

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 Madam 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 seventh 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 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

- 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 resulted 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. In November 2007 the Court of Appeal consisting of the Honorable Mr. Denys Barrow SC, the Honorable Mr. Hugh A. Rawlins and the Honorable Mrs. Dancia Penn-Sallah QC, dismissed the appeal by Daryl Sands and PricewaterhouseCoopers (PWC) with prescribed cost to the liquidator to be agreed within twenty one (21) days or to be assessed, and discharged the Conservation Order of the Court of 20 February 2006 (see appendix 1). This means that PWC would have lost its case twice of the High Court and now also at the Court of Appeal.
- 2.3. Since 14 March 2008, the Organization Eastern Caribbean States (OECS) Court of Appeal is yet to rule on the presentation by Daryl Sands and PricewaterhouseCoopers for the granting of leave to appeal against its judgment of November 2007.

3. Cash at Bank

- 3.1. The cash at bank is USD \$3,076.346 which is overstated by USD \$1.75 million representing an amount withdrawn from the liquidation account at RBTT Bank without authorization. The circumstances surrounding this withdrawal are best set out in my affidavit before the Court (See appendix 2).

3.2. Without repeating the matters raised in my affidavit I am obliged to state for the record the following:

- The funds were moved without my authority;
- The funds dissipated to the extent that its recall may be futile; and
- My current effort is to secure restitution from RBTT Bank.

3.3. The matter is now before the Court. It is my hope that it will be heard early in the new Court session, commencing September 2008 and that the issues will be ventilated and dispatch within a short period.

3.4. In that regard and subject to the ruling of the Court on that matter, in my opinion, all matters relating to Bank Crozier International Limited (BCIL) regarding any outstanding funds and in particular funds held by Bank Crozier Limited (BCL) on behalf of BCIL are now closed.

3.5. The successful implementation of my agreement with Carla Bella remains outstanding and by extension would have to be the subject of further negotiations.

4. Stourbridge - Exchange Bank and Trust Ltd

4.1. The receiver of Exchange Bank and Trust Inc., KPMG, filed his report in October 2007 (see appendix 3). The attachment of the receiver's report to this report is for cease of reference and without prejudice. The same can be obtained from KPMG website at www.kpmg.ca/en/ms/d/exchangebank.

- 4.2. In this report the receiver summarizes all the actions to date and provides an update on the appeals process and presents the account balances identified within the scope of his engagement.
- 4.3. In addition, by way of judgment delivered in the Stourbridge appeal in November 2007, Madam Justice Brown has allowed the appeal and enables Stourbridge to proceed to the entitlement hearing in October 2008. (See appendix 4)

5. Bear Stearns

- 5.1. In March 2008, the investment bank Bear Stearns, a fortune 500 Company suddenly collapsed after 85 years of trading. The Bank's shares were falling steadily and had lost more than 20 percent of its value within ten (10) days. Before the institution collapsed completely it was rescued by J. P Morgan Chase.
- 5.2. In the ensuing period, it was revealed that Bear Stearns suffered tremendous liquidity problems. The company had sustained losses on several of its significant fund investments and equity participations. Even as news of the eminent collapsed hit the market, several clients lost confidence in the firm and continued to withdraw their funds.
- 5.3. Bear Stearns continues to trade under the supervision of J.P. Morgan Chase and backed by Government funding. UDS \$30 billion was pumped into the Company in an effort to obtain stability and halt the continued fall in stock prices.
- 5.4. The latest available analysis of our account at Bear Stearns Venture Partnership shows the following:
- 5.5. Table A - Partner's Capital account analysis

	US\$
Beginning capital account	295,828.00
Capital contribution during the year	-----
Current year increase (decrease)	(71,567.00)
Withdrawal and distributions	\$ (738)
Ending Capital Account	223,523.00

5.6. This indicates there was a loss in value on the investment during the period. I have had no analysis from Bear Stearns to indicate the future prospects of this fund.

6. Liabilities

6.1. 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.

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

7. Matters before the Court

7.1. In the matter of granting leave – Daryl Sands and PricewaterhouseCoopers v Garvey Louison, Liquidator of Bank Crozier Ltd judgment in this matter will be most likely delivered at the next sitting of the Court of Appeal fixed for the 16th to 19th of September 2008.

8. Collections and Disbursements

8.1. Table B below shows the classifications of collections for the period July 2007 to June 2008 and disbursements for the period commencing July 2003 to June 2008.

8.2. Table B – Collections and Disbursements

Receipts (July 2007 to June 2008)	US \$	US\$
Bank Interest Received		38,568.60
<i>Total Receipts</i>		<u>38,568.60</u>
Payment-To-Date		
Agent's Fees	193,1555.07	
Liquidator Fees	587,346.50	
Legal Fees	957,917.43	
Publication Expenses	15,604.95	
Expenses Claims	170,171.95	
Office Expenses	100,109.07	
Repairs and Maintenance	44,419.32	
Bank Charges	5,322.25	
Loan	52,592.58	
Petty Cash	9,389.91	
Utilities	84,697.96	
Security	19,855.37	
Outstanding Payments	100,324.53	

Staff Salaries	32,473.53	
Other Expenses	70,539.13	
<i>Total Expenses</i>		2,443,919.92

8.3. Loan account with Louison Consulting is USD \$ 454,811.06.

9. Future direction of the Liquidation

9.1. At present there are a number of outstanding court matters which a pivotal to the future direction and course of the liquidation and which will eventually determine the availability of funds in the event of distribution.

9.2. 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 will all creditors. The deadline for the submission of the 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 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 Claim can be met; and
- Form a view regarding the likely future direction of the liquidation.