be served by the Customers, at their cost, accepting return of the Remaining Materials followed by their withdrawal of any portion of a Customer Statement that relates to the Remaining materials.

17. I believe that the exercise of my business judgment in consenting to the Settlement Terms was sound and justified.

18. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

/s/Scott Avila

Scott Avila
Chief Restructuring Officer of Debtors