

THE TURKS AND CAICOS ISLANDS

2013

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)

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

**June 30, 2013**

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

## Table of Contents

1	INTRODUCTION.....	1
1.1	Background.....	1
1.2	Sources of Information .....	1
1.3	Limitation.....	2
1.4	Currency.....	2
1.5	Further Steps to be Taken as Stated in the Fifth Report .....	2
2	OBJECTIVE OF THIS REPORT .....	3
2.1	Collections on Outstanding Loans .....	3
2.2	NIB's Claim Against the Company .....	4
2.3	Proof of Debt and Payment of first dividend .....	5
2.4	Investments .....	5
2.5	Cash balances.....	6
2.6	Other matters.....	6
3	OTHER STEPS TO BE TAKEN BY THE OFFICIAL LIQUIDATOR.....	6
4	CONCLUSION .....	7
	Appendix I.....	8
	Appendix II.....	9

**TCI BANK LIMITED**  
**(In Liquidation under the supervision of The Supreme Court)**

**SIXTH REPORT OF THE OFFICIAL LIQUIDATOR**

**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 sixth report on the liquidation. This report covers the period January 1, 2013, to June 30, 2013.

**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, 2013, been subject to an audit.

1.3.2 As the Company's Official Liquidator, my report is solely 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 Fifth Report**

In my fifth report I noted that, after analyzing the tasks to be performed and prioritizing the same, I was partially able to conclude or complete the following steps:

- (a) Investigate other "secured creditors", to determine whether these transactions were normal arms-length transactions;
- (b) Settlement of all claims submitted by creditors.



## **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 fifth report as at December 31, 2012, 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) NIB Investigation and settlement;
- (c) Proof of debt and dividend payments
- (d) Investments
- (e) Cash
- (f) Other Matters
- (g) Conclusion.

### **2.1 Collections on Outstanding Loans**

- 2.1.1. During the reporting period, January 1, 2013, to June 30, 2013, twenty-four (24) loan accounts were renegotiated and paid off.
- 2.1.2. During the period, as noted in Appendix I, total collections from loan customers was USD\$1, 216,817. The collection of loan payments continued to present challenges during the period.
- 2.1.3. As of the date of this report, the balance due on the top twenty (20) significant overdue loans and overdrafts was \$23,675,000. A list of the top twenty (20) accounts is produced below and there will be subject to foreclosure proceedings.

To date I have initiated foreclosure proceeding against properties of some thirty-seven (37) borrowers. These proceedings will result in public auctions before progressing to private treaty sales if the properties remain unsold at such auctions. The whole process

could take up to seven months. Further on June 24<sup>th</sup>, 2013 I held my first auction where I placed eight (8) properties up for sale. None of the properties were sold in that auction.

Number of Loans	Description	Pay-off Balances		Days Overdue
		June 30, 2013	June 30, 2013	As at June 30, 2013
Loan #1	Special purpose building	\$	4,024,000	1,186
Loan #2	Touristic Product		2,110,000	1,631
Loan #3	Land		1,670,000	984
Loan #4	Syndicated Loan		1,515,000	1,156
Loan #5	Commercial		1,423,000	1,155
Loan #6	Special purpose building		1,281,000	963
Loan #7	Touristic product-overdraft facility		1,243,000	overdraft facility
Loan #8	Commercial		955,000	515
Loan #9	Residential		949,000	1,659
Loan #10	Residential		928,000	1,311
Loan #11	Special purpose building		906,000	1,412
Loan #12	Apartments		790,000	764
Loan #13	Apartments		769,000	1,415
Loan #14	Apartments		760,000	1,573
Loan #15	Commercial		757,000	1,221
Loan #16	Special purpose building		745,000	764
Loan #17	Apartments		728,000	1,328
Loan #18	Touristic Product		726,000	1,369
Loan #19	Commercial		717,000	1,586
Loan #20	Commercial		679,000	1,464
<b>Total balance as at June 30, 2013</b>		<b>\$</b>	<b>23,675,000</b>	

## 2.2 NIB's Claim Against the Company

- 2.2.1. The background into the investigation of NIB's claim against the Company and the work performed in that regard, have been dealt with in prior reports and therefore need not be repeated here.
- 2.2.2. Since my last report I settled the NIB claim against the Company for interest and cost resulting from enforcement of its debenture claim. The amount agreed was \$1,122,695 of which NIB was paid \$822,695. This amount represents the settlement of the \$1,122,695

less US\$300,000 being the recovery of cost from NIB for time spent on collection of amounts due to NIB under the debenture. This amount will benefit all creditors.

## 2.3 Proof of Debt and Payment of first dividend

2.3.1. As noted in Appendix I, during the reporting period a total sum \$604,976 was paid to creditors by way of a first interim dividend distribution.

## 2.4 Investments

2.4.1. As at the date of this report, I have received total redemption payments of USD\$1,666,667 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”) and accrued interest of USD\$206,858. Details of the Company’s investment activities are shown below.

Investments	As at 9-Apr-10	Collected During the Liquidation	As at 30-Jun-13
Unquoted investment in ECIC Ltd.	\$ 631,990	\$ -	\$ 631,990
Antigua Government Bond 8.5%	1,499,998	-	1,499,998
TCI Government Bond 7.5%	3,833,333	(1,166,667)	2,666,666
TCI Government Bond 8%	2,000,000	(500,000)	1,500,000
Accrued Interest	206,858	(206,858)	-
<b>Total</b>	<b>\$ 8,172,179</b>	<b>\$ (1,873,525)</b>	<b>\$ 6,298,654</b>

During the period \$435,682 in principal repayment and interest was received and paid to the respective beneficiaries (see Appendix II).

During the period I was contacted by shareholders to ECIC who advised that this company, which was no longer operating, was likely to be sold at a deeply discounted rate. The potential buyer of ECIC was interested in acquiring the company in order to gain control of a subsidiary of the company which has a restricted banking license. I understand that ECIC is likely to be sold at a 90% discount rate consequently the Company’s investment will be reduced by approximately \$568,791.



## **2.5 Cash balances**

- 2.5.1. For the period the net cash increase (after deducting expenses) was USD\$1,068,334. As at June 30, 2013, the Company's cash balance is USD\$9,189,691. 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**

### **2.6.1. General**

During the period I continued to manage the liquidation process and my activities 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 various matters including taxation of costs;
- (e) Performing daily operational tasks;
- (f) Reviewing and issuing letters and documents, in response to Production and Customer Information Orders, issued by the Special Investigations and Prosecutions Team ("SIPT").
- (g) Preparing and organizing the first auction and attendance at such.

## **3 OTHER STEPS TO BE TAKEN BY THE OFFICIAL LIQUIDATOR**

In Section 1.5 above, we listed further steps to be taken, as at December 30, 2012. 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 potential distributions 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.

#### **4 CONCLUSION**

As the Company's Official Liquidator, I will continue to exercise my duties as set out in the order of appointment. Tasks will be prioritized and performed in an orderly manner, after reviewing and analyzing the same. As the Company's main asset continues to be a depressed loan portfolio, most of my efforts will be dedicated to the collection of and/or conversion of the assets in the portfolio to cash. This will not be without tremendous difficulties as many of the loan customers are themselves either experiencing difficulties in making timely payments on their outstanding loan balances, not able to refinance their loans, or simply refusing to pay their loan obligations.

I have not prepared an estimate of the realizable value of the loan portfolio, which is primarily backed by property and real estate, because any estimate of recovery from the sale of properties would be speculative at this time, as I have not sold any properties by foreclosure proceedings. As at 30 June, 2013 I have commenced foreclosure proceedings on twenty-three (23) non-performing loans of which an auction was held for eight (8) of them. I intend to increase the number of foreclosure proceedings against other major non-performing loans.

This report covers the period January 1, 2013, to June 30, 2013, and will be followed by half yearly reports, as at June 30 and December 31.

Respectfully submitted as of the 30th day of September, 2013 this the sixth report.



Anthony S. Kikivarakis Sr.

## Appendix I

**TCI Bank Limited (In Liquidation)**  
**Receipts & Disbursements Account**  
**For the period January 1, 2013, to June 30, 2013**  
*(Unaudited)*  
*(Expressed in United States dollars)*

<b>OPENING BALANCE</b>		<b>\$ 9,595,027</b>
<b>RECEIPTS</b>		
Loan Receipts - TCI Bank Customers	1,216,817	
Principal repayments and interest on TCIG Bonds	434,935	
Interest income - Interest bearing deposits	14,180	
<b>TOTAL RECEIPTS</b>		<u><b>1,665,931</b></u>
<b>DISBURSEMENTS</b>		
Liquidators' fees and other costs	395,344	
Salaries and related expenses - former employees	61,045	
Rent and utilities - office	35,375	
Legal fees	33,965	
Rent and utilities - Liquidator and Agents	19,589	
Security	13,760	
Communication expenses	10,916	
Storage	10,560	
Vehicle costs	10,515	
Equipment rental, maintenance, and supplies	3,763	
Cleaning services	2,080	
Bank charges	686	
<b>TOTAL DISBURSEMENTS</b>		<u><b>(597,597)</b></u>
<b>NET RECEIPTS FOR THE PERIOD</b>		<b>1,068,334</b>
<b>NIB INTEREST SETTLEMENT</b>		<b>(822,695)</b>
<b>FIRST INTERIM DIVIDEND</b>		<b>(604,976)</b>
<b>LEGAL COSTS ADVANCED TO ATTORNEYS RELATING TO FORECLOSURES</b>		<b>(46,000)</b>
<b>ENDING CASH BALANCE</b>		<u><u><b>\$ 9,189,691</b></u></u>
<b>Cash Consist of:</b>		
Interest bearing deposits		\$ 7,156,110
Operating Account		1,063,566
General Account		969,228
Petty cash		787
<b>TOTAL CASH HELD</b>		<u><u><b>\$ 9,189,691</b></u></u>

**Appendix II**

**TCI Bank Limited (In Liquidation)**  
**Receipts & Disbursements Account-Fiduciary Accounts**  
**For the period January 1, 2013, to June 30, 2013**  
*(Unaudited)*  
*(Expressed in United States dollars)*

<b>OPENING BALANCE</b>	\$ -
<b>RECEIPTS</b>	
Principal repayments and interest on TCIG Bonds (held in a fiduciary capacity)	<u>435,682</u>
<b>DISBURSEMENTS</b>	
Payment of principal and interest on fiduciary funds	<u>435,682</u>
<b>ENDING CASH BALANCE</b>	<u>\$ -</u>