

First Report of The Liquidator of

**LEADENHALL BANK & TRUST COMPANY
LIMITED**

(In Voluntary Liquidation)

For the period from October 3, 2005 to December 9, 2005

Leadenhall Bank and Trust Company Limited

(In Voluntary Liquidation)

First Report of the Liquidator (From October 3, 2005 to December 9, 2005)

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INTRODUCTION

The first report of the Liquidator of Leadenhall Bank & Trust Company Limited ("the Bank") is intended for use by the Central Bank of The Bahamas, the Bahamas Registrar General and the Supreme Court of The Bahamas and other concerned parties. This report sets out the steps taken by the Liquidator from the commencement of his appointment on October 3, 2005. The Liquidator had previously acted as the Receiver of the Bank for the period from July 18, 2005 to October 3, 2005.

BACKGROUND AND BASIS OF APPOINTMENT

Leadenhall Bank & Trust Company Limited is a Bahamian incorporated Company and was licensed under the provisions of the Banks and Trust Companies Regulation Act, 1965, as amended.

In 2000, Leadenhall was granted a license to provide services in Bahamian dollars. This license gave the Bank the authority to service the domestic market. However, that service never materialized.

The Bank's revenue was generated primarily from the following:

- Trust services
- Managed companies (e.g. IBC, property management, etc.)
- Banking and investment services

Until July 29, 2003, the Bank also generated revenue from its MasterCard (credit card) franchise, which was operated by Axxess International Bahamas Limited. MasterCard suspended the license issued to the Bank and is now claiming a termination fee of \$1.7 million.

As a result of the loss of its credit card business and the ongoing litigation with respect to the same, along with litigation involving the Cash 4 Titles class action suit and shareholder fallout, the Bank has consequently experienced recurring losses from its operations in recent years.

Primarily as a result of the above, I was appointed Receiver of Leadenhall Bank and Trust Company Limited with effect from July 18, 2005. The Bank's licence was suspended for the period from July 18, 2005 to October 3, 2005. My appointment was made pursuant to Section 18 (1) (f) of the Banks and Trust Companies Regulation Act, 2000.

On October 3, 2005, by a resolution of the shareholders, the Bank was placed into voluntary liquidation and I was appointed the Liquidator.

DEFINITIONS

In this report, the words and expressions hereunder shall mean, as follows:

"The Liquidator" means Craig A. (Tony) Gomez or any member of his team.

"I" means Craig A. (Tony) Gomez or any member of his (the Liquidator's) team.

"The Bank" means Leadenhall Bank & Trust Company Limited.

"Counsel" means Callenders & Co.

"Receiver" means Craig A. (Tony) Gomez acting as Receiver of the Bank during the period July 18, 2005 to October 3, 2005.

STEPS TAKEN BY THE LIQUIDATOR (for the period from October 3, 2005 to December 9, 2005)

1. Met with the Central Bank of The Bahamas on certain matters relative to the liquidation and discussed future steps to be taken by the Liquidator of the Bank.
2. Consulted with Counsel on making application to the Courts for a court supervised liquidation.
3. Sent communication to the Bank's customers, informing them that the Bank was placed into liquidation.
4. Consulted with Counsel with respect to the collection of delinquent credit card account balances and delinquent loan receivable balances.
5. Released all staff of the Bank except for the financial controller and the messenger, effective October 5, 2005. Mr. William Jennings the managing director was the only person not paid his severance pay.
6. Met with Staff of the Bank to obtain their release and distributed severance packages.
7. Consulted with the Bank's financial controller and auditors about the progress of the Bank's audit.
8. Compiled and collected the assets of the Bank to ascertain the correct amount of assets held by the Bank, inclusive of furniture and equipment.
9. Continued to facilitate clients' requests to transfer "off-balance sheet" accounts to new service providers.
10. Discharged salaries and other obsolete service contracts.
11. Updated the Bank's website as to the status of the Bank.

CONCERNS

- **Court supervised liquidation**

On October 3, 2005 it was resolved unanimously by the members that the Bank be wound up voluntarily and it was further resolved that I be appointed liquidator. A Notice of said Resolution was subsequently published in the Nassau Guardian on October 12, 2005.

Simultaneously, with the members' resolution to voluntarily wind up the Bank, The Central Bank of The Bahamas revoked the Bank's licence on October 12, 2005.

Since my appointment as Liquidator of the Bank I have had an opportunity to review the unaudited pro forma balance sheet ("the balance sheet") of the Bank as at June 30, 2005 prepared at the instance of the directors of the Bank and to review some of the files and other documents belonging to the Bank. The balance sheet indicated that the Bank had net assets of \$1.6 million. However my review has revealed that the balance sheet includes loans and past due credit card receivables totaling \$6.6 and \$6.3 million, respectively, and that both balances are either unsecured or inadequately collateralized.

In addition, my review suggests that the recovery of these loans and credit card receivables will prove extremely difficult and time-consuming, and in many cases it is likely that they will not be recoverable at all. As the result, I conclude that the Bank's assets are likely to be insufficient to satisfy its liabilities. Indeed the Bank's liabilities may exceed its assets by approximately \$11.3 million.

On November 11, 2005 an Order was granted by the Supreme Court granting leave for a further application to be made for an Order that the liquidation be Court supervised. The Supreme Court on November 25, 2005 granted an Order for the liquidation to be Court supervised.

- **Axxess International Bahamas Limited**

The Bank is engaged in litigation with Axxess International Bahamas Limited, its principals and First Financial Caribbean Trust Company ("FFCTC") in an attempt to retrieve trust assets transferred to FFCTC on September 4, 2002. FFCTC has countered by claiming that legally it is the new Trustee of all deposits placed with the Bank by all MasterCard customers. FFCTC's conclusion in this regard, is based on the Bank signing a Deed of Retirement and Appointment that was executed on March 15, 2002. Further, the Bank transferred approximately \$14 million to FFCTC, on September 4, 2002. Presently, FFCTC is requesting that the balance of \$19 million, as previously asserted by the Bank as trust assets, be transferred to its account.

CONCERNS

- **Axxess International Bahamas Limited** (*continued*)

The Bank is counter claiming that it cannot transfer the balance because significant sums had already been repaid to cardholders on the expressed authorization of FFCTC. FFCTC has denied this claim, and remains resolved that it is due the balance of the \$33 million. This matter has been further complicated by the Bank's claim that legally it could not transfer the trust assets, since the basis in which the Trust Agreement was made no longer exist (cancellation of MasterCard agreement).

Based on information that has come to my attention, it appears that \$20M rather than \$14M was transferred to FFCTC and that there should be a \$13M shortfall. Despite this new information, FFCTC still claims that an additional amount of \$19M remains owing.

The Deed of Retirement Appointment and Indemnity ("DRAI") was prepared reflecting trust property valued at \$33M. The Bank transferred approximately \$14M on September 4, 2002 via a letter instructing various banks to cancel the signing authority of the Bank and to appoint FFCTC as the new signatory to the accounts. At the date of those instructions, there was no indication on file that the Bank accounts involved had been reconciled prior to the transfer.

On February 12, 2004, reconciliations of those bank accounts were prepared, as of August 30, 2002. The reconciliations revealed that the transferred bank accounts had the following balances as of August 30, 2002:

Bank of Belize	\$	950
First Financial Caribbean		10,149
Lehman Bros-Axxess Investments		26,949
United European Bank-current a/c		204,974
Hong Kong & Shanghai BK-791		234,228
FFC Trust- Chase Manhattan Bank		300,000
Mutual Funds: Bank of Belize-deposit a/c		1,009,364
United European Bank-current a/c		1,329,268
Lehman Bros-Britley Holdings		6,252,582
CIBC Oppenheimer		10,659,357
Total		\$20,027,821

As part of the litigation in this matter, it was intended that BDO Mann Judd, Chartered Accountants, ("BDO") would perform certain confirmation procedures with the Bank's customers to further verify customers' balances as at the transfer date of August 31, 2002.

CONCERNS

- **Axxess International Bahamas Limited** (*continued*)

On September 5, 2005 the Liquidator, in his role as Receiver, held a meeting with all the parties to this litigation at the office of Callenders & Co. In attendance were:

- Counsel for the Bank (Brian Moree and Nicole Sutherland of McKinney, Bancroft & Hughes).
- Counsel for FFCTC (Raynard Rigby of Gibson, Rigby & Co.).
- The Receiver, James Gomez and the Receiver's Counsel (Sidney Cambridge & Michael Saunders of Callenders & Co.).
- Mr. William Jennings of the Bank.

The purpose of this meeting was to address certain issues between the parties which could be resolved outside the courts and perhaps to consider an approach plan, inclusive of the BDO confirmation process, that may be acceptable to both sides, which may yield better results.

During the meeting several scenarios were reviewed with the view of resolving the customer balance issue. In the end, a proposal to have the reconciliation / confirmation process prepared jointly by the Receiver and an accounting firm, selected by FFCTC was agreed, subject to Mr. Rigby obtaining approval from his client that this approach was acceptable to them.

As there was a hearing before Justice Faizool Mohammed the following day, it was agreed that this proposal would be presented to Justice Mohammed.

On September 6, 2005, Mckinney Bancroft and Hughes, Gibson, Rigby & Co. and Callenders & Co. appeared before Justice Mohammed in Chambers.

The Court agreed that the approach proposed, as outlined above, was acceptable in resolving this matter, subject to Mr. Rigby's client's approval.

On the afternoon of September 6, 2005, I received correspondence from Mr. Rigby which indicated that his client's were not agreeable to a joint accounting and that they had no objection to the Receiver providing and preparing such a report. However, it was not their intention to waive their right "to engage an independent review of any Report provided by the Receiver". See Appendix 1.

Based on the contents of the letter received from Mr. Rigby, it is Counsel's initial view that the Receiver should proceed with the reconciliation process, which in fact is happening. McKinney Bancroft & Hughes who represents the Bank in this matter is continuing dialogue with Mr. Rigby with view of clarifying certain aspects of FFCTC's acceptance of the terms of this agreement.

CONCERNS

- **Axxess International Bahamas Limited** (*continued*)

After further review of supporting documentation and a search of the corporate records with respect to the litigation involving the matter between the Bank, Axxess International Bahamas Limited (Axxess), FFCTC and its principals, I obtained the following shareholders and directors' information:

Corporate Information
Leadenhall / Axxess / First Financial Caribbean

Leadenhall	Axxess	First Financial
<u>Shareholders</u> Neil Mactaggart William A. Saunders William H. Jennings John F. Bethel David Rounce Joan Lightbourne Andrea O' Donnell Robin Symonette	<u>Shareholders</u> Christopher Donnachie William A. Saunders Tyrone d' Arville	<u>Shareholders</u> Christopher Donnachie Delroy Howell Galmo Williams
<u>Directors</u> Neil Mactaggart William H. Jennings John F. Bethel	<u>Directors</u> Christopher Donnachie William A. Saunders Tyrone d' Arville Terrance Gape Delroy Howell	<u>Directors</u> Delroy Howell Joseph Marzouca Kenarthur Mitchell

Based on the above, Mr. William Saunders is a shareholder in both Axxess and the Bank. Apparently Mr. Saunders is considered a major shareholder of both entities.

Based on the above, Mr. Christopher Donnachie is a shareholder of Axxess and FFCTC. However, during discussions with FFCTC executives in July 2005, I was informed that Mr. Donnachie's shares in FFCTC were acquired by Dr. Joseph Marzouca.

CONCERNS

- **Axxess International Bahamas Limited** (*continued*)

The Bank has incurred significant legal costs in its defense and pursuit of the return of \$14 million initially transferred to FFCTC. My review of the Bank's draft 2004 audited financial statements and management accounts for the six months to June 30, 2005 shows legal costs for 2005, 2004 and 2003 as follows:

2005 - \$393,707 (approximate)

2004 - \$728,238

2003 - \$411,227

- **Cash 4 Titles**

The Cash 4 Titles business, which was later labeled as a Ponzi scheme was spearheaded by primary principals Michael Gause and Richard Homa. Gause and Homa have since pleaded guilty to wrongdoings and are both serving prison terms. The business received subscriptions from investors promising attractive returns, and then loans were granted to borrowers who provided vehicles as collateral. The principals misappropriated funds intended for the legitimate business causing financial damages to investors.

Leadenhall Bank and Trust Company Limited provided banking services to the Cash 4 Titles business and the plaintiffs included in the action, allege that the Bank knew the Cash 4 Titles business was a Ponzi scheme and that the Bank assisted in concealing the scheme. The Cash 4 Titles litigation represents a major exposure for the Bank. A previous settlement by one of the Defendants in the Cash 4 Titles matter, Bank of Bermuda, who admitted wrongdoing, settled damages to the Plaintiffs in the amount of \$67.5 million. The Bank of Bermuda's settlement has set an extremely high benchmark for future Defendants in the Cash 4 Titles litigation. The Plaintiff's Attorney, Mr. Barton Sacher, et al are suggesting that the Liquidator sit and negotiate a settlement and avoid taking the case to trial (see below).

Discussion with Attorney Barton Sacher

On September 8, 2005 Mr. Michael Saunders, of Callenders & Co. and I spoke with Mr. Barton Sacher, counsel for the class action group in the Cash 4 Titles matter. Mr. Sacher is the lead counsel in that litigation. He is from the firm, Sacher, Zelman, Van Sant, Paul, Beiley, Hartman, Rolnick, and Greif, PA.

Mr. Sacher, who practices in Florida contacted me via telephone and had present with him, several persons from his legal team, namely Gordon Dobie and Tom Tew, among others.

CONCERNS

- **Cash 4 Titles** (continued)

Discussion with Attorney Barton Sacher (continued)

Mr. Sacher outlined the sequence of events, in general, leading up to the litigation, mostly with respect to the Phillip Stenger receivership, wherein the court dismissed the case against the Bank on the grounds that the Bank was not subject to the general jurisdiction of Illinois and that the Bank's activity in Illinois was not substantial. Additionally, it ruled that the Bank's activity is governed by Bahamian law and that the Stenger receivership status failed to establish personal jurisdiction over the Bank.

After a lengthy discourse on the background of the case, Mr. Sacher indicated that he and his team wanted to meet with the Receiver and Counsel to discuss how they saw the litigation moving along. We indicated to him that there was a possibility that we could meet with him the following week in Miami but that such a meeting would have to be confirmed after we spoke with Mr. Tom Lynch, the Bank's United States counsel in the Cash 4 Titles matter.

When questioned about the possible claims that his clients may be seeking, Mr. Sacher indicated that they estimated total damages of \$160M of which \$55M had already been received from the Bank of Bermuda and approximately \$20M - \$30M has been or will be funded by the Receiver, Phillip Stenger. He further indicated that they are looking for a settlement from the Bank of approximately \$75M. Mr. Sacher stated that the IRS estimated total damages of \$330M.

I did indicate to Mr. Sacher that he had had an opportunity to review the Bank's 2003 financial statements and that he was aware that the Bank could not cover this claim.

He replied that the Bank's insurances (professional indemnity) and personal claims against the directors may cover such a claim, at which point Mr. Sacher asked Counsel, Michael Saunders, whether or not he was related to one of the Bank's shareholders with a similar name. Mr. Saunders replied that he was not related to the shareholder.

Once we ended our call with Mr. Sacher, we called Mr. Lynch but he was not able to talk with us until the following day (Friday, September 9, 2005).

CONCERNS

- **Cash 4 Titles** (continued)

Discussion with Attorney Tom Lynch

On the afternoon of Friday, September 9, 2005 we contacted Mr. Tom Lynch at his office. Mr. Lynch also had his partner, Mr. Donald Flayton, sit in on the conference call.

Mr. Lynch was initially pensive about the role of his firm during the receivership and whether they could continue representing the Bank considering the substantial amount due to his firm by the Bank remained outstanding.

After indicating to Mr. Lynch that during the receivership period, the Receiver and the management of the Bank were effectively one and that his representing the Bank and talking to me and Counsel was not considered a violation. I also confirmed to him that every effort will be made to liquidate the amount due to his firm.

Once those issues were addressed, Mr. Lynch proceeded to inform Counsel and I that he thought that Mr. Sacher and his team's call to me was out of order and only because the lines between the Bank and the Receiver were not yet clearly defined, he would not lodge an ethics complaint against Mr. Sacher. Since this was a matter that had already commenced, Mr. Sacher should not have called the Receiver. That said, Mr. Lynch went on to further confirm his belief that he did not feel that the Bank had assets and insurances to settle the claims that Mr. Sacher's clients were seeking. Further, he was still not sure that Mr. Sacher could win this case, as he was not convinced that the claims against the Bank had merit.

After a lengthy conversation, it was agreed that Mr. Lynch would write to Mr. Sacher asking him to direct all correspondence for the Receiver directly to him. We were informed that a letter would go out to Mr. Sacher's firm stating the same, in the next week.

We spoke about the Bank's next step on this issue and the possible approach of the legal representatives of the class action group. It was Mr. Lynch's view that he and the Bank were obliged to notify the Court in the United States that the Bank was now in liquidation. Further, it was his view that there was little else to do. He was not certain as to what counsel for the other side might do and he had not been made aware of their intentions, as the counsel of record for the Bank in the United States.

CONCERNS

- **Cash 4 Titles** (continued)

Discussion with Attorney Tom Lynch (continued)

Mr. Lynch also took this opportunity to highlight the need to receive payment on his Firm's balance with the Bank of approximately \$231K. He indicated that failure to receive payment could result in his Firm withdrawing from the engagement.

- **Unsecured Credit Cards**

During my review of the Bank's credit card records, I noted that approximately 146 persons whom I understand are Bahamian nationals were in possession of unsecured credit card accounts. That is, no cash deposit was lodged with the Bank as security for any of those accounts. Further, there are also international entities and persons who also had the same arrangement with Axxess. The fact that a significant number of accounts remain outstanding to the date of this report, all of which have been settled with MasterCard by the Bank, is of concern.

There is a possibility that those outstanding amounts may have been settled with MasterCard from the Trust's funds. The Bank is committed to a process of pursuing the outstanding amounts from the cardholders.

The Bank presently has 464 unsecured credit cardholders with outstanding balances totaling \$1,451,452.81. These cards were issued by Axxess International without prior authorization from the Bank. Axxess' apparent authority to issue these unsecured credit cards was the result of the Bank giving Axxess unfettered powers to operate the credit card business. Below is an analysis of the outstanding balances as follows:

Classification	# of cards	Amount
Staff	5	\$ 8,498.32
Local	105	735,590.34
International	354	707,364.15
Total outstanding		\$1,451,452,81

CONCERNS

- **Leased property**

The Bank presently occupies space at One Montague Place at a monthly rate of approximately \$13,500 per month.

I am presently involved in discussions with a third party to sublet this space. It is anticipated that an agreement will be reached during December 2005. An offer has been made for the acquisition of the Bank's furniture and fixtures of \$100,000.00.

Concurrently, I have entered into discussions with Ranger Properties Ltd. for the lease of a 2,000 square foot space on Cumberland Street at a monthly rate of \$4,000.00 for a two year period from January 1, 2006 to December 31, 2008.

Application will be made with the Court for approval of these two transactions as this is an attempt to reduce the Bank's disbursements as the space at One Montague Place is no longer needed due to staff reduction.

- **Loan receivables**

The Bank's loan receivables, inclusive of principal and interest, are represented by the following:

Account #	Borrower	Balance due
28900	Alfred Lenarciak	\$ 124,554
20940	C to T Limited	30,649
22765	Dimethaid Research Inc.	1,673,995
22255	Fulton Partners	1,063,914
24800	Gulfstream Blue	177,934
22880	Kalila Inc.	528,509
40600	Neil Mactaggart	109,081
23000	Orinoco River Trust	189,083
-	LMN Ltd.	161,944
		\$4,059,663

The following actions were taken in the reporting period to recover funds from outstanding loan amounts:

CONCERNS

- **Alfred Lenarciak**

I sent an email to Mr. Lenarciak on October 27, 2005 to follow up on his commitment to Mr. William Jennings to visit Nassau in mid-October to settle the loan amount. We have not received a response from Mr. Lenarciak. It should also be noted that Mr. Lenarciak owns a house in Old Fort Bay, which may reduce the risk of not collecting the outstanding amount. We will pursue the possibility of attaching a lien to this property if the debt is not otherwise settled.

- **Dimethaid Research Inc.**

I received a proposal from Mr. John London, Vice Chairman of Dimethaid, now known as Nuvo to repay the loan on January 6, 2006, after the sale of the 1405 Denison Street, Markham property ("the Property"). Nuvo is disputing the interest calculation based on the premise that it violated the Canadian Interest Act in that the rate in the loan agreement was stated at 2% per month rather than 24% per annum. Consequently, the loan should only attract a 5% default interest rate.

The 5% calculation will reduce the recoverable interest by \$419,606.39. I was advised by Counsel to accept the proposal subject to court approval prior to the proposed offer expiration date of November 15, 2005. The net offer of \$1.2M was accepted and will be held in escrow subject to the Court's approval.

- **Fulton Partners**

We corresponded with Mr. Brian Copsey on November 4th, 10th and 11th, 2005 to arrange payment of the outstanding loan balance. Mr. Copsey responded advising that the Boustead stocks held at HSBC should be used to settle the loan. This matter is currently being reviewed to determine the value of the stocks held at HSBC and any shortfall on the balance due. We will seek the Court's permission to sell the stocks.

- **Gulfstream Blue**

I cannot get a response this client. We will seek to pursue this client through the court.

- **Kalila Inc.**

Caledonia Management Group Limited is the investment advisors for this account and they have advised me that the outstanding loan balance will be settled in December 2005.

CONCERNS

- **Neil Mactaggart**

Mr. Mactaggart is disputing the second loan taken out in the amount of \$54,000.00, claiming that he is not aware of the loan. The issue is related to the sale and repurchase of Mr. Mactaggart's shares in a locally traded company by the Bank resulting in a loss of \$54,000.00. Mr. Mactaggart stated that the Bank received no authorization from him to sell his shares. I am currently addressing the matter with Mr. Mactaggart.

- **Orinoco River Trust**

The client is apparently very upset over this matter. He claims that he had a verbal agreement with the Bank and is refusing to further communicate at this time. We will pursue this client through the court.

- **Client visit**

Mr. Rupert Barclay, a customer of the Bank, visited the Bank's office during the week of October 10, 2005 to discuss issues with his siblings and his account. Mr. Barclay claimed that the Bank failed to execute their fiduciary responsibilities in respect of his account and thus the fees charged to him by the Bank should be refunded. Various concerns were documented by Mr. Barclay before his departure, some can be addressed and others concerning the pay-out of funds cannot be presently acted upon. I am not certain of the course of action that Mr. Barclay would take against the Bank, if any, for failure by the Bank to apparently perform its fiduciary duties.

CONCERNS

- **Forged check**

Apparently, a check in the amount of CAD\$125,937.06, payable to a Mr. Daniel Rosenthal and endorsed by Mr. Timothy Lightfoot, the beneficial owner of BAVT Corporation Ltd. ("BAVT"), an account which was held by the Bank at the time, was received in January 2005. The check was deposited to a Leadenhall account at First Caribbean International Bank (Bahamas) Limited on February 1, 2005. The funds were for further credit to BAVT Corporation. The BAVT account portfolio was subsequently transferred to Sentinel Bank & Trust in March 2005. Mr. Lightfoot who apparently endorsed the check, holds a 50% interest in BAVT Corporation Ltd. The aforementioned check cleared and the funds were transferred to Sentinel Bank & Trust in March 2005 for credit to BAVT's account.

Mr. Lightfoot claimed in an email June 8, 2005 that the check was sent to him from a contact in Montreal, Quebec, Mr. Robert Tremblay, who assured him that the check was valid.

Apparently, Mr. Daniel Rosenthal signed a declaration of forgery in May 2005, stating that he did not authorize anyone to endorse the check in question, on his behalf.

The Bank then filed a suspicious transaction report against BAVT and its beneficial owners, Mr. Timothy Lightfoot and Ms. Brigitte Lightfoot met with the Financial Intelligence Unit on June 15, 2005.

Mr. William Jennings, the Bank's then managing director, wrote to Sentinel on June 15, 2005 requesting that they return the funds but they (Sentinel) advised the Bank by letter on June 16, 2005 that the authorize signers of the account must give such instructions.

Further, the files state that Sgt. Young visited the Bank on June 27, 2005 to investigate the forged check and took statements from Stephanie Rahming, Monique Bonamy and Anthony Johnson.

The Bank subsequently sent an authorization letter to Steve Bonamy at First Caribbean Bank on June 29, 2005 requesting that he assist Sgt. Young with the information needed to aid in the investigation. Mr. Bonamy has provided this information to Sgt. Young, who is now following up on this matter.

I will continue to follow-up with Sgt. Young on the progress of this matter.

CONCERNS

- **Transfer of accounts**

A number of Bank's trust customers have requested that their various trust accounts be transferred to other service providers.

Counsel has advised that a trust client's request should be considered for "off-balance sheet" clients in certain circumstances, as follows:

- 1) The Liquidator is satisfied that the transaction does not reduce the Bank's ability to recover money that it is owed nor lead to any preferential treatment of any creditor of the Bank, for example, this would prevent the payment away of a trust deposit with the Bank.
- 2) The Liquidator is satisfied that he has the legal power to approve the transaction and that there are no suspicious circumstances surrounding it and that in the circumstances it would be unreasonable to refuse the request.
- 3) The Liquidator is satisfied that the transaction is consistent with the mandate of the account (for example in meeting the terms in that mandate for transferring the account) and is being conducted on arms-length terms.

Below is a summary of requests to transfer client accounts to new service providers, or to liquidate a company:

Transfer company to new service provider	-	36
Transfer Trust to new Trustee	-	16
Close Company	-	02
Total request	-	54

All transfers are being acted upon, and all clients are requested to sign a liquidator's exit letter to indemnify the liquidator and/or his team members.

CONCERNS

- **Client accounting**

The Liquidator continues to update the client accounting, especially as it relates to customers who wish to transfer their trust accounts to other service providers. There are approximately 119 billable accounts, which require financial statements.

- **Professional Indemnity Insurance**

The Professional Indemnity Insurance was made through Carib Insurance Agency Limited ("CIAL"). However, CIAL is claiming that the Bank did not properly disclose the details of the Leadenhall/Axxess deposit matters on the appropriate forms, as provided by them and due to the non-disclosure issues, CIAL has made the decision to cancel the Bank's professional indemnity insurance for the years 2003 and 2004. The lead syndicate has agreed to return the premiums for the years 2003 and 2004 but the refund has been placed on hold until further review by the Lloyds Oversight Committee for resolution. The details of the premiums paid for 2003 and 2004 are as follows:

2003

Check number 00002173 drawn on First Financial International Bank Account #004994994, signed by Stephanie Rahming and Stafford Greene.
Claimed Sept 22, 2003.

Amount: B\$63,487.54

Breakdown:

Premium due under Lloyd's Professional Indemnity Policy for extension (35 days) to expire 9 Aug. 2003	B\$ 9,349.32
Premium due under Lloyd's Excess Layer Professional	2,589.04

Indemnity policy for extension (35 days) to expire 9 Aug. 2003.

First premium due under Lloyd's Professional Indemnity Policy for period 10 Aug. 2003 to 5 July 2004 both days inclusive.	27,131.15
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First premium due under Lloyd's Excess Layer Professional Indemnity Policy for period 10 Aug. 2003 to 5 July 2004 both days inclusive.	<u>24,418.03</u>
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Total premium paid	<u>\$ 63,487.54</u>
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CONCERNS

- **Professional Indemnity Insurance** (continued)

2004

Check number 00000817 drawn on First Financial International Bank Account #1672201, signed by Stephanie Rahming and Stafford Greene.

Claimed Sept 22, 2003.

Amount: B\$63,487.54

Renewal premium due under Lloyd's Professional

Indemnity Policy No. UU062020X for 12 month period commencing 6 July 2004.

26,000.00

Renewal premium due under Lloyd's Excess Layer Professional

Indemnity Policy No. UU063020X for 12 month period commencing 6 July 2004.

19,500.00

Total premium paid

45,500.00

Total refund due

\$108,987.54

The cancellation of the Bank's professional indemnity insurance arose after a claim was submitted to Carib Insurance Agency Limited in the amount of \$2,000,000.00 relative to legal fees incurred in the preliminary stages of the FFCTC litigation.

What does this mean for the Bank?

- a. Leadenhall was without professional indemnity insurance coverage for 2003 and 2004.
- b. The Bank is exposed for all future claims relative to the years 2003 and 2004.
- c. Leadenhall will have to cover all legal bills relative to the FFCTC litigation out of the Bank's cash.
- d. Further depletion of Bank's cash resources.

Counsel is reviewing this matter to determine whether or not coverage during the two year period (2003 and 2004) should be pursued, as the premium payments had been made in good faith. The final Lloyds Oversight Committee decision is still pending.

- **Staff Severance Pay**

All staff were released from the Bank effective October 5, 2005 and were paid their October 2005 salaries and severance pay totaling \$45,121 and \$174,500, respectively.

I then contracted the financial controller and the messenger on a month-to-month basis. Mr. William Jennings, the managing director was the only member of staff who was not paid severance upon release, pending a review of his contract and other compensation by Counsel.

CONCERNS

- **MasterCard Deposit Refund**

Leadenhall Bank & Trust Company Limited received its MasterCard license on November 15, 1996. The operation of the Bank's credit card business was outsourced to Axxess International Limited, who had unfettered powers over the operation. The issue of delegation of powers relative to the Bank's MasterCard business was mentioned in two (2) of their cases; Cash 4 Titles and First Financial, criticizing the Bank for such action.

The Bank's MasterCard licence was suspended on July 28, 2003. The suspension was the result of the Bank's issues with law enforcement and Government agencies in The Bahamas, appearing in the local press. An opinion received from the law firm of Patterson, Belknap, Webb & Tyler noted that criminal and IRS investigation of the Bank's cardholders had created a risk to MasterCard and that a large number of the credit card holders were US residents.

While serving as Receiver correspondence was sent on September 1, 2005 to Edna S. Cabrera, Director at MasterCard International to confirm the following information:

1. The date Leadenhall MasterCard licence was suspended?
2. Why was the licence suspended?
3. The date Leadenhall MasterCard licence was terminated?
4. All funds paid by Leadenhall to MasterCard from the suspension/termination of the licence.
5. Amount of funds presently being held by MasterCard due to Leadenhall?
6. When would funds be refunded to Leadenhall?

A response was received from MasterCard on October 6, 2005 with respect to a status report regarding a refund of the MasterCard deposit to the Bank. MasterCard verbally confirmed that they are holding a deposit in the amount \$1,897,551.00 on behalf of the Bank but noted that termination fees would be calculated by the methodology provided by their rules, once the Bank's license is terminated. I await the outcome of this calculation.

CONCERNS

- **MasterCard Deposit Refund** (continued)

A reconciliation of the amount due to the Bank by MasterCard, without consideration of the termination fee is as follows:

\$3,000,000.00	- Letter of credit
(1,101,510.97)	- Three days failed settlement plus interest charges
<u>(877.90)</u>	- Chargeback claim from Bahamas Air plane ticket
<u>\$1,897,611.13</u>	- Due to the Bank

- **Off Balance Sheet Assets held in the name of the Bank**

There are several clients of the Bank whose assets were invested with various investment firms, which were not included in the Bank's financial statements, and therefore regarded as "off-balance sheet" assets, but are held in the name of the Bank with these investment firms.

Discussions with these clients revealed that they regard these assets as held in trust by the Bank. In several instances no documents support the position that these assets are held in trust for clients of the Bank.

This matter is further complicated by the fact that there are no trust agreements to support the client's assertion. Some of the clients are as follows.

- i) The Founding Partners Group Fund.
- ii) Doma Company Limited – Investment held with Scottish Widows Holdings.
- iii) Highland Corporate Limited – Investment held with Scottish Widows Holdings.
- iv) Transatlantic Communications Advisory Services S.A – Investment held at HSBC.
- v) Universal Power Consultants Inc. - Investment held at HSBC.

I shall make application to the Court to determine whether or not these matters can be included in the grouping of "off-balance sheet" accounts, based on their exclusion from the financial statements and the history of the relationship and the nature of the transactions.

CONCERNS

- **Meetings with creditors and shareholders**

I am attempting to schedule a meeting with creditors during the third week of January 2006 and a meeting with the shareholders approximately 3 working days thereafter.

- **Financial statements**

The unaudited financial statements of the Bank for the nine month period ended October 3, 2005 reveals that the Bank's accumulated deficit stands at \$386,312 and it has a net shareholders equity of \$1,628,332.

There is significant concern as to whether the Bank can realize all of its assets, particularly unsecured creditor balances and the extent to which any litigation against the Bank is successful. See Appendix 2 for the October 31, 2005 unaudited financial statements.

- **Statement of affairs**

See Appendix 3 for the unaudited statement showing assets at estimated realizable values and liabilities as they are expected to rank, as at October 3, 2005.

- **Receipts and disbursements**

The receipts and disbursements made during the period from October 3, 2005 to December 9, 2005 are shown at Appendix 4.

- **Customer Communications**

We continue to receive a large volume of emails, telephone calls and correspondence, via mail from Customers of the Bank. Their main concerns are the Bank's ability to repay their deposits and the lack of access to their funds. We are returning all calls/correspondence in the quickest possible time and are formulating replies to Customers who have requested information regarding the status of the Bank.

- **Website**

The Bank's website was updated to include the liquidation notice and a claim form for submission to the Liquidator, for the Bank's creditors.

CONCLUSION

I will continue to take customers calls and move the liquidation forward. The primary challenges facing the liquidation are:

- Resolution of the Axxess matter between the Bank and FFCTC for which discussions are continuing.
- Resolution of the Cash 4 Titles matter.
- Collection of funds from Mastercard.
- Collection of the funds in connection with the claims filed with Carib Insurance.

It is necessary that I seek the courts approval of the following:

- Payment of fees due to the United States Attorneys to pay Receiver/Liquidator's fees.
- Authorization to pursue credit card holders of the Bank, both locally and internationally.
- Authorization to release "off-balance sheet" trust assets to clients.
- Authorization to return funds received by the Bank from clients during the Receivership period.

I will continue to have the client accounting records made current to facilitate the various transfer requests and to assist clients in making their claims with the Bank.

Additionally, incomplete corporate records are being made current to help expedite the transfers.

Very truly yours

Craig A. (Tony) Gomez
December 9, 2005
Liquidator
Nassau, Bahamas
Leadenhall Bank and Trust Company Limited (In Voluntary Liquidation)

GIBSON, RIGBY & Co.

COUNSEL & ATTORNEYS-AT-LAW
NOTARIES PUBLIC**VIA FAX: 356-4125**6th September, 2005

Mr. Craig Gomez
Receiver/Leadenhall Bank & Trust
GOMEZ PARTNERS & CO.
The Deanery
Cumberland Hill Street
Nassau, The Bahamas

Dear Mr. Gomez:

Re: FFCL v. Leadenhall
Equity No. 1758 of 2002

Further to our meeting yesterday, please note that we have been instructed to inform you that FFCL is not agreeable to a Joint Accounting Report. We will have no objection to the Receiver providing and preparing such a Report.

Please note that FFCL does not intend to waive its right to engage an independent review of any Report provided by the Receiver.

In an effort to assist in the progress of the pending litigation, our client is agreeable to providing to the Receiver any authorization to allow you to confirm the balances which were transferred by Leadenhall in September 2002.

We trust that any Report will be comprehensive in nature and will thereby confirm the amounts remitted to cardholders, the amounts owed to cardholders and the exact balances due to cardholders.

We trust that the above will now allow the Receiver to proceed to prepare the Report and that the Report will be a matter of priority.

As usual, we will be available for any further discussions.

Yours faithfully,
GIBSON, RIGBY & Co.

Raynard S. Rigby

cc: Delroy Howell
Brian Moree
Sidney Cambridge

ATTORNEYS-AT-LAW

Partners: Doreyne A. Gibson
Raynard S. Rigby

NASSAU CHAMBERS

East Bay Street Shopping Centre,
East Bay Street • P.O. Box 55-6836
Nassau, The Bahamas

COMMERCIAL DISTRICT
Fax: (242) 493-6524
Lombard Street

FINDING CHAMBERS

Queen's Highway, George Town
Basseterre, The Bahamas

WEBSITE & E-MAIL

www.gibsonrigby.com

LEADENHALL

Bank & Trust Company Limited
(In Voluntary Liquidation)

Financial Statements

for the nine months and three days ended
October 3, 2005

October 22, 2005

One Montague Place
P.O. Box N-1965, Nassau Bahamas
Telephone (242) 393-6431/2 Telefax (242) 393-6448/9

Financial Statements

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

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Outstanding Loans (Note - 3)	6
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Fixed Assets (Note - 5)	8
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LEADENHALL Bank & Trust Company Limited (In Voluntary Liquidation)**BALANCE SHEET**

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

	2005	December 31, 2004
<u>ASSETS</u>		
Cash and due from banks	20,521,890	17,457,166
Investment securities	4,536,103	12,350,734
Loans receivable (net)	4,059,663	6,712,192
Accounts receivable	440,459	447,110
Deposits and prepayments	107,342	80,860
Fixed assets	198,683	310,358
TOTAL	29,864,139	37,358,420
<u>LIABILITIES & SHAREHOLDERS' EQUITY</u>		
<u>LIABILITIES</u>		
Customer deposits	27,916,010	34,925,785
Accounts payable and accrued expenses	319,796	417,991
	28,235,807	35,343,776
<u>SHAREHOLDERS' EQUITY</u>		
Share capital	2,000,000	2,000,000
Retained earnings	14,644	598,624
Net income/(loss)	(386,312)	(583,980)
	1,628,332	2,014,644
TOTAL	29,864,139	37,358,420

LEADENHALL Bank & Trust Company Limited (In Voluntary Liquidation)**Statement of Income**

For the nine months and three days ended OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

	2005	December 31, 2004
<u>INTEREST INCOME</u>		
Interest income	841,073	813,590
Interest expense	(245,043)	(308,855)
Net interest income	596,030	504,735
<u>FEE & COMMISSION INCOME</u>		
	513,661	759,928
<u>INVESTMENT INCOME:</u>		
Bond income	298,283	921,633
Net realized gain/(loss) on sale of investments	(91,200)	(132,083)
Net unrealized gain/(loss) on investments	243,078	391,288
Net unrealized gain/(loss) on foreign exchange	(12,891)	(9,150)
Total investment income	437,270	1,171,688
Total income	1,546,961	2,436,351
<u>NON-INTEREST EXPENSES:</u>		
General and administrative expenses	683,997	1,114,379
Salaries and employee benefits	615,098	913,487
Legal fees	408,707	728,238
Depreciation and amortization	111,675	200,602
Licence fees	113,796	63,625
Total non-interest expenses	1,933,273	3,020,331
Net (loss) for the year	(386,312)	(583,980)

LEADENHALL Bank & Trust Company Limited (In Voluntary Liquidation)

Statement of Changes in Shareholders' Equity

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

	Share Capital	Share Premium	Retained Earnings	Total
Balance December 31, 2003	715,790	1,284,210	598,624	2,598,624
Net income	-	-	(583,980)	(583,980)
Balance December 31, 2004	715,790	1,284,210	14,644	2,014,644
Net loss			(386,312)	(386,312)
Balance September 30, 2005	715,790	1,284,210	(371,668)	1,628,332

Notes to Financial Statements Note 1. (Cash and Due from Banks)

AS OF OCTOBER 3, 2005

*(Expressed in Bahamian Dollars)***Cash and due from Banks (BSD)**

			X-Rate	
Cash on hand		5,590	1.0000	5,590
Bank of The Bahamas	C/A	139,812	1.0000	139,812
Commonwealth Bank	C/A	64,119	1.0000	64,119
Commonwealth Bank	C/A	18,161	1.0000	18,161
FCIB (Barclays)	C/A	60,229	1.0000	60,229
Total BSD Cash		287,911		287,911

Cash and due from Banks (CAD)

Generali International	C/A	36	0.8542	31
FCIB (Barclays)	C/A	24,186	0.8542	20,659
Generali International	F/D	1,267,054	0.8542	1,082,305
FCIB (Barclays)	F/D	748,821	0.8542	639,635
Total CAD Cash		2,040,097		1,742,630

Cash and due from Banks (GBP)

Generali International	C/A	31	1.7628	55
HSBC Bank	C/A	105,119	1.7628	185,303
FCIB (Barclays)	C/A	134,449	1.7628	237,007
Generali International	F/D	1,451,573	1.7628	2,558,833
HSBC Bank	F/D	1,500,000	1.7628	2,644,200
FCIB (Barclays)	F/D	403,798	1.7628	711,815
Total GBP Cash		3,594,970		6,337,213

Cash and due from Banks (USD)

FCIB (CIBC)	C/A	8,875	1.0000	8,875
Israel Discount Bank -NYC	C/A	783,730	1.0000	783,730
FCIB (CIBC)	C/A	41,715	1.0000	41,715
Canaccord Capital Corp	C/A	(29)	1.0000	(29)
MasterCard	C/A	1,875,628	1.0000	1,875,628
FCIB (Barclays)	C/A	93,570	1.0000	93,570
FCIB (Barclays)	C/A	197,044	1.0000	197,044
Generali International	CALL	2,439,440	1.0000	2,439,440
Israel Discount Bank -NYC	CALL	1,563,950	1.0000	1,563,950
Generali International	F/D	1,951,628	1.0000	1,951,628
Generali International	F/D	3,198,585	1.0000	3,198,585
Total USD Cash		12,154,136		12,154,136

Total Cash

20,521,890

Notes to Financial Statements Note 2. (Investment securities)

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

Holdings	Sept 30, 2005 Prices	Market Value	Book Value	Unrealized Gain/Loss
1 Bahamas Int'l Securities Exchange (BISX) <i>(Initial purchase price \$125,000)</i>				
6	-	-	-	-
2 Caladonia Guaranteed Fund				
2,966.94	1,042.40	3,092,736	3,000,000	92,736
3 CIG 24/24 Deferred Fund				
-	-	103,594	103,594	-
4 CYSCO SYSTEMS INC (CSCO)				
12,820	17.45	223,709	392,734	(169,025)
5 STRUCTURED ASSET INV LOAN				
1,045,000	0.9975	1,042,388	1,039,775	2,613
TOTAL		4,462,427	4,536,103	(73,676)

NB: No adjustment is made to the G/L for Unrealized losses

Notes to Financial Statements Note 3. (Loans receivable)

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

<u>LIST OF OUTSTANDING LOANS</u>	<u>USD</u>
1 Neil Mactaggart	109,081
2 Gulfstream Blue	177,934
3 C to T Limited	30,649
4 Fulton Partners	1,063,914
5 Kalila Inc	528,509
6 AlfredLenarciak	124,554
7 Dimethaid Research	1,673,995
*** LMM Ltd (PAID IN FULL- NOV 2005)	161,944
	<u>3,870,580</u>
8 Orinoco River Trust (CAD 221,359.63)	189,083
LOAN RECEIVABLE (GROSS)	<u><u>\$ 4,059,663</u></u>

LEADENHALL Bank & Trust Company Limited (In Voluntary Liquidation)**Notes to Financial Statements Note 4. (Accts receivable & Prepayments)**

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

Accounts receivable

Due from affiliated company	164,320
Clients	-
Shareholders	8,760
Staff Loans	63,955
Accounts receivable - general	23,067
Insurance Claim	164,105
Interest Receivable - time deposits	14,251
Travel advance	2,000
	<u>440,459</u>

Prepayments and deposits

Prepaid expenses	97,786
Utility deposits	9,556
	<u>107,342</u>

Notes to Financial Statements Note 6. (Schedule of Liabilities)

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

Customer Deposits

*****Current account balance (net)	26,963,053
Unclear items	40,376
KYC unverified accounts	334,904
Receiver Funds - received	577,677
	<hr/>
	27,916,010
	<hr/>

*****Balance includes overdrawn account of \$ 296,001

(see page-10 " Note 7. Overdrawn Accounts")

Accounts Payable

Prepayments	114,993
Accounts payable	(15,533)
Interest Payable -Time deposits (includes reversals)	(94,598)
Creditors & Accruals - Legal	200,000
Stale dated cheques	78,935
Accrued Liabilites - Audit	36,000
	<hr/>
	319,796
	<hr/>

Liabilities**28,235,807**

Notes to Financial Statements Note 7. (Overdrawn Accounts)

AS OF OCTOBER 3, 2005

(Expressed in Bahamian Dollars)

LedgerEntityID	EntityName		Balance	USD Balance
21290	The Sylvia Trust	USD	19,200.88	19,200.88
40300	CWDT1996Trust	USD	17,417.48	17,417.48
27700	Kockovic, Ernesto Esteban	USD	9,930.00	9,930.00
40200	CW1996Trust	USD	9,667.00	9,667.00
40400	STFT1996Trust	USD	9,167.88	9,167.88
43900	The Landford Trust	USD	9,138.23	9,138.23
22280	LMM Ltd.	USD	8,526.26	8,526.26
21700	Dwellcheck	USD	8,047.76	8,047.76
23000	Orinoco River Trust	USD	6,160.68	6,160.68
40600	Mctaggart Neil	USD	6,016.68	6,016.68
22395	Ane Limited	USD	6,009.11	6,009.11
20620	Katha S.A	USD	5,211.34	5,211.34
29400	Fibre Textiles Int'l Ltd.	USD	4,448.76	4,448.76
20340	Gifford Investment Ltd	USD	4,315.00	4,315.00
22670	NVLB Trust	USD	4,000.00	4,000.00
47800	Spectral Enterprises Limited	USD	3,951.31	3,951.31
22295	Levant Corporation	USD	3,653.35	3,653.35
22415	Anney Investments	USD	3,500.00	3,500.00
22355	The Touraine Settlement	USD	3,077.75	3,077.75
20670	Hom Properties Limited	USD	3,015.00	3,015.00
53600	Eagle Premier Enterprises S. A	USD	1,897.17	1,897.17
36100	Van Gogh Securities Inc.	USD	1,812.35	1,812.35
22630	USTRM001 Settlement	USD	1,700.00	1,700.00
22580	USTCLM001 Settlement	USD	1,500.00	1,500.00
22590	USTEAB001(CLOSED)	USD	1,500.00	1,500.00
22595	USTERL001 Settlement	USD	1,500.00	1,500.00
22520	USTGDS001 Settlement	USD	1,500.00	1,500.00
22610	USTGNT001 Settlement	USD	1,500.00	1,500.00
22615	USTJTT001 Settlement	USD	1,500.00	1,500.00
22625	USTMCS001 Settlement	USD	1,500.00	1,500.00
22535	USTMTL001 Settlement	USD	1,500.00	1,500.00
32000	Cornhill Investments Limited	USD	1,473.49	1,473.49
54600	Universe Trust Settlement	USD	1,065.90	1,065.90
31100	Air Maintenance	USD	1,025.00	1,025.00
21950	Aurora Trust	USD	1,000.00	1,000.00
20640	The Porcherie Trust	USD	1,000.00	1,000.00
44800	Ni-Co Metals	USD	750.00	750.00
20370	Asean Capital Mgmt (Bah.) Ltd.	USD	483.08	483.08
22930	FSI International Corp. Limited	USD	390.00	390.00
52200	Drayson Systems Inc.	USD	375.00	375.00
44100	Rickard, Donald H.R.	USD	239.67	239.67
22315	Pineoak Properties Ltd.	USD	153.76	153.76
51000	Adenmore Trust	USD	100.00	100.00
22765	Dimethaid Rearch Inc.	USD	81.24	81.24
53900	Medical Education Ltd.	GBP	1,912.62	3,371.56
21990	BAVT Corp. Ltd.	CAD	125,952.06	107,586.99
22900	Westlake Holdings Inc.	CAD	601.57	513.86
24800	Gulfstream Blue	CAD	123.88	105.82
40000	Barclay, Rupert	BSD	8,789.51	8,789.51
40600	Mctaggart Neil	BSD	3,531.95	3,531.95
23200	Chertsey Development	BSD	1,181.97	1,181.97
20670	Hom Properties Limited	BSD	385.00	385.00
21200	Shamrock (Bahamas) Ltd.	BSD	385.00	385.00
60300	Walkers Cay	BSD	58.18	58.18
57300	Custom Software Solutions Int.	BSD	18.00	18.00
22845	DKM Enterprises Limited	BSD	18.00	18.00
21700	Dwellcheck	BSD	18.00	18.00
20620	Katha S.A	BSD	18.00	18.00
31500	Mutual Ventures	BSD	18.00	18.00

296,001

Appendix 3

**LEADENHALL BANK & TRUST COMPANY
LIMITED (In Voluntary Liquidation)**

Statement of Assets at Estimated Realizable Values
And Liabilities As Expected to Rank

As at October 3, 2005
(Expressed in Bahamian dollars)

	Estimated Realizable <u>Values</u>
ASSETS	
Cash due from banks	\$20,521,890
Investment securities	4,536,103
Loan receivable, net	4,059,663
Accounts receivable	440,459
Deposits and repayments	107,342
Fixed assets, net	198,682
	<hr/> 29,864,139 <hr/>
Liabilities	
Amount due to creditors	28,235,807
	<hr/>
ESTIMATED SURPLUS AS REGARDS MEMBERS	\$ 1,628,332

**LEADENHALL BANK & TRUST COMPANY
LIMITED (In Voluntary Liquidation)**

Statement of Receipts & Disbursements

For the period from October 3, 2005 to December 9, 2005
(Expressed in Bahamian dollars)

OPENING CASH POSITION \$ 20,521,890.00

Receipts

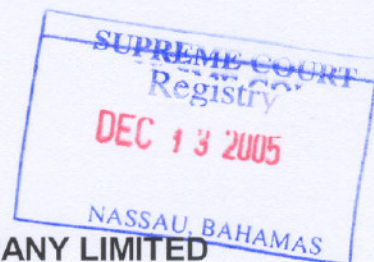
LMN Ltd. – loan repayment	161,944.05
Interest income	90,256.00
US\$ fees collected	32,080.00
B\$ fees collected	5,467.60
	<hr/> 289,747.65

Disbursements

Staff severance pay - October 2005	174,500.70
October 2005 salaries	45,121.42
October pension check	7,825.92
Medical insurance	5,568.53
IT system maintenance	2,532.50
Disaster recovery payment	1,800.00
Registrar General – Olso Overseas	1,510.00
Internet	1,290.00
Telephone	1,249.95
Petty cash – office expenses	890.00
Bank charges and foreign currency conversion	410.25
Affidavit	100.00
Public notice	24.00

242,823.27

Less: mark to market unrealized forex difference on CAD\$ and GBP	176,653.52
<hr/>	
CLOSING CASH POSITION	\$
	20,392,160.86
<hr/>	



IN THE MATTER OF LEADENHALL BANK & TRUST COMPANY LIMITED

(In Liquidation)

AND

IN THE MATTER OF THE COMPANIES ACT 1992

S U M M O N S

LET ALL PARTIES CONCERNED attend before the Honourable Justice Miss Jeannie Thompson sitting in Chambers in the Senate Building, Rawson Square in the City of Nassau in the Island of New Providence on Wednesday the 14th day of December A.D. 2005 at 2:15 o'clock in the after noon on the hearing of an application on behalf of the Official Liquidator of the above-named Company for an Order that:

1. The Court approves the First Report of the Official Liquidator.
2. The Court approve the fees costs and expenses of the Official Liquidator, details of which appear in the Statements of Account annexed to the Affidavit of the Official Liquidator to be sworn in support of this Summons.

3. For the approval of the fees costs and expenses of the professional advisors to the Official Liquidator, details of which are set out in the said Affidavit.

4. The Court approves the initiation of proceedings by the Liquidator against credit card holders and borrowers for amounts outstanding in relation to their respective credit card and loan balances.

5. The Court approves the Liquidator commencing and serving process on those credit card holders and borrowers with outstanding account balances that are resident outside of the jurisdiction.

6. The Court approve the sale of the entire inventory of office furniture, fixtures and ancillary equipment belonging to and used by the Bank to FT Global Consultants Ltd in accordance with the terms enumerated in the said Liquidator's Report.

7. The Official Liquidator be at liberty at any time after the date of the hearing of this Summons to give notice to the creditors of the Bank to prove their debts or claims in pursuance of Rule 60 of the Companies (Winding-up) Rules and to establish the other matters called for in the said Rule, and that the Official Liquidator be at liberty to fix a time period within which such claims and other matters must be provided, and in default they will be excluded from any distribution made before such debts are proved, or as the case may be, from objecting to such distribution and that the time period for giving such notice should not exceed six weeks.

8. The Official Liquidator be at liberty to require in such notices and in the appropriate form of proof of claim that debts be proved (subject as is hereinafter provided) as at the date being 25th day of November, A.D. 2005.

9. The Official Liquidator shall (subject as is hereinafter provided) have a period ending on the ^{28th}~~31st~~ day of February A.D. 2006 to admit or reject any proof with provision for further extension of time, if necessary.

10. The Official Liquidator shall be at liberty in respect of any or all creditors having claims amounting in aggregate to B\$25,000.00 (or the foreign currency equivalent thereof at 25th November, A. D. 2005) or less, to dispense with proofs as required in Rule 53 of the Rules and may require in lieu thereof, evidences of claim as they shall see fit.

11. That notices of such requirement to prove debts or claims and to establish the other matters referred to in Rule 60 aforesaid may be published in The Wall Street Journal, The Tribune, and The Nassau Guardian and The Freeport News and that such published notices shall be in English language.

Dated this 13th day of December, A.D. 2005



REGISTRAR

This Summons was taken out by **CALLENDERS & CO.** of and whose address for service is One Millars Court, Nassau, Bahamas, Attorneys for the Official Liquidator.

COMMONWEALTH OF THE BAHAMAS
IN THE SUPREME COURT

IN THE MATTER OF LEADENALL
BANK AND TRUST COMPANY
LIMITED

(IN VOLUNTARY LIQUIDATION)

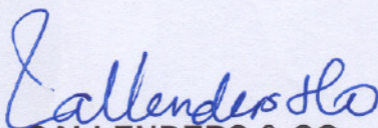
AND

IN THE MATTER OF THE
COMPANIES ACT

S U M M O N S

2005

COM/bnk/00069


CALLENDERS & CO.

Chambers
One Millars Court
Nassau, Bahamas

Attorneys for the Liquidator
(JMS/19884-1)

LEADENHALL
BANK & TRUST
(In Voluntary Liquidation)

One Montague Place
P.O. Box N-1965, Nassau, Bahamas
Telephone (242) 393-6431/2 Telefax (242) 393-6448/9

Date: _____

Appendix 5

Client Name

Dear Sirs,

Re: Company/Trust Name

We refer to your instructions received on **date** to transfer the management of the above Company/Trust to a new service provider **name**.

In this regard, please be advised that we will proceed to complete the changes as directed by you in your letter. We will provide you with an up to-date accounting of your holdings to the date of your transfer letter. However, we will be grateful if you would provide responses in writing to the following questions for our records;

1. You were not referred to a new service provider by the Liquidator, or any of his employees.
2. The details of the officers, directors and/or trustee, as appropriate, to be appointed in place of those previously supplied by the Bank and the new registered office and registered agent.
3. Your understanding that any bank account balances held with the Bank will not be transferred until the Liquidator completes his assessment of the Bank.
4. That the Liquidator, his employees and the Bank is indemnified from any loss or future loss as a result of agreeing to transfer the management in accordance with your directives.

Also be advised that Management fees for 2005 will not be prorated and a liquidation/transfer fee of \$1,500.00 will be charged to complete documents to facilitate your request.

We look forward to hearing from you as soon as possible in order for us to be able to comply with your transfer instructions.

Yours sincerely,

Craig A. (Tony) Gomez
Liquidator