

Mr. Garvey Louison
Liquidator of Bank Crozier Ltd.
P.O. box 1548
True Blue
St. George's
Grenada

August 14, 2003
subject: Bank Crozier Limited - In Liquidation

Dear sir:

As my agents expressed to you in the meeting that was held on July 25, 2003, I intended to provide you with any assistance that you may require in carrying out the liquidation of Bank Crozier Ltd. (the "Bank") and I urge you to contact me with any questions that you might have. My assistance and knowledge of the case should prove valuable to you given my extended tenure as controller of the Bank.

As a starting point I thought it would be useful if I provided you with a summary of the balance sheet of the Bank and some of my comments. Please see the attached Appendix. The following discussion on the Bank's assets is provided to you subject to the Controller's secured claim to an indemnity from the assets, and is in no way a waiver of that continuing claim.

During my time as controller of the Bank did not divulge the full details with respect to all of the bank's assets and so my comments and assessment are incomplete. In particular the full specifics were not made available to me of the Bank's largest single assets Exchange Bank & Trust Inc. ("EBT"), the sole asset of Stourbridge Limited, which is a wholly owned subsidiary of the Bank. The Bank was unwilling or unable to provide me with an independent valuation in respect of Stourbridge Limited's investment in EBT, or the information and documents we required to finish my own analysis, consequently my review of this asset's value is incomplete.

Once you have had the chance to review this letter I would be willing to schedule a time where we can discuss any further questions that you might have about the contents, or for that matter any other issues that you have come across since your appointment as Liquidator.

I look forward to hearing from you, and you may contact me at (780)954-7617
Yours truly,
Daryl Sands
Controller of Bank Crozier Limited

cc. Grenada International Financial Services Authority

Attention: Ms. Griffith

Summary of Values

Note	US\$ 000s	As Per Balance Sheet
	Assets	
	Cash	4988
1	Trust Funds-Funds Received after April 22, 2003 Master Card Deposit	324 600
2	Stourbridge Limited	8376
3	Addtrust AB	3331
4	Investments	725
5	Loans And Overdrafts - Related Parties	3024
6	Loans And Overdrafts - Unrelated Parties	2050
7	Unistar	1100
8	Blue Ocean Properties	437
9	Due From Croztrade	303
10	Fixed Assets	<u>785</u>
	<u>Total Assets</u>	<u>26043</u>
	Liabilities	
	Customers Deposit	21811
	Other Liabilities	0
	<u>Total Liabilities</u>	<u>21811</u>
	<u>Equity</u>	<u>4231</u>

1. Trust Funds

These are amounts received into the Bank's correspondent Bank accounts on accounts on and the following April 22,2003. I have already written you on July 29, 2003 explaining that it is my belief that these amounts need to returned, as they should never have been accepted given my determination on April 22,2003 that the Bank was insolvent. I filed an application on July 30, 2003 seeking direction for the court to have funds returned.

2. Stourbridge Limited

Stourbridge Limited ("Stourbridge") is 100% owned subsidiary of the bank, with its only asset being an investment (deposit and shareholding) in Exchange bank an Trust Inc. ("Exchange"), a private bank situated in the Republic of Nauru. Our understanding of the circumstance is as follows, Stourbridge exchange an US\$8.7M receivable that is had on its book for a US\$12M deposited that the debtor had in Exchange were frozen by the British Columbia Securities Commission ("BCSC") on May 5, 2000 as part of an investment into whether the Bank was used by some of its clients to launder the proceeds of securities fraud. The main assets of EBT were an account held at the bank of Montreal containing US\$18.24 million.

Stourbridge purchase the equity of Exchange of February 22, 2001 with the plan being to have the freeze order lifted and the assets liquidated and distributed to creditors, depositors and shareholders. I was told by Mr. Johansson that as part of the liquidation strategy Stourbridge purchased the majority of depositor claims in EBT so that information could be divulged to BCSC in as effort to have the freeze lifted. Management of Crozier has estimated that a successful liquidation of Exchange will realize US\$11.96M for Stourbridge, providing the Bank with the surplus of US\$3.62M after the original investment in Stourbridge of US\$8.34M.

In the second half of 2003, KPMG was appointed Receiver by the Court in Vancouver over the estate of EBT. I have registered a claim in the estate, albeit with the limited supporting information that I hold, for the benefit of the creditors of Bank Crozier Ltd.

I have included the following in **Appendix B**:

- An article dated June 19, 2003, which provides details of the freezing order.

- brought by the BCSC and decision taken by the Vancouver Court.
- Share transfer ledger of EBT.
- Share transfer from of EBT share to Stourbridge.
- Statement from EBT to Stourbridge purporting to demonstrate that Stourbridge has a deposit of \$12 million in EBT.
- Exerts from the minutes of a Board of Directors meeting of Stourbridge Ltd agreeing to the purchase of all the outstanding equity in EBT.

3. Addtrust AB:

The bank holds 3,331,202 shares in Addtrust, representing 2.3% of the outstanding equity of the company. The share have been valued in the bank's balance sheet as at December 31,2002 at US\$1 per share. It came to my attention on April 22, 2003 that Addtrust had been placed into Administration. Administration if a formal process under which an insolvent company can be sold re-organized or wound up. My staff placed call to the court appointed Administrator of Addtrust and were advised that Addtrust had been placed in administration in January 2003, that all the assets of the business had been sold and that while there would be a distribution to creditors there would be no funds distributed to shareholders.

4. Investments:

Investments are comprised of units in Bear Stearns Venture Partner LLP, which is primarily invested in "start-up through late-stage" technology companies in the high growth sectors of the biotech/healthcare, communications, information technology and e-commerce industries.

The balance of the remaining assets of approximately US\$200,000 comprises shares that are held by Ohman on behalf of Croztrade for their customers, and as such do not represent assets of Bank Crozier.

5. Total Loans and Overdraft Parties:

Mr. Johansson has stated numerous times in his correspondence to me that these loans are secured, current and collectible.

FACILITY	BALANCE APRIL 23, 2003 \$	SECURITY
City international Ltd	311,277	Corporate and Personal (Guarantee) from Mr. Peter Johansson
Dr. Brian Terry	177,987	Simple deposit of title deeds to property in England
Peter Johansson	1,261,546	Personal Guarantees
CapSouth	196,409	Debenture over fixed and floating assets of the company
Crozier Financial Holdings S.A	250,000	Promissory note signed by Peter Johansson
Grenada Offshore Management	46,040	Debenture over fixed and floating assets of the company
OlofHogstrom	224,663	Simple deposit of title deeds to property France
The Group BA	57,207	Corporate and personal guarantee from Mr. Bruno Anderson.
BA Invest & Securities Ltd	499,304	Lien over legally binding demands on Fossbanking, Farcro Islands, which are guaranteed by the Danish Government.
Total	3,024,403	

6. Total Loans and Overdraft- Unrelated Parties:

Please see the schedule below for details of these loans and the respective security as advised by the Bank.

Funds Advance to Unrelated Parties	Balance of 4/23/03 \$	Security
Parman Enterprise	346,857	Personal Guarantee from Mr. Par Wannman
Evergreen Company Corporation	1,141,640	Debenture over Fixed and Floating assets
Othello Holding AB	561,723	100% of the Company's shares, Full personal Guaranteed of Mr. Michael Lithman
Total	2,050,220	

7. Unistra:

The bonds held issued by this company matured on September 16,, 2002 and as of the date of this letter the company has been unable to settle payment in t1. I was told by Mr. Johansson late in 002 that the bond would be settled in three equal trances of US\$500,000, excluding accrued interest. The first tranche was paid September 2002, but the second and third tranches are yet to be paid. The management of the Bank has written Unistar and Mr. Johansson on numerous occasions seeking settlement of the outstanding amount owed.

8. Blue Ocean properties:

This property holding company comprises a house purchased at Lance Aux pines and land situated at Point Saline's. I have not been provided with independent valuations for these properties to support the value shown by the Bank.

9. Due from Croztrade

This is a receivable from Croztrade with respect to the development of online trading software. Mr. Johansson stated in September, 2002 that the amount would be paid in two installments, with the first installment having been due on October 31, 2002. To my knowledge no amount has been received by the Bank in settlement of this debt.

10. Fixed Assets:

The fixed assets are largely comprised of computer equipment and furniture and fixtures.