

Twentieth Report of The Official Liquidator of

CLICO Enterprises Limited

(In Liquidation)

For the period from January 1, 2017 to June 30, 2017

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(In Liquidation)

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INTRODUCTION

The Twentieth Report of the Official Liquidator of Clico Enterprises Limited ("CEL") is intended for use by the Supreme Court of the Commonwealth of The Bahamas. This report sets out the steps taken by the Official Liquidator during the period from January 1, 2017 to June 30, 2017.

BACKGROUND AND BASIS OF APPOINTMENT

Clico Enterprises Limited is a Bahamian Company, incorporated under the Companies Act, 1992, on August 23, 2000 as British Fidelity Holdings Limited. CEL changed its name to BF Enterprises Limited on August 24, 2001. BF Enterprises Limited changed its name to CLICO Enterprises Limited ("CEL") on April 7, 2005. My review of CEL's activities, led me to believe that CEL operated as a holding company for Clico (Bahamas) Limited's ("CBL") non-insurance assets, locally and internationally.

As at December 31, 2008, CEL received advances from CBL of approximately US\$73.8M. These advances were received by CEL apparently for the purpose of paying for the acquisition and on-going expenses of CEL's investment properties. At the time of my appointment, it is unlikely that this loan could be repaid in full by CEL as CEL's single largest asset, held by CEL's wholly-owned subsidiary, Wellington Preserve Corporation ("WPC"), is the Wellington Preserve property, which is located in Palm Beach County, Florida, whose value, based on recent appraisals, cannot be fully realized in the current real estate market.

CEL's financial statements as at December 31, 2008, included a loan due from WPC in the amount of \$70M.

In addition to the loan to WPC, CEL also made a further direct investment in WPC in the sum of US\$13M.

The WPC real estate project in Wellington, Palm Beach County, Florida, at the date of my appointment as liquidator of CEL, consisted principally of 80 residential lots and various equestrian amenities and commercial sites, intended to be laid out in a 523-acre tract of land.

Among the many concerns arising out of the transfer of funds by CEL to related parties is whether or not CEL circumvented Exchange Control Regulations in The Bahamas to:

- Purchase real estate in The Bahamas without regulatory approval.
- Purchase real estate outside The Bahamas without regulatory approval.
- Repatriate revenue to the United States and elsewhere without the approval of the Central Bank of The Bahamas.
- Transfer funds from CEL to persons outside The Bahamas.

As a result of the various intercompany loans from CBL and on-going regulatory matters and concerns, it was later determined by Counsel and I, that it would be in the best interest of the creditors of CBL to place CEL into liquidation and that I be appointed Official Liquidator to protect the assets of CEL.

BACKGROUND AND BASIS OF APPOINTMENT (continued)

On August 12, 2009, I appeared with Counsel in the Supreme Court of The Bahamas on the application filed in my capacity as Official Liquidator of CBL, for an order that I be at liberty to file a winding-up petition for CEL under the supervision of the Supreme Court. A Petition to wind-up CEL was filed on that same date and Her Ladyship the Honourable Justice Mrs. Cheryl Albury, granted the application allowing me leave to proceed with the petition to wind-up CEL pursuant to Section 187 (d) of the Companies Act of 1992, Chapter 308 of the Statute Laws of The Bahamas on the ground that CEL was unable to pay its debts.

The Court also appointed me Provisional Liquidator of CEL to be assisted by Callenders & Co. as legal advisors.

It was also ordered that a Notice be published in the local gazette to inform members of the public that a winding-up petition had been filed on August 12, 2009 against CEL and that the said Petition was set down for hearing by the Supreme Court on September 8, 2009. In accordance with this order and direction, a Notice of the Petition was published on August 22, 2009.

I appeared with Counsel in the Supreme Court of The Bahamas on September 8, 2009, and on that date, it was ordered at the hearing of the said Petition that CEL be wound-up by the Court under the provisions of the Companies Act, 1992, and I was appointed Official Liquidator with Callenders & Co. as my legal advisors, to assist me in the performance of my duties. Notices were published in the local gazettes in The Bahamas, to advertise the granting of the Order for the liquidation of the CEL, subject to the supervision of the Court.

DEFINITIONS

In this Report, the words and expressions hereunder shall mean, as follows:

"The Official Liquidator" means Craig A. (Tony) Gomez or any member of his (the Liquidation) team.

"I" or "Me" means Craig A. (Tony) Gomez or any member of his (the Liquidation) team.

"CEL" means CLICO Enterprises Limited (In Liquidation).

"CBL" means Clico (Bahamas) Limited (In Liquidation).

"Clico Trinidad" means Colonial Life Insurance Company (Trinidad) Limited.

"CEL's General Counsel" means Callenders & Co., the Liquidator's Bahamian Counsel up to April 25, 2013 and Lennox Paton from April 26, 2013 to the present time.

"US Counsel" means Fowler White Burnett P. A. and/or Gordon & Rees LLP.

"Court" means the Supreme Court of the Commonwealth of The Bahamas.

"WPC" means Wellington Preserve Corporation.

"GBM" means Grand Bahama Millwork and Building Supplies Limited.

"GVA" means Golf View Apartments.

"BIA" means the Bahamas Investment Authority.

STEPS TAKEN BY THE OFFICIAL LIQUIDATOR (for the period from January 1, 2017 to June 30, 2017)

1. I discussed on several occasions with General Counsel the sale of the GBM and GVA properties and the matters related to ensuring a clean and marketable title for both properties.
2. I continued to follow up with General Counsel on obtaining Validating Property Permits from BIA for all of CEL's Grand Bahama properties and the Westridge property in New Providence.
3. I continued to advertise the GBM, GVA and Westridge properties for sale.
4. I had several discussions General Counsel on the claim received from CBL.
5. I had several discussions with General Counsel on the claim received from Clico Trinidad.
6. I continue to explore with General Counsel the feasibility of deposing the former Officers and Directors of CEL.
7. I met with the former General Manager of GBM to review the matter of severance pay for all the former employees of GBM.
8. I completed the 19th Official Liquidator's Report.

CONCERNS

- **General Counsel**

- I continue to discuss with General Counsel the following matters:
 - CEL's properties in Grand Bahama;
 - Validating Permits from BIA;
 - CBL's claim against CEL and;
 - Possible legal action against CEL's directors.
- On June 14, 2017, I received from General Counsel, a copy of a letter addressed to the Director of the Bahamas Investment Authority, following up on the validating permits for all of the CEL properties.

Update since the Nineteenth Report of the Official Liquidator

- As at the date of this report, the Validating Permits required to give good title to the properties had not been obtained from BIA.
- There were no Court hearings during this period.

- **US Counsel**

- I continue to discuss with US Counsel, the best strategy to pursue and depose the former Officers and Directors of CEL and the CBL claim against CEL.

- **CLICO Enterprises Limited – Corporate Records**

It is apparent from review of the records made available to me that CEL was incorporated to hold assets for CBL that were not related to CBL's insurance business.

I conducted a search of the CEL's corporate records at the Companies Registry and discovered that the last Annual Return filed on behalf of CEL was dated September 2007, listing CEL's shareholders as Mayco Holdings Ltd., and Nardco Holdings Ltd. Each company held one share in CEL. Based on my review of CEL's corporate records it appears that these companies simply acted as nominee shareholders.

I have requested by way of letter, permission from the Central Bank of The Bahamas for me and General Counsel to perform a search of CEL's records held by the Bank.

Update since the Nineteenth Report of the Official Liquidator

- As at the date of this report, I had not received a response from the Central Bank regarding this request.

CONCERNS

- **Assets**

- 1. Westridge Lots**

CEL owns 12.472 acres of vacant land, which is divided into 12 lots, situated in Lake Point, Westridge Estates, New Providence.

- I continue to market this property for sale.
- I continue to communicate with General Counsel to secure the Validating Permit from BIA which would have given permission for CEL to acquire the Westridge property.

Update since the Nineteenth Report of the Official Liquidator

- As at the date of this report, the Validating Permits required to give good title to the properties had not been obtained from BIA.
- Additionally, as at the date of this report, there were no potential buyers for the property. However, since the re-opening of Bahamar, interest in the property has spiked.

- 2. Grand Bahama Millwork and Building Supplies Limited**

The property on which Grand Bahama Millwork and Building Supplies Limited is located is in Freeport, Grand Bahama, in the Civic Industrial Area, situated at Forest Ave. and Yellow Pine Street. The store was primarily involved in the sale of hardware, housewares, lumber and other building amenities.

General Counsel and the liquidation team were able to obtain pertinent documents from both the Central Bank of The Bahamas, files held at Clico's main office and from Counsel for GBM, as follows:

A Management Agreement dated September 1, 2000, between GBM and CEL (formerly BF Enterprises Limited and formerly known as British Fidelity Holdings Limited). This agreement appoints CEL as the Manager of GBM for a period of 99 years and CEL became the beneficial owner of certain assets of GBM, including the hardware and building supplies store. The Agreement also stipulated that the Manager will pay compensation to GBM in the sum of \$100.00 per annum. The receipt of the payment was acknowledged in the Agreement.

- On February 3, 2017, I received a written offer for the GBM and GB Express properties which I accepted.
- On March 23, 2017, I retained Mr. Elliott Lockhart, Q.C. of Lockhart & Co. to act as the attorney for CEL in the sale of the GBM and GB Express properties.

CONCERNS

Assets (continued)

- On May 15, 2017, I sign the sales agreement for the GBM and GB Express properties agreeing to sell both properties to Black & Blacks Co. Ltd.
- On June 14, 2017, I received from General Counsel, a copy of a letter addressed to the Director of the Bahamas Investment Authority, following up on the validating permits for all of the CEL properties.

Update since the Nineteenth Report of the Official Liquidator

- At the date of this report, the sale was still pending as the buyer has not yet obtained bank financing in the expected time period. I have no other offers for this property.

3. Golf View Apartments

This property consists of an 8-unit townhouse apartment complex situated in Bahamia, at Rum Cay Drive, Freeport, Grand Bahama.

After further investigations I have determined that apparently seven (7) of the units are conveyed to CEL. I am presently investigating the status of the eighth unit and the missing conveyance document. General Counsel is reviewing the documentary title to ascertain the state thereof and then resolve any deficiencies in the title.

During my review of this matter it was discovered in the preliminary search that:

- All of the apartment units were void of a validating permit from the Bahamas Investment Authority ("BIA").
- FirstCaribbean International Bank Limited has a lien on the seven (7) apartment units by way of a Debenture.
- The permits have not been located and General Counsel has requested certified copies of the permits from the BIA. This will allow the conveyances for the apartment units to be lodged for recording and a fee will be required for the same. In accordance with the International Persons Landholding Act, the conveyances are void without a validating permit.
- The lien on the apartment units is being addressed by General Counsel to allow for their sale. However, as at the date of this report we have not received the requested permits from the BIA.

CONCERNS

Assets (continued)

Update since the Nineteenth Report of the Official Liquidator

- As at the date of this report, the Validating Permits remain outstanding and there were no potential buyers for the property.

- **Loan Agreement**

According to CEL's audited financial statements dated December 31, 2007, the Company entered into a loan agreement with Clico Bahamas Limited (CBL) where CBL agreed to make advances to the Company for different investments at an annual interest rate of 12%, to be calculated on the annual balance of the loan. This loan was unsecured and repayable when the lots in the Wellington Preserve development were sold.

As at the date of the commencement of the liquidation, the loan balance due to CBL totaled \$73.8M.

- The loans (advances) made by CBL to CEL's various subsidiary companies were guaranteed by CL Financial Limited in the amount of US\$58M.
- These advances were guaranteed by the parent company, CL Financial Limited in a Guarantee Agreement dated April 2008.
- CEL has defaulted on its obligation to repay these funds to CBL.
- We have seen the interest agreement related to these advances which indicates that the loan attracted an interest rate of 12% per annum.

Update since the Nineteenth Report of the Official Liquidator

- As at the date of this report, this matter remains outstanding with General Counsel instructed to advise how best to proceed to bring this matter to a close.

CONCERNS

Assets (continued)

- **Promissory Note between CEL and Colonial Life Insurance Company (Trinidad) Limited**

On September 11, 2009, I received a claim against CEL in the amount of US\$64,705,189 from Clico Trinidad.

On April 8, 2008, CL Financial Limited issued a guarantee to Clico Trinidad to ensure prompt repayment of loans issued by Clico Trinidad to CEL.

On September 19, 2012, I received an Affidavit of Proof of Debt in the amount of US\$64,677,024.59, from Higgs & Johnson, who is representing Clico Trinidad, the particulars, of which are as follows:

Proof of Debt	Amount
Promissory note	US\$ 52,544,006.28
Inter-company balance	12,133,018.31
Total	US\$ 64,677,024.59

On September 5, 2014, General Counsel received a letter from Clico Trinidad's Bahamian Counsel, Higgs & Johnson, with regard to the former General Counsel's letter received by them dated November 14, 2012, requesting further information on Clico Trinidad's claim.

Higgs & Johnson is claiming that their client cannot produce the requested information because Clico Trinidad's files were seized by the Attorney General's office of Trinidad in May 2013. This matter remains outstanding and no further action has been taken by Higgs & Johnson to move this matter forward.

Update since the Nineteenth Report of the Official Liquidator

- During this report period, Clico Trinidad's Bahamian Counsel, Higgs & Johnson had not yet produced the aforementioned documents requested from its client.
- I am still addressing this matter with General Counsel to determine how best to proceed.

- **Wellington Preserve Corporation**

The property development owned by WPC was sold and the company dissolved. WPC was indebted to CEL for \$73,801,867.00. CEL was able to recover only \$38,002,100.97 resulting in a loss of \$35,799,766.03 to CEL. It is the intention of the Official Liquidator to pursue the directors of CEL, Mr. Duprey, in particular to recover this loss.

CONCERNS

- **Statement of Affairs**

See Appendix 1 for the unaudited statement showing assets at estimated realizable values and liabilities as at June 30, 2017.

- **Cash Receipts and Disbursements**

See Appendix 2 for cash receipts and disbursements for the period from January 1, 2017 to June 30, 2017.

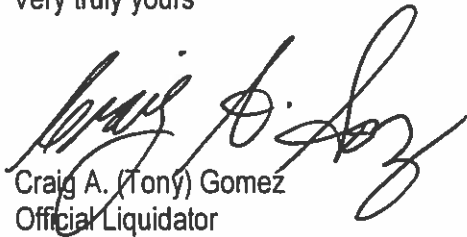
CONCLUSION

From an operational perspective, I continue to move the liquidation forward, primarily to realize the fair values on the sale of real estate and other assets for the benefit of creditors of which CBL is the majority creditor.

The primary issues remaining in the liquidation are:

1. Obtaining the Validating Permits from BIA for the Grand Bahama properties;
2. Finding a buyer for all the GBM and GB Express properties in Grand Bahama;
3. Obtaining the Validating Permits from BIA for the Westridge property in New Providence;
4. Finding a buyer for the Westridge property in New Providence;
5. Settling through litigation or otherwise the \$73.8M due to Clico (Bahamas) Limited;
6. Addressing the claim received from Clico Trinidad.

Very truly yours



Craig A. (Tony) Gomez
Official Liquidator
CLICO Enterprises Limited
(In Liquidation)
Nassau, Bahamas
June 30, 2017

CLICO Enterprises Limited
(In Liquidation)
Statement of Assets at Estimated Realizable Values
And Liabilities As Expected to Rank

As at June 30, 2017
(Expressed in Bahamian Dollars)

ASSETS:

Investment in Bonds (CFAL)	\$ 19,277,741
Time Deposit - Bank of The Bahamas	16,345,782
Investment properties	6,801,754
Cash at Bank - Royal Bank of Canada	2,530,810
Interest receivable	65,126
Cash with CFAL	61,065
Funds due from GBM	21,524
Total assets	45,103,802

LIABILITIES:

Loan due to Clico (Bahamas) Limited (advances)	73,803,867
Loan due to Clico Trinidad Ltd. (Promissory Note)	52,572,729
Loan due to Clico Trinidad Ltd.- (Intercompany balance)	12,132,459
Total liabilities	138,509,055

ESTIMATED DEFICIT AS REGARDS MEMBERS **\$(93,405,253)**

CLICO Enterprises Limited
(In Liquidation)
Statement of Cash Receipts & Disbursements

For the period from January 1, 2017 to June 30, 2017
(Expressed in Bahamian dollars)

OPENING CASH POSITION **B\$2,609,329**

Receipts:

Interest on Time Deposit 419,822

Disbursements:

Interest earned on T/D transferred to time deposits 367,595
Professional fees 69,463
Management fees (CFAL) 48,584
Legal fees 9,000
Value added tax 3,646
Bank charges 53

CLOSING BALANCE **B\$2,530,810**
