



**Raymond Chabot  
Grant Thornton**

**Hugh Dickson**

Partner  
Grant Thornton Specialist Services (Cayman) Ltd  
T +1 345 815-8225  
E [hugh.dickson@gtuk.com](mailto:hugh.dickson@gtuk.com)

**Jean Robillard**

Partner  
Raymond Chabot Grant Thornton & Cie  
T +1 514 393-4764  
E [robillard.jean@rcgt.com](mailto:robillard.jean@rcgt.com)

## FOCUS MANAGEMENT INC. (In Official Liquidation)

Report to the Creditors by the Joint Official Liquidators  
August 28, 2009



August 28, 2009

Grant Thornton Specialist  
Services (Cayman) Limited  
P.O. Box 1370 GT  
Commerce House  
2nd Floor  
7 Dr. Roy's Drive  
Grand Cayman  
Cayman Islands

Raymond Chabot Grant  
Thornton & Cie  
600 de la Gauchetiere West  
Suite 2000  
Montreal (Quebec)  
H3B 4L8  
Canada

Dear Creditors,

We refer to Court Orders dated February 20, 2008 and October 31, 2008 appointing Jean Robillard and Hugh Dickson as Joint Provisional Liquidators and Joint Official Liquidators respectively of Focus Management Inc. ("Focus"). We have the pleasure to enclose a copy of our report to the creditors of Focus and will be pleased to provide further copies on request. This report should be read in conjunction with the following reports:

- Triglobal Capital Management Inc. ("Triglobal") submitted on January 20, 2008;
- P.N.B. Management Inc. ("PNB"), 2967-9420 Québec Inc., 4190424 Canada Inc. and 4384610 Canada Inc. submitted on February 22, 2008;
- Provisional Administrator's Information Document submitted on May 21, 2008.

These reports are available on the web site of Raymond Chabot Grant Thornton at the following address: [www.raymondchabot.com](http://www.raymondchabot.com)

This report has been prepared exclusively for the creditors of Focus. While other parties may be interested in receiving a copy of this report we stress that we cannot accept any responsibility whatsoever in respect of any reliance that these parties may place on our report in any decision that they may make in relation to Focus.

If there are any matters upon which you require clarification or further information please contact Mr. Dickson or Mr. Robillard.

Yours faithfully

*Hugh Dickson*  
Joint Official Liquidator

*Jean Robillard*  
Joint Official Liquidator

---

# Contents

<b>Section</b>	<b>Page</b>	<b>Appendices</b>	<b>Page</b>
1. Basis of Report and Disclaimer	4	A. Liquidators' Receipts and Payments Account (unaudited)	25
2. Background	6		
3. Investigation	9		
4. Creditors	19		
5. Professional fees and Status of the Estate	21		
6. Resolving Focus' Affairs	23		

## Section 1

### Basis of Report and Disclaimer

1.	Basis of Report and Disclaimer
2.	Background
3.	Investigation
4.	Creditors
5.	Professional fees and Status of the Estate
6.	Resolving Focus' Affairs

# Basis of Report and Disclaimer

## 1.1 Basis of Report

On February 20, 2008, Mr. Jean Robillard of Raymond Chabot Grant Thornton & Cie (Canada) and Hugh Dickson of Grant Thornton Specialist Services (Cayman) Limited (whilst entirely separate firms, for convenience referred to collectively as “GT”) were appointed Joint Provisional Liquidators (“JPLs”) of Focus Management Inc. (“Focus”) by the Grand Court of the Cayman Islands (the “Court”) and on October 31, 2008 were appointed Joint Official Liquidators (collectively the “JOLs”) of Focus by said Court. The terms JPLs and JOLs are used interchangeably throughout this report.

In accordance with Order 10 of The Companies Winding Up Rules 2008 of the Cayman Islands, this report has been prepared by the JOLs solely for the purpose of reporting to the Focus creditors on the conduct of the liquidation and the state of Focus’ affairs.

This report has been prepared using the information available to the JOLs at the time of preparation. Investigations are ongoing and new information continues to be received. This may result in material changes to the information provided in this report.

## 1.2 Disclaimer

None of the JOLs, GT, their partners, employees, professional advisers or agents accept any liability or assume any duty of care to any third party (whether it is an assignee or successor of another third party or otherwise) in respect of this report and any such party who receives a copy of this report whether from GT or any other source shall have no right of recourse against GT, their partners, employees, professional advisers or agents.

In preparing this report, the JOLs have relied upon information available to them and have not performed an audit examination on this information. Except where specifically stated, the JOLs have been unable to establish the reliability of the sources of information presented to them by reference to independent evidence.

## Section 2

### Background

1.	Basis of Report and Disclaimer
2.	Background
3.	Investigation
4.	Creditors
5.	Professional fees and Status of the Estate
6.	Resolving Focus' Affairs

# Background

## 2.1 Background

In the first part of 2007, information was provided to the Autorité des Marchés Financiers (“AMF”), the Quebec financial services regulator, which prompted an investigation into the operations of Triglobal Capital Management Inc. (“Triglobal”) and associated companies.

These investigations revealed that investors’ funds were being placed by, or solicited by, Triglobal representatives into two offshore vehicles, Focus Management Inc. (“Focus”) in the Cayman Islands, and Ivest Fund Limited (“Ivest”) in the Bahamas.

The AMF determined that these investments were illegal under Quebec law as none of the companies or individuals involved held the requisite licenses under the Quebec Securities Act.

It also considered that false representations were made by Triglobal representatives as to the nature of the relationship between the entities, and became concerned that in addition to the licensing issue a potential misappropriation of investors' funds was taking place.

Based on the above, on December 21, 2007, and on January 24, 2008, the Minister of Finance, issued an Order (the “Order”) appointing and authorizing a Provisional Administrator to seize the property and any property it may hold for third parties of Triglobal and P.N.B Management Inc. (“PNB”) and related companies respectively.

Simultaneously with these order, the Bureau de Décision et Révision en Valeurs Mobilières (“BDRVM”) ordered, among other things, that funds, securities and other property of the following companies and persons be frozen:

- Triglobal Capital Management Inc.
- Société de gestion de fortune Triglobal Inc.
- PNB Management Inc.
- Focus Management Inc.
- Ivest Fund Ltd.
- 2967-9420 Québec Inc.
- 4190424 Canada Inc.
- 438610 Canada Inc.
- Themistoklis Papadopoulos
- Anna Papathanasiou
- Franco Mignacca
- Joseph Jekkel
- Mario Bright

At the date of this report, all orders are still in force.

From the investigations, it is apparent that all of these entities have played a closely interconnected role and were in effect operated in concert by Themistoklis Papadopoulos (“Papadopoulos”) and Mario Bright (“Bright”) which lead up to the appointment of the JOLs.

## Background (continued)

### 2.2 Focus Management Inc.

Focus was registered in the Cayman Islands as an exempt company limited by shares on 4 May 1990 pursuant to the Companies Law. Its registered office was situated at the offices of Caledonia Bank and Trust Limited, Caledonia House, Mary Street, George Town, Grand Cayman; however, its principal operations were latterly carried out at P.O. Box 30440, Seven Mile Beach, Safe Haven Corporate Centre, Windward One, Grand Cayman, Cayman Islands.

Focus was incorporated with authorized share capital of US\$900,000 divided into 900,000 shares of a nominal or par value of US\$1.00 each. There is no evidence of issued share capital other than the two shares allotted to the initial shareholder, CB Nominees Limited, an entity believed to be owned and controlled by Papadopoulos and Bright.

As per the corporate register, the ultimate beneficial owners of Focus are Papadopoulos and Bright who also owned and/or controlled other entities associated with Focus including Triglobal, PNB, Ivest, Tricap Futures Funds Limited (“Tricap”) registered in the Bahamas, Axxon Incorporated (“Axxon”) registered in the Cayman Islands and CB Nominees Limited also registered in the Cayman Islands.

Focus’ first managing director was Mr. Lance C. Townend whose tenure in office lasted from May 4, 1990 to March 29, 1994. He was immediately succeeded by Mr. Austin O. Harris (“Harris”) who resigned on December 21, 2007.

The course of the investigation showed that over 14 years Focus issued term loans with interest return between 10% to 19% and that during year 2007 many of these loans had matured and had been called, but remained unpaid.

Following a petition by representative investors of Focus, supported by an affidavit from the AMF, Hugh Dickson of Grant Thornton Specialist Services (Cayman) Limited and Jean Robillard of Grant Thornton Raymond Chabot & Cie, both qualified insolvency practitioners, were appointed JPLs of Focus on February 20, 2008. Following the JPLs initial investigations it was clear that Focus was insolvent, and the Grand Court appointed the JPLs as Joint Official Liquidators on October 31, 2008.



## Section 3

### Investigation

1.	Basis of Report and Disclaimer
2.	Background
<b>3.</b>	<b>Investigation</b>
4.	Creditors
5.	Professional fees and Status of the Estate
6.	Resolving Focus' Affairs

# Investigation

## 3.1 Visit to the Focus Premises

On obtaining a signed copy of the court order appointing the JPLs, Mr. Dickson and his team immediately went to the trading premises of Focus at the Safe Haven Corporate Centre on February 21, 2008 to inspect and to seize any assets on hand.

The office was found to be locked and apparently unoccupied. Entry was made by the JPL team using a locksmith. No computers, material assets or monetary instruments were found on site. Credenzas and desks contained suspended files with a variety of correspondence and paperwork. These were examined but no accounting records such as management accounts, cash books or accounting ledgers were located. A number of bank statements for accounts held at United European Bank & Trust (Nassau) Ltd in the Bahamas ("UEB") were found amongst the files, but in no particular order.

Several unopened courier packages were also found. These contained, inter alia, a large quantity of bank statements from UEB, and 2 small detachable data storage devices for computers (commonly known as "memory sticks" or "jump drives"). Each jump drive contains over 3,000 files dating back to 1996. The majority of these files include wire instructions to banks, investor lists and routine office correspondence.

Also found was a fax dated December 4, 2007 from the Cayman Islands Monetary Authority ("CIMA") addressed to Harris. The fax indicated CIMA's concern that Focus may be engaged in securities investment business without being licensed or registered under the Securities Investment Business Law 2004, and sought explanation from Focus as to its failure to apply for a licence or register as an excluded person.

The landlords indicated that rent on the property had been unpaid for at least 6 months, and they intended to exercise a lien over the office furniture and effects. It was obvious that the realisable value of the same would be considerably less than the unpaid rental. Therefore, the JPLs only removed documents of particular interest along with the jump drives for further examination.

## 3.2 Examination of Austin Harris

Pursuant to the Court Order appointing the JPLs, Harris was examined by the JPLs at the offices of Grant Thornton Specialist Services (Cayman) Limited on July 9 and 10, 2008. The information provided by Harris enabled the JPLs to conduct further investigations, the results of which are discussed below.

## Investigation (continued)

### 3.3 Removal of Records

Harris has said that when he left the Focus premises in December 2008, he left everything behind including two (2) laptop computers which held all of Focus' accounting information. He has stated that he was instructed by an employee of Triglobal/PNB to leave his key at the premises and someone would be sent to "close up". Harris confirmed that, to his knowledge, the only persons with a key to the premises were himself and a former Focus employee, who had returned to her home in Montreal earlier that year.

Photographs taken of the Focus premises by the JOLs upon their visit in February 2008 show no computers present at the time. The key was also missing. There were no signs of forced entry, and the door to the office was locked. The landlord did not have a key and a locksmith was required to enter the premises. The computers are believed to have been stolen but there is no indication of forced entry to the premises.

For the JOLs, the primary issue is not the financial value of the assets apparently stolen, but the consequent limitation on company records and their ability to investigate and recover assets. The JOLs are concerned the removal may have been aimed at removal of evidence rather than simply theft, and as such constitute either an attempt to pervert the course of justice and/or the wilful removal of records, akin to their destruction.

### 3.4 Failure to Maintain Books and Records

Focus did not maintain financial statements or proper accounts that would indicate assets under management (AUM) at a point in time or the profitability of the entity over a period of operation. This has resulted in major limitations for the JOLs' investigations and raised considerable concern as to whether Focus was ever a legitimate investment operation.

Harris has indicated that whilst Focus did not prepare financial statements they did maintain paper copies of all correspondence, Know Your Client (KYC) records, etc. However, they lost a significant volume during Hurricane Ivan due to water damage. The area of the offices was extensively flooded during Ivan, and inspection of the remaining records shows water damage to the records dated prior to Ivan. Hurricane damage is not the reason for there being no management accounting records, however, but rather that these were never prepared – at least not in the Cayman Islands office.

Post Ivan they decided to keep "soft" (i.e. electronic) copies instead, including the unsigned versions of letters. He has also said that much of the work was carried out in Canada with letters for his signature and some accounting information being couriered to him on jump drives. A working copy of the entire electronic file was maintained on two laptop computers. Although the computers are missing, had the jump drives not been found, the JOLs would have had a very limited and difficult basis for investigation.

## Investigation (continued)

### 3.5 Ivest and Tricap Funds Diversion

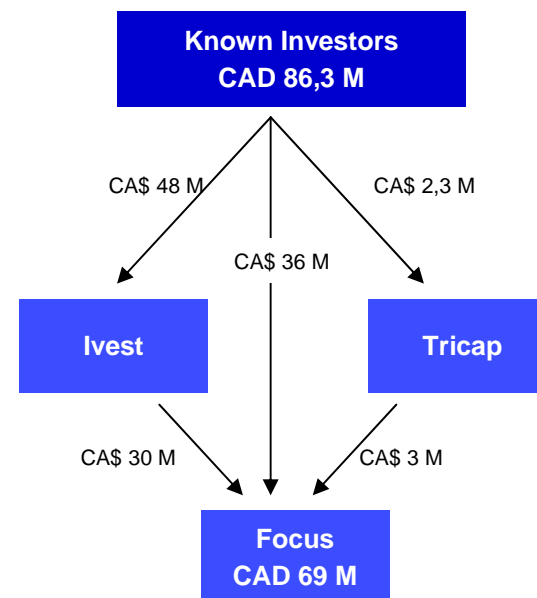
Ivest was initially incorporated under the name New Horizon Fund Limited on August 13, 1998 pursuant to the provisions of the International Business Companies Act, 1989 (Bahamian law). On August 17, 2002 the name of the fund was changed to Ivest. The offering Memorandum stated that the principal objective of the Fund was to achieve capital repayment and capital appreciation with equivalent to premium money market rate, primarily by growth in share value.

Tricap, a supposedly open-ended mutual fund company, was incorporated under the laws of Bermuda on January 30, 1997. On February 20, 2000, Tricap continued under the laws of the Bahamas.

Focus, Ivest and Tricap were all promoted by Bright and Papadopoulos as investment opportunities to third party investors, largely but not exclusively Canadian residents. Ivest and Tricap are now in liquidation in the Bahamas. Jean Robillard of RCGT is joint liquidator on both cases with Maria Ferere of FT Consultants Ltd.

The JOLs' cash tracing analysis indicate that Ivest is the largest single creditor in the Focus liquidation to date. It appears that approximately CA\$30 million was invested by Ivest in Focus over 4 years. Tricap invested approximately CA\$3 million in Focus.

According to Harris, Ivest was a major client of Focus. Ivest monies were wired into Focus' bank accounts and thought by Harris to ultimately have been transferred from Focus to PNB (presumably for investments in capital markets). Our analysis indicates otherwise however; Ivest's monies appear to have been used to repay Focus clients. There appears to be a pattern in which Ivest and Tricap monies are lodged and paid out in a short time frame, largely to Focus' investors or as yet unidentified parties, consistent with a Ponzi scheme.



#### Ivest investments in Focus

Year	Annual contributions to cash resources	Cumulative
	\$	\$
2004	?	9,000
2005	12,000	21,000
2006	5,000	26,000
2007	4,000	30,000

## Investigation (continued)

### 3.5 Ivest and Tricap Funds Diversion (continued)

It should be noted that to date, with the exception of a comparatively limited amount of monies sent to brokerage accounts, the JOLs have been unable to identify any material investments or other asset purchases amongst the funds withdrawn. Nor has any substantive recovery been obtained from the brokerage accounts, which have either been closed out or had minimal residual balances. It would appear that with the exception of the monies frozen at Horizon Bank International Ltd (see 3.6) and a minimal amount recovered from Focus's main accounts at UEB, the entire funds received have been expended, either in returns to listed investors, expenses or payment to other entities or individuals for as yet unidentified purposes.

It should be noted that the latter may well include repayments and interest payments to listed investors, but made through intermediate entities or repayments to bona fide but unlisted investors. From the KYC records it is apparent that a number of investors made their investments through corporate entities. It is possible that the deposit may have been recorded in than individuals name but the payment recorded as to the corporate entity, with the KYC record not detailing the investors interest in said vehicle. In addition it would appear that some investors were apparently repaid through their financial advisors. In a number of cases payments are listed naming both the adviser and the client, but it is conceivable that others may have been made that failed to list the client, albeit that this would have been contrary to Focus's stated policy.

Without clear evidence that investors' funds were invested in income generating assets that would have enabled interest to be paid on the promissory notes issued, there has to be a serious concern that Focus was not acting and was never intended to act as a legitimate investment vehicle, and the monies invested have been consumed through a combination of repayments to early investors (a Ponzi scheme) and diversion.

### 3.6 Horizon Bank International Ltd. ("Horizon")

The JPLs discovered bank accounts held at Horizon, which was incorporated in St Vincent & the Grenadines. The JPLs found out that Horizon was placed into liquidation on April 21, 2005. The JPLs have lodged claims with the Horizon liquidator for the balance on those accounts at the date of Horizon's liquidation, being USD \$904,906.63 and CAD \$353,595.99 respectively.

The Horizon liquidator has indicated that whilst there are funds in the Horizon estate, there are ongoing legal disputes which make the size and timing of any distribution to creditors' claims uncertain. His latest estimate is that a dividend may be possible, but this is likely to take 3 years to resolve as it depends on the outcome of the legal actions. As of now, initial trial and a first appeal have been lost.

Estimates of a dividend range between 0% to 50% prior to fees and costs, dependent on the outcome of those actions. It is also noteworthy that the CEO of Horizon bank at the time of its liquidation was Kevin Coombes, who was subsequently a director of Ivest Funds Ltd.

## Investigation (continued)

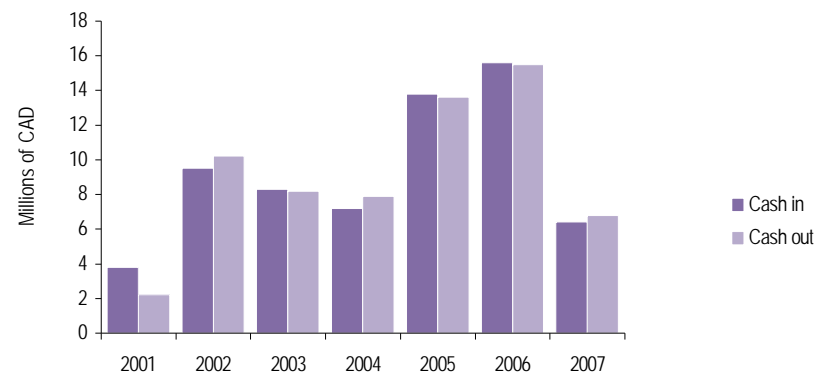
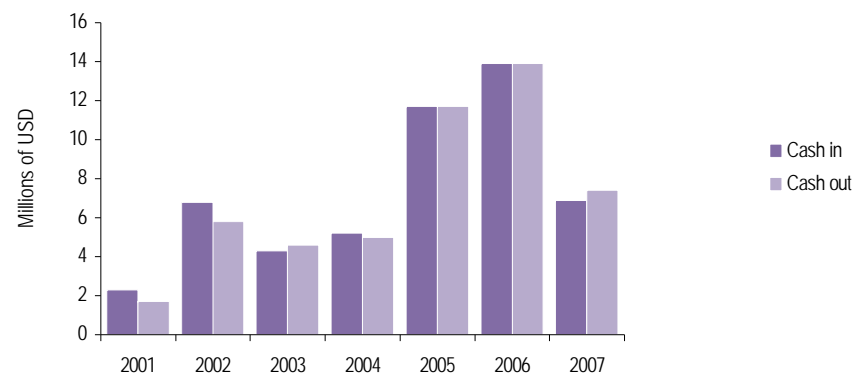
### 3.7 Review of Bank and Brokerage Accounts

The JPLs have conducted a review of the bank accounts held with UEB and Horizon for the 7 year period 2001 to 2007 and have summarized their cash tracing analysis below. The UEB accounts were set up in October 2004. Other banks are mentioned in files found on the jump drive, but their use seems to predate the use of Horizon bank in 2001. The JPLs have written to the banks concerned, but so far have received no response indicating a client relationship post 2001, and in some cases the banks cannot identify a relationship at all.

During their review, the JPLs also categorized monies deposited or withdrawn by individuals or entities identified as investors in the company's records as "listed persons"; those not identified to be investors as "unlisted persons"; and those thought to be involved with the management or promotion of Focus, Ivest or Triglobal as "persons of interest" (whether listed or unlisted).

### Cash tracing analysis

	2001	2002	2003	2004	2005	2006	2007	Total
In millions of USD								
Cash in	2.3	6.8	4.3	5.2	11.7	13.9	6.9	51.1
Cash out	1.7	5.8	4.6	5.0	11.7	13.9	7.4	50.1
In millions of CAD								
Cash in	3.8	9.5	8.3	7.2	13.8	15.6	6.4	64.6
Cash out	2.2	10.2	8.2	7.9	13.6	15.5	6.8	64.4



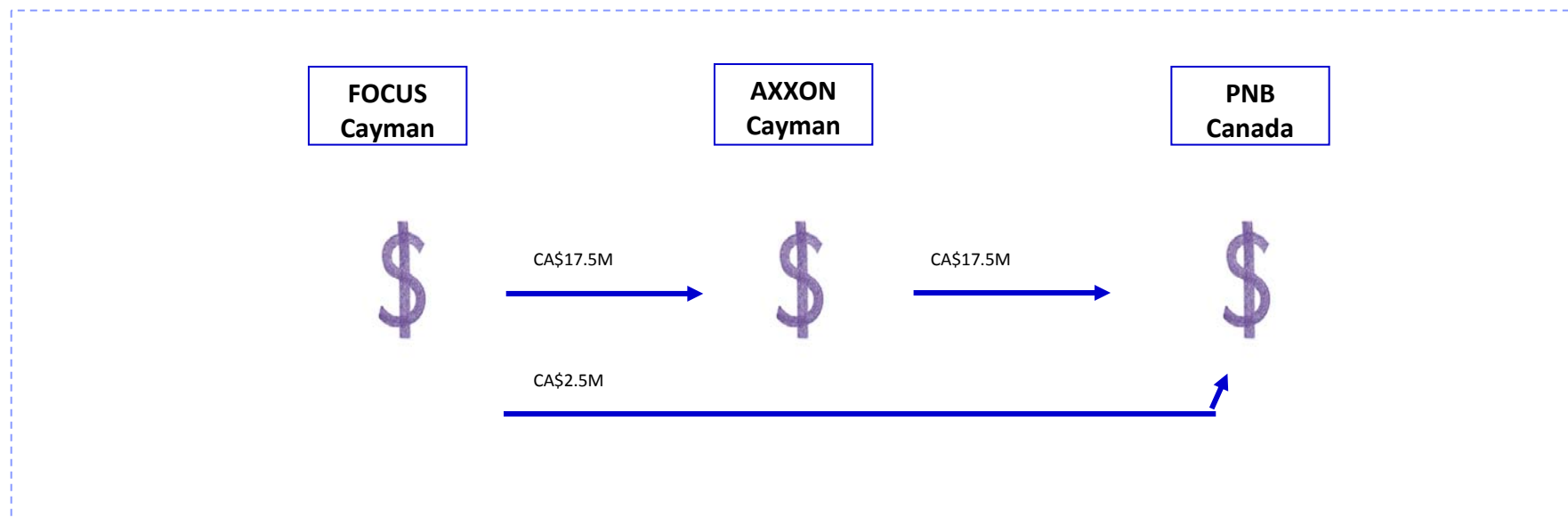
## Investigation (continued)

### 3.7 Review of Bank and Brokerage Accounts (continued)

Our analysis demonstrates a number of findings:

- The total through flow of funds in the seven year period is approximately USD\$51 million and CAD\$64 million - a combined total in excess of USD\$100 million allowing for exchange rate differences.
- **Hardly any of these funds remain.** Focus had approximately US\$25 thousand in cash at the date the liquidators were appointed, and approximately USD \$1.2 million frozen at Horizon.
- In the seven year period there is an apparent mismatch between deposits by and payments to listed persons. Even allowing for an excess of deposits over payments of US\$11 million in the US\$ accounts, with the possibility that such deposits have been converted and potentially repaid in CA\$, the payments to listed investors in CA\$ exceed deposits by listed investors by over CA\$30 million.
- There is a material volume of both deposits by and payments to unlisted persons. Deposits amount to approximately 60% of total deposits and 51% of payments are by/to entities with no known connection to Focus. This may be a function of the investor records found to date being incomplete, deposits for and distributions to bona fide investors being through intermediaries, or it may be attributable to something more serious such as misappropriation or money laundering.
- In many cases payments were made via bank draft in lieu of wire transfer, direct deposit or other form of payment method normally associated with investment redemption payments.
- The JOLs have written to all known Brokerage firms which deal with Focus funds. So far, most of them responded on and sent the JOLs details history of the accounts. Overall, the JOLs have found that no significant amount were invested through Brokerage firms and usually were only made on a temporary basis.
- **To date, no significant amounts have been recovered from Brokerage firms, and none are expected.**

## Investigation (continued)



### 3.8 Axxon Channelling Funds

Axxon is an exempted company incorporated in the Cayman Islands on August 15, 1990. It is a related party of Focus sharing a director in the person of Harris and sole shareholder in the entity of CB Nominees. Papadopoulos and Bright were the ultimate beneficiaries of Axxon.

P.N.B. Management Inc., a Canadian company owned by Papadopoulos and Bright, was a real estate company. However it also appears to have handled funds belonging to Focus, Tricap and Ivest, purportedly for trading.

Focus' bank accounts indicate that monies totalling approximately CA\$20 million have been paid to PNB from Focus – CA\$17.5 million via Axxon between October 1990 and September 2001 and CA\$2.5 million direct payments between December 2001 and June 2004. The JOLs see no valid purpose for these payments, and the methodology used to effect the payments is highly suspicious. The signatories on the payments were Bright and Papadopoulos.



## Investigation (continued)

### 3.8 Axxon Channelling Funds (continued)

The JOLs have seen a contract between Axxon and PNB by which Axxon purportedly leased intellectual property rights to investment software from PNB in exchange for periodic payments and royalties. However, the JOLs do not consider that this contract reflects a real commercial relationship. There is no evidence of any contract between Focus and PNB to account for the monies either.

There is no evidence of Axxon (or Focus) utilising the software or making the investment in staff or IT equipment described in the contract. Indeed, Axxon had no staff, premises or any existence other than as a "virtual" entity.

Harris, sole director of Focus and Axxon at relevant times, has stated that Axxon's sole purpose as a corporation was to transfer funds received from Focus' clients to PNB, in such a manner as to ensure Focus' involvement did not appear on PNB's books. Harris was not aware of any commercial arrangement between Axxon and PNB, or between Axxon and Focus other than one in which Axxon acted as a paying agent for Focus.

Under this arrangement, Focus paid no service fees to Axxon and PNB provided no apparent service to either Axxon or Focus for the consideration received. Harris has indicated he understood that the monies were to be invested by PNB on Focus' behalf. There is no evidence of investment returns being generated by PNB for Axxon or Focus. Moreover, the JOLs now understand from PNB Provisional Administrator that the monies received by PNB were shown as consulting income in PNB's books, and not as monies received as client funds or in any way repayable.

On last February 2009, Focus has lodged a claim of \$20 million against the estate of PNB and the PNB administrators intend to seek court direction on what to do with it.

## Investigation (continued)

### 3.9 Investigation of Property Transactions

The JOLs confirmed that Focus had maintained a property at the Cayman Reef Resort for some time, initially using it to house staff and latterly renting it out. However, pursuant to Focus' instructions, the property had been advertised and sold for them by the strata board, and, at PNB's instruction the proceeds remitted to an entity named Revest Ltd.

The JOLs conducted a property search and ascertained that the title to the property was held in the name of Revest Ltd ("Revest"), a Bahamian entity. Revest is already known to the JOLs from correspondence purportedly by Harris to Papadopoulos and Bright concerning an alleged sale of Focus' assets to Revest. Revest is known to have also maintained accounts with UEB in the Bahamas, and is believed to be connected with the wide group of companies associated with Papadopoulos and Bright. There is no indication that the property was purchased by Focus. The JPLs have written to Revest demanding the repayment of USD\$25,546.64 in monies expended by Focus on the condominium property owned by Revest, and have served them a statutory demand in relation to same.

### 3.10 Law Enforcement

The JOLs have filed a Suspicious Activity Report ("SAR") with the Cayman Financial Reporting Authority. The JOLs have been requested to assist both the Royal Cayman Islands Police Services (RCIPS) Financial Crimes Unit and the Royal Canadian Mounted Police (RCMP) with their enquires.

It is understood that a multi legal assistance treaty ("MLAT") request has been submitted to the Attorney General, and the RCMP will be coordinating closely with the RCIPS in the investigation of possible criminal offences. The JOLs have already met with the RCMP and the RCIPS to assist them in their enquiries into possible offences committed by the management of Focus and related entities.

## Section 4

### Creditors

1.	Basis of Report and Disclaimer
2.	Background
3.	Investigation
4.	Creditors
5.	Professional fees and Status of the Estate
6.	Resolving Focus' Affairs

## Creditors

The majority of investors would appear to be Quebec based, and the insolvency of the various companies involved has attracted considerable media interest and publicity in Quebec. The Quebec based JOL, Mr Jean Robillard of RCGT, has established a hot line for creditor enquiries. In addition, Mr Dickson's contact details have been advertised in the Cayman media and circulated by an unknown individual, and a number of creditors who prefer not to register their interest with Mr Robillard, presumably for confidentiality reasons, have registered their claims directly with Mr Dickson.

To date, the liquidators have received 175 claims totalling an equivalent of US\$69 million, inclusive of amounts claimed by Tricap and Ivest of approximately US\$33 million. The liquidators believe that the true value of unpaid investors may be considerably greater. Focus' records indicate a large number of creditors with apparent amounts outstanding who have not filed claims. A number of creditors have established contact directly, but indicated that they do not wish to lodge a claim pending any possibility of a dividend.

The JPLs have not yet conducted a mailing exercise to circulate all potential creditors listed on the records available to them. They have also not yet discovered any credible accounts recording amounts outstanding to individual creditors, and it is impossible to differentiate between former and current creditors. Moreover, there are no funds available in the estate at present to meet the costs of such an exercise.

The JPLs intend to conduct a more proactive solicitation of claims in the event that funds become available to finance such an exercise or if a clear benefit of doing so can be established (for example, to assist the AMF in the execution of their public duties to protect the public and accurately reflect the extent of the investors losses suffered, or in the event funds are recovered that would enable a dividend to be paid).

## Section 5

### Professional fees and Status of the Estate

1.	Basis of Report and Disclaimer
2.	Background
3.	Investigation
4.	Creditors
5.	Professional fees and Status of the Estate
6.	Resolving Focus' Affairs

## Professional Fees and Status of the Estate

As of March 31, 2009, the professional fees that the JOLs have incurred at their normal rate are as follows:

	GT Cayman	RCGT Canada	TOTAL
Preliquidation review	1 193,50	-	1 193,50
Liquidation fees incurred for the period 20 February 2008 to 31 March 2009	<u>280 453,00</u>	<u>89 472,69</u>	<u>369 925,69</u>
Liquidation fees incurred to 31 March 2009	281 646,50	89 472,69	371 119,19
Total third party funding received as at 31 March 2009	<u>(137 781,37)</u>	<u>(70 909,53)</u>	<u>(208 690,90)</u>
	143 865,13	18 563,16	162 428,29
Third party funding received in April 2009	<u>(59 444,03)</u>	-	<u>(59 444,03)</u>
Outstanding fees	<u>84 421,10</u>	<u>18 563,16</u>	<u>102 984,26</u>

As shown, since the estate did not provide funds for investigation, most of the funds were provided by third parties, namely the AMF and Triglobal.

To support the investigation of the Company's affairs and to assist their own investigations and regulatory action against parties involved, the Quebec financial sector regulator, the AMF, agreed to cover the liquidators' fees incurred in certain areas of investigating activity.

Also, a proposal filed in Triglobal and approved by the Court on September 22, 2008, provided also some funding for the benefit of the investigation in Focus.

This financial support has now ceased but proved invaluable in financing the liquidators' investigations. As such the creditors and the estate generally have benefited from a proper investigation of Focus' affairs and the identification of potential asset recoveries and causes of action, as well as the knowledge that the regulatory authorities are suitably equipped to take appropriate action against those responsible.

Given that the funding provided by AMF and Triglobal is entirely separate to the Focus estate, the liquidators have treated the reimbursement of their fees covered by these arrangements as a separate matter and have not applied for court or creditor approval for those fees covered entirely by AMF and Triglobal funding.

The liquidators will naturally apply for the approval of creditors (or a representative body thereof) and the Court if and when the estate has funds available to meet their remaining fees not covered by AMF or third party funding. Any fees incurred will be subject to an application for court approval in the usual manner.

The JOLs believe that a number of opportunities exist for possible asset recovery, including damages actions against parties facilitating the dissipation of Focus's monies and recipients of the monies. Further investigation into the identity of parties receiving funds and the basis for their receipts may uncover further opportunities. However, more than \$102,000 of professional fees remain unpaid, and without proper funding, further investigation or action to recover assets may be restructured or indeed have to halt altogether.

**As per the estate of the company, as can be seen from the receipts and payments account in Appendix A, absent any recoveries from the possible causes of action indicated above, there is no prospect of recovery for the estimated US\$69 million of creditors.**

## Section 6

### Resolving Focus' Affairs

1. Basis of Report and Disclaimer
2. Background
3. Investigation
4. Creditors
5. Professional fees and Status of the Estate
6. Resolving Focus' Affairs

## Resolving Focus' Affairs

The JOLs have considered action to recover payments made to investors prior to the Liquidation which may be considered as preferential payments or reviewable transactions i.e. that some creditors recovered all or substantially all their money, perhaps including interest, whilst others got nothing. The current lack of resources and combined with the Cayman Law restrictions, prevents the JOLs, to further pursue these proceedings for now.

Given that no apparent consideration was provided by PNB, the JOLs believe that the monies paid to PNB directly, and via Axxon, constitute preferential payments or reviewable transactions. In fact, the JOLs have taken advice on this issue and are advised by their Counsel that Focus has a good claim against PNB for the sums paid to PNB directly and via Axxon.

Based on their investigations, the JOLs believe that PNB is solvent with a potential surplus to shareholders of approximately US\$1.2 million.

Should Focus fail to act on the claim filed against PNB, PNB's surplus will be distributable to its shareholders namely, Papadopoulos and Bright. The JOLs are also informed by PNB's Administrator that some investors have already obtained judgments against Bright and Papadopoulos and are seeking to enforce their respective judgments against PNB's distributable surplus. In either event the monies would pass beyond the reach of the Focus estate and ultimately its creditors.

In the circumstances, the JOLs consider that in the interest of Focus' creditors they should pursue a claim against PNB.

In addition, the JOLs believe that they should follow-up on the following elements:

- obtaining an order from the Bahamian Court to facilitate access by the JOLs to confidential banking information held by BNP Paribas to facilitate investigation of the creation, operations and transactions on Focus' accounts, and the liability of any parties involved in transmitting or receiving the funds;
- examine Directors and other related parties' involvement;
- continue analysing payments or transactions made or entered into by Focus;
- analysing potential causes of action against Focus' former directors or officers; and
- continue pursuing Horizon claim.

Additional funding is required in order to properly pursue the various lines of enquiry and action outlined above. Given the clear interest of Ivest and Tricap in any recovery made by Focus, the liquidators are exploring the possibility of a funding arrangement between the estates.



## Appendices

### A. Liquidators' Receipts and Payments Accounts (Unaudited)

## A. Liquidators' Receipts and Payments Account (unaudited)

**Focus Management Inc.**  
**(In Official Liquidation)**  
**Liquidators' Receipts and Payments Account (unaudited)**  
**For the Period 20 February 2008 to 31 March 2009**

	<b>Focus Estate</b>	<b>Third Party Funding</b>	<b>Total</b>
<b>Receipts:</b>			
Cash collected from Interactive Brokers	7 770	-	7 770
Cash collected from United European Bank	17 657	-	17 657
Third party funding received from:	-	-	-
AMF	-	221 417	221 417 *
Receiver of Triglobal Capital Management	-	31 725	31 725 *
Grant Thornton Cayman (legal fees funding)	-	15 000	15 000
Utilities refunded	80	-	80
Interest	45	-	45
<b>Total receipts</b>	<b>25 552</b>	<b>268 142</b>	<b>293 694</b>
<b>Payments</b>			
Traveling and subsistence	-	2 598	2 598
Haulage and storage costs	-	2 718	2 718
Government fees	-	3 317	3 317
Investigative software	-	325	325
Courier and postage costs	-	4 050	4 050 *
Joint provisional and joint official liquidator's remuneration	-	208 691	208 691 *
Reimbursement of legal fees funding paid to liquidator	-	15 000	15 000
Legal fees paid	10 000	30 366	40 366 *
Bank costs:	-	-	-
To obtain Focus records	250	1 020	1 270
Legal fees charges	50	50	100
Service fees and stamp duty	13	-	13
<b>Total payments</b>	<b>10 313</b>	<b>268 135</b>	<b>278 448</b>
<b>Net Cash at Bank</b>	<b>15 239</b>	<b>7</b>	<b>15 246</b>

\* These amounts have been amended since the court report to include fees and expenses of the GT Canada office.