

RE: BANK CROZIER LIMITED (IN LIQUIDATION)

1. Introduction

1.1. On 24th July 2003 I, Garvey Louison, was appointed by the High Court in Grenada by Order of Madame Justice Pemberton to be the liquidator of Bank Crozier Limited (the bank).

1.2. I am a Fellow of the Association of Chartered Certified Accountants of the United Kingdom, a Former Director of Audit, former Accountant General, and former Permanent Secretary, Finance and Director General within the public Service of Grenada.

1.3. Pursuant to paragraph 16 of the Liquidation Order, this is my fifth report to the Honorable Court.

1.4. The objectives of my appointment were to:

- Determine the potentially realizable assets of the Bank;
- Assess the number and value of legitimate creditor's claims;
- Assess the extent to which creditors legitimate claims can be met;
- Assess the extent of progress made in accomplishing the tasks set out in the Liquidation order; and
- Form a view regarding the likely future direction of the liquidation.

2. Scope of Work

2.1. The scope of my work remains limited by the ferocious manner in which Daryl Sands of PricewaterhouseCoopers has persecuted his claim to possess priority interest over the funds of the bank. The matters still before the court has resulted in the freezing of a substantial portion of the assets of the bank thus preventing a distribution and progression towards closing this liquidation.

3. Assets

3.1. The last substantial asset of the Bank, Blue Ocean Properties Limited was liquidated and its assets sold realizing US \$80,000. The asset was valued at US \$95,000 before the hurricane and after having suffered considerable damage during hurricanes Ivan and Emily was valued at US \$70,000. The bank had no funds available to continue to repair and maintain the facility. Bank Crozier Limited (in liquidation) continues to occupy the property for a rent on a month by month basis until the closure of the liquidation or termination of the rental agreement whichever is sooner.

4. Cash at Bank

4.1. The cash at bank is USD \$4,600,000 which includes the sum of USD\$ 3,000,000 in an account at RBTT Bank Ltd. in which the said amount has been frozen by the Court of Appeal of the OECS pending the outcome of a court action (namely the Daryl Sands and Garvey Louison the Liquidator of Bank Crozier Limited).

4.2. I have successfully negotiated the settlement of the two matters that were the subject of freezing orders pending before the court and effectively preventing a distribution of funds to legitimate creditors. (See Appendix 1 and Appendix 2)

4.3. The successful implementation of these settlement agreements has been affected by the persistent claim of Mr. Daryl Sands that he has priority to the funds of the bank. This matter is due to be heard by the court in September 2006.

5. Stourbridge – Exchange Bank and Trust Ltd

5.1. The current receiver of Exchange Bank and Trust Inc. has rejected our claim on the assets held in Vancouver. We have filed a claim of disagreement with the stance adopted by the receiver with the Supreme Court of British Columbia

5.2. We continue to be represented in this matter by legal representatives obtained in Canada to act on my behalf, in an attempt to recover the Stourbridge/Exchange Bank and Trust assets.

6. Bear Stearns

6.1. Legal Action has been instituted against Bear Stearns for the return of USD\$600,000.00 that was invested in their partnership fund.

6.2. In addition I have found that during the years 2000 to 2001 in excess of USD \$10 Million was transferred through Bear Stearns. I am unable to ascertain whether Bank Crozier fully accounted for those funds. These court matters are still pending. As time is of the essence, I have proposed the commencement of good faith settlement negotiations in an attempt to recover depositors' funds which have been illegally invested.

7. Liabilities

7.1. As at June 30 2006 forty-four (44) claims have been accepted with a value of USD \$3,532,309.29. Only the creditors who have fully complied with the requirements for submitting a claim (see Appendix 3) have been recognized as legitimate creditors of the Bank. (See Appendix 4)

7.2. This amount does not take into account the settlement agreement with Bank Crozier International Limited (BCIL) for US \$2,000,000 and with Carla Bella for US \$700,000.

8. Matters before the Court

8.1. In the matter of indemnification – Daryl Sands v Garvey Louison, Liquidator of Bank Crozier Ltd this matter is fixed for hearing during the later part of September 2006.

9. Collections and Disbursements

9.1. Table A below shows the classification of collections for the period January 2005 to June 2006 and disbursements for the period commencing July 2003 to June 2006.

9.2. Table A– Collections and Disbursements

Receipts (Jan 2005 to June 2006)	US\$	US\$
Sale of Assets		78,908.24
Bank Interest Received		<u>86,176.50</u>
<i>Total Receipts</i>		165,084.74
Payments-To date		
Agent's Fees	137,448.24	
Liquidator Fees	337,446.50	
Legal Fees	429,397.31	
Publication Expenses	15,604.95	
Expenses Claims	134,410.37	
Office Expenses	38,255.66	
Repairs and Maintenance	22,536.95	
Bank Charges	4,671.77	
Petty Cash	4,592.58	
Utilities	55,103.81	
Security	19,855.37	
Outstanding Payments	66,168.78	

Staff Salaries	32,325.93	
Other Expenses	47,250.07	
<i>Total Expenses</i>		1,397,561.16

9.3. Loan account with Louison Consulting is USD \$200,000

10. Future direction of the Liquidation

10.1. At present there are a number of outstanding court matters which are pivotal to the future direction and course of the liquidation and which will eventually determine the availability of funds in the event of a distribution.

10.2. All efforts were made to contact all creditors and keep them informed as to the proceedings and progress of the liquidation. I am in constant contact with all creditors. The deadline for the submission of claims was 31 January 2006.

10.3. Creditors are constantly updated by way of letters and in addition, any new information arising from time to time on www.louisonconsulting.com in a timely manner.

10.4. At this point my work has not progressed sufficiently to allow me to:

- Determine the potentially realizable assets of the Bank;
- Assess the extent to which creditors legitimate claims can be met;
- Form a view regarding the likely future direction of the liquidation.