

December 10<sup>th</sup>, 2003.

RE: LIQUIDATION OF BANK CROZIER – THIRD LETTER TO CREDITORS

Dear Sir or Madam,

This is the third letter in this series. Please refer to my previous correspondence dated August 6<sup>th</sup> and September 8<sup>th</sup> 2003.

My effort continues to attempt to fulfill the Order of the Court and to achieve the objectives of the liquidation. In this regard, I continue to attempt to ensure that all efforts are made and positive steps taken to achieve sufficient liquidity to have all legitimate claims met.

**(1) ASSET RECOVERY**

Much has not changed as outlined in my letter of 8<sup>th</sup> September regarding assets. USD\$5 million remains frozen by the High Court in Grenada pending the outcome of the two Mareva Injunctions, BCIL St.Lucia and Carla Bella Ltd. It would appear that given the proximity of the holidays of the Court for this year that these matters are unlikely to be heard during this sitting, with the next possible date being around February 2004.

Our attempts to date to contact Mr. Peter Johansson and several of his related parties have been unsuccessful. At this point it would appear that we would need to institute legal proceedings against those parties, effectively calling-in any security provided against the loans outstanding.

I have secured valuations on properties held by the Bank in Grenada and I am currently selling some of the furniture, fixtures, fitting and equipment.

The house and land are proving difficult to dispose of since the market is not buoyant and the outcome of most negotiations so far has been unattractive.

### **Master Card Advance**

The Bank's initial deposit of USD\$600,000 to MasterCard International for the setting up of its Debit Card facility remains returnable subject to some minor charges. It would appear however, that it would take some time to have the amount returned to our account. MasterCard had initially given us an estimate of six month for the completion of the transaction. That deadline is fast approaching.

### **Stourbridge**

Our investigative work continues regarding Stourbridge Limited, the wholly owned subsidiary of the Bank whose main asset of is Exchange Bank and Trust, which is in itself under liquidation by KPMG Vancouver. This work is highly involved and tremendous care has to be exercised in dealing with this matter. I am unable at this time to access our progress in this regard.

### **Bear Sterns**

We were always aware that at this point the Bank's position with Bear Sterns would close. The only substantial investment is USD\$600,000 invested in Bear Sterns Partnership Venture. We have delayed the inevitable in the forlorn hope that our position in the market may have

improved slightly during the period, and also bearing in the mind that to close all positions at his time would result in only a fractional recuperation. However all that would be required is a signal to Bear Sterns that we would like to close our positions and accept the market value as at that date.

**(2) ESTABLISHMENT OF LIABILITIES**

To date I Have heard from a substantial number of creditors. My analysis of the current situation is shown in Table 1.

TABLE 1

	- <b>As per</b>  <b>Records</b>	- <b>Claims</b>  <b>Records</b>	- <b>Certified/</b> <b>Notarized Claims</b>  <b>Records</b>
<b>Number</b>	-	-	-
<b>Of</b>	-	-	-
<b>Creditors</b>	509	107	35
<b>-</b>	-	-	-
<b>Value of</b>	-	-	-

<b>Creditors</b>	USD\$19,069,946.66	USD\$6,185,234.79	USD\$2,660,359.40
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We encourage all creditors who have not yet sent in notarized claims to do so as soon as possible.

### **(3) LITIGATION**

I have successfully defended two actions brought against the liquidator to date:

- Mr. Daryl Sands of Price Waterhouse Coopers attempted to retain control of the Bank's funds and resisted the attempts by the liquidator to have the funds of the Bank transferred into accounts held by the liquidator on behalf of the Bank. It was ordered that such funds should be held in the name of the Liquidator.
- Mr. Daryl Sands of Price Waterhouse Coopers applied to the Court to have an unspecified amount set aside by the Bank in the event that Sands were to defend himself personally or as Controller of Bank Crozier Limited, in upcoming legal actions. It was held that Sands primary duty as Controller is to the Minister of Finance and as such should initially address his concerns to the Minister prior to instituting Court proceedings

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Garvey Louison

Liquidator, Bank Crozier Limited.