

Barbara Altomare

On November 30, 2007, the Receiver took the deposition of Barbara Altomare, the wife of Richard Altomare. Mrs. Altomare answered more questions than did her husband, but refused to answer a number of questions citing her privilege not to testify against her husband. She took the Fifth regarding what duties she had for the company and what business was conducted on a trip taken on a private jet to Las Vegas with children and grandchildren at the time of her sixtieth birthday.

Given this deposition and interviews conducted of former employees of Universal, the Receiver has concluded that Mrs. Altomare did not perform any services for the company which justified the salary paid to her by the Company.

First Capital

On March 11, 2008, the Receiver took the deposition of Joseph Garrahan, a principal of First Capital Lending, LLC. Mr. Altomare had told the Receiver that Universal Express had \$250,000 in escrow with First Capital, a venture capital firm which occupied some of Universal's office space. That was denied by Joseph Garrahan at his deposition.

First Capital had arranged a number of acquisitions for Universal, mostly of companies which owned gas stations, but none of those deals was ever carried to completion. First Capital received large fees from Universal for its services in those proposed acquisitions. Mr. Garrahan testified that Altomare had authorized him to break the escrow and use those funds to pay amounts owing to First Capital. Notations on some Universal check stubs tend to support this contention.

Mr. Garrahan also testified that Mr. Altomare has contacted him a number of times since

the beginning of the Receivership to seek financing for various ventures but that he has not provided any. Mr. Garrahan testified that Mr. Altomare told him in March 2008 that he had acquired a “European shell” and that he was “looking to back in companies into this shell.” Mr. Altomare had a business plan with him, but Garrahan testified that he did not look at it. Garrahan also produced the document attached to this report as Exhibit A, a note in Altomare’s handwriting regarding business acquisitions he was apparently engaged in.

Les Bijoux

At the request of the SEC, the Receiver took possession of jewelry that Altomare sold to The Estate Department. Much of that jewelry was bought with funds wired directly out of Universal Express. The jewelry is in a safety deposit box held by the Receiver. For this reason, the Receiver was present, along with security, for an appraisal of the jewelry which was conducted by an appraiser hired by The Estate Department.

The Receiver’s counsel also participated in the deposition of one of the owners of Les Bijoux, the company which had sold much of the contested jewelry to the Altomares.

Litigation regarding ownership of the jewelry is still pending before the Court.

Search for assets

The Receiver issued a number of subpoenas to entities which Universal paid funds to and credit card companies in an effort to determine if any monies could be recouped from those companies, without success.

Court hearings

The Receiver attended two hearings held on the issue of Mr. Altomare’s alleged contempt of this Court’s orders and prepared certain exhibits at the request of the SEC.

Payments for employees

A number of employees paid for company expenses on their own credit cards while the company was in operation but did not have the cash to advance for those expenses. When some of those employees recently received dunning notices for unpaid credit card bills, the Receiver paid those bills.

Creditors

The Receiver has received numerous calls, letters and e-mails from creditors of the Company. The Receiver has attended court hearings on cases against the company and has agreed to a number of small cases in which she determined that Universal's position was without merit.

Attached as Exhibit A is a total accounting of the amounts owed by Universal Express to creditors.

Maintenance of website, etc.

The Receiver has maintained the website and records on computer of the company. This has occasioned various payments to maintain domain names and the like while the various sales of divisions were pending.

Approval of sales of subsidiaries

The Receiver moved for and received approval for the sale of the three remaining operating subsidiaries, Mad Packers, Inc., Virtual Bellhop and Luggage Express. The reasons and justifications behind those sales were spelled out in prior reports. These sales have now been completed. Sports Express completed its payment of \$100,000 for the assets of Virtual Bellhop and Luggage Express. Through the assistance of the Receiver's sub-contracted assistant, the

customer lists and other intellectual property were transferred to the purchasers.

Jackson litigation

The Receiver has spent an inordinate amount of time on matters related to the Jackson memorabilia. The Receiver now pays storage for goods not sold at the May 2007 auction and those sold but never paid for. The Receiver also learned that goods were stored in New York City that were not sent out for the auction. Altomare had never told the Receiver about those items. The Receiver had those items inventoried and has maintained them in storage. The Receiver also learned that Altomare held certain original master tape recordings of the Jackson family and others and was seeking to sell them on the side. The Receiver moved the Court to order Altomare to turn these recordings over to the Receiver. The Court so ordered, and the recordings are now in the Receiver's possession and in insured storage.

The ownership of these items is disputed. There is a lawsuit pending in New Jersey in which a number of parties claim ownership of the recordings and the memorabilia. The parties to the suit, including the Receiver, have been participating in a mediation of that lawsuit. That case was scheduled to go to trial shortly, but the complaint against Universal Express was dismissed on June 2, 2008.

Michael and Janet Jackson had sued in Las Vegas for the return of some items in the collection of memorabilia. Universal Express, before the Receivership began, had settled that matter but then reneged on the settlement. The receiver has re-instituted its portion of that settlement, which requires that certain specified items be returned to Janet Jackson and to Michael Jackson. However, Vintage Pop, from whom Universal purchased the Jackson collection, has intervened in that litigation, claiming that it is the owner of the goods supposedly

belonging to Universal Express.

The Miami-Dade judgments

Mr. Tifford has reported to the Receiver that his efforts to collect on the judgments continue. There have not been any collections during the period of the Receivership.

Mr. Tifford is currently engaged in active litigation in the Western District of Texas in an effort to collect a portion of the judgment.

_____The Receiver is prepared to offer these judgments to the highest bidder.

Allegations of naked short selling

Numerous Universal Express shareholders have sent repeated communications alleging that Universal Express was the victim of naked, and therefore, illegal short selling. They make this allegation based upon Altomare's claim that it happened and upon episodes of extremely high volumes of trades in Universal stock. They believe that the decline in the stock's value is attributable to the short selling and not to the issuance of over 20 billion shares since August 2004 or to the fact that the company never had a profitable quarter in its existence. There have been several organized email campaigns by these shareholders. A recent one involved their requests to have actual physical stock certificates to evidence their Universal shareholdings. According to e-mail traffic, this will thwart the naked short sellers. Moreover, these shareholders anticipate that Altomare is going to go back into business in a company that will trade on the London exchange and they will be able to trade these certificates for shares in that company. The Receiver paid the transfer agent to reinstate the company with the transfer agent so that the shareholders could obtain stock certificates from the transfer agent.

Additionally, given that a cause of action for illegal trading might exist, the Receiver

engaged an expert with a long history as a compliance officer in the securities industry to investigate the allegation. The expert obtained a great deal of information showing that there were episodes of when there were high volumes of short sales, but the task of determining whether any of these short sales were illegal could not be accomplished with the minimal funds held by the Receivership. For this reason, the Receiver proposes, as with the judgments, to offer this potential cause of action for sale. The Receiver has no ability to judge the value of this potential cause of action or whether it exists at all, but will assign it to the highest bidder if the Court so allows.

Cooperation with various governmental requests

The Receiver has cooperated with a number of government entities who have requested information about Universal Express, Inc.

Conclusion of the Receiver's tasks

The only open issues facing the Receiver with respect to this estate are the Miami-Dade judgments, the potential cause of action regarding naked short selling, and the Michael Jackson issues. Once these issues are dealt with the Receiver will ask to close the estate. An accounting of the funds expended to run the estate is attached as Exhibit B.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on May 26, 2008, I electronically filed the with the Clerk of the Court for filing and uploading to the CM/ECF system which will send notification to the following as indicated to the parties listed below.

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