

To Creditors and Depositors of Bancafe International Bank Ltd. – (BIB)

As has been announced in the press, Letters Rogatory have now been issued by the Guatemalan Courts. This was done on our application as the Court Officer charged with winding-up Bancafe International Bank Ltd. in its domestic jurisdiction of Barbados. We sought these Letters Rogatory in order to have full legal standing in Guatemala to carry out those aspects of the winding-up that relate to Guatemala, especially given that bulk of the depositors were Guatemalan residents, the records were in Guatemala, and that there are some legal issues with respect to disposition of assets of Bancafe International Bank, which may require access to the Courts in Guatemala. It was also necessary to stay actions by creditors that should properly be directed against the main proceeding in Barbados.

In the meantime the Custodian has been active in the other steps required to effect the winding up the Bank. We have identified assets that were disposed of in the period immediately prior to the winding-up and are looking into the circumstances surrounding those dispositions to ensure they took place for fair value. As previously reported we also reached a final agreement with the Refco Trustee, which has now been approved by the Court with jurisdiction over Refco and the Barbados Court to which we report. The first dividend has been received from the Refco estate and more are to follow. And with the recent access to the books and records we are in the process of looking into the reasons for the failure of the bank and to try and properly account for the apparent discrepancy between the assets as reported and the assets that we been able to locate to date. At this point it is we cannot speculate on the outcome of this part of our work, but will report once we have a proper understanding of the issues.

As noted previously, the Claims Process has been complicated and delayed due to the intertwined nature of the operations of Bancafe International Bank (Barbados) and Banco Del Café SA (Guatemala). The Custodian was required to carry out a number of other legal steps to comply with Guatemalan Law so that we could obtain access to the financial records of BIB. Access to the records of BIB was recently achieved and the process of establishing the depositor claims is underway.

As result we will be able in the next three months we will mail a formal “Notice to File Claims” to all creditors and depositors of BIB requiring that your claim be filed, so that you may receive a pro-rata share of the recoveries from the assets of BIB. Set out below is some general information with respect to the compulsory winding up of BIB and most importantly the process for filing your claim and the deadlines for doing so under the International Financial Services Act (IFSA) and by Order of the Court. This information will also be provided to you when the formal Notice to File Claims is mailed.

Unless you intend to dispute the amount at which we assess your claim it is unlikely that you will need a lawyer to file your claim. However this is an individual decision for you to make.

CLAIMS PROCESS

The claims process under which your claim will be processed is as follows;

1. The Custodian will forward to each depositor a statement showing the amount due and owing to the depositor according to the records Bancafe International Bank as of November 29, 2006, the date of the appointment of the Custodian. Interest beyond this date will only apply if more than sufficient funds are recovered from the winding up of BIB to pay all claims as at November 29, 2006 and will be paid at the rate set by the Court. We do not expect that this will be the case.
2. If you as the depositor or creditor agree to the amount shown on your statement, simply sign in the designated area and forward the statement to the address given. You have 60 days from the date of the Notice to File Claims for us to receive the signed statement at the address indicated below.
3. We will enter your claim and confirm to you in writing that your claim has been admitted within 90 days from the last date for filing claims as described in the Notice to File Claims.
4. If you disagree with the statement, return it to us indicating what you believe to be the correct balance owed to you in the space provided on the statement, and indicate the reasons for the disagreement. Return the corrected statement to us at the address below, together with all documentation that supports the reason for your disagreement. You must return this to us so that we receive it within 60 days of the date of the Notice to File Claims.
5. If after review we can confirm that your claim should properly be amended to agree with your position, we will confirm to you in writing that your claim is accepted in that amount not later than 90 days after the last date for filing claims as set out in the Notice to File Claims.
6. If we do not agree, we will write to you with notice of our disallowance of your claim in its entirety or in part, not later than 90 days after the last date for filing claims. If you wish to object to our disallowance, you will have to make an objection to the Court in Barbados. This will need to be done within 20 days of our filing of the schedule set out in the Notice to File Claims. For this you will likely need to retain a lawyer in Barbados, which you can do directly or through your own lawyer in Guatemala. We are required by statute to be given Notice of any such objection. For the sole and express purpose of expediting the claims process, we may, on a case by case basis, waive our right for you to obtain leave of the Court otherwise required before bringing an action against BIB or the Custodian with respect to a dispute of a notice of disallowance of claim.

7. The above dates and timetables are those set out in the IFSA or as approved by the Court. We will, where possible, attempt to expedite the claims process and respond to claims filed in a period shorter than the maximum periods permitted.

ADDRESS FOR CLAIMS TO THE CUSTODIAN

For ease and expedience, completed claims and all Depositor correspondence with the Custodian should be forwarded to a Guatemalan P.O. Box. You will be notified of the address when we send you the formal Notice to File a Claim.

Mail received will be accumulated and express mailed to the Custodian in Barbados. Nothing however prevents a depositor from directing his claim or other correspondence directly to the Custodian at its Barbados address. You should however send claims or correspondence in a manner from which you can prove delivery within the time frames set out above.

NOTICE OF OBJECTIONS

However, if you intend to dispute a Notice of Disallowance of your claim a Notice of objection must be sent to the Custodian at the address following

PricewaterhouseCoopers EC Inc.
Custodian of Bancafe International Bank Ltd.
Bridgetown, Barbados, West Indies

TIMING OF DISTRIBUTIONS

The exact time line for the distribution to depositors and creditors will be dependant on the rate at which we are able to recover assets or realize on claims that BIB had. The IFSA provides for interim distributions and therefore where we already have a recovery it is our intention to make such an interim distribution, subject to Court approval, as soon as we have the claims process substantially complete. Therefore it is important for you to respond as quickly as you can to our Notice to File Claims.

It should be noted that to complete the recovery and realization phase is likely to take some time, given that some assets and rights are more easily convertible to cash than others, and therefore this will necessitate that the Custodian have more than one distribution to creditors while we will make every effort to distribute funds as they are received, we cannot estimate when a final distribution might take place.

PRIORITY OF CLAIMS

For your information, Section 88 of the International Financial Services Act 2002 and the Barbados High Court Order dated November 29, 2006 appointing the Custodian, provides that depositor and creditor claims against the assets of Bancafe International Bank Ltd. ("BIB") will be paid in the following order of priority.

1. Necessary and reasonable expense incurred by the Custodian in carrying out his functions under the Act;
2. Wages and salaries of the officers and employees of BIB that accrued during the 3 months immediately preceding the seizure of the bank under the IFSA;
3. Any moneys owing to the Government of Barbados;
4. Fees and assessments owing to the Central Bank of Barbados;
5. Savings and time deposits in amounts not exceeding US\$2,500
6. Other deposits
7. Claims filed against the licensee within the time prescribed by the IFSA along with interest determined by the Court
8. Claims filed outside of the time prescribed by the IFSA
9. The remaining balance, if any, to be distributed to the shareholders of the Bank.

Please note that should the amount available to pay the claims of any class of claimant set out above not be sufficient to provide payment in full to all claimants in that class the amount available shall be distributed by the Custodian on a pro rata basis among the claimants in that class.

Account holders with loans at the bank will have those loans set-off against any funds on deposit with and remaining balance being paid in accordance with the priorities outlined above. If there is a remaining liability to the bank after the funds on deposit have been applied to the loan, the Custodian is obliged to recover that balance.

Thank you.