

THE TURKS AND CAICOS ISLANDS

2015

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)

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

**December 31, 2015**

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 tenth report on the liquidation. This report covers the period July 1, 2015, to December 31, 2015.

## **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, 2015, 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 Tenth Report**

In my tenth report, I listed further steps to be taken, as at June 30, 2015. 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 tenth report as at June 30, 2015, 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, 2015, to December, 2015, thirty-eight (38) loan account balances were either set off with deposits, renegotiated or refinanced and final settlements made.
- 2.1.2. During this period, USD\$1,368,009 was collected from loan customers for the six months ended December 31, 2015 as noted in Appendix I. This amount was obtained from payouts and/or refinancing from loan customers which included one loan customer in foreclosure proceedings.
- 2.1.3. As of the date of this report, there continue to be significant 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 eighty seven (87) borrowers with significant overdue loans and overdrafts. These proceedings will result in public auctions or applications being made to the court to conduct private treaty sales.

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

- 1. 87 section 64 notices served
- 2. 54 section 72 notices served
- 3. 18 private treaty orders obtained
- 4. 19 properties have completed the 1<sup>st</sup> auction process
- 5. 15 properties have completed the 2<sup>nd</sup> auction process
- 6. 4 auctions in total carried out to date
- 7. 2 properties sold to date by auction
- 8. 11 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\$5,058,837 was paid to creditors arising from the second and first interim dividend distributions declared.
- 2.2.2. During January 2016, \$1,634,955.02 was paid to the TCI Government for dividend payment for depositors' accounts confiscated.

## 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. One of the particular shareholder banks has not claim in the liquidation and has not responded to our request for dialogue with regard to the settlement. I will continue to pursue these matters with the aim of reaching a resolution.

## 2.4 Investments

- 2.4.1 As at the date of this report, I have received total redemption payments of USD\$2, 999,999 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") 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 31-Dec-15
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	(1,999,999)	1,833,334
TCI Government Bond 8%	2,000,000	(1,000,000)	1,000,000
Accrued Interest	206,858	(206,858)	-
<b>Total</b>	<b>\$ 8,172,179</b>	<b>\$ (3,206,857)</b>	<b>\$ 2,840,288</b>

During the period \$384,197 in principal repayment and interest was received and paid to the respective beneficiaries (see Appendix II).

As reported previously, I was contacted by shareholders of ECIC who advised that this company, which was no longer operating, was likely to be sold. At a deeply discounted rate in 2014, AM Business Solutions (AMBSI) acquired ownership of the 5,487,850 shares of ECIC at a purchase price of \$146,196.20 (\$0.025 per share). At the end of this reporting period TCIB 632,200 shares were worth \$6,954.20 (0.011 per share) as a result of a further devaluation in the ECIC Ltd shares.

The Antigua Government Bonds had their final repayment of principal and interest in September 2013 and the amount was retained by St. Kitts Nevis Anguilla Bank as part of their collateral assigned by the Company to it. As stated in 2.3 above this matter is still the subject of discussion and negotiation.

## **2.5 Cash balances**

For the period the net cash increase (after deducting expenses) was USD\$1,190,504. As at December 31, 2015, the Company's cash balance is USD\$6,578,911. 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 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) 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, as at December 31, 2015. 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 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.

### **5 CONCLUSION**

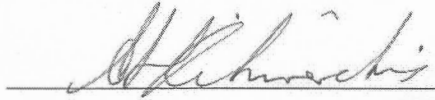
As noted in prior reports the Company's main asset continues to be a depressed loan portfolio. As a result, most of my efforts will be dedicated to the collection of and/or conversion of the assets in the portfolio to cash. This will involve continuing foreclosure proceedings and taking legal action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

Again, 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 only sold two (2) properties arising from foreclosure proceedings. A number of properties will be subject to private treaty sales in the future.



This report covers the period July 1, 2015, to December 3, 2015, and will be followed by half yearly reports, as at June 30 and December 31.

Respectfully submitted as of the 30th day of March, 2016 this the eleventh report.

A handwritten signature in cursive script, appearing to read "A. Kikivarakis", is written over a horizontal line.

Anthony S. Kikivarakis Sr.

Appendix I

**TCI Bank Limited (In Liquidation)**  
**Receipts & Disbursements Account**  
**For the period July 1, 2015, to December 31, 2015**  
*(Unaudited)*  
*(Expressed in United States dollars)*

<b>OPENING BALANCE</b>		<b>\$ 10,447,244</b>
<b>RECEIPTS</b>		
Loan Receipts - TCI Bank Customers	1,368,009	
Principal repayments and interest on TCIG Bonds	385,752	
Trustee and management fees for TCIG Bonds	10,000	
Interest income - Interest bearing deposits	5,605	
Proceeds from the sale of assets	240	
<b>TOTAL RECEIPTS</b>		<b><u>1,769,605</u></b>
<b>DISBURSEMENTS</b>		
Liquidators' fees and other costs	361,889	
Salaries and related expenses - former employees	53,338	
Legal fees related to foreclosure proceedings	37,340	
Rent and utilities - office	33,153	
Legal fees	25,688	
Rent and utilities - Liquidator and Agents	21,591	
Security	13,216	
Communication expenses	11,820	
Storage	10,560	
Vehicle costs	5,191	
Equipment rental, maintenance, and supplies	2,810	
Cleaning services	1,748	
Bank charges	759	
<b>TOTAL DISBURSEMENTS</b>		<b><u>(579,102)</u></b>
<b>NET RECEIPTS FOR THE PERIOD</b>		<b>1,190,504</b>
<b>DIVIDENDS</b>		<b>(5,058,837)</b>
<b>ENDING CASH BALANCE</b>		<b><u><u>\$ 6,578,911</u></u></b>
<b>Cash Consist of:</b>		
Interest bearing deposits		\$ 1,213,760
Operating Account		5,111,013
General Account		253,024
Petty cash		1,114
<b>TOTAL CASH HELD</b>		<b><u><u>\$ 6,578,911</u></u></b>

**Appendix II**

**TCI Bank Limited (In Liquidation)**  
**Receipts & Disbursements Account-Fiduciary Accounts**  
**For the period July 1, 2015, to December 31, 2015**  
*(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>384,197</u>
<b>DISBURSEMENTS</b>	
Payment of principal and interest on fiduciary funds	<u>(384,197)</u>
<b>ENDING CASH BALANCE</b>	<u>\$ -</u>

