

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 sixth 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 matter still before the Court has resulting in the freezing of a substantial portion of the assets of the bank thus preventing a distribution and progression towards closing this liquidation.

2.2. At the time of writing this report the OECS Court of Appeal is to rule on an appeal by PWC against the judgment of High Court Judge Justice Davidson Baptiste delivered in Grenada on December 20 2006 (see Appendix 1). Justice Baptiste's judgment represents the second time that PWC has lost its case at the level of the High Court in Grenada. Previously on 17 November 2003 (see Appendix 11), Madame Justice Pemberton had issued a comprehensive judgment against them in the same matter.

3. Cash at Bank

3.1. The cash at bank is USD \$3,850,000 which includes the sum of USD \$3,000,000 (now USD \$2,750,000) 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).

3.2. However on 20 March 2007 His Lordship Denys Barrow, SC, Justice of Appeal varied the order to allow USD \$250,000 to be paid to Peter Foster, Liquidator of Bank Crozier International Limited leaving a balance of USD \$2,750,000 see Appendix 111).

3.3. 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 namely Carla Bella and BCIL will need to be renegotiated in light of the passage of time and the additional expenditure incurred having diminished the pool of resources currently available to all parties concerned.

3.4. The successful implementation of these settlement agreements has been affected by the persistent claim of Mr. Daryl Sands that he has priority of the funds of the bank. This matter is now subject to the decision of the court most likely to be announced in September 2007.

4. Stourbridge - Exchange Bank and Trust Ltd

4.1. The current receiver of Exchange Bank and Trust Inc., KPMG, 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 (see Appendix 1V).

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

4.3. On 1st May 2007 I attended a cross-examination section in Vancouver, British Columbia Canada. Among those present at the hearing and represented were the Exchange Bank and Trust Receiver KPMG and the British Columbia Securities Commission. It would appear that one of the main reasons for the across-examination was to establish the legitimacy of my representation of Stourbridge Limited in the proceedings.

4.4. It would appear also that an email with a letter attached dated 27th April 2007 from Scott Wilson to Mr. William Roberts suggested that I had no authority to act on behalf of Stourbridge Limited, however, the records at the Registry of Companies in Gibraltar clearly show that I am the sole Director of Stourbridge Limited (See Appendix V).

4.5. On 2nd May 2007 Case Management Conference before Madam Justice Brown established the following timeline for the finalization of claims and ordered that the Entitlement Hearing be set for October 20th 2008, The Court also ordered that:

4.6. On or before October 20, 2007, each Claimant shall deliver to every other Claimant and the Receiver the following:

- any further Affidavit upon which that Claimant intends to rely at the Entitlement Hearing; and
- an Outline in which that Claimant summarizes the factual and legal basis of its claims;

4.7. On or before December 20, 2007, each Claimant shall deliver to every other Claimant and the Receiver the following:

- a Notice of Opposition whereby a Claimant gives notice that they intend to oppose the Receiver's conclusions or another Claimant's claim;
- an Outline whereby a Claimant summarizes the factual and legal basis for that apposition; and

- any Affidavit in response to the Receiver's conclusions or another Claimant's claim;

4.8. On or before February 20, 2008, each Claimant shall deliver to every other Claimant and the Receiver and Affidavit in reply to another Claimant's response materials;

4.9. A Claimant may, within a reasonable time prior to conducting a cross-examination of another Claimant, another Claimant's representative or the Receiver, deliver a demand for documents to that Claimant or the Receiver provided that the demand identifies specific documents or classes of documents that are relevant to a material issue in these proceedings. Following the receipt of said demand, the claimant or Receiver shall produce the demanded documents or classes of documents.

4.10. On or before April 20, 2008, each Claimant shall complete any cross-examination of the Receiver or on any Affidavit filed by another Claimant, which cross-examination shall be as of right. Each Claimant is at liberty to rely on the transcription of the said cross-examination at the Entitlement Hearing;

4.11. On or before June 20, 2008, each Claimant shall deliver to every other Claimant and the Receiver the following:

- a comprehensive written argument setting out the factual and legal basis for that Claimant's claim;
- a statement as to whether that Claimant intends to appear at the Entitlement Hearing to present its claim;

- an estimate of the length of time that Claimant will require to present its claim to the Court at the Entitlement Hearing; and

- an estimate of the length of time that Claimant will require to oppose the claim of other Claimant;

4.12. On or before August 20, 2008, each Claimant shall deliver to every other Claimant and the Receiver the following:

- a comprehensive written argument in opposition to the Receiver's conclusion or another Claimant's claim setting out the factual and legal basis for that opposition;

4.13. On or before September 20, 2008, the Receiver shall prepare and deliver to each Claimant a schedule for the Entitlement Hearing setting out the times and dates that each Claimant shall be allotted to present its own claim and oppose the Receiver's conclusions or another Claimant's claim;

4.14. The Receiver or any Claimant may apply to vary, abridge or extend the time-limits provided for this Order;

4.15. The Receiver or any Claimant may apply for further directions or Orders in relation to the Entitlement Hearing;

4.16. Unless otherwise ordered, any Claimant who fails to comply with the time-limits provided for in this Order is barred from advancing a claim, opposing the Receiver's conclusions or opposing another Claimant's claim at the Entitlement Hearing, as the case may be.

4.17. The approval as to form of this Order by Counsel for any party appearing on this application is hereby dispensed with.

4.18. Of all the claims disallowed by the Receiver it would appear that our claim and our appeal against the Receiver's disallowance is the only one that remains current. In accordance with the Court Ordered Schedule I filed an affidavit on 10 August 2007. (See Appendix V1)

4.19. There was also an affidavit by a Mr. Joseph Bernardo submitted to the Court. The Sum of Bernardo's claim was that the European Community, The Swedish, Spanish and German authority had a prior interest in the funds of Stourbridge Limited superseding my claim.

4.20. Mr. Bernardo also submitted pages of ledger emanating from Exchange Bank and Trust Limited. My analysis of these pages shows that between February 2000 and September 2000 US \$103,441,095.65 passed through the EBT Account on behalf of Nevis American Trust (NAT) and between February 2000 and September 2002 US \$139,493,276 past through the EBT Account on behalf of Stourbridge Limited.

5. Bear Stearns

5.1. Legal Action has been instituted against Bear Stearns for the return of USD \$600,000 that was invested in their partnership fund.

5.2. 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 in an attempt to recover depositors' funds which have been illegally invested.

6.Liabilities

6.1. 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 have been recognized as legitimate creditors of the Bank.

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

7.Matters before the Court

7.1. In the matter of indemnification - Daryl Sands v Garvey Louison, Liquidator of Bank Crozier Ltd judgment in this matter will most likely be delivered at the next sitting of the Court of Appeal fixed for the later part of September 2007.

8.Collections and Disbursements

8.1. Table A below shows the classification of collections for the period July 2006 to June 2007 and disbursements for the period commencing July 2003 to June 2007.

8.2. Table A - Collections and Disbursements.

Receipts (July 2006 to June 2007)	US\$	US\$
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Bank Interest Received		<u>46,259.50</u>
<i>Total Receipts</i>		46,259.50
Payments-To date		
Agent's Fees	167,804.51	
Liquidator Fees	467,346.50	
Legal Fees	699,823.99	
Publication Expenses	15,604.95	
Expenses Claims	165,010.34	
Office Expenses	38,255.66	
Repairs and Maintenance	25,067.94	
Bank Charges	4,765.89	
Petty Cash	5,699.89	
Utilities	52,592.58	
Security	19,855.37	
Outstanding Payments	66,168.78	
Staff Salaries	32,325.93	
Other Expenses	67,690.76	
<i>Total Expenses</i>		1,925,049.76

8.3. Loan account with Louison Consulting is USD \$326,400

9. Future direction of the Liquidation

9.1. At present there are a number of outstanding court matters which are a 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.

9.2. 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.

9.3. 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.

9.4. 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 creditor legitimate claims can be met;
- Form a view regarding the likely future direction of the liquidation.