

0Applicants
P M Lyon
First
PML1

Date Sworn:

IN THE HIGH COURT OF JUSTICE

CLAIM NO.

CHANCERY DIVISION

BETWEEN:

**(1) IMPERIAL CONSOLIDATED LTD (IN ADMINISTRATION)
(2) IMPERIAL CONSOLIDATED FINANCIERS LTD (IN ADMINISTRATION)**

Claimants

- and -

- (1) JARED BENTLEY BROOK**
- (2) LINCOLN JULIAN FRASER**
- (3) FRASER BROOK PARTNERSHIP (A FIRM)**
- (4) NICHOLAS GRANT FRASER**
- (5) TONY SMITH**
- (6) MARK ANDREW COLYER**
- (7) NEIL ARTHUR BUCK**
- (8) ANDREW CRAWSHAW**
- (9) IMPERIAL CONSOLIDATED HOLDINGS INC.**
- (10) HELLAS (UK) LIMITED**
- (11) UNIBAY (UK) LIMITED**
- (12) G 3 SYSTEMS LIMITED**
- (13) G 3 STRATEGIC LIMITED**
- (14) LEISURE GROUP (UK) LIMITED**
- (15) LEISURE PROPERTIES (UK) LIMITED**
- (16) TUCUMAN LAND HOLDINGS LIMITED**
- (17) EQUITY AND COMMERCIAL FINANCE LIMITED**
- (18) IMPERIAL DEALMAKERS LIMITED**
- (19) PLATINUM I S HOLDINGS LIMITED**

Defendants

**FIRST AFFIDAVIT OF PHILIP
MICHAEL LYON**

I, **PHILIP MICHAEL LYON** of Mazars Neville Russell, Chartered Accountants, Tottle Road, Nottingham NG2 1RT, a Licensed Insolvency Practitioner **MAKE OATH AND SAY** as follows:

1. The facts and matters deposed to herein are, unless otherwise indicated, within my own knowledge based on information supplied to me or based on inquiries I have made. The same is true to the best of my information knowledge and belief. Where the facts and matters referred to in this Affidavit are not within my own knowledge, the source of the information is stated.
2. There is now produced and shown to me marked “**PML 1**” a paginated bundle containing copies of documents to which I refer in this affidavit (“the Bundle”).

Interpretation

3. In this Affidavit I refer to numerous companies and individuals. For convenience I have abbreviated some of the names. At the end of this affidavit is a glossary of the abbreviated names that I have adopted.

Interim Relief Sought

4. Two of the UK Companies, Imperial Consolidated and Imperial Financiers, the Claimants in the action, seek:
 - 4.1 An injunction to prevent dealings with a number of properties in respect of which the UK Companies claim proprietary interests, principally on the basis that the acquisition of those properties was in fact funded by the one or other or both of them (predominantly Imperial Financiers) in circumstances giving rise to a resulting or constructive trust
 - 4.2 A worldwide freezing injunction in respect of the Defendants’ assets up to a value of £36,650,000 in respect of Mr Brook, Mr Fraser and Fraser Brook and lesser sums in respect of the other Respondents to secure the Claimants’ claims arising out of what are considered to be misapplications of funds amounting to gross negligence and/or breach of trust or other fiduciary duty. The Defendants respectively either caused the payments to be made in breach of their own duties, or assisted in what they knew or must have known to be

breaches of duty by others or received the benefit of such misapplications of money in circumstances in which they must have known that the money was being paid in breach of trust or other fiduciary duty. In addition, or alternatively, some of the Defendants, for example Tucuman Land, G 3 Systems and Fraser Brook are shown in some of the Claimants' records as being substantial debtors. If that is the case then the Claimants seek repayment of those debts.

- 4.3 A search order in respect of documents relating to dealings between the Defendants and the Claimants and in relation to the assets that are the subject of proprietary claims. The administrators would want to search two premises at which the Defendants carry on business, namely premises at Olympia House and at Faldingworth (referred to in **paragraphs 252 to 256**) and at the homes of Mr Brook and Mr Fraser.
 - 4.4 Permission to serve Imperial Consolidated Holdings Inc. out of the jurisdiction.
 - 4.5 An extension of time for the service of the particulars of claim. I refer to the claim form. The brief details of the claim are extensive and the complexity of the claims is apparent from the length of this affidavit and the extent of the documentation that I have exhibited. I am told by solicitors and counsel instructed on behalf of the Claimants that it will not be possible to prepare and serve particulars of claim within the time limits normally allowed by the rules.
 - 4.6 I refer to the draft Orders annexed to the application notice for the detail of the relief sought.
5. My Partner, Alistair Steven Wood ("Mr Wood"), and I were appointed Joint Administrators of Imperial Consolidated, Imperial Financiers and Imperial Phoenix on 10 June 2002. The Administration Orders were made on the hearing of Petitions, in each case, presented by the directors of the UK Companies. At pages **A3.1** to **A3.138** of the Bundle there are copies of the petitions affidavits and Rule 2.2 report relating to the UK Companies.

6. On 26 June 2002 Mr Wood and my partner, Timothy Ball (“Mr Ball”) were appointed provisional liquidators of a company incorporated under the laws of the British Virgin Islands, called Commercial Lending. Commercial Lending Company is shown on the chart (at page **A1.1** of the Bundle) as a subsidiary of Heisei Asia Trust.
7. On 28 June 2002 Mr Wood and Mr Ball were appointed provisional liquidators of four companies incorporated under the laws of Grenada, called IC Mutual, ICS Placement, Alpha Windward and Commercial Placements (together “the Grenadian Companies”). Each of the Grenadian Companies is shown on the chart (at page **A1.1** of the Bundle) as subsidiaries of Heisei Asia Trust which is itself owned by Fraser Brook.
8. Mr Marcus Wide of PricewaterhouseCoopers (“Mr Wide”) was appointed Joint Liquidators of IC Mutual, ICS Placement, Alpha Windward and Commercial Placements by the High Court of Grenada on Thursday, 25 July 2002.
9. Mr Wood and Mr Wide were appointed Joint Liquidators of Commercial Lending on Friday 26 July 2002.
10. The UK Companies form part of a substantial group. At page **A1.1** of the Bundle is a chart setting out the group structure. This chart has been prepared by Nicholas Fraser. Nicholas Fraser is company secretary of Imperial Consolidated and employed by the UK Companies as an accountant. I believe that this chart is inaccurate in some respects. At pages **E15.1** to **E15.3** of the Bundle there is a copy of a letter from Mr Brook to Mr Imadzu dated 7 April 2000 which includes a list of all group companies at that time. At page **A1.10** of the Bundle is a further chart setting out the group structure. This chart appears to have been prepared on 1 March 2001. One of my colleagues obtained this chart on a recent visit to Grenada. I believe that this chart is inaccurate in a number of respects. At pages **A1.2** to **A1.9** of the Bundle are further charts prepared by my Partner, Peter Hyatt (“Mr Hyatt”). I do not believe that the charts show all of the companies in the group. However, I believe that the charts Mr Hyatt has prepared accurately show the relationship between the companies I make specific reference to in this affidavit.

Company Searches

11. My Solicitors have obtained company searches of the UK Companies (and various other companies incorporated in England and Wales) to which reference is made in this Affidavit containing details of incorporation, changes of name, memoranda and articles, shareholdings, directorships, and where available filed accounts. These are contained in Sections F and G of the Bundle as follows:

11.1 UK Companies

Tab 1: Imperial Consolidated (Pages **F1.1** to **F1.66**)

Tab 2: Imperial Financiers (Pages **F2.85** to **F2.148**)

Tab 3: Imperial Phoenix (Pages **F3.149** to **F3.214**)

11.2 Defendant Companies

Tab 4: Hellas UK (Pages **F4.215** to **F4.230**)

Tab 5: Unibay (Pages **F5.231** to **F5.251**)

Tab 6: G3 Systems (Pages **F6.252** to **F6.268**)

Tab 7: Leisure Group (Pages **F7.269** to **F7.305**)

Tab 8: Leisure Properties (Pages **F8.306** to **F8.313**)

Tab 9: Tucuman Land (Pages **G9.1** to **G9.25**)

Tab 13: G3 Strategic (Pages **G13.77** to **G13.113**)

Tab 16 Equity and Commercial (Page **G16.328**)

Other relevant English companies

Tab 10: Tucuman Mineral (Pages **G10.26** to **G10.42**)

Tab 11: Tucuman Mining (Pages **G11.43** to **G11.58**)

Tab 12: Mineral Management (Pages **G12.59** to **G12.76**)

Tab 14: Mirfield (Pages **G14.114** to **G14.283**)

Tab 15: Fraser Brook Corporation (Pages **G15.284** to **G15.327**)

The UK Companies

12. The UK Companies' principal place of business is and was prior to their going into administration The Headquarters Building, Binbrook Business Centre, Binbrook, Market Rasen, Lincolnshire LN8 6HF. This property was formerly known as RAF Binbrook and operated by the Ministry of Defence as a Royal Air Force base.
13. At pages **A2.1** to **A2.137** of the Bundle I include various financial information. Imperial Consolidated's activities are set out in that company's directors' report and financial statements for the 17.5 months ended 30 September 2000 (reproduced at pages **A2.1** to **A2.23** of the Bundle). Imperial Consolidated's activities are summarised on pages 2 and 3 of the report (reproduced at pages **A2.4** to **A2.5** of the Bundle).
14. Imperial Consolidated, Imperial Financiers and Imperial Phoenix's principal activity has been the provision of consumer, commercial and corporate financial services within the UK. Imperial Consolidated is the parent company of Imperial Financiers and Imperial Phoenix. Imperial Financiers was the principal operating company and entered into a number of venture capital and commercial loan deals. Imperial Phoenix's business consisted mainly of providing consumer loans. Almost all of Imperial Consolidated, Imperial Financiers and Imperial Phoenix's funding was provided by loans, acknowledged by loan notes (copies of which appear at pages **E16.1** to **E16.172** of the Bundle) from Commercial Lending and IC Phoenix. Commercial Lending and IC Phoenix (both BVI Companies) transmitted funds to the UK Companies which had been raised from investors by the Grenadian Companies. Commercial Lending and ICS Placement both held accounts at Imperium Bank, through which investor funds were channelled. There were also inter-company loans between Imperial Financiers and Imperial Phoenix which were acknowledged by loan notes (copies of which appear at pages **E17.1** to **E17.11** of the Bundle).

15. Imperial Consolidated was incorporated on 12 April 1999 as Imperial Consolidated Group Plc, changed its name to Imperial Consolidated Plc on 8 November 2000 and was re-registered as a private company on 27 September 2001, from which date it has been known as Imperial Consolidated Limited. Nicholas Fraser was a director of this company between 12 April 1999 and 16 October 2000 and again between 19 April 2001 and 23 April 2002, Imperial Holdings was a director of this company between 12 April 1999 and 19 January 2000, Mr Brook and Mr Fraser were both directors of this company between 30 April 2000 and 20 April 2001, Mr Crawshaw was a director of this company between 16 October 2000 and 30 September 2001, Mr Godley was a director of this company between 24 January 2001 and 30 September 2001, Mr Raven was a director of this company between 24 January 2001 and 26 November 2001 and Mr Buck was a director of this company between 20 March 2001 and 13 July 2001. Imperial Consolidated's current directors are Mr Colyer and Mr Smith who were appointed on 31 December 2001 and 11 February 2002 respectively. All of these individuals and Imperial Holdings are Defendants in this action.
16. Imperial Consolidated's immediate parent company is Imperial Holdings, a company incorporated under the laws of the State of Delaware, U.S.A. I believe that Mr Brook is a director of Imperial Holdings. I base this belief on the letter addressed to Freethcartwright Solicitors and Mazars Neville Russell dated 19 June 2002 from Imperial Holdings which is signed by Mr Brook in his capacity as a director of Imperial Holdings. A copy of this letter is reproduced at page **B7.13** of the Bundle.
17. Imperial Financiers was incorporated on 8 September 1997 as Muchclass Limited, changed its name to JL Leisure & Co. Limited on 19 September 1997, changed its name to Imperial Consolidated Leisure Limited on 10 November 1997 and changed its name to Imperial Consolidated Financiers Limited on 20 October 1998. Mr Brook was a director of Imperial Financiers between 9 September 1997 and 15 June 1998, Nicholas Fraser was a director of Imperial Financiers between 1 March 1999 and 12 April 2002, Mr Fraser was a director between 30 April 2000 and 20 April 2001, Mr Buck was a director between 18 April 2001 and 13 July 2001 and Mr Crawshaw was a director between 18 April 2001 and 30 September 2001. Imperial Financiers' current sole director is Mr Smith who was appointed on 11 February

2002. All of the aforementioned individuals are Defendants in this action. Imperial Financiers' company secretary is Mr Hogan.

18. Imperial Phoenix was incorporated on 3 July 1997 as Hedwood Limited, changed its name to Imperial Consolidated (U.K.) Limited on 24 July 1997 and changed its name to Imperial Phoenix Finance Limited on 30 June 1999. Imperial Phoenix's sole director is Imperial Consolidated. Mr Smith was a director of Imperial Phoenix between 8 July 1997 and 29 January 1998, Mr Brook was a director between 26 June 1998 and 8 June 1999, Nicholas Fraser was a director between 8 June 1999 and 12 April 2002, Mr Fraser was a director between 30 April 2000 and 20 April 2001, Mr Buck was a director between 18 April 2001 and 13 July 2001 and Mr Crawshaw was a director between 18 April 2001 and 30 September 2001. All of the aforementioned individuals are Defendants in this action. Imperial Phoenix's company secretary is Mr Hogan.
19. On 6 June 2002 Mr Nicholas Fraser told me that UK Companies had received approximately \$300,000,000. I have attempted to establish an audit trail for receipt of those funds by the UK Companies and the payment of those funds. I am obliged to say that this task has been impossible due to the substantial gaps in the records which have been supplied to me.
20. I initially met with Mr Brook and Mr Smith on Sunday 2 June 2002 at the offices of their solicitors, Freethcartwright. At that meeting they explained to me the financial difficulties of the UK Companies and it was agreed that I would attend at their offices to review the financial position and to assist the UK Companies in seeking an Administration Order. I eventually arranged to meet with the UK Companies represented on this occasion by Mr Smith and Nicholas Fraser, on Thursday 6 June 2002. I attended at the premises in Binbrook with my colleague, Heather D'Arcy. As soon as I attended at the company premises it was clear to me that the majority of the financial books and records had been removed. I say this bearing in mind the size of the organisation, and operation which had been described to me by Mr Brook and Mr Smith on 2 June 2002. It was also quite apparent that equipment and books had been removed due to the fact that there were a number of empty desks which had obviously been cleaned out and there were even indents in the carpet area where it appeared that filing cabinets used to stand. I was informed that the fixed assets were

valued in the region of £14 million, although no documents were provided to me to support this or indeed anything else I was told about the UK Companies' financial position. I can also say that none of those involved in the UK Companies to whom I have spoken has ever satisfactorily dealt with any request for hard financial information.

21. I am obliged to say that the majority of fixed assets have not been delivered up to me. By way of example, I merely highlight a number of the more expensive items which have not been delivered up to the Administrators. These are as follows:

Item	Cost Price
Dustcart	£4,112.50
2 x 3 kva Online RM UPS	£4,574.39
Various components	£5,037.85
Drop tank	£5,304.25
Fuel tank	£4,756.45
Honda EU101 Generator/Deutz 20kva 1999 Generator	£10,428.13
Work bench, frame and drawer units	£4,083.28
10 x Dehumidifier 230v 1SS 1927/09/94/CE	£5,123.00
Sony video projector	£5,000.00
280P base system with topping/indent/magnetic S	£18,800.00
280P base system	£9,322.45
Telephone equipment for London office	£6,732.75
TRIPP software deposit contract IC 1 x .94	£5,875.00
20 x LP works 6.0 LLPNL	£4,817.50
Toshiba E Studio 16 Copier	£2,555.63

2 x VL4 Credenza with fridge in traditional mahogany	£8,046.40
Land Rover 127	£4,919.60
L475 KFU	£7,160.40
Mercedes WDB4171011	£2,286.00
Lodestar "F" 3 Phase	£10,632.10
Polaris Magnum 500cc 4x4 ATV	£5,869.12
UN32TW Highway trailer refurbished	£10,256.92
Land Rover Freelander TD4 ES 2 litre	£21,613.40
Ransomes Commander 3520 self propel	£36,425.00
HOSP TRLR refurbished trailer	£10,437.52
Refurbished truck B535 HFE	£5,132.99
Audi A6 2.5 Tdi Y883 TCT	£29,313.50
Mercedes Benz Sprinter panel van	£15,745.00

22. This is certainly not an exhaustive list. My colleagues and I have made numerous oral requests for production of the fixed assets but these have not been forthcoming.
23. Based upon representations by Nicholas Fraser made to me at our meeting on 6 June 2002 that the UK Companies have had access to US\$300,000,000 and the fact that the operation formerly employed 300 people and had numerous business interests in investments, loan portfolios and the leisure trade, I firmly believe that I have only received approximately 20% of the books and records. Certainly, the records in my possession do not show sums anywhere near those represented to me by Nicholas Fraser. In my report prepared pursuant to Rule 2.2 of the Insolvency Rules 1986 (see pages **A3.127** to **A3.135** of the Bundle) I believe that I have attributed fair values to the assets over which I do have control and believe that the estimated realisations are accurate. However, the break up valuation stands at £22,956,700 which leaves a

substantial shortfall on the funds which Mr Nicholas Fraser says the company received amounting to US\$300,000,000.

24. This sum would be consistent with the information that I have seen on my visit to Grenada as the sum I have seen received by the Grenadian Companies. If as Nicholas Fraser has maintained the whole of that sum has been paid across to the UK Companies then it is clear that a very large sum is not accounted for in the accounts I have seen. I believe that the records that I have seen would account for the receipt of US\$100,000,000 to US\$120,000,000.
25. Each of Imperial Consolidated, Imperial Financiers and Imperial Phoenix have had numerous other officers between their respective dates of incorporation and the making of the Administration Orders. I set out details extracted from Companies House records in the following paragraphs.

Imperial Consolidated

26. I set out below details of Imperial Consolidated's officers (those marked with a * are Defendants in the action):

Name	Position	Appointed	Resigned
*Nicholas Fraser	Director	12 April 1999	16 October 2000
Mr Hubbard	Director	12 April 1999	19 January 2000
*Imperial Holdings	Director	12 April 1999	19 January 2000
*Mr Brook	Director	30 April 2000	20 April 2001
*Mr Fraser	Director	30 April 2000	20 April 2001
*Mr Crawshaw	Director	16 October 2000	30 September 2001
Mr Godley	Director	24 January 2001	30 September 2001
Mr Raven	Director	24 January 2001	26 November 2001

Mr Willerton	Director	24 January 2001	20 April 2001
*Mr Buck	Director	20 March 2001	13 July 2001
Mr Purdy	Director	9 April 2001	4 June 2001
Mr Imadzu	Director	10 April 2001	12 July 2002
*Nicholas Fraser	Director	19 April 2001	23 April 2002
*Mr Colyer	Director	31 December 2001	-
*Mr Smith	Director	11 February 2002	-
*Nicholas Fraser	Secretary	12 April 1999	-

Imperial Financiers

27. I set out below details of Imperial Financiers' officers:

Name	Position	Appointed	Resigned
*Mr Brook	Director	9 September 1997	15 June 1998
Mr Hubbard	Director	15 June 1998	1 March 1999
Mr White	Director	15 June 1998	1 March 1999
*Nicholas Fraser	Director	1 March 1999	12 April 2002
*Mr Fraser	Director	30 April 2000	20 April 2001
*Mr Buck	Director	18 April 2001	13 July 2001
*Mr Crawshaw	Director	18 April 2001	30 September 2001
*Mr Smith	Director	11 February 2002	-
Mr Hubbard	Secretary	1 March 1999	21 February 2001

Mr Hogan	Secretary	21 February 2001	-
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Imperial Phoenix

28. I set out below details of Imperial Phoenix's officers (*denotes a Defendant):

Name	Position	Appointed	Resigned
Loriben Limited (Imperial Management)	Director	8 July 1997	8 June 1999
*Mr Smith	Director	8 July 1997	29 January 1998
*Mr Brook	Director	26 June 1998	8 June 1999
*Nicholas Fraser	Director	8 June 1999	12 April 2002
*Mr Fraser	Director	30 April 2000	20 April 2001
*Mr Buck	Director	18 April 2001	13 July 2001
*Mr Crawshaw	Director	18 April 2001	30 September 2001
Imperial Consolidated	Director	11 February 2002	-
Loriben Limited (Imperial Management)	Secretary	8 July 1997	8 June 1999
Mr Hubbard	Secretary	8 June 1999	21 February 2001
Mr Hogan	Secretary	21 February 2001	-

29. The records that I have seen show that the UK Companies maintained bank accounts at various banks. Details appear below:

Account Holder	Bank	Acc No.
Brook & Fraser	Lloyds	01010132
Imperial Consolidated	Lloyds TSB	11256903
Imperial Consolidated	Lloyds TSB	1147278
Imperial Financiers	Lloyds TSB	1142047
Imperial Financiers	Lloyds TSB	00209946
Imperial Financiers	Lloyds TSB	00867862
Imperial Financiers	Lloyds TSB	01103823
Imperial Financiers	Lloyds TSB	1157605
Imperial Phoenix	Lloyds TSB	1133048
Imperial Phoenix	Lloyds TSB	01133935
Imperial Consolidated	Lloyds TSB	00160238
Imperial Financiers	Lloyds TSB	1134044
Imperial Consolidated	Girobank	1804782
Imperial Financiers	Girobank	1802984
Imperial Financiers	Girobank	1802968
Imperial Financiers	Girobank	1924648
Imperial Financiers	Girobank	1802917
Imperial Financiers	Girobank	1802976
Imperial Financiers	Girobank	1802933
Imperial Financiers	Girobank	1802941
Imperial Financiers	Girobank	1802909
Imperial Phoenix	Girobank	1805029
Imperial Phoenix	Girobank	1804782

Imperial Phoenix	Girobank	1803050
Imperial Phoenix	Girobank	1805002
Imperial Financiers	HSBC	91763415
Imperial Financiers	HSBC	91763431
Imperial Phoenix	HSBC	81763482
Imperial Phoenix	HSBC	81763466
Imperial Phoenix	HSBC	51763520
Imperial Phoenix	Yorkshire	48383430
Imperial Consolidated	Yorkshire	48383424
Imperial Financiers	Yorkshire Bank	48383453

Mr Brook and Mr Fraser

30. At pages **B7.14** to **B.21** of the Bundle are copies of eight letters, all dated 15 July 2002 from Imperial Holdings. The letters are addressed to Imperial Consolidated, Imperial Phoenix, Imperial Financiers, Commercial Lending, ICS Placement, IC Mutual, Commercial Placements and Alpha Windward. The letters purport to contain notice that immediately following the conclusion of the insolvency proceedings affecting the recipients, all surplus net assets shall be assigned to Property Assets whose address is given as Geneva Place, Waterfront Drive, PO Box 3469 Roadtown, Tortola, British Virgin Islands. The letters appear to be signed by Mr Brook and Mr Fraser. The letter from Imperial Holdings to Imperial Consolidated states that Imperial Holdings writes as the sole holder of 100% of Imperial Consolidated's issued share capital. Each of the other letters states that Imperial Holdings writes as sole shareholder of 100% of the issued share capital in the parent company of the recipient of the letter. At pages **B7.22** to **B7.26** of the Bundle there is a copy of a share transfer agreement dated 15 July 2002 made between Mr Fraser, Mr Brook and Property Assets pursuant to which Mr Fraser and Mr Brook agree to transfer their shares in Imperial Holdings to Property Assets. I note that Imperial Holdings is described in this agreement as a company whose registered office is in Delaware, United States of America, but whose address for

service is that of a company formation agent based in the Isle of Man. At pages **B7.27** to **B7.28** of the Bundle are copies of two share transfer forms, relating to the transfer of the shares referred to in the agreement.

31. I am informed by Mr Smith that the UK companies were founded by Mr Brook and Mr Fraser. Mr Brook and Mr Fraser are also partners in the Fraser Brook Partnership which is said, in accordance with the chart produced by Mr Nicholas Fraser, to be the ultimate owner of the companies' worldwide affairs. Everything that I have seen suggests that the directors of the UK Companies and the Defendant Companies are all answerable to Mr Brook and Mr Fraser.

1. Mr Brook is 33 years of age having been born on 28 November 1969 and resides at Beacon Lodge, Fire Beacon Lane, Covenham, Louth, Lincolnshire LN11 0PA. Similarly, Mr Fraser is also quite young being 31 years of age having been born on 27 May 1971. Mr Fraser resides at Orford Hall, Brookenby, Market Rasen, Lincolnshire LN8 6HF which is on the site of RAF Binbrook which was the headquarters for the Imperial Group of Companies.

2. The promotional literature (see for example the brochures produced at pages **B6.1** to **B6.29** and **B6.30** to **B6.79**) of the Imperial Consolidated companies and the Grenadian companies have described the skills of Mr Brook and Mr Fraser in glowing terms (see pages **B6.58** and **B6.59**):

2.1 *“Mr Brook was educated at Manchester, England and is Chief Executive of the Imperial Consolidated Group of Companies. The Group has been established for five years.*

This sustained success is highly attributable to the entrepreneurial flair of Mr Brook and his ability to co-ordinate the group in an ever changing global environment to sustain client profit and growth in association with the group's UK financing and debt adjusting markets.

Mr Brook primarily concentrates his work within the Imperial Consolidated Group of Companies' International and Central Services Divisions which account for a substantial portion of the group's growing work force.

Mr Brook, along with his senior team, have brought the Imperial Consolidated Group of Companies from a small single office organisation five years ago to a multi-million dollar turnover international group with thirteen offices world-wide, a growing client base and the markets and opportunities for sustained success in the years to come”.

- 2.2 *“Mr Lincoln Fraser is co-Chairman of the Imperial Consolidated Group of Companies and founder. The Group has been established for five years.*

This sustained success is highly attributable to the entrepreneurial flair of Mr L Fraser and his ability to continuously see market opportunities for a client profit growth particularly within the financing and debt adjusting markets.

Mr L Fraser primarily concentrates his work within the Imperial Consolidated Group of Companies UK Lending and Financing Divisions which employ over 80% of the groups growing workforce.

Mr L Fraser, along with his senior team have brought the Imperial Consolidated Group of Companies from a small single office organisation five years to a multi-million dollar turnover international group with 10 offices world-wide, a growing client base and the markets and opportunities for sustained success in the years to come”.

Directors Disqualification

3. Their past business careers paint a rather different picture. They were directors of Progressive Leisure, which operated the Midland Hotel in Morecambe and was ordered to be wound up by the Preston County Court on 22 September. It appears from an article in the Lancashire Evening Post dated 14 July 1995 that Mr Brook and Mr Fraser left Progressive Leisure while it was in financial crisis and after a petition had been presented by an unpaid creditor (see page **B4.1**). According to the Official Receiver, the deficiency was £117,000.
1. As a result of the failure of Progressive Leisure a creditor, Heckford Printers Ltd, brought bankruptcy proceedings against Mr Brook and Mr Fraser.

- 1.1 On 10 January 1996 a bankruptcy order was made against Mr Fraser in the Lancaster County Court (see page **B4.3**). Mr Fraser appealed, but his appeal was dismissed by HH Judge Maddocks in the Preston District Registry on 13 August 1996 (see page **B4.5** to **B4.11**). The bankruptcy was later annulled on 7 November 1997.
- 1.2 In July 1996 the same creditor brought bankruptcy proceedings against Mr Brook in the Grimsby County Court, which were due to be heard on 14 August 1996 and were supported by another creditor, Julian Salmon, with a debt of £45,850. Ultimately the bankruptcy petition was withdrawn or dismissed. These proceedings are referred to in a letter issued by Wilkin Chapman, Solicitors to Yates Barnes on 8 July 1996 (see page **B4.2**).
2. There was also at one time a company called Fraser Brook Corporation Limited. A company search for this company is at pages **G15.284** to **G15.327**. This company was dissolved on 13 May 1997 but then restored and wound up on 22 October 1997 on the petition of a creditor. On 19 February 1998 the winding up order was rescinded on payment of the petition debt and costs. The company was finally dissolved on 7 August 2001.
3. The Official Receiver brought proceedings in the Blackpool County Court under the Company Directors Disqualification's Act 1996 against Mr Brook and Mr Fraser arising out of their conduct as directors of Progressive Leisure. On 12 June 2001 they were each disqualified for four years. There is produced at pages **B4.12** to **B4.13** of the Bundle a copy of the press release issued by the Insolvency Service on 19 July 2001. The press release confirms that Mr Fraser, Mr Brook and Mr Turton were all disqualified for a period of four years at the Blackpool County Court. The Order disqualifies each of the parties from being "*a director of a company, or in any way, whether directly or indirectly, being concerned in or taking part in the promotion, formation or management of any company*". The report confirms the allegations of misconduct which were found by the Court against all of the Defendants as follows:
 - 3.1 "*They traded the Company with knowledge of insolvency to the detriment of its trade creditors*".

- 3.1 *They failed to maintain, preserve or deliver up adequate accounting records for the companies required by the Companies Act 1985.*
 - 3.2 *That they misused the company bank account by tendering cheques to creditors without due regard to the prospect of those cheques being honoured upon presentation and by allowing direct debits and standing orders to go unpaid on a regular basis to the detriment of creditors.*
 - 3.3 *That they acted in breach of the fiduciary duties to the company in that they allowed Leslie Whittingham to misappropriate cash from the business without taking adequate steps to either prevent the continued misappropriation or to cease trading of the company;*
 - 3.4 *That they caused or allowed the company to enter into a transaction to the detriment of creditors by allowing the company to assume a liability of a previous company, Otan Limited, in the sum of £27,451, with no benefit accruing to Progressive Leisure Corporation Limited”.*
4. I understand from Mr Christopher Murratt of Freethcartwright Solicitors that Mr Brook and Mr Fraser then made an application under s.17 of the 1986 Act, which appears to have had the effect of suspending the operation of the disqualification. They withdrew their applications in February 2002 with the result that the disqualifications run from 11 February 2002 to 10 February 2006.
 5. It is quite apparent to me that in spite of the Disqualification Order being made, Mr Brook and Mr Fraser have continued to take an active role in operating the Imperial Group of Companies and others. I say this in reliance on the fact that Mr Brook and Mr Fraser have been instrumental in relation to the transactions relating to Tucuman Land and of late, Mr Brook and Mr Fraser have attended meetings with me both pre- and post-administration. I met with Mr Brook and Mr Smith on 2 June 2002 and since that time I have attended meetings with both Mr Brook and Mr Fraser. It is usual for them to be accompanied by Mr Smith at any meeting. It seems that Mr Smith attends to avoid any allegation being levelled at Mr Brook and Mr Fraser that they are acting in the management of the business. This seems somewhat odd given that on 17 July 2002 they issued a letter to me suggesting a plan which purported to salvage the business and give the possibility of returns to investors (see pages **E20.7**

to **E20.8**). My staff have also exchanged correspondence with Fraser Brook. It can be seen from the tables above that Mr Brook and Mr Fraser resigned as directors of the companies in administration in anticipation of such an Order being made. They have been replaced principally by Mr Smith who now attends all meetings, but does not play an active part in any discussions. It is clear that Mr Brook and Mr Fraser are the two individuals who make the decisions and who have the relevant knowledge of the UK Companies and indeed all the Group Companies' affairs and that Mr Smith simply acts in accordance with their instructions.

6. I understand from my inquiries that Freethcartwright represented Mr Brook and Mr Fraser in the Directors Disqualification proceedings. I have obtained from Freethcartwright a summary of the payments made by Imperial Consolidated and Imperial Financiers to fund the defence of the disqualification proceedings which is produced at page **B4.18** of the Bundle. It can be seen that Imperial Consolidated has paid £22,766.64 on behalf of Mr Brook and Mr Fraser and Imperial Financiers has paid £44,378.77. Imperial Consolidated and Imperial Financiers have expended a total of £67,145.41 in defence of those proceedings. Only a fraction of that expenditure can be said to have been for the benefit of Imperial Financiers or Imperial Consolidated. It is hard to imagine costs of that order being incurred in respect of a CDDA s.17 application. I have been unable to establish how these payments were treated in the accounts.
7. I have also noted from the Imperial Financiers trial balance that sums amounting to £50,000 have been advanced to Mr Turton for the purpose of setting up offices in Liverpool and Manchester. I refer to page **A2.85** of the Bundle. Those payments appear to have been made to Mr Turton during June 2001 however, I have no knowledge as to how those funds were utilised. As far as I am aware there are no office premises for Imperial Financiers in Liverpool or Manchester. It therefore seems that this money was paid to Mr. Turton without regard to Imperial Financiers interests and in breach of the duties of those responsible for the making of the payments.

Nicholas Grant Fraser

1. Nicholas Fraser is 29 years of age, having been born on 10 April 1973. I believe Nicholas Fraser has been trained as an accountant and the address given for him on the last annual return for Imperial Consolidated is Tranquillity II, Sea Beach Lane, Nassau, Bahamas. I note from the separate annual return for Imperial Financiers dated 17 August 2001 states his residential address as Flat 702, 79 Marsham Street, London SW1.
2. It can be seen from the directorship schedules set out above that Mr Nicholas Fraser was a director of Imperial Consolidated for the period 12 April 1999 to 16 October 2000. He was also a director of Imperial Financiers from 1 March 1999 to 12 April 2002. It therefore appears that he has acted in his capacity as a director for a significant period of time and certainly for a period when the companies were undertaking substantial transactions.
3. I refer to the Imperial Consolidated Mutual Fund Portfolio brochure dated April 2000 which can be seen at pages **B6.30** to **B6.79** of the Bundle. I refer in particular to pages **B6.58** and **B6.59** which describe Nicholas Fraser as follows:

“Mr Fraser, a Chartered Accountant, is currently employed as Chief Financial Officer of the Imperial Consolidated Group based at Imperium Bank’s head office in Grenada. Prior to his present position, Mr Fraser was employed with Arthur Andersen in their Birmingham, England office where he had responsibility for a portfolio of international blue chip clients.

Mr Fraser is also a director of an existing mutual fund of the Imperial Consolidated Group of Companies registered in the British Virgin Islands and marketed throughout the Group’s Dubai office, along with directorship of Imperium Bank Limited.

Mr Fraser’s responsibilities extend to the financial control and management of the entire operation of the Imperial Consolidated Group of Companies for an investment management of mutual funds to the lending and financing activities of the Group’s UK offices”.

4. If the information in the brochure is accurate then Nicholas Fraser should have first hand knowledge of all the financial transactions taking place within the UK Companies.
5. I refer to the Imperial Consolidated Group corporate prospectus for 1999 which can be seen at pages **B6.1** to **B6.29** of the Bundle. I refer in particular to page **B6.26** which defines Nick Fraser's role as follows:

“Group Financial Controller

Committee Leader: Compliance, Finance and Product Engineering Management Committee”

Tony Smith

6. Mr Smith is 61 years of age, having been born on 1 October 1941. Mr Smith resides at 11 Hospital Lane, Boston, Lincolnshire PE21 9PY.
7. Mr Smith was appointed director of both Imperial Consolidated and Imperial Financiers on 11 February 2002 which is the date upon which the disqualification orders impacted upon Mr Brook and Mr Fraser. He had also been a director of Imperial phoenix for a period between 8 July 1997 and 29 January 1998.
8. Mr Smith is also a debtor in respect of Imperial Financiers in respect of his loan account amounting to £46,404.40. There is produced at page **B2.77** of the Bundle a copy of the staff loan reconciliation of Imperial Financiers to 31 December 2000 which confirmed Mr Smith's indebtedness at £46,404.40.

Mark Andrew Colyer

9. Mr Colyer is 43 years of age, having been born on 13 June 1959 and resides at 4 Coxs Court, Hibaldstow, Brigg, North Lincolnshire DN20 9QA.
10. Mr Colyer has been a director of Imperial Consolidated for the period 31 December 2001 to the present date. He has also been a director of Tucuman land from 31 December 2001 to date, Unibay from 8 February 2002 to date and Hellas from 8 February 2002 to date.

Neil Arthur Buck

11. Mr Buck is 28 years of age, having been born on 4 March 1974. Mr Buck resides at 25 Eaton Close, Hampton Park, Lincoln LN6 0YF. Mr Buck was appointed a director of Imperial Consolidated for the period 20 March 2001 to 13 July 2001 and for Imperial Financiers for the period 18 April 2001 to 13 July 2001.

Andrew Crawshaw

12. Mr Crawshaw is 36 years of age, having been born on 13 December 1965. Mr Crawshaw resides at Station House, Ludborough, Grimsby, Humberside DN36 5SQ.
13. Mr Crawshaw was a director of Imperial Consolidated for the period 16 October 2000 to 30 September 2001 and Imperial Financiers from 18 April 2001 to 30 September 2001.

William Godley

14. Mr Godley is 54 years of age, having been born on 10 February 1948. Mr Godley resides at 16 Fairholme Gardens, Farnham, Surrey GL19 8JB.
15. Mr Godley was a director of Imperial Consolidated for the period 24 January 2001 to 30 September 2001. Mr Godley is described in the Imperial Consolidated Mutual Fund Portfolio brochure to April 2000 (page **B6.59**) as follows:

“Mr Godley is a South African Chartered Accountant who previously specialised in the audits of financial institutions as a partner with Arthur Young – now Ernst & Young. He joined the Group in May 1997 when the need for an investment division had arrived. He is Senior Vice Chairman, Head of International Sales, responsible for all the business of the Group’s many international offices throughout the world. Mr Godley is also Chairman of Imperium Bank Limited, and is based at the Group’s international sales head offices, in Athens, Greece and St George’s, Grenada.”

The corporate prospectus for 1999 defined his responsibilities as follows:

“Managing Director: Imperial Consolidated Securities SA

Member: Sales Development and Product Concept Management Lead Committee

Member: Sales Development and Product Concept Management Sub-Committee A”

Robert Statham Raven

1. Mr Raven is 42 years of age, having been born on 25 May 1960.
2. Mr Raven’s address given on the directors’ particulars for Imperial Consolidated is Edificio Marina, Avda Severo Ochoa, 28 Marbella, Malaga 29600, Spain. However, I believe that this is actually the address for the Imperial Consolidated branch office in Marbella, Spain. I believe that Mr Raven’s residential address in the UK is Kensington House, Llanbadoc, Usk, Gwent NP15 1TE.
3. Mr Raven was a director of Imperial Consolidated for the period 24 January 2001 to 26 November 2001.
4. In the Imperial Consolidated Group of Companies corporate prospectus for 1999 who’s job description is given as follows:

“Managing Director: Imperial Consolidated Cyprus Limited

Member: Sales Development and Product Concept Management Sub-Committee B

Member: Compliance, Finance and Product Engineering Management Committee”

Imperium Bank

5. Imperium Bank is a company incorporated under the laws of Grenada. At pages **B5.6** to **B5.6 (c)** of the Bundle there is a copy of the Imperium Bank’s statement of assets and liabilities as at 31 March 2002. The notes to that statement list companies within the Imperium Consolidated Group that maintained accounts with Imperium Bank at 31 March 2002. These include ICS.
6. I believe that the sole director of Imperium Bank is Mr William Godley (“Mr Godley”) and that the company secretary is Nicholas Fraser. My belief is based on my review of minutes of a meeting of Imperium Bank’s directors held on 4 December 2001. A copy of the minutes is contained in the Bundle at page **B5.3** of the Bundle. At the time that meeting was held Mr Imadzu was also a director of Imperium Bank. However, Mr Wood received his resignation on 12 July 2002.

7. On 25 April 2002, the Grenadian Minister of Finance, in exercise of powers conferred upon him by the Grenadian Off-Shore Banking Act 1996, appointed Mr Wide as controller of the affairs of Imperium Bank for an initial period of 15 days, being of the opinion that Imperium Bank:
 - 7.1 was carrying on business in a manner detrimental to the public interest or the interest of its depositors or of the beneficiaries of any trust or its creditors; and
 - 7.2 was carrying on off-shore banking business in a manner which would affect Grenada adversely as an off-shore banking centre.
8. A copy of the notice Imperium Bank received from the Grenadian Minister of Finance appears at page **B5.4** of the Bundle.
9. According to a United Press International article published on 14 May 2002 Imperium Bank offered investors fixed annual returns of up to 18%, which it claimed were generated by the group's underlying business, which included issuing short-term, high interest loans to United Kingdom nationals with poor credit history. The article goes on to refer to the difficulty investors have experienced in attempting to make withdrawals since January 2002. A copy of the article appears at pages **C8.1** to **C8.3** of the Bundle.
10. From 25 April 2002 Imperium Bank was prevented from making payments without the consent of Mr Wide, pending the results of Mr Wide's review of Imperium Bank's operations.
11. By letter dated 23 May 2002 the Grenadian Ministry of Finance informed Imperium Bank of its intention to revoke Imperium Bank's banking licence for the same reasons as those given when Mr Wide was appointed controller of Imperium Bank's affairs. Copies of the letter and the notice Imperium Bank received appear at pages **B5.5** and **B5.6** of the Bundle respectively.
12. No other information in relation to the management of Commercial Lending was found or was available from any documentation found in Grenada. I believe that Commercial Lending and the other Grenadian and BVI Companies were in fact run from Binbrook, Lincolnshire. I say this because during my visit to Grenada I was

with Mr Chris Blakey who is a director of Imperium and also United International Administration Inc. (a subsidiary of Imperium that dealt with the administration of the Grenadian companies). Whilst I was with him, Mr Blakey received two telephone calls from Mr Brook; the first gave him instructions on how to deal with certain staff issues. In the second conversation, Mr Brook gave Mr Blakey instructions in relation to the Companies' requirement for telephone lines.

1. Mr Wide is the controller of the affairs of Imperium Bank. His investigations concerning Imperium Bank have resulted in him considering the investment opportunities made available via the Grenadian Companies and the BVI Company. His initial conclusion is that the publicised growth rates of the various funds made available by these companies bear no relation to the true performance of the underlying investments. It appears that in recent months Imperial Consolidated has been keen to cause investors to invest more money in the various funds and has been keen to minimise withdrawals of funds. Accordingly, increased yields were offered in correspondence with investors earlier this year and interim statements indicated that all funds were performing well. However, the growth rates were apparently randomly determined by Imperial Consolidated.

Commercial Lending (formerly IC Financiers)

2. I am informed by Mr Brook that the BVI Company was incorporated in the British Virgin Islands on 30 October 1997.
3. I believe that the directors of the BVI Company are Mr Brook and Mr Fraser. My belief is based on my inspection of the minutes of a meeting of the BVI Company's directors held on 7 June 2002. A copy of the minutes appears at page **B7.12** of the Bundle.
4. I am not aware of any actual operation carried out in the British Virgin Islands. I believe that this company's business has been carried on from the UK.

The Grenadian Companies

5. When I visited the premises which the Grenadian Companies had occupied, I found no documentation of any substance, other than various client records. The lack of

substantive documentation at the premises makes me believe that the Grenadian Companies have in fact been operated from the UK.

IC Mutual

6. I am informed by Mr Brook that IC Mutual was incorporated under the laws of the Bahamas on 26 July 1999 and was re-registered in Grenada in accordance with local legislation on 7 March 2000.
7. I believe that IC Mutual's directors are Mr Brook and Nicholas Fraser. My belief is based on inspection of minutes of a meeting of IC Mutual's directors held on 4 May 2002 and based on my inspection of a general power of attorney apparently executed by Nicholas Fraser and Mr Imadzu on the same date. Mr Imadzu resigned as a director of IC Mutual on 12 July 2002. His resignation was hand delivered to Mr Wood on 18 July 2002. Copies of these documents are included in the Bundle at pages **B7.4** and **B7.5** respectively.

ICS Placement

8. I am informed by Mr Brook that ICS Placement was incorporated in Grenada on 26 June 2000.
9. I believe that ICS Placement's directors are Mr Brook and Nicholas Fraser. My belief is based on inspection of minutes of a meeting of ICS Placement's directors held on 4 May 2002 and based on my inspection of a general power of attorney apparently executed by Nicholas Fraser and Mr Imadzu on the same date. Mr Imadzu resigned as a director of IC Placement on 12 July 2002. His resignation was hand delivered to Mr Wood on 18 July 2002. Copies of these documents are included in the Bundle at pages **B7.6** and **B7.7** respectively.

Alpha Windward

10. I am informed by Mr Brook that Alpha Windward was incorporated in Grenada on 7 March 2000 as IC Mutual Funds Limited and changed its name to Alpha Windward on 27 September 2001.

11. I believe that Alpha Windward's directors are Mr Brook, Nicholas Fraser and Mr Imadzu. My belief is based on inspection of minutes of a meeting of Alpha Windward's directors held on 4 May 2002 and based on my inspection of a general power of attorney apparently executed by Nicholas Fraser and Mr Imadzu on the same date. Copies of these documents are included in the Bundle at pages **B7.8** and **B7.9** respectively.

Commercial Placements

12. I am informed by Mr Brook that Commercial Placements was incorporated in Grenada on 1 October 2001.
13. I believe that Commercial Placements directors are Mr Brook and Nicholas Fraser. My belief is based on inspection of minutes of a meeting of Commercial Placements directors held on 4 May 2002 and based on my inspection of a general power of attorney apparently executed by Nicholas Fraser and Mr Imadzu on the same date. Mr Imadzu resigned as a director of Commercial Placements on 12 July 2002. His resignation was hand delivered to Mr Wood on 18 July 2002. Copies of these documents (incorrectly referring to the company as "Capital and Asset Backed Placement Company Limited") are included in the Bundle at pages **B7.10** and **B7.11** respectively.

The "Investments"

14. At pages **B6.80** to **B6.85** of the Bundle is a copy of a document called, "The Imperial Consolidated Investment Products Portfolio". The document explains Imperial Consolidated's product range, locations and what security investors can expect.
15. At pages **B6.86** to **B6.93** of the Bundle is a copy of a document called, "Commercial and Asset Backed Placements Limited", which refers to a financial centre in Grenada, established to manage Commercial Placements private placement products. The document makes claims about the existence of professional indemnity insurance. The document also states that Heisei Asia Trust is based in the Isle of Man.
16. At pages **B6.94** to **B6.132** of the Bundle is a copy of a document called "Alpha 2 Series from IC Mutual Limited". In it claims are made that the product features an expanded audit facility to provide increased transparency. It refers to the Imperial

Consolidated Group of Companies (“Imperial Group”) as a privately-owned financial organisation, established in 1994 having offices throughout the world. In it claims are made that in the UK, the Imperial Group employs over 320 people, whilst a further 80 are employed internationally. Further, it claims that the Imperial Group controls assets valued at well in excess of a quarter of a billion US dollars. The Alpha 2 Series is stated to comprise 26 separate sub-funds designed to satisfy different investment objectives. The brochure goes on to give details of Imperial Consolidated’s lending activities, describing these as consumer related finance, personal injury claims finance, loans to armed forces personnel, car finance, vehicle contract hire, gas service plan provision and commercial business, involving secured lending and leasing to businesses in the UK. Imperial Consolidated forecast its capital deployment through the year 2001 as approximately 30% commercial and 70% consumer/retail. The commercial and consumer/retail business projections are detailed further in the document.

17. At pages **B6.133** to **B6.160** of the Bundle is a copy of a document called “Alpha Toronto Series Inc. Private Placement Memorandum September 2001”. In it Alpha Toronto Series Inc., a company incorporated under the laws of Canada (“Alpha Toronto”), offers investment units. The document claims that the investments will be used to fund the acquisition of receivables arising in the United Kingdom “after the event” insurance market. The document states that pending such use, the company may temporarily invest funds in short-term, interest-bearing deposit accounts.
18. At pages **B6.161** to **B6.206** of the Bundle is a copy of a document called “Alpha Toronto Series Inc. Series 1c-10c Sovereign Nations Logistics Private Placement Memorandum”. In it Alpha Toronto claims to offer investors a high level of security and investment in a niche market where most customers are government departments. The principal products being supplied are stated to be a mobile field hospitals, along with ancillary equipment, including mine clearance devices, power generators, medical supplies and other camp infrastructure items.
19. At pages **B6.207** to **B6.251** of the Bundle is a copy of a document called “Golden Choice Properties Funding Private Placement Memorandum Alpha Toronto Series Inc. Series 1c-10c”. In it Alpha Toronto claims to offer investment in profit

generating properties, land and facilities. The finance provided by the company is stated to be secured by holding the title of each property, or a mortgage debenture over the property. The document states that monthly income is obtained through profit from the operation of businesses, interest payments, rental and licence income.

20. I obtained the documents included in the bundle at section **B6** of the Bundle on a recent visit to Grenada. Commercial Placements and IC Mutual are two of the Grenadian Companies. I have no knowledge as to the extent to which copies of these documents were distributed. I am aware that other similar documents exist.
21. In around March 2002 the Grenadian Companies publicised a “unilateral yield increase” which was said to be “due to exceptional growth and high capital deployment”. At pages **B7.1** to **B7.3** of the Bundle are copies of the technical notes issued to officers, personnel and brokers.
22. At page **A2.131** of the Bundle is a summary of the financial statements of the BVI Company and the Grenadian Companies as at April 2002. The companies’ assets consist of debts owed to them by the UK Companies and in the case of the Grenadian Companies, debts owed to the Grenadian Companies by the BVI Company.
23. At page **A2.130** of the Bundle is a summary of the balance sheets of the BVI Company, the Grenadian Companies and the UK Companies as at June 2002. I have prepared this based on information supplied to me by Nicholas Fraser.

Use of funds

24. According to the summary at page **A2.131** of the Bundle the funds advanced by ICS Placement total US\$100,174,285 and the funds advanced by Commercial Placements total US\$37,266,591. Nicholas Fraser has told me that the entirety of these funds were advanced to Tucuman Land . This also appears from the balance sheet at page **A2.130** of the Bundle A. Further details of this transaction appear below under the heading “Tucuman Land”.
25. At pages **A2.53** to **A2.55** of the Bundle there is a period trial balance relating to Imperial Financiers, in respect of the period from October 2001 to 10 July 2002. This document has been prepared by my firm’s audit department, relying on

information supplied by the UK Companies' auditors, Messrs A P Robinson. This document gives details of Imperial Financiers' venture capital investments and loans.

26. Imperial Financiers has made a small number of venture capital investments. These are detailed in the period trial balance and summarised in the document that appears at page **A2.59** of the Bundle and further details of each of these investments are set out at pages **A2.60** to **A2.76** of the Bundle. The summary at page **A2.59** of the Bundle indicates that £28,185,111.08 is now due to the UK Companies from venture capital debtors. In particular, £16,396,268.48 is due from Tucuman Land, £5,171,554.90 is due from a company called Hellas (UK) Limited ("Hellas") and £2,235,000.02 is due from Brooklyn.
27. The UK Companies have also made a number of loans to staff. These are summarised in a staff loan reconciliation dated 31 December 2000 that appears at page **A2.77** of the Bundle and include a loan of £80,000 to Tony Smith in respect of which £46,404.40 was due when the reconciliation was prepared.
28. The Tucuman Land debt is made up of four balances (see page **A2.53** of the Bundle) of £1,104,033.89 (described as "Tucuman General a/c"), £12,625,580.00 (described as "Tucuman loan notes: capital"), £4,084,461.61 (described as "Tucuman loan notes: interest") and £5,000,000.00 (described as "Tucuman income provision"). Further details of each of these entries appear at pages **A2.70**, **A2.89** and **A2.90** of the Bundle. The summary at page **A2.90** of the Bundle relates to the "Tucuman General a/c" entry in the period trial balance. The further information contained in the summary at page **A2.89** of the Bundle indicates that £1,097,835.76 was advanced by Imperial Financiers to Tucuman Land so that Tucuman Land could acquire an aeroplane, which I believe to be the Beech Superking Air 200 aircraft referred to later in this affidavit.
29. The summary at page **A2.90** of the Bundle relates to the entry in the period trial balance described as "Tucuman loan notes: interest". A note in the summary at page **A2.90** of the Bundle suggests that although Tucuman Land's account was debited with £13,214,587.00, Tucuman Land may only have actually received £1,250,000.00 of this sum, the balance having been provided by Imperial Financiers to "Associated companies".

30. Imperial Financiers has also made a small number of other loans (page **A2.53** of the Bundle). These are detailed in the period trial balance. Some further documents relating to these loans appear at pages **A2.78** to **A2.90** of the Bundle. These documents show, in particular, that Imperial Financiers is owed £3,770,418.46 by G3 (page **A2.80**) and £2,905,452.75 by Fraser Brook (page **A2.81**), £316,829.73 by Fraser Brook/Unibay (page **A2.82**). It is unclear from the debtor reconciliations whether or not these three particular debtors ever made repayments or were ever charged interest.
31. At pages **A2.42** of the Bundle there is a copy of a period trial balance for Imperial Phoenix in respect of the period October 2001 to 8 May 2002.
32. At pages **A2.46** to **A2.47** of the Bundle there is a period trial balance for Imperial Consolidated for the period October 2001 to 8 May 2002, together with a fixed asset valuation.
33. At pages **A2.50** to **A2.52** of the Bundle there is a fixed asset valuation in respect of Imperial Financiers.
34. Although my staff have had access to the records maintained by the UK Companies, the specific manner in which the monies advanced by IC Mutual and Alpha Windward have been used is, in general, not yet known to me. However, I am informed by Mr Nicholas Fraser that:
 - 34.1 approximately £10,000,000 has been invested as venture capital in various commercial ventures;
 - 34.2 approximately £12,000,000 has been used to purchase a consumer loan book from Booker Montague Limited;
 - 34.3 approximately £25,000,000 has been applied in respect of “after the event” insurance;
 - 34.4 approximately £3,500,000 has been used to make commercial loans, many of which are property backed;

34.5 approximately £10,000,000 has been made available in respect of consumer loans; and

34.6 approximately £11,000,000 has been advanced to other group companies.

35. The only information that we have in relation to any of these matters is what appears in the trial balances and the reconciliations exhibited to this Affidavit which is inadequate for the Administrators to trace either the source of the funds or the way in which the funds have been applied. Nicholas Fraser has told me that the total sum received by the UK Companies was US\$300,000,000 (about £200,000,000). There is a huge gulf between the sums in respect of which some explanation has been offered and the sum which is said to have been received. No satisfactory explanation whatsoever has been given for this and whenever I have asked about this, I have been told that the money must have gone into the Tucuman venture. However, as can be seen from what appears later in this Affidavit, the information available to me in respect of Tucuman does not enable me to carry out any meaningful reconciliation. In any event, the use of the investors' money for that purpose or for anything other than the UK Companies' lending business or other business ventures described in the various brochures is entirely contrary to the use of the investors' money represented in the companies' brochures (see for example the Alpha Toronto brochures (at section 6 of the Bundle) referred to above).

36. So far as I have been able to see, money has been used by Imperial Financiers as follows:

36.1 US\$1,097,000 for the purchase of a private aircraft.

36.2 £1,950,000 for the acquisition of land on Faldingworth Road.

36.3 £425,000 for the acquisition of the Midland Hotel, Morecambe.

36.4 Sums totalling £15,992,360.94 have been paid to a number of other companies as follows:

Hellas	£4,443,750.00
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G3 Strategic and/or Systems	£3,770,418.46
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Fraser Brook	£3,222,282.48
Tucuman Land	£4,703,909.79
Imperial Dealmakers/Platinum Holdings	£482,000.00
Equity and Commercial	£240,551.21

In addition, Imperial Financiers acquired from Commercial Lending the benefit of loan notes for £12,625,580.00 issued by Tucuman in circumstances where there was no or no reasonable prospect of Tucuman Land being able to repay those loan notes. I believe this was done in order to conceal from investors in the Grenadian companies the misapplication of their funds. Further details of all these transactions appear later in this Affidavit.

37. I have serious doubts as to the probity of the investment opportunities offered by the Imperial Group.
38. These doubts are based on certain information I have received concerning some of the activities of the companies that are part of the group, based on my review of documents relating to Tucuman Land, based on my review of documents relating to Leisure Group and based on information I have received from Mr Wide. I set this information out in the following paragraphs.

Indications of Likely Collapse and Misconduct

1. On 3 May 1999 the New Zealand Securities Commission issued a warning that people should exercise great care before placing any money with Imperial Securities, a company based in Nassau in the Bahamas. The press release refers to promotional material claiming returns of 1.75% per month – guaranteed. A copy of the warning appears at page **C8.65** of the Bundle.
2. In March 2000 IC Mutual moved from the Bahamas to Grenada because of increased regulatory control.
3. City (UK) was dissolved on 18 June 2002. Prior to that date it was a subsidiary of Imperial Holdings. In July 1998 the US Securities and Exchange Commission named City UK as a Defendant (for relief purposes) in a claim brought in the United

States District Court in an application in respect of fraudulent investment schemes. It was alleged that the proceeds of the fraud were held by City UK and an order was sought for equitable relief against City UK. The investment scheme promised a return of 150% per week on the original investment. Without admitting or denying any of the allegations, City UK agreed to pay US\$1,667,000.00 into Court. The relevant Claim Form and Consent Order appear at pages **C8.4** to **C8.19** and at pages **C8.20** to **C8.23** of the Bundle respectively. I understand that Mr Brook and Mr Fraser have told my solicitors that City (UK) carried on business as a debt recovery agency and had been instructed to recover a debt, which they subsequently discovered was the proceeds of a fraud. They have explained that City (UK)'s participation in the litigation was an appropriate way of determining who City (UK) should pay the money they had recovered to.

1. In an action in the Dunedin Registry of the High Court of New Zealand in respect of the content of certain web pages placed on the internet by Mr David Stewart in 1999, in dismissing a claim by Imperial Consolidated (then known as Imperial Consolidated Group Plc) and Imperial Consolidated Securities SA ("Imperial Securities") against Mr David Frederick Stewart, William Young J, when analysing the investment scheme promoted by the group, commented that a surprising feature of the case had been an absence of material originating from Imperial Consolidated. Further, he stated that the sort of returns indicated as being available legitimately invited questions as to the probity of the investments. Also, he expressed scepticism as to the investment activities of Imperial Consolidated and doubted whether any profit was ever made. The Judge also found that documents had been backdated. The trial took place on 13 and 14 September 2001. The Judgment which is dated 18 December 2001 is reproduced at pages **C8.24** to **C8.62** of the Bundle. The comments I refer to appear in paragraphs 30 to 39, 82, 83 and 92 of the Judgment. Imperial Consolidated has appealed the decision.
2. In a media release dated 21 December 2000 the Australian Securities and Investments Commission announced that it had accepted a Court enforceable undertaking from IC Mutual (Australasia) Limited ("IC Mutual Australasia"), a Grenada-incorporated unlisted public company, not to issue, allot or offer for sale securities on the basis of a prospectus lodged by the company on 18 September 2000. A copy of the media release appears at **C8.63** of the Bundle.

3. In the light of this history the intervention by the Grenadian authorities in the affairs of Imperium Bank and the other Grenadian Companies and the insolvency of the Group was only a matter of time.
4. The UK Companies have over the past months been reducing their work force which have included outsourcing some functions and a number of redundancies.
1. On 27.11.00 Monzer Al Kassar, a Syrian arms dealer, resident in Marbella, brought proceedings in the Marbella Court against Mr Brook, Mr Fraser and Imperial Consolidated and another, complaining that they had defaulted in paying him a commission of US\$8.5 million and had only paid him US\$4,000,000 (which payment the Administrators have not yet been able to trace). The case was in Court on 9 January 2001 and on 14 January 2001 there appeared an article in El Mundo (see pages **C9.9** to **C9.12** of the Bundle) describing in some detail the murky dealings between Mr Brook and Mr Fraser and Al Kassar, ostensibly concerning Tucuman Land. On 8 March 2002 Al Kassar obtained freezing orders in the Marbella Court against Imperial Consolidated, Imperium Bank and another company, which was reported by the Associated Press on 19 April 2002 (see page **C9.34** of the Bundle). Apparently Imperial Consolidated appealed the order. I say more about these matters below.
2. By January 2002 IC Mutual (or whichever of the imperial companies they had invested in) was unable to redeem investments of Allied Dunbar and a Mr Rizzo, who received prevaricating responses.
3. In spite of all these difficulties and the running down of the Claimants on 22 March 2002 a promotional letter was sent out to investors soliciting for more funds and announcing that IC Mutual, ICS Placement and Alpha Windward were increasing their yields because of “*exceptional growth and high capital deployment*”.
4. According to Mr Smith banks refused to allow the Claimants to operate bank accounts, giving as their reason “reputational risk”. The banks concerned were HSBC, Girobank, Lloyds TSB, Natwest, Yorkshire Bank and RBS. Thus by May 2002 the Claimants had no banking facilities.

Tucuman Land

5. Tucuman Land was incorporated under the laws of England and Wales on 15 November 2000 as Tucuman Land Holdings Plc. Tucuman Land re-registered as a private company on 8 October 2001. Tucuman Mineral was incorporated under the laws of England and Wales on 21 November 2001. Tucuman Mining was incorporated under the laws of England and Wales on 21 November 2000.
6. My solicitors have become aware that steps have been taken by the DTI to dissolve Tucuman Mining. An objection to the striking off and dissolution of Tucuman Mining has been lodged and a letter has been received from Companies House confirming that action has been suspended until 16 October 2002 when the dissolution action will recommence.
7. European Land Assets Limited (“European Land”), a company incorporated under the laws of Grenada, owns 100% of the issued share capital of Tucuman Land.
8. I set out below details of Tucuman Land’s officers (* denotes Defendant in the action):

Name	Position	Appointed	Resigned
*Mr Brook	Director	15 November 2000	31 December 2001
*Mr Fraser	Director	15 November 2000	31 December 2001
*Mr Colyer	Director	31 December 2001	-
Giles Richard Hutchinson	Secretary	15 November 2000	21 January 2001
Mr Godley	Secretary	21 January 2001	20 April 2001
*Mr Brook	Secretary	20 April 2001	31 December 2001
*Mr Colyer	Secretary	31 December 2001	4 March 2002
David Willerton	Secretary	3 March 2002	-

9. Tucuman Land created a charge in favour of ICS on 30 November 2000. However, my company search shows this charge marked as “fully satisfied” as at 20 April 2001.
10. My company search shows that the issued share capital of Tucuman Mineral is held by Tucuman Land (7000 shares); Jorge Araoz (“Mr Araoz”) (750 shares); Robert Challa (“Mr Challa”) (750 shares); Antonio Botta (“Mr Botta”) (750 shares); European Venture Holdings Limited (“European Venture”) (700 shares) and Norsundet S.A. (“Norsundet”) (750 shares).
11. European Venture is a company incorporated under the laws of the Bahamas and Norsundet is a company incorporated under the laws of Uruguay.
12. I set out below details of Tucuman Mineral’s directors (*denotes a Defendant in the action):

Name	Position	Appointed	Resigned
*Mr Fraser	Director	21 November 2000	21 September 2001
*Mr Brook	Director	21 November 2000	21 September 2001
Mr Botta	Director	12 December 2000	
Mr Araoz	Director	21 December 2000	
Argentinean Minerals Limited (a company incorporated under the laws of the British Virgin Islands)	Director	15 August 2001	
*Mr Colyer	Director	20 September 2001	
*Mr Colyer	Secretary	20 September 2001	

*Mr Brook	Secretary	21 November 2000	21 February 2001
Mr Hogan	Secretary	21 February 2001	20 April 2001
*Mr Brook	Secretary	20 April 2001	20 September 2001

13. My company search shows that Tucuman Mineral created a charge in favour of ICS, a company incorporated under the laws of Grenada on 30 November 2000 but this is marked as “fully satisfied” as at 20 April 2001.
14. At pages **C9.1 to C9.8**, **C9.15 to C9.27** and **E15.5 to E15.7** of the Bundle are copies of documents relating to the loan. These documents consist of:
- 14.1 a letter from ICS to Tucuman Land dated 30 November 2000 (pages **C9.1 to C9.8**);
- 14.2 a letter from Mr Brook to Nicholas Fraser dated 1 March 2001; (pages **E15.5 to E15.7**)
- 14.3 board minutes of Imperial Financiers relating to a meeting of directors held on 30 March 2001 (page **C9.15** of the Bundle);
- 14.4 a letter from Tucuman Land to Imperial Financiers dated 30 March 2001 (page **C9.16** of the Bundle);
- 14.5 a letter from Imperial Financiers to Tucuman Land dated 20 April 2001 (page **C9.17** of the Bundle);
- 14.6 a guarantee from Tucuman Mineral to Imperial Financiers dated 20 April 2001 (page **C9.18** of the Bundle);
- 14.7 a letter from Imperial Financiers to Tucuman Land dated 30 May 2001 (page **C9.20** of the Bundle);
- 14.8 a statement for Tucuman Land dated June 2002 (“the June 2002 Statement”); (page **C9.90** of the Bundle) and

14.9 a statement for Hellas (UK) Limited (“Hellas UK”); (page **C9.91** of the Bundle).

15. The documents referred to in the above paragraph were provided by Nicholas Fraser to Mr Wood on 24 June 2002 with the exception of the letter dated 1 March 2001, which I obtained on a recent visit to Grenada. In relation to these documents it should be noted that:

15.1 The facility letter dated 30 November 2000 (pages **C9.1 to C9.8**) is from ICS to Tucuman Land. ICS is a company incorporated under the laws of Grenada. However, it is apparent from Imperial Financiers’s letter to Tucuman Land dated 20 April 2001 (page **C9.17**), that a further facility letter was produced by Imperial Financiers dated 30 March 2001, which replaced ICS’s facility letter dated 30 November 2000. Mr Wood has requested a copy of this facility letter from Nicholas Fraser, but to date, Nicholas Fraser has failed to produce a copy.

15.2 The minutes of a meeting of the directors of Imperial Financiers held on 30 March 2001 (page **C9.15**) refer to the minutes of a meeting of the board of directors of Imperial Financiers on 13 April 2001. Clearly, at least one of these dates is incorrect. Further, the minutes refer to Nicholas Fraser as Company Secretary. My company search shows that Nicholas Fraser has never been Company Secretary of Imperial Financiers. The Company Secretary of Imperial Financiers was Mr Hubbard from 1 March 1999 to 21 February 2001 and from 21 February 2001 has been Mr Hogan. The minutes purport to have been signed by the Chairman of the meeting. The minutes record that the Chairman of the meeting was Mr Fraser. However, the named signed is clearly not “Lincoln Fraser”, nor “Nicholas Fraser”. At pages **E20.1 to E20.4** of the Bundle are copies of the forms recording their respective appointments as directors of Imperial Financiers, from which their usual signatures are apparent. The signature on the minutes appears to be that of Mr Godley. My company search shows Mr Godley was a director of Imperial Consolidated between 24 January 2001 and 30 September 2001, but has never been a director of Imperial Financiers. Mr Godley is not even recorded at the top of the page as having attended the meeting. At pages **E20.5 to**

E20.6 of the Bundle is a copy of form 288a recording Mr Godley's appointment as a director of Imperial Consolidated, from which his usual signature is apparent.

- 15.3 My company search shows that on 30 March 2001 Mr Fraser was a director of both Imperial Financiers (he was a director of Imperial Financiers between 30 April 2000 and 20 April 2001) and Tucuman Land (he was a director of that company between 15 November 2000 and 30 December 2001). He appears to have failed to disclose the fact that he was a director of Tucuman Land at the meeting.
- 15.4 Tucuman Land's letter to Imperial Financiers dated 30 March 2001 (page **C9.16**) (accepting the offer of a facility) appears to have been signed by Mr Brook and Mr Fraser (who were both appointed as directors of Tucuman Land on 15 November 2000 and Tucuman Land having no other directors until 31 December 2001).
- 15.5 The letter from Imperial Financiers to Tucuman Land dated 20 April 2001 (page **C9.17**) refers to a fee of £10,000,000 in respect of an increase in the facility. The Tucuman Land statement shows a facility increase fee charged to the account, but on the earlier date of 31 March 2001.
- 15.6 Mr Brook and Mr Fraser appear to have signed both the letter dated 20 April 2001 (page **C9.17**) from Imperial Financiers to Tucuman Land to signify Tucuman Land's acceptance of an increase of the facility and the guarantee given by Tucuman Mineral to Imperial Financiers on the same date. On this occasion Mr Brook has printed his name under his signature.
- 15.7 It appears from the letter dated 30 May 2001 (pages **C9.20 to C9.27**) from Imperial Financiers to Tucuman Land that a further extension of the facility was offered by Imperial Financiers to Tucuman Land on that date. The letter appears to be signed by Mr Godley and by Nicholas Fraser. My company search relating to Imperial Financiers shows that although Nicholas Fraser was a director of Imperial Financiers between 1 March 1999 and 12 April 2002, Mr Godley has never been a director of Imperial Financiers.

- 15.1 It appears that the copy of the letter dated 30 May 2001 I (pages **C9.20 to C9.27**) have been given has a page missing. I expect that paragraph 10 of that letter should be substantially the same as paragraph 9 of the earlier letter from ICS to Tucuman Land dated 30 November 2000 (pages **C9.1 to C9.8**).
 - 15.2 The statement addressed to Tucuman Land appears to have been produced on 18 June 2002 (page **C9.90**). It names the contact at Tucuman Land as Mr Brook and shows a debt of £153,668,868 due from Tucuman Land as at 31 May 2002. Part of the debt appears to have arisen as a result of a transfer on 20 June 2001 of a liability from Hellas (page **C9.91**) to Tucuman Land to pay an advance of £865,000.
 - 15.3 As far as I am aware, the only security Imperial Financiers now has in respect of Tucuman Land's supposed debt to Imperial Financiers is Tucuman Mineral's guarantee. Although the letter dated 30 May 2001 (pages **C9.20 to C9.27**) from Imperial Financiers to Tucuman Land refers to a pledge of share certificates (under the heading "security"), I am not aware that any share certificates have been pledged. In any event, the share certificates to be pledged are share certificates in Tucuman Land.
16. When inspecting the UK Companies' records my solicitors discovered another version of the Tucuman Land statement dated July 2001 ("the July 2001 Statement"). This appears at page **C9.87** of the Bundle. There are material differences between the two statements:
- 16.1 Whereas the July 2001 Statement (page **C9.87**) shows currency advances of £2,059,693.73 and £910,182.17, the June 2002 Statement (page **C9.90**) shows currency advances of £173,611 and £1,920,766;
 - 16.2 Whereas both statements show a facility fee charged of £10,000,000, the July 2001 Statement (page **C9.87**) shows that this was applied to the account between 5 April 2001 and 30 April 2001, whereas the June 2002 Statement (page **C9.90**) shows that it was applied to the account on 31 March 2001.
 - 16.3 Whereas the July 2001 Statement (page **C9.87**) shows that interest of £399,950 was charged on 31 May 2001 and interest of £411,948.50 was

charged on 30 June 2001, the June 2002 Statement (page **C9.90**) shows that interest of £3,208,811 was charged in June 2001 and that interest of £3,331,026 was charged in July 2001.

- 16.4 The June 2002 Statement (page **C9.90**) shows that a debit balance was transferred from “international” of £89,132,637, whereas the July 2001 statement contains no similar entry.
17. A facility fee of £10,000,000 appears in the July 2001 and June 2002 statements and is mentioned in the letter dated 20 April 2001 (page **C9.17**) in the correspondence between Imperial Financiers and Tucuman Land.
18. At pages **C9.75** to **C9.81** of the Bundle are copies of three transaction histories which I believe relate to accounts maintained by Tucuman Land with Imperium Bank. I believe that pages **C9.75** to **C9.78** relate to a US Dollars account, pages **C9.79** to **C9.80** relate to a Pounds Sterling account and page **C9.81** relates to a Canadian Dollars account.
19. At pages **C9.82** to **C9.84** of the Bundle there is a copy of what I believe to be part of a note which details some of the funds transfers apparent from the transaction history. I do not know who the author of the note was. The second page of the note has been signed by Ms Gillian Elson. At page **E20.14** of the Bundle there is a copy of a Consent to Act as Secretary of Leisure Properties Limited signed by Ms Elson, from which her usual signature is apparent and from which I determined that it is Ms Elson’s signature that appears on the notes. It appears from the notes that Imperium Bank loaned ICS US\$93,000,000, thus enabling ICS to advance US \$93,000,000 to Tucuman Land. Tucuman Land then transferred US \$92,000,000 to Euroven Investment Limited (or possibly Euroven Cap Limited). Euroven Investment Limited then transferred US \$90,000,000 to ICS.
20. The second page of the note (page **C9.83**), appears to set out details of an advance of US \$4,270,092 from Imperium Bank to “Imperial Consolidated Inc” which I believe is a reference to Imperial Holdings, which was subsequently made available to a business or an individual referred to as “CMC” in the note. I believe that CMC is Consolidated Mining Corporation Limited. The note shows that CMC’s account had been debited with US\$4,370,092.00, being the amount of the original advance, plus

US\$100,000 described as “bank fee income”. The Imperium Bank transaction history (page **C9.75**) shows that the liability to repay US\$4,370,092 was somehow transferred to Tucuman Land on 8 March 2001. The relevant entry is described as “internal transfer payment funding bought by parent”. I believe that the US\$4,370,092 may have been the money paid to Monzer Al Kassar. Whatever the truth behind these documents the transactions are suspicious and raise questions about money laundering.

21. My staff and I have searched for further information and documentation relating to the transactions detailed in the above paragraphs. We have been unable to locate the deed of assignment or a contract of novation relating to the indebtedness of £89,132,637. My staff have, however, located an e-mail sent by Nicholas Fraser to Mr Giles Hutchinson, who I believe was employed at the time as a financial manager within the group, a copy of which appears at page **E15.14** of the Bundle, in which Nicholas Fraser asked Giles Hutchinson to “book fee income of £15,000,000 into the June accounts on a provisional basis”.
22. It would appear that the UK Companies were experiencing financial difficulties in or around June 2001. An e-mail from Jared Brook to Andrew Crawshaw dated 12 June 2001, a copy of which appears at page **E15.11** of the Bundle refers to a moratorium on payments and lending. In a later e-mail dated 12 July 2001, a copy of which appears at page **E15.13** of the Bundle, from Nicholas Fraser to Giles Hutchinson and Mr Smith, headed “Tucuman & Hellas” reference is made to a meeting between Mr Fraser and Mr Brook for the purpose of reviewing account balances owed “to/from Imperial and Tucuman/Hellas/Fraser Brook”.
23. At pages **A2.24** to **A2.37** of the Bundle are copies of trial balances extracted from the UK Companies’ records, including trial balances as at 4 January 2001, 5 February 2001, 6 March 2001, 7 April 2001, 8 May 2001, 9 June 2001 and 10 July 2001.
24. It appears from the trial balances that Imperial Financiers had net liabilities on 8 May 2001 and 9 June 2001. Purported solvency was restored by 10 July 2001. The main difference between the 9 June 2001 trial balance and the 10 July 2001 trial balance is the substantial increase in the “Trade Debtors: Venture Capital” figure and the introduction of an entry called “Inter Co: IC Associated Co Income Provision”.

25. The original facility letter from ICS to Tucuman Land dated 30 November 2000 (pages **C9.1** to **C9.8**) provided for repayment on or before 31 May 2002. However, the repayment date was extended by Imperial Financiers's letter to Tucuman Land dated 20 April 2001 to 30 May 2003 (page **C9.17**) and then further extended by Imperial Financiers's letter to Tucuman Land dated 30 May 2001 to 30 May 2004 (pages **C9.20** to **C9.27**). Prior to the termination date, Tucuman Land are not obliged to repay any part of the advance, all repayments being within Tucuman Land's discretion until the termination date.
26. On 1 March 2001 Mr Brook faxed Nicholas Fraser (pages **E15.5** to **E15.7**), then in Andorra, instructions to interpose Imperial Financiers in loans from ICS to Tucuman Land. Nicholas Fraser seems to have passed on this instruction to Paul Elliott and Giles Hutchinson (page **E15.8**), I think at Imperial Financiers. On 8 March 2001 Mr Brook, in London, sent a fax (page **E15.9**) to Joanne Williamson in Binbrook on the same subject.
27. There is a document (page **E15.10**) called "BVI Note Issuers Funds Exchange with Group Income/ICS", entered as "BVI-ICS-Imperium Note exchanges (1), which records the transaction: Debts with a sterling equivalent of £12,625,580 at 36% p.a. and £1,250,000 at 15% p.a. were booked to Imperial Financiers. The transaction was booked on 9 March 2001.
28. Although the Administrators have not seen any loan notes to which Tucuman Land is a party, they do have relevant loan notes dated 9 March 2001 to which Imperial Financiers is a party with the lender, in each case signed by Ms Williamson on behalf of Imperial Financiers and Mr Brook on behalf of the lender:
- | | |
|------------------------------------|------------------------------------|
| March 01, with Commercial Lending: | £13,214,587 (page E16.152) |
| March 02, with ICF (Betta) Ltd: | £340,367 (page E16.153) |
| March 03, with Imperium Bank: | £320,626 (page E16.154) |
29. As a result the 7 April 2001 trial balance for Imperial Financiers (pages **A2.31** and **A2.32**), accounts 1168 and 1169, shows it being owed by an Associated Company £12,625,580 plus £269,806.92 interest, and Commercial Lending's accounts 2311

and 2312, are credited with corresponding amounts. In the 10 July 2001 (pages **A2.37** and **A2.38**) trial balance the borrower is identified as Tucuman.

30. The documents also show the following advances to Tucuman Land:

30.1 The Tucuman venture capital account 264, as printed on 6 September 2001 (page **C9.87**) and 24 July 2002 (page **C9.88**), shows the following advances to Tucuman Land:

31 May 2001 £2,059,693.73

30 June 2001 £ 910,182.17

£2,969,875.90

30.2 The Tucuman account 264 as printed 4 September 2001 (page **C9.89**) and 18 June 2002 (page **C9.90**) show the following advances to Tucuman Land:

30 April 2001 £ 173,611

17 May 2001 £1,920,766

20 June 2001 £ 865,000

£2,959,377

30.3 Tucuman Land's sterling account 26201 with Imperium Bank (pages **C9.79** to **C9.80**) shows two transfers:

- (1) 17 May 2001 £1,920,766 transferred by Imperial Financiers. This was used to fund the drawings of Mr Brook and Mr Fraser and other expenditure of theirs:

	£
Advance	1,920,766.00
Less paid to Global Mining	(434,714.08)
Less paid to Vidal	(61,866.00)
Less balance at 18.4.02	<u>(34,913.59)</u>
Drawings	1,389,272.33

(2) 2 June 2001 £895,000 transferred by Kalber (Leisure Group)

Except that the amount is £30,000 out, this reflects the notes to the Tucuman Land and Hellas UK accounts printed 18 June 2002 (pages **C9.90** and **C9.91**). This money was transferred to Tucuman Land's US\$ account to Imperium Bank, where it appears to have been used to make payments with an Argentine connection.

31. Neither Tucuman Land nor Tucuman Mineral have filed their first set of accounts at Companies House. I am not aware of Imperial Financiers having received any financial information relating to either Tucuman Land or Tucuman Mineral.
32. I have attempted to relate the investment opportunities promoted by the Group to the advance made by Imperial Financiers to Tucuman Land, but without success. However, Nicholas Fraser has given me to understand that the entirety of the funds advanced by ICS Placement and Commercial Placement's were paid to Tucuman Land.
33. Tucuman is a region in Argentina. I understand from Nicholas Fraser that Tucuman Mineral has acquired mining rights over a large area of land in that region. I have been provided with copies of documents which I am told relate to Tucuman Mineral's land rights, together with copies of various geological reports and mining reports relating to minerals on the land. An extract from one such report appears at pages **C9.28** to **C9.33** of the Bundle. These are the only pages I have of Volume 1 of this report. I appear to have been provided with a complete copy of Volume 2 of the report, but I have not included it in the Bundle, because it largely contains technical information. The report appears to have been produced in November 2001. My solicitors have been informed by Mr Brook and Mr Fraser that Argentinean land ownership rules require that no company owns more than 20 parcels of land and that they have therefore incorporated another company, Tucuman Mining, their intention being to acquire the first 20 parcels of land through Tucuman Mineral and the next 20 parcels of land through Tucuman Mining and so on. I am informed by David Slack of Slack & Son Ltd, mining engineers, who has reviewed the geological and mining surveys, that there may be valuable minerals on the land. However, further surveys need to be carried out in order to confirm that there are valuable minerals on

the land and that it is economic to mine the minerals. I am told that Tucuman Land has completed phase one of a three phase process, these phases being to carry out an initial survey (phase one), to establish the whereabouts of the minerals and that they can be mined economically (phase two) and to mine the minerals (phase three). I am told that the cost of completing phase one could be expected to be in the region of £500,000.

34. I am also told by Mr Russell Groves of Mazars Neville Russell who has obtained advice from David Slack that the value of the Tucuman land is closely related to the mineral content of the land. I am informed that the documents that Mr Groves has inspected show that the basic value of the land rights is 30 pesos per claim (which is approximately £5.50. My solicitors have been told by Mr Brook and Mr Fraser that the basic value of the land has little relevance to the actual cost of acquiring the land. The Tucuman land is made up of 47 claims. Clearly, any increase in value of the land is dependent upon the nature and quality of the minerals identified on the land.
35. A dispute appears to have arisen concerning certain mining interests between Imperial Consolidated, Imperium Bank, a company incorporated in the Bahamas called Consolidated Mining Corp Inc. and Monzer Al Kassar, a Syrian-born arms dealer (“Mr Al Kassar”). My solicitors have been told by Mr Brook and Mr Fraser that Mr Al Kassar perpetrated a fraud on Imperial Consolidated and others.
36. On 14 January 2001, a Spanish newspaper called “El Mundo” reported that the “investment” in the Tucuman Land is in fact an arrangement designed to conceal the true nature of a deal between Imperial Consolidated and Mr Al Kassar, who is reported to be linked to the Saudi terrorist Osama Bin Laden.
37. “El Mundo” reports that Mr Brook and Mr Fraser caused Imperial Consolidated to pay US \$4,000,000 to Mr Al Kassar and to promise to pay a further US \$8,500,000. Ostensibly, the payments were made in order to acquire the mineral rights in the land in Tucuman, Argentina, which Mr Al Kassar is reported to have acquired from an Argentinean National for several hundred thousand US dollars. However, “El Mundo” suggests that the purpose of the payments were not only for the legitimate acquisition of mining rights but also to fund the supply of weapons by Mr Al Kassar to the Taliban. A copy of the article appears at pages **C9.9** to **C9.12** of the Bundle.

My solicitors have been told by Mr Brook and Mr Fraser that Mr Al Kassar has attempted to put pressure on Imperial Consolidated to settle the dispute by manipulating the media. They say that the author of the article in the Spanish newspaper has links with Mr Al Kassar and that Mr Al Kassar had arranged for the journalist concerned to have access to Baghdad at the time of the invasion of Kuwait by Iraq.

38. An article published by AP Worldstream on 19 April 2002 makes reference to the dispute and an Order made by a Spanish Court. A copy of the article appears at page **C9.34** of the Bundle.
39. My colleagues and I have attempted to obtain further information concerning the transactions with Tucuman Land. I had hoped to learn more about the transaction at a meeting arranged on 11 July 2002, which Tucuman Land's Argentinean directors were to attend. However, this meeting was cancelled by Tucuman Land. Mr Brook, Mr Lincoln Fraser and Mr Smith met my partner, Mr Wood, on 18 July 2002. and at that meeting hand delivered the letters which are referred to in Mr Wood's letters at pages **E15.16** to **E15.19** of the Bundle. Mr Wood's further correspondence with Tucuman Land's directors and Mr Brook and Mr Fraser appears at pages **E15.16** to **E15.34** of the Bundle.
40. At the meeting on 18 July 2002 Mr Brook and Mr Fraser delivered the letters dated 16 July 2002 which appear at pages **E20.7** to **E20.10** to Mr Wood. Mr Wood was told by Mr Brook and Lincoln Fraser that certain license fees should have been paid by Tucuman Land to the Argentinean authorities in respect of the mineral rights and asked that the Administrators make funds available to Tucuman Land, prompting Mr Wood's letter of 22 July 2002 to Tucuman Land, a copy of which appears at pages **E15.16** and **E15.17** of the Bundle. In one of these letters Mr Wood seeks further information concerning ICS. He is told, by a letter in response from Fraser Brook Partnership that ICS was previously Imperial Securities of the Bahamas and was continued on in Grenada. Further, he is told that ICS has no current function as its client base was transferred to ICS Placement , along with its asset base.
41. Fraser Brook Partnership's letter to Mr Wood dated 1 August 2002 which is reproduced at pages **E15.28** to **E15.30** of the Bundle indicates that Tucuman Land

has acquired an extension of time to 15 August 2002 in respect of payment of license fees. The same letter also makes reference to the Court proceedings in Spain involving Mr Al Kassar.

42. In support of Tucuman Land's claim that they need further funds from Imperial Financiers so that they can pay outstanding license fees, Mr Brook has provided me with copies of the notices which are reproduced at pages **C9.43** to **C9.74** of the Bundle.
43. My colleague, Russell Groves, has made enquiries of Mr Carlos E. Vitheliano of Mazars Neville Russell's Buenos Aires office. Mr Groves forwarded the document reproduced at pages **C9.43** to **C9.74** of the Bundle to Mr Vitheliano and asked him to investigate the authenticity of the document. In his response to Mr Groves' enquiry (at pages **C9.85** and **C9.86** of the Bundle) Mr Vitheliano refers to certain comments made to him by the office of the Mining Secretary of the National Government and in particular their surprise at having received an enquiry of this nature, because "Tucuman Mining was suspected to wash money and to be course of other penal situations".
44. Given the early stage that the Tucuman venture (if it is genuine) is reported to have reached it is hard to see what legitimate purpose there can have been for the payment to Tucuman Land of such large sums.
45. In respect of the £12,625,580 debt and the advances referred to in paragraph 143. The documents that I have seen so far give no indication of the purposes for which the advance was made nor have I received any explanation as to why Imperial Financiers should have taken the benefit of the loan notes. It appears that the loan notes were taken on for no good commercial reason other than to boost apparent commercial profits. There was no other contractual documentation. Where interest was charged it was excessive and other advances were made without interest or at no interest to Tucuman Land, a company controlled by Mr Brook and Mr Fraser. None of these loans was secured in any way. The money advanced was apparently money advanced by Commercial Lending in respect of which Imperial Financiers was incurring a liability to pay interest.

46. As for the other purported transactions, if the payments were genuine loans then it is hard to see how those responsible for authorising the facility and making the payments (in effect Mr Fraser, Mr. Brook and Mr Godley) can have been acting properly and in accordance with their fiduciary or other duties in (a) failing to obtain adequate security and (b) extending the repayment period to 2004 without any provision for earlier repayment in any circumstances. Equally, Tucuman Land, which was represented in these transactions by Mr Brook and Mr Fraser must have known that the advances were being made in breach of trust or fiduciary duty. Mr Brook, Mr Fraser and Mr Godley assisted in the transaction and must have known that it was improper.
47. If the transactions were not genuine loans then the same comments can be made with even more force.
48. It seems that the transactions, in particular those relating to the facility letters, were simply paper exercises designed to create credit balances and an apparent income stream in Imperial Financiers in order to create bogus profits that could be reported to investors either to encourage them to invest more or to discourage them from redeeming their investments. This too involves a serious breach of duty on the part of the officers involved.

Aggrieved Investors

49. During my enquiries I have met many aggrieved investors who have lost substantial sums of money in respect of investments placed with the Imperial Group of companies. On each occasion the investor has informed me that it was their genuine belief that the capital investment would be secure or protected.
50. By way of example of some of the failed investments I refer to the following:

Investor	Value	Fund
J G Garrett	US\$103,887.50	ICS Placement
M D Coombes	US\$50,000	4+4 Dollar Fund
P A Austin	(Sterling)£100,000	4+4 Sterling Fund

51. There is produced at pages **C10.1** to **C10.127** of the Bundle proofs of evidence taken by my lawyers from Mr M D Coombes (pages **C10.1** to **C10.4**), Mr J G Garrett (pages **C10.5** to **C10.74**) and Mr P A Austin (pages **C10.75** to **C10.127**).
52. I am obliged to say that the script appears to read the same for each investor to whom I have spoken. Investments have been made under the lure of high yield returns and protection for the investment whereas in reality the funds appear to have been used for other purposes or alternative/high risk investment.

Faldingworth, Hellas UK, Unibay, G3, Fraser Book

53. Mr Brook and Mr Fraser decided that funds obtained indirectly from investors in the Grenadian Companies should be used by other companies controlled by them to acquire properties from which other ventures of theirs could operate. There were no loan or other agreements as to the terms on which Imperial Financiers paid for the properties. There was no commercial benefit to Imperial Financiers in paying for these properties. The recipients have been unable or unwilling to repay. Save for the payments to Hellas UK there has been no suggestion of agreed terms as to interest.

G 3 Systems

54. The trial balance at pages **A2.53** to **A2.55** shows "G3" as a sundry debtor in the sum of £3,770,418.46. We believe that the reference is to G3 Systems rather than G3 Strategic. The reconciliation is at page **A2.80**. There are several payments to Marshall Specialist Vehicles, who I understand are dealers in military vehicles. Mr Fraser has an interest in militaria and is known to be a collector of such vehicles. Substantial round sums were paid to Mr and Mrs Ashurst (£150,000) and to Mr and Mrs Pond (£50,000 each). Mr Ashurst and Mr Pond are or were employees of Marshalls. I have not yet been able to identify the relevant invoices.
55. It is not known how far this company's activities are connected with the Alpha Toronto Series Inc Sovereign Nations Logistics funds or whether it was more of a private venture established to enable Mr Brook to pursue his interest and deal in military vehicles (the trial balances make no references to Alpha Toronto Series Inc. but it is possible that money came to Imperial Financiers from IC Mutual via

Imperium). Mr Ashurst and Mr Pond were poached from Marshalls and the payments to them and their wives were “golden hellos”.

56. Even if the venture is legitimate, there is no indication that any security was given for the advances and this is entirely inconsistent with what was said in the memorandum at pages **B6.161** to **B6.206** of the Bundle.

Hellas UK

57. On 2 April 2001 Unibay was incorporated. The position concerning “Unibay” is confusing, because Fraser Brook also use that name. On 18 April 2001 Hellas UK was incorporated and became the parent of Unibay. Fraser Brook owns all the shares in Hellas UK. Shortly after incorporation, and at about the time they resigned from the boards of the Claimants, Mr Brook and Mr Fraser became directors of both companies and so remained until 8 February 2002, when they resigned just before their disqualifications took effect. When they resigned Mr Colyer was appointed director.
58. On 18 April 2001 Imperial Financiers paid Beetenson & Gibbon, Solicitors, £390,000 to enable Unibay to agree to buy Faldingworth for £1,950,000. On 9 May 2001 Imperial Financiers paid a further £2,000,000 to enable the purchase to complete. Completion took place on 10 May 2001.
59. Imperial Financiers’ venture capital account 262 (there are two versions produced on 18 June 2002 and 24 July 2002) reveals a different picture. On 18 April 2001 the account was debited with the payment of £390,000. On 4 May 2001 it was debited with £4,200,000. According to the 18 June 2002 (page **C9.91**) print of that account, these advances were made pursuant to a £10,000,000 facility at 2% p.m compound. No such facility letter has been disclosed to the Administrators. Hellas UK could not be expected to be able to pay interest at that rate. Hellas UK was credited with subscribing for £2million of shares in Unibay and the £390,000 represented an unsecured loan.
60. The two versions of Hellas UK’s account 262 are inconsistent, save that both show the debiting of the two payments of £390,000 and £4,200,000 and interest at the same rate.

- 60.1 The print dated 18 June 2002 (page **C9.91**) shows (1) only the two advances, (2) four repayments amounting to £1,341,250 made between 1 June 2001 to 17 July 2001, and (3) a total debt at 31 May 2002 of £4,253,116.10.
- 60.2 The print dated 24 July 2002 (page **A2.67**) shows (1) an additional advance of £1,445,000 on 31 July 2001, (2) two repayments made on 30 June 2001 and 31 July 2001 amounting to £1,591,250 and (3) a total debt at 31 May 2002 of £5,171,554.90.
61. The trial balance at pages **A2.53** to **A2.55** includes venture capital debtors of £28,185,111.08. The venture capital debtors are listed at page **A2.59**. These include Tucuman (Tucuman Land) and also Imperial Dealmakers PLATINUM. I believe that the latter is a reference to a new project (also a mining ostensibly a mining venture) into which Mr Brook and Mr Fraser are now trying to get investors to transfer their investments.
62. Hellas UK' first accounts which appear in the Company search at section **F4** of the Bundle also show a long term debt of £4,490,000, but that does not appear to tie in with anything in the reconciliation statement.
63. If the advance is a genuine one then I have not seen any documentation in respect of the terms on which it is repayable or any other contractual documentation. Nor is there any evidence that any security was ever given for the loan.
64. Hellas UK is the leasehold owner of property situate at 2 Gilbey Road, Grimsby. It appears from the office copy entries for the freehold (page **D14.204** of the Bundle) that imperial Consolidated is the guarantor for the obligations under the lease.

Equity and Commercial

65. Equity and Commercial was incorporated on 31 August 2001 under company registration number 04279968. The trial balance for Imperial Financiers at pages **A2.53** to **A2.55** includes a miscellaneous debtor reconciliation under what appears to be account number 11221 in the name of Equity and Commercial. There are listed numerous transfers by Imperial Financiers to Equity and Commercial for the period from 20 November 2001 to 8 May 2002 amounting to £240,551.21.

66. There is no explanation given on the debtor reconciliation as to the nature of the transfers and I have not seen any documentation in respect of the terms upon which the sums would be repayable or indeed, whether there is any written loan agreement or security given for the loan.

Imperial Dealmakers / Platinum Holdings

67. Platinum Holdings is a company operating in South Africa at 16 Maude Street, Village Square, Sandown Village Office Park, Sandown 2146 Johannesburg, South Africa which has been incorporated under the laws of the British Virgin Islands. I believe that Imperial Financiers agreed to enter into a subscription agreement which was originally to be executed with Imperial Dealmakers Limited. However the arrangements were subsequently changed so that Platinum Holdings became the vehicle for this scheme. There is produced at pages **D12.8** to **D12.12** of the Bundle a copy of a letter issued by Tony Smith on behalf of Imperial Financiers on 28 September 2001 which offers to subscribe £20,000 for 2,000,000 unlisted no par ordinary shares and £2,480,000 redeemable preference shares of £1 each. The investment was to be made over a period of 5 weeks.
68. There is produced at pages **D12.83** to **D12.105** of the Bundle a copy of the Subscription Agreement dated 15 November 2001. In the trial balance of Imperial Financiers produced at pages **A2.39** to **A2.41** of the Bundle there is reference to the venture capital debtors. Contained within those venture capital debtors is an account for “Imperial Dealmakers Platinum Holdings” which refers to advances to either Imperial Dealmakers or Platinum Holdings between 31 August 2001 and 24 January 2002 amounting to £482,000. The sum of £250,000 shown as having been advanced to Platinum Holdings prior to execution of the Subscription Agreement.
69. It is not clear from the documents that I have seen the nature of the payments made by Imperial Financiers to Platinum Holdings or the terms upon which those sums should be repaid. There appears to be no security for the sums advanced.

Aircraft N64 GA Beech Super King Air 200

70. My investigations have revealed that Imperial Consolidated appears to have had an interest in a Beech Super King Air 200 aeroplane. At pages **D13.135** to **D13.136** of

the Bundle there is a copy of a purchase document dated May 2001 (registered on 8 June 2001) recording the purchase of this aircraft by Imperial Holdings.

71. At page **D13.137** of the Bundle there is a letter dated 10 December 2001 from Hayley Phillips, Head of Finance at Fraser Brook. Hayley Phillips states in that letter that “ownership of the aircraft has changed to Fraser Brook Partnership from Imperial Consolidated”, and that, “all invoices and payments with regard to the aircraft will be made from the Grimsby Accounts Office, contact details as per this letter”. I have seen no evidence of any letter signed by or on behalf of either Imperial financiers or Imperial holdings that records this alleged transaction.
72. At page **A2.89** of the Bundle is a trial balance of Imperial Financiers showing that Tucuman Land is a debtor for what appears to be the purchase of an aeroplane for £1,097,835.76.
73. At page **D13.138 to D13.141** of the Bundle there is a copy of a letter dated 21 March 2002 from Karina Broughton of Fraser Brook to Mr Hogan attaching copy invoices from Lawgra (386) Limited t/a International Aerospace Engineering (“IAE”) relating to repair and maintenance of the aircraft. In that letter Karina Broughton states that the third invoice attached to her letter is, “actually in the name of Imperial Consolidated but we assume it should be invoiced to Fraser Brook”. The invoice to which she refers is addressed to Imperial Financiers.
74. At pages **D13.142 and D13.143** of the Bundle is a copy of a letter dated 29 May 2002 from Mr Hogan of Fraser Brook to John Langton of Beetenson & Gibbon. Beetenson & Gibbon is a firm of solicitors in Grimsby which Fraser Brook instructed in relation to litigation with IAE following an incident involving the aircraft’s windshield imploding at 26,000 feet. Mr Hogan states in this letter that, “With respect to the ownership of the aircraft I too have found this area to be slightly confusing, as the situation is very much dictated by the requirements of the US Authorities. The aeroplane is registered in the US (as are 95% of private jets in Europe) in the name of Imperial Consolidated Holdings Inc. (a Delaware corporation) as is required. However, *the proprietary rights of the aeroplane are owned by Imperial Consolidated Limited* – a company registered in England and Wales - (by virtue of the fact that that entity paid the purchase monies for the

aircraft). It would probably be easier if the Claimant could be altered to the UK company but I am not sure if the fact that Fraser Brook has paid IAE's invoices in the past complicates this?" (my emphasis).

75. The aircraft was sold in June 2002. At page **D13.159** of the Bundle there is a copy of an e-mail dated 5 June 2002 from ukjetsales@aol.com to usaircraftfiles@earthlink.net. The latter are aircraft title companies specialising in the sale and purchase of aeroplanes, and the title companies instructed to deal with this particular transaction. It states that Imperial Consolidated should receive the purchase price (being US\$875,000 at this time), but provides Fraser Brook's bank account details for the transaction.
76. At pages **D13.149** and **D13.150** of the Bundle there is a copy of a transfer document dated 10 June 2002. The transfer document states that the aircraft was transferred to Gantt Aviation on the 10 June 2002 (being the date on which I was appointed Administrator of the UK Companies). The transfer was registered on the 12 June 2002.
77. At page **D13.147** of the Bundle there is a copy of a letter dated 27 June 2002 from Mr Hogan of Fraser Brook addressed to my colleague Heather D'Arcy. The letter attempts to explain the ownership of the aeroplane and thereby the relevant party to name as Claimant in the litigation with IAE. Mr Hogan states that "the potential Claimant had not yet been decided upon – it looked likely to be either The Fraser Brook Partnership, Imperial Consolidated Holdings Inc or Imperial Consolidated Limited – although the facts of the case had made the choice uncertain".
78. At page **D13.144** of the Bundle is a copy of a letter dated 9 July 2002 from Mr Hogan of Fraser Brook to Chris Murratt of Freethcartwright Solicitors. In this letter Mr Hogan states, "if the claim is to be made by Imperial then you will be contacting IAE to inform them of various matters. However, if the claim is to be made by Fraser Brook I shall have to re-instruct John Langton at Beetenson & Gibbon, either to proceed with a claim or to counterclaim against any action arising out of IAE's recent threats?".
1. At pages **D13.151** to **D13.162** of the Bundle is a letter (together with an enclosure from K P Jordan (Attorney to Gantt Aviation) dated 15 July 2002. As can be seen

from the enclosures and in particular the “funds transfer report” at page **D13.162** of the Bundle a sum of US\$800,000 was transferred to Fraser Brook’s account at the Bank of Scotland’s branch at 41 south Gyle Crescent, Edinburgh EH12 9XD, account no. 06924USD01 on 11 June 2002 being the day after my appointment as Administrator. The enclosure is an Aircraft Purchase Agreement dated 7 June 2002 signed on behalf of Imperial Holdings by Mr Brook. The price appears to have been reduced by £75,000 at a very late stage in the negotiations.

2. I am informed by my solicitors Eversheds that their investigations into the accounts of the UK Companies have so far failed to reveal a record of any specific monies that have been transferred from the UK Companies on the original purchase of the aeroplane in or around May 2001. Those investigations continue together with similar investigations into other transactions as referred to throughout this witness statement.
3. Investigations that I conducted have revealed that the aeroplane was at Goosebay (USA) on the 12 July 2002 having left Leeds/Bradford Airport on the 10 July 2002. The aircraft made stops in Reykjavik and Greenland before landing at Goosebay.
4. It appears from the above that the aircraft was purchased by Imperial Consolidated and then put in the name of Imperial Holdings to fulfil aviation authority requirements.
5. Mr Hogan’s letter of 29 May 2002 at page **D13.142** clearly states that Imperial Consolidated is the owner of the aeroplane and yet shortly after that letter was written steps were taken to sell the aeroplane for the benefit of Fraser Brook (as is apparent from the e-mail dated 5 June 2002 at page **D13.159** of the Bundle and the transfer document dated 10 June 2002 at pages **D13.149** to **D13.150** of the Bundle. Quite apart from the apparent misappropriation of the proceeds of sale, I am concerned that aircraft was sold for price substantially lower than that for which it was bought just six months earlier.

Midland Hotel, Morecambe

6. Mr Fraser and Mr Brook are the registered proprietors of the Midland Hotel, Morecambe under title number LA623763. I am informed by Mr William King (“Mr King”) at Beetenson & Gibbon that the property was originally purchased in the

name of Leisure Group utilising funds provided by Imperial Consolidated. There is produced at page **D14.165** of the Bundle a copy of Office Copy Entries issued on 20 October 2001 which show Leisure Group as the registered proprietor together with a copy of the Beetenson & Gibbon client account statement relating to the purchase shown at **D14.170** and **D14.171**. It is clear from the client account statement that on 6 June 2001 Imperial Consolidated deposited a sum of £470,000 with the solicitors for the purpose of acquiring the hotel. This appears to have been paid out to Sills and Betteridge by way of deposit of £45,000 on 4 June 2001 and the final purchase monies of £405,000 on 6 June 2001. However, it is interesting to note from the Office Copy Entries that the price stated to have been paid for the Property by Leisure Group is £424,999. It would appear that the solicitors have charged Imperial Consolidated £6,000 plus VAT and disbursements for their services in transferring the hotel.

7. There is then produced at pages **D14.172** to **D14.173** of the Bundle current Office Copy Entries which show that the Midland Hotel was transferred to Mr Fraser and Mr Brook on 27 November 2001 although there is no reference to any consideration being paid for the Hotel. I have instructed my Solicitors to seek a copy of the transfer to Mr Brook and Mr Fraser from HM Land Registry. I have also requested the production of Mr King's file in relation to the transaction. At the time of swearing this Affidavit I have not received a response to those requests.
8. I confirm to the Court that the Midland Hotel is the same property which Mr Brook and Mr Fraser were operating under the guise of Progressive Leisure Corporation Limited for which they were disqualified as acting as Directors.

Land at Faldingworth

9. I am informed by Mr King that land purchased at Faldingworth, Lincolnshire, worth approximately £2,000,000 may have been financed by Imperial Consolidated, Imperial Financiers or Imperial Phoenix. There is produced at pages **D14.175** to **D14.176** of the Bundle a copy of Mr King's client account statement for the purchase transaction in relation to the land at Faldingworth. The client account is in the name of "Imperial Consolidated Group". My company search shows that Imperial

Consolidated changed its name from, “Imperial Consolidated Group Plc”, to “Imperial Consolidated” on 8 November 2000.

10. It can be seen from page **D14.175** of the Bundle that on 18 April 2001 Imperial Consolidated made a credit of £390,000 into the client account of Beetenson & Gibbon for the purpose of purchasing the land at Faldingworth. Subsequently, a further payment of £2,000,000 was made by Imperial Consolidated on 9 May 2001. Both sums were paid over to Ashurst Morris Crisp who appear to have acted for the Vendor in the transaction. It appears that the first payment of £390,000 was in respect of the deposit and the payment of £1,901,250.00 was the balance of the purchase price. This gives a total price paid by Imperial Consolidated of £2,291,250.00. However, the office copy entries which I have obtained (and referred to later) state that the purchase price paid for the property on 10 May 2001 is £1,950,000. This would appear to give rise to an over-payment to Ashurst Morris Crisp of £341,250 however, there has been no refund of that sum and I can only presume that either the additional payment was an apportioned part of the price in respect of goodwill or stock, fixtures and fittings etc or was made for some other purpose.
11. The land at Faldingworth was originally registered in the name of “Unibay Limited” which has now changed its name on 23 May 2001 to “Unibay UK Limited”. At pages **D14.177** to **D14.185** of the Bundle are Office Copy Entries for the land under title number LL85210 which is registered in the name of Unibay. I refer again to the letter of Beetenson & Gibbon dated 23 October 2001 (page **D14.163** of the Bundle) which evidences the intention to transfer the property to Mr Brook and Mr Fraser. There is further produced at pages **D14.188** to **D14.196** of the Bundle current office copy entries showing that Lincoln Julian Fraser and Jared Bentley Brook are registered as the proprietors.
12. According to the information in my possession it appears that the property transfers in relation to the Midland Hotel and the Land at Faldingworth were undertaken during 2001 at a time when Mr Fraser and Mr Brook were acting in their capacity as directors of Imperial Consolidated.

13. I cannot say whether or not any or any adequate consideration was provided by Mr Brook and Mr Fraser to purchase the land at Faldingworth. I have instructed my solicitors to investigate the matter further and they are currently seeking a copy of the relevant transfer document from HM Land Registry. My solicitors have also written to Mr King at Beetenson & Gibbon seeking a copy of the file relating to the transaction in an attempt to establish and understand the financial position.

Brooklyn

14. Imperial Financiers financed the acquisition by Brooklyn Leisure (Bristol) Limited of various commercial premises, consisting of one freehold title and four leasehold titles. Brooklyn granted a Debenture over its assets in favour Imperial Financiers and Legal Charges in respect of each of the properties owned by Brooklyn. At pages **D14.350** to **D14.356** of the Bundle there is a copy of the Debenture executed on 30 July 2001 between Imperial Financiers and Brooklyn to Imperial Financiers.
15. Prior to execution of the Debenture a letter was issued by Leisure Group (previously known as Kalber Leisure Limited) confirming to Brooklyn that Leisure Group was willing to subscribe for 500,000 ordinary shares priced at £1 each in Brooklyn. The letter set out the terms for the subscription of the shares. The terms were accepted by Brooklyn on 5 June 2001. It is believed that a Share transfer may have then been executed thereafter. I believe that on the same day Imperial Financiers issued a letter to Brooklyn seeking to subscribe for shares and offering to make a bridging loan facility of £2,300,000 for the acquisition of certain hotels known as the Charlton Arms Hotel and the Radbrook Hall Hotel. At pages **D14.360** to **D14.362** of the Bundle is a copy of the letter issued by Leisure Group on 1 June 2001.
16. On 26 July 2001 the offer by Imperial Financiers for loan funding was varied to increase the facility to £2,320,000. This appears to have been accepted by Mr Warren on behalf of Brooklyn on 27 July 2001 (pages **D14.363** to **D14.364**). It is believed that these documents then led to the creation of the Debenture on 30 July 2001 and the involvement of Mr Brook in the business of Brooklyn. Thereafter there appears to have been a lengthy period of inactivity before a decision was made in late March 2002 for the sale of the business and assets of Brooklyn direct to Imperial Financiers. This sale would be followed by a back to back transaction executed

between Imperial Financiers and Leisure Group so that the business and assets of Brooklyn would be transferred to Leisure Group.

17. The proposed consideration for the acquisition of the business and assets by Imperial Financiers from Brooklyn was £2,725,000 which was broken down as follows:

Value of the Imperial Financiers bridging loan facility	£1,950,000.00
Assignment of Leisure Group shareholding	£500,000.00
Profit on shareholding	<u>£275,000.00</u>
Total	<u>£2,725,000.00</u>

18. The agreement between Imperial Financiers and Brooklyn set out the consideration to be attributable to each of the major assets which can be broken down as follows:

Belgos Bristol	£125,000.00
The Charlton Arms Hotel	£1,100,000.00
Royal Hotel	£300,000.00
Brooklyns Bristol	£700,000.00
Brooklyns Cardiff	<u>£500,000.00</u>
Total	<u>£2,725,000.00</u>

19. As stated above Imperial Financiers then entered into a separate back to back transaction with Leisure Group whereby Leisure Group would acquire the business and assets of Brooklyn from Imperial Financiers for a consideration of £2,725,000. At pages **D14.365** to **D14.392** of the Bundle there is a copy of the Agreement executed between Imperial Financiers and Brooklyn and at **D14.393** to **D14.405** a copy of the Agreement executed between Imperial Financiers and Leisure Group. The Court will note that under Clause 4.5 of the Agreement between Imperial Financiers and Brooklyn (page **D14.369** of the Bundle) Imperial Financiers was due to release to Brooklyn a proportion of part of the purchase consideration as specified in Clause 3.2.1 (page **D14.368** of the Bundle) in proportion to the sums due to Imperial Financiers under its Charge over the Brooklyn assets. However, it appears

that no attempt whatsoever was made by Imperial Financiers to seek security over those assets once transferred to Leisure Group.

20. I have made enquiries in relation to this transaction, which I believe is partially completed. There is produced and shown to me at pages **D14.418** to **D14.442** of the Bundle a copy letter received by my Solicitors from Bond Pearce (together with enclosures) who represent Brooklyn in relation to the transaction. According to the information received from Bond Pearce the transfer of the Charlton Arms Hotel freehold has been completed with a view to a reduction of £1,100,000 from the secured indebtedness between Brooklyn and Imperial. The purchase of Belgos has also been completed with a value attached of £125,000. I believe that the parties are in a position to deal with the transfer of Brooklyns Bristol (value £700,000) together with the lease on Brooklyns Cardiff (valued at £500,000). In relation to the Royal Hotel I understand that the Landlord had attempted to forfeit the lease and that Brooklyn's solicitors will be applying for relief from forfeiture in the hope that a transfer of that property can be executed.
21. I have instructed my lawyers to attempt to establish the property position in relation to this transaction. It appears that Mr Brook and Mr Fraser have orchestrated the transfer of assets so that they would acquire the majority of business and assets from Brooklyn which would then pass immediately to a third party with no contractual obligations whatsoever. In support of this proposition I refer to a file of papers obtained from Freethcartwright solicitors where it is clear that their initial instructions were provided by Mr Fraser and Mr Brook. The file is opened in the name of the Fraser Brook Partnership. In support of this I refer to pages **D14.443** to **D14.444** of the bundle which shows a copy of Freethcartwright's invoice dated 27 March 2002 rendered to the Fraser Brook Partnership covering disbursements paid in respect of the property transactions. The invoice was rendered to Mr M Baron at the Fraser Brook Partnership. There is also produced at page **D14.445** a copy of an email exchanged between Mark Gradwell at Freethcartwright and Mike Baron. The email dated 28 March issued by Mr Baron to Mark Gradwell clearly shows that Mr Brook had an involvement in the set up of the transaction. Furthermore, the subsequent email from Mark Gradwell stresses the need to undertake full due diligence prior to acquiring the business. I do not believe that this advice was heeded. Freethcartwright were then advised that the properties would be acquired by

Leisure Group and all time on the Freethcartwright file was subsequently transferred from the account of Fraser Brook Partnership to that of Leisure Group. I have produced a copy of the Freethcartwright transfer from transferring all work in progress from the Fraser Brook Partnership file to the Leisure Group file (page **D14.446**).

22. It would seem from the information in my possession that the transaction has then proceeded without any direct input from Imperial. It appears that all negotiation has taken place between Bond Pearce for Brooklyn and Freethcartwright on behalf of Leisure Group. In support of this, I refer to the transfer document relating to the Charlton Arms which is produced under Bond Pearce letter of 26 July 2002. The transfer can be seen at pages **D14.421** to **D14.424** of the Bundle. According to the transfer the Charlton Arms Hotel was transferred by Brooklyn to Leisure Properties. It is stated on the second page of the transfer as follows:

“The transferor has received the sum of £770,000 (seven hundred and seventy thousand) from the sub-seller by way of the release of a debt by the sub-seller and the sub-seller has received the sum of £770,000 (seven hundred and seventy thousand) from the transferee the transferor transferring the property to the transferee at the direction of the sub-seller”.

23. To the best of my knowledge and information there was no direction from Imperial Financiers for the transfer to Leisure Properties and more importantly, as far as I am aware Leisure Properties has not paid £770,000 to Imperial Financiers. I would also query the value of the transaction at £770,000 given that the value attributed to it under the Agreement was £1.1 million. I am assuming that the difference is the value equated to the business attached to the property although I note that no due diligence was ever undertaken in relation to the transaction and therefore I have to query the value attached to the transfer.

24. I have grave concerns over the validity of this transaction for the following reasons:

- 24.1 The position of Imperial Financiers has been damaged dramatically by the fact that its lendings were secured over the assets of Brooklyn and it has now executed transfers for which no payment whatsoever has been received and for which no security has been put in place over the assets. I believe that the

assets transferred were all secured under the Debenture dated 30 July 2001 and have now been released without security for payment of the purchase price.

- 24.1 There appears to have been no apparent valuation of the shareholding of Leisure Group which has been set at £500,000.
 - 24.2 The balancing figure on the sale consideration of £2,725,000 was £275,000 which was said to be the growth in value of the shareholding in Leisure Group. Again, there appears to be no evidence to suggest that the valuation attached to this figure is accurate.
 - 24.3 No due diligence whatsoever has been undertaken prior to the transfer of the business and assets.
 - 24.4 The asset transfer has been orchestrated by Mr Fraser and Mr Brook using companies with which they are connected.
 - 24.5 The business and assets appear to have been transferred to a third party rather than the Purchaser, Leisure Group.
25. In an attempt to evidence some of the points set out above there is produced at pages **D14.406** to **D14.417** of the bundle copy correspondence, form of agreement and emails relating to the transaction. I deal with each of these items separately below.
1. Firstly, as part of the sale consideration it was intended that there would be an assignment of the shareholding held by Leisure Group in Brooklyn. There is produced at page **D14.406** of the bundle a copy agreement dated 5 April 2002 by which the Fraser Brook trading as Kalber Leisure purported to assign a debt owed by the Fraser Brook to Brooklyn for the sum of £500,000. This is in contrast to the offer letters which suggest this was in fact a shareholding purchased by Leisure Group. There is no evidence in support of any such loan and it is assumed that Fraser Brook never actually made payment for any subscription it may have taken for shares in Brooklyn. However, I would refer the Court to the actual wording of the document which is non-sensical. The document refers to the assignor, Fraser Brook, borrowing the sum of £500,000 from Imperial Financiers with a view to acquiring shares in Brooklyn. Therefore, the sum of £500,000 should have been paid either by Fraser

Brook (receiving the loan from Imperial Financiers) or Imperial Financiers (on behalf of Fraser Brook) to Brooklyn or the appropriate shareholder. However, the Agreement is actually so worded that the repayment of sums by Brooklyn should be made directly to the assignee, Imperial Financiers. This is despite the fact that it is Fraser Brook that was indebted to Brooklyn rather than Brooklyn being indebted to itself. The document has been executed by Mr Brook as well as Imperial Financiers.

2. I believe the Agreement dated 5 April 2002 merely confirms the involvement of Mr Brook and Mr Fraser within this transaction. I believe that Mr Brook and Mr Fraser have a connection with all of the parties to the transaction and have acted as either shadow directors or as de facto directors by providing instructions in relation to the transfer of assets on behalf of all parties. By way of example I refer to a copy of an email issued by the Fraser Brook to Mr Smith and Mark Drane on the part of Imperial Financiers (page **D14.409**). This confirms that Mr Brook has agreed that Leisure Group is to acquire the Belgos licensed restaurant in Bristol from Brooklyn. It confirms that Mr Brook has agreed that the acquisition will be funded by reducing the sum due to Imperial Financiers from Brooklyn by £125,000. There is produced at page **D14.407** of the bundle a separate letter dated 21 May 2001 addressed to Mr Ron Hughes at Brooklyn confirming a meeting on 24 May 2001 which again would be attended by Mr Brook. This letter was issued on the letterhead of Imperial Consolidated Venture Capital which is a division of Imperial Financiers.
3. Of greater concern is the letter issued by Beetenson & Gibbon solicitors on behalf of Imperial Financiers in relation to the Brooklyn transaction. The letter makes reference to the interests of Mr Brook and Mr Fraser and the fact that there has been a “complete about turn” in instructions (pages **D14.410** to **D14.411**). The letter then further refers to the instructions of Messrs Fraser and Brook as follows:

“It is their chosen course of action that the contract should be entered into by Imperial [Imperial Financiers] and that Imperial [Imperial Financiers] should then have the right to assign the properties to whichever company or business is ultimately going to be the recipient”.

4. It is then quite clear from the separate documentation that it was their intention to transfer properties to Leisure Properties UK Limited (“Leisure Properties”) rather

than Leisure Group. Again, there was no attempt to seek security in relation to the properties being transferred to third parties who were not contractually bound.

5. There is finally produced in relation to this transaction a copy of an email sent by Mike Barron at Leisure Group to Mr King of Beetenson & Gibbon solicitors who represented Imperial Financiers and Mark Gradwell of Freethcartwright solicitors who represented Leisure Group (page **D14.417**). The first two paragraphs of the email state:

“You have both written to me individually stating that we had proceeded with the acquisition of the Brooklyn Leisure Properties against your advice as there has been no due diligence carried out. This is accepted.

It was a decision of Jared Brook and Lincoln Fraser to withdraw from their involvement in Brooklyn Leisure as quickly as possible, and to accept payment for the Imperial Consolidated Debt and their shareholdings, by way of taking the properties. They already know a lot about Brooklyn Leisure and its management and therefore, were prepared to take the risk of entering into the transaction without a full due diligence exercise”.

6. It is implicit from the paragraphs set out above that Mr Brook and Mr Fraser considered that they would receive the Brooklyn Properties in consideration of the Imperial Financiers loan and their shareholdings. Furthermore, it is implicit that Mr Brook and Mr Fraser would continue to have control of the properties following the transfer.
7. I have instructed my Solicitors to recover all relevant documents in relation to this transaction so that I can fully understand the position and if necessary, seek security to protect the interest of creditors.

120 Cleethorpe Road

8. As part of my inquiry I have established that Mr Brook and Mr Fraser are also the freehold owners of property situate at 120 Cleethorpe Road, Grimsby. There is produced at pages **D14.199** to **D14.200** of the Bundle office copy entries in relation to the land under title number HS69330.

9. According to the office copies the property was purchased by Mr Brook and Mr Fraser on 9 January 2002 for £38,000. I have not been able to establish how the purchase of the property was funded by Mr Brook and Mr Fraser.

Drawings

10. The UK Companies have purportedly paid £1,500,000 per annum to both Mr Brook and Mr Lincoln Fraser in respect of salaries or other remuneration.
11. The UK Companies have paid also £600,000 per annum to Mr Nicholas Fraser. Mr Nicholas Fraser is an accountant.
12. I have not seen any employment or other service agreements between the companies and any of these individuals that would have entitled them to any salary let alone payments of the order that were paid. Nor have I seen any evidence of any resolutions approving their remuneration as directors or even approving the companies' accounts which could be said to have approved or ratified payments made in the period to which the accounts relate.
13. Apart from salaries the trial balance (pages **A2.53** to **A2.55**) and debtors reconciliations (page **A2.81**) show payments net of VAT to Fraser Brook of £2,791,275.79 many of which are in round sums paid out of Imperial Financiers' accounts at Imperium Bank and Yorkshire Bank. Moreover the documents at pages **C9.79** to **C9.81** in relation to Tucuman show substantial round sums going out of Tucuman Land's account at Imperium Bank to Mr Brook and Mr Fraser and to Fraser Brook. Some are described as salary and others are shown simply as "debit by wire payment", see for example the payments of £803,000 and £50,000 on 6 June 2001 and 11 July 2001. All of this taken together with the other evidence in relation to the Tucuman companies in paragraphs 118 to 116 above reinforces the strong impression that Tucuman is simply a front for taking money out of the group either for Mr Brook and Mr Fraser's own use or for some other purpose which is as yet unknown to me.
14. The reconciliations also show substantial sums being paid to "Fraser Brook/Unibay" (page **A2.82**) and a "Equity & Commercial" (page **A2.83**).

Co-operation

15. I refer to the comments which I have already made in this statement regarding my meetings with Mr Brook and Mr Nicholas Fraser regarding the obtaining of an Administration Order, together with the comments which I have made in relation to the failure on the part of the directors of the company to deliver up assets referred to on the fixed asset schedule. In this regard, I refer to the documents produced at pages **A2.48** to **A2.52** of the Bundle which sets out the fixed asset valuation. Despite numerous requests, these asset have not been forthcoming.
16. I am also firmly of the view that the directors of the UK Companies failed to disclose to me all documentation relating to the financial records of the company and in particular primary documents such as supporting bank statements and bank transfers. I repeat that this business was said to be a substantial organisation which used to employ in excess of 200 people (and referred to in the brochures as 330 people worldwide) and yet, when I attended at the company premises, I found that the books and records produced to me were extremely limited and certainly insufficient for me to investigate:
 - 16.1 Where and when the UK Companies allegedly received the sum of US\$300,000,000; and
 - 16.2 How the sum of US\$300,000,000 has been utilised by the UK Companies.
17. My Rule 2.2 report (pages **A3.127** to **A3.125**) sets out the estimated realisation for those assets of which I am aware. However, there is a substantial black hole which requires investigation. Mr Brook and Mr Fraser have produced documents in relation to Tucuman Land purporting to show that there were sums advanced amounting to \$120,000,000. However, I have made a number of requests for production of information in relation to Tucuman Land and no substantive documentation has been produced to who this sum being received by the UK Companies before advance to Tucuman Land.
18. I also have grave concerns over the location of the balance of the books and records which in my view have been removed from the company premises at Binbrook. There is no prospect of me being able to accurately assess the financial position of the UK Companies without obtaining those records. I strongly suspect that the records will have been relocated to premises where the Group Companies continue to

operate businesses. I believe that Tucuman and Leisure Group are operating from premises situate at Olympia House, 1-2 Saxton Court, Grimsby, Lincolnshire DN31 2UJ. I am also aware that the company, Unibay, is operating from the secure unit at the Faldingworth premises. This is a disused RAF base which is an extremely secure unit having two very large perimeter fences and closed circuit television. Part of the premises are leased to British Aerospace. A sign outside the property advertises that one of the occupants is "G3". In addition, I believe from my dealings with Mr Brook and Mr Fraser that they will have retained any sensitive financial information or documentation relating to their personal business interests (and those of Fraser Brook) at their residential addresses.

19. I first met with Mr Brook and Mr Smith on Sunday 2 June 2002 when they wished to seek an Administration Order in an attempt to preserve the assets of the Company. I explained the procedure on Administration and the necessity for me to prepare a report under Rule 2.2 of the Insolvency Rules 1986 setting out the Company's financial position. The initial meeting took place at the offices of their solicitors Messrs Freethcartwright.
20. I explained that it would be necessary for us to attend at the Companies premises to review all books and records and financial information. Following a number of postponed meetings I duly attended at the premises with my colleague Heather D'Arcy. Unfortunately, there appeared to be no full or accurate accounting records and it appeared to me that almost all relevant documentation and accounting records had been removed. In fact, the premises had been almost completely stripped of any financial information or documentation. I had expected to find documents and records such as:
 - Bank statements and account records for all bank accounts operated by the UK Companies.
 - Bank transfer documents for the UK Companies.
 - Instructions to Banks.
 - Imperium Bank records.
 - Imperium Bank transaction records.
 - Instructions to lawyers and other professionals.

- Correspondence files relating to UK Group Companies business.
- Correspondence files and communications relating to internal matters.
- Correspondence relating to investments.
- relating to fixed assets, e.g. vehicle V5's.
- Documents relating to G3, Hellas, Tucuman Land, Equity and Commercial, Platinum Holdings, etc.
- Litigation with Monzer Al Kassar.
- Service contracts and consultancy agreements.
- Payroll for directors and staff.
- Sage accounting records or other accounting software.
- Contracts/loans/debentures/securities executed between the Group Companies or with third parties.
- Management accounts for all divisions of the business.
- Property files and insurance records.
- Investment files.
- Board Minutes.
- Minutes of company general meetings
- Emails and internal communications.
- Share certificates.

21. This then caused me significant difficulties in preparing a report in support of an administration order. Whenever I requested documentation the directors always promised to deliver the information but did not produce supporting documentation. I believe that the vast majority of the accounts and records of the Company were removed and are being housed either at their premises known as Olympia House, 1-2 Saxton Court, Grimsby, Lincolnshire DN31 2UJ or the premises at Faldingworth which I believe are operated as a secure unit by Unibay.
22. This belief stems from my meeting with Nicholas Fraser on 6 June 2002. Mr Smith was present for his part of this meeting. After Mr Smith had gone, I questioned Nicholas Fraser about documents to support figures that Nicholas Fraser was

showing me. He said that he could obtain such documents, but that it would take some time as he would have to go to Faldingworth.

23. Apart from a relatively small number of trial balances and bank statements the bulk of what has been left to the administrators are records dealing with the accounts of customers of the UK Companies loan business. Very little has been left that records or relates to any of intra group transactions or the property deals.
24. All of the current officers of the UK Companies, together with Mr Brook and Mr Fraser have said that they will co-operate fully with me and Mr Wood. They have said that attend upon me and my staff as necessary in order to answer any questions we have.
25. As much as I would like to take them up on this offer, it is clear to me from the above that a scheme is already underway to attempt to transfer assets out of the reach of the jurisdiction of this Court and that any detailed questioning of the individuals involved will only alert them to the nature of my investigation and is likely to result in them expediting their scheme. I am aware from documents I have seen that new companies, which appear to be associated in some way with the Imperial Consolidated Group, are now seeking investments in respect of mining schemes in South Africa and Sierra Leone. Copies of a number of brochures and other documents in relation to this appear at pages section **E19** of the Bundle. I refer to the Platinum Resources Limited brochure (pages **E19.12** to **E19.46** of the Bundle). I also refer in particular to the share transfers dated 12 November 2001 at pages **E19.49** and **E19.50**. By those transfers 100 shares in Olympus Mining Limited are to be transferred to Black Granite Mining Limited. The documents appear to have been signed by Mr Brook on behalf of Black Granite mining Limited. I am concerned that assets may be diverted to support these new ventures. We also know that Mr Brook has raised further funds by mortgaging his home in April 2002 (see page **D14.198** of the Bundle).
26. There is produced at pages **E15.16** to **E15.34** of the Bundle copies of the correspondence which I have exchanged with Fraser Brook relating to the financial position of the Imperial Companies in administration and the production of

documentation. I would say that the focus of the Fraser Brook correspondence is two-fold in that they are seeking:

- 26.1 The removal of cautions registered over the Midland Hotel and land at Faldingworth; and
 - 26.2 A request that the Administrators fund the Tucuman project.
27. In my view there has been no attempt to answer my reasonable requests for information. I would also say that the letters merely highlight the fact that Mr Brook and Mr Fraser have always controlled the business and management of the Imperial Companies.
 28. Mr Brook and Mr Fraser say in their letter of 1 August 2002 (pages **E15.28** to **E15.30**) that they would like to have a series of meetings to explain the Tucuman project. They say that this is necessary to “understand the financial relationships with Imperial from inception” they also say that they are preparing a detailed report in respect of the Brooklyn and Faldingworth transactions which will show why (they say) Imperial (whether Imperial financiers or Imperial Consolidated) has no interest. The report will purport to deal with the relationship between Imperial Financiers and other Imperial companies, Fraser Brook, Hellas, Kalber, Leisure Group, G3, Unibay and others. The letter states that report “will be full and extensive to cover all relationships and fund flows back and forth to ICF [Imperial Financiers] etc.” It is said that the report will show clearly why their assets are not owed to the UK Companies.
 29. If they are to provide such a detailed report Mr. Brook and Mr Fraser must have a considerable quantity of accounting records and other documents in their possession, including records of the UK Companies.
 30. Mr. Brook and Mr. Fraser have organised their affairs in such a way, using numerous companies in many countries, to make it extremely difficult to understand their affairs. Moreover, given what the administrators have discovered so far, we believe that we have every reason to doubt Mr. Brook and Mr. Fraser’s honesty. They have shown no compunction about continuing to manage their various companies,

including companies within the jurisdiction of this Court in spite of their disqualifications.

31. Nor have they shown any qualms about disposing of a valuable asset (the aircraft) which they were telling their solicitors belonged to Imperial Consolidated whilst at the same time taking steps to put the company into administration. They then arranged for the proceeds of sale to be paid to themselves. The other transactions referred to in this affidavit, for example the dealings with the Brooklyn properties also suggest a programme of asset shifting.
32. The minutes of the meeting in respect of the Tucuman facility would appear to indicate that they are quite prepared to concoct documents. They also seem to have been running two sets of accounts as shown in the sections of this affidavit dealing with Tucuman Land and Hellas.
33. Mr Brook and Mr Fraser are sophisticated operators used to complex transactions, with business interests and connections all over the world. Mr Wood and I consider that we have every reason to believe that Mr Brook and Mr Fraser will seek to transfer money and other assets out of our reach.
34. Mr Brook and Mr Fraser have a history of suppressing information. At pages **E15.4** is a letter from the companies' auditors seeking confirmation for the purposes of the audit of the accounts for the year to September 2000 that none of the UK Companies held bank accounts at any bank other than Lloyds TSB. It appears that the companies' auditors may not have been told the whole story in respect of the companies' finances. At the very least we know that the Claimants had accounts at Imperium Bank.
35. For these reasons I do not believe that the administrators can really afford to wait and see what Mr. Brook and Fraser come up with in their report.

Search of the Respondents' Premises

36. I am anxious to obtain copies of all relevant company documents, Service Agreements, Consultancy Agreements, and bank statements so that I can truly establish the financial position of the companies and some of the transactions which have taken place. I am also concerned to see whether there is any contractual

documentation between any of the companies, instructions to banks, communications between offices and anything else that might reveal precisely how the group was being operated, the flow of funds between companies and which individuals were involved.

37. Whilst the officers of the Company have indicated that they will co-operate I have no doubt in my own mind that any sensitive financial documentation will be kept from me. I believe that the documents are likely to have been stored in their current operating premises which are located at Olympia House and Faldingworth. I also fear that existing documents may be either tampered with or destroyed and that new documents may be concocted to hide the true position.
38. I also believe that documents are held by Mr Brook and Mr Fraser at their residential addresses. On or around 11 June 2002 I arranged a meeting with Mr Wood and Heather D’Arcy which was attended by Mr Brook, Mr Fraser, Nicholas Fraser and Mr Smith on behalf of the Imperial Group of Companies. I left that meeting early. However I am advised by Mr Wood and Heather D’Arcy that in my absence Mr Brook represented that documents were held by him and Mr Fraser in their personal safes. I understand that Mr Brook confirmed in particular that documents of title relating to Tucuman were held “in our own private safes”. I therefore believe that Mr Brook and Mr Fraser have retained any sensitive documents or title documents for their own personal use.
39. I am informed by my colleague, Heather D’Arcy, who was present outside Olympia House on 9 August 2002 that she observed various items (consisting mainly of boxes) being removed from those premises and being loaded onto a flat bed truck. Given the adverse weather conditions, the items placed on the back of the flat bed truck were quickly covered over and therefore she could not elaborate on her description of the items she saw loaded onto the truck. She explained to me that it appeared to her that the occupants of those premises were in the process of vacating those premises. When the loaded truck left the premises heading west from Grimsby, she followed the truck. She lost contact with the truck between Junction 5 and Junction 4 of the M180. At Junction 4 the M180 connects with the A15, which goes south and runs close to the Faldingworth property.

40. I therefore wish to obtain an Order from the Court to allow me to search the Respondents' premises for any information relating to the business of Imperial Consolidated, Imperial Financiers and Imperial Phoenix. I also believe that it is likely that a number of fixed assets as detailed in the trial balances produced at pages **A2.39** to **A2.41** and pages **A2.46** to **A2.47** of the Bundle will have been dissipated and taken to separate premises. I can confirm that when I attended at the Company's premises situate at RAF Binbrook that none of those items of fixed assets were available. I appreciate that certain of the items were additions and improvements to the property which remain as fixtures however, there are numerous items which have been removed. I believe that those items will have been removed to either Olympia House or Faldingworth.

Details of the Respondent's Defence

41. I believe that the Respondents are likely to raise the following matters by way of Defence to the claim :

41.1 Mr Brook and Mr Fraser will say that they were not directors but merely employees or consultants of the Claimants. I have not seen any employment records citing Mr Brook and Mr Fraser as employees of the UK Companies or any form of consultancy agreements or any board or company resolutions dealing with their remuneration. It is apparent that they were the people in control of the Claimants' businesses and either de facto directors acting in breach of duty or where they did not purport to act as directors, that they were shadow directors procuring breaches of duty and/or trust in circumstances where they must have known transactions were improper.

41.2 Mr Brook and Mr Fraser will say Fraser Brook have a substantial shareholding in the companies and that they are entitled to receive profits from the companies. I believe that the truth is that none of the companies made genuine profits. It seems that the estimated realisation of the Companies' assets is £22,000,000 in contrast to the sum of US\$3,000,000 which Nicholas Fraser says that the Companies received.

41.3 Mr Brook and Mr Fraser will say that all transactions undertaken by the Respondents were legitimate and were in the interest of the investors,

shareholders and creditors. However, I believe that I have shown that any such statement could not withstand proper examination. The transactions undertaken by the Respondents were certainly not in the interests of the investors, the shareholders of the UK Companies or its creditors. The current financial position shows that there will be a serious deficiency in this regard.

41.4 Mr Brook and Mr Fraser will say that all transactions, particularly inter-company transactions were properly recorded and undertaken in the interests of the investors, shareholders and creditors. However, I believe that I have shown that any such statement could not withstand proper examination. The information in my possession is woefully short what I would expect to see in relation to a Group of Companies of this size. The information currently in my possession fails to evidence all of the transactions entered into by the Group of Companies or to properly record the transaction or series of transactions which were undertaken by those companies.

41.5 Mr Brook and Mr Fraser will say that Fraser Brook are trying to do their utmost to appease aggrieved investors by transferring their investment over to a new investment scheme relating to mines in South Africa and Sierra Leone. I am concerned about the probity of the new investment scheme. I have seen no evidence to show that Fraser Brook will be able to return the capital investment to investors or pay any of the companies' creditors from any ongoing schemes.

41.6 Mr Brook and Mr Fraser will say that the Administrators have impeded Fraser Brook in relation to the new business and investment in the Tucuman project. However, despite the administrators' reasonable requests for information Mr Brook and Mr Fraser have failed to provide me with sufficient material to satisfy me that the Tucuman project is a proper commercial venture. On the contrary, what I have seen so far raises serious issues.

41.7 Other Respondents are likely to try to distance themselves from any wrongdoing and deny any knowledge of any impropriety. It should be noted that all of the Respondent companies are companies that I believe to be either

directly or indirectly controlled by Mr Brook and Mr Fraser and were connected with other companies with whom they were dealing.

42. In the round, it would appear from the financial information that I have seen that the Company was insolvent during at least the second quarter of 2001 and that the directors, whether appointed de facto or shadow directors had fiduciary duties to act in the best interests of the creditors. It seems to me that at all material times the directors of the Company and the Companies themselves have acted in the best interests of Fraser Brook who is said by Nicholas Fraser (according to his diagram) to be the ultimate owner of the Group of Companies.

43. I believe that the Respondents have an interest in the freehold and leasehold properties:

Title No	Title	Description	Owner
LA623763	F/H	The Midland Hotel, Morecambe	Mr Brook/Mr Fraser
HS69330	F/H	120 Cleethorpe Road	Mr Brook/Mr Fraser
LL85210	F/H	Land at Faldingworth	Mr Brook/Mr Fraser
LL161881	L/H	Land at Brookenby	Mr Fraser
LL167554	L/H	Land North of Lincoln Road	Mr Fraser
LL167554	F/H	Beacon Lodge, Fire Beacon Road	Mr Brook
LL80643	F/H	Land at Cambridge Crescent	
		West of Hunter Road	Mr Fraser
		Leasehold land at 2 Gilbey Road, Grimsby	Hellas UK
		Lease or licence of 89, 47, 148-153 RAF Binbrook	Mr Fraser
		Lease of 60 Binbrook Technical Park	Imperial Holdings
		Lease of bunker at rear of 60 Binbrook Technical Park	Imperial Holdings

Documents relating to the titles to the various properties are at pages **D14.163** to **D14.349** of the Bundle.

43.1 I further note that Mr Brook and Mr Fraser have shareholdings in the following companies:

Hellas UK

G3 Systems

G3 Strategic

43.2 I also believe, following the group structure created by Nicholas Fraser that Mr Brook and Mr Fraser will be the beneficiaries for the trust companies named as follows:

43.2.1 Private trust benefiting from Equity and Commercial Limited.

43.2.2 Heisei Asia Trust.

43.2.3 IC Holdings Trust.

43.2.4 Global Mining Trading (BVI).

43.2.5 Private Trust benefiting from Alpha Toronto Services Inc.

43.1 Fraser Brook has a bank account no. 06924USD01 at the 41 South Gyle Crescent, Edinburgh EH12 9XD branch of Bank of Scotland. I assume that Mr Brook and Mr Fraser and the other Respondents also have other bank accounts.

43.2 I understand that Mr Brook and Mr Fraser have valuable jewellery.

43.3 I also understand from Heather D'Arcy who has seen them that Mr Fraser has a collection of military vehicles including an armoured car.

44. It is intended to seek an exception in the freezing order to allow the individual Respondents, Mr Brook and Mr Fraser each to expend up to £1,500 per week in respect of ordinary living expenses. Given that they are both single men, I believe that such allowance should be sufficient for their ordinary wants.

Risk of Disposal or Dissipation

45. In view of the matters set out above I genuinely believe that there is a real risk of the Respondents attempting to dispose of or dissipate assets.
46. I believe that within my affidavit I have been able to show that the Respondents have a history of acquiring assets with company money and thereafter transferring those assets from group companies into their personal names. I also believe that I have been able to show that the aeroplane which was acquired with monies advanced by Imperial Financiers has been sold and the proceeds paid into the account of Fraser Brook.
47. I have been informed by Mr Andrew Jordan at Eversheds that he was told during a telephone conversation with Mr King on Thursday, 11 July 2002 that it was the intention of Mr Brook and Mr Fraser to sell freehold properties held in their own personal names. I understand that Mr Jordan queried precisely which properties were to be sold and Mr King informed him that he had received instructions in respect of the Midland Hotel and the land at Faldingworth. I am further informed by Mr Jordan that he queried with Mr King the identities of the parties acquiring the properties and questioned whether those parties were connected to Mr Brook and Mr Fraser or the UK Group of Companies. In response, Mr King told Mr Jordan that the sale in respect of the land at Faldingworth was to a third party and that in his view, given the amounts for which the land was to be sold, this was a “fire sale”.
48. In reliance on the information which I received from Mr Jordan I instructed him to register cautions in relation to properties which appeared to have been purchased with funds received from Imperial Financiers. Cautions were registered over the Midland Hotel, the land at Faldingworth and a piece of land registered at Binbrook under title number LL80643. Upon learning of the registration of the cautions Mr Brook and Mr Fraser called for a meeting with my solicitors, Messrs Eversheds. I understand that Mr Jordan and Mr Radford of Eversheds met with Mr Brook, Mr Fraser and Mr Smith to discuss the registration of those cautions. It was explained during the meeting by Mr Brook that it was their intention to raise bridging finance on the property which would be repaid within a relatively short period of time. However, Mr Brook did indicate that if the bridging finance was not repaid then the

property would be forfeited. The party who was providing the bridging finance was not named by Mr Brook.

49. I understand that Mr Brook represented to Mr Radford and Mr Jordan that the monies raised from the bridging finance would be utilised to fund their ongoing business plan. I believe that this is the proposal which they have already set out in previous correspondence.
50. Of course, I believe there may be significant assets in the way of funds held by the Respondents which can be transferred at any time. I believe that the documentation which I have produced shows that the Respondents have been dealing with significant sums of money which have been transferred at random between the group companies. I would also point out that those funds ultimately were provided by investors who genuinely believed that they were being utilised as a legitimate investment which would have been held in the custodianship of a reputable bank.
51. In light of the history of this matter I submit that there is a serious risk of disposal or dissipation.

Further Relief Sought

1. Permission is sought to serve the Claim Form out of the jurisdiction on Imperial Consolidated Holdings Inc. I believe that the Claimants' claim against Imperial Holdings has a reasonable prospect of success.
2. I also seek an extension of time until 30 September 2002 for the service of the particulars of claim.

Cross Undertaking in Damages

3. The UK Companies are prepared to give the undertakings listed in the draft Order. The draft Order provides for the payment of any damages that the Respondents may suffer as a result of this Order as an expense of the administrations. Of the Respondents only the G3 companies, Leisure Properties Equity and Commercial and Imperial Dealmakers/Platinum Holdings are or may be carrying on any trading activity, so the effect of the order on ordinary business activity will be limited.

4. That said, it has to be acknowledged that an Administration Order was made in respect of each of the UK Companies on 10 June 2002. Each of the UK Companies is therefore insolvent and unable to pay its debts as they fall due.
5. At pages **A3.118** to **A3.135** of the Bundle there is a copy of a report prepared in respect of the UK Companies pursuant to Rule 2.2 Insolvency Rules 1986 dated 5 June 2002. This report includes an estimated outcome statement as at 10 June 2002, which provides details of the assets and liabilities of the UK Companies as they had been reported to me at that time. Further balance sheets were prepared by my colleague Russell Groves in July 2002. These are reproduced at pages **A2.132** to **A2.137** of the Bundle. These show that as at 30 April 2002 Imperial Financiers had fixed assets of £4,808,539 and current assets of £122,290,406 and that Imperial Consolidated had fixed assets of £12,629,219 and current assets of £250,000. Imperial Consolidated's fixed assets include freehold property that is estimated to realise £7,634,138. Clearly, any inter company debts are likely to prove to be bad. It should be noted that Mirfield Financial Services Limited went into Administration on 10 July 2002. However, the assets of both Imperial Financiers and Imperial Consolidated available for payment of the expenses of the administrations are substantial. I believe that the assets of Imperial Consolidated are likely to realise £2,000,000 and the assets of Imperial Financiers are likely to realise £23,000,000.
6. At pages **E20.11** to **E20.13** the Bundle there are extracts from Imperial Financiers' register of charges. This shows that Imperial Financiers has the following unsatisfied charges.
 - 6.1 A debenture dated 23 July 1999 registered on 24 July 1999 containing fixed and floating charges over Imperial Financiers' undertaking and assets in respect of all monies due or to become due granted in favour of IC Financiers Limited (now Commercial Lending).
 - 6.2 A debenture dated 1 November 2001 registered on 5 November 2001 containing fixed and floating charges over Imperial Financiers' undertaking and assets in respect of all monies due or to become due granted in favour of Claims Advance Limited.

7. Mr Smith in his affidavit sworn on 7 June 2002 which appears at pages **A3.47** to **A3.85** of the Bundle in connection with the application for an Administration Order in respect of Imperial Financiers refers to the charges detailed above.
8. I have not seen either of the charges referred to. Mr. Smith's affidavit in fact exhibited a charge dated September 2001 by which all Consumer Credit Act loans were charged to Claims Advance Limited. I believe that that charge was a floating charge.
9. I have not any other charges, but I believe that any debenture is likely to be a floating charge. I do not believe that the value of assets on which any fixed charge will bite would prevent the Applicant from meeting their obligations under the undertaking.

Request

10. In the circumstances, I respectfully request that an Order be made in the terms of the Applicants' Application. In making this request I confirm that I have read the skeleton argument faxed by Counsel to the Court on 9 August 2002. I also confirm that this application has the full support of the Grenadian and BVI Liquidators.

GLOSSARY

“Alpha Windward”	Alpha Windward and Leeward Limited
“Argentinean Minerals”	Argentinean Minerals Limited
“Brooklyn”	Brooklyn Leisure (Bristol) Limited
“BVI Companies”	Commercial Lending and other BVI conduit companies
“City UK”	City (UK) Limited
“Commercial Lending”	Commercial Lending Corporation Limited
“Commercial Placement”	Commercial and Asset Backed Placements Limited

“Consolidating Mining”	Consolidated Mining Corporation Limited
“Equity and Commercial”	Equity and Commercial Finance Limited
“European Land”	European Land Asset Limited
“European Venture”	European Venture Holdings Limited
“Fraser Brook”	The Fraser Brook Partnership
“G 3 Strategic”	G 3 Strategic Limited
“G 3 Systems”	G 3 Systems Limited
“Global Earth”	Global Earth Resources Limited
“Grenadian Companies”	IC Mutual, ICS Placement, Alpha Windward and Commercial Placements
“Heisei Asia Trust”	Heisei Asia Trust
“Hellas UK”	Hellas (UK) Limited
“IC Mutual”	IC Mutual Limited
“IC Mutual Australasia”	IC Mutual (Australasia) Limited
“IC Phoenix”	IC Phoenix Capital Limited
“ICS”	ICS Limited
“ICS Placement”	ICS Placement Company Limited
“Imperial Asset Funding”	Imperial Consolidated Asset Funding
“Imperial Capital”	Imperial Capital Limited
“Imperial Companies”	The UK Companies, the Grenadian Companies and the BVI Companies
“Imperial Consolidated”	Imperial Consolidated Limited

“Imperial Dealmakers”	Imperial Dealmakers Limited
“Imperial Delaware”	Imperial Consolidated (Delaware) Inc.
“Imperial Financiers”	Imperial Consolidated Financiers Limited
“Imperial Holdings”	Imperial Consolidated Holdings Inc.
“Imperial Management”	Imperial Consolidated Management Limited
“Imperial Phoenix”	Imperial Phoenix Finance Limited
“Imperial Securities”	Imperial Consolidated Securities SA
“Imperium Bank”	Imperium Bank Limited
“Kalber”	Kalber Leisure Group UK Limited
“Leisure Group”	Leisure Group UK Limited (formerly Kalber Leisure Limited)
“Leisure Properties”	Leisure Properties UK Limited
“Mirfield”	Mirfield Financial Services Limited
“Norsundet”	Norsundet SA
“Platinum Holdings”	Platinum I.S. Holdings Limited
“Progressive Leisure”	Progressive Leisure Corporation Limited
“Property Assets”	Property (Assets) Business Company Inc.
“Tucuman Land”	Tucuman Land Holdings Limited
“Tucuman Mineral”	Tucuman Mineral Company Limited
“Tucuman Mining”	Tucuman Mining Company Limited
“UK Companies”	Imperial Consolidated, Imperial Financiers and Imperial Phoenix

“Unibay” Unibay UK Limited

“Unipower” Unipower Limited

Individuals

“Administrators” Philip Michael Lyon and Alistair Stephen Wood

“Mr Araoz” Jorge Araoz

“Mr Baron” Michael Baron

“Mr Botta” Antonio Botta

“Mr Brook” Jared Bentley Brook

“Mr Buck” Neil Arthur Buck

“BVI Liquidators” Mr Wood and Timothy Ball, the liquidators of Commercial Lending

“Mr Challa” Robert Challa

“Mr Colyer” Mark Andrew Colyer

“Mr Crawshaw” Andrew Crawshaw

“Mr Fraser” Lincoln Fraser

“Nicholas Fraser” Nicholas Fraser

“Mr Godley” William Godley

“the Grenadian Liquidators” Mr Wood and Mr Wide, liquidators of the Grenadian companies

“Mr Hogan” Lee Craig Hogan

“Mr Hubbard” Christopher John Hubbard

“Mr Hutchinson” Giles Richard Hutchinson

Applicants
P M Lyon
First
PML1

Date Sworn:

IN THE HIGH COURT OF JUSTICE

CLAIM NO.

CHANCERY DIVISION

BETWEEN:

- (1) **IMPERIAL CONSOLIDATED LTD (IN
ADMINISTRATION)**
- (2) **IMPERIAL CONSOLIDATED FINANCIERS LTD
(IN ADMINISTRATION)**

Claimants

- and -

- (1) **JARED BENTLEY BROOK**
- (2) **LINCOLN JULIAN FRASER**
- (3) **FRASER BROOK PARTNERSHIP (A FIRM)**
- (4) **NICHOLAS GRANT FRASER**
- (5) **TONY SMITH**
- (6) **MARK ANDREW COLYER**
- (7) **NEIL ARTHUR BUCK**
- (8) **ANDREW CRAWSHAW**
- (9) **WILLIAM GODLEY**
- (10) **ROBERT STATHAM RAVEN**
- (11) **IMPERIAL CONSOLIDATED HOLDINGS INC.**
- (12) **HELLAS (UK) LIMITED**
- (13) **UNIBAY (UK) LIMITED**
- (14) **G 3 SYSTEMS LIMITED**
- (15) **G 3 STRATEGIC LIMITED**
- (16) **LEISURE GROUP (UK) LIMITED**
- (17) **LEISURE PROPERTIES (UK) LIMITED**
- (18) **TUCUMAN LAND HOLDINGS LIMITED**
- (19) **EQUITY AND COMMERCIAL FINANCE LIMITED**
- (20) **IMPERIAL DEALMAKERS LIMITED**

Defendants

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Reference: NOT_L002\60860v1 (CORP.RadforCM)