



3 July 2017

TO ALL KNOWN DEPOSITORS

Dear Depositor

Caribbean Commercial Investment Bank Limited – Administrator Appointed (“CCIB”)

The purpose of this letter is to provide you with an update on the administration of CCIB. It should be read in conjunction with my previous letters and specifically that dated 2 February 2017.

Chapter 11 Bankruptcy

In my previous letter, I confirmed that CCIB had been placed into Chapter 11 Bankruptcy in the United States and that I was undertaking investigations into possible claims against various parties.

On 1 May 2017, a complaint was filed by CCIB in the United States Bankruptcy Court for the Southern District of New York (“Bankruptcy Court”) against the Caribbean Commercial Bank (Anguilla) Ltd (“CCBL”), the National Commercial Bank of Anguilla Ltd (“NCBA”), and the Eastern Caribbean Central Bank (“ECCB”) (together, the “Defendants”) (the “US Proceedings”).

The complaint alleges that the ECCB through the Conservator Directors, improperly exercised control over CCIB and took control of its depositors’ funds resulting in the transfer of up to US\$87.93 million to the ECCB. The complaint also asserts claims against CCBL and NCBA for the return of CCIB funds received by those entities in the amounts of at least US\$4.48 million and US\$2.25 million respectively.

The next steps with respect to the US Proceedings are as follows:

1. 24 July 2017 – Deadline for the Defendants to file motions to dismiss the complaint.
2. 25 August 2017 – Deadline for CCIB to file an opposition to the Defendants’ motions to dismiss.
3. 11 September 2017 – Deadline for the Defendants to file replies to CCIB’s opposition.

Should depositors wish to view documents filed in the Bankruptcy Court with respect to the US Proceedings, they can be accessed free of charge using the following link:

<http://dm.epiq11.com/CCB>

Post-conservatorship balances (up to 24 March 2016)

As noted in previous correspondence, I have issued proceedings in the Eastern Caribbean Supreme Court in the High Court of Justice (the “Anguillian Court”), on behalf of CCIB, against CCBL and NCBA.

As CCBL is in receivership, it was necessary for me to seek leave from the Anguillian Court to bring the claim against CCBL, however, this was not granted by the Master. I therefore made an application to the Eastern Caribbean Court of Appeal seeking leave to appeal that decision, which was granted. The appeal will be heard in October 2017.

Judicial Review

A number of depositors have indicated a desire to make an application to the European Commission of Human Rights (“ECHR”) to contest the unfair treatment of the depositors of CCIB with respect to protection afforded to depositors of CCBL as part of the Resolution Plan. In order to make an application to the ECHR, I have been advised that all local remedies in Anguilla first need to be exhausted, including a judicial review.

An application for a judicial review was filed on 10 March 2017 in the Anguillian Court. The respondents are the ECCB, the Government of Anguilla and the Receiver of CCBL.

The key matters for judicial review are:

- (i) the treatment of CCIB, which is being denied the protection up to EC\$2.8m afforded to other depositors of CCBL; and
- (ii) its exclusion from participation in the Depositors’ Protection Trust for large depositors.

An application for a stay of the proceedings was filed on 5 May 2017, in order for the US Proceedings to be determined by the Bankruptcy Court. On 14 June 2017, the Anguillian Court granted the stay to the earlier of:

- a) A final determination by the Bankruptcy Court in the US Proceedings; or
- b) The reaching of any settlement between the parties to the US Proceedings.

Similar legal proceedings in the United States and Anguilla are being pursued in parallel on behalf of the National Bank of Anguilla (Private Banking & Trust) Limited, of which I am also Administrator.

Asset Recoveries

1. Loans

Collections continue to be received monthly from performing loans. Since 2 February 2017, US\$39,352 has been received from the loans

Settlement negotiations are continuing with borrowers whose loans are non-performing, including a borrower that has a significant balance outstanding in excess of US\$850,000.

I am in the process of enforcing the security held by CCIB in relation to three loans. In one case, I am also bringing a claim against borrowers personally because there is a lack of other security available to CCIB.

Total recoveries from loans since my appointment are US\$464,820. You should be aware that in many cases, especially in respect of non-performing loans, the underlying realisable values of assets used to secure loans are less than the sums advanced.

2. Cash / Investments

CCIB maintained an account at Morgan Stanley Smith Barney. The balance of the account in the amount of US\$7,304 was transferred to CCIB's administration bank account.

Administrator's Account of Receipts and Payments

I attach at **Appendix 1**, my account of receipts and payments for the period from the date of my appointment on 22 February 2016 to 26 June 2017.

Informal Creditors' Committee – Contact with Depositors

Some members of the Informal Creditors' Committee have expressed an interest in being placed in direct contact with depositors. For several reasons, I have not, and will not, provide details of any depositors to third parties. Mr. Munns, a Creditors' Committee Member, has asked me to circulate the following introduction from him to depositors:

"Dear Fellow Depositor,

A few of us volunteered to serve on an unofficial creditors' committee. We have been able to share some information with each other that, at the very least, helped us gain a better understanding of the circumstances under which our money was confiscated and the prospects for some kind of acceptable resolution.

I would like to extend an offer to participate in this information sharing process. Participation would entail nothing more than agreeing to be on the email distribution list we use to send each other articles and other information related to Anguillian banking.

I have no idea whether our information sharing will contribute in any way to a resolution but it has helped me understand the situation. Simply email me back at harry@munns.org and make reference to "Anguillian Banking" in the subject line. I will make sure you are included in future communications.

Harry Munns"

If you wish to communicate directly with the Informal Creditors' Committee, you may wish to email Mr Munns. Please note that he is not authorised to communicate confidential matters to you that may come to his attention through being a member of the Committee.

I intend shortly to hold a further meeting of the Informal Creditors' Committee.

Should you have any queries with the contents of this letter, please do not hesitate to contact
CCIB@fticonsulting.com

Yours faithfully
Caribbean Commercial Investment Bank Limited – Administrator Appointed



William Tacon
Administrator

Encl.

APPENDIX 1

**Caribbean Commercial Investment Bank Ltd - Administrator Appointed
 Receipts and Payments Account
 From 22 February 2016 to 23 June 2017**

	<u>US\$'000s</u>
Receipts	
Loan Receipts	467.7
Contribution to Administration Costs from CCB	12.9
Morgan Stanley	7.3
Total Receipts	487.9
Payments	
Administrator's Fees and Disbursements	(105.8)
Legal Expenses	(282.5)
Property Appraisal Fees	(3.4)
Bank Fees	(1.5)
Total Payments	(393.1)
Funds Held	
Cash at Bank	63.8
Retainer*	30.9
Total	94.70

* An amount of \$30,900 is current held as a retainer by Reed Smith, one of my US lawyers.