

**EIGHTEENTH REPORT OF  
THE JOINT OFFICIAL LIQUIDATORS  
OF  
GULF UNION BANK (BAHAMAS) LIMITED  
(IN LIQUIDATION)  
TO  
THE SUPREME COURT  
OF THE COMMONWEALTH OF THE BAHAMAS**

**Period Covered:  
January 1, 2013 to December 31, 2013**

**Issue Date: August 27, 2014**

---

---

**Confidential**

## TABLE OF CONTENTS

---

	Page
<b>1. INTRODUCTION</b>	<b>1</b>
1.1 Purpose of Report	1
1.2 Source of Information and Appendices	1
1.3 Limitation	
1.4 Currency	1
<b>2. PROGRESS MADE DURING THE LIQUIDATION</b>	<b>1-2</b>
2.1 Cash at Bank	2
2.2 Loans and Overdrafts	2
2.3 Liquidation Creditors	2
2.4 Due to Depositors	2
2.5 Deficit	2
<b>3. PROGRESS DURING THE YEAR ENDED DECEMBER 31, 2013</b>	<b>2-4</b>
3.1 Cash at Bank	2
3.2 Loans and Overdrafts	3
3.3 Disbursements	3
3.4 Distributions	3
3.5 Deficit	4
<b>4. FUTURE PROSPECTS</b>	<b>4-5</b>
4.1 Loans and Overdrafts Recovery	4-5
4.2 Judgments	5
4.3 Disbursements	5
<b>5. FUTURE DISTRIBUTION</b>	<b>5</b>
<b>6. APPENDICIES</b>	<b>6-8</b>
6.1 Appendix 1 - Liquidators' Estimated Balance Sheet	6
6.2 Appendix 2 - Liquidators' Statement of Receipts and Disbursements	7 - 8

## **1. INTRODUCTION**

This is our eighteenth Court Report since our appointment on July 2, 1998, as Joint Official Liquidators of Gulf Union Bank (Bahamas) Limited (In Liquidation under the Supervision of The Supreme Court) (the "Company"). We would like to draw your attention to the following:

### **1.1 Purpose of Report**

This report has been prepared for the purpose of informing The Supreme Court of the Commonwealth of The Bahamas, The Central Bank of The Bahamas and the Company's creditors of the state of affairs and steps taken by the Joint Official Liquidators which covers the period January 1, 2013 to December 31, 2013.

### **1.2 Source of Information and Appendices**

Details of the source of information used and relied upon are referred to throughout this Report.

### **1.3 Limitation**

During the reporting period we have relied on the integrity of the information and documents contained in the Company's records and received from other interested parties. Although we have sought to cross check information from different sources, to confirm its accuracy, we have not independently verified all of the information and documentation upon which we have relied during the course of the reporting period; neither has the Company's financial records, since the commencement of the liquidation been subject to an audit. As the Company's Official Liquidators, we report solely on factual matters. While we believe all of the information in this report to be true and accurate, this report may be amended should additional information come to light.

### **1.4 Currency**

All references to currency in this Report are quoted in Bahamian Dollars (BSD). Deposits were held in both BSD and United States Dollars (USD).

## **2. PROGRESS MADE DURING THE LIQUIDATION**

We attach as Appendix 1 to this Report the Liquidators Estimated Balance Sheet at December 31, 2013.

## **2.1 Cash at Bank**

The cash and due from banks has increased from \$802,017 at the commencement of the liquidation to \$2,703,582 at December 31, 2013.

## **2.2 Loans and Overdrafts**

At the commencement of the liquidation loans and overdrafts were valued at \$6,551,862. By December 31, 2013, we had recovered \$11,416,053. We have valued the remaining secured loans at \$545,611 at December 31, 2013. Loans and advances that are secured by property are valued at no greater than the market value of the property.

## **2.3 Liquidation Creditors**

Liquidation creditors amounted to \$225,150 at December 31, 2013. This included seven months of liquidators' fees, legal, and other professional fees which accounts for \$221,000 of the total.

## **2.4 Due to Depositors**

Due to depositors and other creditors amounted to \$32,739,918 at the commencement of the liquidation. Primarily as a result of distributions the amount due to depositors and other creditors has been reduced to \$21,357,656 at December 31, 2013.

## **2.5 Deficit**

The deficit at the commencement of the liquidation amounted to \$23,886,039. By December 31, 2013, it had been reduced to \$18,333,613. The net income of the liquidation to date is therefore, \$5,552,426.

# **3. PROGRESS DURING THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2013**

## **3.1 Cash at Bank**

During the year 2013 the cash at bank has reduced by \$3,555,395. Of this reduction, \$1,399,754 was placed in a money market investment and bond fund with Colina Financial Advisors Limited (CFAL). The value of this investment at December 31, 2013, was \$1,443,373. Bahamian dollar deposits at Bank of the Bahamas International Limited and CIBC FirstCaribbean International Bank totaled \$1,127,719. Liquidation creditors at December 31, 2013 were \$45,055 lower than in the previous year.

We attach as Appendix 2 to this Report the Liquidator's Statement of Receipts and Disbursements for the year ended December 31, 2013.

### 3.2 Loans and Overdrafts

During the year we received \$11,001 which represented repayment of principal on loans on which we had placed a value. We also received \$3,549 in loan interest, and \$34,076 in excess of the value we have placed on loans.

Payments were made on six (6) loans and overdrafts with a value of \$365,611, and we anticipate obtaining full repayment over time.

No payments were made on three (3) loans and overdrafts with a value of \$180,000, and we are in the process of either seeking eviction orders or finding alternative means to enable us to sell the related properties.

a) Loans and overdrafts where some payments were made in 2013	\$ 365,611
b) Loans and overdrafts where no payments were made in 2013	<u>180,000</u>
	\$ <u>545,611</u>

### 3.3 Disbursements

The majority of disbursements including liquidators, legal and professional fees are approved by the court before payment.

### 3.4 Distributions

A distribution of 10 cents on the dollar was declared May 29, 2013. At December 31, 2013, \$1,833,900 had been paid on this distribution.

### 3.5 Deficit

During 2013 the deficit was increased by \$273,214 as a result of:-

Total Cash Receipts	\$	130,202	
Increase in Money Market & Bond Fund		<u>43,619</u>	
		173,821	
Less Principal Repayments		<u>(11,001)</u>	
		162,820	
Interest non-cash		<u>10,960</u>	
		173,780	
Total Disbursements:		<u>(492,049)</u>	
Liquidation Creditors -		(318,269)	
Beginning of Year	270,205		
End of Year	<u>225,150</u>		
		<u>45,055</u>	
Net Deficit	\$	<u>(273,214)</u>	

## 4. FUTURE PROSPECTS

### 4.1 Loans and Overdrafts Recovery

We are continuing to seek recovery on the secured loans presently valued at \$545,611.

We are also concentrating our efforts on the recovery of two loans on which no value was originally placed, but which, if satisfactorily concluded, would significantly increase Gulf's loan recovery.

- a) A loan which subsequent to the commencement of the liquidation was found to be secured by a first mortgage on 1,407 acres of land in Cat Island. There has been little movement on this loan since our last report. The property is presently being advertised for sale.
- b) A loan on which a Default Judgment was entered against the defendants on the 1st of December 2008 in the sum of \$3,780,284.21 plus interest. We currently have a court date in October 2014, where we are seeking to have this 2008 judgment, which was set aside, restored so that we can then proceed to sell properties owned by the second defendant. Our attorneys advised that we have a strong case for judgment on the merits.

We are also continuing to follow up on certain other loans which currently have no value placed on them.

We are somewhat frustrated at the length of time it is taking us to obtain the necessary Court hearings in a number of these situations and have expressed our concern to our lawyers.

#### **4.2 Judgments**

Whilst we have a default judgment against the Al Thani Group in the amount of \$12.5 million and earlier judgments against the Quoreshis' for \$4.2 million, we are not yet satisfied that the significant amount of costs required to pursue the defendants' assets would be justified by any ultimate recovery.

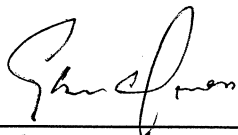
#### **4.3 Disbursements**

It is our view that the anticipated future collections particularly those referred to in paragraphs 4.1 a) and b) of this report justify the expenses that we are presently incurring in order to bring them to fruition. If there comes a time when this is no longer the case we will immediately advise the Court.

### **5. FUTURE DISTRIBUTIONS**

To date, we have now paid 40 cents on the dollar to all agreed creditors. The amount of future distributions will depend on recoveries on those assets we continue to pursue.

Respectfully Submitted:



---

Graham C. Garner  
Joint Official Liquidator



---

Raymond L. Winder  
Joint Official Liquidator

## 6. APPENDICES

### 6.1 Appendix 1

#### GULF UNION BANK (BAHAMAS) LIMITED (IN LIQUIDATION) LIQUIDATORS' ESTIMATED BALANCE SHEET AS AT DECEMBER 31, 2013

---

	December 31, 2013	December 31, 2012
<b>ASSETS</b>		
Money Market Investment	\$ 1,443,373	\$ -
Cash and Due from Banks ( <i>Appendix 2</i> )	1,260,209	4,815,604
Loans and Overdrafts	<u>545,611</u>	<u>585,759</u>
	3,249,193	5,401,363
Less Liquidation Creditors	<u>(225,150)</u>	<u>(270,205)</u>
	<u>\$ 3,024,043</u>	<u>\$ 5,131,158</u>
<b>LIABILITIES</b>		
Due to Depositors and Other Creditors	<u>\$ 21,357,656</u>	<u>\$ 23,191,556</u>
Deficit	<u>(18,333,613)</u>	<u>(18,060,398)</u>



## 6.2 Appendix 2

### GULF UNION BANK (BAHAMAS) LIMITED (IN LIQUIDATION) LIQUIDATORS' STATEMENT OF RECEIPTS AND DISBURSEMENTS AS AT DECEMBER 31, 2013

	January 1, 2013 to December 31, 2013	January 1, 2012 to December 31, 2012
RECEIPTS:		
Fixed Deposit Interest	\$ 81,576	\$ 186,642
Recovery on Bad Loans	34,076	42,376
Loans and Overdraft-Principal	11,001	9,203
Loans and Overdraft-Interest	3,549	4,097
Other Income	-	250
Total income	<u>130,202</u>	<u>242,568</u>
DISBURSEMENTS:		
Liquidators' Fees	\$ 157,540	\$ 83,345
Legal Fees	152,675	43,256
Administration	57,039	17,739
Loan Recovery	51,255	38,990
Accounting Fees	17,085	6,259
Utilities & Other Office Expenses	16,822	2,500
Advertisement	12,353	-
Bank Charges	9,833	432
Professional Charges	8,507	558
Storage	5,940	2,222
Rent	3,000	5,940
Total expenses	<u>\$ 492,049</u>	<u>\$ 201,241</u>

(Continued)

## 6.2 Appendix 2

### GULF UNION BANK (BAHAMAS) LIMITED (IN LIQUIDATION) LIQUIDATORS' STATEMENT OF RECEIPTS AND DISBURSEMENTS AS AT DECEMBER 31, 2013

---

Net Increase in Cash from Operations	\$ (361,848)	\$ 41,327
Distributions to Depositors & Other Creditors	<u>(1,793,793)</u>	<u>(50,409)</u>
Net (Decrease) Increase in Cash	(2,155,641)	(9,082)
Cash, Beginning of Year	<u>4,815,604</u>	<u>4,824,686</u>
	2,659,963	4,815,604
Unrealized - <b>Gain</b> /Loss	<u>43,619</u>	<u>-</u>
Cash, End of Year	\$ <u><u>2,703,582</u></u>	\$ <u><u>4,815,604</u></u>
Cash is Comprised of:		
Money Market Investments & Bond Fund Accounts	\$ 1,443,373	\$ -
Interest Bearing Accounts	1,127,718	4,793,445
Current Accounts	<u>132,491</u>	<u>22,159</u>
	\$ <u><u>2,703,582</u></u>	\$ <u><u>4,815,604</u></u>

(Concluded)