

THE TURKS AND CAICOS ISLANDS

2017

IN THE SUPREME COURT

CAP 122

IN THE MATTER of
TCI BANK LIMITED
(In Liquidation by Order of the Supreme Court of the Turks & Caicos Islands)

AND

IN THE MATTER of
THE COMPANIES ORDINANCE (CAP 122)

FOURTEENTH REPORT OF THE OFFICIAL LIQUIDATOR
TO
THE SUPREME COURT OF THE TURKS & CAICOS ISLANDS

June 30, 2017

Respectfully Submitted by
Mr. Anthony S. Kikivarakis Sr.
As Official Liquidator for
TCI Bank Limited

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1 INTRODUCTION

1.1 Background

I, Anthony S. Kikivarakis Sr., Chartered Accountant and Chairman and CEO of Kikivarakis & Co., am the Official Liquidator for TCI Bank Limited (hereinafter referred to as the “Company”). I first took office as one of the Provisional Liquidators for the Company on 9 April, 2010, by order of the Honourable Justice Richard Williams of the Supreme Court of the Turks and Caicos Islands (the “Court”). On 29 October, 2010, I was appointed as one of the Joint Official Liquidators of the Company by the Court. This Joint Official Liquidator position remained in place until 23 October, 2012 when Mr. Mark E. Munnings was removed by the Court as one of the Joint Official Liquidators leaving me as the sole Official Liquidator of the Company.

My powers, as Official Liquidator, are set out in section 107 of the Companies Ordinance (CAP 122), which is exercisable without the sanction or intervention of the Court, pursuant to the Order of Mr. Justice Richard Williams dated 29 October, 2010.

In my said position and as an officer of the Supreme Court, I hereby submit to the Court, The Turks and Caicos Islands Financial Services Commission (the “FSC”), shareholders, and creditors of the Company the fourteenth report on the liquidation. This report covers the period January 1, 2017, to June 30, 2017.

1.2 Sources of Information

- 1.2.1 Specific details of the sources of information used and relied upon are given where referred to in this report.

1.3 Limitation

- 1.3.1 During the reporting period I have relied on the integrity of the information and documents contained in the Company’s records, supplied by former employees and other interested parties. Although I have sought to cross check information from different sources, to confirm their accuracy, I have not independently verified all of the information

and documentation upon which I have relied during the course of the reporting period; neither has the Company's financial records, as at June 30, 2017, been subject to an audit.

- 1.3.2 As the Company's Official Liquidator, my report is solely based on factual matters. While I believe all of the information in this report to be true and accurate, I reserve the right to amend this report should additional information come to my attention.

1.4 Currency

- 1.4.1 The Company's activities are conducted in United States Dollars (US\$) therefore, unless otherwise stated, all references to currency are in US\$.

1.5 Further Steps to be Taken as Stated in the Thirteenth Report

In my thirteenth report, I listed further steps to be taken, as at December 31, 2016. Steps taken in this regard were listed in the appropriate sections beside the said tasks. Nevertheless, after analyzing the tasks to be performed and prioritizing the same, I still have a number of distributions from the first dividend not yet paid as a result of persons not being found or the current beneficiaries not yet being determined.

I will continue to advise the Court and interested parties of our progress in the Company's winding up proceedings, in subsequent reports.

2 OBJECTIVE OF THIS REPORT

The objective of this report is to provide parties interested in the Company's liquidation with the steps that have been taken since the thirteenth report as at December 31, 2016, and the progress made since that date. Topics included in this report are dealt with in the following sections:

- (a) Collections on outstanding loans
- (b) Proof of debt and dividend payments
- (c) Shareholder Banks Balances
- (d) Investments
- (e) Cash

(f) Other Matters

(g) Conclusion.

2.1 Collections on Outstanding Loans

- 2.1.1. During the reporting period, January 1, 2017, to June 30, 2017, twenty-one (21) loan account balances were either set off with deposits, renegotiated or refinanced and final settlements made.
- 2.1.2. During this period, USD\$3,434,096 was collected from loan customers as noted in Appendix I. This amount was obtained from, sales of private treaty properties, proceeds from payouts and/or refinancing's from loan customers resulting from foreclosure proceedings.
- 2.1.3. As of the date of this report, there continue to be other loans and overdrafts that are now the subject of foreclosure proceedings arising from non-payment of outstanding amounts.

To date I have initiated foreclosure proceeding against properties of one hundred and three (103) borrowers with significant overdue loans and overdrafts. These proceedings will result in applications being made to the court to conduct private treaty sales. Most of our sales arise from private treaty court orders giving me the power to list the properties with real estate brokers.

Foreclosure proceedings and auctions as of the date of this report are as follows:

- 1. 103 section 64 notices served
- 2. 49 private treaty orders obtained
- 3. 15 properties have completed the 1st and 2nd auction processes
- 4. 4 auctions in total carried out to date
- 5. 2 properties sold to date by auction
- 6. 25 loans settled after foreclosure proceedings started

2.2 Proof of Debt and Payment of second and first dividends

- 2.2.1. As noted in Appendix I, during the reporting period a total sum USD\$1,585 was paid to creditors arising from the second and first interim dividend distributions declared.

2.3 Shareholder Banks Balances

- 2.3.1. As stated in our previous report a number of shareholder banks have outstanding loan balances with the Company which are being examined. I am in discussion with two shareholder banks to determine which collateral being held by them can be utilized against their deposit balances.

1) St. Kitts Nevis Anguilla National Bank (SKNANB):

I was informed by the attorney of SKNANB in early 2017 that his client had a secured claim with the Company. The Company had already set aside \$3,082,139.73 for the first and second dividend distributions (40% of deposit balance of \$7,705,349.33 at the date of the liquidation).

In April 2017, the Company received a formal claim as a secured creditor and their claim form stated “\$7,500,000 invested for which security interests granted 23 June 2009. Interest since default also claimed as a proprietary claim”.

I noted that SKNANB had a loan credit line of \$7, 705,349.33 as of the date of liquidation, which they claimed was collateralized by two TCIG Bonds face with values of \$4,000,000 and \$3,500,000 and also Antigua Government Bonds with face value of \$3,000,000. This latter bond was not mentioned in their claim and resulted in further queries by myself as to how the Antigua Bond had been treated.

My attorney and I are in full discussions with SKNANB and their attorney to have this matter settled.

In my next report, I will provide the conclusion to this matter.

- 2) Also in the next report, I will provide more detail on the second shareholder bank which I am presently in discussions with officers of this bank regarding a claim due to the Company.

2.4 Investments

- 2.4.1 As at the date of this report, I have received total principal redemption payments since the date of liquidation of USD\$3,799,999 on the TCI Government 8% Fixed Rate Non-callable 2006-2021 Bonds and the TCI Government 7.5% Fixed Rate Non-callable 2006-2021 Bonds (“the Bonds”). Accrued interest of USD\$206,858 as of the date of liquidation was also received. Details of the Company’s investment activities are shown below.

Investments	As at 9-Apr-10	Collected During the Liquidation	As at 30-Jun-17
Unquoted investment in ECIC Ltd.	\$ 631,990	\$ -	\$ 6,954
Antigua Government Bond 8.5%	1,499,998	-	-
TCI Government Bond 7.5%	3,833,333	(2,499,999)	1,333,334
TCI Government Bond 8%	2,000,000	(1,300,000)	700,000
Accrued Interest	206,858	(206,858)	-
Total	\$ 8,172,179	\$ (4,006,857)	\$ 2,040,288

During the period the Company received \$351,945 in principal repayment and interest was received as agent and paid to the respective beneficiaries (see Appendix II).

The Company’s 632,200 shares in ECIC Limited are still being carried at a value of \$6,954.20 (0.011 per share).

The Antigua Government Bonds had their final repayment of principal and interest in July 2013 and the amount was retained by St. Kitts Nevis Anguilla Bank. As stated in 2.3 above this matter is still the subject of discussion and negotiation and will form a part of the reconciliation of balances to be made between SKNANB and the Company.

2.5 Cash balances

For the period the net cash increase (after deducting expenses) was USD\$3,204,695. As at June 30, 2017, the Company's cash balance is USD\$12,266,554. A detailed analysis of cash inflows and outflows is contained in the Receipts and Disbursements Account analysis provided in Appendix I.

2.6 Other Matters

During the period I continued to manage the liquidation process and my activities and that of my agents included, but were not limited to the following:

- (a) Instructing my agents, which included meeting with them, on tasks and procedures to be performed;
- (b) Meeting with and assisting customers in refinancing and restructuring their loan obligations and following up with banks on their behalf;
- (c) Instructing and receiving advice from my attorneys on legal matters arising;
- (d) Preparing and filing affidavits and reports with the Court and attending Court proceedings on taxation matters;
- (e) Meeting with real estate brokers and following up on sales of properties as allowed by the court through private treaty orders;
- (f) Making dividend distributions to clients where necessary.

3 OTHER STEPS TO BE TAKEN BY THE OFFICIAL LIQUIDATOR

In Section 1.5 above, we listed further steps to be taken up to June 30, 2017. Steps taken in this regard are listed in the appropriate sections beside the said tasks. Nevertheless, after analyzing the tasks to be performed and prioritizing the same, I still have a number of distributions not yet paid as a result of persons not being located or the current beneficiaries not yet being determined. I will deal specifically with the claim by St. Kitts Nevis Anguilla National Bank.

I will continue to advise the Court and interested parties of our progress in the Company's winding up proceedings, in subsequent reports.

4 SECOND DIVIDEND DISTRIBUTION

I obtained approval from the court on April 22, 2015 to distribute a second dividend in the amount of twenty cents in the dollar (0.20) to creditors and depositors of the company.

Notice was given via the local newspapers, the radio, the website and creditors were also contacted via the telephone. The distribution process with regard to the second dividend is continuing although a number of creditors have not been located.

5 CONCLUSION

As noted in prior reports the Company's main asset continues to be a depressed loan portfolio. As a result, most of my efforts will be dedicated to the collection of and/or conversion of the assets in the portfolio to cash. This will involve continuing foreclosure proceedings and selling properties where necessary.

This report covers the period January 1, 2017, to June 30, 2017, and will be followed by half yearly reports, as at December 31 and June 30.

Respectfully submitted as of the 26th day of September, 2017 this the fourteenth report.



Anthony S. Kikivarakis Sr.

Appendix I

TCI Bank Limited (In Liquidation)
 Receipts & Disbursements Account
 For the period January 1, 2017, to June 30, 2017
 (Unaudited)
 (Expressed in United States dollars)

OPENING BALANCE \$ 9,063,444

RECEIPTS

Loan Receipts - TCI Bank Customers	3,434,096	
Principal repayments and interest on TCIG Bonds	353,883	
Interest income - Interest bearing deposits	40,145	
Proceeds from the sale of assets	1,045	
TOTAL RECEIPTS		3,829,169

DISBURSEMENTS

Liquidators' fees and other costs	286,729	
Legal fees related to foreclosure proceedings	176,599	
Salaries and related expenses - former employees	47,674	
Rent and utilities - office	30,627	
Legal fees	23,905	
Rent and utilities - Liquidator and Agents	17,662	
Security	13,177	
Storage	10,560	
Communication expenses	9,557	
Equipment rental, maintenance, and supplies	3,399	
Vehicle costs	1,831	
Cleaning services	1,423	
Bank charges	1,331	
TOTAL DISBURSEMENTS		(624,474)

NET RECEIPTS FOR THE PERIOD 3,204,695

DIVIDENDS (1,585)

ENDING CASH BALANCE \$ 12,266,554

Cash Consist of:

Interest bearing deposits	\$ 11,258,782
Operating Account	903,774
General Account	102,195
Petty cash	1,803
TOTAL CASH HELD	<u>\$ 12,266,554</u>

Appendix II

TCI Bank Limited (In Liquidation)
Receipts & Disbursements Account-Fiduciary Accounts
For the period January 1, 2017, to June 30, 2017
(Unaudited)
(Expressed in United States dollars)

OPENING BALANCE	\$ -
RECEIPTS	
Principal repayments and interest on TCIG Bonds (held in a fiduciary capacity)	<u>351,945</u>
DISBURSEMENTS	
Payment of principal and interest on fiduciary funds	<u>(351,945)</u>
ENDING CASH BALANCE	<u><u>\$ -</u></u>