

THE TURKS AND CAICOS ISLANDS
IN THE SUPREME COURT

2018

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)

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

June 30, 2018

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 sixteenth report on the liquidation. This report covers the period January 1, 2018, to June 30, 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 June 30, 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 Fifteenth Report

In my fifteenth report, I listed further steps to be taken, as at December 31, 2017. 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 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 fifteenth report as at December 31, 2017, 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, 2018, to June 30, 2018, eleven (11) loan account balances were either set off with deposits, renegotiated or refinanced and final settlements made.
- 2.1.2. During this period, USD\$1,302,083 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 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. 66 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. 38 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\$3,454 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. I am in discussion with one shareholder bank to determine which collateral being held by them can be utilized against their deposit balances.

1) Antigua Overseas Bank (AOB):

AOB is the second shareholder bank and I am presently in discussions with its Liquidator 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\$4,333,333 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-18 |
| Unquoted investment in ECIC Ltd. | \$ 631,990 | \$ - | \$ 6,954 |
| TCI Government Bond 7.5% | 3,833,333 | (2,833,333) | 1,000,000 |
| TCI Government Bond 8% | 2,000,000 | (1,500,000) | 500,000 |
| Accrued Interest | 206,858 | (206,858) | - |
| Total | \$ 6,672,181 | \$ (4,540,191) | \$ 1,506,955 |

During the period the Company received \$331,011 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).

2.5 Cash balances

For the period the net cash increase (after deducting expenses) was USD\$1,274,698. As at June 30, 2018, the Company's cash balance is USD\$8,142,343. 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;
- (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, 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. The date of a third distribution and the amount has not yet been determined.

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, 2018, to June 30, 2018, and will be followed by half yearly reports, as at December 31 and June 30.

Respectfully submitted as of the 19th day of September, 2018 this the sixteenth report.



Anthony S. Kikivarakis Sr.

Appendix I

TCI Bank Limited (In Liquidation)
Receipts & Disbursements Account
For the period January 1, 2018, to June 30, 2018
(Unaudited)
(Expressed in United States dollars)

| | | |
|--|-----------|-----------------------------------|
| OPENING BALANCE | | \$ 6,871,099 |
| RECEIPTS | | |
| Loan Receipts - TCI Bank Customers | 1,302,083 | |
| Principal repayments and interest on TCIG Bonds | 333,620 | |
| Interest income - Interest bearing deposits | 38,262 | |
| TOTAL RECEIPTS | | <u>1,673,965</u> |
| DISBURSEMENTS | | |
| Legal fees related to foreclosure proceedings | 133,641 | |
| Liquidators' fees and other costs | 112,401 | |
| Salaries and related expenses - former employees | 50,147 | |
| Rent and utilities - office | 30,883 | |
| Legal fees | 14,930 | |
| Rent and utilities - Liquidator and Agents | 15,420 | |
| Security | 11,921 | |
| Vehicle costs | 10,578 | |
| Communication expenses | 6,810 | |
| Storage | 6,720 | |
| Equipment rental, maintenance, and supplies | 3,581 | |
| Bank charges | 1,218 | |
| Cleaning services | 1,017 | |
| TOTAL DISBURSEMENTS | | <u>(399,267)</u> |
| NET RECEIPTS FOR THE PERIOD | | 1,274,698 |
| DIVIDENDS | | (3,454) |
| ENDING CASH BALANCE | | <u><u>\$ 8,142,343</u></u> |
| Cash Consist of: | | |
| Interest bearing deposits | | \$ 6,799,508 |
| Operating Account | | 1,250,595 |
| General Account | | 91,771 |
| Petty cash | | 469 |
| TOTAL CASH HELD | | <u><u>\$ 8,142,343</u></u> |

Appendix II

TCI Bank Limited (In Liquidation)
Receipts & Disbursements Account-Fiduciary Accounts
For the period January 1, 2018, to June 30, 2018
(Unaudited)
(Expressed in United States dollars)

| | |
|--|------------------|
| OPENING BALANCE | \$ - |
| RECEIPTS | |
| Principal repayments and interest on TCIG Bonds (held in a fiduciary capacity) | <u>331,011</u> |
| DISBURSEMENTS | |
| Payment of principal and interest on fiduciary funds | <u>(331,011)</u> |
| ENDING CASH BALANCE | <u>\$ -</u> |