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FOCUS MANAGEMENT INC. (In Official Liquidation)

**Report to the Creditors by the Joint Official Liquidators
September 17th, 2014**

Basis of Report and Disclaimer

1.1 Basis of Report

On February 20, 2008, Jean Robillard of Raymond Chabot Inc. (Canada) and Hugh Dickson of Grant Thornton Specialist Services (Cayman) Limited (whilst entirely separate firms, for convenience referred to collectively as “Grant Thornton”) 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 of Focus. On December 11, 2012, Nicolas Boily was appointed Joint Official Liquidator of Focus in place of Jean Robillard (deceased) by said Court. References to Joint Official Liquidators (JOLs) throughout this report mean Hugh Dickson and Nicolas Boily collectively.

In accordance with Order 10 of The Companies Winding Up Rules 2008 (As Amended) of the Cayman Islands, this sixth report has been prepared by the JOLs solely for the purpose of annual reporting to the Focus creditors on the conduct of the liquidation and the state of Focus’ affairs since the JOLs’ last report dated 17 September 2013.

1.2 Disclaimer

None of the JOLs, Grant Thornton, 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 Grant Thornton or any other source shall have no right of recourse against Grant Thornton, their partners, employees, professional advisers or agents.

In preparing this report, the JOLs have relied upon information available to them at the time of preparation 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.

Investigations are on-going and new information continues to be received. This may result in material changes to the information provided in this report.

Asset recoveries

2.1 Horizon Bank International Ltd. (Horizon)

- The JOLs have lodged claims with Horizon’s liquidator for a total amount of USD904K and CAD354K.
- So far, the JOLs have received an interim dividend of USD229K.
- Any future dividend depends on the outcome of a USD3M proprietary claim which continues to be under dispute.
- A potential USD100k is expected subject to the settlement of the said claim.
- There has been no development since 2012.

2.2 PNB Management Inc. (PNB)

- In 2010 the JOLs filed a CAD19 million claim against PNB.
- On December 23, 2011 Focus received an amount of CAD839,017 as an interim dividend.
- A final dividend of CAD130,314 was received on 21 October 2013 bringing total dividend received to CAD969,331.
- PNB has no more funds available and as such this matter is now closed.

Amount Claimed 2010 CA\$	Interim Dividend Received 23/12/11 CA\$	Final Dividend Received 21/10/13 CA\$	Total dividend Received CA\$
18,899,959.0	839,017	130,314	969,331

Law enforcement

3.1 Law enforcement

- The JOLs have assisted the Cayman Islands and Canadian authorities with their investigations, and have made repeated inquiries as to the prospects for criminal prosecution. Any decision regarding criminal prosecution is a matter for the authorities.
- The Financial Crime Unit of the RCIPS have submitted a report to the Cayman Islands Director of Public Prosecutions (DPP).
- The DPP's view is that at this stage no action should be taken against the Cayman resident director and that actions against Canadian parties involved are a matter for the RCMP.
- The RCMP are still investigating.

Proceedings against financial institutions

4.1 BNP Paribas Bahamas Limited (BNP)

- The JOLs are continuing their efforts to determine whether BNP Paribas Bahamas Limited (BNP) has any liability to the estate. This process has been underway since the last 4 years.
- The JOLs reached an agreement in 2012 whereby BNP would:
 - Produce relevant banking information and;
 - Supply guarantee from its parent company to meet any subsequent damages award.
- In return, the JOLs agreed to either initiate legal action against BNP within a limited period of time or abandon any such claim.
- In December 2012 the Cayman Court sanctioned the JOLs' entering into the BNP agreement.
- In April 2013 the Bahamian Court sanctioned the Ivest liquidators entering into the BNP agreement.
- In June 2013 the JOLs received a partial batch of the requested documentation from BNP.
- In October 2013, the JOLs received a second partial batch of documentation. BNP has failed to provide a number of records on the basis of confidentiality.
- In February 2014 the JOLs, upon legal advice, issued a writ against BNP to avoid any prospective action by the JOLs being time barred. The JOLs also served BNP a draft statement of claim in March 2014.
- In June 2014 the Cayman Islands court sanctioned the continuance of proceedings against BNP.
- The JOLs have since secured the services of a Swiss law firm to handle proceedings with BNP's Swiss parent company. The JOLs' Swiss legal counsel have been successful in previous actions against BNP and have key contacts within BNP Switzerland.
- In light of the pending litigation the JOLs cannot comment further on the proceedings at this stage. However, there are realistic possibilities for recovery or damages actions against BNP.
- It is unlikely that any procedure will produce result in less than a year, unless BNP chooses to negotiate a settlement.

Resolving Focus' affairs

5.1 Next steps

- The JOLs are pursuing their efforts to determine whether there are realistic possibilities for recovery against BNP.
- Of course, the JOLs' actions would be assessed on its commercial merit and the JOLs would have to consider the evidence available at the time before any action is taken.

Receipts and Payments Account

FOCUS MANAGEMENT INC. (IN OFFICIAL LIQUIDATION)		
Joint Liquidators' Abstract Of Receipts And Payments		
20 February 2008 to 31 August 2014		
RECEIPTS	USD	CAD
<i>Third party funding:</i>		
Funds received from AMF	110,607.85	269,599.17
Funds received from Triglobal	-	357,827.41
Loan received from Ivest	10,000.00	104,137.11
Advances received	145.56	3,100.00
Total third party funding	120,753.41	734,663.69
<i>Liquidation estate:</i>		
Funds received from broker	7,769.83	-
Telephone deposit refunded	79.92	-
Recoveries - Horizon, PNB	229,172.81	969,331.08
Cash at Bank (rec'd from UEB)	17,657.16	-
Bank/ISA InterestGross	77.90	0.09
Uncleared cheques refunded	9,217.42	-
Other refunds, credits & receipts	3,185.49	-
Total liquidation estate	267,160.53	969,331.17
<i>Inter-account transfers</i>	623,097.92	(625,176.55)
TOTAL RECEIPTS	1,011,011.86	1,078,818.31
PAYMENTS		
Records recovery charges	38,243.90	-
Liquidators Fees (GTSS)	512,371.30	227,206.64
Liquidators Expenses (GTSS)	51,746.37	9,361.62
Liquidators Fees (RCGT)	67,594.08	464,608.93
Liquidators Expenses (RCGT)	-	7,650.79
Legal Fees (H&J/Truman Bodden)	254,647.68	3,635.61
Legal Fees (McCarthy)	-	104,293.50
Legal Fees (Swiss Action)	15,000.00	-
Loan repayment (Ivest)	-	116,568.55
Loan repayment (advances)	-	3,000.00
Bank Charges	1,862.62	127.87
Foreign exchange loss	36,892.99	14,254.09
Tax	-	29,537.32
TOTAL PAYMENTS	978,358.94	980,244.92
Cash balances in hand	32,652.92	98,573.39
	1,011,011.86	1,078,818.31

- Since the estate did not have sufficient funds for investigation, most of the funds were provided by third parties, namely the AMF, Triglobal and Ivest.
- Absent any material recoveries from litigation, there is no prospect of recovery for the estimated US\$69million of creditors.
- The JOLs are therefore concentrating on determining whether there are commercially viable causes of action that can be enforced for the benefit of creditors.