

Action No. 0503 06505

Deponent: Daryl Sands

Date Sworn: APRIL 28 2006

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF EDMONTON

BETWEEN:

CARLA BELLA LTD.

Plaintiff

- and -

DARYL SANDS, PRICEWATERHOUSECOOPERS LLP, and
PRICEWATERHOUSECOOPERS (W.I.) INC.

Defendants

AFFIDAVIT OF DARYL SANDS

I, DARYL SANDS, Chartered Accountant, presently residing in the City of Edmonton, in the Province of Alberta, but previously residing from time to time in Grand Anse in the Parish of St. George, Grenada, MAKE OATH and say as follows:

1. I am a Defendant in the within action and am a former partner of the Defendant PricewaterhouseCoopers LLP ("PwC"). As such, I have personal knowledge of the matters hereinafter deposed to, except where the same are stated to be based on information and belief, in which case I verily believe such matters to be true. I have never held a beneficial ownership interest in, nor acted as a Director or Officer of, the Defendant PricewaterhouseCoopers (W.I.) Inc.
2. From my review of the Amended Statement of Claim filed herein on April 21, 2005, I verily believe that the within action is based upon my alleged actions and/or omissions which took place in the Country of Grenada, in the West Indies, while I was acting in the capacity as Controller of Bank Crozier Limited (hereinafter referred to as the "Bank").

Proceedings in Grenada

3. I have considerable experience acting as a Controller or agent of Controllers for numerous offshore banks in the eastern Caribbean including Grenada, and in addition I have experience as a Liquidator or agent of Liquidators in respect of more than 15 offshore banks in the eastern Caribbean.
4. I was appointed Controller of the Bank on July 31, 2002, by the Honourable Anthony Boatswain, Minister of Finance of Grenada (hereinafter referred to as the "Minister of Finance"), pursuant to Section 20 of the Grenada *Offshore Banking Act, 1996 (no. 39 of 1996)*. Now shown to me and attached as **Exhibit "A"** to this my Affidavit is a true copy of Section 20 of this Statute.
5. Copies of my original appointment as Controller, and of the last extension of such appointment dated June 29, 2003, are attached hereto and collectively marked as **Exhibit "B"** to this my Affidavit. As Controller of the Bank, my agents and I performed a role which is analogous to that of a receiver appointed pursuant to Grenadian bankruptcy law. As a Controller appointed by the Minister of Finance, I reported to the Government of Grenada while acting in my official capacity, and was subject to the control and oversight of relevant Grenadian regulatory authorities.
6. By action filed in the Supreme Court of Grenada and the West Indies Associated States High Court of Justice (hereinafter referred to as the "Grenada High Court") on May 21, 2003 in Claim No. GDA HCV 2003/0220, Carla Bella Ltd., the Plaintiff herein, commenced a claim against the Bank, the Minister of Finance and myself in my capacity as Controller (the "Grenada Action") alleging among other things, negligence, misfeasance and fraudulent misrepresentation on the part of the Minister of Finance and myself in my capacity as Controller. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a copy of the Further Amended Claim Form and Statement of Claim in relation to the Grenada Action filed November 18, 2003.
7. My solicitors caused a Defence to be filed on my behalf of June 24, 2003 and an Amended Defence on July 14, 2003. A further Amended Defence was filed on my behalf

on December 9, 2003. Attached hereto and marked as Exhibit "D" to this my Affidavit is a copy of the further Amended Defence filed on December 9, 2003.

8. The Bank was subsequently placed in liquidation by Order of the Grenada High Court granted on July 24, 2003 and Garvey Louison, a Grenada accountant, was appointed Liquidator of the Bank (the "Liquidator"). Now shown to me and attached as Exhibit "E" to this my Affidavit is a true copy of this Order.
9. On December 8, 2005, Carla Bella Ltd. entered into an Agreement (the "Settlement Agreement") with the Bank - in Liquidation. The Settlement Agreement was entered into without my knowledge or input. An application was then made on December 19, 2005 by Carla Bella Ltd. to discontinue the Grenada Action against me.
10. The Settlement Agreement called for, among other things, access to Bank funds which had been frozen and payment of 700,000 Euros to Carla Bella Ltd. out of the estate of the Bank, with further payments to be made out of the recovery of funds in other actions initiated by the Liquidator. Neither I nor PwC was invited to participate in the Settlement Agreement and we are not parties to it. The consent of the Grenada High Court for the Settlement Agreement and the discontinuance of the Grenada Action is contingent upon the costs of the other Defendants in that action, and myself, first being paid. Although my agents have been in negotiations with respect to the payment of costs, no amount has been paid to me to date.
11. There is a second action which had been commenced against me in Grenada alleging acts and/or omissions by me as Controller of the Bank. On May 30, 2003, the Controller of Bank Crozier International Limited ("BCIL") commenced an action against me as claim number GDA HCV 2003/0228 (hereinafter referred to as the "BCIL Action"). BCIL is an offshore bank located in St. Lucia in the West Indies and has the same ownership, controlling mind and management as the Bank. BCIL was a depositor with the Bank. BCIL is also now in liquidation and the BCIL Action seeks to assert a trust claim against funds held by the Bank.

12. As was the case with the Grenada Action, the BCIL Action was purportedly settled by the Liquidator of the Bank. As was the case with the Grenada Action, this settlement was done without my knowledge or consent and purports to disburse funds that are subject to the claim of myself and PwC for our professional fees incurred as Controller of the Bank. An Order of the Grenada High Court approving this settlement was obtained without notice to me or to PwC.
13. In my capacity as Controller, I have filed a Proof of Debt with the Liquidator of the Bank claiming an indemnity for the Controller's professional fees and disbursements and asserting a priority for those claims as against the Liquidator of the Bank and certain other creditors. I have also formally challenged the settlement purportedly effected between the Liquidator of the Bank and Carla Bella Ltd. in the Grenada Action, and the purported settlement between BCIL and the Liquidator of the Bank in the BCIL Action. My initial challenge with respect to the BCIL settlement was unsuccessful however I have appealed the decision of the Grenada High Court in this regard.
14. Until such time as the status of the Controller's claims in this regard has been conclusively determined, the operation of the Orders of the Grenada High Court that gave effect to the settlement of the Grenada Action and the BCIL Action has been stayed.
15. Due to the commencement of the Grenada Action and the BCIL Action against me in the Grenada High Court, in 2003 I applied to that Court for, amongst other things, recognition of my indemnity for professional fees and disbursements as Controller from the estate of the Bank in Liquidation. My application was initially unsuccessful in the Grenada High Court and I subsequently appealed that decision. My Appeal has been allowed and the Court of Appeal made an Order on February 20, 2006 directing that the issue of my claim for indemnification be remitted for determination in the Grenada High Court. Now shown to me and attached as Exhibit "F" to this my Affidavit is a true copy of the Court of Appeal's Order of February 20, 2006. I am informed by my Grenada solicitors, and verily believe, that the hearing directed by the Court of Appeal is expected to occur in May, 2006.

The Residence of the Parties

16. The Plaintiff in this action, as described in paragraph 1 of the Amended Statement of Claim, is a body corporate incorporated under the laws of the Republic of Vanuatu, and carries on business internationally. Now shown to me and attached as **Exhibit "G"** to this my Affidavit is a true copy of information obtained from the website of Wikipedia concerning Vanuatu, from my scrutiny of which I verily believe that:
- (a) the Republic of Vanuatu is an archipelago of islands located approximately 1 750 km east of Australia and 500 km north-east of New Caledonia in the South Pacific ocean;
 - (b) Vanuatu is a tax haven that does not release account information to other governments and law enforcement agencies.
17. Now shown to me and attached as **Exhibit "H"** to this my Affidavit is a corporate search conducted at the Corporate Registry for the Province of Alberta from my scrutiny of which I verily believe that the Plaintiff is not registered with the Registrar of Corporations for the Province of Alberta.
18. I am presently a resident of the City of Edmonton, in the Province of Alberta. The Defendant PwC is extra-Provincially registered to carry on business in the Province of Alberta. I am informed by representatives of PwC, and verily believe that the Defendant, PricewaterhouseCoopers (W.I.) Inc. is a Grenadian corporation which carries on business in the West Indies, including Grenada, and has no presence in the Province of Alberta.

Where Each Party Carries On Business

19. Now shown to me and attached as **Exhibit "I"** to this my Affidavit are true copies of incorporation documents, including the Certificate of Incorporation, Constitution, Memorandum of Association and Articles of Association, for the Plaintiff. From my scrutiny of these documents, I verily believe that:
- (a) The Plaintiff is an "International Corporation". Now shown to me and attached as **Exhibit "J"** to this my Affidavit is a true copy of information downloaded from a Vanuatu website concerning International Corporations, from my scrutiny of which I verily believe that such corporations are not permitted to conduct business within Vanuatu;
 - (b) The initial allotment of shares of the Plaintiff was in favour of an individual named Julien Labrousse.
20. Now shown to me and attached as **Exhibit "K"** to this my Affidavit are true copies of documents obtained by my agents from the Bank's files which were provided by the Plaintiff when it opened its account with the Bank. From my scrutiny of these documents, I verily believe that:
- (a) Mr. Labrousse described himself variously as the Manager, Chairman of the Board of Directors and Secretary of the Plaintiff, and beneficial owner of funds deposited in the Plaintiff's account with the Bank;
 - (b) Mr. Labrousse was a resident of Saint Ouen, France;
 - (c) The source of the funds that were to be deposited into the Plaintiff's account with the Bank was a company based in France called Groupe Second Marché;
 - (d) Groupe Second Marché is described by Mr. Labrousse in an e-mail message from him dated March 18, 2002 to one of the Bank's employees as "my other company";

(e) In an e-mail message from Mr. Labrousse dated February 22, 2002 to a Bank employee, Mr. Labrousse advised that "my business is to build intranet solutions and systems of electronic documents management, and all my production is in Indonesia.";

21. I am presently employed and carry on business in Edmonton, Alberta. The Defendant PwC carries on business in all of the Provinces of Canada and in Grenada, among other places. The Defendant PricewaterhouseCoopers (W.I.) Inc. carries on business in the West Indies, including Grenada.
22. From my scrutiny of paragraph 1 of the Plaintiff's Amended Statement of Claim filed in the Grenada Action, a true copy of which is Exhibit "C" to this my Affidavit, I verily believe that the Plaintiff claims to have business offices in Paris, Jakarta and New York.

Where the Cause of Action Arose

23. From my scrutiny of the Plaintiff's Amended Statement of Claim, I verily believe that the Plaintiff is claiming that all causes of action arose in Grenada.

Where Alleged Loss or Damage Occurred

24. From my scrutiny of the Plaintiff's Amended Statement of Claim, I verily believe that the Plaintiff is alleging that its loss or damage occurred in Grenada.

Juridical Advantages or Disadvantages

25. I am unaware of any juridical advantage or disadvantage to any of the parties in either Alberta or Grenada.

Convenience or Inconvenience to Potential Witnesses

26. A significant number of witnesses who would be called to testify about the matters set out in the Plaintiff's Amended Statement of Claim reside in Grenada or elsewhere in the West Indies, including Bank employees who dealt with the Plaintiff's account, the

31. From my scrutiny of paragraph 6(d) of the Order of the Grenada High Court appointing a Liquidator of the Bank, a true copy of which is attached as Exhibit "E" to this my Affidavit, I verily believe that the claims of the Bank's creditors and depositors to the Bank's assets are to be determined in accordance with their priority under the Laws of Grenada.

Proving Foreign Law

32. The matters alleged in the Amended Statement of Claim herein, if litigated in the Province of Alberta, will require proof of a large number of areas of Grenadian Law, including without limitation the following:
- (a) To whom does a controller of a bank appointed by a Governmental Official owe duties of care?
 - (b) If a duty of care is owed to depositors, what is the standard of that care?
 - (c) Was any applicable standard of care breached on the proven facts?
 - (d) Is the Controller of the Bank entitled to indemnification from the Government of Grenada if the Controller has acted in accordance with the instructions of the Minister of Finance?
 - (e) Are there any statutory expansions or restrictions on the potential liability of a controller in Grenada?
 - (f) Can the Controller indemnify itself out of the assets of the Bank for claims against the Controller such as the present claim?
 - (g) Does the appointment of a Liquidator of the Bank affect any of the foregoing issues?

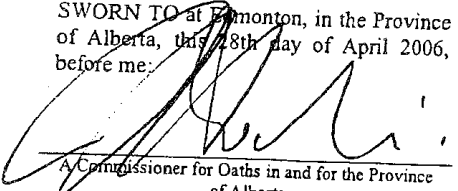
33. I understand that a number of legal experts would have to attend in Alberta to give evidence as to what the Law of Grenada is on these and any other relevant legal points. The cost of having legal expert witnesses attend in the Province of Alberta to give evidence on these points could be excessive.


Financial Status of the Plaintiff

34. From my review of paragraph 20 of the Amended Statement of Claim herein, I verily believe that the Plaintiff has failed as a going concern and ceased business operations in or about July of 2004.
35. Now shown to me and attached as Exhibit "N" to this my Affidavit are true copies of application materials filed in the Grenada High Court as suit number GDAHVCV 2006/0027, from my scrutiny of which I verily believe that the Plaintiff's former solicitors in the Grenada Action have sought a "freezing Order" restraining the Plaintiff from disposing of or dealing with or diminishing the value of any monies to which it might be entitled arising out of its purported settlement of the Grenada Action with the Bank's Liquidator, on the basis that the Plaintiff's former lawyers in the Grenada Action have unpaid fees claimed in the amount of 75,000 Euros.
36. As a result of the Plaintiff purporting to discontinue the Grenada Action, costs of that action are payable to the Defendants in that action, which include myself and PwC. No costs have been paid to myself or PwC.
37. Now shown to me and attached as Exhibit "Q" to this my Affidavit is a draft estimated Bill of Costs prepared by my Alberta solicitors herein, from my scrutiny of which I verily believe that the taxable costs and disbursements of myself and PwC in a successful defence of this action would be approximately \$100,000.00 (CDN). I am informed by my Alberta solicitors, and verily believe, that this estimate does not take into account the possibility of second counsel fees, nor does it anticipate that a multiple of costs under Column 5 of Schedule C of the Alberta Rules of Court might be awarded in view of the magnitude of the Plaintiff's claim and the nature thereof.

38. I make this Affidavit in support of the application by myself and PwC for the relief set out in the accompanying Notice of Motion.

SWORN TO at Edmonton, in the Province)
of Alberta, this 28th day of April 2006,)
before me:)


A Commissioner for Oaths in and for the Province)
of Alberta)
JEREMY H. HOCKIN)
BARRISTER AND SOLICITOR)



DARYL SANDS