

Fifth Report of The Official Liquidator of

**CLICO Enterprises Limited**  
(In Liquidation)

For the period from January 1, 2011, to March 31, 2011

---

# **CLICO Enterprises Limited**

*(In Liquidation)*

*Fifth Report of the Official Liquidator (From January 1, 2011 to March 31, 2011)*

## **C O N T E N T S**

---

	<b>Page</b>
Introduction	1
Background and Basis of Appointment	1 - 2
Definitions	3
Steps Taken by the Official Liquidator	3
Concerns	4 - 7
Statement of Affairs	7
Conclusion	7 - 8
Statement of Assets at Estimated Realizable Values and Liabilities	Appendix 1
Wellington Preserve Corporation - Report of the Debtor In Possession	Appendix 2

---

---

## INTRODUCTION

The Fifth Report of the Official Liquidator of CLICO Enterprises Limited ("the Company") 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, 2011 to March 31, 2011.

## BACKGROUND AND BASIS OF APPOINTMENT

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

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

Included in the Company's financial statements as at December 31, 2008, is a loan due from WPC in the amount US\$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, consists 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.

---

## **BACKGROUND AND BASIS OF APPOINTMENT (continued)**

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 as Official Liquidator to protect the assets of CEL.

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 Company, 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 team.

"The Company" means CLICO Enterprises Limited (In Liquidation).

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

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

"Counsel" means Callenders & Co., the Liquidator's General Counsel.

"United States ("US") Counsel" means Fowler White Burnett P. A.

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

"WPC" means Wellington Preserve Corporation.

"GBM" means Grand Bahama Millwork and Builders Supplies Ltd.

## **STEPS TAKEN BY THE OFFICIAL LIQUIDATOR** (for the period from January 1, 2010 to March 31, 2011)

1. I continued my regular attendance to Court on a bi-monthly basis with General Counsel to provide a progress report to the court about the Liquidation. The Superintendent of Insurance, Legal Counsel for the Insurance Commission of The Bahamas and Counsel on behalf of the Attorney General also attended each meeting.
2. Attended Court with General Counsel to apply for and obtained the Order to approve the Third and Fourth Official Liquidator's Report.
3. Met with general Counsel on the Grand Bahama Millwork and Builders Supplies Ltd. matters.
4. Attended Court with General Counsel and updated the Court on the Grand Bahama Millwork and Builders Supplies Ltd. matter.

---

## CONCERNS

- **Court Matters  
(Bahamas)**

I attended Court at various times during the reporting period, as noted below. Also in attendance on each occasion, were the Superintendent of the ICB; Counsel for the ICB and representatives from the AG's Office.

### **February 24, 2011**

At this hearing the Court was updated on the following matters:

- Status of CEL's 3<sup>rd</sup> and 4<sup>th</sup> Liquidator's Report.
- Grand Bahama Millwork & Builders Supplies Ltd.

### **March 3, 2011**

At this hearing the Court was updated on the following matters

- Status of CEL's 3<sup>rd</sup> and 4<sup>th</sup> Liquidator's Report.
- Grand Bahama Millwork & Builders Supplies Ltd.
- The hearing was adjourned to March 17, 2011

### **March 17, 2011**

The hearing was postponed.

### **March 24, 2011**

At this hearing the Court was updated and presented with the following matters for approval:

- Approval of the third and fourth Liquidator's Reports. Approval obtained.
- Grand Bahama Millwork & Builders Supplies Ltd.

---

## CONCERNS

- **United States**

As at the date of this report, documents subpoenaed from United States sources have been received and are currently being reviewed by the liquidation team and General Counsel.

### **CLICO Enterprises Limited - Corporate Records**

It is apparent from my review of the records made available to me that CLICO Enterprises Limited was incorporated to hold assets for Clico (Bahamas) Limited that were not related to Clico's insurance business.

I conducted a search of the company's corporate records at the Companies Registry and discovered that the last annual return filed on behalf of CEL is dated September, 2007, listing the Company's shareholders as Mayco Holdings Ltd. and Nardco Holdings Ltd. Each company held one share in CEL.

General Counsel has approached certain government and regulatory agencies for assistance with respect to information on CEL and GBM. Should the regulatory agents be able to assist in relation to this request, this will enable potential actions being taken in relation to GBM and the Golfview apartment complex in Freeport.

As at the date of this report no formal response has been received from the regulatory agencies but Counsel is in communication with the regulatory agencies.

- **Assets**

1. **Real Estate (West Ridge Lots)**

The Company owns 12.472 acres of land which is divided into 12 lots, situated in Lake Point, Westridge Estates.

I received one (1) offer to purchase this property, which was accepted by me.

---

## CONCERNS

- **Loan Agreement CEL / CBL**

On December 31, 2005, a loan agreement between Clico (Bahamas) Limited and CLICO Enterprises Limited was executed at Serville & Co., the Company's Registered Office.

As at the date of this report United States Counsel has forwarded to me bundles of subpoenaed documents, which are currently being reviewed by the liquidation team and General Counsel. This review is being performed to determine how loan funds were utilized.

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

A Promissory Note was issued on December 31, 2001 made between CEL and CBL and Colonial Life Insurance Company (Trinidad) Limited with a maturity date of December 31, 2008 at a rate of 12%.

Colonial Life Insurance Company (Trinidad) Limited has made a claim on the Promissory Note.

CL Financial Limited acted as a Guarantor for this Promissory Note.

I have requested General Counsel to actively pursue the enforceability of CL Financial's US\$58M Guarantee for funds loaned to CEL by CBL.

- **DYL Merrick Park Development, LLC ("DYL")**

A building DYL, located in Coral Gables, Florida, was purchased, in part with funding that may have passed through CEL, which funds were received by CEL from CBL.

I was advised by Counsel for Merrick Park that Clico Merrick Park is a 49% Common Member of holdings and also a Series A Preferred Member of Holdings.

I was also advised that U.S. Century Bank has filed a foreclosure action against Mr. J. Yanopoulos and Mr. Duprey, Guarantors on the property for a loan amount outstanding in the amount of \$17,893,519.57, plus other costs.

Clico and the other owners of the property were given an offer by U.S. Century Bank to purchase the loan for \$12,600,000.00

---

## CONCERNS

- **DYL Merrick Park Development, LLC** (continued)

The liquidation team is currently reviewing subpoenaed documents received from United States Counsel to determine the origin of funds used to purchase this investment.

- **Wellington Preserve Corporation**

See Appendix 2 for the Debtor In Possession Report for Wellington Preserve Corporation ("WPC") for matters related to WPC.

## STATEMENT OF AFFAIRS

See Appendix 1 for the unaudited statement showing assets at estimated realizable values and liabilities as at March 31, 2011.

## CONCLUSION

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

The primary challenges facing the liquidation are:

- (1) Ascertaining the shareholders and beneficial ownership of CEL.
- (2) Ascertaining the shareholders of Grand Bahama Millwork and Builders Supplies Limited.
- (3) Funding of the costs in the liquidation.
- (4) Continuing the operations of, and realizing a fair value from the sale of Grand Bahama Millwork and Builders Supplies Limited.
- (5) Realizing a fair value from the sale of the Golfview town house apartment complex.
- (6) Realizing a fair value from the sale of the 12 lots in West Ridge, New Providence, The Bahamas.
- (7) Ascertaining the state of the property in Haiti and the possibility of a sale.
- (8) The settlement of the \$73.8M loan from Clico (Bahamas) Limited.
- (9) Addressing the Promissory Note from Colonial Life Insurance Company (Trinidad) Limited.
- (10) Successfully addressing the CL Financial Guarantee.
- (11) Realization of the principal asset in its wholly-owned subsidiary, Wellington Preserve Corporation in Florida.
- (12) Addressing the DYL Merrick Park Development, LLC matter.

---

Very truly yours

Craig A. (Tony) Gomez  
Official Liquidator  
CLICO Enterprises Limited  
(In Liquidation)  
Nassau, Bahamas  
March 31, 2011

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

As at March 31, 2011

(Expressed in Bahamian Dollars)

**ASSETS:**

Investments properties	\$ 8,192,000
<b>Total assets</b>	<b>8,192,000</b>

**LIABILITIES:**

Loan due to Clico (Bahamas) Limited (advances)	73,801,867
Loan due to Clico Trinidad Ltd.	52,572,729
Loan due to Sogebank (Shabisco) - Haiti	464,819
Colina General Building Insurance - GBM & Golf View Apartments	148,695
Accounts payable - (Shabisco) Haiti	90,567
Due to Clico (Bahamas) Limited	2,000
<b>Total liabilities</b>	<b>127,080,677</b>

**ESTIMATED DEFICIT AS REGARDS MEMBERS** **\$ (118,888,677)**