

2010

Louison Consulting



**[ RE: BANK CROZIER LIMITED (IN LIQUIDATION) ]**

Report of the Liquidator to the Honorable Court in Accordance with Paragraph 16 of the Liquidation Order

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# **RE: BANK CROZIER LIMITED (IN LIQUIDATION)**

## **1. Introduction**

1. On 24<sup>th</sup> July 2003 I, Garvey Louison FCCA, was appointed by the High Court in Grenada by order of Madam Justice Pemberton to be the liquidator of Bank Crozier Limited (the bank)(see Appendix 1)
2. I am a Fellow of the Association of Chartered Certified Accountants (FCCA) of the United Kingdom, former Director of Audit, former Accountant General, and former Permanent Secretary, Finance and Director General, Finance within the Public Service of Grenada.
3. Pursuant to paragraph 16 of the Liquidation Order, this is my ninth report to the Honorable Court.
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 to 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**

5. The scope of my work remains limited by the ferocious manner in which Darly Sands of PricewaterhouseCoopers has persecuted his claim to possess priority over the funds of the bank. The original matters before the court have been resolved with the Liquidator prevailing all the way.
6. However, PricewaterhouseCoopers has launched a new attack on the bank with the assistance of the Government of Grenada and a former Attorney General James Bristol, who also represented Carla Bella in the early stages of these proceedings, to argue the same issues of the past seven years on which they lost at every level of the court. (see Appendix 2)

7. PricewaterhouseCoopers is claiming that the liquidator has ignored its claim against the bank. This claim was submitted to the liquidator several years ago and was rejected. It is now being resubmitted with the assistance of the Government of Grenada.
8. It is also the contention that PricewaterhouseCoopers need not apply for leave of the court in this matter since they are a preferential creditor with dominion over all others. The High Court Judge is expected to rule on the matter of leave in February 2011.
9. It is difficult to envision any alternative outcome in this matter. The effect however is to create further unwarranted additional expenditure of creditors' funds and to delay any prospects of a distribution soon. In addition this unprovoked attack will represent a substantial dilution of the assets of the bank and a reduction in funds available for a much delayed distribution and hinder the progression towards closing this liquidation.

### **3. Cash at Bank**

10. The actual bank balance is understated by 1.75 mil USD representing an amount withdrawn from the liquidation account at RBTT Bank without authorization. The circumstances surrounding this withdrawal were set out in my affidavit before the Court and published in a previous report.
11. Without repeating the matters outlined in my affidavit I am obliged to repeat for the record the following:
  - The funds were moved without my authority;
  - The funds were dissipated to the extent that its recall may be futile; and
  - My current effort is to secure restitution from RBTT Bank.
12. The Court has ruled in our favor clearing the way for us to file our compensation claim. The latest information at hand suggests that RBTT will contest our claim. It is reasonable to believe that this matter should not project beyond July 2011.

### **4. Bear Stearns**

13. In 2007 I contracted the services of an Attorney at Law Mr. Eugene Becker for the purpose of filing a claim against Bear Stearns regarding our investment in Bear Stearns Venture Partnership. By May 2007 Mr. Becker had amassed invoices to the extent of US \$43,467.60 of which he was paid US \$41,752.55.

14. Mr. Becker has since engaged in an exercise launched the New York court claiming that the liquidator and the bank owes him in excess of an additional \$62,109.12 for his performance, or lack thereof. The full extent of Mr. Becker's allegation is attached. (see Appendix 3)

## 5. Liabilities

15. As at 30 June 2006 forty-four (44) claims have been accepted with a value of US \$3,532,309.29. Only the creditors who have fully complied with the requirement for submitting a claim have been recognized as legitimate creditors of the bank.

16. The amount does not take into account the settlement with Carla Bella for US \$700,000.

## 6. Matters before the Court

17. The main matter before the High Court in Grenada is our claim for compensation from RBTT Bank Grenada Limited for damages resulting from the transfer of US \$1.75 million from our account held at the bank. RBTT has filed a defense in this matter. I am awaiting the notification from case management for the scheduling of arguments.

## 7. Collections and Disbursements

Table B below shows the classifications of collections to date December 2010-	US \$	US\$
Bank Interest Received		
Total Receipts		4,784,490
Payment-To-Date		
Agent's Fees	543,212	
Liquidator Fees	964,012	
Legal Fees	1,495,155	
Publication Expenses	30,714	

Expenses Claims	192,938	
Office Expenses	556,813	
Repairs and Maintenance	139,656	
Bank Charges	5,766	
Loan Repayment	346,914	
Petty Cash	18,814	
Utilities	252,624	
Security	20,317	
Staff Salaries	32,473	
Taxes	93,906	
Total Expenses		4,693,314

18. Balance at bank US \$91,176

19. Loan account with Louison Consulting is USD \$639,946

## 8. Future direction of the Liquidation

20. At present there are two 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 distribution.

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

22. Creditors are constantly updated by way of letters and in addition, any new information arising from time to time on [www.louisonconsulting.com](http://www.louisonconsulting.com) in timely manner.

23. 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; and
- Form a view regarding the likely future direction of the liquidation.