



Centaur Litigation Limited
Centaur Litigation SPC
Centaur Litigation Unit Series 1 Limited
(All in Provisional Liquidation)

First Report to Creditors and Investors

16 September 2014

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Glossary

1CL	1st Class Legal (IS) Limited	CSH	Centaur Subscription Holdings Limited
AAL	Argentum Administration Limited	Director of the Group	Klaus Selinger
ACEIF	Argentum Centaur EI Funding Private Limited	Dequity Partners	Dequity Partners Pty Ltd
ACL	Argentum Capital Limited	Directors of Buttonwood Legal Capital Limited	Formerly Stuart Hackett and Simon Franklin. Currently Centaur Subscription Holdings, whose director is Klaus Selinger
AIM	Argentum Investment Management Limited	the Companies	Centaur Litigation Limited, Centaur Litigation SPC and Centaur Litigation Unit Series 1 Limited (All In Provisional Liquidation)
ALS	Argentum Litigation Services Limited	EY	Ernst & Young
AMA	Argentum Management Associates Limited	FA	Funding Agreement
ATE Insurance	After the Event Insurance	FACTA	The Foreign Account Compliance Act
Buttonwood Aust	Buttonwood Legal Capital Australia Pty Ltd	GBP£	Great British Pound Sterling
Buttonwood BVI / BLC BVI	Buttonwood Legal Capital Limited (BVI)	GIIN	Global Intermediary Identification Number
Buttonwood HK	Buttonwood Legal Capital Limited (Hong Kong)	the Group	The Centaur Group (including pre-Centaur series)
BVI	British Virgin Islands	HDY	Henry Davis York
Cayman court	The Grand Court of the Cayman Islands	HK\$	Hong Kong Dollar
Centaur Group	The Group, together with Centaur Group Holdings Limited, Centaur Subscription Holdings Limited (please refer to Appendix A for the corporate structure)	HK	Hong Kong
CLL	Centaur Litigation Limited (In Provisional Liquidation)	HKTC	The Hong Kong Trust Co Limited
CLSPC	Centaur Litigation SPC (In Provisional Liquidation)	HK SFC	Securities and Futures Commission Hong Kong
CLUS1	Centaur Litigation Unit Series 1 Limited (In Provisional Liquidation)		
CGH	Centaur Group Holdings Limited		

Glossary

HSBC	Hong Kong and Shanghai Banking Corporation	UK	United Kingdom
IGA	Model 1B Intergovernmental Agreement – An agreement entered into by The Cayman Islands Government agreement	US\$	United States Dollar
IFA	Independent Financial Advisor	Orion	Orion Litigation Intermediaries Limited
IRS	Internal Revenue Service	p.a.	per annum
IPR	Insolvency Practitioners Regulations 2008 (Cayman Island)	Primacy	Primacy Dividend Corporation Limited
Investment Manager of the Group	Buttonwood BVI	Pre-Centaur entities	Fund raisings prior to the establishment of the Companies including Quantum, Stratum and Palladium branded series
JPL's	Joint Provisional Liquidators	Royal Luxembourg	Royal Luxembourg Soparfi SA
k	thousand	Savile	Savile Management Limited
m	million	SPA	Share Purchase Agreement
Mr Franklin	Mr Simon Franklin	SPV	Special Purpose Vehicle
Mr Hackett	Mr Stuart Hackett	TIA	The Cayman Islands Tax Information Authority
Mr McGaw	Mr Duane McGaw		
Mr Selinger	Mr Klaus Selinger		
Mr Terrill	Mr Brendan Terrill		
Mr Williams	Mr Scott Williams		

Disclaimer

Disclaimer

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- References to the Companies include all entities listed on the cover page of this report;
- This report should not be copied or disclosed to any third party or otherwise be quoted or referred to, in whole or in part, without the JPL's prior written consent;
- This report has been prepared on information sourced from the books, records and other information provided by the Directors and former staff. The JPL's note that this information is in some respects incomplete and that in other respects they await third party verification. Accordingly, it is likely that there will be further developments in the JPL's assessment of the Companies' legal and financial position as the provisional liquidation progresses. Whilst the JPL's have reviewed the information there has been no independent verification or audit examination of the information;
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- Neither the JPL's, nor any member or employee thereof are responsible in any way whatsoever to any person in respect of any errors in this report arising from incorrect information.
- This document is prepared and produced for explanatory and informational purposes only. In preparation of this report the JPL's have relied upon documents and records of the Companies where available and information and details provided by former and current employees and officers of the Companies where possible. The JPL's have not, in every circumstance, independently verified the accuracy of the documents relied upon or the information provided to us. This report and its contents should not be relied upon by any person for any purpose or on any basis except without the express written consent of its authors. Further, this report and its contents are the result of preliminary investigations, which are ongoing, and the matters referred to or conclusions within are subject to variation or correction upon further information becoming available to the JPL's and during the course of their ongoing investigations.

Section 1 Executive summary

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Executive Summary

Introduction

- The primary stated activity of each of the Companies was to raise funds which would subsequently be invested in third party litigation and arbitration matters, primarily in the UK, Australia, New Zealand and Asia.
- The Companies have raised approximately £80 million during the period August 2011 to December 2013. Prior to the establishment of the Companies, related parties had previously raised approximately £18 million in a number of separate offerings we refer to as the pre-Centaur Investment Series.
- In the promotion of the capital raisings, the offering memorandums outlined a capital guarantee of the principal amounts invested. Our investigations have revealed no such capital guarantee existed and whilst there are various insurance policies in place, the nature and counterparties to these policies are questionable.
- The events leading up to the appointment of the JPL's on 27 June 2014 centred around the identification of a number of 'irregular transactions' by a new management team installed to complete a corporate reorganisation of the Group. Following the installation of this new team comprising Messrs Salinger, Hackett and Franklin who replaced Messrs Williams and Terrill, the new team identified several material transactions where investor funds were being directed into transactions where the commercial benefit for the Companies was, at best, limited.
- It appears the key beneficiaries of these transactions were Mr Williams, his associate Mr McGaw and to a lesser extent Mr Terrill.

Companies' Future

Refer to Section 2.

- The JPL's have received expressions of interest from two parties regarding a possible recapitalisation of the Companies. The JPL's are not involved in the recapitalisation process.
- The JPL's have indicated to both parties that for them to consider accepting any funds raised as part of the recapitalisation process, due process and compliance with all relevant securities laws in the relevant jurisdictions must be followed by the promoters.
- It is important for creditors and investors to note that any recapitalisation of the Companies will be subject to the JPL's determining whether they will accept the terms of the recapitalisation proposal, and ultimately Cayman court approval.
- In the event that no viable recapitalisation process is received or subsequently advanced by 11 November 2014, the JPL's will have no other alternative than to recommend to the Cayman court that the Companies be placed into Official Liquidation. Creditors and investors will be advised of the date of that hearing, should it proceed.
- At this stage of the Provisional Liquidations, the JPL's are not yet in a position to provide an estimated return to creditors and investors for the following reasons:
 - The JPL's are continuing to investigate the status and value of the case assets in an effort to preserve and maximise the realisation of the assets for the benefit of investors. Accordingly, it is not possible at present to attribute a definitive value or potential return against the case assets at present; and
 - Based on the poor quality of the Companies' books and records, it is not possible to readily identify the interest held in the assets by each individual entity of the Companies, or by the investment series within each entity, notwithstanding the data contained within Portfolio Tracker.

Executive Summary

Assets

Refer to Section 5.

- The key assets of the Companies include:
 - A portfolio of active cases – the Companies have interests (either directly or indirectly) in 11 cases which have all been funded to various stages. The JPL's have been engaged in an ongoing dialogue with the case managers or acting solicitors in the active cases to determine the best approach to maximise and preserve these assets for the benefit of the Companies.
 - For confidentiality and commercial reasons, the JPL's cannot disclose any material regarding the portfolio of current cases as it may prejudice the Companies rights in these cases.
 - Legacy cases and residual insurance policies related to these cases – these relate to terminated or aborted cases and potential claims against insurers who were purportedly providing "after the event" insurance which would cover the outlays provided by the Companies and any adverse costs in a situation where the case lost. The reality has been that in the majority of these cases, the insurer has failed to respond. Whilst this may be opportunistic behaviour by the insurer, we believe, at least in several scenarios, the insurer may have been a "hollow" entity. To date, none of the cases funded by the Companies have won.
 - B Class shares in Argentum Capital Limited ("ACL") – two of the Companies have a £13.5m interest in the entire issued Class B capital of a Jersey domiciled litigation funder, ACL. ACL has a portfolio of cases that are all currently fully funded which it is managing through to completion. Importantly, the ACL investments have been insured on a portfolio basis by a reputable insurance company which will provide, in the event of a full loss of the principle, a 95% recovery on the third anniversary date, being March 2015.
 - The other key potential assets of the Companies include a number of causes of actions against various parties (individuals and legal entities) where our preliminary investigations have identified potential misappropriation of investor funds or transactions entered into for which the Companies have received no material commercial benefit. The challenges prior to commencing any causes of action in a situation where limited funds are available are firstly, to identify and locate the relevant individuals such that they are able to be successfully served and prosecuted. Secondly, ensuring that any individuals or entities that the JPL's seek to pursue have the financial capacity to meet any successful judgement and that their assets have not been concealed from creditors and investors.
 - We have undertaken numerous searches and enquiries of the key individuals associated with the establishment and previous management of the Group. In order to not prejudice any subsequent recovery action, we cannot disclose the findings within this report.

Overview

Investigations - Financials

Refer to Section 6.

- The books and records of the Companies contain inconsistent data and our efforts to reconcile the financial position of the Companies have been frustrated by a lack of cooperation from HKTC who were the custodian of the cash for the Companies in their role as Administrator.
- We have significant concerns regarding the integrity of the data we have reviewed from the records recovered since our appointment. **We believe a full reconciliation may be impossible given limitations in the books and records of the Companies.**
- From the records we have recovered, we have identified since the commencement of the Centaur Funds approximately £80 million has been raised. From these subscriptions, we believe, at a high level, £27m of outflows relate to expenses that require further investigation. We have already identified that a material component of this £27m includes either potential misappropriation of funds or alternatively transactions for which the Companies may not have received the full commercial benefit.
- Furthermore, the complex nature of the Group includes numerous associated parties purportedly fulfilling various roles for a fee which may increase the £27m subject to investigations. At this stage, we cannot identify who the ultimate beneficiaries may have been for a number of these transactions, that are subject to further investigation.
- The single largest transaction which we have identified as uncommercial relates to the purchase of AIM for £5 million cash plus forgiveness of debt previously provided from the Companies of £6 million. The total consideration of £11 million was justified by an internal memorandum with unrealistic assumptions suggesting the value of this entity was significantly in excess of £11 million. We believe that the ultimate beneficiaries of these funds were Mr Williams and/or Mr McGaw and possibly other parties.
- We have identified a specific account established at HSBC and referred to as the Buttonwood Redemption Account. This mirrors another account which was established for the Companies' benefit but had a similar name and was utilised for deposit of investor funds. The ultimate beneficiaries of the HSBC account are unknown and enquiries are continuing at HSBC in this regard. We believe between £6m to £13m was diverted into this account to the detriment of investors.
- We note that notwithstanding our attempts, Messrs Terrill, Williams and McGaw have not accepted the opportunity to present themselves and provide an explanation to the enquiries the subject of the JPL's investigations.

Webinar of Creditors and Investors

Refer to Section 10.

- In order to provide an opportunity for investors and creditors to respond to our first report and raise any other queries, we have organised a webinar for 17 October 2014. We wish to ensure that, whilst not strictly a shareholders meeting, we are seeking to ensure that we comply with the relevant notice periods required for such a meeting, being 21 days. Further details can be found at Section 10 of this Report.

Section 2 Companies' Future

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Recapitalisation and Companies' future

Recapitalisation

- The JPL's have received expressions of interest from two parties regarding a proposed recapitalisation of the Companies.
- A recapitalisation process involves raising new money either from existing investors or third parties on specific terms to continue to support and stabilise the financial position of the business.
- The JPL's have provided one party, being Messrs Selinger, Hackett and Franklin, with a framework for a proposed recapitalisation with the option of a scheme of arrangement subject to Cayman court approval. A second party, Doppler CFI, is also developing a proposal.
- The JPL's are not involved in the recapitalisation process, nor will they be at a later date. The third parties proposing the recapitalisations are doing so on their own initiative.
- We have indicated to both parties that for the JPL's to accept any funds raised as part of the recapitalisation process, due process and compliance with all relevant securities laws in the relevant jurisdictions must be followed by the promoters. The JPL's have also encouraged both parties to be fully transparent with investors regarding any fees and commissions they may be seeking to charge.
- It is the JPL's understanding that the Selinger, Hackett and Franklin proposal will allow select investors an opportunity to participate in a recapitalisation. However, this will be dependant upon the jurisdiction of each investor as it is the JPL's understanding the recapitalisation may only be made available in certain countries to sophisticated investors. This is in order to reduce the administrative costs and compliance burden associated with managing the various securities laws in multiple jurisdictions, combined with the time it may take to undertake presentations in each city.
- It is important for creditors and investors to note that any recapitalisation of the Companies will be subject to the JPL's determining whether they will accept the proposed recapitalisation, based on the terms being offered to the Companies, and ultimately Cayman court approval.

- Any proposal which may include a Scheme of Arrangement must receive the support and approval of the Cayman court.

Future of the Companies

- In the event that no viable and acceptable recapitalisation proposal is received or subsequently advanced by 11 November 2014, the JPL's will have no alternative than to recommend to the Cayman court that the Companies be placed into Official Liquidation.
- Accordingly the JPL's will be obliged to make an application to the Cayman court for a hearing, at which the JPL's will recommend that the Companies be wound up and that the JPL's be appointed as Joint Official Liquidators. Creditors and investors will be advised of the date of that hearing.
- If appointed as Joint Official Liquidators, we envisage being granted similar power by the Cayman court as those currently provided to the JPL's.
- In accordance with Section 110 of the Companies Law (2012 Revision) the function of an Official Liquidator is to:
 1. Collect, realise and distribute the assets of the Company to its creditors and if there is a surplus, to the persons entitled to it; and
 2. To report to the Company's creditors and contributories (investors/shareholders) upon the affairs of the Company and the manner in which it has been wound up.
- An Official Liquidators' powers and duties include investigating the affairs of the Companies, reporting to stakeholders and the Cayman court, realising the assets and making distributions to stakeholders. In addition an Official Liquidator will also establish a Liquidation Committee for each of the Companies comprising of creditors and/or investors specific to each of the Companies, and will report to and seek feedback from that committee. This Committee will differ to any committee established during the Provisional Liquidation (refer to Section 10).

Companies' future

Pooling of entities in an Official Liquidation

- The JPL's highlight below their concerns surrounding the financial records and documentation of the Companies. The JPL's advise creditors and investors that an option going forward may be for the Companies estates to be pooled and treated as if it is a single liquidation. The key reasons for this are as follows:
 - Due to the poor financial records of the Companies, it is difficult and more than likely, impossible, to clearly identify the investors, assets and liabilities of each single entity;
 - In our attempts to try to reconcile the individual position of each single entity, we have identified a number of inconsistent data points within the various books and records we have located which lead us to query the integrity and accuracy of the books and records; and
 - On a number of occasions the JPL's have identified that there are critical missing data points in the reconciliation of the books and records. These extend primarily to an accurate opening balance position following the pre-Centaur raisings which were consolidated, and in the majority of cases, rolled into the first and subsequent Centaur series raising.
- The JPL's also note that interest and case costs have been paid by various series on behalf of other series and there is a risk that the Companies have not accounted correctly for these rollovers.
- Any pooling of the Companies' assets and liabilities would have to be approved by the Cayman court. The court must be satisfied that it is in the best interest of the overall creditor and investor groups.
- The JPL's are currently reviewing this issue periodically as and when new financial information/company records become available. The JPL's will be guided by the Cayman court in determining if it may be in the best interests of creditors and investors to pool the Companies' assets and liabilities/equity position.
- If approved by the Cayman court, each investor would be entitled to a percentage share of the Companies' pooled assets based upon their percentage holdings of the overall units held in all the Centaur series (including any rolled over series).
- The JPL's would also need to separately consider the position of the pre-Centaur series investors.
- However, until such time as the JPL's are in a position to make a distribution to investors, it is not in the interest of investors to expend limited resources determining the position of the pre-Centaur entities.
- The JPL's note that another option for the Companies to be pooled would be for the Companies to execute a Scheme of Arrangement. This in effect would have the same effect as a pooling of the Companies. A Scheme of Arrangement would require approval by the majority (75%) of each class of creditors and investors in each Company, and the Cayman court.

Section 3 Core Information and Background of Appointment

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Overview

Principal Activity of the Companies

- The primary stated activity of each of the Companies was to raise funds which would subsequently be invested in a portfolio of third party litigation and arbitration matters, primarily in the UK, Australia, New Zealand, and Asia (Singapore and Hong Kong).
- In seeking to raise funds for investment in the litigation funding market, the following returns were promoted to investors in many of the fund raisings:
 - Capital guarantee of 100% of the principal amounts;
 - Fixed interest of between 9% and 12%; and
 - An additional variable return, if any, based on the successful conclusion of investments in litigation cases.
- It is typical in the litigation funding market that a success fee is payable upon a favourable case outcome to the funder, which it is assumed the Companies would have applied towards meeting the above returns to investors. In addition, the Companies promoted a number of initiatives to mitigate risk. These included:
 - After the Event (ATE) Insurance: A specialised insurance policy that protects against loss should a case not succeed, paying out legal costs incurred and costs payable to the successful opponent.
 - Due Diligence Procedures: Multiple legal experts were to review and approve the litigation claims prior to the Investment Manager recommending the case for investment. This was to include opinions from two independent counsel that the merits of the case would result in a minimum prospect of success of 60% or better.
 - Guaranteed Fixed Returns: A Fixed Return Guarantee Agreement with Primacy Dividend Corporation was entered into whereby Primacy would pay an amount equal to the fixed return in the event sufficient investment realisations were not available in exchange for a component of the success fee from case wins.
 - Redemption Accounts: The use of an account for returns whereby monies could not be accessed until the principal amount invested was available.
- Section 7 of this report sets out our preliminary investigations into the merit and value of these risk mitigates and the extent to which they were adhered to.
- The Companies raised funds on multiple occasions between August 2011 and December 2013 using a new investment series on each occasion. Based on the Companies' cashbooks, approximately £80.0m was raised in total.
- To date, we have not been able to determine from the Companies' books and records whether each offering was fully subscribed, however, many instances have been identified where an investor would roll-over their investment from a prior series to a new investment series upon maturity, including pre-Centaur series (i.e. fund raisings prior to the establishment of the Companies including Quantum, Stratum and Palladium branded series). Accordingly each raising had a combination of rollovers and cash.
- A number of entities were engaged by the Group to assist in both the raising of the funds and the subsequent investment and management of the funds raised. The engaged parties are discussed further on the following pages and include the placement agent, investment sub-advisor, investment manager and administrator.
- A number of the parties engaged by the Group were related to key personnel from the Group. We have reviewed transactions with many of these parties which are discussed further in Section 6, and will continue to investigate a number of the transactions together with making an assessment as to whether they have performed their roles in accordance with their contractual obligations.
- A lack of appropriate corporate governance is a key reason for the failure of the Companies, providing the opportunity for the key individuals within the Group to allegedly misappropriate investor funds. This combined with poor judgment and management contributed to the Companies not winning a single case that has been funded to date, although several cases still remain active.

Background to the appointment of Joint Provisional Liquidators

Events leading to the appointment of the Joint Provisional Liquidators

- The below summary has been prepared based on the following information and has not been independently verified by the JPL's:
 - Buttonwood BVI announcement dated 31 July 2014;
 - Statutory declaration from Mr Terrill dated 17 April 2014;
 - Information provided by a prior employee of Buttonwood BVI; and
 - Books and records of the Companies.
- Towards the end of 2010 Mr Terrill commenced employment with Buttonwood BVI (then Argentum Associate Limited) whose principal business was to raise funds for investment into litigation funding as sub agent for the Companies. Buttonwood BVI effectively controlled the operation of the Centaur entities acting as the agent for the Companies. At the time of incorporation, Mr Rashid was the director, however, Mr Terrill advised all his directions were received from Mr Williams.
- In April 2012, Mr Rashid resigned as director of Buttonwood BVI and Mr Williams requested that Mr Terrill become the director of Buttonwood BVI and HK, and several of the Centaur Group entities. Even after becoming the sole director, Mr Terrill advised he continued to be directed by Mr Williams as to the operations and strategic direction of the Centaur Group.
- Our investigations indicate that Mr Williams appears to have acted as a shadow director notwithstanding that he was not the director of record on any of the key entities within the Group.
- In May 2013, Mr Franklin was approached by the Group's IT contractor who was known to Mr Franklin and advised that Mr Williams was looking to introduce a new management team into Buttonwood BVI which was the Investment Manager of the Group's funds. Mr Franklin was led to believe Mr Williams was the owner of the Centaur Group.
- Messrs Franklin, Hackett and Selinger have advised that they have previously and continue to be involved in the private equity industry and have a track record in raising equity, managing equity and generating returns for investors through their business, Dequity Partners. From their preliminary meetings and discussions with Messrs Williams and Terrill their synopsis was:
 - The Companies were poorly managed and needed a more active and stronger management team to drive performance for investors; and
 - The Companies possessed a distribution network of existing investors who had a track record of continuing to raise and support the products offered with £80m raised to date.
- The essence of the discussions and restructuring proposals discussed between the two parties revolved around the concept of management control and corporate restructuring, transferring to Messrs Selinger, Franklin and Hackett with the ability to secure an equity interest in the Group as it sought to restructure and improve the performance of the Companies.
- Over the course of the following months, several proposals were submitted by Mr Franklin together with his associates Mr Hackett and Mr Selinger. During this period, Mr Franklin had minimal interaction with Mr Williams. On 25 July 2013 Mr Franklin received advice that his proposal had been accepted by Mr Williams and Mr Terrill. Mr Franklin has advised the JPL's that a matter of days prior he was advised that Mr Williams was not the owner of the business but a major creditor and financier.
- Between September 2013 and November 2013, Mr Franklin, Mr Hackett and Mr Selinger commenced planning for the management transition and corporate restructuring. This included attending meetings with Mr Rose (Mr William's Australian based advisor) to discuss their engagement and the restructure of the Centaur Group. At a high level, it was agreed:
 - Mr Selinger would join the board of the ultimate parent entity, Centaur Group Holdings;

Background to the appointment of Joint Provisional Liquidators

- Mr Franklin and Mr Hackett would review the business operations of Buttonwood BVI and then join the board of Buttonwood BVI, maintaining a separation between Buttonwood and the Companies; and
- Mr Terrill would stand down from all operational roles but remain as a director of the entities during a transitional phase.
- Around the same time as planning for the transition, Mr Terrill voiced his intention to exit the Group and it was agreed that this would occur by March 2014.
- During Mr Franklin and Mr Hackett's review of Buttonwood BVI and HK, they became aware that financial accounts had not been prepared and there were minimal books and records. Although, as a result of a recent fund raising in December 2013 which preceded Messrs Franklin, Hackett and Selinger assuming control, the Companies had a positive cash balance at the time of this review.
- On 7 January 2014, Mr Franklin and Mr Hackett were appointed to the board of Buttonwood BVI on the understanding the entity could be restructured and investor obligations met, noting their understanding that investors had been paid interest accrued to 31 December 2013.
- On 20 January 2014, Mr Selinger was appointed a director of Centaur Group Holdings Limited to assist with the restructuring of the Centaur Group. On the same date, Mr Selinger was appointed Trustee of a newly created trust. Shares in CGH, and therefore the ultimate shareholding of the Centaur Group were transferred to the unit trust
- On 15 February 2014, Buttonwood Aust was incorporated with Mr Franklin and Mr Hackett as the directors. Buttonwood HK offices were closed on 28 February 2014 with Buttonwood Aust commencing to act as Buttonwood BVI's agent to the sub-advisor agreement.

- In March 2014, Mr Selinger was engaged by Buttonwood Aust to conduct an internal investigation into the financial records of the Companies, including the HKTC cash books. The investigations identified financial irregularities.
- Mr Terrill was removed as director of the Companies and Buttonwood BVI on 9 April 2014 and the HKTC agreement was terminated.

Petition to appoint Joint Provisional Liquidators

- Mr Selinger resolved to place the Companies into Provisional Liquidation on 24 April 2014 on the basis the Companies did not have financial resources to pay obligations as they fell due, and on the basis a provisional liquidation could facilitate the possibility of a restructure.
- On 21 May 2014 an application was made to the Caymans court to place the Companies into Provisional Liquidation. The documentation filed in connection with that application has been sealed for confidentiality reasons pursuant to court orders.

Appointment of Joint Provisional Liquidators

- By Order of the Cayman court dated 27 June 2014, Hugh Dickson of Grant Thornton Specialist Services (Cayman) Limited, David Bennett of Grant Thornton Recovery and Reorganisation in Hong Kong and Said Jahani of Grant Thornton Australia Limited, were appointed Joint Provisional Liquidators of:
 - Centaur Litigation Limited;
 - Centaur Litigation SPC; and
 - Centaur Litigation Unit Series 1 Limited.
- The purpose of the Provisional Liquidations is to preserve the assets of the Companies while options are considered as to the future of the Companies, including the exploration of potential restructure and recapitalisation options.

Background to the appointment of Joint Provisional Liquidators

Comments by JPL's on Management transition

- To date, we have not identified any obvious transactions suggesting impropriety or misappropriation of funds by Messrs Selinger, Franklin and Hackett. We are aware of a number of allegations by association through the management transition with Messrs Terrill and Williams that there may be concerns from investors.
- If any party should have any information that would be helpful to the JPL's investigations in this regard, we invite them to come forward and provide us with same.
- We note that since the transition of management occurred in January 2014, the following amounts have been paid from the Companies funds in respect of management services to each of the parties:
 - Mr Selinger - AU\$193k for director services and preparing the winding up petition, plus a further AU\$110k from Buttonwood Aust for the compilation of the internal investigation audit (including the preparation of draft accounts for the Companies); and
 - Buttonwood Aust (Hackett / Franklin) – management fees AU\$334k plus £185k, in addition to payments made for the reimbursements of funds paid on behalf of the Companies in the amount of AU\$353k. This totals c. AU\$1.0m
- We have been advised that in the period 1 March 2014 to 31 July 2014, Buttonwood Aust made payments totalling c. AU\$1.0m from funds it received above. These payments primarily related to employee expenses (c. AU\$520k), Portfolio Tracker expenses (c. AU\$40k), accounting fees (c. AU\$110k), Director fees (c. AU\$62k) and legal fees (c. AU\$175k).

Group Structure and Associated Parties

Group Structure

- A summary of the Group structure is set out below and in **Appendix A**.
- We briefly seek to explain the key roles of each entity in the Group herein and provide more detail on the following pages, as we understand it from our preliminary investigations.

Ultimate Holding Company

- CGH is the parent of the Group, with the shares in CGH being held by a unit trust.
- Due to Cayman Island confidentially legislation, the JPL's are unable to disclose the assets of a third party without their prior written consent. As such, the JPL's are unable to advise creditors and investors who the ultimate beneficiaries /shareholders of the unit trust are. In any event, due to the amount outstanding to creditors and investors of the Companies, we believe at this stage the equity owned by the unit trust has nominal value, if any.

Fund Raising Vehicles

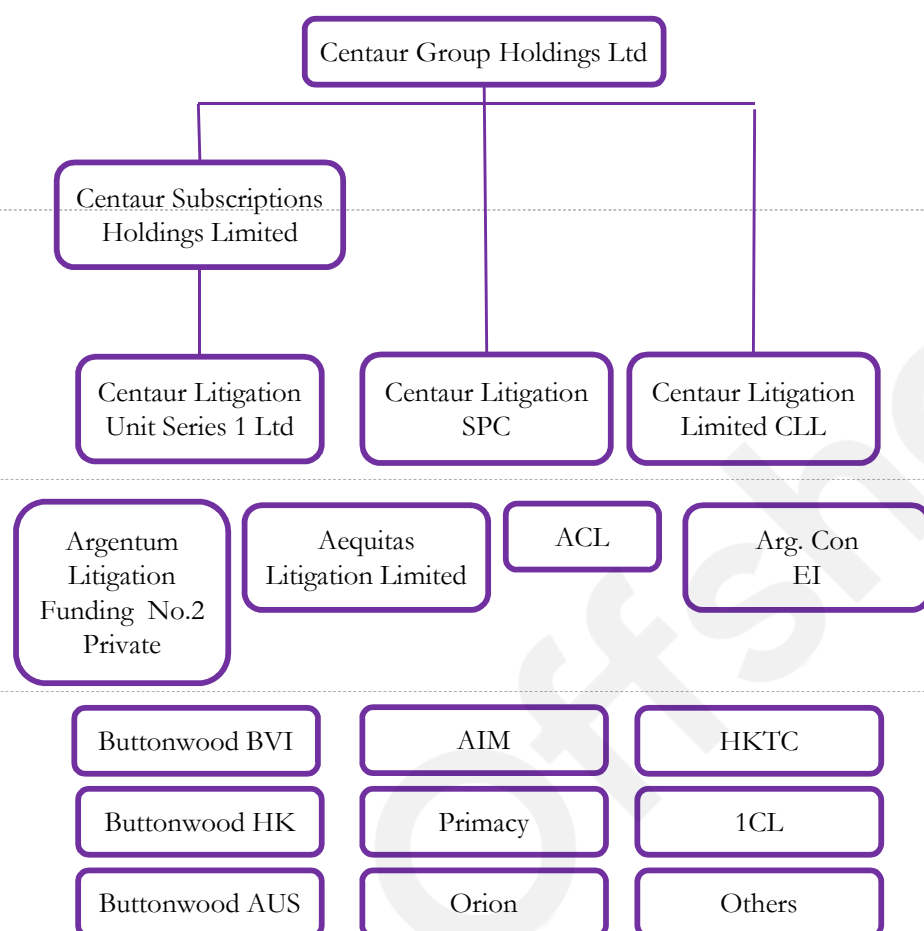
- Funds were raised in the three Companies which are now subject to the appointment of JPL's. The funds were raised via a number of investment series.

Litigation Funding Vehicles

- Most cases were funded either using a special purpose vehicle or via Buttonwood BVI as investment sub-advisor. These parties are typically the counterparties to the litigation funding agreements for the cases the Companies have elected to invest in.

Contractual Relations with the Group

- The Companies and the Group entered a number of contracts and arrangements to assist with the sourcing and management of cases and investors, not all of which were formally documented. This included contractual arrangements with parties such as the Administrators (HKTC), Investment Managers and Sub Advisors.



Group Structure and Associated Parties

Group Structure

- Set out below is an overview of the related entities, together with their role. Also included in the overview of entities are those that are not believed to be related to the Companies but performed a key role in the operations of the Group.
- Further discussion with respect to a number of these parties is set out in Sections 6 and 7 where we have outlined the findings of our preliminary investigation into the affairs of the Companies.

Unit Trust

- As part of a restructure of the wider Centaur Group, a unit trust was established on 20 January 2014 to hold the shares of CGH and thereby dilute the pre-existing ownership of the Group.
- Due to Cayman Island confidentiality legislation, the JPL's are unable to disclose the assets of a third party without their prior written consent. As such, the JPL's are unable to advise creditors and investors who the ultimate beneficiaries /shareholders of the unit trust are. In any event, due to the amount outstanding to creditors and investors of the Companies, we believe at this stage the equity owned by the unit trust has nominal value, if any.

Centaur Group Holdings Limited ('CGH')

- CGH is the parent company of the Companies and Group, holding the corporate shares in CLSPC, CLL and CSH (with CSH being the shareholder of CLUS1).
- Mr Selinger joined Mr Terrill as a director of CGH on 20 January 2014, and then became sole director on 9 April 2014 following Mr Terrill's resignation.

Centaur Subscription Holdings Limited ('CSH')

- CSH is the sole corporate director of all three Companies, and also the holder of the A class shares of CLUS1.
- CSH is incorporated in the BVI with Mr Selinger the sole director, having replaced Mr Terrill as the previous director on 9 April 2014.

Buttonwood Legal Capital Limited (BVI) ('Buttonwood BVI')

- Buttonwood BVI was appointed as Sub Advisor pursuant to an agreement with CSH. The function of the sub-advisor was to act as Investment Advisor which included coordinating the raising of funds for investment, monitoring of investments, engaging professional agents and providing updates to investors.
- Mr Terrill was the sole director of the company until 7 January 2014 and acted in the capacity of Chief Operating Officer. With Mr Terrill also the director of other Centaur Group entities, there was very little distinction between the operations of the Companies and Buttonwood BVI from a corporate governance perspective.
- Mr Franklin and Mr Hackett joined Mr Terrill as directors on 7 January 2014. Mr Terrill was removed as director on 9 April 2014.
- While Buttonwood BVI acted as Investment Advisor for all the Companies and the multiple investment series, to date we have only been able to locate a sub-agency agreement with CSH. The agreement has recently expired.
- Prior to November 2011, Buttonwood BVI was known as Argentum Associates Limited.

Buttonwood Legal Capital Limited (Hong Kong) ('Buttonwood HK')

- With the funds being administered in Hong Kong, Buttonwood HK was established as the trading entity (to manage employees, leases etc). Buttonwood HK entered an agency agreement with Buttonwood BVI whereby the requirements under the sub-agency were to be performed by Buttonwood HK.
- Mr Terrill remains the sole director of the company which we now believe is dormant.

Buttonwood Legal Capital Australia Pty Ltd ('Buttonwood Aust')

- As part of a proposed restructure, Buttonwood Aust was established in Australia in February 2014 to relocate the operations of Buttonwood HK to an Australian office. An agreement was entered with Buttonwood BVI whereby Buttonwood Aust would act as sole agent for the administration of the sub-agency agreement.
- The directors of the company are Mr Franklin and Mr Hackett.

Group Structure and Associated Parties

The Hong Kong Trust Co Limited ('HKTC')

- HKTC entered several Administration agreements whereby they were to provide administration and secretarial services such as preparing trial balances, reconciliations, back office services and act as transfer and paying agent. All funds of the Companies were held by HKTC who acted on the directions of the Group in making payments and whose role was terminated prior to the JPL's appointment.
- HKTC is a third party and does not appear to be controlled by any of the past or present directors of the Group.

Argentum Capital Limited ('ACL')

- ACL is a Jersey incorporated and domiciled litigation fund. The offering memorandum for several of the series advised that the funds raised were to be invested in ACL who would subsequently invest in a portfolio of class action and commercial litigation claims. ACL cases were managed by their Investment manager, AIM until they were taken in-house by ACL.
- While the Financial Statements for the period 16 June 2011 to 31 March 2012 identified Mr McGaw as a director of ACL for one day on 15 July 2011, no other common directors to the Centaur Group have been identified.

Argentum Investment Management Limited ('AIM')

- AIM was the Investment Manager for ACL and was also formally engaged by Buttonwood BVI on 11 September 2013 to act as their Investment Manager on certain cases. The role involved sourcing and reviewing all investment opportunities to ascertain whether the proposed investment met the funding criteria, recommending investment opportunities, structuring, monitoring and managing the progress of all claims invested.
- As at 31 July 2012, Mr McGaw, Mr Radburn and Mr Rose were the directors. It is believed that Mr Radburn and Mr Simpson are the current directors.

Argentum Litigation Services Limited ('ALS')

- ALS was incorporated in 2011 in the UK.
- Mr McGaw and AIM are the directors with Mr Young being a prior director of the company.
- Based on the ACL offering memorandum, it believed that as ACL's investment manager, AIM entered into an advisory agreement whereby ALS "would conduct case sourcing, reviewing and monitoring operations in the UK".
- Further, ALS is understood to have been retained by Buttonwood BVI as Investment Manager around March 2012.

Argentum Administration Limited ('AAL')

- We have not been able to locate corporate information on this entity. It is believed to be a related entity with funds having been transferred to accounts held in this name. Investigations are ongoing.

Argentum Management Associates Limited ('AMA')

- Significant investor funds were transferred to AMA as part of the AIM transaction (refer to Section 6).
- Limited information has been located to confirm the identity of this corporation. It has been suggested AMA's sole director is Mr McGaw.
- Further, AMA may have been trading under the name of Buttonwood Client Redemption Account Limited.

Primacy Dividend Corporation Limited ('Primacy')

- Primacy is a Cayman Islands company incorporated in October 2011 with Mr Terrill being the sole director.
- The company entered agreements with multiple parties whereby they guaranteed a 'committed amount' (between £1.2 and £3.0m) to pay the fixed dividend to investors should the funds not realise sufficient success fees.

Group Structure and Associated Parties

- In July 2012 Primacy was seeking to raise £20m through issuing redeemable preference shares to provide it with financial capacity to underwrite the fixed return obligations. It is the JPL's understanding that these funds were never raised.

Orion Litigation Intermediaries Limited ('Orion')

- Orion acted as the placement agent for many of the series offerings. An Introducer Agreement between Buttonwood BVI and Orion identifies Orion's role to include procuring investors into the funds.
- Mr Keats is listed as the Managing Director of Orion but Mr Williams is believed to have previously been involved with Orion.

First Class Legal ('1CL')

- 1CL is a UK company which provides litigation risk transfer solutions, including ATE insurance and litigation funding products.
- 1CL acted as Investment Manager for Buttonwood BVI prior to being terminated around March 2012.
- 1CL referred many of the legacy cases and arranged ATE insurance for these cases. The merits of the cases referred are being reviewed as is the validity and purported value of the insurance placed through Royal Luxembourg.

Royal Luxembourg Soparfi SA

- ATE insurance policies were obtained by 1CL on behalf of the funding vehicles for the legacy cases through Royal Luxembourg and one other insurer.

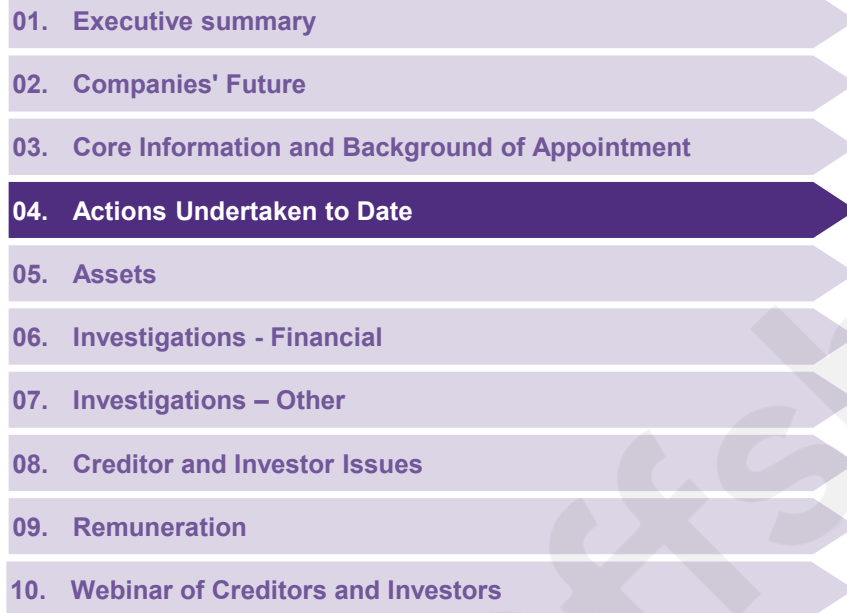
Savile Management Limited ('Savile')

- Savile entered into a Capital Risk Management Agreement with Buttonwood BVI in August 2012 under which it was responsible for managing the risk in litigation funding investment, including sourcing, negotiating and implementing appropriate insurance and other risk mitigation instruments.
- The director of Savile are Ms Jones and Buttonwood Statutory Limited (on trust).

Auditors

- With accounts not having been prepared by the Companies, there were no audits completed.
- Ernst & Young Hong Kong were in the process of completing an audit on one of the Companies' series, however, the audit has not yet been completed as a result of a number of outstanding issues.

Section 4 Actions Undertaken to Date

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Actions taken - General

Statutory/Appointment Formalities

- Upon appointment, the JPL's published notices of their appointment in various national newspapers and sent notification of their appointment to all known investors and creditors.
- In addition, standard statutory procedures were undertaken including writing to the Cayman statutory authorities to update the Companies' records, contacting the registered office of the Companies notifying them of the appointment requesting books and records from various parties and considering any insurance that may be required.

Management

- In order to gain a better understanding of the Companies' affairs, the JPL's have held numerous meetings with the Director of most of the entities in the Group, Mr Selinger, to discuss historical events, his own preliminary investigations and the possibility of a potential recapitalisation of the Companies.
- Meetings have also been held with the directors of Buttonwood BVI and Buttonwood Aust, as at the date of the JPL's appointment, Messrs Hackett and Franklin, to discuss historical relations with the Companies in order to understand their role with respect to management of investors and assets at the time of the JPL's appointment.

Creditors and Investors

- Since their appointment the JPL's have received a large volume of calls and emails (in excess of 1,100 emails) from investors regarding the current status of the Provisional Liquidations, the implications of them and investor specific queries (i.e. what funds an investor belongs to).

- The JPL's sought to address the majority of queries being received by issuing creditors and investors with a Frequently Asked Questions memo dated 31 July 2014. The JPL's have sought to address any outstanding queries creditors and investors have either in this report or at the upcoming webinar (subject to the constraints of Cayman confidentiality laws which the JPL's are bound by) (refer to Section 10 for details on the webinar).
- The JPL's continue to receive a large amount of emails from investors daily including the submission of formal proof of debt forms.

Books and Records

- The JPL's took possession of the Companies' books and records (that were available) which the following entities/individuals held at the time of our appointment:
 - The current Director of the Companies and Directors of Buttonwood (Aust and BVI);
 - Past and present employees/agents of the Companies; and
 - Legal advisors to the Companies.
- In addition, the JPL's took steps to access the email accounts of the Companies, including obtaining access to historical emails received and sent from Buttonwood BVI.
- Due to a significant amount of documentation/information being unavailable from the above sources, the JPL's have written to all known parties who may hold books and records relating to the Companies affairs. The majority of parties have been cooperative with the requests. However, confidentiality requirements have restricted the ability of some parties to cooperate, while other parties are claiming a lien against the books and records they hold for unpaid invoices.
- The JPL's have not received sufficient accounting information (for reasons discussed on page 36) to undertake a detailed reconciliation of the financial position of each of the Companies.

Actions taken - Investigations

Assets

- The JPL's have held numerous teleconferences and meetings with various lawyers and co-funders on the current cases funded by the Companies to understand the current status of the case, the merits of the case and the further funding requirements.
- An independent reconciliation of the funds deployed under each FA has been conducted following receipt of various financial and other documentation.
- As a result of the limited funding available to the JPL's to continue to meet their obligations under the FA's, the JPL's have had discussions with multiple parties regarding a proposed capital raising including discussing high level terms and framework of any proposed fundraising, consideration of regulatory requirements, assessment of further funding requirements and merits of same.

Financial Investigations

- As a result of the poor financial records, the JPL's and their staff have sought to undertake a reconstruction of the accounts of the Companies. To this end the JPL's have sought and been provided with co-operation from Mr Selinger who prepared (i) an Internal Report which we have considered as part of our investigations (refer to Section 6) and (ii) an assessment of the financial position of the Companies.
- The JPL's undertook a detailed review of the receipts and payments from the HKTC cash book for the period August 2011 to March 2013 resulting in the preparation of a consolidated receipts and payments schedule for the Companies.
- Once the consolidated receipts and payments were finalised, the JPL's undertook detailed investigations into:
 - Various loan agreements, share purchase agreements and related party transactions by reviewing documentation to consider the reasonableness of the arrangements and financial implications; and

- The separate investment series including attempting to reconcile records between various sources (e.g. Portfolio Tracker v HKTC cashbook, case interest schedule v Portfolio Tracker v share purchase agreement documents) which has identified significant discrepancies and issues with the integrity of the data.

General Investigations

- Other investigation undertaken to date by the JPL's include:
 - Conducting directorship and personal asset searches of key management personnel previously associated with the Group including Mr Terrill, Mr McGaw and Mr Williams in multiple jurisdictions;
 - Conducting tracing activities to locate Mr Terrill, Mr McGaw and Mr Williams in multiple jurisdictions;
 - Conducting company searches in the Cayman Islands, Hong Kong, Australia, UK and Thailand to identify related Companies, including Companies with common directors associated with Messrs Terrill, McGaw and Williams; and
 - Considering the likelihood of financial recovery should legal action be commenced against various individuals.

Section 5 Assets

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Overview

Asset Overview

- The assets, contingent or otherwise, of the Companies include:
 - Insurance policies;
 - Current or active cases;
 - Legacy or terminated/aborted cases;
 - Cash at bank;
 - 'B Class' shares in ACL;
 - Related party loans; and
 - Causes of actions against various parties for alleged misappropriation of funds; breach of duties owed to the Companies; and profiting from transactions where there was no commercial benefit to the Companies.
- Each of these classes of assets is discussed in further detail on the following pages. However, for commercial reasons the JPL's are not in a position to disclose confidential details of each of the funded cases.
- The JPL's are continuing to investigate the status and value of these assets in an effort to preserve and maximise the realisation of the assets for the benefit of investors. Accordingly, it is not possible at present to attribute a definitive value or potential return against all the assets.
- Further, based on the poor quality of the Companies' books and records, it is not possible to readily identify the interest held in the assets by each individual entity of the Companies, or by the investment series within each entity, notwithstanding the data contained within Portfolio Tracker.

Insurance Policy

Insurance Policies

- As part of the offering memorandum, investors were advised that capital invested would be principal guaranteed based upon:
 - A Fixed Return Guarantee insurance policy provided by a company called Primacy; and
 - Various insurance policies for each FA in situations where they lost the case.
- Our investigations to date have found that Primacy did not have insurance policies in existence to guarantee investors' capital investment. We are currently reviewing the Companies' relationship with Primacy as part of our overall investigations but understand it may have been a related entity to Mr Williams (see Section 7).
- The Companies purportedly had several layers of insurance to protect investor's capital in litigation cases. These included:
 - After the Event ("ATE") insurance which would be taken out specifically for each litigation case. The primary purpose of ATE insurance was to provide cover for the cost outlaid to fund the case and in the event the case was lost, the costs of the opponent which the court orders the losing party to meet ("adverse costs"). The majority of these policies were placed by a UK advisor called 1CL with two insurers, Royal Luxembourg and one other.
 - Secondly, the Companies would in certain cases take out a secondary level of cover with Royal Luxembourg, in circumstances, where the ATE cover might be insufficient. In some instances, Royal Luxembourg was also the primary ATE policy provider. Similarly, 1CL would usually place the cover with this insurer. Critically, we believe that Royal Luxembourg, from previous communications by the Companies prior to our appointment is not and does not intend to respond to claims made against these policies and may have been a structure sought to divert funds from investors.
- The investment in Class B shares of ACL was insured with a policy from a reputable global insurer with an "A" credit rating. The nature of this policy is a portfolio cover that is triggered on the third anniversary of the original investment date (25 March 2015). At this time, if the original investment of £13.5 million has not been recovered, it will respond by paying an amount of 95% of this investment less amounts already repaid by ACL to the Class B shareholders which presently is nil. We do not believe 1CL was involved in the placement of this cover.
- The second ATE insurer's details cannot be disclosed at this stage for commercial and confidentiality reasons.
- Critically, 1CL were alleged to have been generating undisclosed commissions in placing these policies with insurers and have clearly failed to respond adequately on claims made prior to our appointment. We also believe that the Companies may have a claim against 1CL related to an alleged breach of its duty of care to the Companies.

Case Overview and Current Cases

Overview

- The table below provides an overview of the cases funded by the Companies and indirectly via ACL (refer to page 33 for background on the ACL B class shares).
- For confidentiality and commercial reasons, the JPL's cannot disclose any material regarding the portfolio of current cases as it may prejudice the Companies rights in these cases.

Cases Overview

Category	No of cases	Funding Commitment	Funds Deployed ¹
Current cases	11	c.£35.6m	c.£13.9m
Legacy or terminated Cases	9	c.£10.9m	c.£8.5m
Total	20	c.£46.5m	c.22.4m

Notes: 1. Excludes any interest due under the Funding Agreement.

Sources: A. Legacy Case update May 2014
 B. Companies books and records
 C. Offering Memorandums
 D. Discussions with legal advisors
 E. Funding Agreements

Current Case Overview

- Pursuant to the objective of the Companies to raise funds to invest in litigation claims, funds have been deployed to finance a number of cases which are currently on-going.
- The JPL's and their legal advisors have reviewed the Companies rights, obligations and further funding commitments under the FA's associated with the current cases where the information has been made available. A review into the merits of each case has also been conducted so that the JPL's can make an informed decision as to the cost and benefit of continuing to fund each case.
- Discussions have been held with the majority of parties to the FA and negotiations to preserve the Companies rights are continuing in these cases.
- The current cases are typically funded by the Companies through Buttonwood BVI as their agent or via a special purpose vehicle owned by one of the Companies.
- The current cases include two cases in which the terms of the FA have been met in full by the Companies. It is the JPL's understanding that these cases are continuing with the assistance of a third party funder or are being self-funded by the litigant.
- The types of current cases include:
 - A class action brought on behalf of a number of Companies against UK local authorities;
 - An action brought by an individual in respect of a claim for damages; and
 - A negligence class action brought against a government.

Creditors and investors should note the above is an overview only and is not a definitive list of all the Companies' current cases.

- Decisions on the current cases are not expected for a further 18-24 months (on average), with the exception of any settlements that may occur.

Legacy Cases Overview

Legacy or terminated/aborted Case Overview

- The legacy cases are either terminated or aborted cases previously funded by the Companies and pre-Centaur investments. The majority of cases have either been terminated as a result of the case having poor prospects of success, or the court action failing at hearing.
- The Companies track record is poor having not won any cases it has funded to date.
- Potential recoveries from the legacy cases are not material relative to the quantum of funds raised from investors by the Companies. Recoveries being pursued generally involve either:
 - Claiming on the ATE policy where the case was not successful; or
 - Commencing negligence action against parties who either referred the case or provided advice as to the prospects of success where such prospects never existed.
- The majority of the legacy cases were funded by the Companies and pre-Centaur entities through Buttonwood BVI as their agent.

Legacy Case Overview

Case 1

- Action brought in respect of a breach of contract.
- Funds totalling c.£2.1m were deployed under the FA.
- The FA was terminated in early 2013 following a final opinion from independent counsel that the prospects of success were now less than 60%. As a result the excess funds held in trust pursuant to the FA, that had not been deployed to date (c.£1.3m) was returned following a secondary legal process. However, these funds were diverted by Mr Williams to the HSBC account and as a consequence were not returned to the Companies. This forms part of our broader investigations into Mr Williams.
- An insurance claim was filed in respect of the funds deployed to date pursuant to the ATE policy and the matter is currently on-going with the insurer failing to adequately respond.

Case 2

- Funding was in respect of costs to be incurred in enforcing a court award for a previously successful court action obtained by the litigant without funding from the Companies.
- As funding was in respect of costs required to enforce an order, it was expected that the prospects of recovery of the funds deployed was strong.
- Funds totalling c.£314k were deployed under the FA.
- The only asset that the litigant was able to enforce judgement against was a property. As a result of the downturn in the property market, it is now unlikely that there will be any surplus funds remaining after payment to the first ranking mortgagee.
- Insurance for the case was with Royal Luxembourg. The JPL's will be seeking to reserve their rights to bring a claim against both Royal Luxembourg and 1CL being the case managers who placed this insurance, discussed further in Section 7 of the report.

Case 3

- Action brought by a number of investors against a government in respect of loss suffered as a result of the government's failure to recognise a cross border treaty.
- Funds totalling c.£2.0m were deployed under the FA.
- The FA was terminated in 2012 following a subsequent opinion from independent counsel that the prospects of success were zero.
- An insurance claim was filed in respect of the funds deployed to date pursuant to the ATE policy and the matter is currently on-going with the insurer failing to adequately respond.
- The funder has sought to reserve its rights to bring an action against the solicitors (and their professional indemnity insurer) who originally ran the case for professional negligence.

Case 4

- Action brought in respect of a breach of contract regarding a partnering agreement.
- Funds totalling c.£1.2m were deployed under the FA.
- The action failed at trial as a result of the litigant admitting that he had made a misrepresentation in his filed evidence.
- An insurance claim was filed in respect of the funds deployed and the insurer has rejected the claim on the basis that they would not have insured the case had they been aware of the misrepresentation that was made by the litigant.
- An appeal has been lodged with the insurer on the basis of independent advice that the admission (prior to the action being insured) of the misrepresentation would not have materially affected the insurers decision as to whether they would insure the case or not.

Legacy Case Overview

Case 5

- Action brought by an individual in relation to a professional negligence claim.
- Initial advice received from the litigants solicitor/counsel indicated that the action had a 80% chance of success with a potential minimum settlement to the litigant of £6.0m should the case succeed.
- Funds totalling c.£1.9m were deployed under the FA.
- The case has now concluded and the action brought was unsuccessful.
- Insurance for the case was with Royal Luxembourg. The JPL's will be seeking to reserve their rights to bring a claim against both Royal Luxembourg and 1CL, the case managers who placed this insurance, discussed further in Section 7 of the report.

Case 6

- Action brought by a company in respect of an alleged repudiated contract for a property development/sale.
- Due to the urgent nature of the action there was no due diligence undertaken by management in respect of the likelihood of success. The funding repayment was also not linked to the success of the case. A personal guarantee was taken from the litigant of the FA.
- Funds totalling c.£155k were deployed under the FA.
- The action failed and shortly afterwards the litigant of the FA entered into liquidation and the director of that company was also at this time declared bankrupt.
- To date a small dividend of c.£9k has been received from the Liquidator however it is not expected that any further dividend will be received.
- There was no insurance policy in respect of the FA due to the urgent nature and the failure of management to undertake proper due diligence.

Case 7

- Arbitration claim to recover payment for variations and damages for delay and disruption/loss/expense.
- Funds totalling c.£211k were deployed under the FA.
- The case has now concluded and the action brought was unsuccessful.
- An insurance claim was filed in respect of the funds deployed to date pursuant to the ATE policy. The matter is currently on-going with the insurer.

Case 8

- Claim brought in respect of damages for personal injuries and/or anxiety and loss.
- Initial advice received from the litigant's solicitor/counsel indicated that the action had a 75% chance of success with a potential settlement to the litigant of between £750k and £1.5m should the case succeed.
- Funds totalling c.£550k were deployed under the FA.
- The action failed and an insurance claim was filed under the ATE policy. To date an interim payment of £576k has been received. There remains an unpaid element of the insurance claim in respect of outstanding interest, which is being pursued.
- This is the only case where the primary insurer has responded (albeit partially) with a material payment to an ATE claim.

Legacy Case Overview

Case 9

- Action brought in respect of a breach of an insurance contract.
- Initial advice received from the litigants solicitor/counsel indicated that the action had 60-80% chance of success with a potential settlement to the litigant of c.£1.25m should the case succeed.
- Funds totalling c.£150k were deployed.
- The case failed in 2012 following a successful appeal by the opponents to the action.
- A claim was made on the ATE insurance policy and a settlement of £75k was agreed by Buttonwood with the insurer. The JPL's do not expect any further funds to be received.

Other Assets

Cash at Bank

- Upon becoming aware of discrepancies with the Companies accounts and the impending Provisional Liquidation of the Companies, HKTC was requested by Buttonwood BVI to transfer the remaining funds held on behalf of the Companies into a trust account held by HDY, the Companies' Australian solicitors at the time.
- All of the Companies funds have been held on trust by HDY since 31 March 2014.
- Funds of c.\$1.1m held by HDY at the date of the JPL's appointment have subsequently been transferred into a bank account for the estates, controlled by the JPL's.
- The historical receipts and payment of the Companies are discussed further in Section 6 of this report which provides an overview of how the Companies came to an overall net cash at bank position of c.\$1.1m as at the date of the JPL's appointment.

ACL B Class Shares

- In 2012 the Companies entered into various agreements with Argentum Capital Limited ("ACL") for the purchase of 100% of ACL's B class shares. Total consideration paid was £13.5m over the 12 individual agreements.
- ACL currently has 5 litigation funding cases on foot of which two of the three Companies has a vested interest as a result of collectively funding the acquisition price.
- From a review of documentation received to date we note that ACL appears to have enacted appropriate insurance cover from a reputable insurance company, guaranteeing a portfolio return of c.£12.8m (representing 95% of the £13.5m investment) should the ACL portfolio of cases fail to realise any return. This policy is set to respond on the third anniversary of the investment, being 25 March 2015.

- The JPL's are currently in on-going discussions with the directors of ACL as to how best to realise the Companies interest in ACL.
- Discussions have included the possibility of an in specie distribution of the assets/cases. However, the key threshold issue remains ensuring the insurance policy remains active and can respond to a claim before any novation of cases/insurance policies can be contemplated.

Related Party Loans

- The review of the accounts and supporting documentation have identified a large volume and value of payments classified as loans primarily relating to loans between investment series or the Centaur entities.
- At this stage, the ability to realise any value from these loans is limited given the financial position of the Companies and the related parties.

Other Assets

Causes of action against various parties

- Discussed further in Section 7 of the report are potential claims that the JPL's may bring against various entities and individuals.
- At this time, the JPL's are unable to attribute a value to the possible recovery from such actions.
- Due to the limited amount of funds currently available to the JPL's and the costs that would be required to pursue the majority of the actions contemplated, the JPL's are currently not in a position to commence any recovery actions until such a time that sufficient funds become available and a cost/benefit analysis merits the pursuit of such actions.
- The JPL's however seek expressions of interest from creditors and investors who would be willing to fund any of the potential actions immediately failing which, the JPL's will reconsider this position following the successful recovery of funds from any funded cases (active or legacy), if investors and creditors, were supportive of the JPL's investing the Companies funds in this manner, subject to sanction of the Cayman court.

Section 6 Investigations - Financial

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Accounts Overview

Overview

- Since the Companies' incorporation there have been no financial accounts prepared. The JPL's also note that there was no financial accounts prepared for any pre-Centaur series.
- The only exception to this was that one of the Companies' series which was in the process of being audited by Ernst & Young ("EY") in Hong Kong. At the date of the JPL's appointment EY was currently awaiting further information/documentation in relation to specific queries that had been raised during the audit.
- At the time of the JPL's appointment the new management team of Buttonwood Aust and the Companies were undertaking a review of the Companies' accounts. The JPL's have been provided with a copy of the draft financial position which has been prepared using documentation sourced from HKTC. The JPL's note that the accounts provided have been prepared on a cash basis (noting that accounts are typically prepared on an accruals basis).
- In addition to management providing the JPL's with a copy of their draft financial position, they also provided copies of their source documents, primarily the HKTC cash book.
- The cash book that was provided was in excel format and the JPL's have been unable to date to verify the authenticity of it as HKTC had previously advised that it was not able to release any financial records as:
 1. The agreement that they had was with Buttonwood Aust and as such HKTC cannot breach confidentiality; and
 2. That they will not release any documentation or provide any information until an agreement is reached regarding their outstanding fees.
- As a result of the above, Buttonwood BVI provided the JPL's with written authority to liaise with HKTC, however upon providing HKTC a copy of this authority the JPL's were subsequently advised that HKTC could not discuss any Buttonwood or Centaur matters as the Companies were currently under investigation by HK SFC, who has requested HKTC not release any information in this matter to any party.
- As a result of these issues the JPL's have undertaken an analysis of the available financial records of the Companies and the interim findings are provided on the following pages. The JPL's stress to creditors and investors that:
 - Financial accounts for the Companies are limited and incomplete;
 - To date the JPL's have been unable to independently verify the financial information that has been provided by management due to the aforementioned issues in obtaining books and records from HKTC; and
 - The financial information received to date does not reconcile to the financial information provided/available to investors on Portfolio Tracker.
- In order to address the above issues the JPL's have:
 - Written to HKTC on several occasions trying to obtain copies of the financial records they hold for the Companies;
 - Written to HSBC requesting a copy of bank statements of the Buttonwood client redemption account as there were significant payments (up to c.£13.3m) made to this account by the Companies and it is the JPL's understanding that this account may have been separately controlled by Mr Williams and/or Mr McGaw;
 - Undertaken a search of the Companies email accounts for any financial statements;
 - Liaised with various related entities of the Companies for further information on specific transactions and/or further documents/information;
 - The JPL's have also considered requesting assistance from the Cayman court to obtain records from various parties, including HKTC. However, even should the Cayman court provide an order that records be delivered to the JPL's, the HK court may not provide assistance in recovering records without the JPL's first obtaining recognition in HK, or in any case provide assistance at all given the HK SFC is allegedly conducting its own investigations into the Companies. Accordingly the costs of obtaining such orders and recognition may not presently be in stakeholders best interest.

Receipts and Payments of the Group – 1 August 2011 to 31 March 2014

Receipts and Payments - August 2011 to 31 March 2014

	Note	Group Total			Converted to
		GBP £	US \$	AUD \$	GBP £
CASH INFLOWS					
Subscription	1	27,805,837	70,689,652	13,675,644	80,112,629
Subscription Refunds/Transfers		(21,961)	(1,093,195)	(73,223)	(746,929)
FX Currency	2	23,151,180	(33,537,989)	(2,939,804)	489,027
TOTAL CASH INFLOW		50,935,056	36,058,468	10,662,617	79,854,727
CASH OUTFLOWS					
Interest and Redemptions	3	9,722,052	10,031,290	1,172,271	16,678,216
Buttonwood Management Fee	4	747,521	949,737	20,878	1,351,407
Buttonwood Client Redemption	5	9,533,469	5,571,541	645,467	13,393,616
HKTC	6	88,666	441,054	-	363,222
Orion Commission	7	3,386,973	7,567,669	1,352,074	8,918,691
ACL B Class Shares	8	12,250,000	1,621,000	-	13,259,073
SPA Payment	9	450,000	2,709,000	1,658,450	3,143,197
Asset Purchase CIA SI, SIII & SIV	10	-	5,006,900	-	3,116,795
Argentum Litigation Services Ltd	11	350,000	-	-	350,000
Argentum Administration Ltd	12	200,000	-	270,000	363,917
Argentum Administration Ltd - Loan Facility	13	5,000,000	1,629,500	-	6,014,364
Argentum Management Associates	14	(9,495)	1,166,648	-	716,743
Argentum Investment Management	15	180,000	-	-	180,000
Case Costs	16	8,706,958	2,041,268	4,252,258	12,559,194
First Class Legal		47,038	-	-	47,038
Bank Charges		20,585	68,804	3,519	65,552
Transfer to other series		(734,340)	(3,082,727)	13,583	(2,645,091)
Other		40,000	170,000	-	145,825
TOTAL CASH OUTFLOW		49,979,427	35,891,683	9,388,500	78,021,758
NET CASH POSITION		955,629	166,785	1,274,116	1,832,968

Receipts and Payments

- The table opposite shows the Companies receipts and payments on a consolidated basis for the period 1 August 2011 to 31 March 2014, sourced from the HKTC cash book.
- The JPL's have analysed the individual receipts and payments, per series and per entity, however for the purpose of providing an overview to creditors and investors the accounts have been consolidated to show the Companies combined receipts and payments.
- For the purpose of the analysis the JPL's have converted the US\$ and AU\$ receipts and payments into GBP£ using an average exchange rate over the last 3 years (US\$: 0.6225, AU\$: 0.6071). This aggregation is shown in the last column for illustrative purposes only. The JPL's note that this method will slightly distort the actual position given fluctuations in FX, however believe this approach will be beneficial for creditors and investors to review the total receipts and payments for the Companies.
- Further details on the significant receipts and payments can be found on the following pages referenced back to the notes in this table. Further, information on the net cash balance as at 31 March 2014 can be found on page 45.
- The shaded rows in the table opposite total c.£27m and based on our initial enquires justify further investigations.

Creditors of the Companies

- Our analysis reveals the creditors of the Companies are relatively immaterial as compared to the £80m of investor claims.
- The two key creditors we have identified are HKTC for termination fees of the administration agreement and EY for a partial audit of one of the Companies.

Receipts and Payments

1.1 Subscriptions – HKTC Cash book v Offer Memorandum

- The table below shows the:
 - Total subscriptions received (sourced from the HKTC cash book) in relation to the 11 series of the Companies amounting to c.£80m; and
 - Total subscriptions that were due to be received for the 11 series, per the Offering Memorandums amounting to c.£85m.

Subscriptions Paid v Offer Memorandum

	Total			Converted to
	GBP £	US \$	AUD \$	
Subscriptions Paid (cash received)	27,805,837	70,689,652	13,675,644	80,112,629
Per Offer Memorandum	34,035,090	70,899,020	12,603,440	85,821,279
Rollover/Shortfall etc	6,229,253	209,368	(1,072,204)	5,708,650

- To date we have been unable to corroborate and reconcile these figures from our review of the books and records of the Companies, however it is our understanding that the variations may be the result of either:
 - Subscription shortfalls; or
 - Series rollovers; or
 - or FX differences.
- The JPL's are currently reviewing these discrepancies as part of the overall review of the investor position and the potential pooling of the Companies assets and liabilities.

1.2 Subscriptions – HKTC Cash book v Portfolio Tracker

- The table opposite shows:
 - The total subscriptions received (sourced from the HKTC cash book) in relation to the 11 series of the Companies to be c.£80m; and
 - The total subscriptions as at 27 June 2014 per Portfolio Tracker for these 11 entities to be c.£79m.

Subscription Paid v Portfolio Tracker

	Total			Converted to
	GBP £	US \$	AUD \$	
Subscriptions Paid (cash received)	27,805,837	70,689,652	13,675,644	80,112,629
Per Portfolio Tracker (excl pre-Centaur Series)	31,223,833	66,564,625	10,005,585	78,734,702
Unreconciled difference	3,417,996	(4,125,027)	(3,670,060)	(1,377,926)

- To date we have been unable to reconcile these figures, however it is our understanding that the variations may be the result of either:
 - Series rollovers; or
 - Movement of investors between series; or
 - Redemption of investments by investors.
- The JPL's are currently reviewing these discrepancies as part of the overall review of investor position and the potential pooling of the Companies assets and liabilities, should the Cayman court support any such application.

1.3 Subscriptions – All series including pre-Centaur series

- A review of Portfolio Tracker shows 18 individual series as having been issued (including c.£18m for 7 pre-Centaur series) to date, of which subscriptions total c.£98m.
- London Clearing House (the entity who managed the pre-Centaur entity funds) have not provided any financial records in relation to the pre-Centaur series, therefore we are unable to provide any further information on the c.£18m of subscriptions raised pre the Centaur series and how these have been ultimately dealt with.

Receipts and Payments

2. FX Currency

- Due to the Companies transacting in various currencies, we have identified a significant amount of FX movements between the GBP£, US\$ and AU\$ bank accounts.
- Our review of these transactions have not found any issues of concern and we have been able to verify payments being made from one currency on a particular date being received in another currency on the same date (taking into account transaction delays of 1-2 days)
- We note that the c.£489k shown in the 'total converted to GBP' column is for illustrative purposes only. The local currency amounts have been converted using an average exchange rate for the preceding 3 year period to provide an aggregated snapshot in a single currency.

3. Interest and Redemptions

- It is our understanding that all interest for the series had been paid up to 31 December 2013.
- £16.7m of interest and redemptions appear to have been paid over the period, directly from the Companies bank account, per the HKTC cash book. However, due to the poor narrations on the HKTC cash book we are unable to verify with certainty which payments related to which series and which payments were interest or redemptions.
- In addition to these payments, the JPL's believe that interest and redemptions may have also been paid via the Buttonwood client redemption account, per the narrations on certain transfers/payments from the Companies to the Buttonwood client redemption account, (e.g. narration: 'Reimbursement of interest payments made by Buttonwood'). Please refer to pages 40-41 for further information on the Buttonwood client redemption account.
- A review of Portfolio Tracker lists £14.7m of interest as having been paid over the period 1 August 2011 to 31 December 2013.

- We have been unable to obtain any data from the Portfolio Tracker that shows what investments have been redeemed during the period.
- To date, due to issues with the integrity of the data we have been unable to corroborate and reconcile the figures from Portfolio Tracker to our review of the books and records of the Companies.
- The JPL's are currently reviewing these discrepancies as part of the overall review of investor position.

4. Buttonwood Management Fee

- £1.4m was paid to Buttonwood BVI in management fees. The fees were pursuant to a sub-advisor agreement between CSH and Buttonwood BVI dated 1 April 2013, but having retrospective effect from 1 August 2011.
- Pursuant to the agreement, Buttonwood BVI was appointed Investment Sub Advisor, being responsible for coordinating fund raising, managing and overseeing the investments and reporting to investors.
- In return for the provision of these services, Buttonwood was to be remunerated between 1.5% p.a. and 2.0% p.a. of gross funds raised depending on the Company.
- Included in the management fee is £185k paid to Buttonwood Aust on 21 February 2014. This appears to be a part payment to Buttonwood Aust pursuant to their appointment as sole agent to carry out Buttonwood BVI's sub-advisor role. Based on an agreement dated 24 February 2014, Buttonwood Aust was to commence their role as agent from 1 March 2014 with fees of AU\$1.5m payable for the first year of service. Buttonwood Aust fees are discussed further on the following pages with respect to receipts and payments for the period 31 March 2014 to 27 June 2014.
- Further investigation is required to reconcile management fees paid, confirm whether they were correctly calculated and to confirm whether any fees were paid via the Buttonwood Redemption account.

Receipts and Payments

5. Buttonwood Redemption Account

- We believe there may have been two separate accounts referred to as the Buttonwood Redemption Account. We believe the HSBC redemption account may have been used by Mr Williams and/or Mr McGaw to allegedly misappropriate funds from the Companies as our understanding is the 'genuine' redemption account into which investor funds were deposited was held with Hang Seng Bank.
- A significant amount of payments were narrated as having been paid to the Buttonwood Redemption account (£13.4m). In our review we have included all payments marked to this account, even where there is a further narrative which details the reason for the payment (e.g. Buttonwood Redemption – case fees). The reason for this strict allocation is that we do not have visibility on where these funds were ultimately transferred after they went to this redemption account.
- A summary of the payments into the account is set out below, of which the material transactions have been investigated with comments following:

Summary - Buttonwood Client Redemption Account

Description Given	Note	GBP £	US \$	AUD \$	Converted to GBP GBP £
Case Costs		740,000	-	-	740,000
Redemption account		(98,209)	318,311	655,467	497,874
Buttonwood Loan		(36,500)	-	(10,000)	(42,571)
Asset Purchased	a	-	1,874,160	-	1,166,665
AIM Purchase	b	5,000,000	-	-	5,000,000
Buttonwood Legal Capital	c	1,695,306	-	-	1,695,306
SPA	d	1,574,679	2,829,006	-	3,335,735
Funding and Protection	e	350,000	-	-	350,000
Interest reimbursement		15,720	67,495	-	57,736
Refunds		29,973	-	-	29,973
Primacy Shares	f	262,500	-	-	262,500
Establishment fee		-	482,568	-	300,399
Total		9,533,469	5,571,541	645,467	13,393,616

We have written to HSBC to determine who controls this account and request details of statements so it can be determined where the money that passed through this account was ultimately directed. In the event the account is controlled by a non Group entity, the JPL's may have limited powers to investigate without a court order from the Hong Kong court.

(a) Asset Purchase

- The supporting documentation for the US\$1.8m payment only refers to a 'previous asset sale', but does not identify the asset. Further investigation and access to HKTC's books and records is required.

(b) AIM purchase

- On 10 July 2014 BSL entered into a share purchase agreement with Mr McGaw who was to sell his personal interest in AIM, being 100% of the issued share capital.
- The SPA details AIM's controlling interest in both ALS and ACL. As such the SPA infers that BSL would in turn become the ultimate 100% shareholder of not only AIM but also ACL and ALS.
- The completion date for the SPA was 24 July 2013 and the total consideration per the schedule to the SPA was £5.0m. On 11 July 2013 Mr Terrill authorised payment of £4.0m with the remaining £1.0m being paid on 25 July 2013.
- On the date of executing the SPA, one of the Companies issued a letter to AIM stating that in consideration of Mr McGaw agreeing to sell his shares in AIM to BSL, the debt due to that Company pursuant to a £6.0m revolving finance agreement previously provided would be forgiven. This increased the value of the acquisition to £11.0m with no sound basis or reasonable valuation assessment.
- The bank account listed in the SPA for the £5.0m payment to be made to Mr McGaw was in fact the Buttonwood Client Redemption HSBC account, however, the account name was narrated as Argentum Management Associates Ltd.

Receipts and Payments

- We have reviewed documentation from the Companies' records which includes a business case prepared to justify the sale/purchase of AIM, dated 30 May 2013. The business case refers to a value for AIM of £ 20.2m with the financial modelling based on an assumption that a further £100.0m would be raised and available for management by AIM with no reference to the source or basis of this assumption.
- Mr Terrill stated in his affidavit that he only received a copy of the business case after the SPA was signed and therefore never reviewed the document.
- It is alleged that shortly after the completion of the SPA, AIM and BSL entered into a share subscription agreement with a third party to issue 10,408 shares in AIM which the third party would subscribe to and as such become a 51% shareholder in AIM. The alleged consideration for this transaction was £10k. This transaction is still being investigated and is in stark contrast to the overvalued transaction for £11.0m.

(c) Buttonwood Legal Capital

- £1.0m of the £1.7m relates to the SPA agreement dated 22 August 2013 and is discussed further in notes 9 and 10. Further investigation is required to determine the nature of the remaining £700k.

(d) SPA

- The £3.3m attributed to the SPA is part of the same SPA/Asset Purchase transaction referred to in notes 9 and 10 and detailed on pages 42 to 43.

(e) Funding Protection

- A case funding agreement has been located in support of this £350k payment, being a partial draw down for the fund protection fee of £1.5m. The fund protection fee is payable to the lender under the agreement, being Argentum Associates Limited.
- Discrepancies have been identified as to the figure requested to be paid upon review of various emails.

(f) Primacy Shares

- £262k was transferred to Buttonwood 'for onward subscription into Primacy Shares'. It appears that BSL sought to subscribe to B Class shares of Primacy pursuant to their offering memorandum dated 10 November 2011.
- The supporting paperwork is only the subscription documentation. Further investigation is required to determine whether shares were ultimately acquired and if so, their potential value. Preliminary investigations suggest Primacy is a related party with no substantial assets.
- With further time it is proposed that all transactions directed to these accounts be investigated to determine whether any transactions are voidable or any funds recoverable.

6. Hong Kong Trust Co

- Fees paid to HKTC were in relation to performance of their role as Administrator of the Companies.
- Agreements have been located for several, but not all, investment series of the Companies. Despite this, HKTC appears to have acted as Administrator for all investment series controlling and accounting for funds raised from investors. A letter from HKTC advised they commenced as "administrator of the Centaur Series of Investments with effect from 22 August 2011", with their role being terminated in March or April 2014.
- A full reconciliation is yet to be completed of the fees paid to HKTC to confirm their reasonableness noting the fee structure is based on the number of certificate holders, number of transactions performed, an hourly rate for out of scope services plus accounting fees.
- In addition to the financial review, we are also investigating whether HKTC has adequately performed their role. This is discussed further in Section 7.

Receipts and Payments

7. Orion Commission

- Orion was referred to as the Placement Agent in the Group's offering memorandums and an Introducer Agreement exists between Buttonwood BVI and Orion. Only select investment series are addressed in the agreements.
- As the Introducer, Orion was to procure investors to the funds, distribute promotional material, liaise with prospective investors and assist in the completion of the subscription. As remuneration, a fee equivalent to 10% of monies introduced was payable to Orion, together with a bonus.
- Based on the receipts and payments summary, £8.9m of commissions paid to Orion equates to 11% of the subscriptions. On a high level the commission figure appears to be in line with the stated commission.
- Mr Keats of Orion has advised that Orion would be required to remit between 5-7% of the 10% of commissions earned directly to the IFA's who sourced clients/funding. We have not been able to verify this statement.

8. Argentum Capital Limited 'B Class' Shares

- ACL issued an offering memorandum dated 9 November 2011 to which one of the Companies ultimately subscribed £13.5m of B Class shares. ACL is a company incorporated in Jersey with a similar objective to the Group, using those funds for investment in a portfolio of litigation cases. ACL's fund was listed on the Channel Islands Securities Exchange until its suspension on 24 February 2014.
- Payments totalling £13.25m have been identified in the cash book. Our review is continuing to determine the source of the remaining £250k paid to ACL.

- Despite only one of the Companies subscribing to the shares, £4.0m of the share price was paid from the funds of another one of the Companies. We have been advised that a Deed of Novation exists between two Companies regarding the £4.0m payment, but the JPL's have been unable, to date, to sight this agreement.
- The dividend policy for the B Class shares refers to a 12% p.a. fixed dividend, plus a variable return of 30% of any net success fees. A Funds Guarantee Agreement was entered between ACL and Primacy whereby Primacy was to make available a facility of up to £1.2m to pay the fixed dividend in the event sufficient funds were not available. Due to incomplete books and records we have not yet determined whether the fixed interest was received by any of the Companies.
- Further discussion on the B Class shares is set out in Section 5 noting that the JPL's are in discussions with ACL as to the realisation of the shares and/or transfer of the case interests.

9 & 10. Share Purchase Agreement ('SPA')/ Asset Purchase

- A Share Purchase Agreement was entered between BSL and one of the Companies on 22 August 2013. Under the agreement BSL agreed to sell their 100% shareholding in Buttonwood BVI to the Company.
- Amendments to the SPA were also executed increasing the value of the transaction in return for the transfer of interest in additional cases.
- A further review of documentation is required to confirm the background to the transaction and its reasonableness. On an initial review it appears that the SPA transaction is designed to facilitate the flow of funds between entities resulting in the case interest held by each investment series being altered, together with each investment series' liability to other pre-Centaur investment series, possibly to reflect new subscriptions and rollovers.

Receipts and Payments

- In addition to the rationale behind the SPA not being clear, we have not been able to obtain clarification as to how Buttonwood BVI came to hold an interest in those cases given they only ever acted as the sub-agent and did not directly fund any of the cases, or why the additional cases were not originally included in the purchase price given the structure of the agreement as a transfer of the 100% shareholding.
- The amounts referred to in the SPA do not reconcile to the flow of funds in the cashbook. Further work is required to be undertaken to reconcile the transfer of case interest by investment series and determine whether Portfolio Tracker reflects this agreement. The share transfer does not appear to have been recorded either.

11. Argentum Ligation Services Limited

- Despite not being a party to the two revolving facility agreements between ALS (the borrower) and Buttonwood BVI (the lender), one of the Companies paid a total of £350k in June 2012 and July 2012 pursuant to the agreements. Buttonwood BVI obtained security via a charge over ALS's shares.
- The reason for the provision of the facilities is not known but it is understood that ALS was retained by Buttonwood BVI as Investment Manager around March 2012.
- Further investigation is required as to why one of the Companies funds were used for the advances and whether the funds have been repaid given the facility has since expired.

12. Argentum Administration Limited

- £364k was paid to ALL across three transactions.
- The documentation we have obtained as support for the payments does not appear to validate the payments. The payment requests either have generic funding agreements attached or loan agreements to which ALL is not a party.
- In addition to further investigating the reason for these payments, further enquiry is required to determine the role of AAL in the Group and who the directors and shareholders are.

13. Argentum Administration Ltd – Loan Facility (AIM)

- On 5 September 2012, one of the Companies entered into a revolving loan facility agreement to advance AIM an amount of £6.0m. The agreement was signed by Mr Terrill for one of the Companies and Mr McGaw for AIM and the funds were to be used for any purpose. The Centaur company was provided with a charge over 6,000 of the ordinary shares in AIM as security for the revolving loan facility, which further brings into question as to why BSL paid £5.0m for the equity of AIM (refer to note 5(b) of this Section).
- Eight advances totalling the £6.0m limit were made to AIM over a three month period. The advances were paid from three investments series, including one series of the other two Centaur Companies, not party to the agreement.
- Despite being drawn down by AIM, payment was directed to an account held in the name of Argentum Administration Limited with Hang Seng Bank Ltd.
- The revolving facility was due to terminate on 5 September 2014 resulting in the principal and interest (payable at a rate 20% above LIBOR) becoming payable.
- We have found no evidence to suggest that the revolving loan facility was repaid by AIM. Rather, a letter dated 10 July 2013 from one of the Companies to AIM has been located which seeks to forgive the debt in consideration of Mr McGaw agreeing to sell his shares in AIM to BSL without, in the JPL's opinion, appropriate justification.

Receipts and Payments

- The current directors of AIM, Messrs Simpson and Radburn have advised they were not initially aware of the revolving facility agreement or liability to one of the Companies, primarily as a result of the funds being paid to AAL rather than an AIM account.
- We have not yet been able to locate corporate information on AAL to determine who controls this entity or associated accounts. Investigations are ongoing.

14. Argentum Management Associates

- We have been unable to find any supporting documentation for a US\$1.1m payment to AMA, nor have we been able to determine the directors and shareholders of the company, and therefore the likely beneficiary.

15. Argentum Investment Management

- AIM was appointed as Buttonwood BVI's Investment Manager and advisor with respect to certain cases. An agreement was entered into on 11 September 2013 which entitled AIM to a quarterly management fee of 0.5% of the total committed principal for claims under management.
- £180k was paid to AIM over five transactions. Documentation for only two of these payments have been located to date which does not properly support the payments. The support located either refers to AIM's management fees pursuant to the investment management agreement, or an "Investment Facility Agreement" which we have not sighted.
- Investigations are on-going.

16. Case Costs

- This category of expenses relates to the deployed costs for the various cases funded. Due to the issues with the integrity of the data, the JPL's have not yet been able to reconcile the total cash deployed from the HKTC bank account (over the period 1 August 2011 to 31 March 2014), to either case cost schedules or Portfolio Tracker.
- It is the JPL's understanding that some case costs were paid through the client redemption account and/or the Buttonwood client redemption account, both of which the JPL's have been unable to obtain the records.
- Internal document that we have reviewed detail that the total costs paid in the cases overall is c.£22.4m. However, this is a common difficulty encountered throughout the JPL's investigations with inconsistent data sourced from the books and records.
- The JPL's are continuing to reconcile the case costs deployed, specifically for cases that are still active.

Receipts and Payments of the Companies 31 March 2014 to 27 June 2014

Review of funds received/paid by HDY from 31 March 2014 to 27 June 2014

	AUD \$
Cash Inflows	
Buttonwood	602,427
HKTC	2,483,735
Savile	13,088
Total Cash Inflow	3,099,251
Cash Outflow	
HDY Legal Costs	630,913
Buttonwood Legal Capital Australia Pty Ltd Management Fees	333,958
Buttonwood Legal Capital Australia Pty Ltd Reimbursement	352,759
Harney Legal Costs	406,868
Deloitte Finance Pty Ltd	32,761
Klaus Selinger	180,000
Klaus Selinger Director Fees	12,500
Justin Hogan-Doran (Barrister)	10,296
Cannings Advisory Services Pty Ltd	60,500
Transfer to the JPL	1,078,694
Total Cash Outflow	3,099,251
Balance	(0)

Overview

- The table above shows the receipts and payments received/paid from HDY's trust account during the period 31 March 2014 to 27 June 2014, at which time the Companies cash assets was being held in their trust account.
- Prior to 31 March 2014 the Companies cash assets was held by HKTC in three dominations (HK\$, GBP£ and US\$). After this date all cash was converted to AU\$.
- As a result of the conversion of the currencies there may be some small reconciliation differences (FX commission, etc.) between the cash balance in the HKTC ledger as at 31 March 2014 and that received by HDY.

Receipts:

- At the request of management the balance of funds held by HKTC as at 31 March 2014 (approx. c.\$3.1m) were transferred to HDY's trust account (\$2.5m) and Buttonwood Aust (\$0.6m).
- Buttonwood Aust subsequently remitted to HDY's trust account the c.\$0.6m that they received direct from HKTC on behalf of the Companies.
- Funds received from Savile relates to the return of a loan previously made to Savile. Further details on Savile can be found on page 21.

Payments:

- HDY and Harney's legal fees relates to costs and expenses incurred by management in seeking legal advice into the Companies affairs, reviewing the Companies assets (specifically a review of the FA and current status of each case) preparing documentation for the petition to the Cayman court for the Companies' Provisional Liquidation.
- Buttonwood Aust Management fees were taken in accordance with the new management agreement dated 24 February 2014. Under the agreement Buttonwood Aust was entitled to a management fee of AU\$1.5m per annum.
- Deloitte relates to professional services incurred in reviewing the internal investigation report prepared by Mr Selinger.
- Payments made to Mr Selinger were in respect of:
 - Director Fees: c. \$20,500;
 - Reimbursement of time costs for preparing his affidavits and dealing with the winding up of the Companies: \$130k; and
 - Service Fees/other: c. \$42,000
- Cannings Advisory Services relates to communication strategies and PR advice utilised by the management team.
- The JPL's received from HDY the balance of the funds held in their trust account as at 27 June 2014, the date of the JPL's appointment and continue to hold this balance as at the date of this report.

Section 7 Investigations – Other

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- 01. Executive summary
 - 02. Companies' Future
 - 03. Core Information and Background of Appointment
 - 04. Actions Undertaken to Date
 - 05. Assets
 - 06. Investigations - Financial
 - 07. Investigations – Other**
 - 08. Creditor and Investor Issues
 - 09. Remuneration
 - 10. Webinar of Creditors and Investors

Directors and Management

Mr Brendan Terrill

- Mr Terrill has been associated with the Group since 2010. He was the director of many of the entities within the Group, with no corporate governance protocols in place to segregate control and ownership roles. Mr Terrill controlled the day to day operations of the Companies, committing them to contracts and issuing instructions to HKTC with respect to receipts and payments.
- Our preliminary investigation has identified many actions and transactions which suggest he may have breached his duties owed as a director. For example:
 - Skill, care and due diligence do not appear to have been exercised with respect to his understanding of the financial position of the funds, particularly as there was minimal financial reporting prepared;
 - He does not appear to have acted in good faith or the best interest of the Companies or their investors with a number of contracts executed not appearing to have any benefit to the Companies and a number of payments authorised being paid to entities that were not a party to the agreement;
 - Approving payment of HK\$15.0m to himself from the Buttonwood HK account, being an account under his control as a director (as discussed below).
- In an affidavit dated 17 April 2014, Mr Terrill advised that even after becoming director of Companies within the Group, Mr Williams would direct him on how to deploy funds and what cases to invest in, with all strategic decisions also made by Mr Williams. Accordingly, Mr Terrill claims he did not exercise unfettered discretion as a director.
- We have not been able to conclusively determine whether Mr Terrill directly benefited from any of the transactions highlighted in Section 6 of the report. We are however aware of three payments of HK\$5.0m being made to Mr Terrill from the Buttonwood HK account in December 2013. The nature of these payments is not clear, however, a Heads of Agreement dated 6 December 2013 refers to the payment being for purchase of his interest in the Group.

- Mr Terrill has failed to respond to our repeated requests to contact our office to discuss the matters referred to within this report.

Mr Scott Williams

- Despite not being a director of any entity within the Group, Mr Williams controlled and issued instructions with respect to the operations and the strategy of the Group. This allegation has been supported by Mr Terrill's affidavit and email evidence of his involvement in the Group as well as statements from other individuals involved with the Group who were interviewed by the JPL's. Accordingly, it appears that Mr Williams may have acted as a shadow director and breached his duties accordingly.
- The JPL's believe Mr Williams has at least one previous criminal conviction for unlicensed securities trading. Investor losses in that case may have exceeded AU\$300m. The JPL's further believe that Mr Williams may have been using investor funds to sustain his lifestyle.
- Our investigations are also continuing as to whether Mr Williams has any control over the Buttonwood Redemption account ('HSBC account') following receipt of allegations that he withdrew funds from this account.

Mr Duane McGaw

- Mr McGaw was a director of several of the related entities. Upon sale of his shares in AIM for £5.0m to BSL plus £6.0m of debt forgiveness, funds were directed to the Buttonwood Redemption account (also referred to as Argentum Management Associates). We are investigating whether Mr McGaw has any control over the redemption account.

Directors and Management

- Our attempts to directly contact Mr McGaw have failed, however, we have recently identified and written to his solicitor and are awaiting a substantive response.

Investigations on Directors and Management

- On numerous occasions the JPL's have attempted to make contact with each of the three individuals referred to above to enable them to respond to allegations and provide an explanation of their understanding of events that led to the appointment of the JPL's. None of the parties have responded.
- In addition, prior to our appointment the new management and corporate restructuring team of Messrs Selinger, Hackett and Franklin wrote to these individuals as follows:
 - 31 March 2014: Letter to Mr Terrill setting out the matters of concern in relation to the misappropriation.
 - 31 March 2014: Letter to Mr McGaw setting out the matters of concern in relation to the misappropriation.
 - 3 April 2014: Second letter to Mr McGaw
 - 8 April 2014: Follow-up letter to Mr McGaw
 - 8 April 2014: Letter received from Mishcon de Reya, acting for Mr McGaw and denying allegations.
 - 14 April 2014: Letter to Mishcon de Reya in response to correspondence received on 8 April 2014
 - 16 April 2014: Letter from Mishcon de Reya.
 - 25 June 2014: Statement of Claim provided to Mr Williams and Mr Terrill under cover of a letter requesting an explanation of the matters contained in the statement of claim.
- The JPL's note that Mr Terrill made himself available for an interview and provided an affidavit of his statement to HDY as a result of the above action during March / April 2014.
- The JPL's need to consider the likelihood of recovery and a cost/benefit exercise should legal action be able to be commenced against various individuals or a tracing exercise be available on funds.
- Accordingly, the JPL's have conducted directorship and personal asset searches on key management personnel associated with the Group including:
 - Mr Terrill;
 - Mr Williams; and
 - Mr McGaw.
- Company searches to identify related Companies, including Companies with common directors have also been conducted in the following jurisdictions:
 - Cayman Islands
 - Hong Kong
 - Australia
 - England
 - Thailand
- In order not to compromise our enquiries and prejudice any future litigation against these individuals, we are not able to disclose the outcome of those searches at this time.
- If any investor or creditor has any further information or details in respect of the above three individuals which they believe would be of relevance to the JPL's investigations, please contact Lisa Gibb or Danielle Franjic of the JPL's office on:
 - lisa.gibb@au.gt.com
 - danielle.franjic@au.gt.com

Associated Companies

Buttonwood Client Redemption Account

- A number of transactions have been identified as passing through the Buttonwood Client Redemption account. These are discussed in Section 6.
- From our investigations into payments narrated as being paid to the Buttonwood Client Redemption account, the payment directions appear to list at least two different bank accounts numbers. We believe one of these account, the HSBC account, may have been used to misappropriate funds of the Companies.
- The account name of the HSBC account is interchangeably referred to as Argentum Management Associates Limited and Buttonwood Redemption Account. We have not been able to obtain corporate information on AMA but believe it may be associated with Mr McGaw on the basis that the proceeds paid to him under the AIM share sale were directed to be deposited into this HSBC account.
- We have written to HSBC in Hong Kong in an attempt to obtain further information on the controller and beneficiary of the account.
- We are also aware of two separate transactions totalling £1.4m which relate to case recoveries which were to be returned to HKTC's controlled account but following the direct intervention by Mr Williams, the relevant law firm or case manager were directed to remit the amounts into the HSBC account. As such, these amount were never recovered by the Companies.

Buttonwood Statutory Limited

- There are a number of agreements entered into by BSL where one of the Companies has funded BSL's obligations. For example, BSL's subscription to Primacy shares was funded by one of the Companies and the AIM share purchase transaction was funded by another of the Companies.
- As accounts were not maintained by the Companies, it is not possible to confirm whether a related party loan was established or if the funds were ever repaid.

- While investigations will continue, we are not aware of BSL having any income generating capacity and do not believe any related party loans would be recoverable from this entity.

Hong Kong Trust Company (HKTC)

- HKTC was engaged as Administrator for the Companies, physically controlling the Companies' funds. As part of their role, HKTC was responsible for processing payments as requested by authorised personnel, and also ensuring that the disbursement requests had appropriate supporting documentation and were in accordance with the permitted use of funds for each investment series.
- Despite the perception and use of the word 'trust' in their name, HKTC have previously sought to clarify that their role was not that of a trustee who owed a fiduciary duty to protect the interests of the investors.
- However, a review of a sample of the communication between Buttonwood BVI and HKTC suggests that prior to making any payments, HKTC would review the supporting documentation and raise any queries should they believe the payment was not appropriately supported. There are instances where HKTC appear to advise the Companies on the arrangements that they consider would be suitable in order for them to process a transaction.
- This conduct appears to suggest that HKTC may have acted in more than a simple administration role.
- In addition to their role as a fund administrator, HKTC does not appear to have fulfilled other duties set out in their agreement such as providing profit and loss reports and balance sheets. We are not aware of any subsequent agreements varying the terms of their role.
- Aside from their conduct, we have attempted to discuss certain issues with HKTC who have not been willing to assist or provide any records on the grounds previously explained in this report.
- The JPL's believe there may be merit in undertaking further investigations to determine whether a cause of action exists against HKTC subject to a commercial cost/benefit assessment.

Associated Companies

Argentum Investment Management Limited

- After BSL acquired 100% of the shares in AIM in July 2013, a share subscription agreement was entered between BSL and a third party, where the third party would become 51% shareholder in AIM for £10k, a fraction of the price previously paid by BSL and funded by the Companies.
- There may be grounds to determine whether this is a voidable transaction that may be unwound by official liquidators, however, further investigation is required to determine whether a course of action exists against the third party subject to a commercial cost/benefit analysis.

Argentum Administration Limited and Argentum Management Associates

- Transactions have been identified where these parties have received what appears to be an uncommercial benefit. For example, Argentum Management Associates appears to have received £5.0m of proceeds from the sale of AIM shares and Argentum Administration Limited received £364k with no substantive supporting documentation.
- In our investigations to date we have not been able to determine the directors and shareholders of these Companies or how they are connected to the Group.
- Obtaining additional corporate information may assist in determining who the beneficiary of the payments were and following a cost/benefit analysis, there is merit in commencing a recovery action.

Buttonwood Legal Capital Limited (BVI)

- For confidentiality and commercial reasons, the JPL's cannot disclose any information at present on this entity.

Primacy Dividend Corporation

- Funds Guarantee Agreements were entered between Primacy and various entities within the Group. The purpose of the agreements was for Primacy to underwrite the fixed interest return to investors in the event realisations on cases were insufficient. In return, Primacy was to be entitled to a share (approximately 25%) of the residual net success fees. The guarantee commitment was to run for the period of the investment through to the redemption date.
- Copies of call notices against one of the Companies guarantee agreement totalling £286k have been located but we have not yet been able to identify the receipt of any funds from Primacy and therefore question the integrity of the above arrangements.
- Under the agreements there may be a potential to call on Primacy for outstanding fixed dividends. However, we do not believe that Primacy would have sufficient funds to met such a request noting Primacy may be related to the Group and that it was seeking to raise funds of £20.0m in July 2012 to meet its objectives. Further, prior drawdown requests from ACL appear to have either not been paid, or is alleged to have been funded by the Companies in what has been described as a 'round robin' of payments.
- As mentioned in our financial investigations in Section 6, £262k was paid from one of the Companies to the Buttonwood Redemption Account which was proposed to be for the purchase of redeemable preference shares by BSL in the capital raising. We have not yet been able to confirm whether shares were obtained or their current value, although we believe this would be negligible.
- A Revolving Facility Agreement was executed in May 2013 whereby Buttonwood BVI was to extend a £42k interest free facility to Primacy. Mr Terrill signed on behalf of both parties and we are uncertain as to who funded the loan or its recoverability.
- Investigations are continuing to determine whether a cause of action exists against Primacy by the Companies. However, to date we have not identified any material payments from the Companies to Primacy other than those mentioned above.

Associated Companies

First Class Legal

- 1CL acted as Investment Manager prior to March 2012. During their tenure, 1CL was responsible for sourcing claims, carrying out legal due diligence prior to recommending cases for funding, obtaining insurance and managing the cases invested in on behalf of the Buttonwood BVI.
- Upon a review of the cases in early 2012, it became apparent that many of the cases 1CL has recommended did not have the prerequisite prospects of success (at least 60%) and a decision was made to terminate many of the funding agreements creating the legacy case portfolio.
- Upon attempting to call on the ATE insurance for some of the legacy cases, it appears that the insurance 1CL placed with Royal Luxembourg failed to respond. It is noted that many of the legacy cases were insured with both a third party insurer (primary cover) and Royal Luxembourg (secondary cover). The latter policy in many cases purported to provide cover should the primary ATE policy not respond or be insufficient.
- 1CL has been previously been placed on notice that a claim may be commenced against it with respect to a failure to discharge their duties to the Companies and Buttonwood BVI.
- The JPL's believe there may be merit in undertaking further investigations to determine whether on a cost/benefit basis this cause of action should be pursued.

Orion Litigation Intermediaries Limited

- As mentioned in Section 6, given the large value of funds paid to Orion as fund promoter, the JPL's intend to undertake a full reconciliation of payments against the contractual rights for the commission.
- We note that Orion have advised that the Companies are currently indebted to them for outstanding commission.

Savile Management Limited

- Pursuant to the Capital Risk Management Agreement with Buttonwood BVI dated 27 August 2012, Savile's role included advising Buttonwood BVI on risk and "sourcing, negotiating and implementing appropriate insurance and other risk mitigation instruments". The JPL's believe this was an attempt to retain a greater amount of commissions earned on placement of insurance policies by 1CL.
- In addition to the Capital Risk Management Agreement, Savile entered a Revolving Facility Agreement with Buttonwood BVI on 15 May 2013, with a retrospective effective date of 24 November 2011 (i.e. prior to the Capital Risk Management Agreement).
- Under the facility agreement Buttonwood BVI was to provide an interest free loan facility with a limit of £79k, repayable upon termination of the agreement on 31 December 2013.
- While the agreement states that funds can be used for any purpose, correspondence suggests the purpose of the loan was to provide start-up capital to Savile given it was a newly incorporated entity with the directors being BSL and a former employee of Buttonwood BVI, Jane Jones.
- We are aware that AU\$13k has been repaid since March 2014.
- Whilst there may be a cause of action against Savile Management Limited, prospects of a financial recovery may be limited as our investigations indicate the director, Jane Jones, has since closed the business.

Associated Companies

Other

- The JPL's have identified instances where the Companies paid to related companies a 'fund protection fee'. The fee was sometimes quite significant and in several cases exceeded the funded solicitor costs (for example in one agreement the fund protection fee of £1.5m compares to the total facility amount of £3.0m). Sometimes these fees are referred to as an 'arrangement fee' or 'contribution'.
- These agreements are not clear as to the purpose of these fees with there being only a discretionary requirement to obtain fund protection insurance. It is likely that these fees were a straight return at the commencement of the funding agreement to the relevant funding company.
- However, these fees were not repaid to the Companies and appear to have been retained by the associated parties. Once again, further investigation is required to determine whether this was a mechanism to extract additional funds from the Companies for no commensurate benefit for investors.

Other Entities

- The JPL's have been advised of a number of entities that may be associated to the former management team. We have conducted company searches in multiple jurisdictions in an attempt to determine who controls these entities.
- We are yet to conduct searches through the receipts and payments in an attempt to identify any transactions with these entities and this forms part of our ongoing investigation.

Section 8 Creditor and Investor Issues

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Solvency/Dividend/Share Transfer/FATCA

Solvency

- Whilst a provisional liquidator is not required to make a determination on solvency, currently the JPL's believe the Companies to be of doubtful solvency.
- As discussed on page 36, the lack of financial accounts, inconsistencies in books and records received and a general lack of information, has resulted in the JPL's being unable to complete a reconciliation into the amounts owed to creditors and investors.
- Also impacting the determination is the contingent nature of any future recoveries.
- An official liquidator appointed by the Cayman court must make a determination as to whether a company is believed to be solvent, insolvent, or of doubtful insolvency. Such determination, besides indicating which stakeholder may receive a dividend payment, impacts other issues such as the size and composition of any liquidation committee.

Dividend

- Due to the issues discussed above, the JPL's cannot currently:
 - Attribute definitive estimated recoverable values of potential asset realisations;
 - Definitively assign future asset recoveries to each of the Companies; and
 - Definitively assign creditors and investor claims to each of the Companies.
- Accordingly it is not possible to advise at present what the likely dividend prospects are to be to any stakeholder of the Companies.

Share Transfers for Investors

- **The JPL's are currently not in a position to allow investors to execute share transfers.**
- The processing of share transfers places a large administrative burden on the JPL's, the cost of which is not currently perceived as being in the best interests of the overall investor group.
- Further, should the Companies be placed into Official Liquidation following the JPL's report back to the court on what course of action is in the best interests of the Companies, any share transfers processed during the period of the Provisional Liquidation will immediately become void and any transfer of shares will need to be approved by the Cayman court, a costly and time consuming process for an individual investor.

The Foreign Account Tax Compliance Act (FATCA)

- FATCA requires that a Cayman Islands financial institution report various information in relation to account holders who are specified persons.
- Specified persons are defined under the Inter-Governments agreements (IGA) between the Cayman Islands government and the United States and United Kingdom tax authorities. The definition essentially comprises individuals or entities who may be deemed as tax resident in those jurisdictions.
- The IGA requires that Cayman Islands financial institutions report to the Cayman Islands TIA. The TIA will automatically pass the information on to the United States IRS and the United Kingdom HMRC.
- The Cayman Islands' government guidance notes on FATCA were released on 22 July 2014.

FATCA/Funding from Creditors

- If the Companies are required to register under FATCA, the JPL's will be obliged to:
 - Identify Reportable Accounts in accordance with the due diligence requirements as set out in the IGA and Guidance Notes;
 - Report annually to the TIA certain specified information with respect to any Reportable Accounts; and
 - Potentially register with the IRS to obtain a Global Intermediary Identification number ("GIIN").
- It is the JPL's initial view that the Centaur funds as a Collective Investment Vehicle will fall into the category of a Reporting Financial Institution and that the JPL's will be obliged to register with the IRS. The JPL's are currently seeking legal advice on this matter. Once received the JPL's will correspond with the individual investors on this issue through Portfolio Tracker.

Funding from Creditors

- Due to the limited amount of funds currently available to the JPL's and the costs that would be required to pursue the majority of the actions detailed in Sections 6 and 7, the JPL's are currently not in a position to commence any recovery actions until such time that sufficient funds become available. Our key focus remains the preservation and realisation of case assets (active and legacy).
- The JPL's however seek expressions of interests from creditors and investors who would be willing to fund any of the potential actions discussed in Sections 6 and 7, otherwise, the JPL's will reassess this position if and when recoveries are made from current cases.
- Interested creditors and/or investors should contact Lisa Gibb at lisa.gibb@au.gt.com for further information.

Section 9 Remuneration

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JPL's Remuneration and expenses

Basis of remuneration

- In the orders dated 27 June 2014, the Cayman court directed that the JPL's can pay their remuneration out of the assets of the Companies, and shall be remunerated at rates agreed with the Companies and their advisors. The Insolvency Practitioners (Amendment) Regulations 2013 ("IPR") provides further information on remuneration of Liquidators appointed by the Cayman court.
- Regulation 11 of the IPR states that an Official Liquidator is not entitled to receive any remuneration out of the assets of a company in provisional or official liquidation without the prior approval of the court. However a Provisional or Official Liquidator may receive a payment on account, the amount of which shall not exceed eighty percent of the remuneration sought in the report and accounts prepared in accordance with Regulation 13 (2). In the event that the amount of remuneration approved by the court is less than the amount paid on account, the official liquidator shall forthwith repay the balance to the company.
- For the period of their appointment the JPL's propose that their remuneration be calculated on the basis of time spent by themselves and their staff (employed by Grant Thornton Australia Limited, Grant Thornton Specialist Services (Cayman) Limited and Grant Thornton Recovery and Restructuring (Hong Kong) in attending to matters arising in the Provisional Liquidation).
- The charge out rates to be applied to the time spent by the JPL's and their staff are proposed to be their standard hourly charge out rates (set by each country – refer to **Appendix B**), which fall within the parameters of the rates set out within the IPR, detailed opposite.
- Detailed opposite is the remuneration incurred by the JPL's and their staff for the period 27 June 2014 to 31 August 2014. For the sake of clarity we have kept the remuneration in the currency in which the services are being rendered. A full breakdown of the remuneration detailed opposite can be found at **Appendix C**.
- No remuneration has yet been drawn, however, it is the JPL's intention in accordance with the IPR to receive a payment on account to the value of eighty percent being claimed in due course.

Summary of rates set by IPR

Grade	Description	Rate (US\$)
Partner	A qualified insolvency practitioner who is a partner of a firm or shareholder and director of a company carrying on business as professional insolvency practitioners.	\$500 to \$945
Consultant	A person with professional qualifications (other than as an insolvency practitioner) and/or technical experience and/or particular experience relevant to matters arising in a liquidation.	\$290 to \$945
Director/ Principal	A qualified insolvency practitioner with a minimum of 3,500 chargeable hours since his qualification.	\$445 to \$715
Senior Manager	A qualified insolvency practitioner with a minimum of 2,500 chargeable hours since his qualification or, an unqualified practitioner with a minimum of 10 years insolvency experience and no less than 5,000 chargeable hours.	\$370 to \$600
Manager or Assistant Manager	A professional accountant with a minimum of 3 years experience and no less than 1,500 chargeable hours or, an unqualified practitioner with a minimum of 6 years experience and no less than 3,000 chargeable hours.	\$290 to \$500
Senior Accountant	A professional accountant with no less than 1,000 chargeable hours or, an unqualified practitioner with a minimum of 3 years experience and no less than 2,000 chargeable hours	\$210 to \$365
Administrator	An unqualified person with a minimum of 1 years experience and no less than 500 chargeable hours or, a trainee with no less than 250 hours of relevant work or, a qualified accountant who is not credited with any hours of relevant work done since his qualification	\$50 to \$210

Summary of remuneration

Area	GT Australia (US\$)	GT Cayman (US\$)	GT Hong Kong (US\$)
Case Management	\$115,391.55	\$82,153.50	\$7,625.40
Investigations	\$110,795.45	\$8,688.00	\$750.00
Realisations of Assets	\$124,266.52	\$27,159.00	\$nil
Creditors/ Investors	\$56,908.32	\$12,120.00	\$800.00
Total	\$407,361.84	\$130,120.50	\$9,175.40

Notes: Excludes VAT/GST and disbursements

JPL's Remuneration and expenses

- The above remuneration has been incurred in, but not limited to, undertaking the following actions:
 - Holding numerous teleconferences and meetings with various lawyers and co-funders on the current cases funded by the Companies to understand the current status of the case, the merits of the case and the further funding requirements;
 - Reviewing the reconstructed accounts and Internal Audit Report prepared by Mr Selinger and undertaking a review of the receipts and payments from the HKTC cash book for the period August 2011 to 31 March 2013;
 - Reviewing various loan agreements, share purchase agreements and related party documentation to consider the reasonableness of the arrangements and financial implications;
 - Reviewing financial information available with respect to the separate investment series including attempting to reconcile records between various sources;
 - Considering capital raising alternatives with multiple parties including discussing high level terms and framework of any proposed fundraising, consideration of regulatory requirements and assessment of further funding requirements and merits of same;
 - Investigating various pre-appointment transactions with related parties; and
 - Liaising with creditors and investors.

Other Grant Thornton Services

- In order to assist the JPL's in the performance of, and carrying out of, certain duties, specific services lines within Grant Thornton and other Grant Thornton entities (other than those of which the JPL's are directly responsible for) have been engaged.
- These services are also being charged within the boundaries established by the IPR and any remuneration charged by these services lines or firms will also be subject to final approval of the Cayman court.
- To date c.AU\$30k has been incurred by other Grant Thornton Services Lines/Countries.

Expenses

- The JPL's have incurred a number of expenses in relation to the Provisional Liquidations, mainly legal costs incurred by Harneys (Hong Kong and Cayman Islands legal counsel) and HDY (Australian legal counsel). Since the appointment of the JPL's these costs are c.AU\$166k in relation to HDY, c.US\$57k in relation to Harneys Hong Kong and c.US\$48k in relation to Harneys Cayman Islands.
- Other costs incurred, but not yet paid, by the JPL's relate to the cost of maintaining Portfolio Tracker, Director fees, costs in relation to obtaining the Companies books and records and receiving advice from the former in-house legal counsel of Buttonwood. These amounts are not material in the context of the Provisional Liquidations.
- Creditors and Investors are advised that these such costs do not require approval by the Cayman court.

Section 10 Webinar of Creditors and Investors

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Webinar

Webinar for creditors and Investors

- In order to discuss the report and to answer any question creditors and investors may have following the issuing of this report, the JPL's will be holding a webinar at **5.00pm (Sydney time) on 17 October 2014**.
- Although there is no legislation or regulations that require meetings of creditors and investors in a Provisional Liquidation, the JPL's want to comply with the regulations that govern the convening of shareholder meetings, therefore creditors and investors have been provided with 21 days notice of the meeting.
- Please refer to **Appendix D** in respect of a formal notice of the webinar.
- **The webinar is for creditors and investors of the Companies only.**
- Should creditors and investors have any questions they want the JPL's to address in detail, please advise prior to 10 October 2014. This will allow sufficient time for the JPL's to prepare a response, subject to confidentiality restrictions, as limited information/documentation will be on hand to the JPL's during the webinar. A question sheet for creditors and investors to submit their questions prior to the webinar is attached at **Appendix E** with email details for the JPL's office.
- Please note that attendance at the webinar is **optional** and it is **not open to the general public**. Providing information on the webinar (including information shared during the webinar) to a third party is **strictly not permitted**. Any creditor or investor who does so in any way will be breaching Cayman Islands legislation.
- The details for the webinar are as follows:
 Details: Friday, 17 October 2014,
 Time: * Sydney: 17:00 hours
 * China (Beijing): 14:00 hours
 * Indonesia (Jakarta): 13:00 hours
 * Japan (Tokyo): 15:00 hours

* Malaysia (Kuala Lumpur): 14:00 hours

* Thailand (Bangkok): 13:00 hours

* United Kingdom (London): 07:00 hours

- Passwords and access details for the webinar will be distributed to investors via email, one week prior to the webinar.

Recording of the Webinar

- If you are unable to attend the webinar live you will be able to view a recording of the webinar within three (3) months of the end of the webinar.
- Further details on the recording of the webinar will be made available to creditors and investors after the webinar has taken place.

Committee of Creditors and Investors ("Committee")

- The JPL's have received requests from a number of creditors and investors for a Committee to be formed to liaise with the JPL's regarding the Provisional Liquidations and to provide the JPL's with information and feedback on behalf of the general body of creditors/investors (if appropriate).
- Although it is uncommon in a Provisional Liquidation for a Committee to be formed (there is no legislation covering a Committee in a Provisional Liquidation) the JPL's are willing to consider forming an informal Committee for each Company, at the request of creditors/investors, to ensure that a representative body of creditors and investors are consulted on the progress of the Provisional Liquidations.
- If the Companies enter into Official Liquidation, the Committees will be disbanded and new committees formed for the purpose of the Official Liquidation. Members of the Committee during the Provisional Liquidation can nominate themselves for the Official Liquidation committees also.

Webinar

- Typically it is recommended that there be between 3-6 members on a Committee. Any member to the Committee will be required to sign a confidentiality agreement and the JPL's advise that disclosure of certain information regarding the Provisional Liquidation may still be withheld from the Committee if deemed commercially confidential.
- Creditors and investors are advised that they will not be remunerated for their costs and expenses of being on the Committee.
- Should creditors or investors wish to nominate themselves for any of the three Committees, please contact Lisa Gibb at lisa.gibb@au.gt.com prior to 5.00pm (Sydney time) on Friday, 10 October 2014. Parties must provide an outline of their expertise, background and quantum of financial interest. Parties should specify the series they have invested in and thus confirm which one of the three committees they are seeking nomination for based on their investment.

Contact details

- Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Lisa Gibb at centaur.enquiries@au.gt.com

Yours faithfully



Said Jahani
Joint Provisional Liquidator

Appendices

A. Group Structure

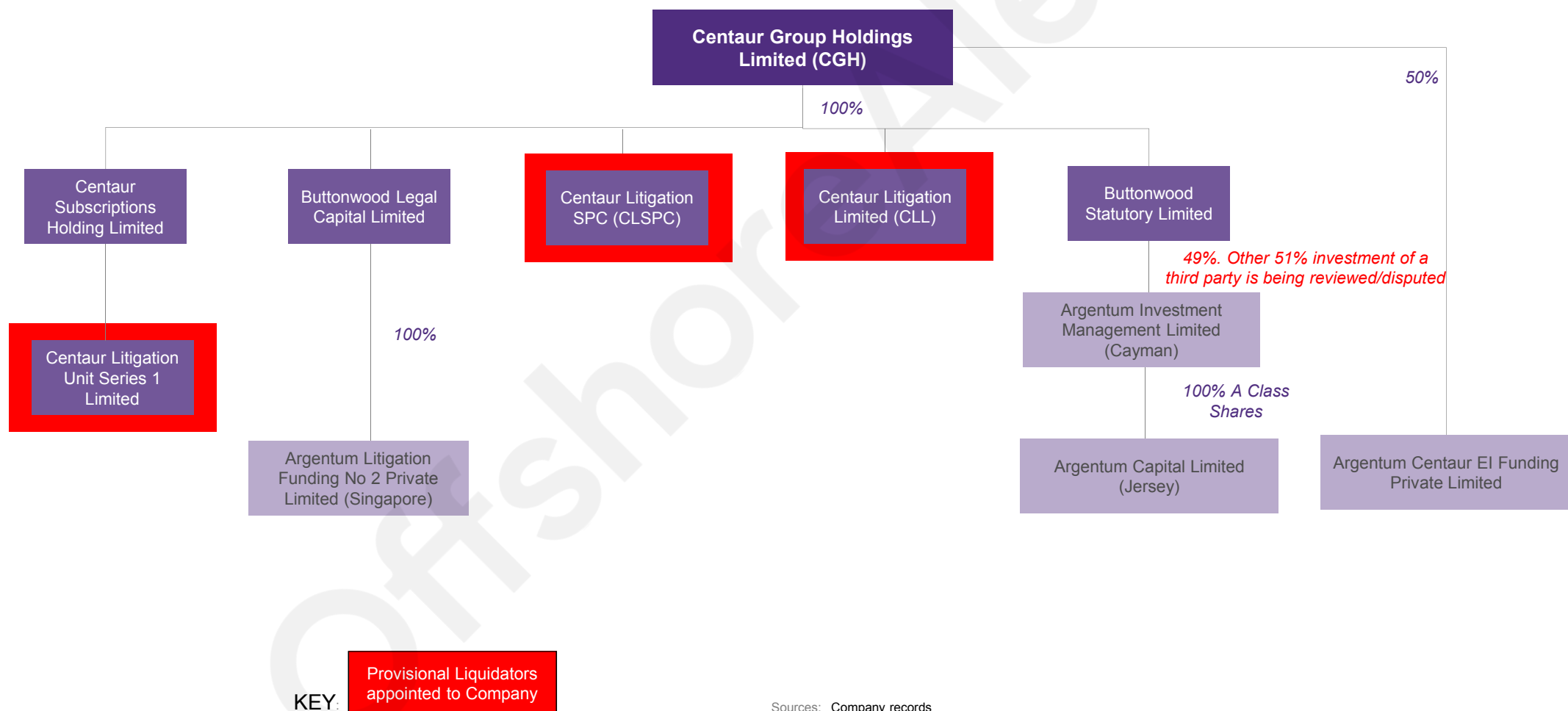
B. Charge out rates per country

C. Remuneration

D. Notice of webinar

D. Question sheet for webinar

A. Group Structure



Sources: Company records

B. Charge out rates per Country

Charge out rate per country per hour

Grade	Rate (AU\$)	Cayman Rate (US\$)	HK Rate (HK\$)		AU Rate (US\$)	Cayman Rate (US\$)	HK Rate (US\$)
Partner	\$650	\$750-\$775	\$6,000		\$612	\$750-\$775	\$774
Consultant	n/a	n/a	n/a		n/a	n/a	n/a
Director/Principal	\$560	\$640	n/a		\$527	\$640	n/a
Senior Manager	\$520	\$590	n/a		\$489	\$590	n/a
Manager or Assistant Manager	\$420-\$470	\$400-\$480	\$4,000		\$395-\$442	\$400-\$480	\$500
Senior Accountant	\$380-\$399	n/a	n/a		\$358-\$365	n/a	n/a
Administrator	\$210-\$229	n/a	n/a		\$198-\$210	n/a	n/a

C. Remuneration

Australia

Employee	Position	Charge Out Rate US\$/hour	Total actual hours	Total (\$)	Task Area							
					Case Management		Investigations		Realisation of Assets		Creditors & Shareholders	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Said Jahani	Partner	612	129.0	78,919.69	69.5	42,518.7	38.5	23,553.6	21.0	12,847.4	0.0	0.0
Danielle Franjic	Senior Manager	489	127.1	62,205.84	43.4	21,241.0	37.3	18,255.5	22.3	10,914.2	24.1	11,795.1
Lisa Gibb	Manager	442	153.3	67,814.46	17.5	7,741.4	89.9	39,768.6	28.0	12,386.2	17.9	7,918.3
Matthew Whitchurch	Manager	442	29.3	12,961.28	0.0	0.0	29.3	12,961.3	0.0	0.0	0.0	0.0
David Trehy	Assistant Manager	395	2.6	1,027.79	2.6	1,027.8	0.0	0.0	0.0	0.0	0.0	0.0
Jarred Erceg	Senior Accountant	365	109.0	39,785.00	1.5	547.5	0.0	0.0	107.5	39,237.5	0.0	0.0
Andrew Bull	Administrator	210	106.4	22,344.00	3.2	672.0	11.9	2,499.0	0.0	0.0	91.3	19,173.0
Nicola Clarke	Manager	442	257.4	113,864.59	86.5	38,264.5	31.1	13,757.5	110.5	48,881.3	29.3	12,961.3
Richard Woolf	Administrator	210	26.9	5,649.00	3.9	819.0	0.0	0.0	0.0	0.0	23.0	4,830.0
Archie Ramsay	Administrator	198	10.7	2,114.88	10.7	2,114.9	0.0	0.0	0.0	0.0	0.0	0.0
Dale Slater	Not recognised	0	11.1	-	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Jonathan Ellis	Not recognised	0	51.0	-	0.0	0.0	22.5	0.0	0.0	0.0	28.5	0.0
Leisl Wratten	Administrator	165	4.1	675.31	2.7	444.7	0.0	0.0	0.0	0.0	1.4	230.6
Rachel Hughes	Not recognised	0	0.8	-	0.2	0.0	0.6	0.0	0.0	0.0	0.0	0.0
TOTAL			1,018.7	407,361.84	252.8	115,391.55	261.1	110,795.45	289.3	124,266.52	215.5	56,908.32

Hong Kong

Employee	Position	Charge Out Rate US\$/hour	Total actual hours	Total (\$)	Task Area							
					Case Management		Investigations		Realisation of Assets		Creditors & Shareholders	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
David Bennett	Partner	774.00	2.1	1,625.40	2.1	1,625.40						
Alexandra Welch	Senior Manager	500.00	15.1	7,550.00	12.0	6,000.00	1.5	750.00			1.6	800.00
TOTAL			17.2	9,175.40	14.1	7,625.40	1.5	750.00	0.0	0.00	1.6	800.00

C. Remuneration

Cayman Islands

Employee	Position	Charge Out Rate US\$/hour	Total actual hours	Total (\$)	Task Area							
					Case Management		Investigations		Realisation of Assets		Creditors & Shareholders	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hugh Dickson	Partner	775.00	8.7	6,742.50	6.3	4,882.50			1.8	1,395.00	0.6	465.00
Mike Saville	Partner	750.00	6.0	4,500.00	3.4	2,550.00			2.0	1,500.00	0.6	450.00
Phillip Tyrrell	Principal	640.00	89.5	57,280.00	64.0	40,960.00	0.9	576.00	15.6	9,984.00	9.0	5,760.00
Peter Bigwood	Principal	640.00	0.3	192.00	0.3	192.00						
Sarah Bourke	Principal	640.00	0.1	64.00	0.1	64.00						
John Royle	Senior Manager	590.00	0.3	177.00	0.3	177.00						
Michael Travers	Manager	480.00	85.5	41,040.00	32.1	15,408.00	16.4	7,872.00	27.0	12,960.00	10.0	4,800.00
Prudence Pryce	Manager	450.00	0.1	45.00							0.1	45.00
Andrea Richards	Manager	400.00	50.2	20,080.00	44.8	17,920.00	0.6	240.00	3.3	1,320.00	1.5	600.00
TOTAL			240.7	130,120.50	151.3	82,153.50	17.9	8,688.00	49.7	27,159.00	21.8	12,120.00

**NOTICE OF WEBINAR OF
CREDITORS AND INVESTORS**

**CENTAUR LITIGATION LIMITED
CENTAUR LITIGATION SPC
CENTAUR LITIGATION UNIT SERIES 1
(ALL IN PROVISIONAL LIQUIDATION) (“the Companies”)**

Notice is given that a webinar of the creditors and investors of the Companies will be held via webinar on Friday, 17 October 2014 at 17:00 hours (Australian Eastern Standard Time).

A G E N D A

1. To consider the Joint Provisional Liquidators’ report in relation to the Companies affairs.
2. To discuss the appointment of an informal Committee of creditors and investors for each of the Companies.
3. To discuss any other relevant business which may arise.

Dated: 16 September 2014



**SAID JAHANI
JOINT PROVISIONAL LIQUIDATOR**

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- Note: 1. Please note that attendance at the webinar is **optional** and it is **not open to the general public**. Providing information on the webinar (including information shared during the webinar) to a third party is **strictly not permitted**. Any creditor or investor who does so in any way will be breaching Cayman Islands legislation.
- Note: 2. Details of the website for the webinar (including login details and passwords) will be sent to creditors and investors via secure email by 10 October 2014.
- Note: 3. The webinar will start at 17:00 hours Australian Eastern Standard Time. Detailed below is the start time of the webinar in each city.

CITY	TIME
Sydney	17:00 hours
Beijing (China)	14:00 hours
Jakarta (Indonesia)	13:00 hours
Tokyo (Japan)	15:00 hours
Kuala Lumpur (Malaysia)	14:00 hours
Bangkok (Thailand)	13:00hours
London (United Kingdom)	07:00 hours

QUESTIONS TO BE RAISED AT THE WEBINAR

TO: Nicky Clarke
EMAIL: Nicky.clarke@au.gt.com
FAX NO: +61 (2) 9299 4533

FROM: [\[redacted\]](#)

CREDITOR/INVESTOR:

QUESTIONS: _____