



**CUSTODIAN LIFE LIMITED - IN PROVISIONAL LIQUIDATION FOR THE PURPOSE OF
RESTRUCTURING ONLY**

**FIRST REPORT TO CREDITORS
FOR THE PERIOD**

FROM

24 NOVEMBER 2023

TO

24 MAY 2024

**JOHN JOHNSTON AND EDWARD WILLMOTT
JOINT PROVISIONAL LIQUIDATORS**

DELOITTE FINANCIAL ADVISORY LTD.

CORNER HOUSE

20 PARLIAMENT STREET

HAMILTON HM 12

BERMUDA

**STRICTLY PRIVATE AND CONFIDENTIAL –NOT TO BE DISTRIBUTED WITHOUT PRIOR WRITTEN
APPROVAL OF THE JPLs**

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DISCLAIMER

The JPLs, in undertaking their work and preparing this report, have relied upon information provided to them by the Company's management, professional advisors or from public sources. The information has not been audited by the JPLs and an independent verification of the information's validity has not been conducted. Except where specifically stated, the JPLs have not sought to establish the reliability of the sources of information presented to them by reference to independent evidence. Information contained in this report may be subject to change in light of subsequent information or explanations that become available to the JPLs.

For the avoidance of doubt, nothing in this report shall be taken to waive any claim of privilege between the JPLs and their legal counsel. Certain portions of this report have been redacted for reasons of legal privilege and marked as such.

INDEX OF DEFINED TERMS

In this Report, the following defined terms are used:

Defined Term	Meaning
AML Audit Report	AML/ATF Audit Report dated 5 February 2023
Bermuda Court	The Supreme Court of Bermuda
BMA	The Bermuda Monetary Authority
BNTB	The Bank of N.T Butterfield & Son Limited
CAML	Continental Management Services Limited
CASL	Continental Advisory Services Limited
CISO	Cyber Information Security Officer
Companies Act	Companies Act 1981 (Bermuda)
Company	Custodian Life Limited – In Provisional Liquidation for restructuring purposes only
Director	Joakim Samuelsson
D&O Coverage	Insurance coverage for Directors and Officers Liability
Financial Position Report	Report to be prepared by the JPLs addressing the financial position of the Company by reference to the asset and liability information collected by them
IFAs	Independent Financial Advisors
Insurance Act	Insurance Act 1978 (Bermuda)
J.P Consulting	J.P. Consulting Finance & Management AB
JPLs	Mr. John Johnston and Mr. Edward Willmott of Deloitte Financial Advisory Ltd, in their capacity as Joint Provisional Liquidators of the Company
Licensing Agreement	Licensing and Maintenance agreement pertaining to Software as a service dated July 2016 executed between the Company and J.P Consulting
Management Agreement	Management, Service, and Administration agreement dated 8 June 2021 executed between the Company and J.P Consulting
Marsh or SAC Rep	Marsh Management Services Limited (Bermuda)
Marsh Ltd	Marsh Limited (United Kingdom)
Order	The order issued by the Supreme Court of Bermuda dated 24 November 2023 appointing the JPLs
PCL	Pillars Consultancy Limited
Period	24 November 2023 to 24 May 2024
Petition	The winding up petition dated 3 November 2023 presented to the Supreme Court of Bermuda by the BMA against the Company
Platform	Company's interface from which policyholders can view their respective policy information
Report	This first progress report dated 5 June 2024
ROC	Registrar of Companies
SAC Act	the Segregated Accounts Companies Act 2000 (Bermuda)
Segregation Issue	Whether the Company holds assets corresponding to the valuation statements
Third Party Issue	Whether or not there are loans to the Director in excess of \$1million which were not disclosed in the Statutory Accounts and Filings.
Zobec	Continental Management Limited and Continental Advisory Services Limited

SECTION 1: BACKGROUND AND PURPOSE OF THE REPORT

1.1 Background

- 1.1.1 Custodian Life Limited (In Provisional Liquidation for restructuring purposes only) (the “Company”) is an insurance company incorporated in Bermuda on 13 June 2011 and licensed by the Bermuda Monetary Authority (the “BMA”) as a Class C long term insurer under the Insurance Act 1978 (the “Insurance Act”).
- 1.1.2 Since July 2021, the BMA engaged with the Company and its directors over certain concerns it had with the way in which the Company was conducting its business. Having received unsatisfactory responses, the BMA issued the company with a decision notice on 2 June 2022 which contained certain restrictions in the way that it could conduct business, notably the significant restriction being the writing of new business, as well as additional reporting requirements.
- 1.1.3 Following further letters, meetings and correspondence between the BMA and the Company, including additional enforcement actions, on 3 November 2023, the BMA presented a winding-up petition against the Company (the “Petition”) and subsequently applied to the Supreme Court of Bermuda (the “Bermuda Court”) for the appointment of Joint Provisional Liquidators of Custodian Life.
- 1.1.4 The Petition filed with the Bermuda Court raised concerns in relation to the segregation status of the Company; misleading information displayed on the Company’s website; the resignation of key service providers; the Company’s failure to furnish audited financial statements for 2021 and 2022; and the financial position of the entity.
- 1.1.5 On 24 November 2023, Edward Willmott and John Johnston, both of Deloitte Financial Advisory Ltd., were appointed as Joint Provisional Liquidators (“JPLs”) of the Company for restructuring purposes by virtue of an order issued by the Bermuda Court (the “Order”). It should be noted that the Company and its sole Director consented to the Order.
- 1.1.6 The Petition hearing was originally scheduled for 26 January 2024. Subsequently, it has been adjourned on two occasions and is currently listed to be heard on 7 June 2024.

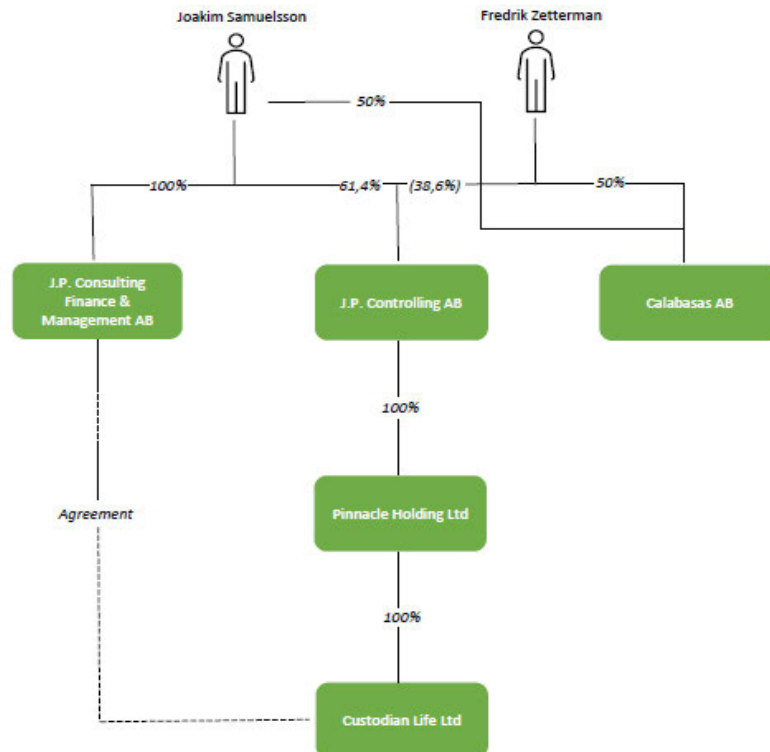
1.2 Purpose of the Report

- 1.2.1 This is the JPLs’ first Court report (the “Report”) and covers the period 24 November 2023 to 24 May 2024 (“the Period”) of their appointment. The Report is designed to provide an overview of the progress of the provisional liquidation for the Period, including an overview of the Company’s current financial situation and work carried out by the JPLs. While conducting their duties, the JPLs will continue to update the stakeholders as and when there are matters, they shall consider of significance.

1.3 Statutory information

1.3.1 A brief overview of the statutory information relating to the Company is shown below:

Statutory Information	Details
Company name	Custodian Life Limited
Incorporation date	15-Jun-2011
Registered office	Century House, 16 Par-la-Ville Road, Hamilton HM 08 ¹
Former Company secretary and registered office	Continental Management Services Limited, Century House, 16 Par-la-Ville Road, Hamilton HM 08
Company number	45484
Director	Joakim Samuelsson
Direct Shareholder	Pinnacle Holding Ltd, 16 Par-la-Ville Road Hamilton HM 08 Bermuda
Ultimate Parent Company	JP Controlling AB, Södra Torggatan 6, 2tr 434 30, Kungsbacka, Halland, Sweden BS36 2SS
Ultimate Beneficial Owner	Joakim Samuelsson and Fredrick Zetterman
Regulator	BMA



¹ It should be mentioned that due to the resignation of the Company secretary on 20 March 2024, the Company's registered office has since been moved to Corner House, 20 Parliament Street, Hamilton, Bermuda.

SECTION 2: WORK UNDERTAKEN BY THE JPLS

2.1 Notifications and advertisement

2.1.1 Following the issuance of the Order, the JPLs wrote to the following parties to notify them of their appointment:

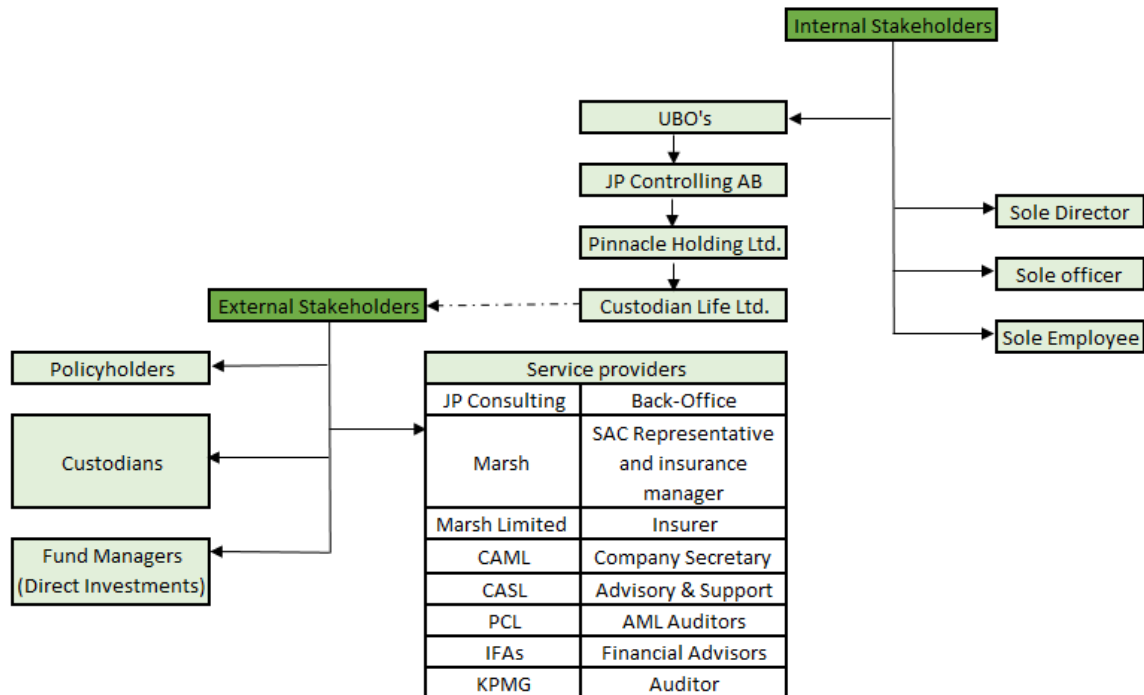
Name	Role	Date notified
Mr Joakim Samuelsson	Director of the Company	24-Nov-2023
Continental Management Services Limited	Former Company Secretary*	24-Nov-2023
Mr Philip Anderson	Former Director and Sole Employee*	24-Nov-2023
HSBC Bank Bermuda Limited	Bank	30-Nov-2023
The Bank of N.T Butterfield & Son Limited (the "Bank" or "BNTB")	Bank	30-Nov-2023
Bermuda Commercial Bank	Bank	30-Nov-2023
Clarien Bank	Bank	30-Nov-2023
Registrar of Companies ("ROC")	Company Registry	5-Dec-2023
Marsh Management Services (Bermuda) Ltd ("Marsh")	Segregated Account Representative	5-Dec-2023
Marsh Limited / MCS	Insurer	5-Dec-2023
Pinnacle Holding Limited	Shareholder	5-Dec-2023
KPMG	Auditor	30-Jan-2024
Policyholders and IFAs	Policyholders and IFAs	1-Mar-2024
The Pillars Consultancy Limited	AML Auditor	13-May-2024

** These parties resigned during the Provisional Liquidation*

2.1.2 Notice of the JPLs appointment was published in the Royal Gazette of Bermuda on 7 December 2023.

2.2 Identifying key parties

2.2.1 Based on the information collected from various sources as of the date of this Report, the JPLs have identified the following key parties relating to the Company as of the date of their appointment.



2.3 Director communication

2.3.1 The JPLs sent a letter to the sole Director on 24 November 2023 giving notice of the JPLs appointment and informing him that pursuant to the Companies Act 1981 ("Companies Act"), his powers as a director of the Company had immediately ceased but that his duties as a director remained.

2.3.2 The letter also included a detailed list of information requests, which included but were not limited to, the Company's statutory documents, financial statements, management accounts, a breakdown of the Company's assets, policyholder information, details of the Company's bank, brokerage, and custodian accounts, and information about the insurance policies and the Company's segregated accounts.

2.3.3 On 28 November 2023, the JPLs wrote to the Director to address preliminary matters regarding a possible restructuring. Given that the information requested in their letter dated 24 November 2023 had not been received, the JPLs stressed the importance of having a holistic understanding of the Company and its operations in order to formulate a restructuring plan that would be acceptable to all stakeholders of the Company.

2.3.4 To facilitate the information sharing between the JPLs' team and the Company's management,

the JPLs team created an online shared folder for management to upload all requested information. The JPLs' team also created a dedicated email inbox (cbcbmcustodianlife@deloitte.com) to streamline correspondence with all applicable parties.

2.3.5 The table below sets out a summary of all information requests and related follow ups sent to the Director:

Date sent	Details
24-Nov-2023	First notification letter with a detailed list of requests for Company information.
28-Nov-2023	The second letter to follow up on the Company information requested.
30-Nov-2023	Follow up email.
7-Dec-2023	Follow up email.
14-Dec-2023	Follow up email.
18-Dec-2023	Request to provide information on policyholders and accounts segregation.
20-Dec-2023	Request for a list of policyholders.
21-Dec-2023	Request for: <ul style="list-style-type: none"> a) Company management accounts b) Policyholders' details & supporting documents c) Agreements between the Company and J.P Consulting Management AB
8-Jan-2024	The JPLs met in person with the Director of the Company in Spain to request an update on the outstanding information and to try and gain a better understanding of the Company's operations.
12-Jan-2024	The JPLs shared a list of correspondences received from policyholders requesting for an update on their respective redemption requests & requested for: <ul style="list-style-type: none"> a) The original redemption/withdrawal request form b) The latest valuation statements c) A statement or schedule showing the segregation of each policyholder as well as links to the assets held at a policyholder and global level. d) A list of withdrawal requests that were submitted prior to the JPLs appointment with an explanation for why these requests had not been processed.
15-Jan-2024	Request for: <ul style="list-style-type: none"> a) A detailed list of policyholders' specific assets and liabilities. b) A detailed list of all assets under management as split by policyholder (segregated) and the Company. c) A breakdown of the "liability due to policyholder" split by the applicable policyholder. d) Reasons as to why certain policyholder redemptions were not processed prior to the JPLs appointment date. e) Access (read-only) to the policyholder platform (the "Platform").
22-Jan-2024	Follow-up on the previous requests to provide policyholders' information.

Date sent	Details
24-Jan-2024	An email requesting detailed information about policyholders, clarification and supporting documents for management accounts, and access to the policyholders' platform.
29-Jan-2024	Request for supporting documents (valuation statements, KYC documents, supporting withdrawal request form) for policyholders.
30-Jan-2024	Requests for an update on the information requested by the JPLs to be added as authorized signatories on custody accounts held with various custodians.
31-Jan-2024	Request for an update on the information previously requested and clarifications on specific financial information.
14-Feb-2024	Detailed tracker including all information requested, the status for each line item, relevant supporting documents required, and the expected submission deadline.
14-Feb-2024	A letter sent by the JPLs' legal Counsel detailing the highly urgent matters which are necessary pre-requisites to the JPLs formulating and seeking the sanction of any contemplated restructuring plan, including a schedule of outstanding information required and undertakings to be signed by the Director.
15-Feb-2024	Call with the Director to discuss each line-item as per the above-mentioned tracker.
29-Feb-2024	Call with the Director to discuss outstanding issues.
6-Mar-2024	A letter to the Director demanding an undertaking on his behalf and on behalf of J.P Consulting to deliver all the company information requested, and all requested information no later than 11 March 2024.

- 2.3.6 Following the JPLs' numerous requests and recurrent follow-ups, the Director has provided certain financial information about the Company. However, crucially, the JPLs have received very limited information regarding the Company's insurance policies, policyholders, and segregated accounts.
- 2.3.7 The Director did not provide the undertaking requested in the JPLs letter dated 6 March; instead, on 12 March 2024, the Director replied, raising multiple allegations against the propriety of the BMA's supervision and management of the Company in general and as regards the conduct of its regulatory actions, including the Petition. The Director furthermore indicated that he will not provide information in relation to the policyholders and the notionally linked assets.
- 2.3.8 Upon receiving the Director's letter of 12 March 2024, it was clear to the JPLs that the Director would not deliver up and provide the Company property and requested Company information to the JPLs.
- 2.3.9 Accordingly, on 18 March 2024, the JPLs filed an application with the Bermuda Court against the Director pursuant to Section 195 of the Companies Act to compel the Director to comply with the JPLs' information request and make himself available for an oral examination under the supervision of the Court. Further detail can be found in section 2.5, "Legal Proceedings," later in this report.

2.3.10 The Director wrote to the JPLs on 22 March 2024 requesting a virtual meeting to be held with the JPLs. The JPLs and their team scheduled the call with the former director at his suggested time on 26 March 2024. The Director however did not attend this meeting.

2.4 Key party communications

The Company Secretary

2.4.1 Continental Management Services Limited (“CAML”), was appointed as company secretary by virtue of a service agreement dated 24 May 2021. The JPLs note that a separate service agreement for the provision of compliance services and banking support was executed between Continental Advisory Services Limited (“CASL”) and the Company on 27 May 2021. CAML and CASL are related parties within a group and are jointly referred to as ‘Zobec’.

2.4.2 The JPLs wrote to Zobec requesting that they provide all of the Company’s books and records. The records were subsequently provided to the JPLs electronically and in hard copy.

2.4.3 On 20 March 2024, Zobec notified the JPLs of their resignation. The JPLs filed a request to change the Company’s registered office to that of Deloitte (Corner House, 20 Parliament Street, Hamilton, Bermuda) on 12 April 2024.

Marsh

2.4.4 Marsh was appointed as the Segregated Accounts Representative (“SAC Rep”) effective from 10 August 2021 pursuant to a service agreement dated 1 August 2021. On 1 November 2023, Marsh submitted a termination notice to the Company, providing notice of termination of their services within 180 days. Marsh’s termination became effective as of the end of April 2024.

2.4.5 On 24 November 2023, the JPLs wrote to Marsh requesting requested relevant Company records. A summary of information requested by the JPLs is as follows:

- Communication records - Any correspondence or communication records between the Company and regulatory authorities, including notices, approvals, or inquiries.
- Regulatory compliance documentation - Copies of documents demonstrating the Company's compliance with regulatory requirements, including reports, filings, and certifications.
- Policyholder and beneficiary information - A comprehensive list of all life insurance policies issued by the Company, including policyholder names and contact details, as well as beneficiary information.
- Claims information - Details of any outstanding claims, including the nature of the claims, claimants' information, and the current status of each claim.
- Re-insurance - Copies of all reinsurance agreements entered into by the Company, including terms and conditions.

2.4.6 On 7 December 2024, Marsh provided the JPLs with the following documents:

- Communication records - Copies of correspondence between the Company and the BMA
- Regulatory compliance documentation - Draft of the BSCR report of the Company for the

financial year 2021

- Re-insurance – Marsh stated that the Company has not entered into reinsurance agreements as per their knowledge. Additionally, Marsh shared the service agreement dated 1 August 2021 entered between Marsh and the Company.

2.4.7 Marsh further stated that they do not hold information relating to the Company’s policyholders or claims.

2.4.8 On 17 April 2024, the JPLs met with a representative of Marsh to obtain a better understanding of their duties and responsibilities, to request additional information that they may have, and to address relevant handover matters. During this meeting, the JPLs noted that Marsh held additional information pertaining to the Company. The JPL team requested Marsh to provide the additional information.

2.4.9 On 21 May 2024, Marsh provided further information relating to the Company, including unaudited financial statements for the year ended 31 December 2021, Management accounts for the year ended 31 December 2022 as well as other documentation related to the Company.

Marsh Limited

2.4.10 Marsh Limited provides directors’ and officers’ insurance cover (“D&O Coverage”) to the Company. The insurance cover was provided in accordance with the service agreement dated 10 August 2021, executed between the Company and Marsh Management Services Limited.

2.4.11 The JPLs were notified that the insurance policy relating to the D&O Coverage expired in November 2022 but was subsequently extended for a maximum period of 18 months, ending 26 May 2024.

2.4.12 The JPLs instructed payments to Marsh Limited amounting to \$20,323 in relation to the D&O Coverage and subsequent extensions. On 21 May 2024, the JPLs met with Marsh Limited representatives to discuss the options available for the extension.

2.4.13 Marsh Limited informed the JPL team that they would discuss with the underwriter extending the D&O coverage but that, due to the associated risks, it was unlikely that the underwriter would extend the policy for an extended period of time.

2.4.14 On 23 May 2024, Marsh Limited confirmed that D&O coverage had been extended to the end of June 2024.

Bermuda Banks

2.4.15 On 30 November 2023, the JPLs team circulated letters to all of the banks in Bermuda notifying them of the JPLs appointment and requesting details of any accounts held by the Company.

2.4.16 On the same day, the JPLs received email confirmation from HSBC Bank Bermuda, Bermuda Commercial Bank, and Clarien Bank that the Company does not hold any accounts with them.

2.4.17 BNTB informed the JPLs that the Company holds several accounts and further provided a

document noting the account details. On 1 December 2023, the JPLs proceeded with completing the relevant documentation required by BNTB to:

- Change signatories on all the Company's bank accounts and add the JPLs as the sole authorised signatories; and,
- Obtain access to the Bank's online banking platform.

2.4.18 Further to obtaining access to the online banking platform of BNTB, it was noted that the Company holds the following bank accounts with BNTB:

- 4 USD accounts
- 4 EUR accounts
- 4 GBP accounts
- 4 NOK accounts
- 3 SEK accounts
- 4 SGD accounts
- 3 AUD accounts and
- 1 CAD account.

2.4.19 The overall cash balance at BNTB as of the date of the JPLs appointment was \$1,153,769.

J.P. Consulting Finance & Management AB

2.4.20 Based on the JPLs initial discussion with the Director, he noted that the Company's back-office operations, responsible for dealing with policyholders and IFAs, were operated by a separate entity, namely J.P Consulting Finance & Management AB ("J.P Consulting"). J.P Consulting's registered address is located in Sweden. It should be noted that the Director, Mr Joakim Samuelsson, is the sole shareholder of J.P Consulting.

2.4.21 The Director provided copies of two agreements between the Company and J.P Consulting:

- Licensing and Maintenance agreement pertaining to Software as a service dated July 2016 (the "Licensing Agreement")², and
- Management, Service, and Administration agreement dated 8 June 2021 ("Management Agreement")³.

2.4.22 J.P Consulting licensed to the Company the right to use its Platform and management system as 'software as a service' under the Licensing Agreement. The Platform is essentially custom-designed software that provides an interface where the Company's data processed by the J.P Consulting's administration team is displayed and available in a useful format for policyholders and associated users. It is the interface through which policyholders can view their respective policy information, including, but not limited to, their portfolio valuation. Further, it is important to note that the Platform was also used to maintain the per-policyholder anti-money laundering

² The JPLs have only received an unsigned version of this agreement.

³ The JPLs have received two iterations of this agreement. Both agreements are listing July 2016 as the effective date. Only one of these agreements were signed by the parties on 8 June 2021. The agreements have materially similar terms apart from clause IV 1 relating to the Reimbursement of expenses.

("AML")/know your client ("KYC")/counter terrorism financing ("CTF") information. Crucially, the Platform holds the key information containing the linkage between the individual assets held by the Company and the policyholders.

- 2.4.23 The Management Agreement concerns the Company engaging J.P Consulting to 'provide it—upon its request—with services as to certain matters of its business, including but not limited to planning, purchasing, marketing, administration, accounting, budgeting, finance and business development'. The JPLs understand that the back-office administration function operates in accordance with the Management Agreement.
- 2.4.24 The JPLs have relied on J.P Consulting's back-office team to verify policyholders who had contacted the JPLs directly and to address specific queries received, where the JPLs did not have sufficient information to respond appropriately.
- 2.4.25 On 14 February 2024, the JPL's attorneys addressed a letter to the Director, in his capacity as representative of J.P Consulting, requesting information held by J.P Consulting.
- 2.4.26 On or around 21 March 2024, the back-office team stopped responding to the JPLs requests. The lack of communication from the back office, coupled with the minimal information the JPLs have received from the Director to date, made it extremely difficult and sometimes impossible to reply substantively to queries received from the policyholders and their representatives.
- 2.4.27 On or about 2 April, the JPLs were notified by several policyholders and their representatives that they were not able to access the Platform. On 2 April 2024, the JPLs and their team wrote to J.P Consulting to advise them of the issue. On 3 April 2024, the JPLs received an email from the Director stating that the services in relation to the Platform are outsourced to J.P Consulting and that these services have been suspended due to non-payment of invoices. Despite the noncompliance of J.P Consulting in providing requested policyholder information to the JPLs, which the JPLs consider being in breach of the Management Agreement and Licensing Agreement, the JPLs were effectively forced to settle the outstanding invoices of J.P Consulting. The JPLs settled invoices amounting more than to \$360,000.00 on 3 April 2024 to ensure that J.P Consulting continued to provide its services, continue to update policyholder account information and reactivate the Platform. Following settlement of the outstanding J.P Consulting invoices, the Platform was reactivated on or around 8 April 2024.
- 2.4.28 The JPLs wrote to J.P Consulting dated 23 April 2024, which was posted to the J.P Consulting registered office and sent via email to the back-office email and J.P Consulting director, Mr. Samuelsson.
- 2.4.29 On 23 April 2024, the JPLs wrote to J.P Consulting, reminding it of its contractual obligation to provide certain services to the Company pursuant to the Management Agreement and highlighted that as per the terms of the contract, data '*is and remains the property of Custodian Life*'. The JPLs detailed a list of correspondence sent to the back office, both from the JPLs team and the policyholders. The JPLs requested that J.P Consulting reply to all outstanding requests by 30 April 2024.
- 2.4.30 Following the issuance of the JPLs letter, the JPLs have started to receive certain responses from J.P Consulting, however numerous requests continue to remain outstanding.

KPMG

- 2.4.31 Based on information made available to the JPLs, they noted that KPMG performed their last audit of the company's financial statement at the end of the financial year 2020. KPMG subsequently refused to complete audit work until the completion of the BMA's review of the Company and decided not to continue as the auditors of the Company.
- 2.4.32 On 30 January 2024, the JPLs wrote to the former auditor of the Company to request for information that they hold in relation to the Company which may assist the JPLs in conducting their review.
- 2.4.33 Moreover, a meeting was held with the auditor in February 2024 to discuss the requested Company information. Subsequently, on 23 February 2024, the auditors shared the information they held on the Company.

Pillars Consultancy Limited

- 2.4.34 From the Company's books and records, the JPLs noted an Independent AML/ATF audit report dated 5 February 2023 ("AML Audit Report") was prepared by Pillars Consultancy Limited ("PCL") for the Financial Year 2022. The report includes a list of all documents reviewed by PCL.
- 2.4.35 Given the lack of information provided by the Director and J.P Consulting and in an effort to obtain further information in relation to the Company, the JPLs wrote to PCL in May 2024 to request a copy of all records they inspected concerning the AML audit as listed in the AML Audit Report and to request a meeting with PCL.
- 2.4.36 PCL responded to the JPLs request on 21 May 2024 and have since provided the information they hold.

Cyber Information Security Officer and Chief Operating Officer of J.P Consulting

- 2.4.37 On 26 April 2024, the JPLs wrote to J.P Consulting's Cyber Information Security Officer ("CISO") and CRS Authorised Representative of the Company to request information regarding the Company's statutory filings and request a meeting with the latter to discuss the Company's affairs. On the same date, the JPLs also wrote to J.P Consulting's Chief Operating Officer ("COO") regarding details held by J.P Consulting on the Company's day-to-day operations and the Company's AML compliance matters.
- 2.4.38 The JPLs sent further correspondence to the CISO and COO on 13 May 2024 to follow up on their request. The Director was included in the correspondence on 13 May 2024. As of the date of this report, the JPLs have not received any substantial reply to their requests.

2.5 Legal proceedings

Bermuda legal proceedings

- 2.5.1 As detailed in section 2.3 above the Director has failed to respond to the JPLs' numerous requests for Company information. This non-compliance compelled the JPLs to file an application with the Court pursuant to Section 195 of the Companies Act ("Section 195"). Section 195 provides powers

to the Bermuda Court to summon before it persons suspected of having property of the Company, or deemed capable of giving information concerning the promotion, formation, trade, dealings, affairs or property of the company. The court may examine such person under oath, concerning the aforementioned matters, and require such person to produce any books and papers in their custody.

- 2.5.2 The JPLs filed the Section 195 application on 18 March 2024. On 4 April 2024, the Court issued an order and a summons (“Summons”) compelling the Director to attend a private examination under oath and to disclose certain company information, including the policyholder details and linkage of policyholders to the Company’s assets. The Summons also contained a Penal Notice setting out the consequences to the Director should he not comply. This examination was scheduled to be held on 3 May 2024 by virtual hearing to enable the Director to attend and comply with the Summons via Zoom. The Court ordered that service on the Director take place by way of email and by hand-delivery of the court documents to his former attorneys of record.
- 2.5.3 The Director failed to appear or even acknowledge service of the Summons, the JPLs’ supporting affidavit, and the Court Order setting the examination. The Court adjourned the examination for one week in order to allow the Director time to purge his possible contempt of court and breach of the Order.
- 2.5.4 The examination was relisted for 10 May 2024, again by virtual hearing. Prior to that hearing the JPLs wrote to the Director to confirm their intention to bring contempt of court proceedings against him, owing to his clear breach of the Court’s order.
- 2.5.5 In the days leading up to the 10 May 2024 hearing, the Director wrote to the JPLs indicating that he was unaware of the examination listed on 3 May 2024; expressing his need to obtain legal counsel and stating that he would not be available for the 10 May 2024 examination as he was not properly served.
- 2.5.6 On 9 May 2024 the JPLs wrote to the Director, urged him to attend the examination and offered to indemnify him for legal costs up to a specified amount.
- 2.5.7 At the rescheduled examination held on 10 May 2024, the Director appeared (unrepresented by legal counsel) and raised various arguments noting that he was not properly served and was thus unprepared to undergo the examination, and that he had been unable to secure legal representation.
- 2.5.8 On 10 May 2024, the Court adjourned the examination to 23 May 2024 and ordered the Director to file an affidavit by 17 May 2024 setting out full details and an explanation regarding the service via email and on his former attorneys and setting out the steps he had taken to secure legal counsel to represent him.
- 2.5.9 On 17 May 2024 the Director provided the JPLs with a document which was however, not a sworn affidavit, and neither did it contain the information that the Court had ordered him to provide.
- 2.5.10 It should also be noted that subsequent to the 10 May 2024 hearing, the JPLs made arrangements for a legal firm in Bermuda to represent the Director in the event that he was unable to secure his own legal representation. The legal firm was prepared to act and was free of conflict. The JPLs

also informed the Director that they were willing to provide the legal firm with a fee advance so that the Director could obtain the requisite legal representation. As far as the JPLs are aware the Director has to date not contacted the legal firm nor sought any legal advice regarding the Section 195 Summons and subsequent orders.

2.5.11 On the morning of 23 May 2023, the day of the adjourned hearing, the JPLs received a letter from the Director providing various reasons and purported evidentiary support as to why the Director would be unable to appear for the rescheduled examination to be held on that same day due to personal medical reasons. Along with the letter, the Director attached foreign language purported medical certificates as evidence and his own purported unofficial translation of the medical certificates, which the JPLs note, did not translate the entire document.

2.5.12 At the 23 May 2023 hearing, the JPLs provided the Court with the Director’s letter and purported medical evidence. The Court was unimpressed with the Director’s conduct and proceeded to issue an order postponing the examination to 6 June 2024 and further issued an order that unless the Director produces the information sought by the JPLs by 30 May 2024, the Director will be declared and held in contempt of the Court. This order was served on the Director but, as at the date of this Report, he has failed to comply with this order, let alone react to or acknowledge service of it.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2.6 Policyholders and Independent Financial Advisors (“IFAs”)

2.6.1 As stated in section, despite numerous requests, the JPLs have received very little information about the Company’s policyholders to date. For context, the Director has not provided access to the Platform, contact details for policyholders, or a schedule linking assets held by the Company to each policyholder, despite numerous requests for him to do so.

2.6.2 At the outset of the provisional liquidation, the JPLs made it clear to the Director that they would require full Company information, including details of all policyholders and their linked assets.

Because the Company consented to the JPLs appointment, the Director is also well aware that the JPLs were appointed on a full power basis, meaning that the JPLs are legally entitled to all information of the Company and that he may not lawfully withhold any relevant information demanded of him.

- 2.6.3 It is important to note that whilst each policyholder is considered to hold a segregated account in respect of their respective policy, the segregation relates to the contractual rights of a policyholder to particular assets held by the Company. In other words, all assets and cash are held in the name of the Company, as opposed to in the name of each individual policyholder and there are no separate physical custody/cash or other accounts for every single policyholder.
- 2.6.4 Shortly after their appointment, the JPLs suspended all redemptions and trading by policyholders. The purpose of the suspension was for the JPLs to obtain policyholder details, reconcile the assets held by each policyholder to the assets held by the Company and assess whether there were any solvency issues in the Company. In addition, this would also assist in the JPLs either refuting or remediating any of the allegations contained in the Petition.
- 2.6.5 On the assumption that the policyholder information would be provided to the JPLs and the reconciliation of Company assets to the policyholder detail would reveal no issues, the JPLs would then be in a position to lift the suspension imposed and process either full or partial redemption requests and/or portfolio trade requests as instructed by policyholders. Any subsequent remediation actions (if necessary) or restructuring plans would not prevent the JPLs from processing policyholder redemption or trade requests.
- 2.6.6 However, as a direct consequence of the Director's continued withholding of the requested policyholder information from the JPLs, the JPLs are unable to crucially establish:
- What the complete population of policyholders of the Company is;
 - Which of the Company's assets belong to which policyholders; and
 - Whether there are sufficient assets held by the Company compared to assets as reported to policyholders individually, when considered on an overall basis.
- 2.6.7 Without this information and reconciliation, the JPLs are simply unable to transact on assets and cash on behalf of individual policyholders without having some form of comfort that those assets and/or cash of a particular policyholder are properly linked to that policyholder, and will not cause a shortfall to another policyholder or to the Company's general account.
- 2.6.8 The Director's persistent refusal to cooperate and his general conduct throughout the provisional liquidation to date, fails to provide any measure of comfort or reassurance to the JPLs and, at this point, the only inferences that the JPLs can draw is that there exists the possibility of some sort of material issue at the policyholder level. As an example, in a letter sent by the Director to the JPLs dated 12 March 2024 the Director states (underlined for emphasis):

"With regards to the provision of information. While I have been willing to provide the information already shared, which substantially is the same as the Company's auditors have received historically to independently audit the Company, I cannot, in good faith, disclose sensitive information about policyholders or notionally linked assets on a policy level given the ongoing concerns regarding the conduct of the Bermuda Monetary Authority. For avoidance of doubt, I am

acting like this to protect the policyholders from an Authority acting dishonestly, using crooked behaviour and are following a hidden agenda with orders from above which indicates widespread corruption within the Authority.”

- 2.6.9 The JPLs’ fundamentally disagree with the Director’s statement above. Firstly, there is no evidence whatsoever about any dishonest or suspect behaviour on the part of the BMA to support the Directors’ allegations. Secondly, the JPLs are independent Court appointed officers, who report to the Court. Thirdly, the BMA has no right of access to the JPLs’ work product or any information obtained during the course of the provisional liquidation. It is entirely up to the JPLs discretion as to what they choose to share with the BMA in relation to their conduct of the provisional liquidation. The JPLs are obligated to report only to the Court or as directed by the Court.
- 2.6.10 The Director asserts above that he cannot “in good faith” provide the requested information. To the contrary, the JPLs consider his withholding of the crucial policyholder information to be anything but “in good faith” and his continued non-compliance may ultimately result in policyholders being adversely affected directly by his actions. The JPLs have laid out the reasons for requesting the policyholder information from the Director on numerous occasions which follow the reasoning set out above in 2.6.5 through 2.6.7.
- 2.6.11 Following the appointment of the JPLs, the JPLs team has received numerous correspondences from the policyholders and their purported representatives inquiring about the restructuring process and the implications of the provisional liquidation on policyholders. The JPLs understand that numerous queries were also sent to the J.P Consulting administration team.

Policyholder communications

- 2.6.12 On or about 21 December 2023, the Director, in collaboration with and the approval of the JPLs, drafted a letter to IFAs. The Director indicated that this letter would be emailed to all IFAs, and to policyholders on an ad hoc basis. The JPLs requested the management team to assist the JPLs and copy the JPLs newly created dedicated email address as and when a copy of the letter was circulated to policyholders.
- 2.6.13 Following the issuance of the above letter, the JPLs started to receive enquiries from policyholders and their representatives querying the circumstances regarding the Company’s restructuring and more specific queries about their respective accounts and investment portfolios.
- 2.6.14 Due to the Director’s refusal to provide a complete list of policyholders and their representative’s contact details, the JPLs have had to verify and compile their own list of verified policyholders and representatives since the commencement of the liquidation. This has proved challenging as the JPLs have limited abilities to verify correspondence received against an approved and complete database. Despite the JPL's best efforts, the current compiled list is not comprehensive nor is it complete.
- 2.6.15 The JPLs have used their best efforts to verify policyholders who have contacted them by requesting they provide certain proof of identification as well as copies of policyholder statements.
- 2.6.16 The JPLs have spent a significant amount of time verifying and communicating with policyholders

and their representatives to provide them with insight into the provisional liquidation process, address their queries, and explain why the measures taken by the JPLs to suspend redemptions and trades were implemented.

- 2.6.17 On 1 March 2024, the JPLs issued their first letter to all policyholders known to the JPLs. Given that the JPLs had not been provided with contact details of the policyholders, this letter was also sent to J.P Consulting and the Director with a request for it to be circulated to all policyholders and their representatives. The letter provided an update regarding the petition adjournment, the information requests to date, suspension of withdrawals, redemptions, and trades, and a FAQ compiled based on various queries received to date. Despite the JPLs' request, neither J.P Consulting nor the Director provided confirmation that the letter had been circulated to all policyholders and the JPLs have to assume that this has not been done.
- 2.6.18 On 1 April 2024, the JPLs issued a second letter to all policyholders and IFAs that were known to the JPLs as of that date. A copy of the letter was also sent J.P Consulting and the Director to be sent to all policyholders and their representatives. The JPLs' letter provided an update regarding the adjournment of the petition hearing from 15 March 2024 to 3 May 2024 and informed the policyholders that the JPLs had instituted legal proceedings to compel the Director to provide the required information. Again, despite the JPLs' request, neither J.P Consulting nor the Director provided confirmation that the letter had been circulated to all policyholders.
- 2.6.19 Shortly following the issuance of the above letter, the JPLs team was notified by several policyholders that they could not access the Platform. On 2 April 2024, the JPLs and their team wrote to J.P Consulting to advise them of the issue. On 3 April 2024, the JPLs received an email from the Director stating that the services in relation to the Platform are outsourced to J.P Consulting and that these services have been suspended due to non-payment of services.
- 2.6.20 The JPLs further became aware that the Director wrote to numerous policyholders stating that their access to the Platform had been suspended due to failure to settle invoices due to a third-party services provider.
- 2.6.21 On 9 April 2024, the JPLs issued a third letter to all policyholders and their representatives to address the Director's allegations that the Platform's service was suspended due to non-payment of invoices for a third-party service provider, being J.P Consulting. The JPLs clarified that the unpaid invoices had been settled. The JPLs also highlighted that according to publicly available information, the Director of the Company is also the sole shareholder and owner of J.P Consulting. A copy of this letter was also sent to J.P Consulting and the Director to be directed to all policyholders. Again, despite the JPLs' request, neither J.P Consulting nor the Director provided confirmation that the letter had been circulated to all policyholders.
- 2.6.22 Moreover, the JPLs advised the policyholders that the Director has not been forthcoming with the information they have been requesting. The JPLs informed them that an application to the Bermuda Court had been made for relief under Section 195 of the Companies Act, in an effort to compel the Director to produce the required books and records.
- 2.6.23 On 8 May 2024, the JPLs issued a fourth letter to all policyholders and their representatives. This letter was also sent to J.P Consulting and the Director to be sent to all policyholders. The JPLs

informed policyholders that there had been no change to the provision of information. The JPLs also requested all policyholders and their representatives to download and save a copy of their latest policyholder statements, which were available on the Platform. The JPLs have not requested for this to be sent to them yet but rather requested policyholders to retain in their records as this may, in the future, be required to rebuild the policyholder listing should the JPLs be unsuccessful in obtaining the information from the Director and/or J.P Consulting. Yet again, despite the JPLs request, neither J.P Consulting nor the Director provided confirmation that the letter had been circulated to all policyholders.

- 2.6.24 In the JPLs' letter dated 8 May 2024, they also informed policyholders that they had successfully obtained the Court order with regards to Section 195 as detailed in section 2.5 above.
- 2.6.25 The JPLs further noted that the Director failed to deliver the Company's records and attend the examination on 3 May 2024 and that the examination was subsequently adjourned to 10 May 2024. The JPLs also informed the policyholders and their representatives that the winding-up petition hearing was held on 3 May 2024 and was subsequently adjourned until 7 June 2024.
- 2.6.26 The JPLs sent a brief email update to policyholders and their representatives on 16 May 2024 to provide an update in relation to the Section 195 proceeding and the subsequent extension of the examination to 23 May.
- 2.6.27 To date, and despite the Director not providing details, the JPLs have received correspondence from approximately 268 policyholders. Based on early conversations with the Director and information available from the books and records received the JPLs believe there are more than 2,000 policyholders. However, the exact number of policies issued by the Company and the number policyholders as at today is currently unconfirmed.

Policyholder trade and redemption requests

- 2.6.28 As discussed above, all policyholder trade and redemption requests remain suspended.
- 2.6.29 The JPLs are tracking policyholder requests and are attempting to obtain all relevant supporting documents from J.P Consulting in order to be in a position to resume trade requests as soon as reasonably possible following the provision of the Company's information.

SECTION 3: COMPANY ASSETS

3.1 Management accounts

- 3.1.1 Following the JPLs' appointment, the JPLs requested the Company's management accounts as of 24 November 2023 from the Director in their initial appointment and information request letter. The Director sent through the Company's management accounts as at 31 March 2023 and 30 June 2023 respectively.
- 3.1.2 Following a call held with the Director on 21 December 2023, during which the JPLs noted they required up-to-date management accounts, the Director agreed to provide management accounts as at 30 November 2023.
- 3.1.3 During January 2024, the Director provided management accounts as of 30 November 2023 ("November Management Accounts"). Notably, upon raising preliminary questions on the November Management Accounts, the Director provided "revised" versions of the November Management Accounts.
- 3.1.4 The tables below reflect the balance sheet of the Company based on the November Management Accounts (30 November 2023).

Assets:	USD
Cash and cash equivalents	513,240
Investments	334,268
Accounts receivable	1,447,116
Other assets	(35,268)
Deferred acquisition costs	14,235,176
Segregated accounts assets	223,011,770
Total Assets	239,506,302
Liabilities:	
Accounts payable	666,136
Liability owed to the policy	12,264,563
Provision for future policy benefits	355,350
Deferred profit liabilities	292,104
Segregated accounts liabilities	223,011,770
Total Liabilities	236,598,923
Shareholder's Equity:	
Share capital (issued and fully paid)	250,000
Additional paid in capital	650,000
Retained earnings	2,016,379
Total shareholder's equity	2,916,379

- 3.1.5 Cash and cash equivalents represent cash held by the Company in the general account for the benefit of the Company.
- 3.1.6 Investments represent securities that are held by the general Company account and for the benefit of the Company.
- 3.1.7 Accounts receivable represent sums owed to the Company from fees incurred and accrued but not yet applied to specific policies.
- 3.1.8 Other assets comprise of prepayments.
- 3.1.9 Deferred acquisition costs represent fees paid to external parties upon the establishment of a new policy. These costs are deferred to match the future revenue of the policies and are amortized in relation to realization of margins on the underlying policies.
- 3.1.10 Segregated accounts assets represent the assets held by the Company, including cash and investments, for the benefit of, policyholders.
- 3.1.11 Accounts payable represent sums owed by the Company to other parties.
- 3.1.12 The liability owed to policyholder represents the difference between actual cash held by the Company (in banks and custody accounts) and the combined cash held by the segregated accounts and the general account. The Director has explained that this is a liability due to policyholders however should policyholders terminate their policies, in order to withdraw funds, this liability would be reduced by the applicable early termination fees of that specific policy.
- 3.1.13 Provision for future policy benefits represents the amount that is estimated to settle future policy benefits that are in-force.
- 3.1.14 Deferred profit liabilities are similar to the deferred acquisition costs and relate to the sums received upfront from policyholders to cover policy fees and charges.
- 3.1.15 Segregated account liabilities represent the amounts owed to policyholders from their segregated assets and the performance of those assets.

3.2 Assets Held through custodians (“Custody Assets”)

- 3.2.1 The Company holds a significant amount of assets (both general and policyholder) through various custodian relationships as noted in the table below, values have been presented as at 30 November 2023:

Custodian name	Securities value (USD)	Cash (USD)	JPL Controlled
Logic Investments Ltd	54,953,538	322,439	Yes

Custodian name	Securities value (USD)	Cash (USD)	JPL Controlled
The Bank of NT Butterfield and Sons Limited	44,196,591	1,094,898	Yes
Exante Ltd	37,383,102	19,322,938	In progress of updating signatories
Mangold Fondkommission AB	5,190,924	187,188	Yes
James Brearley And Sons Limited	4,496,751	28,308	Yes
Reyker Securities Plc	980,817	216,888	Yes
Linear Investments Limited	193,671	118,206	Yes
Bank Julius Baer and Co. Ltd.	13,321	46,043	No
Monex Europe Limited	-	(28,733)	No
Cornhill Asset Management Limited	-	9,068	No
Total	147,408,715	21,317,243	

3.2.2 The JPLs have sent instructions to all of the above custodians that they are to update the authorised signatories to that of the JPLs and are not to accept any form of instructions from other parties and in the interim are not to process any trade or cash movement instructions without prior written notice of the JPLs. In addition, the JPLs have obtained view access to the custodian account portals of most of the above custodians and are continuing to secure access to the remainder.

3.2.3 The JPLs have written to all of the above custodians to:

- inform them of the JPLs' appointment;
- instruct them to prevent any person, including the Company's officers, directors, shareholders, affiliates, or their agents, from exercising any authority, power or control over any of the Company's accounts i.e any attempt to withdraw/transfer funds or assets;
- request all custody account details, including balances as of 24 November 2023, details of signatories on the accounts, and all account details and movements on the accounts for the past six years.

3.2.4 With the exception of Cornhill Asset Management, all of the above custodians have acknowledged the JPL's notification with most of the custodians having confirmed that they have updated their account details. The above table shows that the JPLs have control of almost the entirety of the custodian assets. The JPLs are continuing their efforts to obtain control of the three remaining custodians as indicated in the table above and in addition are continuing their reconciliations to the November Management Accounts.

3.3 Direct Investments

3.3.1 In addition to assets held through various custodians, the Company also holds 56 direct investments as detailed below, the values of which are presented based on the November Management Accounts as at 30 November 2023:

Name	Value (USD)	JPL Controlled
SSL Care Limited Shares B Ordinary Shares (Healthcare Limited)	16,638,944	Yes
Swan Group Real Estate PLC	11,011,808	Yes
Montreux Healthcare Fund	7,257,850	Yes
Godwin Capital No 8	6,799,488	Yes
William John (HV) PLC Accruvis Series Fixed Income Capital Bond	5,576,699	Yes
Istan Lake View S.L. (Vistalago Project) (N)	5,061,228	No
Ethereum	3,942,342	No
Certain Bridge Limited	2,904,064	Yes
Las Villas de Puente Romano S.L. (N)	2,517,443	No
Woodville ATE Loan Note	2,311,561	Yes
J.P. Controlling AB	1,480,811	No
Kronosund Costa Del Sol S.L. (N)	1,382,794	No
Urban Village Cap 1 Limited	1,373,336	Yes
Empire Special Situations	1,076,947	Yes
CemInvest Limited (In Administration)	1,035,276	Yes
Altair Renewable energy Limited AREL Series 2 Bond	757,894	No
High Street Group	750,697	Yes
Blockchain Strategies Fund S.C.Sp	601,971	Yes
Fortunis UK Investment VC Fund	402,916	Yes
NQ Minerals Plc	391,702	Yes
Lateral Eco Parks VI Bonds Limited	376,247	No
Opertun 3 Year Senior Secured Loan Note	376,000	Yes
BlackOak Investors Limited Partnership - Unit Class B Series	375,683	Yes
Darwin Leisure Property Fund - Class E & G	352,494	Yes
Fortis Investor Participation & Opportunities Fund	350,224	No
Cindrigo Holdings Limited	321,941	Yes
Eco Equity Limited Convertible Loan Note	318,266	Yes
Antler SEA Fund 1	248,900	Yes

Name	Value (USD)	JPL Controlled
Ikigai Opportunities Fund (International), Ltd	188,331	No
The Right Crowd Limited	145,544	No
10AK MA80 Share Class B, D2	127,646	Yes
Antler Europe Fund I AB	113,900	Yes
Five Pillars Capital 3 Year Loan Note	74,509	Yes
Antler Global Fund LP	56,250	Yes
Antler SEA Fund 2	52,500	Yes
Serjupro SLP	31,200	No
Wavetech Group Inc	23,265	No
Symtomax SPV Limited	19,200	No
STRADA SP Class ST_A Shares	10,058	No
Aitez plc (Former Scredible SP) DISSOLVED 28.7.22	-	Yes
Amarant Mining AB (Liquidation)	-	No
Audacia Capital (Ireland) PLC - NAO 8.25% 31May2023 Series 4	-	No
Axiom Real Estate Investments Limited	-	No
Christianson Property Capital Loan Note	-	No
Claim/Conversion Blackmore Multi Strategy Asset Backed ETI	-	No
Dolphin Capital .80 Projekt GmbH & Co. KG	-	Yes
Fortitude Capital Limited	-	Yes
GENESIS A-GTS	-	No
Gulf Resource Capital Limited	-	No
HFH Consulting Limited - Rolling Litigation Loan Notes	-	No
Hockley Field Well #2	-	No
Leaf Property 2 Years Assets Limited	-	No
Leonreed Limited	-	Yes
Omega Trygg CFD KS	-	No
Privilege Wealth Limited (33927386)	-	No
Subfive Services Ltd	-	No
Total	76,837,929	

3.3.2 The JPLs requested supporting statements from the Director with regard to the direct investments. The Director shared certain supporting documents for a number of the above direct investments. After reviewing and reconciling the information received, the JPLs noted that the information provided was not complete. Moreover, the Director did not provide the JPLs with the details of the contact persons, including name, address, or emails for the direct holdings as requested by the JPLs despite requests to do so.

- 3.3.3 The JPLs have been working and continue to obtain contact information for all direct investments based on information available from various sources to secure the direct investments and ensure that no unauthorised attempts of withdrawals or asset transfers occur.
- 3.3.4 To date, the JPLs and their team have been able to contact 35 of the 56 direct investments, 29 of which have responded and have either provided all the requested information to the JPLs and confirmed their authority or have acknowledged the JPLs appointment and the authority that they have over the Company.
- 3.3.5 Of the remaining 27 direct investments, the JPLs have been unable to obtain any active / confirmed contact details for 20 of these direct investments. The JPLs and their team have reviewed all documentation provided by the Director while simultaneously performing searches from independent sources to obtain the relevant contact information.
- 3.3.6 On 22 May 2024, the JPLs sent the Director and J.P Consulting another request setting out the 20 direct investments as well as a further 7 direct investments (that have been contacted but have not yet responded) requesting that details be provided. The Director has not yet responded to this request.
- 3.3.7 From the records that the JPLs have received, they can confirm that the direct investments include, but are not limited to, loan notes, shares, bonds, debentures, and digital assets.
- 3.3.8 The 30 November 2023 value of the direct investments that the JPLs have been able to secure is \$60,551,350. The value as of 30 November 2023 for the investments that the JPLs and their team have not as yet been able to contact is \$16,286,581.
- 3.3.9 Of the direct investments that the JPLs have not as yet been able to secure, 5 direct investments have a value of over \$1 million.
- 3.3.10 The most significant investment in terms of value that the JPLs have not been able to secure is Istan Lake View S.L (“Istan Lake”).The JPLs continue further investigations into this direct investment.
- 3.3.11 The second most significant investment that the JPLs have not as yet secured is Ethereum. This relates to a cryptocurrency asset for which the JPLs have not received any information. The JPLs and their team have requested the storage location, wallet information, exchange information, and procedure for accessing this investment be shared with them.
- 3.3.12 The three other significant direct investments include Las Villas de Puente Romano S.L. (N), J.P. Controlling AB, and Kronosund Costa Del Sol S.L. (N). As mentioned in this report, JP Controlling is also a related party to the Company, ultimately owned and controlled by the Director. From the JPLs’ research, Las Villas de Puente Romano S.L. (N) appears to have links with Istan Lake.
- 3.3.13 Additionally, November Management Accounts show that 17 investments had a nil book value as of 30 November 2023. From the information made available to the JPLs and the research that has been conducted, the JPLs have noted that the majority of these entities have commenced liquidation proceedings, with the return to creditors currently being uncertain.

3.3.14 The JPLs are continuing their efforts to secure all of the direct investments.

SECTION 4: JPL FEES AND EXPENSES

4.1 JPL Fees

4.1.1 The JPLs fees, for the period 24 November 2023 to 30 April 2024, amount to \$612,037 which includes work done in the provisional liquidation since the JPLs' appointment. It should be noted that JPLs charge for time properly incurred at various rates depending on grade and experience of staff. Furthermore, as agreed with the Company at the outset, the JPLs fees are inclusive of a discount of 25% on their standard rates.

4.1.2 Hours spent by the JPLs amount to 1,570 hours at an average charge-out rate of \$390 per hour across all staff grades.

4.1.3 The JPLs submitted an application to the Court for the approval of their fees to 30 April 2024. The Court approved the JPL fees on 23 May 2024.

4.1.4 It should be reiterated that a substantial part of the time spent, and costs incurred by the JPLs' team to date are directly due to the non-compliance of the Director of the Company with lawful JPL requests and Orders of the Bermuda Court.

4.2 Legal Fees

4.2.1 The JPLs retained legal counsel to assist with the ongoing legal proceedings. To date, legal fees amount to \$463,018.

4.2.2 The legal fees were approved by the Court in the same application made discussed above.

4.3 Fees Paid to J.P Consulting

4.3.1 During the period, the sum of \$956,170 was paid to J.P Consulting Finance & Management AB. A breakdown of the sums paid is below:

Payment Date	Service Provision Period	Amount USD
23 Jan 2024	Q4 2023	30,000
23 Jan 2024	2024 (maintenance fee for year)	50,000
23 Jan 2024	Q4 2023	518,427
2 Apr 2024	Q2 2024	326,493
2 Apr 2024	Q1 2024	31,250
Total		956,170

SECTION 5: NEXT STEPS

5.1 Winding-up petition

- 5.1.1 As noted earlier in the Report, the rescheduled Petition hearing is set for June 7, 2024. As explained above, the JPL's primary focus since their appointment was to obtain relevant information on the Company.
- 5.1.2 Whilst it remains the decision of the BMA (as petitioner) and ultimately the Court, as to whether to further adjourn the hearing of the Petition, the JPLs preference is for the petition to be further adjourned while the various legal proceedings remain ongoing as the JPLs have not identified any immediate benefit to policyholders and creditors if the Company were to be wound up at this stage. There are two primary reasons for this.
- 5.1.3 The first reason for this is that Section 37 Insurance Act 1978 requires that the liquidators of a long-term insurer, such as the Company, to, in any event, carry on the business of the long-term insurer upon a winding up order being made with a view to its being transferred as a going concern to another insurer, whether an existing insurer or an insurer formed for that purpose, unless otherwise ordered to do so. The effect of this provision is that there is a statutory presumption that a restructuring is in the interests of policyholders whether the provisional liquidation proceeds or the Company is wound up.
- 5.1.4 The second reason is that the JPLs already have full powers over the Company and, accordingly, the winding up of the Company is unnecessary to displace management and unlikely to afford them any additional power at this stage which is required to conduct the restructuring in the most efficient manner.

A further consequence of these two factors is that a liquidation analysis comparing winding up versus provisional liquidation is unlikely to show any material difference in favour of policyholders unless the making of a winding up order either excludes or makes available a particular restructuring option, as to which refer below.

5.2 Legal proceedings

- 5.2.1 As per section 2.5 of the report, the JPLs initiated Section 195 proceedings due to the lack of information received from the Director. The Court postponed the Director's examination to 6 June 2024 and further ordered the Director to disclose the information requested in the Section 195 Application first filed on 4 March 2024.



- [REDACTED]
- [REDACTED]
- 5.2.6 It should be reiterated that a substantial proportion of the time spent, and costs incurred by the JPLs to date are directly as a result of the Director's non-compliance with the JPLs' information requests.
- 5.2.7 The JPLs' view is that obtaining the outstanding Company information, whether by voluntary production or through legal means, will be a far less time consuming and costly exercise than the alternative of entering a formal winding up and having to reconstruct the policyholder database and associated policyholder transactions.
- 5.2.8 While it will be possible to obtain many or even most of the policyholder claims with relative ease, the exercise of ensuring all policyholders submit details of their claims would present significant difficulties. In particular, it would potentially involve a call for claims (or more challenging formal proofs of debt in a winding up scenario) from policyholders, advertising for creditors to come forward in various jurisdictions around the world, providing sufficient time for creditors to come forward, and seeking and obtaining Court direction on various issues related to establishing a complete database of policyholders and other creditors. This would involve a significant cost to the Company and in the event of a shortfall, policyholders. However, the JPLs intend to seek the views of policyholders and other creditors on different options for reconstruction of the policyholder database and remain open to considering any cost-effective methods for achieving a reconstruction of this database without policyholder consent.

5.3 Restructuring plan and the resumption of business

- 5.3.1 As noted earlier in the Report, as soon as the JPLs receive the outstanding policyholder information and reconcile it to the Company's assets, they expect to be in a position to lift the suspension of trading and redemptions.
- 5.3.2 The JPLs' expectation is that a proportion of the policyholder base will likely request redemptions. For the remaining policyholders that do not request a redemption, the JPLs will proceed to formulate a restructuring plan that would be acceptable to the majority of the remaining policyholders.
- 5.3.3 Assuming that the outstanding policyholder information is obtained [REDACTED] the current position of the Company will require that the JPLs implement a restructuring in order to maximize returns to creditors. The present steps the JPLs intend to take upon receiving the policyholder information are outlined below.

Financial Position Report

- 5.3.4 As a starting point the JPLs will urgently prepare a report addressing the financial position of the Company by reference to the asset and liability information collected by them and detailed above (“Financial Position Report”). From this the Policyholders, the BMA and the Court will be able to ascertain the financial position of the Company. At this stage, the JPLs will also consider whether any interim measures can be taken to honour redemptions and trade requests without risking the interests of the policyholders as a whole.

Reconciling policyholder rights

- 5.3.5 The JPLs will have to assess the following concerns expressed by the BMA in the Petition in consultation with the creditors:
- Whether there are segregated accounts containing assets corresponding to a policyholder’s valuation statements, which are only available to that particular policyholder or alternatively, whether the policyholders’ segregated accounts consist only of a unit representing an unsecured claim against pooled assets of the Company. In either case, the JPLs will need to determine whether the Company holds assets corresponding to the valuation statements (“Segregation Issues”); and
 - Whether there are third-party claims on the pooled securities & cash accounts due to the Director using such assets as collateral for trading activity that did not primarily benefit the policyholders. For example, the JPLs will need to assess whether or not there are loans to the Director in excess of \$1million which were not disclosed in the Statutory Accounts and Filings. (“Third-Party Issues”);
- 5.3.6 The JPLs will then have to formulate a plan to regularize the position.
- 5.3.7 The JPLs will consult with policyholders in identifying all potential mechanisms of remediation through either unilateral corporate action or statutory collective remedies. These are discussed in more detail below.

Implementation of Remediation through Unilateral Corporate Action

- 5.3.8 If the Financial Position Report concludes that the above issues can be resolved through unilateral action by the Company without any variation to the rights of the policyholders the JPLs will consider seeking sanction of the Court to take steps to resolve those issues. Examples of how this might be achieved are as follows:
- Reallocation of assets and distribution of the same to policyholders based on Valuation Statements;
 - Orderly close-out of all positions and termination of arrangements giving rise to non-policyholder liabilities; and
 - Taking steps to realise the value of the Company’s rights in respect of any claims against third-parties including the Director in particular through demand for repayment, enforcement or sale of rights in connection with related party loans.

Implementation of Remediation through Statutory Collective Remedies

- 5.3.9 Conversely, if the Financial Position Report shows that there are insufficient assets to remediate the Company’s issues through unilateral action, the JPLs will consider with policyholders whether

it is necessary to do any or all of the following:

- Seek individual policyholder consent for the variation of individual policyholder rights in order to achieve resolution of isolated Segregation or Third-Party Issues;
- Seek a collective variation of policyholder and shareholder rights for the purposes of resolving these issues by proposing a scheme of arrangement under Section 99 of the Companies Act 1981 (“the Section 99 Scheme”).
- Seek an order of the Court imposing a collective reduction in the amounts due to policyholders pursuant to Section 39 Of the Insurance Act based on the report of an independent actuary appointed pursuant to or on similar terms as would otherwise be required by Section 37 (6) Of the Insurance Act (Section 39 Reduction of Contracts).
- Seek an order of the Court sanctioning a transfer of the business of the Company to another insurer pursuant to Section 25 of the Insurance Act on the basis of the report of an approved actuary appointed under section 25 (3) of the Insurance Act (Section 25 Transfer).

5.3.10 Provided that sufficient information is obtained to allow the JPLs to produce a Financial Position Report, there is a reasonable prospect that of implementing a financial restructuring through one or more of the tools set out above which results in there being sufficient evidence of solvency to allow honouring of redemptions in accordance with the economic terms of the policy while transferring or maintaining the remaining policies of the Company as a going concern.

5.3.11 Notably, the implementation of a Section 99 Scheme also presents a potential opportunity to conclusively remedy any ambiguities in the Policies including by remediating the terms of Policies and obtaining informed policyholder consent for the same in the following manner:

- A Section 99 Scheme is capable of amending and restating the policies and other constitutional documents in order to resolve the Segregation Issues;
- The implementation of a Section 99 Scheme requires that an Explanatory Memorandum be prepared and circulated to all policyholders informing them in detail of the reasons why the Section 99 Scheme is being proposed (which will include all of the matters for remediation detailed above), the policyholders’ rights under the Section 99 Scheme if it is approved and the likely outcome in any alternative to the Section 99 Scheme if it is not approved; and
- The implementation of a Section 99 Scheme requires the convening of meetings at which it is likely that policyholders will have an opportunity to vote on the Section 99 Scheme, with a threshold of approval of three quarters in value and a majority in number.

5.4 Conclusion

- 5.4.1 At present, however it is not possible for the JPLs to identify the precise terms of a remediation plan or the prospects of transfer of the business to the third-parties that have indicated an interest in acquiring the Company's business to the JPLs. However, the JPLs will consult with policyholders to determine the most appropriate method for obtaining the necessary information to do so in light of the current circumstances.
- 5.4.2 In this regard, it is important to note that there is no reasonable prospect of a cooperative restructuring with the Director, and the JPLs remain committed to devoting their best efforts to facilitate a remediation of the business of the Company with the policyholders which would permit the discharge of the JPLs without a winding up order being made by the Court.



John Johnston
Joint Provisional Liquidator
Without personal liability
5 June 2024