

THE TURKS AND CAICOS ISLANDS

2019

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)

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

December 31, 2018

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.....	1
1.4	Currency.....	2
1.5	Further Steps to be Taken as Stated in the Sixteenth Report.....	2
2	OBJECTIVE OF THIS REPORT	2
2.1	Collections on Outstanding Loans.....	3
2.2	Proof of Debt and Payment of second and first dividends.....	3
2.3	Shareholder Banks Balances.....	4
2.4	Investments	4
2.5	Cash balances.....	5
2.6	Other Matters	5
3	OTHER STEPS TO BE TAKEN BY THE OFFICIAL LIQUIDATOR.....	5
4	DIVIDEND DISTRIBUTION	6
5	CONCLUSION	6
	Appendix I- Receipts and Disbursements Account.....	7
	Appendix II- Receipts and Disbursements Account-Fiduciary.....	8

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 I became the sole Official Liquidator of the Company as appointed by the Court.

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 sixteenth report on the liquidation. This report covers the period July 1, 2018, to December 31, 2018.

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 December 31, 2018, 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 Sixteenth Report

In my sixteenth report, I listed further steps to be taken, as at June 30, 2018. 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 small number of distributions from the first and second 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 sixteenth report as at June 30, 2018, 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, July 1, 2018, to December 31, 2018, sixteen (16) loan account balances were either renegotiated or refinanced and final settlements made.
- 2.1.2. During this period, USD\$3,039,439 was collected from customers as noted in Appendix I. This amount was obtained from, sales of private treaty properties, proceeds from payouts and/or refinancing's of customers' loan balances.
- 2.1.3. As of the date of this report, there are loans and overdrafts that continue to be 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 seventeen (117) borrowers with significant overdue loans and overdrafts. These proceedings will result in applications being made to the court to conduct private treaty sales. Most 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. 114 section 64 notices served
2. 74 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. 48 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\$24,895 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 small number of shareholder banks still have outstanding loan balances with the Company. Discussions are continuing with such banks to resolve these matters.

I am also in discussions with the Liquidator of Antigua Overseas 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\$4,599,999 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”). Details of the Company’s investment activities are shown below.

Investments	As at 9-Apr-10	Collected During the Liquidation	Written off During the Liquidation	As at 31-Dec-18
Unquoted investment in ECIC Ltd.	\$ 631,990	\$ -	\$ (625,036)	\$ 6,954
TCI Government Bond 7.5%	3,833,333	(2,999,999)	-	833,334
TCI Government Bond 8%	2,000,000	(1,600,000)	-	400,000
Total	\$ 6,465,323	\$ (4,599,999)	\$ (625,036)	\$ 1,240,288

During the period the Company received \$320,944 in principal and interest as agent and paid the same 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 prospect of recovery of this balance is not likely and consideration to making a full provision will be made in the next report.

2.5 Cash balances

For the period the net cash increase (after deducting expenses) was USD\$2,642,748. As at December 31, 2018, the Company's cash balance is USD\$10,760,196. Most of the cash balances consist of interest bearing deposits. 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 those 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 where necessary;
- (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;
- (g) Conducting regular 'status update' meetings via telephone, electronic messaging and in person with my agents, customers and shareholder representatives.

3 OTHER STEPS TO BE TAKEN BY THE OFFICIAL LIQUIDATOR

In Section 1.5 above, we listed further steps to be taken up to December 31, 2018. 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 small

number of distributions not yet paid as a result of persons not being located 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 DIVIDEND DISTRIBUTION

To date two dividend distributions have been made to depositors and creditors in the amount of twenty cents in the dollar (0.20) per distribution resulting in an overall payment of forty cents (0.40) to unsecured depositors and creditors since commencement of the liquidation. The cash accumulated since the last distribution as noted in Appendix I will result in another distribution in 2019 at a date and amount to be determined.

5 CONCLUSION

As noted in prior reports the Company's main asset continues to be outstanding loans and mortgage balances. It should be noted that secured depositors/creditors have been paid in full. As a result, most of my efforts will continue to be the collection and/or conversion of the assets in the portfolio to cash. This will involve continuing foreclosure proceedings and selling properties where refinancing by borrowers is not possible.

This report covers the period July 1, 2018, to December 31, 2018, and will be followed by half yearly reports, as at June 30 and December 31.

Respectfully submitted as of the 12th day of March, 2019 this the seventeenth report.



Anthony S. Kikivarakis Sr.

Appendix I

TCI Bank Limited (In Liquidation)
Receipts & Disbursements Account
For the period July 1, 2018, to December 31, 2018
(Unaudited)
(Expressed in United States dollars)

OPENING BALANCE		\$ 8,142,343
RECEIPTS		
Loan Receipts - TCI Bank Customers	3,039,439	
Principal repayments and interest on TCIG Bonds	324,215	
Interest income - Interest bearing deposits	30,247	
Trustee and management fees on TCIG Bonds	10,000	
TOTAL RECEIPTS		<u>3,403,901</u>
DISBURSEMENTS		
Liquidator and agents fees	382,815	
Legal fees and commissions paid relating to foreclosure proceedings	223,634	
Salaries and related expenses - former employees	55,226	
Rent and utilities - office	33,147	
Legal fees	20,675	
Rent and utilities - Liquidator and Agents	13,816	
Security	10,628	
Storage	6,720	
Communication expenses	6,214	
Equipment rental, maintenance, and supplies	4,801	
Vehicle costs	1,418	
Bank charges	1,046	
Cleaning services	1,013	
TOTAL DISBURSEMENTS		<u>(761,153)</u>
NET RECEIPTS FOR THE PERIOD		2,642,748
DIVIDENDS-1st and 2nd Distribution		(24,895)
ENDING CASH BALANCE		<u>\$ 10,760,196</u>
Cash Consist of:		
Interest bearing deposits		\$ 9,329,755
Operating Account		1,371,340
General Account		58,184
Petty cash		917
TOTAL CASH HELD		<u>\$ 10,760,196</u>

Appendix II

TCI Bank Limited (In Liquidation)
Receipts & Disbursements Account-Fiduciary Accounts
For the period July 1, 2018, to December 31, 2018
(Unaudited)
(Expressed in United States dollars)

OPENING BALANCE	\$ -
RECEIPTS	
Principal repayments and interest on TCIG Bonds (held in a fiduciary capacity)	<u>320,944</u>
DISBURSEMENTS	
Payment of principal and interest on fiduciary funds	<u>(320,944)</u>
ENDING CASH BALANCE	<u>\$ -</u>