

**THIRD REPORT OF THE PROVISIONAL LIQUIDATOR
OF
SUISSE SECURITY BANK & TRUST LIMITED**

**TO
THE SUPREME COURT OF THE COMMONWEALTH OF THE
BAHAMAS**

Dated: August 4, 2002

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SUISSE SECURITY BANK & TRUST LIMITED **THIRD REPORT OF THE PROVISIONAL LIQUIDATOR**

1. INTRODUCTION

- 1.1 On March 5, 2001, by Notice of Suspension issued by The Central Bank of The Bahamas ("The Central Bank"), Suisse Security Bank & Trust Limited's (the "Bank") banking and trust licence was suspended. Further, by a Notice of Appointment issued by the Governor of The Central Bank on March 5, 2001, I, Raymond Winder, Certified Public Accountant and partner in Deloitte & Touche Bahamas was appointed Receiver of the Bank, with all of the powers of a Receiver under the Companies Act, 1992.
- 1.2 On March 5, 2001, after the Notice of Suspension and Notice of Appointment of Receiver were served on Chief Executive Officer of the Bank, Mr. Christopher Lunn by The Central Bank, I assumed control of the Bank. I sought the assistance and cooperation of the management and staff of the Bank. They have all refused and or withheld their cooperation.
- 1.3 By a letter from The Central Bank dated March 8, 2001, the terms of reference according to which I was to function as Receiver were set out. The letter stated that during the period of the suspension of the Bank's license, the affairs of the Bank were to be frozen and no client or creditor balances were to be paid and therefore I, as Receiver, was to seek to identify all assets of the Bank and maintain those assets for the benefit of the Bank's depositors, creditors and owners.
- 1.4 The Central Bank, on April 2, 2001, by virtue of The Banks and Trust Companies Regulation (Revocation of Licence) Order and pursuant to paragraph (i) of subsection (1) (a) of section 14 of the Banks and Trust Companies Regulation Act, 2000, revoked the Bank's banking and trust licence which had been granted on the 20th July, 1993.

1.5 To date, the Board of the Bank has initiated a number of actions in the name of the Bank, namely:

1. Common Law Action No. 258 of 2001 applying for judicial review of certain actions of the Central Bank commenced on 23rd February, 2001.
2. Civil (Constitutional) Action No. 394 of 2001 challenging the vires of Section 14 (1) (f) of the Banks and Trust Companies Regulation Act, 2001 which was commenced on the 29th March, 2001. A Ruling was rendered by Mr. Justice Longley against the Bank and costs were awarded in favour of the Central Bank and the Attorney General.
3. Appeal No. 43 of 2001 to the Court of Appeal against the Ruling of Mr. Justice Longley. This appeal was commenced on the 7th August, 2001. The Ruling of Mr. Justice Longley was affirmed and no order as to costs was made.
4. Common Law Action No. 437 of 2001, seeking judicial review of the revocation of the Banking licence of the Bank by the Central Bank, is now pending.
5. Common Law Action No. 980 of 2001 seeking an injunction restraining the hearing of the Winding Up Petition in Equity Action No. 436 of 2001 is pending before the Supreme Court.
6. Action No. 18 of 2001 ("the statutory appeal") in the Supreme Court, challenging the revocation order, commenced on 11th March 2002 before the Honourable Mr. Justice Austin Davis.

1.6 On April 5, 2001, Julian Francis, in his capacity as Governor of The Central Bank, pursuant to section 14 (5) of the Banks and Trust Companies Regulations Act, 2000, filed a winding up petition with the Supreme Court of The Commonwealth of The Bahamas ("The Supreme Court") for winding up of the Bank and the appointment of myself as official liquidator. On application of the Governor of the Central Bank dated April 5, 2001, an Exparte Order of the Supreme Court, on April 9, 2001, I was appointed Provisional Liquidator of the Bank.

1.7 My duties, as Provisional Liquidator, as set out in the said Order of my appointment, are as follows:

- *To take possession of, collect, and protect the assets of the Bank, but not to distribute or part with the same until further order.*
- *To discharge rents, salaries, and other current expenses.*

- *To require any person who has possession of documents or information in relation to the accounts, assets and securities or affairs of the Bank and its clients, to produce the same.*
- *To require any person who has information in relation to the accounts, assets, securities or affairs of the Bank, to meet with me at such time and place as I determine and to provide me with information that may be required in the exercise of my duties.*
- *To do all other things necessary to preserve the assets and estate of the Bank.*

1.8 On the morning of April 9, 2001, prior to receiving the Order of my appointment as Provisional Liquidator, I learned that Messrs. Michel Harajchi, Derek Ryan, Christopher Lunn and Wendell Ferguson had broken into and gained access to the Bank's premises. From telephone conversations with Michel Harajchi on April 9, 2001, he cited that their understanding was that my position as Receiver fell away once the license had been revoked. My agents, on my behalf, regained control of the Bank on April 9, 2001 at approximately 3:30 p.m. after I had received the Order of my appointment as Provisional Liquidator. From the investigations, I determined that following items, which were included on a list from Ryan & Co. in their letter of March 12, 2001 had been removed from the Bank's premises:

- 1 Power Macintosh Chief Executive Officer's Office
- 1 Power Macintosh Server Room

It was further noted that the Bank's web page was reactivated and information including telephone numbers one which appears to be that of Michel Harajchi was noted as a contact for updates on what was happening at the Bank.

2. OBJECTIVES OF THE REPORT

- 2.1 The objective of this report is to provide The Supreme Court with an update on the status of this liquidation, including information relative to my attempts to take possession of, collect and protect the assets of the Bank and to obtain the cooperation of the Bank's shareholders, directors, attorneys, management and employees in order to assist me in the performance of my duties as Provisional Liquidator, as set out in the Order of my appointment.
- 2.2 Further, details are given relative to the status of the legal actions before the court and the steps that I have taken as a result of the status of these actions.

2.3 This, my third report, covers the period February 5, 2002 to August 4, 2002. Reference should be made to my first and second reports dated August 24, 2001 and February 4, 2002, respectively, which were filed in The Supreme Court.

3. STEPS TAKEN BY THE PROVISIONAL LIQUIDATOR

3.1 As noted in my previous reports, I have had, and continue to encounter, formidable obstruction and interference from the Bank's management, employees, shareholders, directors and attorney. This, along with the length of time that has passed and the present position of the matters before the Court has resulted in much loss to the Bank, its depositors, and creditors.

3.2 In an effort to reduce further losses, I, on August 9, 2002, filed an *ex parte* summons in this Honorable Court for an Order seeking further directions from the Court as to my ability pursuant to the Order of my appointment, and in particular, for directions to do the following: -

- a. Carry on business to the extent that may be necessary for the benefit of the Bank's clients and in particular, upon the request of the Bank's clients, release the clients' International Business Companies' records to their newly appointed registered agent(s).
- b. Upon the request of the Bank's clients, to liquidate their securities holdings which are being held by the Bank in a fiduciary capacity.
- c. Liquidate the securities holdings of the Bank at such time as I may determine will be beneficial to the estate.
- d. Do all acts and execute in the name and on behalf of the Bank all deeds, receipts and other documents, and for that purpose use, where necessary, the Bank's seal.

In addition, I sought orders:

- a. Directing Barclays Bank PLC, its employees, servants and agents, UBS Geneva, its employees, servants and agents, and Suisse Security Investments, Inc. (SSI) and Suisse Security Holdings Ltd. (SSH), their employees, servants and agents to provide all relevant account information relating to SSI and SSH, including but not limited to the following:
 - i. Copies of all documents, including bank advices of all transactions originating from Suisse Security Bank and Trust Limited to SSH and SSI.
 - ii. Copies of all documents, including all bank advices relating to any funds received by SSH and SSI for and on behalf of Suisse Security Bank and Trust Limited or others from January 2001 onwards.
 - iii. Names and addresses of all shareholders, officers and directors of SSH and SSI from January 2001 onwards.
 - iv. All written and electronic instructions from Suisse Security Bank and Trust Limited, SSH and SSI directing deposits, withdrawals and/or transfers.
 - v. An accounting of all transactions involving the Bank accounts of SSH and SSI at UBS Geneva and Barclays Bank PLC, respectively, from January 1, 2001 onwards.
- b. Directing SSH and SSI, its account signatories and shareholders to provide the Provisional Liquidator with letters signed by them authorizing UBS Geneva, Barclays Bank, PLC or any other institution to provide the Provisional Liquidator with information relative to the accounts maintained at UBS Geneva, Barclays Bank, PLC and elsewhere in the name of SSH and SSI.
- c. Directing the beneficial owners, management, employees, and agents, including the registered agents, of SSH and SSI to turn over to the Provisional Liquidator all funds held by these entities on behalf of the Bank or to provide the Provisional Liquidator with letters signed by them authorizing UBS Geneva, Barclays Bank, PLC or others to turn over all funds held by SSH and SSI on behalf of the Bank to the Provisional Liquidator.

- d. Directing Barclays Bank, PLC and UBS Geneva to provide the Provisional Liquidator with any and all information relating to the accounts held by Barclays Bank, PLC and UBS Geneva for and on behalf of SSH and SSI and/or Suisse Security Bank and Trust Limited.
- e. Directing Mr. Christopher Lunn, Chief Executive Officer and Director; Mr. Mohammed Harajchi, Director and Chairman; Mr. Terry Nadu, Director; Mr. Alister McKeller, Director; Derek Ryan, Esq., Corporate Secretary; Ms. Vandessa Lockhart, Head of Filing Department; Ms. Kay Briggs, Head of Visa Department; Tamiko Miller, Head of Corporate Department; Ms. Ketress Wells, Reconciler and Mr. Archie Strachan, Head of Trading Department, to submit the required statement of affairs of the Bank, pursuant to Sections 155 and 156 of the Companies Act, 1992, as requested by the Provisional Liquidator by letters dated the 29th March, 2001.
- f. Directing the Bank's management and directors to turn over all assets, records and the corporate seal of the Bank to the Provisional Liquidator.

These orders would put me in a position to deal with the Bank's affairs in an orderly manner and deal with creditors and others on a day-to-day basis. Further, I would be in a position to collect and protect the assets of the Bank, so that these can be distributed to the depositors and creditors in the event that a winding-up order is eventually made, or the Bank returned to the duly constituted management of the Bank, if it is not made.

CASH AND SECURITIES FROM RBC DAIN RAUSCHER

- 3.3** In my second report I advised the Court of RBC Dain Rauscher's (formerly Tucker Anthony) reluctance to turnover to me the cash and securities that it held on the account of the Bank. I further advised the Court that my United States Attorneys were in the process of preparing the relevant documents to obtain a turnover order from the United States Bankruptcy Court to have RBC Dain Rauscher transfer the assets to me. I am pleased to advise the Court that pursuant to the Turnover order obtained in the United States Bankruptcy Court assets were transferred into my possession on May 3, 2002. To date I have transferred to the Bahamas from RBC Dain Rauscher cash and securities, with the exception of the mutual funds.

- 3.4 As noted in my previous report, RBC Dain Rauscher (formerly Tucker Anthony), pursuant to an attachment Order relative to the JVW matter, had transferred \$3,000,000 to the United States Marshall in order to secure the payment of any funds awarded to the plaintiff in that matter.

**ASSETS THAT REMAIN UNDER THE CONTROL OF MANAGEMENT,
DIRECTORS AND SHAREHOLDERS OF THE BANK**

➤ SSI	US\$5,540,631 ¹
➤ SSH	US\$12,001,291
	CHF300,627 (US\$175,145)

- 3.5 On July 13, 2001, I was granted an Order restraining SSH and SSI from disposing of the assets of the Bank and its customers held in the accounts at Barclays Bank PLC, Nassau, Bahamas.

UBS Geneva and/or any other account until further notice. A copy of this Order was sent to Barclays, UBS Geneva and Ryan & Co., the registered offices of SSH and SSI. On July 31, 2001 the Compliance Officer and Money Laundering Reporting Officer of Barclays confirmed that the accounts were blocked in accordance with the Restraining Order. Further, by letter dated December 12, 2001 my attorney requested assurance from Barclays that the funds of SSI were still being restrained. **By letter dated January 4, 2002 McKinney Bancroft & Hughes, acting on behalf of Barclays, confirmed that Barclays, was not holding any funds in the name of SSI as the account was closed on April 24, 2001.**

- 3.6 Despite my numerous requests for cooperation, the Bank's employees, management, shareholders, attorney and directors have refused to comply. **To date this lack of cooperation and the blatant disregard for the Orders of the Court namely the Order of my appointment and the Restraining Order has resulted in me not being able to obtain information on the SSH and SSI accounts and more importantly to gain control of the cash balances once held at Barclays and UBS Geneva in the name of SSI and SSH, respectively. From the limited information available to me these balances total US\$17,541,922 and CHF300,627. Further as long as these funds remain under the control of management this Bank is rendered insolvent, as the assets presently available to me are insufficient to cover the Bank's liabilities to depositors and creditors.** In this regard, I hereby request that this Honourable Court require management, staff, directors and attorney of the Bank and the shareholders and Directors of SSH and SSI to file with the Court an accounting of the funds once held on accounts at Barclays and UBS Geneva in the name of SSI and SSH respectively.

¹This includes deposits totaling \$953,591.84 that I am advised were made after March 5, 2001.

LEGAL ACTIONS, CONCLUDED

Edwin Cowan et al v. K.D. Trinh Investments, Inc. et al Case No. 95-414-Civ-FTM-210 United States District Court, Middle District of Florida, Fort Myers Division

3.7 On August 6, 2001 the appellate Court issued an Order affirming the decision of the District Court on this matter. The Bank has lost \$1,599,284.40.

Because of the obstruction and interference of Derek Ryan, I was unable to give instructions in this matter; had I been able to instruct the attorneys who represented the Bank in this matter at the commencement of my term, this loss may have been prevented.

3.8 This action was addressed in the financial statements as a contingency in which it is indicated that the principal shareholder of the Bank had committed to issue a letter of comfort on the \$1.6 million. In this regard, my attorney, on my behalf, will issue a demand on the principal shareholder of the Bank relative to this matter and his letter of undertaking.

LEGAL ACTIONS, PENDING

➤ **Correspondent Services Corp. v. JWV Investments Ltd., First Equities Corp of Florida, JV Waggoner, and Donal Kelleher v. Suisse Security Bank and Trust Ltd., No. 99 Civ. 8934 (RWS) United States District, Southern District of New York**

3.9 On August 3, 2001 I sought and obtained leave from this Honourable Court to defend this action. The potential loss to the Bank in this action is US\$3,000,000.

3.10 Since the May 28, 2002 so Ordered Opinion dismissing the Federal Court Action (the "May 28, Opinion") my United States attorneys have been actively engaged defending the Bank's interest in the Federal District Court, the United States Court of Appeals for the Second Circuit, the New York State Court, the New York Appellate Court, and the Bankruptcy Court.

◆ **Federal District Court** - On October 1, 2002, the Waggoner Parties filed their Memorandum of Law in Support of Cross-Motion for a Stay and in Opposition to Motion for Assessment of Damages. In their Opposition, the Waggoner Parties argued that the Court should limit or deny the Bank's damages award for several reasons, including, among others, that the Bank's damages were not proximately caused by the Waggoner Parties' attachment and that there has not been a final adjudication that the attachment was wrongful. The Waggoner Parties have also asked the Court to stay any decision on the issue until after the Second Circuit has ruled on their appeal.

The Bank's reply to the Waggoner Parties' Opposition and Cross-Motion for a Stay is currently due on November 26, 2002, at which time the Bank will submit an updated damages report that will include the fees that it has incurred since September 20, 2002 and will respond to the arguments made by the Waggoner Parties in the Opposition. The Waggoner Parties' sur-reply in further support of their cross motion for a stay is due on December 9, 2002.

On October 31, 2002, the Bank moved for an Additional Undertaking Order, requesting that the Waggoner Parties provide an additional \$1.1 million as security for the Bank's potential damages. The Waggoner Parties opposed this motion on November 5, 2002. The Bank submitted its Reply Brief on November 17, 2002. The Undertaking Motion has been fully submitted by the Parties and is pending before the Court.

- ◆ *State Court* - In anticipation of the dismissal of the Federal Court Action, on November 8, 2001 the Waggoner Parties commenced an action in the Supreme Court, New York County (the "State Court Action") and concurrently moved for an attachment of the same assets that had been originally attached in the Federal Court Action. On May 2, 2002, Justice Gammerman granted the Waggoner Parties' motion for an attachment and on May 9, 2002 the Court entered an Order of Attachment (the "State Court Attachment"). The State Court Attachment expressly provided that it was a continuation of the Federal Court Attachment - and not a "new" attachment. This purported "continuation" of the lien obtained in the Federal Court Action was significant because it arguably provided the Waggoner Parties with a security interest which improved their position before the Bankruptcy Court.

Accordingly, the Bank filed a Notice of Appeal and Pre-Argument Statement on June 3, 2002. In the Pre-Argument Statement, the Bank set forth the following grounds for seeking the reversal of Justice Gammerman's decision: (1) The Court misapprehended the standard for ordering an attachment pursuant to Rule 6212(a) and improperly ordered an attachment; and (2) The Court exceeded its authority by ordering that the attachment is a "continuation" of an attachment and lien previously obtained by the Waggoner Parties in the Federal Court Action.

My attorneys are currently preparing the appeal of Justice Gammerman's ruling. Otherwise, the State Court Action (i.e. discovery, motions, and trial) has been stayed by the Bankruptcy Court pending the resolution of the Waggoner Parties' appeal to the Second Circuit.

- ◆ ***Bankruptcy Court*** – In accordance with the District Court's clear direction, on June 26, 2002, I filed a Supplemental Petition with the Bankruptcy Court seeking a turnover of the \$3 million of The Bank's attached assets to the Bahamian courts (the "Supplemental Petition"). On September 26, 2002, my attorneys appeared for oral argument in the Bankruptcy Court before the Honorable Prudence C. Beatty on the Liquidator's Supplemental Petition. Judge Beatty refused to rule on the Supplemental Petition before the resolution of the Waggoner Parties' appeal of the dismissal of the Federal Court Action and The Bank's appeal of the State Court Attachment. However, Judge Beatty did indicate that she would likely deny my Petition unless the Bank prevails on both appeals. Any decision by the Bankruptcy Court will be appealable to Judge Sweet in the District Court.

- ◆ ***Second Circuit*** – On June 25, 2002, the Waggoner Parties filed a notice of appeal with the District Court. The Waggoner Parties appealed to the Second Circuit from the May 28 Opinion dismissing the action for lack of subject matter jurisdiction and ordering the vacation of the attachment of the Bank's assets. On September 23, 2002, the Waggoner Parties submitted their brief to the Second Circuit.

The Bank submitted its Appellate Brief on November 8, 2002. The Waggoner Parties' reply is due on November 27, 2002. The case will likely be argued in early 2003.

In the event that the Bank prevails on the appeal, the Bank likely will be entitled to its attorneys' fees and costs for defending the appeal pursuant to CPLR 6212 (e).

- 3.11** Because of the unparalleled litigious behavior of the Waggoner Parties, my attorneys have been forced to spend a substantial amount of time and resources defending against the Waggoner Parties' claims and securing The Bank's potential recovery of damages (including attorneys' fees, costs and interest).

My U.S. attorneys have unsuccessfully attempted to breach settlement discussions with the Waggoner Parties on several occasions. Each time, the Waggoner Parties have refused to even enter into a settlement dialogue. It is therefore clear that at least for the time being, the Bank must (i) continue to defend against the Waggoner Parties' appeal of the dismissal of the Federal Court Action and (ii) perfect its appeal of Justice Gammerman's "Continuation" of the Federal Court Attachment in the State Court Action.

- 3.12** *WILLIAM CAGNEY* - As noted in my previous report, upon my appointment as Provisional Liquidator, I issued letters to attorneys that I determined were engaged by the Bank. In these letters I advised the attorneys of my appointment, the revocation of the Bank's license and that a petition for the winding up of the Bank had been filed with the Supreme Court. Further, the letters requested details of all actions for which these firms had represented the Bank. To date I have not received a response from Ryan & Co., and William Cagney III. As noted in my previous report, from a follow up telephone call William Cagney, citing client privileged information, refused to provide me with any information on legal matters that he is dealing with. Since my last report my attorney has on numerous occasions tried to contact Cagney who has not returned his calls and has refused to respond my request for information. It appears that William Cagney represented the Bank in the following matters:

a. Suisse Security vs. Cogicom

Cogicom was to provide an upgrade to its software product that would allow the Bank's clients web access to their accounts. Apparently Cogicom was unable to provide this upgrade in a timely fashion and the Bank cancelled the contract. The Bank is seeking to recover its initial down payment and Cogicom was at January 31, 2001 threatening to seek damages in the amount of \$233,863.00. **The potential loss in this matter at this time is \$233,863.00.**

b. Michael Kotlajic/Tempra Investments S.A.

As noted in my previous report this is a matter upon which the Bank had intended to start legal actions. On April 5, 2001 William Cagney issued a demand letter to Kotlajic for the return of \$742,143.41. From my review of this client's file, as noted in my previous report, this amount appears to represent amounts assessed as due to the Bank as a result of trades, including commission, not being properly reflected in this client's cash account. The attorney for Tempra had advised me that Tempra is due US\$600,000 from the Bank. **As a result, the potential loss by the Bank in this matter may be \$1,342,143.41.**

3.13 MATTERS REPORTED TO THE PROVISIONAL LIQUIDATOR

I continue to receive and respond to Orders served on me by the Office of The Attorney General and Ministry of Justice relative to the criminal justice (International Cooperation) Act, 2000 and the Mutual Legal Assistance Act, 2000 requesting information relative to a number of accounts held at the Bank. Since my last report, I have responded to an additional Order which relates to an account of which it is alleged that there was a money laundering scheme that is being investigated by authorities in another jurisdiction.

3.14 CASH AND SECURITIES ACCOUNTS BALANCES

I have set out in appendices II and III a movement schedule of the cash and security balances of the Bank, respectively. I have set out in appendix IV the security holdings for the account of the Bank. As noted in this schedule, I have made the assumption that the current securities holdings for the account of the Bank have not changed since September 30, 2000, except as noted on the schedule, and that there were no internal trades between the Bank and its clients from September 30, 2000 to July 31, 2002.

3.15 VISA INTERNATIONAL

As noted in my previous report Visa has indicated that an initial service fee paid by the Bank of US\$75,000 was non-refundable. I have requested a copy of the agreement in order to review it to determine if this amount is in fact non-refundable. In this regard Visa has advised that I will need to pursue the appropriate legal means to request this information.

3.16 CREDITORS AND DEPOSITORS

I along with my agents continue to respond to an abundance of queries from concerned depositors and creditors of the Bank relative to:

- my duties as Provisional Liquidator,
- the effects of the revocation of the Bank's bank and trust licence and my appointment on them as depositors, creditors, and International Business Company ("IBC") Holders. Specifically they are concerned about their inability to have access to their accounts and wish to determine the ability of the Bank to fulfill its obligations to them, and the implications of IBCs being struck off the register.
- explanations regarding the delays of the court hearing of the Petition to Wind Up the Bank and the Appeal of the case relative to the revocation of the Bank's bank and trust licence, and the committal proceedings.

I continue to receive requests from clients that maintained trading accounts to sell their securities. To date, as noted in my previous report, without access to the Bank's records and the cooperation of the employees, I am still unable to determine how the investments held by the Bank for its clients are allocated to such clients. In addition to this, RBC Dain Rauscher (formerly Tucker Anthony), up until May 2002, had advised that it was unwilling to accept my instructions to sell the securities and place the sale of proceeds on a money market account as they felt that accepting such instructions could, like turning money over to me, subject them to liability from the directors of the Bank who have threatened to sue Tucker Anthony if they assist me. **As a result of the above the Bank and its clients have and continue to suffer losses. In fact, as can be seen from Appendix III, the unrealized loss on the securities holdings of the Bank and its clients between the period February 28, 2001 and July 31, 2002 has amounted to \$8,422,260. Based upon unaudited evidence gathered from limited records, \$2,368,843 of this loss would be attributable to the securities owned by the Bank.**

- 3.17 Despite the above, the matter of gravest concern to me is that a large part of the Bank's assets remain under the control of the management, directors and shareholders of the Bank. Although I have sought to protect these assets, it is clear that further steps must now be taken to trace, safeguard and recover them. Again, it is clear that such steps cannot await the determination of the statutory appeal.

3.18 As Provisional Liquidator I continue to receive an abundance of telephone calls from depositors and creditors of the Bank relative to funds transferred to accounts in the name of SSH and SSI at UBS Geneva and Barclays Bank, PLC, respectively, both prior and subsequent to March 5, 2001 for further credit to their accounts at the Bank. The depositors and creditors are concerned that as long as these funds remain under the control of management, there may be insufficient funds left to cover depositor balances. In fact, I have the same concern as the losses associated with the activities outlined in this Affidavit coupled with a potential loss to the Bank of US \$3,000,000 in the action *Correspondent Services Corp.v. JWV Investments Ltd., First Equities Corp. of Florida, J. V. Waggoner and Donal Kelleher v. Suisse Security Bank and Trust Ltd., No. 99 Civ 8934 (RWS) United States District, Southern District of New York (“JWV matter”)* are substantial and are set out below:

JWV matter	3,000,000
K.D. Trinh	1,599,824
Michael Kotlajic/Tempra Inv.	742,143
SSI’s Account at Barclays	5,540,631
SSH’s Account at UBS Geneva	12,176,436
Unrealized loss on securities	<u>8,422,260</u>
	<u>\$31,481,295</u>

4. CONCLUSION

Throughout this report, I have given information relative to the obstructions and interference by the Bank’s management, staff, shareholders, directors and attorney in my performance of my duties as provisional liquidator. In fact total assets to be recovered as a result of their interference and obstruction is US\$31,481,295 and, as previously discussed, without the recovery of these balances this Bank will not be able to cover its liabilities (See appendix VI). As discussed, these acts of obstruction and interference include:

SSH and SSI - Funds once held on these accounts in the name of SSI and SSH in the amount of US\$17,541,922.09 and CHF 300,627.31 (US\$175,145.47) remain unaccounted for and under the control of management, shareholders and directors of the Bank. The funds at Barclays may have been taken out of this jurisdiction.

RBC Dain Rauscher - Prior to releasing assets to me in May 2002, and based on a letter dated May 10, 2001 from Derek Ryan, RBC Dain Rauscher (formerly Tucker Anthony) had refused to accept my instructions relative to the transfer of these assets and sale of securities. Unrealized loss on securities from February 28, 2001 to July 31, 2002 is \$8,422,260; as a result, the Bank and its clients will have to bear this loss.

Computer system - I have gained access to the Bank's system and retrieved a limited number of data files. I am unable to confirm that I have gained control of all the Bank's assets. Further, I am unable to determine the total liability of the Bank nor am I able to determine with certainty the allocation of the securities held between the Bank and its clients.

Legal actions - To date I have not been able to obtain information on two pending legal actions namely Cogicom and Tempra Investments and therefore I am unable to defend or give instructions for the benefit of the Bank. In the case of K.D. Trinh, the Bank lost its appeal. The attorneys dealing with this matter refused to cooperate with me and continued to obtain instructions from D. Ryan on this matter for which the Bank has suffered a loss of \$1,599,824.

As a result of the above I set out below the steps that are required to be taken in order for me to perform my duties for the benefit of the Bank's depositors, creditors and shareholders. In this regard, and as set out in section 3.2 of this report, I have sought this Honourable Court for further specific directions.

- 4.1 With the Court's assistance, the Bank's directors, shareholders, employees, management and attorney must be compelled to give an accounting of the Bank's funds once on the accounts of SSI and SSH, including the provision of bank statements, and more importantly to turn these funds over to me immediately.

The Management of the Bank or Derek Ryan should be compelled to immediately issue a letter to UBS Geneva and William Cagney directing them to cooperate with me and that in so doing they will not be subject to any litigation by the directors and shareholders of the Bank in so doing. Finally I request that the Court require that management, staff, directors and shareholders, within a set time frame, respond to my letters requesting assistance.

- 4.2 I sought the leave of the Court to commence committal proceedings against the Bank's management, staff, shareholders, directors and attorney, a date for the hearing was granted however, before the hearing the date was vacated by the Court. I shall continue my efforts in this regard.
- 4.3 I will continue my efforts to have cash and securities not yet under my control transferred into my care.
- 4.4 I will continue my efforts to relative to the JVW matter. With respect to the other legal matters I will continue my efforts relative to having the attorneys provide me with information. See my comments in 4.1 above.

- 4.5 I will continue to communicate with clients of the Bank to determine the total liability of the Bank and to ensure that clients with IBCs are in compliance with the requirements under the IBC Act, 2000 and the Financial Transactions Reporting Act, 2000.

I hereby submit to The Supreme Court of the Commonwealth of The Bahamas this, my third report as Provisional Liquidator of Suisse Security Bank & Trust Limited.

Respectfully submitted this 4th day of August 2002.

Raymond L. Winder
Provisional Liquidator

EVENTS SUBSEQUENT TO AUGUST 4, 2002

ORDER

In an effort to reduce further losses to the Bank, its depositors and creditors, I, on August 9, 2002, had filed an ex parte summons in this Honorable Court for an Order seeking further directions from the Court as to my ability pursuant to the Order of my appointment, and for certain specific directions as detailed in Section 3.2 of this report. The Order was granted on October 23, 2002, but was challenged by the Bank's Board of Directors and subsequently set aside.

While the Order was in place, among other things, it had directed Barclays Bank PLC to provide to myself as provisional liquidator all relevant account information relating to SSI and SSH. Please see below for details of information obtained from Barclays Bank PLC during this time.

BARCLAYS BANK PLC

Copies of documents obtained include the following:

- ◆ A letter dated October 6, 2000, on Suisse Security Bank & Trust Ltd.'s ("the Bank") letterhead, signed by Christopher E. Lunn, Chief Executive Officer, and addressed to Mr. Steve M. Bonamy, Corporate Offshore Manager, Barclays Bank PLC, for the establishment of a bank account in the name of Suisse Security Investments, Inc. (SSI). The letter stated that the purpose for opening the account was to "provide an operating account for which cheques and wire transfers from our clients can be paid into, thereby building deposit balances; and from which foreign currency transfers can be executed." The letter further explained that "as the Company has for the most part been inactive, no audited accounts have been prepared. We have however enclosed a copy of the latest (1999) audited accounts of Suisse Security Bank & Trust, Ltd. as it will be the Bank's clients to whom the activity on the proposed account will relate to."
- ◆ A Certificate of Incorporation for Suisse Security Investments, Inc. dated October 9, 2000, stating that SSI was incorporated as an International Business Company on February 2, 1998.
- ◆ A share certificate stating that Michel Harajchi is the registered holder of 5,000 shares in SSI, witnessed and signed by Christopher E. Lunn.

- ◆ A letter dated December 4, 2000, on the Bank's letterhead, signed by Christopher E. Lunn and addressed to Mr. Steve M. Bonamy, with reference made to bank account #1973538 for the purpose of allaying the concerns of Barclays Bank PLC in connection with opening the account in the name of SSI. Mr. Lunn's letter states that "In short, SSI plays the basic role of facilitating a part of SSBT's financial operations".
- ◆ A letter dated October 12, 2000, on the Bank's letterhead, signed by Christopher E. Lunn and addressed to Mr. Steve M. Bonamy, which states that "As regards the relationship that is to exist between Suisse Security Investments, Inc. (SSI) and Suisse Security Bank & Trust, Ltd. (SSBT), please be advised that SSI is neither a branch nor a subsidiary of SSBT. Instead, the only connection or association between the two entities is that SSI will serve as the operating entity through which funds, relating exclusively to clients of SSBT, will be deposited into and disbursed from."
- ◆ A resolution of the board of directors of SSI, namely Christopher E. Lunn and Derek B. Ryan, that Michel Harajchi is the sole beneficial owner of the said company.
- ◆ A letter dated February 2, 2001, from Mr. Steve M. Bonamy, Offshore Corporate Manager, Barclays Bank PLC, addressed to the directors of SSI and referring to SSI's account number 1973538, requesting an explanation and support for an inward payment for US\$291,181.37 by Order of Suisse Security Bank and Trust; details of payment: Nil.
- ◆ A letter dated January 21, 2001, from Mr. Steve M. Bonamy, Offshore Corporate Manager, Barclays Bank PLC, addressed to the directors of SSI and referring to SSI's account number 1973538, requesting an explanation and support for an inward payment for US\$909,009.43 by order of Northlake Funding LLC; details of payment: Acct ILC Investment 216231.
- ◆ A letter dated January 25, 2001, from Mr. Steve M. Bonamy, Offshore Corporate Manager, Barclays Bank PLC, addressed to the directors of SSI and referring to SSI's account number 1973538, requesting an explanation and support for an inward payment for US\$406,643.21 by order of Stan Cayer; details of payment: 214473 Custodial Management Ltd.
- ◆ A letter dated March 13, 2001 from Ryan & Co. addressed to Barclays Bank PLC, requesting that all funds in the accounts of Suisse Security Investments Ltd. be made payable to cash in the form of a cashiers cheque.

- ◆ A letter dated April 11, 2001, on SSI's letterhead, signed by Mr. Christopher E. Lunn, Chief Executive Officer, and Ms. Tara Butler, banking manager, and addressed to Mr. Steve Bonamy, Barclays Bank PLC, authorizing Barclays Bank to close the following accounts under the account name of Suisse Security Investments Ltd., and prepare drafts in favour of SSI:

1973538	USD
3375662	DEM
3375697	CHF
3375638	CAD
3375654	EUR
3375646	GBP

- ◆ Barclays Bank ledger printouts for Suisse Security Investments Inc. indicating "draft issued" and "Account closed" for the following, leaving zero balances.

<i>Date</i>	<i>Account Number</i>	<i>Currency</i>	<i>Amount of Draft Issued</i>	<i>Status</i>
April 24, 2001	1973538	US\$	4,951,627.01	Account closed
April 24, 2001	3375662	DM	219,736.01	Account closed
April 24, 2001	3375697	SFR	465,415.98	-
April 24, 2001	3375638	CAN	30,877.49	-
April 24, 2001	3375654	EUR	1,062,873.03	-
April 24, 2001	3375646	STG	153,210.58	-

- ◆ A photocopy, front and back, of draft No. 01642091 issued by Barclays Bank PLC, Bay Street, Nassau, Bahamas, drawn on Barclays Bank PLC, New York, dated April 23, 2001, in the amount of US\$4,951,627.01 payable to Suisse Security Investments, Inc.
- ◆ The bank stamps on the back of the draft indicate that the funds were deposited with UBS AG (Geneva) to the account of Suisse Security Investments, Inc. processed May 7, 2001, stamped by UBS AG May 2, 2001, number 79961-9110, having passed through the United States correspondent bank International - FUNB, Philadelphia, PA. Also stamped May 7, 2001, A/C # 212-0400-5.
- ◆ A letter dated October 25, 2001, from Rita Nemitz and Bernard Oulie, owners of A/C # 2163004002 by SSBT, to Jan Ward, attorney, stating that they had sent US\$19,827.72 for their account with SSBT, to A/C #1973538 with Barclays Bank PLC in the name of SSI. They further stated that the funds arrived on March 13, 2001.

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FEBRUARY 1, 2002 - JULY 31, 2002
(Unaudited)**

OPENING BANK BALANCES:		\$ 5,467,425
RECEIPTS:		
Tucker Anthony	3,099,805	
Lehman Investment Inc.	3,648	
Interest Income	21,627	
Bahamas Electricity Corporation	1,229	
Bahamas Telecommunications	101	
Cash Located on Premises	75	3,126,485
		<u>8,593,910</u>
DISBURSEMENTS:		
Liquidator/Receiver	49,500	
Administrative services	220,768	
Computer consulting	33,969	
Legal		
Milbank, Tweed, Hadley & McCoy LLP	289,488	
Sears & Co.	43,474	
Rent	24,781	
Insurance	11,510	
Utilities	7,857	
Storage	10,300	
Python Schifferli Peter	8,355	
Relocation	5,325	
Fixed Assets	5,103	
Security	2,523	
Bank charges	1,525	
Miscellaneous	185	
Total Disbursements		<u>714,478</u>
Net Balance		7,879,432
FOREIGN EXCHANGE ADJUSTMENT		<u>27,867</u>
ENDING BANK BALANCE		<u>\$ 7,907,299</u>

SCHEDULE OF CASH BALANCES
(Unaudited)

	Audited Financial Statements September 30, 2000	Balances at March 5, 2001	Balances at December 31, 2001	Balances at July 31, 2002
Cash and cheques on hand	\$ 3,831,631	\$ 20,507	\$ -	\$ -
Canadian Imperial Bank of Commerce	2,530,392	5,502,487	-	-
ABN Zurich	4,922	-	-	-
Tucker Anthony Citibank	7,500,899	303,814	(3) 1,883	-
Credit Foncier	-	-	-	-
UBS Geneva (1)	16,021,806	-	-	-
UBS Bahamas	-	-	-	-
UBS PaineWebber (4)	1,840,980	84,481	-	-
E*Trade	123	-	-	-
PaineWebber	830	-	-	-
Tucker Anthony Ameritrade	(6,179,807)	(1,217,276)	(3) 6,669	-
	492,676	-	-	-
Lehman Brothers (5)	-	351,459	1,830	3,757
Bank of The Bahamas (6)	-	-	5,467,425	7,907,299
RBC Dominion (7)	-	-	17,531	61,441
Barclays Bank PLC (2)	-	-	-	-
RBC Dain Rauscher (8)	5,433,769	3,215,593	3,311,818	14,653
Total cash	<u>\$ 31,478,221</u>	<u>\$ 8,261,066</u>	<u>\$ 8,807,156</u>	<u>\$ 7,987,150</u>

1. **UBS Geneva** - Amount represents the balance on accounts at Barclays Bank on March 1, 2001, in the name of Suisse Security Investments ("SSI"). I determined that these accounts held the balances of the Bank and its clients and as such I obtained a Restraining Order over these balances. Barclays has indicated that the accounts of SSI were closed on April 24, 2001. SSI is a Bahamian IBC and its sole shareholder is Michel Harajchi. For further details see Section 3.5 of this report.
2. **Barclays Bank PLC** - For details see the schedule of Assets to be Recovered (Appendix VI). Funds were held on account in the name of SSI which was closed on April 24, 2001. For details see Section 3.5 and Appendix VI of this report.

SCHEDULE OF CASH BALANCES (Unaudited)

3. *Tucker Anthony* – On May 29, 2001, the overdraft balance was covered using cash balances and the proceeds of sale of security in the amount of \$811,282.81.
4. *UBS PaineWebber* – From July 1, to December 31, 2001, this account earned investment income of \$30,241. This account was closed and the cash balance of \$115,420 was transferred to Bank of The Bahamas.
5. *Lehman Brothers* – This represents investment income; balance transferred to Bank of The Bahamas.
6. *Bank of The Bahamas* – Amount represents this account's July 31, 2002 balance. For details relative to the activity on this account see the schedule of receipts and payments (Appendix I).
7. *RBC Dominion Securities* – This account was opened on November 5, 2001 and is comprised of investment income.
8. RBC Dain Rauscher (*formerly Tucker Anthony*) – Debit card balances in the amount of \$3,099,805 have been transferred to Bank of The Bahamas.

SCHEDULE OF SECURITIES VALUATION
(Unaudited)

	Trial Balance	Balances at	Balances at
	September 30,	March 5,	July 31,
	2000	2001	2002
SECURITIES:			
Ameritrade	\$ 95,452	\$ -	\$ -
RBC Dain Rauscher (formerly Tucker Anthony) (5)	33,115,396	14,484,337 (3)	2,228,904
RBC Dain Rauscher (formerly Tucker Anthony)	-	3,556,800 (1)	-
UBS/Painewebber(4)	810,431	530,067	-
RBC Dominion	-	-	4,581,978
Lehman Brothers (2)	-	560,872	397,468
Fidelity Investments	-	169,007	110,106
ACM Funds	-	-	11,959
Pilgrim Funds	-	-	106,140
Total Securities	34,021,278	19,301,083	7,436,555
Less value of the Bank's investments (See appendix IV)	<u>1,223,654</u>	<u>921,647</u>	<u>3,489,767</u>
Assets held for clients in a fiduciary capacity	<u>\$ 32,797,624</u>	<u>\$ 18,379,436</u>	<u>\$ 3,946,788</u>

1. This represents the market value of the Nasdaq 100 Trust Securities which were sold, the proceeds of which were transferred to the United States Marshall (\$3 million) and to the account of the Provisional Liquidator (\$537,047.10).
2. This account was opened during November 2000.
3. Valuation of securities at February 28, 2001.

SCHEDULE OF SECURITIES VALUATION

(Unaudited)

4. This account was closed on November 5, 2001. The holdings in mutual funds were transferred in my name, as Provisional Liquidator, to the fund groups. The remaining securities were transferred to an account at RBC Dominion Securities.
5. Up until the transfer of assets on May 3, 2002, RBC Dain Rauscher (formerly Tucker Anthony) had refused to accept my instruction to transfer these assets or sell these securities. As a result, unrealized losses of \$8,422,260 were incurred between February 28, 2001 and July 31, 2002.

SCHEDULE OF THE BANK'S INVESTMENT IN SECURITIES
(Unaudited)

	Number Of Shares	Description	September 30, 2000			
			September 30, 2000 Cost Per Audited Financial Statements	Market Value Per Audited Financial Statements	March 5, 2001 Market Value	July 31, 2002 Market Value
(1,5)	12,200.86	Pilgrim Troika Dialog Russia Fund Class A	\$ 323,964	\$ 104,430	\$ -	\$ -
(6)	13,723.21	Pilgrim Troika Dialog Russia Fund Class A	-	-	105,257	154,248
(5)	383.673	ACM American Growth Portfolio Class A	11,556	17,956	-	-
(5)	439.495	ACM US Growth Strategies Fund Class A	8,759	13,394	-	-
(5)	3,136.41	Fidelity Select Electronics Portfolio	153,101	314,488	-	-
(5)	9,443.03	Lexington Troika Dialog Russia Fund Class A	213,849	83,004	-	-
(5)	9,443.03	Pilgrim Troika Dialog Russia Fund Class A	213,849	68,934	-	-
(6)	9,058.70	Pilgrim Troika Dialog Russia Fund Class A	-	-	69,480	101,819
(2,5)	8,500	Templeton Russia Fund Inc.	255,582	157,500	-	-
	10,000	Templeton Russia Fund Inc.	-	-	144,700	171,500
(6)	175,700	Nasdaq 100 shares Unit Ser 1	-	-	5,081,300	2,473,245
(6)	1,518	Call Nasdaq Shares	-	-	-	75
			<u>1,180,660</u>	<u>759,706</u>	<u>5,400,737</u>	<u>2,900,887</u>
(3,5)	800	Jaws Technology Inc.	9,818	26,250	-	-
(5,6)	1,000	Jaws Technology Inc.	-	-	25	7
(5,6)	210,000	Safe Technologies International Inc.	11,542	7,875	4,725	630
(5,6)	5,000	Viragen Inc.	-	-	6,000	3,000
			<u>21,360</u>	<u>34,125</u>	<u>10,750</u>	<u>3,637</u>

SCHEDULE OF THE BANK'S INVESTMENT IN SECURITIES (Cont'd)
(Unaudited)

	Number Of Shares	Description	September 30, 2000		March 5, 2001 Market Value	July 31, 2002 Market Value
			September 30, 2000 Cost Per Audited Financial Statements	Market Value Per Audited Financial Statements		
(5,6)	200,000	Russian Federation Bond, 12.75% due 6/24/2028	119,500	173,000	180,500	235,000
(5,6)	250,000	Russian Federation Bond, 10.00%, due 6/26/2007	132,187	191,250	200,625	261,875
(5,6)	75,000	Ministry of Russia Finance, Euro issue 12.75%, due 6/24/2028	25,000	65,573	66,000	88,368
			<u>276,687</u>	<u>429,823</u>	<u>447,125</u>	<u>585,243</u>
		TOTAL	<u>\$ 1,478,707</u>	<u>\$ 1,223,654</u>	<u>\$ 5,858,612</u>	<u>\$ 3,489,767</u>

SCHEDULE OF THE BANK'S INVESTMENT IN SECURITIES

(Unaudited)

Assumption:

The number of shares held by the Bank at March 5, 2001 and maintained at July 31, 2002, is based upon unaudited evidence gathered from limited data files retrieved from the Bank's computer system. Assuming that there were no internal sales between the Bank and its clients I have used the information relative to the Bank's holdings at March 5, 2001, to estimate the value of its investment at March 5, 2001, and July 31, 2002.

1. On March 5, 2001, the Bank held 14,305,452 shares of this fund. By letter dated June 5, 2001, RBC Dain Rauscher's (formerly Tucker Anthony) attorneys advised me that 2,104.592 shares were sold on May 29, 2001, to partially cover an overdraft balance at RBC Dain Rauscher.
2. On March 5, 2001, the Bank held 10,000 shares of this fund. By letter dated June 5, 2001, RBC Dain Rauscher's (formerly Tucker Anthony) attorneys advised me that 1,500 shares were sold on May 29, 2001 to partially cover an overdraft balance at Tucker Anthony.
3. There was a 10 to 1 stock split on March 30, 2001. After this split the Bank's holding was 1,000 shares. By letter dated June 5, 2001, Tucker Anthony's attorneys advised me that 200 shares were sold on May 29, 2001 to partially cover the overdraft balance at Tucker Anthony.
4. On March 6, 2001 RBC Dain Rausher (formerly Tucker Anthony) sold 72,000 of these shares to secure a \$3 million surety bond with the United States Marshall. These shares are excluded from the March 5, 2001 valuation for comparative purposes.
5. This represents the number of shares held as at September 30, 2000, per audited financial statements.
6. This represents the number of shares held as at March 5, 2001, per unaudited evidence gathered from limited data files retrieved from the Bank's computer system.

(Concluded)

SCHEDULE OF CORRESPONDENCE WITH EMPLOYEES

<u>Person Contacted</u>	<u>Position</u>	<u>Date of Contact</u>	<u>Medium of Contact</u>
Christopher Lunn	Chief Executive Officer and Director	March 5, 2001	Personal conversation
		March 5, 2001	(In the Bank's parking lot)
			Telephone conversation
		March 6, 2001	Telephone - left numerous messages
		March 29, 2001	Letter
		October 13, 2001	Penal Notice*
S.S.B.T. Employees		March 8, 2001	Public Press Conference
Mr. Ferguson and Ms. Beverly Rolle Mr. Obie Ferguson	Administration Manager	March 16, 2001	Meeting
		March 21, 2001	Letter
		March 29, 2001	Letter
Mr. Mohammed Harajchi Terry Nadu Alister McKeller Derek Ryan/ Ryan & Co.	Director and Chairman	March 29, 2001	Letter
		March 29, 2001	Letter
	Director	March 29, 2001	Letter
	Bank's Attorney	March 13, 2001	Letter
		March 29, 2001	Letter
		August 16, 2001	Letter
			October 3, 2001
		December 12, 2001	Letter
Michel Harajchi		March 9, 2001	Letter

(Continued)

SCHEDULE OF CORRESPONDENCE WITH EMPLOYEES

<u>Person Contacted</u>	<u>Position</u>	<u>Date of Contact</u>	<u>Medium of Contact</u>
Vandessa Lockhart	Head of Filing Department	March 29, 2001	Letter
		May 18, 2001	Letter
		October 17, 2001	Penal Notice*
Kaye Briggs	Head of Visa Department	March 29, 2001	Letter
		May 25, 2001	Letter
		October 5, 2001	Penal Notice*
Tamiko Miller	Head of Corporate Department	March 29, 2001	Letter
		May 25, 2001	Letter
Ketress Wells	Reconciler	March 29, 2001	Letter
		May 18, 2001	Letter
		October 4, 2001	Penal Notice
Archie Strachan	Trader	March 29, 2001	Letter
		May 18, 2001	Letter
		October 15, 2001	Penal Notice*
David Butler	Financial Controller	October 15, 2001	Penal Notice*

(Concluded)

*Penal Notice was dated October 1, 2001. Dates indicated represent the dates the notices were received by the individuals.

SCHEDULE OF ASSETS TO BE RECOVERED AND POTENTIAL LOSSES (Unaudited)

Cash transferred to the United States Marshall relative to JWV legal action	1	\$	3,000,000
Cash transferred in trust to the attorney of the plaintiff in the KD Trinh legal action	2		1,599,824
Michael Kotlajic/Tempra Investment S.A.	3		742,143
SSI's account at Barclays Bank	4		5,540,631
SSH's account at UBS Geneva	5		12,176,436
Unrealized loss on securities	6		<u>8,422,260</u>
Total assets to be recovered			<u><u>\$ 31,481,295</u></u>

1. Pursuant to an Order of Attachment funds transferred from the Bank's account at Tucker Anthony to the United States Marshall on April 19, 2001. See Sections 3.9 through 3.11 of the report for detail.
2. Funds were transferred to the trust account of the plaintiff's attorney on February 29, 2000. the Bank has lost the appeal of this case. It is indicated in the Bank's financial statements that Mohammed Harajchi has undertaken to cover this amount; in this regard my attorney will issue a demand letter on Mr. Harajchi relative to this matter (See Sections 3.7 through 3.8 of this report).
3. For details see section 3.12 of this report.
4. Amount represents the balance on accounts at Barclays Bank on March 1, 2001, in the name of Suisse Security Investments Inc. ("SSI"). I determined that these accounts held the balances of the Bank and its clients and as such I obtained a Restraining Order over these balances. Barclays has indicated that the accounts of SSI were closed on April 24, 2001. SSI is a Bahamian IBC and its sole shareholder is Michel Harajchi. For further details see Sections 3.2 and 3.5 through 3.6 of the report.
5. Amount represents the balance on accounts in the name of Suisse Security Holdings Ltd. ("SSH"). These accounts were closed between February 2 and 5, 2001. I determined that these accounts held balances of the Bank and its clients as such I obtained a Restraining Order over these balances. SSH is an IBC and Ryan & Co. is its Registered Office. To date, I have not been able to obtain details of these accounts nor have I been able to determine where these funds have been moved. For further details see Sections 3.2 and 3.5 through 3.6 of the report.

SCHEDULE OF ASSETS TO BE RECOVERED
(Unaudited)

6. Unrealized loss on securities is comprised of the \$4,383,374 loss incurred between February 28 and December 31, 2001, as outlined in my second report, combined with the additional loss of \$4,038,886 incurred between December 31, 2001 and July 31, 2002.