

Creditors and Depositors of First International Bank of Grenada

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Subject: First International Bank of Grenada Limited – In Liquidation (“FIBG”)

Dear Sirs:

We understand that you may either be a creditor, depositor or interested party in respect of the business and affairs of FIBG. In this respect, we are providing you with the following information.

On March 2, 2001, Marcus A. Wide of PricewaterhouseCoopers was appointed Liquidator of FIBG (the “Liquidator”) pursuant to an Order of the High Court of Justice of Grenada (the “Order”). A copy of the Order is attached for your information.

The Liquidator is currently in the process of identifying, securing and realizing on the available assets of FIBG. Based on our efforts to date, we have identified the following issues that will ultimately impact the asset realization process and distribution to creditors and depositors:

- The Liquidator has identified assets with a book value of approximately \$46 million which are potentially available to be realized on, as compared to estimated liabilities (creditors and depositors) in excess of \$206 million.
- We have no basis as yet for making a reliable estimate of the realisable value of these assets.
- As a result of insufficient documentation in the records of FIBG in support of a number of the assets identified as being potentially available to the Liquidator, there

are unresolved issues of ownership and control in respect of some of the more significant assets.

- While we can show that many of the assets identified were paid for using FIBG funds, establishing ownership and obtaining control will be challenging in many situations, given that nominee ownership of the assets was often put into the name of individual principals of FIBG or companies that were associated/related to FIBG, and in some instances have been further “assigned” to an additional tier of what we believe to be associated entities.
- FIBG did not maintain a proper accounting system in respect of the recording of assets. As a result, in some instances we could not locate standard accounting information or support to substantiate transactions, including the purchase, investment and disposition of assets.
- The geographical location of the assets will in some cases impact the Liquidator’s ability to secure and realize on the assets in a cost effective manner. For example, we would expect challenges in securing and realizing on real estate assets in the possession of former principals/directors in countries that may not recognize the liquidation.
- For many of the assets purchased or invested in, FIBG provided an initial cash deposit, with the agreements providing that the balance was to be paid over time secured by a FIBG Certificate of Deposit (“CD”). However, in many cases, significant amounts are still outstanding to the vendors in respect of the CD’s which were not honored by FIBG, and the vendors are in possession of the assets.

While these issues give rise to significant uncertainty, **we can say that there will be a significant shortfall to creditors and depositors. Indeed, it is possible that we will be unable to generate enough funds from the assets that we have identified as potentially available to the Liquidator, to make even a nominal distribution on account of your investment.** We would anticipate that it will take us at least to the end of July, 2001 to take our investigation and realization process to the point where we can make any sort of informed estimate of the ultimate outcome of the recovery process and thus make a preliminary estimate of the distribution, if any, to creditors and depositors.

In order to provide a more convenient, timely and cost effective process for future communication between the Liquidator and FIBG's creditors and depositors, we have established a website with the following address:

www.pwcglobal.com/brs-fibg

However, as our efforts over the next month will be focused on asset identification and realization, we do not anticipate providing any additional information to creditors and depositors until at least May 31, 2001.

If in the future the Liquidator does determine that a distribution to creditors and depositors will be made, we will operate a claims process using the above website, where all notices, forms, filing procedures, etc. will be posted.

Finally, in the event you do not have Internet access and require information on the liquidation or any future claims process (if any), we can be contacted directly at (473) 435 2378 or (403) 509 7420.

Yours truly,
Marcus A. Wide
Liquidator of First International Bank of Grenada Limited

Daryl Sands

Daryl Sands
Financial Advisory Services