



DRAWN AND PREPARED BY:

David Hamel-Smith
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BARBADOS

SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE

CLAIM NO. BRI 2017, No. 4

BETWEEN:

IN THE MATTER OF the Bankruptcy and
Insolvency Act, Cap 303 of the Laws of
Barbados

AND IN THE MATTER OF the Bankruptcy of
HARLEQUIN BOUTIQUE HOTEL LIMITED

NOTICE OF APPLICATION

The Trustee in the Bankruptcy of Harlequin Boutique Hotel Limited, a bankrupt, hereby applies to the court for the following orders:

1. That the replacement of the former trustee, Mr. Oliver Jordan, with the current trustee, Dr. Grenville Phillips ("**the Trustee**") is hereby sanctioned and the accounts from the former trustee, Mr. Oliver Jordan, are hereby accepted, pursuant to sections 172 and 205(1) of the Bankruptcy and Insolvency Act, CAP. 303 ("**the BIA**");
2. That the Report of the Trustee dated 31st August 2024 which is exhibited as "GP6" to the affidavit filed in support of this application ("**the Report**") and the actions and proposed actions of the Trustee to bring this bankruptcy to conclusion, as reported to the Court therein, are hereby approved.

The Grounds of this application are as follows:

1. Harlequin Boutique Hotel Limited ("**HBHL**") was adjudged bankrupt and Mr. Oliver Gregory Jordan, then a partner in the firm of PricewaterhouseCoopers ("**PwC**"), was appointed the trustee in bankruptcy on 23rd January 2018 by way of order of the Honourable Sir. Marston Gibson, CJ, as he then was.
2. The first meeting of the creditors of HBHL was held on 12th June 2018.
3. At the said first meeting of the creditors of HBHL on 12th June 2018 the inspectors were voted for and appointed as: Mr. David Collins, Mr. David Hollely and Mr. James Derbyshire.
4. The first report to the creditors of HBHL was issued on 12th June 2018.
5. The first meeting of the inspectors of HBHL was duly held on 10th August 2018.
6. The second report to the creditors of HBHL was issued on 24th September 2018.
7. The second meeting of the creditors of HBHL was held on 12th October 2018.
8. In the context of Mr. Oliver Gregory Jordan accepting employment elsewhere and ceasing to be a partner in PwC, as expressly provided for under Section 172 of the BIA, the Creditors of HBHL replaced Mr. Oliver Gregory Jordan as the trustee in bankruptcy with the Trustee, who is a consultant to PwC, effective 31st October 2018. This was done at the second meeting of the creditors of HBHL and the Amended Minutes of the said second meeting of the creditors of HBHL which confirm the substitution of the Trustee, were filed in these proceedings on 17th June 2020. Up to the time of that substitution, there had been no recoveries or receipts

of any funds and all expenses had been funded by PwC and this continued to be so after the substitution of the Trustee.

9. Throughout 2018 the Joint Trustees of the estate of Harlequin Property (SVG) Limited (limited to the property thereof situated in Barbados) ("**HPSVG Barbados Trustees**") attempted to enforce their assertion of a claim under Section 57 of the BIA (the "**Section 57 Claim**") and claim ownership of the sole known asset of HBHL, which was the site of the previous Allamanda Beach Hotel situated in Hastings, Christ Church ("**the Property**"). The Trustee formally disputed this claim under Section 57 (2) of the BIA on 30 April 2018, and subsequently received a notice of appeal from HPSVG on 15 May 2018.
10. Between 2019 and 2020 the HPSVG Barbados Trustees and the Trustee, through their respective Attorneys-at Law, engaged in efforts to negotiate an agreement to settle the Section 57 Claim. Finally, these negotiations were successful and the Deed of Agreement between the HBHL Trustee and the HPSVG Barbados Trustees was entered into on 7 August 2020 ("**the Original Deed of Agreement**"), following which the Trustee provided a formal notice of partial disallowance of claim to HPSVG on 24 August 2020, and the HPSVG Barbados Trustees provided a Notice of Discontinuance in respect of the Section 57 Claim dated 7 September 2020.
11. The terms of the Original Deed of Agreement were such that the HPSVG Barbados Trustees agreed to discontinue the Section 57 Claim upon receipt of a notice of formal adjudication by the HBHL Trustee, that was in line with the analysis performed by the Trustee that determined a partial disallowance of claim as informally communicated to the HPSVG Barbados Trustees. As part of this agreement, at the request of the HPSVG Barbados Trustees, the Trustee agreed to a cap on future fees and expenses related to the remaining work streams in the ordinary course of the winding up.

12. The sole asset of the estate, the Property, was sold to a nominee of Preconco Limited ("**Preconco**") for BBD\$5,611,998 with net proceeds of BBD\$4,985,481 after taxes, levies and legal fees. The sale of the Property was finalised in May 2021 to Preconco, an entity that held an option contract to acquire the property at fair market value as detailed in the previous reports to creditors and updates to claimants. As part of the agreement, Preconco agreed to waive their secured interest in the estate and prove entirely as an unsecured creditor, thus increasing the recovery for all unsecured creditors.
13. Prior to the sale of the property the Trustee engaged in communications with the Barbados Revenue Authority ("**BRA**") to attempt to have the Property Transfer Tax on the property reduced to reflect the actual value of the property, rather than the amount which was stated on the land tax bills.
14. On 24th August 2020 and 31st March 2023 adjudication notices were issued to the creditors of the estate.
15. On 14th December 2023 the Ministry of Finance, Economic Affairs and Investment finally advised that they had granted approval for the refund of the Property Transfer Tax in the amount of \$255,392.50.
16. The Trustee negotiated an amendment/addendum to the Deed of Agreement with the HPSVG Barbados Trustees so as to increase the cap on the fees/expenses which were recoverable by the Trustee, and this said amendment/addendum was entered into on 17th May 2024.
17. The Trustee is not aware of any applications made to the Court to challenge any of the notices of adjudication.
18. On 28 May 2024, the Trustee provided a draft copy of the Report to the Inspectors of the Estate as well as to the Supervisor of Insolvency for their review and comment. The Report incorporates the feedback received from the Supervisor of

Insolvency and the Trustee's Final Statement of Receipts and Disbursements have been approved by the Inspectors.

19. Having: (a) settled the Section 57 Claim; (b) sold the Property; and (c) received approval for the Property Transfer Tax refund, it is now the joint opinion of the Trustee and the Inspectors that the Trustee has realised all of the property of HBHL that can be realized without needlessly protracting the administration of the estate. The Trustee therefore proposes, subject to the Court's approval of the Report and the actions and proposed actions of the Trustee, as reported to the Court therein, to commence distributions in accordance with the claims as adjudicated and thereafter to bring this bankruptcy to conclusion in the manner described in the Report.

A draft of the Order sought is attached.

An Affidavit in support accompanies this Application.

Dated the 24 day of October 2024



David Hamel-Smith
acting in association with Christopher Hamel-Smith S.C.
Attorneys-at-Law for the Claimant

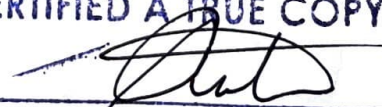
CERTIFICATE OF TRUTH

I, **DR. GRENVILLE PHILLIPS CBE., J.P.**, the Applicant herein, certify that I believe that the facts stated in this Notice of Application are true.



DR. GRENVILLE PHILLIPS CBE., J.P.

CERTIFIED A TRUE COPY



LEGAL ASSISTANT



This Application was filed by Mr. David Hamel-Smith of Hamel-Smith Caribbean, Attorneys-at-Law for the Claimant herein, of and whose address for service is "Dormers", Prior Park, St. James, Barbados [Tel:246-244-4670](tel:246-244-4670); email: david@caribbeanlaw.com


NOTICE:

This Application will be heard by the Judge in Chambers on the _____ day of _____ 2024
at _____ a.m./p.m.

The Registry is located at The Law Courts, Bridgetown, telephone number (246) 426-3461, FAX (246) 426-2405. The Office is open to the public between 8:15 a.m. and 3:30 p.m. Mondays to Fridays except on public holidays.

BARBADOS

DRAWN AND PREPARED BY:



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**SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE**

CLAIM NO. **BRI 2017, No. 4**

BETWEEN:

**IN THE MATTER OF the Bankruptcy and
Insolvency Act, Cap 303 of the Laws of
Barbados**

**AND IN THE MATTER OF the Bankruptcy of
HARLEQUIN BOUTIQUE HOTEL LIMITED**

DRAFT ORDER

BEFORE:

DATED:

ENTERED:

UPON THE APPLICATION filed on ____ October 2024 coming on for hearing this day;

AND UPON READING the Affidavit of Dr. Grenville Phillips CBE, J.P., filed on ____
October 2024 in support thereto;

AND UPON HEARING Mr. Christopher Hamel-Smith S.C. in association with Mr. David
Hamel-Smith, Attorneys-at-Law for the Applicant herein;

IT IS HEREBY ORDERED THAT:

1. Dr. Grenville Phillips having replaced Mr. Oliver Jordan as the Trustee of Harlequin Boutique Hotel Limited, in bankruptcy, is hereby sanctioned;
2. The accounts which have been passed by the former Trustee, Mr. Jordan, to the Trustee, Dr. Phillips, are hereby accepted; and
3. The Report of the Trustee dated 31st August 2024 which was circulated to the Inspectors of the Estate, the Supervisor of Insolvency, and to the creditors of the Estate and the actions and proposed actions of the Trustee to bring this bankruptcy to conclusion, as reported to the Court therein, are hereby approved.

Dated the ____ date of _____ 2024

REGISTRAR

**SUPREME COURT OF BARBADOS
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CLAIM NO. **BRI 2017, No. 4**

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HARLEQUIN BOUTIQUE HOTEL LIMITED**

DRAFT ORDER

Filed by:

HAMEL-SMITH CARIBBEAN

BARBADOS

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NOTICE OF APPLICATION

Filed by:

HAMEL-SMITH CARIBBEAN



DRAWN AND PREPARED BY:

David Hamel-Smith

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AFFIDAVIT

I, DR. GRENVILLE PHILLIPS CBE., J.P., licensed insolvency trustee, of 16 Thomas Daniel Building, Hincks Street, Bridgetown, in this Island hereby MAKE OATH AND SAY AS FOLLOWS:

1. I make this Affidavit in support of an Application filed in these proceedings and, except where I say otherwise, all the facts to which I depose to are true to my knowledge. Where the facts set out herein are not known to me personally, I shall identify the source of my information which I believe to be true.
2. In the context of the former trustee, Mr. Oliver Gregory Jordan, accepting employment elsewhere and ceasing to be a partner in in the firm of PricewaterhouseCoopers ("PwC"), on 31st October 2018 I was appointed the trustee of the estate of Harlequin Boutique Hotel Limited ("HBHL") in his place. A true copy of the Amended Minutes of the Second Creditors' Meeting are exhibited hereto and marked as "GP1".

3. I am advised by Mr. Jordan, and do verily believe, that, prior to my appointment:
- (i) On 23rd January 2018 HBHL was adjudged bankrupt and Mr. Oliver Gregory Jordan was appointed the trustee in bankruptcy by way of order of the Honourable Sir. Marston Gibson, CJ, as he then was. A true copy of the said Order is exhibited hereto and marked as **"GP2"**;
 - (ii) The first meeting of the creditors of HBHL was held on 12th June 2018.
 - (iii) At the said first meeting of the creditors of HBHL on 12th June 2018 the inspectors were voted for and appointed as: Mr. David Collins, Mr. David Hollely and Mr. James Derbyshire. A true copy of the minutes of the said meeting are exhibited hereto and marked as **"GP3"**; and
 - (iv) The first report to the creditors of HBHL was also issued on 12th June 2018. A true copy of the said first report is exhibited hereto and marked as **"GP4"**.
 - (v) The second report to the creditors of HBHL was issued on 24th September 2018. A true copy of the said second report is exhibited hereto and marked as **"GP5"**; and
 - (vi) Up to the time of my substitution as trustee for him, there had been no recoveries or receipts of any funds and all expenses had been funded by PwC.
4. I am a consultant to PwC and, after my substitution as trustee, I continued to work with the same team from PwC as had been previously working on this matter with Mr. Oliver Gregory Jordan, and all expenses continued to be funded by PwC as had been the case before my substitution as trustee.
5. Together with my team I have compiled a comprehensive report dated 31st August 2024 for this Honourable Court ("**the Report**"), a true copy of which is exhibited hereto and marked as **"GP6"**. The Report provides, inter alia:
- (i) background on HBHL;
 - (ii) the history of HBHL getting put into bankruptcy;
 - (iii) a breakdown of the assets of the Estate; and

(iv) details of the key workstreams performed by the former trustee and then myself, including:

- a) Navigating the Section 57 Claim which was brought by the Joint Trustees for Harlequin Property (SVG) Limited (limited to the property thereof situated in Barbados) ("**HPSVG Barbados Trustees**") claiming ownership of the sole asset of the Estate;
- b) Consideration of the option contract held by Preconco Limited ("**Preconco**");
- c) Discussions and / or correspondence with representatives of other material claimants into the Estate;
- d) Resolving the environmental issues affecting the site;
- e) Holding several phone meetings with and providing updates to the Creditors elected Committee of Inspectors on key aspects of the bankruptcy case;
- f) Negotiating and completing the sale of the Property to Preconco;
- g) Negotiating a Property Transfer Tax refund from the Revenue Authority (which was finally resolved on 14th December 2023); and
- h) Adjudicating on the claims in the Bankruptcy.

6. In relation to the Section 57 Claim:

- (i) On or about 17th April 2018 the HPSVG Barbados Trustees claimed ownership of the sole asset of HBHL, the Allamanda Beach Hotel site in Hastings, Christ Church, Barbados (the "**Property**");
- (ii) Through my attorneys, I disputed the claim and, on 15th May 2018, the HPSVG Barbados Trustees filed a notice of appeal;
- (iii) After much negotiation, we ultimately came to an agreement with the HPSVG Barbados Trustees to settle the Section 57 Claim on 7 August 2020. The settlement was such that the HPSVG Barbados Trustees agreed to discontinue their claim to ownership of the Property and I agreed to a cap on fees and expenses (the "**Original Deed of Agreement**").

A true copy of the Original Deed of Agreement and Notice of Discontinuance are exhibited hereto and marked "GP7" and "GP8" respectively.

7. In relation to the adjudication of claims, on 24th August 2020 and 31st March 2023 adjudication notices were issued to the creditors of the estate. A summary of the adjudication of the estate is set out in the Report (exhibited at GP6).
8. To date, I have not received any objections or challenges to the said adjudication notices.
9. I am advised by my attorneys, and do verily believe, that on or about 31st January 2024 the HPSVG Barbados Trustees assigned all of their legal interests in the Original Deed of Agreement to Mr. Brian Glasgow (the "HPSVG Trustee").
10. As such, on 17th May 2024 the HPSVG Trustee and I entered into a Further Deed of Agreement, a true copy of which is exhibited hereto and marked "GP9".
11. The Report was prepared in draft for the projected period to 31 May 2024 and shared with the Supervisor of Insolvency and the Inspectors on 28 May 2024 for their review and comment. The Report incorporates the feedback received from the Supervisor of Insolvency and the Trustee's Final Statement of Receipts and Disbursements have been approved by the Inspectors.
12. Having: (a) settled the Section 57 Claim; (b) sold the Property; and (c) received the Property Transfer Tax refund, it is now the joint opinion of the Trustee and the Inspectors that the Trustee has realised all of the property of HBHL that can be realized without needlessly protracting the administration of the estate. The Trustee therefore proposes, subject to the Court's approval of the Report and the actions and proposed actions of the Trustee, as reported to the Court therein, to commence distributions in accordance with the claims as adjudicated and thereafter to bring this bankruptcy to conclusion in the manner described in the Report.

SWORN before me at Bridgetown,
Barbados on this 24 day of OCTOBER 2024.



DR. GRENVILLE PHILLIPS CBE., J.P.
Insolvency Trustee of
Harlequin Boutique Hotel Limited, in Bankruptcy


Attorney-at-Law

Danielle C Donawa
Attorney-at-Law
TESO LAW
Attorneys-at-Law
"Dormers"
Prior Park, St. James
Barbados, W.I.

CERTIFIED A TRUE COPY


LEGAL ASSISTANT

Danielle C Donawa
Attorney-at-Law
TESO LAW
Attorneys-at-Law
"Dormers"
Prior Park, St. James
Barbados, W.I.



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EXHIBIT PAGE

GP1	Amended Minutes of the Second Creditors' Meeting
GP2	Bankruptcy Order
GP3	Minutes of the First Creditors' Meeting
GP4	The first report to the creditors of HBHL
GP5	The second report to the creditors of HBHL
GP6	The third report to the creditors of HBHL
GP7	Original Deed of Agreement
GP8	Notice of Discontinuance
GP9	Further Deed of Agreement

These are the Exhibits "GP1" to "GP9" referred to in the Affidavit of DR. GRENVILLE PHILLIPS CBE., JP., sworn to before me.

Attorney-at-Law

Danielle C Donawa

Attorney-at-Law

TESO LAW

Attorneys-at-Law

"Dormers"

Prior Park, St. James

Barbados, W.I.

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

Present: Harlequin Property (SVG) Limited- represented by Mr. Dave Collins (by teleconference), Mr. Ryan Scallon and Mr. Craig Waterman of KPMG Barbados

Financial Services Compensation Scheme- represented by Mr. Andrew Ferreira, Attorney-at-Law, Ms. Virginia Cooper and Ms. Nadia Osbourne of Bevan Brittan LLP (by teleconference from the UK)

Preconco Limited- represented by Ms. Olivia Watson, General Counsel of Preconco Limited.

The Barbados Revenue Authority- represented by Ms. Janelle Jones Carter, General Legal Counsel

NF Holding Inc.- represented by Ms. Cheryl Pearce and Mr. Wayne Niles

Mr. Rodney Davis and Mr. Simon Williams represented by Mr. Graeme Brathwaite

Versatile Construction Inc.- represented by Mr. Zahir Jackson of Inter-Caribbean Legal

The signed register can be viewed at Appendix 1

In attendance: Ms. Ester Springer, Supervisor of Insolvency

Mr. Oliver Jordan, PricewaterhouseCoopers EC Inc. (Trustee of Harlequin Boutique Hotel Limited and Chairman)

Mr. David Hamel-Smith & Christopher Hamel Smith S.C., Attorneys-at-Law representing the Trustee of Harlequin Boutique Hotel Limited

Ms. Alaina Parris, PricewaterhouseCoopers SRL, Scrutineer

Mr. Jon-Erik Cheeseman, PricewaterhouseCoopers SRL, Scrutineer

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

1. Call to order

The Chairman called the meeting to order. The Chairman first asked those persons who were calling in via teleconference to identify themselves. The following persons then identified themselves:

- Virginia Cooper, Bevan Brittan, representing the Financial Services Compensation Scheme
- Nadia Osbourne, Bevan Brittan, representing the Financial Services Compensation Scheme
- Dave Collins, KPMG, Harlequin Property SVG

The Chairman then proceeded to introduce those persons present in the room. These were noted as follows:

- Ryan Scallon, KPMG, Harlequin Property SVG
- Andrew Ferreira, representing Financial Services Compensation Scheme
- Graeme Brathwaite, representing Rodney Davis & Simon Williams
- Zahir Jackson, representing Versatile Construction
- Olivia Watson, representing Preconco Limited
- Ester Springer, Supervisor of Insolvency
- Mr. Christopher & David Hamel-Smith – Counsel for the Trustee
- Dr. Grenville Phillips (Incoming Trustee)

The Chairman then proceeded to call the meeting to order. He noted that the initially scheduled meeting had to be postponed due to the weather circumstances and hence had to be held today.

2. Creditors' report

The Chairman introduced the Creditors report and noted that he would briefly run through it, with the expectation that everyone had had a chance to review it prior to the meeting. He noted that the discussion would be focused on 4 main areas:

- The Section 57 claim brought by the Trustee of Harlequin Property SVG
- Findings of the inspectors' meetings
- Environmental issues at the site
- The need for a new trustee, due to the current Trustee's retirement from PricewaterhouseCoopers at the end of October 2018

The Chairman referenced page 8 of the report, where he noted that while one Director of the Company had already been interviewed by the Supervisor of Insolvency, the scheduling of an examination of Mr. Ames was still in progress. He noted that based on the examination, there were no significant issues. He however noted that one small issue was the potential presence of an RBC bank account. He noted that the Trustee had already made contact with the Bank to determine when it was closed. He noted that presently the only asset was that of the property.

In regards to the property, he noted that there were some environmental issues since the first meeting which have since been resolved by working with the Barbados Water Authority and the Ministry of Health. He mentioned the rodents living on the property which were then running onto the adjacent properties as well as the issue of a vagrant living on the site. He noted that the Trustee had taken steps

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

to address these issues by cleaning up the site through de-bushing and hiring security. He noted that he expected these measures to hopefully ensure there are no further violations.

The Chairman then invited questions either from those present or by teleconference. None were noted.

(9:30) The Chairman noted that advice was sought in relation to the claim against the property by HPSVG. He noted it was to be heard in Court in September 2018 but was deferred to be heard the end of October 2018. He noted a number of analytics were also submitted in support of the Trustee's position.

The Chairman made reference to the contractual option to Preconco and noted that the Trustee was working with counsel to finalize actions in this regard.

The Chairman at this point invited Counsel to speak on any outstanding actions.

The Counsel (Christopher Hamel-Smith) identified three (3) areas of legal advice that were identified and noted that the commitment was to have these finalized prior to the hearing of Section 57 claim, scheduled to be heard on October 29th.

He noted of the three areas being worked on, the one which has been prioritized and which is fairly close to finalizing was that of the Section 57 claim (HPSVG), the second being that of the secured interest and the third being the Preconco option.

Christopher Hamel-Smith noted that there was one positive development in relation to the Section 57 claim, as just ahead of the start of the present meeting, Counsel had received from HPSVG's counsel, a without prejudice email, in an attempt to resolve the matter. He noted it was positive as the approach that was to be taken from the beginning was for the Trustee of HBHL to reach out to the Trustee of HPSVG, in an effort to resolve the matter without need for a court imposed solution. He noted that the opening of this dialogue is a good sign. He however noted that he was not currently in a position to say whether the substance of the email was acceptable.

The Supervisor of Insolvency then took the floor to raise the following question:

- Following the examination of Mr. Campion, one of the former directors of Harlequin, he had noted that they had kept copious records which were stored onsite, in the Site Office. Have you been able to retrieve those?

The Chairman advised that he was unaware of any records.

Andrew Ferreira, representing FSCS, took to the floor to raise the following question:

- It was noted that there was a commitment for the delivery of the legal opinions. What was the original date of commitment and when can we expect to have those?

Counsel Hamel-Smith noted that the aim was to have them done prior to the hearing of the Section 57 hearing on October 29th, i.e. up to close of business October 28th.

The Chairman again asked for questions from the room or via teleconference.

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

The Chairman reiterated that the Trustee will over the next few days be in contact with the Counsel of HPSVG in an effort to resolve the matter of the Section 57 claim.

The Chairman moved on to review the remainder of the report, looking specifically at the table laid out showing the Costs of the Estate as at 15 September 2018. He noted that the bulk of these costs were attributable to legal fees. He then referred to page 17 of the report and pointed out the Trustee's fees. He proceeded to give a background on how these fees were determined. He noted time was charged at the standard hourly rates which were consistent with those in the market. He made reference to further detail to be found on the fees in the Appendix 2 on page 23 of the report. He further noted that the categories in which the time was split were Creditors, Assets, Statutory Reporting, Legal, Strategy, Inspectors and Administration.

He noted that the bulk of the costs noted was incurred up until late June as the decision was taken at the first creditors meeting to defer the adjudication of claims until such time the claim was heard. He noted that in the Category of Administration, 82% of the cost was incurred as at the end of June and Creditors 85% as at the end of June.

The Chairman noted that the total professional fees were \$550K to which a 10% discount was applied, bringing the total to \$496K.

The Chairman then turned to the topic of the substitution of the Trustee. He noted that Dr. Grenville Phillips is a licensed trustee. He further noted that a short outline of his experience was included in creditors report in Appendix 3. The Chairman noted that all the costs related to the changing of the Trustee are being borne by the PwC and will not be charged to the Estate.

The Chairman noted that the next steps included the Section 57 hearing in court which has been adjourned until the end of October and working with the Trustee of HPSVG to achieve a settlement without incurring more litigation costs to be charged to the estate. He noted that the Trustee will carefully continue to manage the environmental issues by working with the Ministry of Health and the Barbados Water Authority. He stated that he will continue to keep site clear and try to avoid any further situations with persons living on the site. The Chairman further noted that he will continue to identify any further assets as it relates to RBC bank accounts. He further noted that the process of adjudicating claims will be completed.

The Chairman then opened the floor for questions.

The Chairman asked Virginia Cooper of Bevan Brittan (attending via teleconference) if she had any questions, to which she deferred to Andrew Ferreira who was physically present at the meeting.

The Chairman noted that if there were no further matters, the meeting would move to Resolution #1 to approve the Trustee's remuneration and expenses and the second resolution to approve the substitution of the Trustee.

Andrew Ferreira, representing FSCS, approached the floor and stated that while he was not questioning the validity of the account or the right for the Trustee to be remunerated for its services, he believed the Inspectors should be given a chance to review the fees in proper detail. He further asked if it was

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

possible to evaluate a statement of hours and after further commentary from other creditors, propose a change to the wording of the Resolution.

The Chairman asked Andrew Ferreira what further information he was requiring.

Andrew Ferreira noted that it is expected that the creditors and the inspectors have the opportunity to review the account and raise any questions, should any questions be appropriate. He reiterated that he is not questioning the Trustee's right to proper remuneration, but rather wanted to ensure the process of validation and verification.

Craig Waterman, Trustee of HPSVG, seconded the statement put forward by Andrew Ferreira.

Ester Springer, Supervisor of Insolvency, took to the floor, and noted, having had a cursory glance at the accounts as submitted, she recommended that there be a further breakdown of what the fees charged related to. She pointed out the amount relating to Inspectors totaling \$20,459 and noted she did not know what that related to (how many meetings were held etc.). She noted under Section 97 of the Bankruptcy and Insolvency Act (BIA), it states that each inspector may be repaid actual and necessary travel expenses incurred in relation to the performance of inspector's duties and may be paid such fees per meeting as are prescribed. She noted that she was not questioning the validity of the fees either but a further breakdown was required in terms of the attorney's costs so that creditors are aware of what the fees are being charged for.

The Chairman responded that the fees relating to Inspectors represents time spent dealing with matters and time spent with Inspectors, and does not represent actual fees expected to be paid to Inspectors. The Supervisor noted that this should be made clear in the report.

The Chairman noted that a breakdown of the legal fees can be provided barring any confidential information relating to legal strategy.

The Chairman noted that given the discussion just held, a meeting of the Creditors would be scheduled in relation to the Resolution for the approval of the Trustee's remuneration and expenses.

Andrew Ferreira, representing FSCS, noted that it was not his intention to force another meeting of creditors simply for the approval of the Trustee's account. He then suggested that the Resolution as is should be amended to 'The Trustee to provide a statement of account to the inspectors for verification and the inspectors be allowed to authorize and approve that account and that the creditors will endorse the decision.' He noted again that this was not a question about the validity of the account but it has to do with the fact that the creditors as a group have to see the account. He then suggested that the amount that the Inspectors are able to pay without verifying be no more than 80% of the aggregate bill submitted at this meeting.

The Chairman queried what the basis for the 80% quoted was.

Andrew Ferreira noted that it gives the other creditors the assurance, if necessary, that the inspectors are not in any way colluding, and gives the creditors the security that they as a group still have the authority to review and approve the aggregate amount.

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

The Chairman pointed out that a subsequent creditors meeting would still be required to approve the Trustee remuneration and fees to which Mr. Ferreira responded that this would be done so at the yet to be scheduled third creditors' meeting. He again reiterated he wanted the resolution be such that the Inspectors be authorized to review the statement of account and to make payments to the Trustee in respect of aggregate bill submitted up to the level of 80%.

Christopher Hamel-Smith, Counsel for the Trustee, raised a point of clarification as to what the objective of Mr. Ferreira's statements were. He confirmed that a more detailed breakdown of the activities that have been conducted by the various persons at PwC including the Trustee himself is what is being requested. He further noted that it was not a question of the rates that have been applied but rather a more granular disaggregated representation of the activities that make up the hours reflected in the report. He confirmed that the same breakdown was required of the lawyers and noted that this was a fair request. He went on to point out that he advises all of his clients that when they (the lawyers) begin to disaggregate the activities that the lawyers undertake, especially where there is potential conflict that shows what the lawyers are doing on your behalf and is therefore showing privileged information. He noted his concern that there may be activities where over-disaggregation would involve disclosing confidential and privileged information.

Andrew Ferreira raised a question in relation to the disclosure of the information to the group of creditors.

Christopher Hamel-Smith clarified the dispute as it related to the Section 57 claim brought against the HBHL. He noted that if he is doing work in relation to responding to that claim and he lays out in too much detail exactly the nature of the work that is being done, it exposes Counsel's thinking as to whether there is potential conflict with that particular creditor. He noted that this could be a theoretical problem and when he actually details the work, he may not feel discomfort. He has routinely told clients that if he provides a detailed, neutral trail of every activity that has been carried out for the trial (Section 57) that can disclose legal strategies on how to approach the dispute, it is not right for this to be disclosed. He noted that he is seeking to ensure that he maintains confidentiality.

Virginia Cooper, representing FSCS, interjected and inquired whether in providing a detail of the time entries by the lawyers, whether those areas which are considered privileged could simply have the text redacted.

Christopher Hamel-Smith agreed with the point and further noted that there are some cases where he does not want to break down the narrative of what constituted the activity.

Andrew Ferreira took the floor and inquired if the disclosure was being made to the Inspectors who were subject to a non-disclosure agreement at the first level, why would there be a conflict with the inspectors.

Hamel-Smith responded to this point by noting that there is potential conflict with the Inspectors (re HPSVG). He further noted that a more disaggregated breakdown will be provided as much as possible while maintaining privileged information. He noted also that the idea was not to have to schedule another creditors' meeting just to approve the remuneration and expenses of the Trustee and as such, he was trying to formulate a resolution which gave conditional approval. As such, the creditors would

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approve subject to the Inspectors being given further details as just described and the Inspectors verifying the legitimacy of the charges.

Ryan Scallon, KPMG, raised a point questioning whether a resolution should be raised rather to allow the Inspectors to vote on remuneration.

Christopher Hamel-Smith responded to this by noting that he was uncertain if whether under the BIA, that the Inspectors could be responsible for approving the remuneration. He noted that either the creditors must approve the remuneration or the Court must approve it.

Craig Waterman, KPMG, approached the floor, and noted that as he had been through the matter in some detail in St. Vincent, the route was taken to pass the power to approve fees to the Inspectors as it was easier to have more detailed discussions in smaller groups versus in front of a larger audience which would generate lots of questions.

Christopher Hamel-Smith noted that the third principle which Andrew Ferreira was articulating related to the delegation of the authority to that of the Inspectors. He inquired whether this delegation was quantified in that the Inspectors would only be able to approve up to maximum of the 80% of the aggregate fees.

Andrew Ferreira confirmed and noted the creditors should discuss whether the Inspectors should be responsible for just the 80% or the full 100%.

Christopher Hamel-Smith then sought to clarify further by asking if in the initial stages, the Inspectors can approve up to 80% but the remaining 20% would then come back subsequently to be approved by the full body of creditors. He noted as it was the first time the suggestion was being made to Counsel that the Trustee would have to think on it. He further noted that in order to amend the resolution, the relevant principles need to be captured accurately. He then went on to inquire whether it might be useful to have the conversation with the other creditors to determine if this is indeed what they want in terms of having the approval of the remuneration delegated to the Inspectors (are they willing to fully trust the inspectors vs approving the 80% at the meeting). He noted the resolution becomes more complicated if they (the creditors) want to have a qualified delegation to the inspectors whereas it can be a more straightforward drafting exercise if it is certainly delegating the power to them.

The Chairman pointed out that if the resolution is to delegate to the inspectors, he is unsure as to why a limit (in reference to the 80%) would be needed.

Andrew Ferreira reiterated that in some cases creditors feel more comfortable limiting the authority to approve to the maximum. He noted he is willing to turn that suggestion over to the majority to make that determination.

Craig Waterman, KPMG, noted that he was not in favour of an additional approval but rather to give the Inspectors the full authority to review and approve fees. He noted further that HPSVG represents greater than 50% of the unsecured debt and they will not be supporting a conditional approval or a limit of what the Inspectors approve. They will support 100% delegation to Inspectors to review and approve fees.

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Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

Christopher Hamel-Smith pointed out that it would take some time to formulate the wording of the resolution and requested the meeting be paused for a short break.

Andrew Ferreira inquired if any of the other creditors had any comments or input.

Andrew Ferreira approached once more to read the text of the resolution to be discussed: The creditors approve the payment of the Trustee's remuneration in accordance with the statement of accounts submitted to this meeting of creditors subject to the verification and validation by inspectors of full details of statement of account and all necessary required information to enable the decision.

Craig Waterman, KPMG, noted that this wording did not pass the power to the Inspectors, but rather sought to approve the resolution at the meeting. He suggested the resolution being worded to allow the creditors to pass their power to the inspectors to review and approve the fees. He noted that the creditors would approve subject to review by the inspectors.

Christopher Hamel-Smith noted that the resolution as proposed by Andrew Ferreira was different from what Craig Waterman was proposing. He went on to outline two approaches which could be taken in the formulation of the amended resolution. The first approach is the power is being exercised by the creditors but conditionally with a validation exercise to follow. The second approach is that of a pure and full delegation by the creditors to the inspectors to approve. He then inquired if some aspect of the statement of account was not approved by the Inspectors, what happens under the first approach as proposed by Andrew Ferreira.

Andrew Ferreira stated that the Inspectors reserve the right to disapprove the fees, after which the recourse would be to resubmit to the next scheduled meeting for reconsideration.

Christopher Hamel-Smith inquired whether the better approach would be, if the Inspectors disapprove all or any part of the Statement of Account as presented, the portion which has been disapproved should be brought to the next meeting of creditors to determine whether or not it should be approved. He noted that his objective was to ensure that no one was over or underpaid but rather paid fairly. He suggested that the most efficient approach was to delegate the authority to the Inspectors as proposed by the HPSVG Trustee, where they either approve in whole or part the Statement. He noted should they approve it in part, the part that is not approved, the route to be taken has to be determined. Similarly, if the Statement of Account is wholly disapproved, a decision must be made in regards to how this will be treated. He went on to note that in the event that the Inspectors either wholly or partially disapprove the Statement of Account, to avoid going to the Court immediately, it comes back to the creditors, and if the creditors disapprove in whole or in part, effectively taking back the power initially delegated to the Inspectors, only then would it be taken to the Court for a judge to determine.

Ester Springer, Supervisor of Insolvency, referenced Section 205 of the BIA which deals with the substitution of a Trustee and what would happen in those circumstances. She noted that it states that upon appointment of the trustee, the former trustee forthwith passes his accounts before the Court and deliver to the substituted trustee all the property of the estate, together with all books and records of the bankrupt and relating to the administration of the estate. Subsection 2D states as soon as funds are available, pay to the former trustee his remuneration and disbursements as approved by the Court.

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

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She noted that when going to the Court, if the creditors have agreed, they can have this approved. If a part of it is disapproved, the Court would determine what the appropriate remuneration would be. She noted that ultimately these fees have to be passed before the Court. She noted that the Court still has the power to approve the fees and disbursements. While the creditors will have the power, if there is a dispute, the Court would determine the fees.

Christopher Hamel-Smith noted he wanted to come up with a process which minimizes the scope of such a dispute that would require Court involvement.

Ester Springer, SOI, then noted that to avoid multiple meetings and back and forth between the Trustee and the creditors, the creditors can pass the power to the Inspectors. If there is indeed a dispute, to avoid back and forth and multiple meetings, the Court should be allowed to make the determination.

Christopher Hamel-Smith then noted that having another creditors' meeting would still be more favourable than having the fees be determined by the Court, hence the suggestion to structure the resolution to avoid this.

Craig Waterman and Ryan Scallon, KPMG, then raised the point that a large proportion of the vote is already sitting on the Inspectors' Committee and as such having another general body to vote is an academic exercise. He reminded that the Inspectors have a duty to the general body of creditors to assist and authorize the Trustee to take certain actions. They will also be responsible for approving the fees and expenses of the Estate. A number of the members of the Inspectors committee he noted are professionals/experts in the area. He noted that the Inspectors were elected to short circuit some of the larger meetings and also to allow the Trustee to have some direct line to a body that can authorize his actions. He noted that having said that, given their ability to authorize actions, they should be allowed to authorize fees. He noted ultimately the Inspectors are there to assist the Trustee in the administration of the estate and as such they would know what fees and remuneration are deemed fair.

Christopher Hamel-Smith agreed with the sentiments raised and noted the main issue was around whether there was a dispute, what process should be taken then. He raised the example of having one creditor having a large portion of the credit, that creditor could fully satisfy whether the account should be approved, but Inspectors, who would represent smaller numbers of creditors, may be unpersuaded. He noted that if this were to happen, the fact that the creditors have delegated to the Inspectors, means that the outcome of the decision would be different to that of the full body of creditors. He noted that while the point raised by KPMG's Ryan Scallon may be conceptually right it should not affect the decision that should be made. He noted that if it not certain that in all circumstances the decision is going to the same, then the structure he is suggesting should be considered.

The meeting was called for recess to be reconvened at 11:30 a.m.

3. Resolutions

The meeting was reconvened by the Chairman.

Christopher Hamel-Smith read out the amended resolution as *'The Inspectors be authorized to approve the remuneration and expenses of the Trustee with full authority to validate the account on this matter and for this purpose to seek full details and all necessary information. If all or any part of the*

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of Harlequin

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remuneration of the Trustee is not approved by the Inspectors, then the Trustee shall be entitled, but not required, to bring the question of the approval of such part of the Trustee's remuneration to a meeting of the creditors to consider whether or not to approve same."

The Chairman invited questions from the meeting. He put Resolution #1 to vote and based on the majority votes, the resolution was passed.

He moved on to the second resolution for the substitution of the current Trustee Oliver Jordan with Dr. Grenville Phillips. The matter was brought to a vote and the resolution was passed.

Ester Springer, SOI, noted the substitution of the Trustee needed to be done by special resolution which involved tabulating based on the dollar values of the claims. As such, she noted for the purposes of following the BIA, to have that reflected in the minutes of the meeting to be filed in Court, she recommended a more formal procedure be followed. The Chairman and Trustee's counsel both agreed and instructed the body to use the voting cards provided. **A summary of the results is shown in the table below:**

Name of Creditor	Value of Claims (BBD\$)	
	For	Against
Financial Services Compensation Scheme	\$10,810,122	
Simon Williams (Note 1)	\$210,783	
Rodney Davis (Note 2)	\$421,567	
Barbados Revenue Authority	\$767,730	
NF Holdings Inc.		\$433,853
Preconco Limited (unsecured)	\$278,712	
Harlequin Property (SVG) Ltd	\$19,920,373	
Versatile Construction Ltd (unsecured)	\$362,851	
Total	\$32,772,138	\$433,853

The results show that the simple majority of the number of creditors present and two-thirds majority in respect of the value of their cumulative claims, have voted to substitute Dr. Grenville Phillips as the Trustee of the Estate, in place of Mr. Oliver Jordan. The special resolution was therefore passed, and Dr. Phillips appointed as Trustee. Please refer to Appendix 2 to view the voting cards.

Note 1: The voting form of Mr Simon Williams incorrectly shows the GBP value of his claim in the section requiring the claim amount in BBD. As such the Trustee has referred to the Proof of Claim submitted to confirm the claim amount in GBP and used the BBD converted amount in tabulating the vote of Mr Williams above.

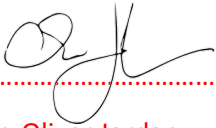
Note 2: The voting form of Mr Rodney Davis showed an incorrect value of his claim in error. As such the Trustee has referred to the Proof of Claim submitted to confirm the claim amount in GBP and used the BBD converted amount in tabulating the vote of Mr Davis above.

Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of
Harlequin

Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

The Chairman then adjourned the meeting.

These amended minutes have been hereby approved by the Chairman.

A handwritten signature in black ink, appearing to be 'OJ', is written over a horizontal red dotted line.








Mr. Oliver Jordan

Dated May 27, 2020



Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of
Harlequin
Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

APPENDIX 1

REGISTER

Name of Claimant	Print Name	Signature
Harlequin Property (SVG) Limited	KYON SEAMAN	
Financial Services Compensation Scheme (FSCS)	ANDREW C. FERREIRA	
Do Lobo Management Limited		
Barbados Revenue Authority		
Joseph Licata		
John Licata		
NF Holding Inc.		
Rodney Davis	Graeme Brathwaite	
Robert Sheldrick		
Versatile Construction Inc.	ZAHIR JACKSON	
Versatile Construction Inc.		
Preconco Limited	OLIVIA WATSON	
J. Jackson, C Bedford and N Sesum		
Carolyn Goodman		
Martin and Judith Ash		
Tim Sonnex		
Simon Williams	Graeme Brathwaite	
William Rogers		
Peter and Helen Brabner		
Ketan Shah		
Steve Shergold		
Jacquiline Hollely		
Black Pearl Associates Ltd		
Carlton Family Pension Trust		
June Meadows & Alan Meadows		
Rita Omar		
Michael Coombs		
Winston Hanson		
Allan Simmons, Simmons Electrical		
David Hollely and Jacqueline Hollely		
Preconco Limited	OLIVIA WATSON	
Barbados Revenue Authority		
Penny Hanson		
Adrian Inniss		
Cheryl Branch		
Keila Campbell		
Ready Mix Limited		
Keisha Cordieu		

REGISTER

Name of Claimant	Print Name	Claimant/Proxy
Harlequin Property (SVG) Limited		
Financial Services Compensation Scheme (FSCS)		
Do Lobo Management Limited		
Barbados Revenue Authority	JANELLE JONES - CARTER	
Joseph Licata		
John Licata		
NFHolding Inc.	CHERIL PEARCE	
Rodney Davis		
Robert Sheldrick		
Versatile Construction Inc.		
Versatile Construction Inc.		
Preconco Limited		
J. Jackson, C Bedford and N Sesum		
Carolyn Goodman		
Martin and Judith Ash		
Tim Sonnex		
Simon Williams		
William Rogers		
Peter and Helen Brabner		
Ketan Shah		
Steve Shergold		
Jacquiline Hollely		
Black Pearl Associates Ltd		
Carlton Family Pension Trust		
June Meadows & Alan Meadows		
Rita Omar		
Michael Coombs		
Winston Hanson		
Allan Simmons, Simmons Electrical		
David Hollely and Jacqueline Hollely		
Preconco Limited		
Barbados Revenue Authority		
Penny Hanson		
Adrian Inniss		
Cheryl Branch		
Keila Campbell		
Ready Mix Limited		
Keisha Cordieu		


Amended Minutes of the Second Meeting of the Creditors in the matter of the Bankruptcy of
Harlequin
Boutique Hotel Limited held at The Savannah Hotel, Hastings Main Road, Bridgetown,

APPENDIX 2

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card

For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: 	Amount of Claimed Debt (In Barbados Dollars): BBDS	
(a) Special Resolution to approve the substitution of Trustee Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?	FOR 	AGAINST
Please Mark "X" For or Against	Signature of Creditor: <i>Francis Sullivan Company - Secured</i> <i>per [Signature]</i> <i>APW C. Sullivan A.C.</i>	

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card


For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <i>Simone Williams</i>	Amount of Claimed Debt (In Barbados Dollars): BBDS \$ <i>78,000.00</i>	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR <i>X</i>	AGAINST
Please Mark "X" For or Against Signature of Creditor: <i>[Signature]</i>		

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card



For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <u>Rodney Davis</u>	Amount of Claimed Debt (In Barbados Dollars): BBDS \$ 78,000.00	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR X	AGAINST
<div>Please Mark "X" For or Against</div> <div>Signature of Creditor:.....</div>		

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card


For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <u>BARBADOS REVENUE AUTHORITY</u>	Amount of Claimed Debt (In Barbados Dollars): BBDS <u>767,730.00</u>	
	FOR	AGAINST
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>		
Please Mark "X" For or Against	Signature of Creditor: 	
	GENERAL COUNSEL AND PROXY FOR BARBADOS REVENUE AUTHORITY	

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card


For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: NF HOLDINGS INC	Amount of Claimed Debt (In Barbados Dollars): BBDS 433,853	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR	AGAINST X
<div>Please Mark "X" For or Against</div> <div>Signature of Creditor: </div>		

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card

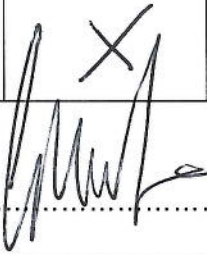
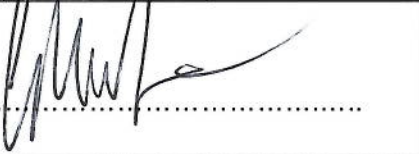
For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <u>PRELONCO LIMITED (unsecured)</u>	Amount of Claimed Debt (In Barbados Dollars): BBDS <u>278,712</u> <u>117,789</u>	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR X	AGAINST
<div>Please Mark "X" For or Against</div> <div>Signature of Creditor: </div>		

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card

For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <u>HARLEQUIN PROPERTM (SVG) LTD.</u>	Amount of Claimed Debt (In Barbados Dollars): BBDS <u>19,920,373</u>	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR 	AGAINST
Please Mark "X" For or Against	Signature of Creditor: 	

In The Matter Of the Bankruptcy of Harlequin Boutique Hotel Limited

Voting Card

For use at the Second Meeting of Creditors – 12 October, 2018

Name of Creditor: <u>VERSATILE CONSTRUCTION INC</u>	Amount of Claimed Debt (In Barbados Dollars): BBD\$ <u>362,851.00</u>	
(a) Special Resolution to approve the substitution of Trustee <i>Do you approve the substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?</i>	FOR X	AGAINST
Please Mark "X" For or Against Signature of Creditor: <u><i>Zali Jackson</i></u>		

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Drawn & Prepared by:


Laura F. Harvey-Read
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St. Michael
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**SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE**

CLAIM NO BRI 2017, No. 4

IN THE MATTER of the Bankruptcy and
Insolvency Act Cap 303 of the Laws of
Barbados

IN THE MATTER of a Petition for
Receiving Order in respect of
**HARLEQUIN BOUTIQUE HOTEL
LIMITED**

IN THE MATTER of an Application for
the Appointment of a Trustee

BETWEEN

PRECONCO LIMITED

PETITIONER

AND

HARLEQUIN BOUTIQUE HOTEL LIMITED

RESPONDENT

ORDER

BEFORE the Honourable Sir Marston Gibson K.A., Chief Justice

On the 12th day of January 2018

Entered the 23rd day of ~~February~~ ^{January} 2018

UPON READING the Bankruptcy Petition filed herein on the 28th
November 2017.

AND UPON READING the Affidavit of Olivia Anne Watson filed herein on
the 28th November 2017 filed in support of the Bankruptcy Petition.

AND UPON READING the Affidavit of Mr. Barry L.V. Gale Q.C. filed herein on the 11th January 2018 also filed herein in support of the Bankruptcy Petition.

UPON READING the Affidavits of Service of Ms. Pauline Payne filed herein on the 8th January 2018 showing that the Bankruptcy Petition was served on the Respondent and on an interested party **VERSATILE CONTRUCTION INC.**

AND UPON HEARING Mr. Barry L.V. Gale Q.C. Attorney-at-Law

AND UPON it appearing to the Court that the Respondent **HARLEQUIN BOUTIQUE HOTEL LIMITED** has committed the act of bankruptcy by ceasing to meet its liabilities generally as they become due.

IT IS ORDERED THAT:

1. The Respondent **HARLEQUIN BOUTIQUE HOTEL LIMITED** be adjudged bankrupt by virtue of a receiving order hereby made pursuant to Section 4 (10) of the Bankruptcy and Insolvency Act 2001 Cap 303.
2. Mr. Oliver Gregory Jordan be appointed the licensed trustee of the property of the bankrupt pursuant to Section 4 (13) of the Bankruptcy and Insolvency Act 2001 Cap 303.

Dated the ^{19th Sunday} 19th date of January 2018

Glance
Dep. Registrar

**SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE**

CLAIM NO **BRI 2017, No. 4**

IN THE MATTER of the Bankruptcy and
Insolvency Act Cap 303 of the Laws of
Barbados

IN THE MATTER of a Petition for
Receiving Order in respect of
HARLEQUIN BOUTIQUE HOTEL LIMITED

IN THE MATTER of an Application for
the Appointment of a Trustee

BETWEEN

PRECONCO LIMITED

PETITIONER

AND

HARLEQUIN BOUTIQUE HOTEL LIMITED

RESPONDENT

ORDER

**HASTINGS ATTORNEYS-AT-LAW
ATTORNEYS-AT-LAW FOR THE PETITIONER**

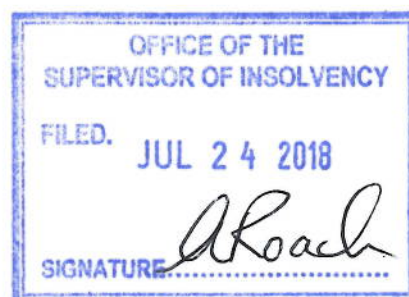
Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

Present:

Harlequin Property (SVG) Limited- represented by Mr. Garth Patterson Q.C of Lex Caribbean, Attorneys-at-Law, Mr. Craig Waterman of KPMG Barbados, Mr. Ryan Scallion and Mr. Dave Collins of KPMG Barbados
Financial Services Compensation Scheme- represented by Ms. Faye Finnistere of Finnistere Attorneys-at-Law, Ms. Virginia Cooper and Mr. Martin Meredith of Bevan Brittan LLP (by teleconference from the UK), and Mr. James Derbyshire, Head of Legal at FSCS (by teleconference from the UK)
Preconco Limited- represented by Mr. Barry Gale Q.C and Mrs. Laura Harvey Read of Hastings Attorneys-at-Law and Ms. Olivia Watson, General Counsel of Preconco Limited.
The Barbados Revenue Authority- represented by Ms. Janelle Jones Carter, General Legal Counsel
NF Holding Inc.- represented by Ms. Cheryl Pearce and Mr. Wayne Niles
Mr. Rodney Davis and Mr Simon Williams represented by Ms. Maya Carrington
Mr. Robert Sheldrick
Versatile Construction Inc.- represented by Mr. Zahir Jackson of Inter-Caribbean Legal
Do Lobo Management Ltd, represented by Alistair Burns (by teleconference from the UK)
Mr. Radesh Singh, Managing Director of Versatile Construction Inc.
Mr. Simon Williams- represented by Ms. Maya Carrington
Ms. Keila Campbell- representing herself and Ms. Keisha Cordieu
Mr. David Hollely (by teleconference from the UK)
The Carlton Family Pension Trust, represented by Mr. Carlton Hide (by teleconference from the UK)
Mr. John Licata (by teleconference from the UK)

In attendance:

Ms. Ester Springer, Supervisor of Insolvency and Chairperson
Mr. Oliver Jordan, PricewaterhouseCoopers EC Inc. (Trustee of Harlequin Boutique Hotel Limited)
Mr. Peter Hickman, PricewaterhouseCoopers Advisory (Bahamas) Limited
Mr. David-Hamel Smith, Attorney-at-Law representing the Trustee of Harlequin Boutique Hotel Limited
Ms. Lisa Kadirullah, PwC Corporate Services Limited, the recording Secretary
Ms. Oriel Haynes, representing the Office of the Supervisor of Insolvency
Mr. Brett Carrington, PricewaterhouseCoopers SRL, Scrutineer
Ms. Alaina Parris, PricewaterhouseCoopers SRL, Scrutineer
Mr. Wayne Lovell, Retired Accountant, Independent Scrutineer



Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

1. Call to order

The Supervisor of Insolvency, Ms. Ester Springer, acted as Chairperson of the meeting. She confirmed that all creditors of Harlequin Boutique Hotel Limited received notice of the meeting and that all eligible creditors in attendance signed the attendance register. The Chairperson also confirmed that voting cards were received by all creditors.

The Chairperson informed the creditors of their right of appeal to any decision taken at the meeting. She noted section 83(1) of the Bankruptcy and Insolvency Act ('the BIA') which states that one creditor entitled to vote, or a representative of that creditor, constitutes a quorum for a meeting of creditors.

The Chairperson confirmed that a quorum was present and called the meeting to order at 10am.

Introduction

The Chairperson introduced those individuals seated at the head table namely Mr. Oliver Jordan, the appointed trustee, Mr. Peter Hickman of PwC, Mr. David Hamel-Smith, Attorney-at-Law for the trustee, Ms. Lisa Kadirullah of PwC, the recording secretary for the meeting and Ms. Oriel Haynes of the Office of Supervisor of Insolvency. She noted her role as Chairperson of the first meeting of creditors, pursuant to section 82 of the BIA.

The Chairperson proposed that an amendment be made to the Agenda, if there was no objection by the creditors. She noted that Agenda Item 5 was intended to be addressed at the next meeting as is allowed by section 93 of the BIA. She noted that Mr. David Ames, the sole director of Harlequin Boutique Hotel Limited could not attend, as he is attending a court matter.

Mr. Garth Patterson Q.C objected to the amendment of the agenda and cited that no reason was provided for the postponement of the appointment of inspectors. Mr. Patterson Q.C indicated that he was of the view that section 93 of the BIA did not provide such a power. Mr. Patterson Q.C asserted that such roles be established at an early stage. He emphasised the importance of the role of inspectors as supervisors of the trustee and noted that creditors were present, provided with due notice as previously established and expected the appointment of inspectors.

The Chairperson noted the objection of Mr. Patterson Q.C and explained that several issues have arisen. She noted that a court action was pending on the assets of Harlequin Boutique Hotel Limited and that some creditor claims are objectionable.

Mr. Patterson Q.C asserted that such vote should be put to the creditors for their decision on whether to postpone the appointment of inspectors.

Mr. Barry Gale Q.C then indicated his agreement that the appointment of creditors be deferred since a number of claims are being disputed. He asserted that to appoint inspectors at this stage where there are pending court disputes, did not make sense.

Mr. Carlton Hide voiced his concern that the list of claims is not accepted and that the process of validating claims should precede the appointment of inspectors.

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Mr. Patterson Q.C proceeded to cite section 85(3) of the BIA, which states that where the Chairman is in doubt as to whether a proof of claim should be admitted or rejected, the Chairman shall mark the proof as objected to and allow the creditor to vote subject to the vote being declared invalid, in the event of the objection being sustained. Mr. Patterson Q.C then indicated that the Chairperson can mark the objection but should still allow the creditor to vote, once the creditor's proof of claim has not been rejected.

Mr. Gale Q.C responded that the position of doubt cannot be determined until the Chairperson has heard the objections and that it is only when the determination of doubt arises, that an objection can be made. Mr. Gale Q.C then posited that Mr. Patterson Q.C was premature in seeking to point the Chairperson to section 85(3) of the BIA. Mr. Gale Q.C then cited section 85(1) of the BIA, noting that the Chairperson has to power to admit or reject a proof of claim for the purpose of voting, but that such decision is subject to appeal by the court.

Mr. Patterson Q.C then responded by stating that there was no provision in the BIA that enabled creditors or proposed creditors to object to claims made by other creditors. Mr. Patterson Q.C noted that such discretion is exercised initially by the Chairperson, and is usually done prior to the meeting.

Mr. David Hamel Smith then addressed the meeting. He suggested that the discussion on appointment of inspectors should be addressed later on in the meeting, and that the Chairperson should then make the appropriate decision on whether to adjourn the meeting and defer such appointment.

Mr. Patterson Q.C replied that such voting power was all or nothing in nature and that if creditors are allowed to vote, then they should be allowed to vote on all matters.

Mr. Gale Q.C noted that the issue of entitlement to vote is quite fundamental as voting determines several issues on the agenda. He cited section 86(1) which states that a person is not entitled to vote as a creditor at any meeting of creditors unless that person has duly proved a claim provable in bankruptcy and the proof of claim has been duly lodged with the trustee before the time appointed for the meeting. Mr. Gale Q.C underscored the importance of having a claim provable in bankruptcy, and duly lodging such claim with the trustee.

Mr. Patterson Q.C then submitted that section 86(1) is not relevant as his client's claim has already been submitted, the Chairperson has already marked it as objected to and therefore, a statutory process is already in motion. Mr. Patterson asserted that it cannot be reversed because an objection has been made. He then reiterated the provisions outlined in section 85 (3) of the BIA in support of his submission.

Mr. Hamel-Smith then submitted that the two issues are in fact separate ones. He stated that parties can be allowed to vote, if their claims have been properly lodged and that it has been set out in the Preliminary Report of the Trustee, which will be addressed shortly. He noted that the appointment of inspector can be decided at a later stage and cited sections 93 (1) and 95 of the BIA, in support of this submission. He noted that section 93(1) of the BIA stated that at a first or subsequent meeting of the creditors, the creditors shall appoint one or more inspectors. He noted that the words 'at a subsequent meeting' enabled the creditors to make that decision at a later time. He also noted section 95 of the BIA, which stated that where there are no inspectors of the estate of the bankrupt, the trustees shall call a meeting for the purpose of appointing inspectors. Mr. Hamel Smith then reiterated his position that other items on the agenda can be dealt with, and the Chairperson can at the appropriate time, make a decision as to whether to defer the appointment of inspectors.

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Mr. Patterson Q.C then cited section 79(6) of the BIA and noted that the purpose of a first meeting of creditors includes the confirmation of affairs of bankrupt, appointment of inspectors, and that it is a mandatory requirement of the BIA. He then stated that it was not appropriate for the Chairperson to postpone that matter to a subsequent meeting.

The Chairperson stated that if a creditor was allowed to vote on the affirmation of appointment of trustee, then they should also be allowed to vote on the issue of appointment of inspectors. She noted that a full discussion can be held at the appropriate time whereby the creditors can then decide whether they wish to vote on the matter of appointment of inspectors.

Mr. Patterson Q.C noted that once the meeting of creditors has been called, the meeting must be held. He noted that such appointment should be with the consent of the creditors.

The Chairperson noted that the appointment of inspectors would remain at Agenda Item No. 5 and then be considered at that time.

Mr. Patterson Q.C sought clarification on the appointment of inspectors. He reiterated that the appointment of inspectors should be made at the first meeting of creditors as it is among the business to be considered. Mr. Patterson Q.C noted that the BIA permitted the Chairperson with the consent of the creditors, to adjourn the meeting.

The Chairperson reiterated her position that it is not mandatory that inspectors be appointed at the first meeting of creditors but that that matter will be addressed at Item 5 of the Agenda and that the creditors will accordingly decide whether inspectors will be appointed today or whether that matter will be deferred to a later date.

The Chairperson then outlined the procedure on voting. She noted that a secured creditor can vote but only on the unsecured portion of his claim and except with the leave of the Court, the creditor is not entitled to vote if within the year preceding the initial bankruptcy event, the creditor did not at all times deal with the debtor at arm's length.

The Chairperson then outlined the voting procedure to be adopted. She noted that the affirmation of trustee and the appointment of inspectors will be done by ordinary resolution as appropriate and that scrutineers have been appointed to collate the results of such voting. She then introduced the scrutineering team.

Tabling of Documents

The Chairperson then tabled the documents, which were provided to the creditors, as follows:

- Copy of the Order of the Court made by the Honourable Sir Marston Gibson K.A Chief Justice in the court matter between Preconco Limited and Harlequin Boutique Hotel Limited on January 12, 2018 and entered on January 23, 2018;
- Proof of advertisement in the Nation Newspaper dated January 21, 2018 regarding the First Meeting of Creditors;
- Subsequent advertisements contained in the Nation Newspaper on January 30, March 15, March 23, March 11 and May 25, 2018 regarding postponement of dates of First Meeting of Creditors;
- Full list of creditor names; and
- Preliminary Report of the Trustee dated June 12, 2018.

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Overview of the Bankruptcy and Insolvency Act of Barbados, outlining the role of the Trustee, the duties of the Bankrupt, the Rights of the Creditors and the role of Inspectors

The Chairperson noted that the BIA had been discussed earlier, as regards this meeting and rights of creditors at such a meeting. She then provided an overview of the purpose of the meeting. She cited section 79 of the BIA and outlined the role of the trustee. She noted that the trustee is an officer of the Court who acts in a fiduciary capacity, reviews creditor claims, is responsible for realising the assets of the bankrupt and for distribution of the net realisation of such claims to the creditors.

The Chairperson also noted the requirements of section 195 regarding the maintenance of books and records. She also noted section 79(3) of the BIA, which states that the trustee shall permit the books and records to be made, at any reasonable time, by the bankrupt, or any creditor or their agents and enable them to make copies. She noted that since the books and records are the property of the Estate, then should there be a change in trustee, the said books and records should be delivered by the trustee to the substituting trustee.

2. Presentation of the Trustee's First Report to Creditors

Mr. Oliver Jordan presented the First Report to Creditors.

Mr. Jordan indicated that he understood and appreciated the uncertainty and confusion expressed by investors of the H Hotel (otherwise known as Quin Two) project in Barbados. Mr. Jordan noted that the Harlequin Group consists of various entities around the Caribbean (most of which are in various stages of insolvency proceedings) and there is significant complexity given the lack of clarity on intra-group transactions and the absence of full financial records for Harlequin Boutique Hotel Limited.

He indicated that the first report provides a summary of the current position of the Estate of Harlequin Boutique Hotel Limited ('the Estate') and the outstanding issues, along with the next steps required that he and his team will undertake over the coming months.

Mr. Jordan stated that he and his team will continue to provide information and updates to creditors through a dedicated website, and requested that any queries in relation to Harlequin Boutique Hotel Limited are to be directed through the said email address.

Background to the Company and Bankruptcy

Background

Mr. Jordan then provided a background on the matter. He indicated that Harlequin Boutique Hotel Limited is part of a group of entities that are or were under the ultimate beneficial ownership of Mr David Ames ("the Harlequin Group", or "Group") situated across the Caribbean including Barbados, Cayman Islands, St Lucia, St Vincent and the Dominican Republic – most of which are in different stages of insolvency proceedings.

Mr. Jordan stated that Harlequin Boutique Hotel Limited's primary activity was to own the previous Allamanda Beach Hotel, and redevelop the site to construct a 69 room hotel on Hastings Beach boardwalk in Christ Church on the southwest coast of Barbados. He further highlighted that it was set to be the debut of Harlequin's lifestyle H brand, and had previously been referred to as the Quin Two and H Hotel.

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Mr. Jordan noted his understanding that the majority of construction work was carried out during 2012, with construction ceasing on or around January, 2013. Mr. Jordan further noted that since this time, there has been minimal work carried out on the site and as a result the overall condition of the site has deteriorated.

Mr. Jordan also indicated that Harlequin Boutique Hotel Limited did not own a bank account. He also noted that it is his understanding that the Harlequin Group maintained only one bank account for all entities, which he understood to be previously held by Harlequin Management Services (South East) Limited, a United Kingdom entity, and later by Harlequin Hotels and Resorts (Cayman) Ltd, a Cayman entity. He noted that as specific project funds were not segregated in this account, it appears that disputes in other Group entities caused a lack of funds that led to the financial deterioration of Harlequin Boutique Hotel Limited.

Bankruptcy proceedings

Mr. Jordan then proceeded to note the bankruptcy proceedings. He stated that on November 28, 2017 a Bankruptcy Petition was filed to the Supreme Court of Barbados by Preconco Limited, claim number BRI 2017, No.4.

Mr. Jordan indicated that on January 12, 2018, the Honourable Sir Marston Gibson K.A., Chief Justice ordered that:

1. *"The Respondent Harlequin Boutique Hotel Limited be adjudged bankrupt by virtue of a receiving order hereby made pursuant to Section 4 (10) of the Bankruptcy and Insolvency Act 2001 Cap 303.*
2. *Mr. Oliver Gregory Jordan be appointed the licensed trustee of the property of the bankrupt pursuant to Section 4 (13) of the Bankruptcy and Insolvency Act 2001 Cap 303."*

Mr. Jordan then stated that the Order of the Honourable Sir Marston Gibson K.A., Chief Justice was entered and perfected on 23 January 2018.

Statement of Affairs

Financial records received from the Company

Mr. Jordan stated that to date, he has been in contact with and received information from the following individuals:

- Mr. David Ames (Company Director and Shareholder) and his Solicitor
- The Harlequin Group Accounts Manager
- The Harlequin Group Accounts Supervisor

Mr. Jordan remarked that although he received a significant volume of investor files, including contracts and correspondence, he has not been able to obtain sufficient information to prepare a statement of affairs as at the Date of Bankruptcy. Mr. Jordan stated that he understood that this is largely as a result of operations at Harlequin Boutique Hotel Limited ceasing in early 2013, the resulting loss of staff, and ultimately where the license of the accounting record system expired and was not renewed in March 2016.

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Mr. Jordan further stated that the financial information received for Harlequin Boutique Hotel Limited to date is complex, unclear and appears to be mixed with other legal entities.

Ability to prepare a Statement of Affairs

Mr. Jordan indicated that he cannot place reliance on the financial data received to date without significant further examination and cost, and as a result cannot provide a Statement of Affairs as at the Date of Bankruptcy.

Mr. Jordan therefore indicated that the Assets of the Estate of which he is currently aware, and the list of claims received to date, were outlined in his report. He noted that the following assets of the Estate as outlined, represent the current position based on his and his team's analysis and understanding to date, and that they are therefore subject to change.

Identification of assets

Mr. Jordan indicated that he pursued multiple lines of enquiry to identify potential assets of Harlequin Boutique Hotel Limited, as follows:

Property

Mr. Jordan advised that one asset has been identified, being the site and partial construction of the Harlequin Hotel ('the Property').

Bank accounts

Mr. Jordan further advised that he understood from management and confirmed with local banks, that Harlequin Boutique Hotel Limited did not have any bank accounts in Barbados. He indicated that his understanding was that all monies received from investors (and any other source) were pooled into a single account held in the United Kingdom, owned previously by Harlequin Management Services (South East) Limited, a United Kingdom entity, and later by Harlequin Hotels and Resorts (Cayman) Ltd, a company registered in the Cayman Islands.

Intercompany assets

Mr. Jordan then noted that as a result of the complex integrated operations of the Harlequin Group, there may be amounts due from other Harlequin entities, including cash balances relating to Harlequin Boutique Hotels Limited. He indicated that he will continue to investigate this, however given the current financial position of other Harlequin entities, recovery of these assets may be limited.

Valuation

Mr. Jordan then addressed the valuation of the property. He noted that as the asset was not developed as planned, the current value is limited to the existing development that consists of land and partial construction of two buildings.

Mr. Jordan stated that since the site is the sole asset of the Estate, there is no other source of funds and that since he is not being funded as Trustee, he has not yet undertaken a valuation of the site.

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Mr. Jordan indicated that he will in due course seek permission from the duly appointed inspectors, to obtain an updated valuation as part of the disposal of the asset.

Key Issues in relation to the Property

Mr. Jordan indicated that he was aware of the following issues in relation to the sole asset of the Estate.

1. Secured interest in the property

Mr. Jordan stated that the Trustee received secured claims from two third parties, both of whom obtained a secured interest through final charging orders granted by the Supreme Court of Barbados. Mr. Jordan indicated that the total secured claims in the Harlequin Boutique Hotel Limited totaled BBD\$467,739.

2. Dispute in respect of the ownership of the Property

Mr. Jordan indicated that on or around April 17, 2018, he received a claim from Mr. Craig Waterman and Ms. Lisa Taylor, together the joint trustees of the estate of Harlequin Property (SVG) Limited ("HPSVG"). Mr. Jordan noted that the claim was filed pursuant to Section 57 of the Bankruptcy and Insolvency Act and asserted ownership of the sole asset of Harlequin Boutique Hotel Limited.

Mr. Jordan noted that he formally disputed this claim under Section 57 (2) of the Bankruptcy and Insolvency Act on April 30, 2018 and subsequently received a notice of appeal from HPSVG on May 15, 2018.

Mr. Jordan advised that the appeal is scheduled to be heard before a judge of the High Court during September, 2018.

3. Contractual option to acquire the Property

Mr. Jordan then indicated that Preconco Limited ("Preconco") has asserted possession of a contractual option to purchase the asset at fair market value. Mr. Jordan noted that on June 5, 2018, he received notice that Preconco was exercising this option based upon a valuation that had been obtained from quantity surveyors BCQS International.

Mr. Jordan advised that he is currently consulting with legal counsel in relation to this option agreement.

4. Environmental Issues

Background

Mr. Jordan also advised that during early 2018, there was a leakage of sewage, which significantly impacted the south coast of Barbados, an area popular with tourists.

Mr. Jordan also indicated that in late February, 2018, he was alerted that the Barbados Water Authority ("BWA") were in the general vicinity of the Harlequin Boutique Hotel Limited, to investigate the source of the accumulation of sewage in this area.

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Mr. Jordan went on to explain that the site of the Harlequin Boutique Hotel Limited contains two depressed sections of land, which became filled with a mixture of sewage and rainwater. He stated that it is not clear whether the sewage ran onto the site from elsewhere or a sewerage pipe had burst beneath the site.

Mr. Jordan indicated that upon being made aware, he immediately reached out to the BWA to investigate the issue and seek remediation and that at the request of the BWA, he obtained several quotations for ‘backfilling’ the site, whereby the depressed land would be filled using a mixture of specific rocks and stones.

Mr. Jordan also stated that during a site visit by the Ministry of Health (“MoH”) in April 2018, a representative advised that an uncapped sewage line was identified and rectified, that backfilling was no longer required and that the MoH would dispatch representatives every 21 days to treat the area.

Mr. Jordan then indicated that on May 28, 2018 he received a letter from the BWA stating that the site has continued to be monitored since the above mentioned site visit, and that pooling had not reoccurred.

Mr. Jordan advised that to date, the BWA has not been able to conclusively identify and correct the sources of the sewerage along the south coast area. He advised that he remains in frequent contact with both the BWA and the MoH to ensure this issue is resolved permanently, and will provide an update in due course.

Legal complaint

Mr. Jordan stated that during April 2018, he received notice from the legal representatives of a local restaurant that shares a boundary with the site, detailing a nuisance complaint resulting from the ponding of sewage on the Harlequin Boutique Hotel Limited’s site.

Mr. Jordan indicated that he through his legal counsel, has responded to the complaint and is currently in dialogue with the complainant in order to resolve the issue.

Summary of Claims Received

Identification of Creditors

In the absence of information received from the Company, Mr. Jordan indicated that the listing of potential creditors is limited to Proof of Claims, which have been lodged. Mr. Jordan advised that the following list comprises those who have lodged properly executed Proof of Claim forms as at June 8, 2018 and is for information purposes only.

Mr. Jordan emphasized that analysis of these claims is ongoing and that he has not yet formally adjudicated on these claims for the purposes of being admitted as a creditor of the Estate and participating in any potential future distributions.

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Current listing of HBHL claims

Claims received as at June 8, 2018 BBDS

Secured	467,739
Preferred	114,762
<u>Unsecured</u>	<u>37,562,775</u>
<u>Total claims</u>	<u>38,145,276</u>

Duplication of Claims for voting

Mr. Jordan also indicated that he observed multiple instances where there was a duplication of claim in respect of an individual investor contract, which will allow each party to vote in full on their respective claim, as detailed further below.

Mr. Jordan advised that he had not yet adjudicated on the admission of these claims in order to participate in any potential future distributions. He therefore noted that, for the purposes of voting at the first creditors meeting only, he has proposed that, in accordance with section 85 of the BIA, to mark all duplicated claims as objected, which will allow each party to vote in full on their respective claim submitted. He confirmed that this does not prejudice their position as a claimant.

Update on the Duplication of Claims

Mr. Jordan stated that he observed multiple instances where there is a duplication of claim in respect of an individual investor contract and that this duplication arises due to claims from the following parties:

Harlequin Property (SVG) Limited (“HPSVG”)

Mr. Jordan advised that HPSVG has made a claim in relation to an indemnity clause within a Deed of Assignment (“DoA”) dated September 19, 2012, between HPSVG and Harlequin Boutique Hotel Limited. Mr. Jordan advised that the claim is in relation to all investor contracts with HPSVG that are included within the Schedule of Contracts appended to the DoA.

Financial Services Compensation Scheme (“FSCS”)

Mr. Jordan indicated that FSCS protects consumers when financial services firms fail and that it is the compensation scheme for customers of United Kingdom financial services firms, authorized by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

Mr. Jordan advised that FSCS has paid out compensation to numerous Harlequin investors, many of which are investors that had contracts with HPSVG. He further noted that on payment of compensation, the FSCS takes an assignment of the investor’s rights to claim against the company that they originally arranged their investment through and any relevant third parties (including a

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relevant Harlequin entity). Mr. Jordan advised that the FSCS stands ‘in the shoes’ of the original investor, and as a result has lodged a claim in relation to FSCS compensated investors.

Investors

Mr. Jordan indicated that several investors have also claimed against Harlequin Boutique Hotel Limited in respect of their contracts with Harlequin in relation to the H Hotel / Quin Two project. Mr. Jordan stated that those investors who either have a contract with HPSVG or have been FSCS compensated are highly likely to be in duplication to those claims received from HPSVG or the FSCS. Mr. Jordan stated that those investors of H Hotel (or Quin Two) that have a contract with an entity other than HPSVG, and have not been FSCS compensated, are unlikely to be affected by the duplication of claims.

Adjudication of duplicated claims

Mr. Jordan advised that he can only admit one party as a valid creditor in respect of a given contract, in order to participate in any potential future distribution(s). He noted that there is significant complexity in determining whether a party has a valid claim against Harlequin Boutique Hotel Limited in relation to a given contract due to the existence of the DoA and FSCS compensation.

Mr. Jordan advised that he is aware that investors have been informed by Harlequin management that the DoA effectively transfers their contract from HPSVG to Harlequin Boutique Hotel Limited. He noted that this would appear to be a significant over-simplification of a legal document and that he is currently investigating both the validity and powers of the DoA, along with other key matters in relation to investor contracts. He noted that his work is still ongoing and that he will provide an update in due course.

Receipts and Payments

Mr. Jordan advised that he is currently unable to provide a schedule of receipts and payments due to the Estate receiving no receipts from the Date of Bankruptcy to June 12, 2018 from which any payments would have been made. He noted that as a result, the table below summarises the costs incurred to May 31, 2018 that have currently been borne by him as Trustee.

Mr. Jordan noted that these costs will rank in priority to unsecured creditors in accordance with Section 113 (1) (b) (ii) and (iii) of the BIA.

Costs of the Estate as at 30 May 2018	BBDS\$
Legal Fees	57,173.86
Statutory Filings	835.00
Statutory Publications	3,088.56
Insurance	1,502.50
Remedial Works	<u>1,453.23</u>
Total costs of the Estate	<u>64,053.15</u>

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Trustee Remuneration

Fees to May 13, 2018

Mr. Jordan stated that since the Estate does not have a bank account and there have been no asset realisations, he has not drawn any remuneration from the Estate. He noted that he will, in due course, seek approval of accrued fees in accordance with Section 208 of the BIA.

Mr. Jordan advised that the fees accrued by the Trustee to May 31, 2018 are BBD \$228,179.00 and that fees of the Trustee would rank in priority to unsecured claims of the Estate under Section 113 (1) (b) (ii) of the BIA.

Anticipated realisation and projected distribution

Mr. Jordan advised that the Estate currently consists of one asset, the Hotel, which is subject to the current legal action being brought by HPSVG.

He noted that should HPSVG be successful in their assertion of ownership of the Hotel, it would be highly likely that the Estate would not have any assets to liquidate.

Mr. Jordan noted that as a result, until either this legal matter is resolved or any additional assets are identified, he is unable to provide a summary of anticipated realisation and projected distributions.

S.187 Conservatory and Protective measures

Mr. Jordan noted that he has not found it necessary to undertake any conservatory or protective measures under Section 187 of the BIA.

S.75 Reviewable Transactions and Preference Payments

Mr Jordan indicated that at this stage, he does not consider there to be any reviewable transactions in the 12 months preceding the Date of Bankruptcy, as set out in within Section 75 of the BIA.

The Appointment and Role of Inspectors

Mr. Jordan stated that in accordance with Section 93 of the BIA, “*at the first or subsequent meeting of creditors, the creditors shall appoint one or more, but not exceeding 5, inspectors of the estate of the bankrupt for the purpose of overseeing the administration of the estate of the trustee bankrupt.*”

Mr. Jordan indicated that pursuant to the agenda, the Supervisor of Insolvency, as Chair of this meeting, will call for nominations for Inspectors at the appropriate time.

Statement in relation to S. 169

Mr. Jordan stated that in respect of Section 169 of the BIA, he does not act or intend to act for or assist a secured creditor of the estate to assert any claim against the estate or to realise or otherwise deal with the security that the secured creditor holds.

Mr. Jordan then outlined the actions to be taken by him as trustee and their estimated timeline.

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Area	Next Steps	Timeline
Ownership of the Hotel	Prepare for and attend the hearing in respect of the ownership interest asserted by HPSVG	The appeal will be heard before a judge of the High Court during September 2018.
Environmental Issues	Continue to work with the BWA and MoH to manage the sewage ponding at the site. Continue to engage with the local restaurant in order to achieve a mutually satisfactory result	Immediate/ongoing
Identification of Assets	Examination of Harlequin Boutique Hotel Limited management and further analysis of information received to identify any potential assets of Harlequin Boutique Hotel Limited	1-2 months
Preconco option	Respond to the notice to exercise option received from Preconco, including analysis of the validity and powers under the option agreement and how this may interact with the contested ownership of the Hotel	1-2 months
Ongoing claims process and legal adjudication of claims	The Trustee will begin the process formally calling for claims and adjudicating on those claims once the ownership position of the Hotel has been clarified and that it is clear funds will be received by the Estate.	To begin should the final court judgment in respect of the Hotel be found in favour of Harlequin Boutique Hotel Limited

Mr. Jordan then concluded his Preliminary Report as trustee of the Estate of Harlequin Boutique Hotel Limited.

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3. Discussion of Bankrupt's affairs

Mr. Gale Q.C queried whether, based on information in hand, Barbados creditors (secured or unsecured) would receive any payment, should HPSVG be successful in their claim of ownership of the asset. Mr. Jordan replied that should the Court rule that HPSVG is solely entitled to the asset, then no assets would be available to Barbados creditors. Mr. Gale Q.C then confirmed that those proceedings are pivotal to the chances of any creditor in establishing a claim on the asset of the Estate. Mr. Jordan responded in the affirmative.

Mr. Patterson Q.C noted that it was important for completeness, to contextualise section 57 of the BIA. Mr. Patterson noted that HPSVG is part of the group of companies of which Harlequin Boutique Hotel Limited is a member. Mr. Patterson Q.C noted that a contract was entered into with HPSVG to purchase the assets and the moneys for the purpose of payment were funded by HPSVG. Mr. Patterson Q.C then submitted that HPSVG can nominate a person to whom the property is to be conveyed. Mr. Patterson Q.C then further explained that a number of purchasers then bought units from HPSVG and so a number of creditors are under contract with HPSVG, not Harlequin Boutique Hotel Limited. Mr. Patterson contended that it would be inaccurate to suggest that those purchasers will be left out in the lurch because that property would form part of a larger pool of assets for distribution to all creditors, including creditors that entered into contracts with Harlequin Boutique Hotel Limited.

Mr. Barry Gale Q.C then rose to make a submission. He stated that his understanding of Mr. Patterson Q.C's position is HPSVG if it established a successful claim, will pay creditors. Mr. Gale Q.C reminded the meeting that the Preliminary Report of the trustee indicated that HPSVG did not have a bank account and that the funds were being co-mingled. Mr. Gale Q.C then asserted that it is not clear from where the cash was derived. He confirmed his understanding of Mr. Patterson Q.C's submission that the best case scenario is that if HPSVG was successful, then the Barbados creditors will be subsumed in a larger pool of creditors including creditors in St. Lucia, St. Vincent, Dominican Republic, etc. and that recovery is uncertain.

Mr. Jordan replied that the issues were not clear-cut and that that was the reason why the matter is before the Courts.

Mr. David Hamel-Smith then repeated Mr. Patterson's earlier statement regarding the purchasers of HPSVG being left out in the cold, if their claim to the asset was not in fact proved. Mr. Hamel-Smith clarified that two claims were in fact submitted by HPSVG. He noted that the first claim related to the claims by unit purchasers under various contracts of sale and to recover under those contracts, and the second claim was one made under section 57 of the BIA.

Mr. Barry Gale Q.C indicated that his understanding was that HPSVG's first claim was based on an assignment of contract where HPSVG assigned the benefit of various contracts to Harlequin Boutique Hotel Limited and that the premise is that the benefit and not the burden can be assigned. He noted however that potential liability exists on the part of HPSVG in relation to the indemnity clause of that assignment because if the burden of the assignment is not honoured, then HPSVG may become liable. Mr. Gale Q.C noted that in his view, that was a contingent liability. Mr. Gale Q.C then cited section 112(2) of the BIA which stated that a trustee must first determine whether any contingent claim or unliquidated claim is a provable claim and if it is a provable claim, the trustee shall value it.

Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

Mr. Gale Q.C then clarified whether the trustee has determined whether the claim is provable and if so, whether such claim was valued. Mr. Jordan replied that these actions had not yet been taken as at the current date.

The Chairperson queried whether Mr. Jordan had been experiencing significant difficulty in tracing funds. Mr. Jordan advised that the records have been co-mingled as previously noted. Mr. Jordan indicated that some financial information was provided from the shareholder, and that such information was used to provide advice with regard to the flow of funds. Mr. Jordan however noted that the tracing of funds was not clear-cut.

4. Affirm the appointment of the Trustee, or to substitute another in place of the Trustee

The Chairperson proposed that the appointment of Mr. Oliver Jordan of PricewaterhouseCoopers EC Inc. as the Trustee of the Estate of Harlequin Boutique Hotel Limited be affirmed and invited attendees entitled to vote, to second that motion or to object. Ms. Faye Finnisterre seconded the motion.

The Chairperson noted that given the lack of financial information and consequent accounting, it was recommended that claims be allowed, so that creditors whose claims that have been objected to are still entitled to vote.

There were no objections by the creditors present at the meeting, to the appointment of Mr. Jordan continuing as trustee.

On a motion duly made, seconded and unanimously carried, **it was resolved that** the appointment of Mr. Jordan as trustee of Harlequin Boutique Hotel Limited, be and is hereby affirmed.

5. Nomination and Election of Inspectors

The Chairperson outlined the duties of inspectors under the BIA and cited section 97 regarding the authorisation of expenses. She noted that inspectors may be paid out of the estate and that this can have an effect on funds payable.

Mr. Patterson Q.C noted the provisions of section 93 (1) of the BIA, which states that at the first or a subsequent meeting of creditors, the creditors shall appoint one or more, but not exceeding five, inspectors of the estate of the bankrupt for the purpose of overseeing the administration of the estate of the bankrupt. Mr. Patterson Q.C argued that the use of the word ‘shall’ made the appointment mandatory.

The Chairperson responded that the words ‘at the first or at a subsequent meeting of creditors’ makes an allowance for the appointment of inspectors to occur at a later date.

Mr. Gale Q.C also responded that the BIA envisages situations where there is no inspector and cited section 6 of the BIA in support of his position.

The Chairperson noted that the appointment of inspectors is determined by ordinary resolution of creditors and cited section 93 (2). Section 93(2) states that no person is eligible to be appointed or to act as an inspector unless he satisfies the criteria prescribed and is not a party to any contested action or proceedings by or against the estate of the bankrupt.

Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

Mr. Patterson Q.C noted that the claim brought under section 57 of the BIA, is brought by the Estate and not the trustees of HPSVG. He noted that the trustees are acting in a representative capacity and not a personal one. Mr. Patterson Q.C noted that any person not having a claim, can be an inspector and that the trustees were free to act in an individual capacity.

Mr. Gale Q.C responded by stating that if one were to assume that Mr. Patterson's assertion above is correct, there still remains the question as to whether it is desirable to do so. He cited Howden on Insolvency in support of his position. He noted that inspectors must not permit their duty to conflict and posited that it is against good reason to do so. He also noted that a conflict of interest and legal challenge could arise if such an approach were adopted.

Mr. Patterson Q.C responded by stating that the number of inspectors as well as the individuals to be appointed, must be determined.

Ms. Faye Finnisterre addressed the meeting to clarify whether voting as to the appointment of inspectors will be deferred. She noted that her proxy was limited and requested a temporary adjournment in order to get full instructions from her client on this matter.

The Chairperson informed the attendees that the meeting would resume in 15 minutes.

The meeting resumed at 11:55am.

The Chairperson indicated that there was a real and perceived conflict should Mr. Waterman and Ms. Taylor act as inspectors, and she invited all creditors to consider whether they wished to defer the appointment of inspectors.

Ms. Finnisterre responded that her instructions from her client were to vote in favour of the appointment at the current meeting. Mr. Patterson Q.C reiterated his earlier position that his client wished to proceed with the appointment of inspectors at the current meeting. He noted that his client's vote entitlement was 19,000,000 votes.

Mr. Gale Q.C noted that his client does not have any objection to the appointment of inspectors given the position of the Financial Services Compensation Scheme, but that he did not accept Mr. Patterson's position on his client's vote entitlement. Mr. Gale Q.C formally lodged his objection to the right of HPSVG to vote.

The Chairperson invited interested persons to propose themselves for appointment.

Mr. Patterson Q.C noted that the process is a two-step one. He noted that the number of inspectors must first be determined, then the names of the interested persons can be put forward for consideration.

Mr. David Collins of KPMG rose and nominated himself for consideration. He noted that he was a practitioner at KPMG with over 12 years of insolvency experience. He indicated that the appointment should be made in his personal capacity and not in a representative capacity. He stated that he would be able to assist the trustee in providing information and emphasised that the key role of the inspector is to obtain the best value for the asset.

Mr. David Hollely then nominated himself for consideration.

Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

Mr. Gale Q.C nominated Ms. Faye Finnisterre. Ms. Finnisterre accepted the nomination and noted that she is an Attorney-at-Law admitted to practice for 16 years.

Mr. James Derbyshire nominated himself for consideration.

Mr. Barry Gale Q.C nominated himself for consideration. He noted that he was an Attorney-at-Law admitted to practice for over 40 years.

The Chairperson noted that section 93 (1) of the BIA permits a maximum number of 5 inspectors to be appointed. She also noted that an invalid appointment does not invalidate an act done in good faith. The Chairperson also cited section 93 (5) of the BIA and noted that the Court can revoke the appointment of an inspector and nominate another.

Mr. Patterson Q.C proposed that the number of inspectors be limited to three. Ms. Finnisterre seconded the proposal by Mr. Patterson Q.C to limit the number of inspectors to three, having regard to costs.

Mr. Gale Q.C proposed that the number of inspectors to be appointed be five, as he saw no negative cost implications arising as a result, since the fees to be paid are nominal.

Mr. Hollely noted that his proxy does not address the number of inspectors to be appointed and that his preference is that five inspectors be appointed.

Mr. Robert Sheldrick indicated that he does not have a proxy but was under the impression that he could vote by telephone.

The Chairperson confirmed with Mr. Jordan and his team, that Mr. Sheldrick was provided with a proxy form and a proof of claim and they responded in the affirmative. The Chairperson indicated that attendance for the purposes of voting should be done by in person or by proxy.

Mr. Sheldrick noted that since the list was published, he was of the view that it would be limited to that list.

The Chairperson noted that an agent of a creditor can be appointed as an inspector. However, Mr. Sheldrick replied that Mr. Collins was appointed by Mr. Waterman, who is a trustee for HPSVG.

The Chairperson highlighted section 97(5) of the BIA with regard to the fees and costs to be claimed by inspectors. She noted that inspectors may be repaid actual and necessary travel expenses incurred in relation to the performance of their duties and may be paid such fees per meeting as prescribed. The Chairperson also noted section 97 (6) which stated that an inspector duly authorised by the creditors or by the other inspectors to perform special services for the estate may be allowed a special fee for those services, subject to Court approval.

Mr. Gale Q.C noted that since no fees were prescribed by the BIA, he proposed that no fees be paid unless they are special fees. Mr. Patterson responded that since there are no current regulations for the BIA, then fees could not be prescribed.

Mr. Gale Q.C reiterated his client's position that no fees are to be paid unless the law accordingly permits same. He reaffirmed his objection to the ability of HPSVG to vote, if Mr. Patterson Q.C insisted that the number of inspectors be limited to three.

Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

Ms. Finnisterre stated that she will withdraw herself from the nomination process in order to provide individual creditors with a chance to be appointed, so that they do not feel disenfranchised. She suggested that Mr. Hollely could represent individual investors.

The Chairperson noted that the current nominees were as follows:

Mr. David Collins
Mr. Barry Gale Q.C
Mr. James Derbyshire
Mr. David Hollely

The Chairperson noted that the two largest creditors, HPSVG and FSCS, wished to restrict the number of inspectors to be appointed to three.

Mr. Gale Q.C reiterated his earlier objection to the right of HPSVG to vote, citing sections 98(2) and 112 (2) of the BIA. He however noted that in the interests of individual overseas creditors, he agreed to withdraw his nomination so that the number of inspectors be limited to three.

On a motion duly made, seconded and unanimously carried, **it was resolved that** the number of inspectors to be appointed by creditors of Harlequin Boutique Hotel Limited be limited to three (3) individuals.

The voting process then commenced. The Chairperson invited each creditor present and entitled to vote, and those individuals possessing proxies in relation to creditors, to utilise their voting card with respect to the appointment of inspectors. She noted that PricewaterhouseCoopers along with Mr. Wayne Lovell, a Retired Accountant, would serve as scrutineers of the voting process and would tabulate and issue the voting results accordingly.

After submission of the voting results, the Chairperson then announced that the voting results were as follows:

Mr. David Collins	36,111,851 votes (FOR)
Mr. David Hollely	32, 162,367 votes (FOR)
Mr. James Derbyshire	32,317,508 votes (FOR)

The Chairperson noted that the above results reflected a majority voting in favour of all individuals.

On a motion duly made, seconded and unanimously carried, **it was resolved that** Mr. David Collins, Mr. David Hollely and Mr. James Derbyshire be and are hereby appointed inspectors in the matter of the bankruptcy of Harlequin Boutique Hotel Limited.

The Chairperson indicated that the trustee would call the first meeting of inspectors as authorised under the BIA.

Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

6. Adjournment

There being no further business, the meeting was adjourned at 1:15pm.

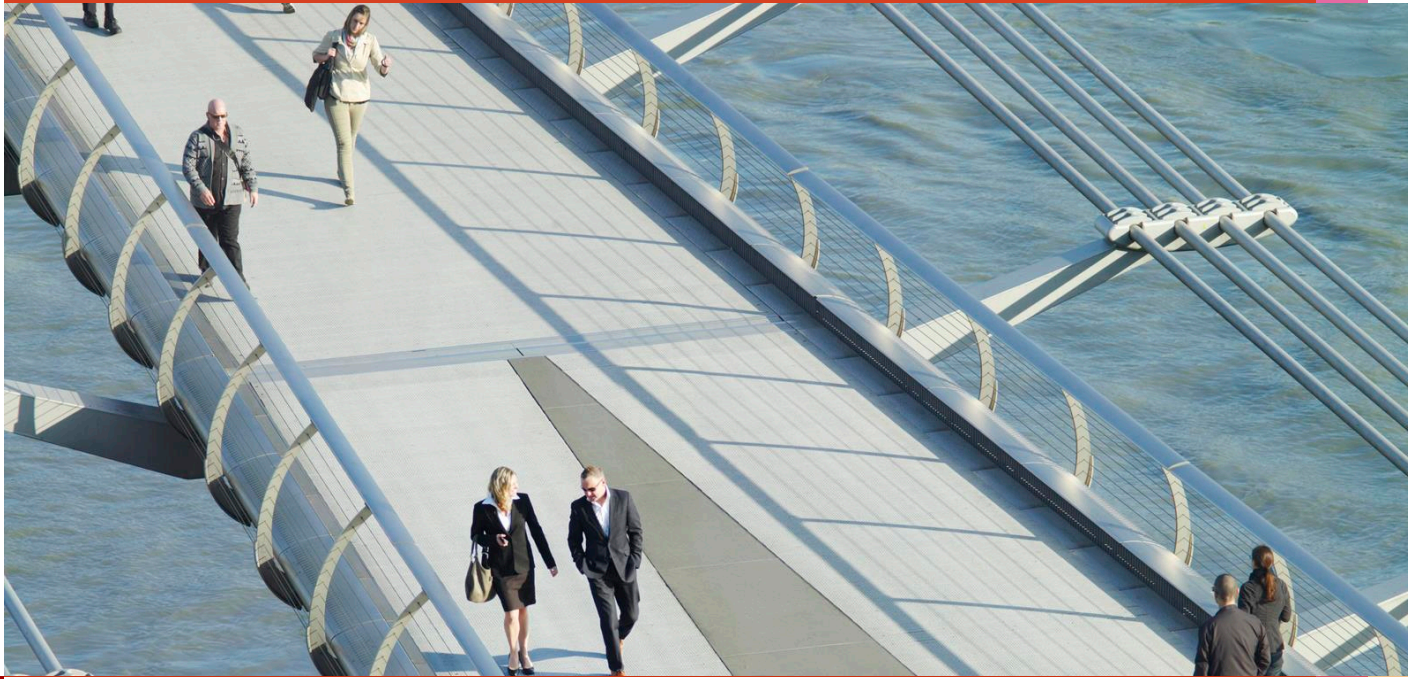
Chairperson

Advisory

Harlequin Boutique Hotel Limited – in Bankruptcy

First report to creditors

12 June 2018



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Basis of Preparation

This report has been prepared solely for the purpose of providing a report of the Trustee of the Estate of Harlequin Boutique Hotel Limited (“the Company”), a bankrupt to all known creditors of the Company in accordance with the Barbados Bankruptcy and Insolvency Act, 2001.

Disclaimer

This report is provided for the sole benefit of the Creditors of the Company. In the event that this report is obtained by a third party, or used for any purpose other than in accordance with its statutory purpose or as otherwise provided by law, any such party relying on the report does so entirely at their own risk and shall have no right of recourse against the Trustee, PwC, their partners, directors, employees, professional advisers or agents (“PwC Parties”). None of the PwC Parties 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.

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PricewaterhouseCoopers EC Inc.
The Financial Services Centre
Bishop's Court Hill, P.O. Box 111
St. Michael, Barbados

To all known creditors

12 June 2018

Harlequin Boutique Hotel Limited (in Bankruptcy) (“HBHL”)

Dear Sir / Madam,

I am pleased to provide this first report to creditors in relation to the Estate of Harlequin Boutique Hotel Limited, which was adjudged to have entered bankruptcy on 12 January 2018 by the Supreme Court of Barbados and by way of Order of the Honourable Sir Marston Gibson C.J. which was entered and perfected on 23 January 2018.

I understand and appreciate the uncertainty and confusion expressed by investors of the H Hotel (otherwise known as Quin Two) project in Barbados. The Harlequin Group consists of various entities around the Caribbean (most of which are in various stages of insolvency proceedings) and there is significant complexity given the lack of clarity on intra-group transactions and the absence of full financial records for HBHL.

This report provides a summary of the current position of the Estate and the outstanding issues, along with the next steps required that my team and I will undertake over the coming months.

We will continue to provide information and updates to creditors through our dedicated website, and request that any queries in relation to HBHL are directed through our dedicated email address. Contact details are shown opposite.

Yours faithfully,

The Trustee of the Estate of Harlequin Boutique Hotel Limited, a bankrupt.

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Glossary

Our report includes a number of terms and short descriptions, which we define alongside

Term	Definition
HBHL, the Company	Harlequin Boutique Hotel Limited
HPSVG	Harlequin Property (SVG) Limited
FSCS	Financial Services Compensation Scheme
Trustee or Bankruptcy Trustee	Mr. Oliver Gregory Jordan of PricewaterhouseCoopers EC Inc.
Date of Bankruptcy	12 January 2018
we, our	PwC Eastern Caribbean Inc. and its employees, as agents of the Trustee
Estate	The Estate of Harlequin Boutique Hotel Limited
Hotel, Property	The site of the previous Allamanda Beach Hotel, which had been marketed under multiple names by Harlequin including 'H Hotel' and 'Quin Two'
BIA	Barbados Bankruptcy and Insolvency Act 2001
DoA	Deed of Assignment
Preconco	Preconco Limited

Term	Definition
BWA	Barbados Water Authority
MoH	Ministry of Health
BBD\$	Barbados Dollar
GBP	Great British Pound
USD or US\$	United States Dollar

Executive Report

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Background to the Company and Bankruptcy

Background

Harlequin Boutique Hotel Limited (“HBHL”, “the Company”), is a company incorporated under the laws of Barbados with company number 34927.

HBHL is part of a Group of entities (“the Harlequin Group”, or “Group”) situated across the Caribbean including Barbados, Cayman Islands, St Lucia, St Vincent and the Dominican Republic – most of which are in different stages of insolvency proceedings.

All entities within the Harlequin Group are or were under the ultimate beneficial ownership of Mr. David Ames.

The Company’s primary activity was to own the previous Allamanda Beach Hotel, and redevelop the site to construct a 69 room hotel on Hastings Beach boardwalk in Christ Church on the southwest coast of Barbados. It was set to be the debut of Harlequin’s lifestyle H brand, and had previously been referred to as the Quin Two and H Hotel.

We understand that the majority of construction work was carried out during 2012, with construction ceasing on or around January 2013. Since this time there has been minimal work carried out on the site and as a result the overall condition of the site has deteriorated.

HBHL did not own a bank account. The Harlequin Group maintained only one bank account for all entities, which we understand was previously held by Harlequin Management Services (South East) Limited, a UK entity, and later by Harlequin Hotels and Resorts (Cayman) Ltd, a Cayman entity. As specific project funds were not segregated in this account, it appears that disputes in other Group entities caused a lack of funds that led to the financial deterioration of HBHL.

Bankruptcy proceedings

On 28 November 2017 a Bankruptcy Petition was filed to the Supreme Court of Barbados by Preconco Limited, claim number BRI 2017, No.4.

On 12 January 2018, the Honourable Sir Marston Gibson K.A., Chief Justice ordered that:

1. *“The Respondent Harlequin Boutique Hotel Limited be adjudged bankrupt by virtue of a receiving order hereby made pursuant to Section 4 (10) of the Bankruptcy and Insolvency Act 2001 Cap 303.*
2. *Mr. Oliver Gregory Jordan be appointed the licensed trustee of the property of the bankrupt pursuant to Section 4 (13) of the Bankruptcy and Insolvency Act 2001 Cap 303.”*

The Order of the Honourable Sir Marston Gibson K.A., Chief Justice was entered and perfected on 23 January 2018.

Statement of Affairs***Financial records received from the Company***

To date, the Trustee has been in contact with and received information from the following individuals:

- Mr. David Ames (Company Director and Shareholder) and his Solicitor
- The Harlequin Group Accounts Manager
- The Harlequin Group Accounts Supervisor

Whilst we have received a significant volume of investor files, including contracts and correspondence, we have not been able to obtain sufficient financial records as at the Date of Bankruptcy.

The Trustee understands that this is largely as a result of operations at the Company ceasing in early 2013, the resulting loss of staff, and ultimately as the license of the Company's accounting record system expired and was not renewed in March 2016.

The financial information received for HBHL to date is complex, unclear and appears to be mixed with other legal entities.

Ability to prepare a Statement of Affairs

The Trustee cannot place reliance on the financial data received to date without significant further examination and cost, and as a result cannot provide a Statement of Affairs as at the Date of Bankruptcy.

The Trustee therefore reports over the following pages, the Assets of the Estate that we are currently aware of, and the list of claims received to date. These represent the current position based on our analysis and understanding to date, and are subject to change.

Assets of the Estate (1 of 4)

Details the assets of HBHL and key information in relation to the assets

Identification of assets

The Trustee has not been able to obtain a definitive listing of assets as at the Date of Bankruptcy.

We have pursued multiple lines of enquiry to identify potential assets of the Company, as follows:

Property

We have identified one asset, being the site and partial construction of the Hotel, as shown in the table opposite and detailed on the following page.

Bank accounts

We understand from management and have confirmed with local banks, that the Company did not have any bank accounts in Barbados. We understand that all monies received from investors (and any other source) were pooled into a single account held in the UK, owned by Harlequin Hotels and Resorts (Cayman) Ltd, a company registered in the Cayman Islands.

Intercompany assets

As a result of the complex integrated operations of the Harlequin Group, there may be amounts due from other Harlequin entities, including cash balances relating to HBHL. The Trustee will continue to investigate this, however given the current financial position of other Harlequin entities, recovery of these assets may be limited.

Current listing of HBHL assets

Assets identified as at 8 June 2018	BBD\$
Property (H Hotel development)	TBC
Total assets of the Estate	TBC

Assets of the Estate (2 of 4)

The Hotel

The single property asset of the Estate is the site of the previous Allamanda Beach Hotel situated in Hastings, Christ Church, Barbados which had been marketed under multiple names by Harlequin including 'H Hotel' and 'Quin Two'.

The images opposite and overleaf show the current state of the site, consisting of the foundations and basic structure of two buildings.

Valuation

The site was originally intended to be constructed and operated as a hotel and would have attracted a certain valuation on that basis.

However, as the asset was not developed as planned the current value is limited to the existing development that consists of land and partial construction of two buildings.

The asset would need to be valued on this basis taking into account relevant market conditions in Barbados as it becomes available for sale.

Given the site is the sole asset of the Estate; that there is no other source of funds; and that Trustee has not yet been funded, the Trustee has not yet undertaken a valuation of the site.

The Trustee will in due course (once the issues outlined on the following page are resolved) seek permission from the Inspectors to obtain an updated valuation as part of the disposal of this asset.

Images of the Hotel (January 2018)



Assets of the Estate ***Images of the Hotel (January 2018) (continued)*** ***(3 of 4)***



Key issues in relation to the Property

The Trustee is aware of the following issues in relation to the sole asset of the Estate.

Analysis is ongoing in respect of these issues and the Trustee will provide an update to Creditors in due course.

1. Secured interest in the property

The Trustee has received secured claims from two third parties, both of whom obtained a secured interest through final charging orders granted by the Supreme Court of Barbados. Total secured claims in the Hotel totalling BBD\$467,739.

2. Dispute in respect of the ownership of the Property

On or around 17 April 2018, the Trustee received a claim from Mr. Craig Waterman and Ms. Lisa Taylor, together the joint trustees of the estate of Harlequin Property (SVG) Limited (“HPSVG”). The claim was filed pursuant to Section 57 of the BIA and asserted ownership of the sole asset of HBHL.

The Trustee formally disputed this claim under Section 57 (2) of the BIA on 30 April 2018, and subsequently received a notice of appeal from HPSVG on 15 May 2018.

The appeal is scheduled to be heard before a judge of the High Court during September 2018.

Assets of the Estate (4 of 4)

Key issues in relation to the Property (cont.)

3. Contractual option to acquire the Property

Preconco Limited (“Preconco”) has asserted possession of a contractual option to purchase the asset at fair market value.

On 5 June 2018 the Trustee received notice that Preconco is exercising this option based upon a valuation that had been obtained from quantity surveyors BCQS International.

The Trustee is currently consulting with legal counsel in relation to this option agreement.

4. Environmental Issues

Background

During early 2018 a leakage of sewage significantly impacted the south coast of Barbados, an area popular with tourists.

Raw sewage has been observed rising out of the drainage systems and pooling on the sides of the roads along the south coast, affecting many hotels, restaurants and other businesses.

In late February 2018, the Trustee was alerted to the fact that the Barbados Water Authority (“BWA”) were in the general vicinity of the Hotel to investigate the source of the accumulation of sewage in this area.

The site of the Hotel contains two depressed sections of land, which became filled with a mixture of sewage and rainwater. It was not clear whether the sewage ran onto the site from elsewhere or a sewerage pipe had burst beneath the site.

Upon being made aware, the Trustee immediately reached out to the BWA to investigate the issue and seek remediation. At the request of the BWA, the Trustee obtained several quotations for ‘backfilling’ the site, whereby the depressed land would be filled using a mixture of specific rocks and stones.

The Trustee has facilitated access to the site for the BWA on several occasions, where the sewage has been pumped away from the site.

During a site visit by the Ministry of Health (“MoH”) in April 2018, a representative advised that an uncapped sewage line was identified and rectified, that backfilling was no longer required and that the MoH would dispatch representatives every 21 days to treat the area.

On 28 May 2018 the Trustee received a letter from the BWA stating that the site has continued to be monitored since the above mentioned site visit, and that pooling had not reoccurred.

To date, the BWA has not been able to conclusively identify and correct the sources of the sewerage along the south coast area.

The Trustee remains in frequent contact with both the BWA and the MoH to ensure this issue is resolved permanently, and will provide an update in due course.

Legal complaint

During April 2018, the Trustee received notice from the legal representatives of a local restaurant that shares a boundary with the site, detailing a nuisance complaint resulting from the ponding of sewage on the Hotel site.

The Trustee through his legal counsel has responded to the complaint as is currently in dialogue with the complainant in order to resolve the issue.

Summary of Claims Received (1 of 3)

Sets out the current claims received against HBHL

Identification of Creditors

In the absence of information received from the Company, the Trustee's listing of potential creditors is limited to Proof of Claims which have been lodged.

The list shown on the following page comprises those who have lodged properly executed Proof of Claim forms as at 8 June 2018 and is for information purposes only.

Analysis of these claims is ongoing; the Trustee has not yet formally adjudicated on these claims for the purposes of being admitted as a creditor of the Estate and participating in any potential future distribution(s).

Current listing of HBHL claims

Claims received as at 8 June 2018	BBD\$
Secured	467,739
Preferred	114,762
Unsecured	37,562,775
Total claims	38,145,276

Summary of Claims Received (2 of 3)

Harlequin Boutique Hotel Limited, in Bankruptcy

Listing of properly executed Proof of Claim forms lodged with the Trustee as at 08 June 2018

If you have submitted a Proof of Claim and are not included in the list shown, there may be an issue with your Proof of Claim. Please check your emails for correspondence from us, or contact the Trustee at TrusteeHBHL@bb.pwc.com

Note A: Foreign Exchange rate used per OANDA as at the date of Bankruptcy and is for indicative purposes only. The Trustee will determine the official FX rate when adjudicating on claims for the purposes of future distributions.

Name of Claimant	Claim Currency	Claim Amount (Foreign)	FX Rate (Note A)	Claim Amount (BBD\$)	Class (Secured, Unsecured, Preferred)
Harlequin Property (SVG) Limited	GBP	7,371,500.00	2.70235	19,920,373	Unsecured
Financial Services Compensation Scheme (FSCS)	GBP	4,000,267.28	2.70235	10,810,122	Unsecured
Do Lobo Management Limited	GBP	255,000.00	2.70235	689,099	Unsecured
Barbados Revenue Authority	BBD			652,968	Unsecured
Joseph Licata	GBP	231,000.00	2.70235	624,243	Unsecured
J. Licata	GBP	180,000.00	2.70235	486,423	Unsecured
NF Holding Inc.	BBD			433,853	Unsecured
R. Davis	GBP	156,000.00	2.70235	421,567	Unsecured
R. Sheldrick	GBP	153,000.00	2.70235	413,460	Unsecured
Versatile Construction Inc.	BBD			362,851	Unsecured
Versatile Construction Inc.	BBD			349,950	Secured
Preconco Limited	BBD			278,712	Unsecured
J. Jackson, C Bedford and N Sesum	GBP	98,460.00	2.70235	266,073	Unsecured
C. Goodman	GBP	84,000.00	2.70235	226,997	Unsecured
S. Williams	GBP	78,000.00	2.70235	210,783	Unsecured
W. Rogers	GBP	78,000.00	2.70235	210,783	Unsecured
P. and H. Brabner	GBP	78,000.00	2.70235	210,783	Unsecured
S. Shergold	GBP	76,500.00	2.70235	206,730	Unsecured
J. Hollely	GBP	75,000.00	2.70235	202,676	Unsecured
Black Pearl Associates Ltd	GBP	75,000.00	2.70235	202,676	Unsecured
Carlton Family Pension Trust	GBP	75,000.00	2.70235	202,676	Unsecured
M. Coombs	GBP	71,000.00	2.70235	191,867	Unsecured
Allan Simmons, Simmons Electrical	BBD			136,000	Unsecured
D. and J. Hollely	GBP	45,000.00	2.70235	121,606	Unsecured
Preconco Limited	BBD			117,789	Secured
Barbados Revenue Authority	BBD			114,762	Preferred
A. Inniss	BBD			36,923	Unsecured
C. Branch	BBD			27,463	Unsecured
Ready Mix Limited	BBD			8,031	Unsecured
K. Cordieu	BBD			7,036	Unsecured
Total				38,145,276	

Duplication of Claims for voting

The Trustee has observed multiple instances where there is a duplication of claim in respect of an individual investor contract, as detailed further on the following page.

The Trustee has not yet adjudicated on the admission of these claims in order to participate in any potential future distribution(s).

Therefore, **for the purposes of voting at the first creditors meeting only**, the Trustee has proposed, in accordance with Section 85 of the BIA, to mark all duplicated claims as objected to which will allow each party to vote in full on their respective claim submitted.

This does not prejudice the position as a claimant.

Summary of Claims Received (3 of 3)

Update on the Duplication of Claims

The Trustee has observed multiple instances where there is a duplication of claim in respect of an individual investor contract. This duplication arises due to claims from the following parties:

Harlequin Property (SVG) Limited (“HPSVG”)

HPSVG has made a claim in relation to an indemnity clause within a Deed of Assignment (“DoA”) dated 19 September 2012, between HPSVG and the Company.

The claim is in relation to all investor contracts with HPSVG that are included within the Schedule of Contracts appended to the DoA.

Financial Services Compensation Scheme (“FSCS”)

FSCS protects consumers when financial services firms fail. It is the compensation scheme for customers of UK financial services firms authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

FSCS has paid out compensation to numerous Harlequin investors, many of which are investors that had contracts with HPSVG.

On payment of compensation, the FSCS takes an assignment of the investor’s rights to claim against the company that they originally arranged their investment through and any relevant third parties (including a relevant Harlequin entity). The FSCS stands ‘in the shoes’ of the original investor, and as a result has lodged a claim in relation to FSCS compensated investors.

Investors

Several investors have also claimed against HBHL in respect of their contracts with Harlequin in relation to the H Hotel / Quin Two project.

Those investors who either have a contract with HPSVG or have been FSCS compensated are highly likely to be in duplication to those claims received from HPSVG or the FSCS.

Those investors of H Hotel (or Quin Two) that have a contract with an entity other than HPSVG, and have not been FSCS compensated, are unlikely to be affected by the duplication of claims.

Adjudication of duplicated claims

The Trustee can only admit one party as a valid creditor in respect of a given contract, in order to participate in any potential future distribution(s).

There is significant complexity in determining whether a party has a valid claim against HBHL in relation to a given contract due to the existence of the DoA and FSCS compensation.

We are aware that investors have been informed by Harlequin management that the DoA effectively transfers their contract from HPSVG to HBHL. This would appear to be a significant over-simplification of a legal document.

The Trustee is currently investigating both the validity and powers of the DoA, along with other key matters in relation to investor contracts. Our work is still ongoing and the Trustee will provide an update in due course.

Receipts and Payments

The Trustee is currently unable to provide a schedule of receipts and payments due to the Estate receiving no receipts from the Date of Bankruptcy to 12 June 2018 from which any payments would have been made.

As a result, the table below summarises the costs incurred to 31 May 2018 that have currently been borne by the Trustee.

These costs will rank in priority to unsecured creditors in accordance with Section 113 (1) (b) (ii) and (iii) of the BIA.

Costs of the Estate as at 31 May 2018	BBD\$
Legal Fees	57,173.86
Statutory Filings	835.00
Statutory Publications	3,088.56
Insurance	1,502.50
Remedial Works	1,453.23
Total costs of the Estate	64,053.15

Trustee remuneration

Fees to 31 May 2018

As the Estate does not have a bank account and there have been no asset realisations, the Trustee has not drawn any remuneration from the Estate.

The Trustee in due course will seek approval of accrued fees in accordance with Section 208 of the BIA.

The fees accrued by the Trustee to 31 May 2018 are BBD\$228,179. Fees of the Trustee would rank in priority to unsecured claims of the Estate under Section 113 (1) (b) (ii) of the BIA.

Future Fees

Should the Trustee be affirmed during the course of the first creditors meeting, we set out below the relevant charge-out rates per hour worked for the grades of staff that may be involved on this assignment.

Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.5 units).

Position	Hourly Rate (USD\$)
Partner	540
Director	490
Senior Manager	398
Manager	303
Senior Associate	195
Experienced Associate	145
Associate	103

In common with all professional firms, scale rates increase from time to time over the period of the administration of each bankruptcy case.

Anticipated realisation and projected distribution

Based upon the Trustee's current view of the assets of, and claims against the Estate

Anticipated realisation and projected distribution

The Estate currently consists of one asset – the Hotel – which is subject to the current legal action being brought by HPSVG.

Should HPSVG be successful in their assertion of ownership of the Hotel, it would be highly likely that the Estate would not have any assets to liquidate.

As a result, until either this legal matter is resolved or any additional assets are identified, the Trustee is unable to provide a summary of anticipated realisation and projected distributions.

Other matters

Other information the Trustee is required to provide or considers useful to inform to creditors

S.187 Conservatory and Protective measures

The Trustee has not found it necessary to undertake any conservatory or protective measures under Section 187 of the BIA.

S.75 Reviewable Transactions and Preference Payments

At this stage, the Trustee does not consider there to be any reviewable transactions in the 12 months preceding the Date of Bankruptcy, as set out within Section 75 of the BIA.

Legal counsel

The Trustee has engaged the services of Christopher Hamel-Smith S.C. and David Hamel-Smith to act as legal counsel regarding the various issues concerning the Estate of HBHL.

The Appointment and Role of Inspectors

In accordance with Section 93 of the BIA, “*at the first or subsequent meeting of creditors, the creditors shall appoint one or more, but not exceeding 5, inspectors of the estate of the bankrupt for the purpose of overseeing the administration of the estate of the trustee bankrupt.*”

The Supervisor of Insolvency, as Chair of the first meeting, will call for nominations for Inspectors at this meeting.

Statement in relation to S. 169

In respect of Section 169 of the BIA, the Trustee does not act or intend to act for or assist a secured creditor of the estate to assert any claim against the estate or to realise or otherwise deal with the security that the secured creditor holds.

Next Steps

Outlines the actions to be undertaken by the Trustee and their estimated timeline

<i>Area</i>	<i>Next Steps</i>	<i>Timeline</i>
Ownership of the Hotel	<ul style="list-style-type: none"> Prepare for and attend the hearing in respect of the ownership interest asserted by HPSVG 	<ul style="list-style-type: none"> The appeal will be heard before a judge of the High Court during September 2018
Environmental Issues	<ul style="list-style-type: none"> Continue to work with the BWA and MoH to manage the sewage ponding at the site Continue to engage with the local restaurant in order to achieve a mutually satisfactory result 	<ul style="list-style-type: none"> Immediate / ongoing
Identification of Assets	<ul style="list-style-type: none"> Examination of HBHL management and further analysis of information received to identify any potential assets of HBHL 	<ul style="list-style-type: none"> 1-2 months
Preconco option	<ul style="list-style-type: none"> Respond to the notice to exercise option received from Preconco, including analysis of the validity and powers under the option agreement and how this may interact with the contested ownership of the Hotel 	<ul style="list-style-type: none"> 1-2 months
Ongoing claims process and legal adjudication of claims (including where claims are duplicated)	<ul style="list-style-type: none"> The Trustee will begin the process formally calling for claims and adjudicating on those claims once the ownership position of the Hotel has been clarified and that it is clear funds will be received by the Estate 	<ul style="list-style-type: none"> To begin should the final court judgement in respect of the Hotel be found in favor of HBHL



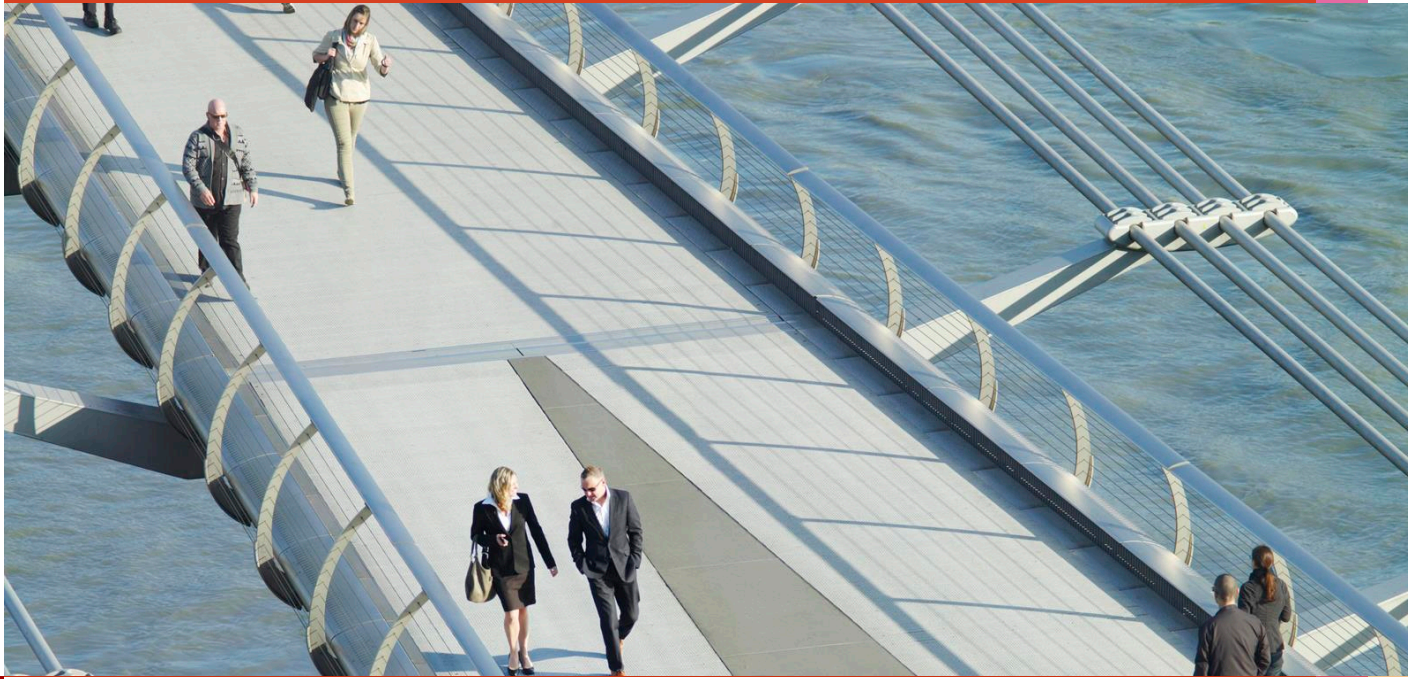
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Advisory

Harlequin Boutique Hotel Limited – in Bankruptcy

Second report to creditors

24 September 2018



To navigate this report on-screen (in PDF format)

From any page – click on the section title in the header navigation bar (above)
 From the Contents page – click on the title of the section or sub-section
 From the contents listing on any section divider – click on the title of the sub-section

Basis of Preparation

This report has been prepared solely for the purpose of providing a report of the Trustee of the Estate of Harlequin Boutique Hotel Limited (“the Company”), a bankrupt to all known creditors of the Company in accordance with the Barbados Bankruptcy and Insolvency Act, 2001 (the “BIA”).

Disclaimer

This report is provided for the sole benefit of the Creditors of the Company. In the event that this report is obtained by a third party, or used for any purpose other than in accordance with its statutory purpose or as otherwise provided by law, any such party relying on the report does so entirely at their own risk and shall have no right of recourse against the Trustee, PwC, their partners, directors, employees, professional advisers or agents (“PwC Parties”). None of the PwC Parties 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.

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Harlequin Boutique Hotel Limited (in Bankruptcy) (“HBHL”)

24 September 2018

To all known HBHL creditors

Dear Sir / Madam,

I am pleased to provide this second report to creditors in relation to the Estate of Harlequin Boutique Hotel Limited, which was adjudged to have entered bankruptcy on 12 January 2018 by the Supreme Court of Barbados and by way of Order of the Honourable Sir Marston Gibson C.J. which was entered and perfected on 23 January 2018.

This report should be read in conjunction with my first report dated 12 June 2018 (the “First Report”).

This report provides a summary of the current position of the Estate and the outstanding issues, along with the next steps required that my team will undertake over the coming months. This report also seeks creditor approval for my professional fees and expenses incurred to date.

Finally I request that the creditors approve a substitution of Trustee to Dr Grenville Phillips. The change is due to my retirement from PricewaterhouseCoopers EC Inc. as of 31 October 2018.

We will continue to provide information and updates to creditors through our dedicated website, and request that any queries in relation to HBHL are directed through our dedicated email address. Contact details are shown opposite.

Yours faithfully,



Oliver G. Jordan

The Trustee of the Estate of Harlequin Boutique Hotel Limited, a bankrupt.



Oliver G. Jordan
Trustee

Email:

TrusteeHBHL@bb.pwc.com

Website:

<https://www.pwc.com/bb/en/services/harlequin-boutique-hotel-limited.html>

Short link:

<https://pwc.to/2sopxr1>

PricewaterhouseCoopers EC Inc.
The Financial Services Centre
Bishop’s Court Hill, P.O. Box 111
St. Michael, Barbados

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Glossary

Our report includes a number of terms and short descriptions, which we define alongside

Term	Definition
HBHL, the Company	Harlequin Boutique Hotel Limited
HPSVG	Harlequin Property (SVG) Limited
FSCS	Financial Services Compensation Scheme
Trustee or Bankruptcy Trustee	Mr. Oliver Gregory Jordan of PricewaterhouseCoopers EC Inc.
Date of Bankruptcy	12 January 2018
we, our	PwC Eastern Caribbean Inc. and its employees, as agents of the Trustee
Estate	The Estate of Harlequin Boutique Hotel Limited
Hotel, Property	The site of the previous Allamanda Beach Hotel, which had been marketed under multiple names by Harlequin including 'H Hotel' and 'Quin Two'
BIA	Barbados Bankruptcy and Insolvency Act 2001
RBC	Royal Bank of Canada
Preconco	Preconco Limited
EST	Eastern Standard Time
First Report	The first report to creditors dated 12 June 2018

Term	Definition
BWA	Barbados Water Authority
MoH	Ministry of Health
BBD\$	Barbados Dollar
GBP	Great British Pound
USD or US\$	United States Dollar

Executive Report

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Background since the previous report of 12 June 2018

Since the previous report dated 12 June 2018, as Trustee I have endeavoured to progress the action points set out in section 8 of that report.

During this subsequent period, in order to protect creditors interests I have found it necessary to respond to a legal action brought by the Trustees of the related entity Harlequin Property (SVG) Limited (“HPSVG”) under Section 57 of the BIA, which is an attempt to claim ownership over the land held at the former Allamanda beach hotel site, as outlined in the First Report.

In addition, following the formation of an Inspectors Committee during the first meeting of creditors, I have been liaising with that committee and responding as circumstances permit, to their requests.

In the intervening period I have been undertaking site maintenance, and reviewing the site security. Creditors who live locally will see activity on the site and enhanced security.

Lastly, as will be detailed in this report, there will be a need for a new Trustee to be appointed as I am retiring from PwC effective 31 October 2018.

Dr Grenville Phillips, a highly experienced Barbados licenced trustee and insolvency practitioner has agreed to take over the Trusteeship of this Estate, subject to the approval of creditors and of the Court.

Statement of Affairs***Financial records received from the Company***

To date, the Trustee has not received a statement of affairs the Company, but has previously been in contact with and received information from:

- Mr. David Ames (Company Director and Shareholder) and his Solicitor
- The Harlequin Group Accounts Manager
- The Harlequin Group Accounts Supervisor

Whilst some limited financial information has been provided by Mr Ames, in my opinion it is still insufficient to allow a full understanding of the Company's state of affairs as at the date of its bankruptcy.

As previously noted in the First Report, the financial information received for HBHL to date is complex, unclear and appears to be mixed with other legal entities.

Since the First Report, the Supervisor of Insolvency has examined one of the previous HBHL Directors, with input from the Trustee and Inspectors Committee on the questions asked.

Ability to prepare a Statement of Affairs

As noted in the First Report of 12 June 2018, the position remains that as Trustee, I cannot place reliance on the financial data received to date without significant further examination and cost, and as a result cannot provide a Statement of Affairs as at the Date of Bankruptcy.

The Trustee therefore reports over the following pages, an update to creditors of the Assets of the Estate that we are currently aware of, and the list of claims received to date. These represent the current position based on our analysis and understanding to date, and are subject to change.

Assets of the Estate (1 of 4)

Details the assets of HBHL and key information in relation to the assets

Identification of assets

As previously reported, the Trustee has not been able to obtain a definitive listing of assets as at the Date of Bankruptcy.

We have pursued multiple lines of enquiry to identify potential assets of the Company, as follows:

Property

Based on the available information to date, the Estate continues to own just one single asset, being the site and partial construction of the Hotel, as shown in the table opposite and detailed on the following page.

Bank accounts

We previously reported that based on our understanding from management, along with enquiries of local banks, that the Company did not have any bank accounts in Barbados. We understood that all monies received from investors (and any other source) were pooled into a single account previously held by Harlequin Management Services (South East) Limited, a UK entity, and later by Harlequin Hotels and Resorts (Cayman) Ltd, a company registered in the Cayman Islands.

Investigations since the First Report have revealed that a Royal Bank of Canada (“RBC”) account was identified and as a result we have made further inquiries to RBC into the operation of this account.

Current listing of HBHL assets

<u>Assets identified as at 24 September 2018</u>	<u>BBD\$</u>
Property (H Hotel development)	TBC
<u>Total assets of the Estate</u>	<u>TBC</u>

Intercompany assets

As a result of the complex integrated operations of the Harlequin Group, there may be amounts due from other Harlequin entities, including cash balances relating to HBHL. The Trustee will continue to investigate this, however given the current financial position of other Harlequin entities, recovery of these assets may be limited.

At this stage, we understand that HBHL may have a creditor claim into the HPSVG estate, therefore the Trustee may reasonably lodge a proof of claim in that estate in due course.

Assets of the Estate (2 of 4)

The Hotel Site and its Realisation

As noted in the First Report of 12 June 2018, the single property asset of the Estate is the site of the previous Allamanda Beach Hotel situated in Hastings, Christ Church, Barbados which had been marketed under multiple names by Harlequin including 'H Hotel' and 'Quin Two'.

The Trustee has undertaken a number of steps to improve the appearance of the site and to safeguard its security.

Contracts have been entered into to see the site substantially cleared of vegetation. This will improve the appearance and safety of the site and largely mitigate insect and rodent issues that normally occur within a long term vacant site.

In addition, security on the site has been enhanced, with random patrols and new signage on the site. This is to discourage vagrancy.

Valuation

The site was originally intended to be constructed and operated as a hotel and would have attracted a certain valuation on that basis.

However, as the asset was not developed as planned the current value is limited to the existing development that consists of the land and partial construction work.

The Trustee has discussed the valuation of the site with Inspectors Committee, and has recently commissioned an independent valuation for the site.

Whilst the Estate remains unfunded, we consider that such a valuation is necessary to fully consider the commerciality of the option agreement as compared to offering the property for sale on the open market.

Images of the Hotel Site (September 2018)



Assets of the Estate (3 of 4)

Key issues in relation to the Property

The Trustee has taken steps to deal with the issues noted in the First Report concerning secured interests in the property, a claim for title to the asset by the joint trustees of HPSVG, an option to purchase the asset and the sewerage issues along the south coast of Barbados.

An update on each of these areas is presented over the following pages.

1. Secured interest in the property

The Trustee has sought legal advice on the two secured claims from two third parties, purportedly registered against the land. These total BBD\$467,739.

The legal advice on the validity of the two charging orders has not yet been finalised.

Once the advice is finalised the Trustee, after conferring with the Inspectors Committee will decide what steps should be taken (if any).

2. Dispute in respect of the ownership of the Property brought by the joint trustees of HPSVG

As previously reported, the joint trustees of the estate of HPSVG have attempted to enforce their assertion of a claim under Section 57 of the BIA and claim ownership of the sole known asset of HBHL.

The Trustee formally disputed this claim under Section 57 (2) of the BIA on 30 April 2018, and subsequently received a notice of appeal from HPSVG on 15 May 2018.

In order to protect the interests of all creditors of the HBHL Estate, The Trustee has filed affidavits contesting the claim.

The joint trustees of HPSVG contend that HBHL held the asset on trust for HPSVG. This is disputed by the Trustee and the appeal was scheduled to be heard before a judge of the High Court during September 2018. The Court has since issued a notice which indicated the matter has now been adjourned to the end of October 2018.

The Trustee's legal counsel have also established contact with the legal counsel for the joint trustees of HPSVG to determine whether there is any scope for the dispute to be resolved consensually, before additional expenditure is incurred defending the appeal.

3. Contractual option to acquire the Property

Preconco Limited ("Preconco") has asserted possession of a contractual option to purchase the asset at fair market value.

On 5 June 2018 the Trustee received notice that Preconco was purporting to exercise this option based upon a valuation that had been obtained from quantity surveyors BCQS International.

The Trustee, via legal counsel, informed Preconco that we were not able to respond substantively to the purported option agreement until after the Section 57 claim was resolved.

The Trustee is currently consulting with legal counsel in relation to this option agreement.

To assist in these deliberations, an independent valuation has been commissioned to compare the option price to market value.

Assets of the Estate (4 of 4)

Key issues in relation to the Property (cont.)

4. Environmental Issues

Background

The First Report dated 12 June 2018 described the issues that affected the site from sewerage coming from the pipe systems maintained by the Barbados Water Authority (“BWA”).

In response to the trustees complaints, remedial actions were taken by the BWA to mitigate the issues.

As noted previously, it is not conclusive that the problem has been completely rectified, and the Trustee continues to liaise with the BWA to ensure that they are actively monitoring the position.

The issues with the site and its infrastructure, combined with the ongoing maintenance and security costs, make it desirable to see this property realised for the benefit of the creditors as soon as practicable, notwithstanding the need to first seek finality over the other issues regarding the Preconco option and Section 57 claim by HPSVG.

Legal complaint

As previously reported, during April 2018, the Trustee received notice from the legal representatives of a local restaurant that shares a boundary with the site, detailing a nuisance complaint resulting from the ponding of sewage on the Hotel site.

A subsequent complaint was received concerning rodents and insects.

Subsequently, the Trustee put in place arrangements for pest control to occur on the site itself, which is being actively monitored and maintained. This, along with the vegetation being cut back and removed from the site, should further mitigate the reoccurrence of these issues.

The Trustee, through legal counsel, has responded to the complaints as is currently in dialogue with the complainant in order to resolve the issue as fully as possible, given the nature of a long term vacant construction site.

Summary of Claims Received (1 of 3)

Sets out the current claims received against HBHL

Identification of Creditors

As noted in the First Report of 12 June 2018, due to the absence of information received from the Company, the Trustee's listing of potential creditors is limited to Proof of Claims which have been lodged.

The list shown on the following page comprises those who have lodged properly executed Proof of Claim forms as at 24 September 2018.

This listing is for information purposes only.

Analysis of these claims is ongoing; in light of the Section 57 claim, the Trustee has not yet formally adjudicated on these claims for the purposes of being admitted as a creditor of the Estate and participating in any potential future distribution(s).

Current listing of HBHL claims

Claims received as at 24 September 2018	BBD\$
Secured	467,739
Preferred	114,762
Unsecured	38,899,767
Total claims	39,482,267

Summary of Claims Received (2 of 3)

Harlequin Boutique Hotel Limited, in Bankruptcy
Listing of properly executed Proof of Claim forms lodged with the Trustee
as at 24 September 2018

If you have submitted a Proof of Claim and are not included in the list shown, there may be an issue with your Proof of Claim. Please check your emails for correspondence from us, or contact the Trustee at TrusteeHBHL@bb.pwc.com

Note A: Foreign Exchange rate used per OANDA as at the date of Bankruptcy and is for indicative purposes only. The Trustee will determine the official FX rate when adjudicating on claims for the purposes of future distributions.

Name of Claimant	Claim Currency	Claim Amount (Foreign)	FX Rate (Note A)	Claim Amount (BBD\$)	Class (Secured, Unsecured, Preferred)
Harlequin Property (SVG) Limited	GBP	7,371,500.00	2.70235	19,920,373	Unsecured
Financial Services Compensation Scheme (FSCS)	GBP	4,000,267.28	2.70235	10,810,122	Unsecured
Do Lobo Management Limited	GBP	255,000.00	2.70235	689,099	Unsecured
Barbados Revenue Authority	BBD			652,968	Unsecured
Joseph Licata	GBP	231,000.00	2.70235	624,243	Unsecured
John Licata	GBP	180,000.00	2.70235	486,423	Unsecured
NFHolding Inc.	BBD			433,853	Unsecured
Rodney Davis	GBP	156,000.00	2.70235	421,567	Unsecured
Robert Sheldrick	GBP	153,000.00	2.70235	413,460	Unsecured
Versatile Construction Inc.	BBD			362,851	Unsecured
Versatile Construction Inc.	BBD			349,950	Secured
Preconco Limited	BBD			278,712	Unsecured
J. Jackson, C Bedford and N Sesum	GBP	98,460.00	2.70235	266,073	Unsecured
Carolyn Goodman	GBP	84,000.00	2.70235	226,997	Unsecured
Martin and Judith Ash	GBP	81,000.00	2.70235	218,890	Unsecured
Tim Sonnex	GBP	81,000.00	2.70235	218,890	Unsecured
Simon Williams	GBP	78,000.00	2.70235	210,783	Unsecured
William Rogers	GBP	78,000.00	2.70235	210,783	Unsecured
Peter and Helen Brabner	GBP	78,000.00	2.70235	210,783	Unsecured
Ketan Shah	GBP	78,000.00	2.70235	210,783	Unsecured
Steve Shergold	GBP	76,500.00	2.70235	206,730	Unsecured
Jacquiline Hollely	GBP	75,000.00	2.70235	202,676	Unsecured
Black Pearl Associates Ltd	GBP	75,000.00	2.70235	202,676	Unsecured
Carlton Family Pension Trust	GBP	75,000.00	2.70235	202,676	Unsecured
June Meadows & Alan Meadows	GBP	75,000.00	2.70235	202,676	Unsecured
Rita Omar	GBP	75,000.00	2.70235	202,676	Unsecured
Michael Coombs	GBP	71,000.00	2.70235	191,867	Unsecured
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Adrian Inniss	BBD			36,923	Unsecured
Cheryl Branch	BBD			27,463	Unsecured
Keila Campbell	BBD			15,542	Unsecured
Ready Mix Limited	BBD			8,031	Unsecured
Keisha Cordieu	BBD			7,036	Unsecured
Total				39,482,267	

Summary of Claims Received (3 of 3)***Duplication of Claims for voting***

In the First Report of 12 June 2018, the Trustee noted multiple instances where there is a duplication of claim in respect of an individual investor contract.

Please refer to the First Report for further detail.

Given the dispute over the title to the sole known asset of the Estate, in order to save incurring unnecessary expense, the Trustee has not yet adjudicated on the admission of these claims in order to participate in any potential future distribution(s).

Therefore, as was also the case for the first creditors meeting, **for the purposes of voting at the second creditors meeting only**, the Trustee has proposed, in accordance with Section 85 of the BIA, to mark all duplicated claims as objected to which will allow each party to vote in full on their respective claim submitted.

This does not prejudice the position as a claimant.

Creditors who have already lodged General Proxy forms for the first creditors meeting, do not need to resubmit those for the forthcoming meeting.

Receipts and Payments

The Trustee is currently unable to provide a schedule of receipts and payments due to the Estate receiving no receipts from the Date of Bankruptcy to 24 September 2018 from which any payments would have been made.

As a result, the table below summarises the costs incurred to 15 September 2018 that have currently been borne by the Trustee.

These costs will rank in priority to unsecured creditors in accordance with Section 113 (1) (b) (ii) and (iii) of the BIA.

Costs of the Estate as at 15 September 2018	BBD\$
Legal Fees	80,483.39
Statutory Filings	910.00
Statutory Publications	3,088.56
Insurance	1,502.50
Remedial Works	3,021.86
Administrative Expenses	4,140.00
Total costs of the Estate	93,146.30

Trustee remuneration

Fees to 15 September 2018

As the Estate does not have a bank account and there have been no asset realisations, the Trustee has not drawn any remuneration from the Estate.

The trustee seeks approval from creditors of fees incurred to date of the Estate.

The specific resolution to be voted upon at the second meeting of creditors, to be held on 27 September 2018 at 10am (EST), is presented within Appendix 1.

Following this, the Trustee will then seek approval of accrued fees in accordance with Section 208 of the BIA from the Court.

The fees accrued by the Trustee to 15 September 2018 are BBD\$496,543. A schedule of the fees incurred each month are enclosed within Appendix 2.

Fees of the Trustee would rank in priority to unsecured claims of the Estate under Section 113 (1) (b) (ii) of the BIA.

Future Fees

Should the proposed substitution of Trustee (as detailed on the following page) be resolved during the course of the second creditors meeting, we set out below the relevant charge-out rates per hour worked for the grades of staff that may be involved on this assignment.

Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.5 units).

Position	Hourly Rate (USD\$)
Partner	540
Director	490
Senior Manager	398
Manager	303
Senior Associate	195
Experienced Associate	145
Associate	103

In common with all professional firms, scale rates increase from time to time over the period of the administration of each bankruptcy case.

Substitution of Trustee

As noted in the Trustee's letter to creditors within this report, the current Trustee, Mr Oliver Jordan, is retiring from PricewaterhouseCoopers EC Inc. effective from 31 October 2018.

Dr. Grenville Phillips is a licenced trustee in Barbados having many years experience. Dr. Philips has agreed to become the Trustee for HBHL, subject to approval from creditors.

A short outline of Dr. Phillips' experience is presented within Appendix 3.

Provided creditors approve his appointment, the appointment would be effective from the date of Court approval.

The costs relating to the change of Trustee are not being borne by the Estate of HBHL. They are and will continue to be borne by PricewaterhouseCoopersEC Inc.

The specific resolution in relation to the substitution of the Trustee is provided within Appendix 1.

Dr. Phillips will be in attendance at the second creditors meeting to personally introduce himself and provide any further information as required by the creditors.

Anticipated realisation and projected distribution

Based upon the Trustee's current view of the assets of, and claims against the Estate

Anticipated realisation and projected distribution

The Estate currently consists of one known asset – the Hotel – which is subject to the current legal action being brought by HPSVG.

Should HPSVG be successful in their assertion of ownership of the Hotel, it would be highly likely that the Estate would not have any assets to liquidate.

As a result, until either this legal matter is resolved or any additional assets are identified, the Trustee is unable to provide a summary of anticipated realisation and projected distributions.

Other matters

Other information the Trustee is required to provide or considers useful to inform to creditors

The Appointment and Role of Inspectors

In accordance with Section 93 of the BIA, “*at the first or subsequent meeting of creditors, the creditors shall appoint one or more, but not exceeding 5, inspectors of the estate of the bankrupt for the purpose of overseeing the administration of the estate of the trustee bankrupt.*”

The following persons were voted in at the first creditors meeting held on 12 June 2018:

- Mr David Collins (of KPMG)
- Mr David Hollely (an investor in the H Hotel)
- Mr James Derbyshire (of the FSCS)

The first meeting of Inspectors was held at 11am on 10 August 2018 via teleconference. A further brief update call was held on Thursday 20 September 2018.

We would advise that in order for the Trustee to be able to discuss matters in as full a manner as possible with the Inspectors, we have requested (as is standard practice) that all three Inspectors sign a confidentiality undertaking in respect of information they receive as Inspectors, which they have done.

Next Steps

Outlines the actions to be undertaken by the Trustee and their estimated timeline

Area	Next Steps	Timeline
Ownership of the Hotel	<ul style="list-style-type: none"> • Prepare for and attend the hearing in respect of the ownership interest asserted by HPSVG • Explore options for possible settlement with HPSVG to avoid incurring any additional expense in relation to the hearing 	<ul style="list-style-type: none"> • The appeal has been adjourned to the end of October 2018 • Options for possible settlement are ongoing
Environmental Issues	<ul style="list-style-type: none"> • Continue to liaise with the BWA and MoH to manage the environmental issues on the site • Continue to engage with the local restaurant in order to achieve a mutually satisfactory result • The clearance of vegetation and enhancement of security 	<ul style="list-style-type: none"> • Immediate / ongoing
Identification of Assets	<ul style="list-style-type: none"> • Continue to investigate the existence of an HBHL bank account with RBC, and seek other methods of obtaining information, via further Examinations of management or other Harlequin group entities. 	<ul style="list-style-type: none"> • 1-2 months
Preconco option	<ul style="list-style-type: none"> • Complete analysis of the validity and powers under the option agreement and how this may interact with the contested ownership of the Hotel • Obtain an independent valuation of the site 	<ul style="list-style-type: none"> • 1-2 months
Ongoing claims process and legal adjudication of claims (including where claims are duplicated)	<ul style="list-style-type: none"> • The Trustee will begin the process formally calling for claims and adjudicating on those claims once the ownership position of the Hotel has been clarified and that it is clear funds will be received by the Estate 	<ul style="list-style-type: none"> • Dependent on the outcome of the Section 57 case, or ability to avoid it.

Appendices

Appendix 1

Resolutions to be voted upon at the second creditors meeting to be held on 27 September 2018

Resolution 1**Ordinary resolution to approve Trustee Remuneration**

Do you approve the trustees remuneration of BBD\$496,543 and expenses of BBD\$93,146.30 for the period since appointment to 15 September 2018?

Please note:

“Ordinary resolution” means a resolution carried by the majority of votes, and for that purpose the votes of a creditor shall be calculated by counting one vote for each dollar of every claim of the creditor that is not disallowed.

Resolution 2**Special Resolution to approve the substitution of Trustee**

Do you approve substitution of Dr. Grenville Phillips as Trustee in the place of Mr. Oliver Jordan?

Please note:

“Special resolution” means a resolution decided by a majority in number and two-thirds in value of the creditors with proven claims present, personally or by proxy, at a meeting of creditors and voting on the resolution.

The hourly fees of the Trustee are shown below, broadly split by activity type, and are exclusive of VAT.

Appendix 2

Breakdown of Trustee Fees by activity

Category	Trustee		Director		Senior Manager		Manager		Senior Associate		Associate		Total		
	Hrs	USD	Hrs	USD	Hrs	USD	Hrs	USD	Hrs	USD	Hrs	USD	Hrs	USD	BBD
Creditors	35.40	19,116	5.20	2,548	0.20	80	58.30	17,665	104.70	20,417	-	-	203.80	59,825	119,650
Assets	0.90	486	1.70	833	1.00	398	2.60	788	52.00	10,140	-	-	58.20	12,645	25,290
Statutory & Reporting	13.50	7,290	-	-	0.10	40	59.00	17,877	70.00	13,650	-	-	142.60	38,857	77,714
Legal	22.90	12,366	5.00	2,450	0.10	40	32.20	9,757	55.60	10,842	3.50	361	119.30	35,815	71,630
Strategy	37.80	20,412	2.60	1,274	4.80	1,910	41.70	12,635	69.60	13,572	-	-	156.50	49,804	99,607
Inspectors	4.50	2,430	-	-	-	-	20.40	6,181	8.30	1,619	-	-	33.20	10,230	20,459
Administration	8.50	4,590	0.20	98	6.00	2,388	59.70	18,089	81.70	15,932	-	-	156.10	41,097	82,193
Grand Total	123.50	66,690	14.70	7,203	12.20	4,856	273.90	82,992	441.90	86,171	3.50	361	869.70	248,271	496,543

Appendix 3

Overview of Dr Grenville Phillips' Experience

(Page 1 of 2)

Dr. Grenville Phillips CBE., J.P**DBA, F.C.I.S., F.A.I.A., F.C.I.B.****Short Résumé**

After almost thirty years of professional public service, Dr. Phillips retired from full time public practice as a principal of the Barbados and Eastern Caribbean practices of the international firm of Coopers & Lybrand and Managing Director of Colybrand Company Services Limited on the merger of Coopers & Lybrand with Price Waterhouse.

He now conducts a restricted practice for a limited number of preferred clients through Grenville Phillips & Associates Inc (*a private firm of corporate and financial consultants*)

Prior to his retirement, Colybrand, a professional service company of Coopers & Lybrand which provided a wide range of advisory and consulting services to a variety of clients, had, under Dr. Phillips' management, become the leader in corporate insolvency practice in Barbados and the Eastern Caribbean, having pioneered the concept of corporate intensive care for poorly managed and financially distressed companies in Barbados.

Although perhaps more widely known in the insolvency field, Dr. Phillips has been a major player for four decades in the domestic capital market where through a series of bond and share issues he had assisted corporate clients to raise considerable sums for business expansion.

He enjoys an enviable reputation as a professional corporate practitioner and is one of the Caribbean's leading authorities on corporate insolvencies, board governance, amalgamations, public share offerings and mergers & acquisitions.

He has given extensively of his time in the area of public service and served as Chairman of the Barbados National Bank for approximately seven years during which period the restructuring of the Bank was completed and the institution transformed from a perennial loss making organization to post annual profits in excess \$20 million.

He also oversaw the migration of the Bank from a statutory corporation to a public limited liability company whose shares were listed and trade on the Barbados Stock Exchange.

Dr. Phillips, recently retired as chairman of the Barbados Stock Exchange, having served as a Director of the Exchange from its inception. Indeed he was a member of the committee which pioneered the establishment of the Stock Exchange in Barbados. He also participated extensively in the work of the committee responsible for drafting the Barbados and OECS Companies Acts.

Before joining the international firm of Coopers & Lybrand, Mr. Phillips spent several years in England where he worked, studied and lectured. He holds the following professional qualifications:

- Fellow of the Institute of Chartered Secretaries and Administrators
- Fellow of the Association of International Accountants
- Fellow of the Chartered Institute of Bankers

Appendix 3
Overview of Dr Grenville
Phillips' Experience
(Page 2 of 2)

Over the years Dr. Phillips has participated in several workshops and seminars and has written discussion papers on such topics as aspects of corporate law and practice, insolvency, privatization and corporate governance.

Dr. Phillips earned his doctorate from Bradford University (UK) and is the author of two books "The Administration and Conduct of Corporate Meetings"; an extensive work intended for use by professionals and lay persons who wish to better understand the proper process and procedures through which corporate decisions are made.

His other work is a comprehensive volume titled "Venture Capital & SME Financing in Less Developed Countries and Small Island States".

Dr. Phillips, a Justice of the Peace, was appointed a Commander in the Most Excellent Order of The British Empire by Her Majesty in the Queen's New Year honours 2000.

He has been and continues to be active both in his church and the Rotary Club of Barbados which, he joined in 1976, and served in the capacities of Secretary, President and Assistant District Governor for Barbados.

Dr Phillips, whose guidance on corporate matters has been widely sought over the years, continues to serve as a director, consultant or corporate advisor to a number of boards – both private and public - in Barbados and the English speaking Caribbean.



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HARLEQUIN BOUTIQUE HOTEL LIMITED (A BANKRUPT)

Report and
Accounts of
the Bankruptcy
Trustee to the
Supreme
Court of
Barbados

30 August 2024

[Status]

IN THE SUPREME COURT
CIVIL DIVISION

IN THE MATTER OF
THE BANKRUPTCY AND INSOLVENCY ACT, 2001
Cap.303 of the Laws of Barbados

AND IN THE MATTER OF
HARLEQUIN BOUTIQUE HOTEL LIMITED.

REPORT AND ACCOUNTS OF THE BANKRUPTCY TRUSTEE

TO

THE SUPREME COURT OF BARBADOS IN THE HIGH COURT OF JUSTICE

Dated this 30th day of August, A.D., 2024

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1. Abbreviations and Definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or Definition	Meaning
BBD\$	Barbados Dollar
BIA, the Act	Barbados Bankruptcy and Insolvency Act 2001 Cap 303
BWA	Barbados Water Authority
Date of Bankruptcy	12 January 2018
DoA	Deed of Assignment
Estate	The Estate of Harlequin Boutique Hotel Limited, a Bankrupt
FSCS	Financial Services Compensation Scheme
GBP	British Pound Sterling
HBHL, the Company	Harlequin Boutique Hotel Limited
HHR Cayman	Harlequin Hotels and Resorts (Cayman) Limited
HMSSE	Harlequin Management Services (South East) Limited
Hotel, Property, H Hotel	The site of the previous Allamanda Beach Hotel, which had been marketed under multiple names by Harlequin including 'H Hotel', 'Quin One' and 'Quin Two'
HPSVG	Harlequin Property (SVG) Limited
Ministry Of Finance	Ministry Of Finance, Economic Affairs And Investment
MoH	Ministry of Health
Preconco	Preconco Limited
RBC	Royal Bank of Canada
Supervisor, SOI	Office of the Supervisor of Insolvency
Trustee or Bankruptcy Trustee	Mr. Oliver Gregory Jordan of PricewaterhouseCoopers EC Inc. to 31 October 2018. Dr. Grenville Winslow Phillips from 31 October 2018
USD or US\$	United States Dollar

2. Foreword

Appointment

1. By Order of the Honourable Sir Marston Gibson K.A., Chief Justice, of the Supreme Court of Barbados (“**the Court**”; “**this Court**”) dated the 12th day of January, 2018, and entered and perfected on the 23rd day of January, 2018, (“**the Order for Appointment**”) Mr. Oliver Gregory Jordan of PricewaterhouseCoopers EC Inc, The Financial Services Centre, Bishop's Court Hill, St Michael, BB14004, Barbados, was appointed Trustee of the property of the bankrupt entity Harlequin Boutique Hotel Limited, with registration number 34927 (the “**Company**”, or “**HBHL**”) pursuant to Section 4 (13) of the Act, for the purpose of, inter alia, supervising the compulsory winding-up of HBHL (the “**Estate**”) pursuant to The Bankruptcy and Insolvency Act, Cap. 303, of the Laws of Barbados.
2. Pursuant to a resolution of the creditors made on the 23rd day of October 2018, Mr. Oliver Gregory Jordan was replaced as Trustee by Dr. Grenville Winslow Phillips, effective the 31st day of October 2018. The minutes of the Second Meeting of Creditors of 23rd October 2018 which contained the resolution substituting the Trustee was duly filed with the Court. Additionally, the former trustee's statement of fees and disbursements was approved by the Inspectors and subsequently shared with the Supervisor of Insolvency. There have been no objections to the substitution of the Trustee.
3. Staff members from PricewaterhouseCoopers EC Inc and other PwC member firms were retained by Dr. Grenville Phillips to assist him in the discharge of his duties as Trustee.
4. The legal firm Hamel-Smith Caribbean was also retained by the Trustee to act as his general legal counsel to assist in the various legal matters of this assignment.
5. This is the Trustee's Report and Statement of Accounts to the Court filed pursuant to The Bankruptcy and Insolvency Act Cap.303.
6. This report is intended to provide the Court with information concerning the affairs and accounts of the Company since commencement of the assignment and seeks approval of this Court for the scheme of distribution of the Company's assets.
7. A copy of the Order of Appointment of the Trustee is available to view and download in the Document Library on the website portal:
 - 7.1. <https://www.pwc.com/bb/en/services/harlequin-boutique-hotel-limited.html>

8. All figures referenced herein are presented in Barbados Dollars ("B\$", "BBD") unless otherwise stated.

Disclaimer

9. The report is prepared and submitted by the Trustee to the Supreme Court for the purpose of providing information to the Supreme Court regarding the work undertaken by the Trustees since the date of first appointment to 30 August 2024. Neither the Trustees, Hamel-Smith Caribbean, any member firm of PricewaterhouseCoopers International Limited ("PwC") (each member firm of which is a separate legal entity), nor any of their employees, professional advisers, servants or agents ("Professional Parties") will be responsible for any loss, damages, liabilities or claims arising from the use and/or reliance on this report. None of the Professional Parties 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. The Trustee is acting as agent of the Company and servant of the Honourable Court, and without personal liability. In preparing this report, the Trustee has relied upon the limited available information from the Company's former management and directors, the Company's books and records, such as they were, the Company's former professional service advisors, legal counsel, bankers and other service providers from which information was gleaned. Except where specifically stated, the Trustee has not sought to establish the reliability of the sources of information presented to them by reference to independent evidence. The analyses presented in this report is therefore based on the limited information available. Where the Trustee has made observations and drawn conclusions from the information and analyses, unless specifically stated, these observations and conclusions have not been confirmed with the Company's management or service providers. Any prospective financial analyses presented in this report are based on estimates and assumptions, and projections of uncertain future events, including judgements made by the Trustee, based on the limited information available at the time. The Trustee's work in relation to the bankrupt may be extended and accordingly, actual results may vary, potentially significantly, from the information provided in this report, including but not limited to the impact of unknown variables and the Trustee therefore reserve the right to amend or supplement this report in due course. No representation of any kind (whether expressed or implied) can be given by the Trustee as to the accuracy or completeness of the information. The Trustee has not performed an audit, review, or other assurance work and consequently no such assurance is expressed.

Privacy statement

10. In providing bankruptcy services, The Trustee, Hamel-Smith Caribbean, and PwC may collect or obtain personal data about persons associated with the Bankruptcy for the purposes of undertaking certain activities relevant to the task undertaken, such as compliance with applicable laws and regulations (e.g., AML, FATCA, CRS, etc.) and distributions to stakeholders. We encourage stakeholders to periodically review the privacy statements on the aforementioned website to learn more.

3. The operations and bankruptcy of HBHL

Background to HBHL

11. Harlequin Boutique Hotel Limited (“HBHL”, “the Company”), is a company incorporated under the laws of Barbados with company number 34927.
12. HBHL is part of a group of entities (“the Harlequin Group”, or “Group”) situated across the Caribbean including Barbados, Cayman Islands, St Lucia, St Vincent and the Dominican Republic, and the United Kingdom, most of which have been subject to insolvency proceedings since approximately 2017.
13. Whilst the Harlequin Group entities did not appear to have a known strict and well-defined parent and subsidiary structure, the many entities are or were under the ultimate beneficial ownership of Mr. David Ames.
14. The Company’s primary activity was to own the previous Allamanda Beach Hotel and redevelop the site to construct a 69-room hotel on Hastings Beach in Christ Church on the southwest coast of Barbados. It was set to be the debut of Harlequin’s lifestyle H brand, and had previously been referred to as the Quin One, Quin Two and H Hotel.
15. The Trustee understands that the majority of the construction work was carried out during 2012, with construction ceasing on or around January 2013. Since this time there has been minimal work carried out on the site and as a result the overall condition of the partially completed structure had deteriorated at the time of appointment of the Trustee.

Causes of Bankruptcy

16. The cause of Bankruptcy of HBHL appears to be primarily due to the effects of fraud by the Chairman of the Harlequin Group, Mr. David Ames.

17. On 17 February 2017, the Serious Fraud Office (“SFO”) of the United Kingdom (“UK”) charged Mr. Ames with three counts of Fraud by Abuse of Position, contrary to sections 1 and 4 of the Fraud Act 2006 of the laws of the UK. The charges related to the activity of various Harlequin Group entities between January 2010 and June 2015. Two of the counts were predicated in the alternative, meaning Mr. Ames could only be found guilty of either Count 1 or Count 2.
18. Following a 12-week trial at Southwark Crown Court, London, UK, a jury returned a unanimous verdict, finding Mr. Ames guilty of two counts of fraud by abuse of position, for criminality spanning 1 January 2010 to 11 June 2015. Mr. Ames was later sentenced on 30 September 2022 to 12 years of imprisonment, and disqualified as a company director for 15 years, the maximum available.
19. A statement released by the SFO provides insight into the fraud committed by Mr. Ames that led to the bankruptcy of the Harlequin Group including HBHL:
 - 19.1. *“The business model relied upon investors paying a 30 percent deposit to purchase an unbuilt villa or hotel room, half of which went toward fees for Harlequin and relevant salespeople, while Harlequin put the remaining 15 percent toward construction. Investors were fraudulently told that the building of the properties would be further funded by external financial backing.*
 - 19.2. *“With no additional source of funding, three properties needed to be purchased to finance just one of the luxury accommodation units. This led to the exponential expansion of the scheme, the diversion of investor money between resorts and ultimately a funding shortfall of over £1.2 billion by 2012 – seven years after [Mr.] Ames launched the scheme. By this point, an expert accountant told Southwark Crown Court that investors were exposed to a near 100 percent risk of loss, which [Mr.] Ames did not contest.*
 - 19.3. *“The SFO investigation revealed that by the time it went into administration in 2013, [The Harlequin Group] had sold around 9,000 property units to investors, with less than 200 ever actually being constructed. Throughout the entire eight-year project, only 28 of over 8,000 investors ever completed on a purchase, leaving well over 99 percent with no return on their investment. The Harlequin Group ultimately lost a total of £398 million of investor funds.*
 - 19.4. *“Several thousand victims lost pensions and life savings to the fraud, while Ames enriched himself and his family by £6.2 million. The Harlequin companies were family businesses, employing at certain times both David Ames’ wife and his son, who was paid £10,000 per month. “*

4. Administration of the Estate

Communications

Public announcements

20. The Trustee advertised his appointment on 19 January 2018 and launched a website (www.pwc.com/bb/en/services/harlequin-boutique-hotel-limited.html) in order to post updates and information.
21. The Trustee advertised for claims from creditors on 11 May 2018 and advertised a final call for claims on 4 October 2021.

Communications with creditors

22. The primary method of providing updates to creditors is through the Trustee's designated website. In addition, an email inbox was also established to receive and respond to creditor enquiries.
23. The first meeting of creditors was held on 12 June 2018 at the Office of the Supervisor of Insolvency for the purposes of affirming the appointment of the Trustee, presentation of the Trustee's preliminary report, and to elect a committee of Inspectors. An extension to the period to call the first meetings of creditors pursuant to Section 203 of the Act was obtained from this Court due to the limited financial and company records that were initially obtained.
24. The second meeting of creditors was held on 12 October 2018 at the Savannah Hotel, Hastings, for the purposes of presentation of the Trustees second report and approval to the Trustees remuneration and expenses to 15 September 2018.
25. The Trustee has posted periodic updates to creditors and claimants on his website as material milestones were achieved.

Communications with former management

26. During the period of March 2018 to May 2018, the Trustee met virtually with the following members of Harlequin management:
 - 26.1. Mr. David Ames (Company Director and Shareholder) and his Solicitor
 - 26.2. The Harlequin Group Accounts Manager

26.3. The Harlequin Group Accounts Supervisor

27. As a result of these meetings, Harlequin Management provided certain electronic company documents, including basic financial information, company information and investor records.

Communication with the Supervisor of Insolvency

28. The Trustee has met with the Supervisor of Insolvency periodically over the course of the bankruptcy administration, providing case updates and seeking guidance where needed. Most recently a representative of the Trustee met with the Supervisor on 13 April 2023.
29. As part of the investigations into the affairs of HBHL, the Supervisor performed an examination of former HBHL Director, Mr. David Campion on 14 September 2018, pursuant to Section 135 of the Act. The results of the Examination were shared with the Trustee.

Inspectors Committee

30. Pursuant to Section 93 of the Act, the Inspectors Committee of HBHL was appointed by a resolution of creditors at the first meeting of creditors.
31. Three Inspectors were appointed at this first meeting of creditors, being Mr. David Collins (nominated by Harlequin Property (SVG) Limited ("HPSVG")), Mr. James Darbyshire (nominated by The Financial Services Compensation Scheme ("FSCS") of the UK), and Mr. David Hollely.
32. At the time of appointment, these Inspectors all had represented certain claims outstanding against the estate of HBHL and were appointed for the purpose of overseeing the administration of the estate by the Trustee, including approving the Trustees fees and expenses. The Inspectors Committee is consulted on all significant matters associated with the Trustee's administration of HBHL, and where appropriate specific approvals have also been sought.
33. On 3 March 2021, after serving as an Inspector for a period of almost three years, Mr. Darbyshire provided the Trustee with notice of resignation following the Trustee's disallowance of the FSCS claim resulting in the FSCS no longer having an interest in the HBHL Estate.
34. Due to the advanced state of the administration of the HBHL estate at that point in time, the Trustee and remaining Inspectors unanimously agreed not to seek a replacement for Mr. Darbyshire and continue with the two Inspectors for the duration of the administration.

Management of Conflicts of Interest

35. The Trustee became aware that the Joint Trustees of HPSVG appointed in Barbados to administer the Barbados Estate of the St Vincent incorporated entity; Mr. Craig Waterman and Ms. Lisa Taylor joined the PwC Eastern Caribbean firm from KPMG Barbados between February 2021 and March 2021, and that the HPSVG nominee on the Inspectors Committee; Mr. David Collins, joined the PwC Eastern Caribbean firm from KPMG Barbados on a fixed term contract between 1 April 2021 and 31 January 2022, whilst retaining their roles in respect of HPSVG.
36. As a result, an ethical wall was established within PwC to ensure the HPSVG estate and the advisory team to the Trustee of the HBHL Estate continue to be independently managed by separate teams, as is the standard practice in this type of situation.
37. The Trustee together with the other two Inspectors, considered that Mr. Collins' role on the Inspectors committee representing the interests of all creditors of the HBHL Estate could continue. Mr. Collins subsequently left his position within the PwC Eastern Caribbean firm during January 2022.
38. During the period in which Mr. Collins was employed by the PwC Eastern Caribbean firm, the Trustee did not seek approval from the Inspectors for any accrued fees and expenses.

Other Matters

Section 187 Conservatory and Protective measures

39. The Trustee has not found it necessary to undertake any conservatory or protective measures under Section 187 of the Act.

Section 75 Reviewable Transactions and Preference Payments

40. The Trustee does not consider there to be any known reviewable transactions in the 12 months preceding the Date of Bankruptcy, as set out within Section 75 of the Act.

Legal counsel

41. The Trustee engaged the services of Christopher Hamel-Smith S.C. and David Hamel-Smith of Hamel-Smith Caribbean to act as legal counsel regarding the various issues concerning the Estate of HBHL.

Statement in relation to S. 169

42. In respect of Section 169 of the BIA, save as may be disclosed, the Trustee did not act or intend to act for or assist a secured creditor of the estate to assert any claim against the estate or to realise or otherwise deal with the security that the secured creditor holds.

5. Financial Position

Access to Books and Records

43. As detailed in paragraphs 26 and 27 the Trustee met with members of Harlequin Group management, including the Chairman Mr. Ames during March 2018 to May 2018.
44. Whilst a significant volume of investor files, including contracts and correspondence was received, The Trustee has not been able to obtain or recreate sufficient financial records as at the Date of Bankruptcy.
45. The Trustee considers this is largely a result of operations at the Company ceasing in January 2013, the resulting loss of staff, and ultimately as the license of the Company's accounting record system expired in March 2016 and was not renewed.
46. The financial information received for HBHL was complex, unclear and upon review appeared to be mixed with other legal entities.
47. Further, the allegations made by the SFO and subsequent conviction of Mr. Ames for two counts of fraud, caused the Trustee to be unable to place any reliance on financial information purported to be that of HBHL.

Statement of Affairs

48. The Trustee could not place reliance on the financial information received without extensive further examination and cost with no guarantee of obtaining any comfort over the financial position, and as a result, has not been able to provide a Statement of Affairs as at the Date of Bankruptcy.

6. Assets of the Estate

Identification of Assets

49. The Trustee was not able to obtain a definitive listing of assets as at the Date of Bankruptcy. Multiple lines of enquiry were pursued to identify potential assets of the Company. The results are summarised below.

H Hotel Site

50. The single property asset of the Estate was the site of the previous Allamanda Beach Hotel situated in Hastings, Christ Church, Barbados which had been marketed under multiple names by Harlequin including 'H Hotel' and 'Quin Two'.
51. The site consisted of a partially constructed two storey structure and a separate, partially constructed five storey structure. Construction on the site had ceased in January 2013, thereafter the structures deteriorated into a poor state and the site became overgrown with vegetation.

Bank Account

52. Initially, enquiries of Harlequin Management resulted in an understanding that the Company did not have any bank accounts in Barbados. Instead, it was understood that all monies received from investors (and any other source) were pooled into a single account previously held by Harlequin Management Services (South East) Limited, a UK entity, and later by Harlequin Hotels and Resorts (Cayman) Ltd, a company registered in the Cayman Islands, entities which acted as a de facto group treasurer.
53. Investigations by the Trustee identified that a Royal Bank of Canada ("RBC") account in the name of HBHL was opened on or around 6 October 2011, but was subsequently closed on 2 May 2014.
54. Whilst the account is now closed and no further assets were recovered, the Trustee obtained an accounting of the bank records which were useful in assisting the Trustee in the adjudication of claims against the HBHL Estate.

Intercompany Receivables

55. Due to the comingling of funds within the Harlequin Group and the insolvencies of the Group's entities, it is highly unlikely that a recovery of any funds would be obtained from HMSSE and as such the Trustee has not sought to incur additional expense to pursue any such potential claim.
56. As a result of the complex integrated operations of the Harlequin Group, there may be amounts due from other Harlequin entities, including cash balances relating to HBHL. However, given the current financial position of other Harlequin entities, recovery of any such amounts is likely to be protracted and costly with no certainty of meaningful recovery, if any.

Key Issues Concerning the Property Asset

Secured interest in the property

57. The Trustee initially received secured claims totalling BBD\$467,739 from two third parties, both of which obtained a secured interest through final charging orders granted by the Supreme Court of Barbados.
58. The Trustee sought legal advice on the validity of the two charging orders which was incorporated into the adjudication of these claims as detailed later in this report.

Dispute in respect of the ownership of the Property

59. On or around 17 April 2018, the Trustee received a claim from Mr. Craig Waterman and Ms. Lisa Taylor, then of KPMG, together the joint trustees of the Barbados estate of Harlequin Property (SVG) Limited ("HPSVG"), a company incorporated in St Vincent. The claim was filed pursuant to Section 57 of the BIA and asserted ownership of the sole asset of HBHL.
60. The Trustee formally disputed this claim under Section 57 (2) of the BIA on 30 April 2018, and subsequently received a notice of appeal from HPSVG on 15 May 2018.
61. This became a significant and protracted aspect of the bankruptcy process. Further information of the dispute and eventual resolution is detailed in Section 8 of this report.

Contractual option to acquire the Property

62. On 27 January 2018, Preconco Limited (“Preconco”) provided a letter to the Trustee asserting possession of a contractual option to purchase the asset at fair market value, pursuant to an agreement dated 24 December 2015.
63. On 5 June 2018 the Trustee received notice that Preconco was exercising this option based upon a valuation that had been obtained from quantity surveyors BCQS International.
64. The Trustee, via legal counsel, informed Preconco that it was not possible to respond substantively to the purported option agreement until the Section 57 claim was resolved.
65. Further consideration of the option agreement is detailed in section 9 of this report.

Environmental and Security Issues

66. During early 2018 a leakage of sewage significantly impacted the south coast of Barbados, an area popular with tourists. Raw sewage had been observed rising out of the drainage systems and pooling on the sides of the roads along the south coast, affecting many hotels, restaurants, and other businesses in the area.
67. In late February 2018, the Trustee was alerted to the fact that the Barbados Water Authority (“BWA”) were in the general vicinity of the Hotel to investigate the source of the accumulation of sewage in this area.
68. The site of the Hotel contained two depressed sections of land, which became filled with a mixture of sewage and rainwater. It was not immediately clear whether the sewage ran onto the site from elsewhere or a sewerage pipe had burst beneath the site.
69. Upon being made aware, the Trustee reached out to the BWA to investigate the issue and seek remediation. At the request of the BWA, the Trustee obtained several quotations for ‘backfilling’ the site, whereby the depressed land would be filled using a mixture of specific rocks and stones.
70. The Trustee has facilitated access to the site for the BWA on several occasions, to pump away the sewage that had accumulated on the site.
71. During a site visit by the Ministry of Health (“MoH”) in April 2018, a representative advised that an uncapped sewage line was identified and rectified, that backfilling was no longer required and that the MoH would dispatch representatives every 21 days to treat the area.

72. On 28 May 2018 the Trustee received a letter from the BWA stating that the site had been monitored since the above mentioned site visit, and that pooling of sewage had not reoccurred.
73. Over the following months, the Trustee remained in regular contact with both the BWA and the MoH to monitor the situation and ultimately the issues were resolved later in 2018.
74. During April 2018, owing to the sewerage issues highlighted, the Trustee received notice from the legal representatives of a local restaurant that shares a boundary with the site, detailing a nuisance complaint resulting from the ponding of sewage on the Hotel site, and later a complaint concerning rodents and insects.
75. The Trustee through his legal counsel responded to the complaints and following the remedial actions undertaken and resolution of issues generally in the area, the Trustee has not received any further correspondence from the complainant.
76. As part of the ongoing maintenance of the site, the Trustee had put in place arrangements for regular pest control to occur on the site, which was actively monitored and maintained.
77. Further steps were taken by the Trustee in respect of the site, including the vegetation being cut back and removed from the site and increased security on the site, through engaging a local security firm to perform random patrols, and place new signage on the site to discourage vagrancy and trespassers that had been reported.

7. Identification of Liabilities

Introduction

- 78. In the absence of information received from the Company, the Trustee's assessment of potential creditors was therefore limited to Proof of Claims which were lodged against the Estate.
- 79. The Trustee advertised for claims from creditors on 11 May 2018 and advertised a final call for claims on 4 October 2021.

Summary of claims received against the Estate

- 80. Over the course of the administration of the Estate, 39 parties submitted Proofs of Claim against the Estate. During the review and analysis of these claims, several parties revised their claims based on initial feedback from and discussions with the Trustee. In aggregate the claims that were formally adjudicated on by the Trustee totaled BBD \$44,605,712, of which:
 - 80.1. BBD \$338,961.25 was in respect of Secured claims (the initial secured claims totaled BBD \$467,739, see Adjudication of claims section for more detail)
 - 80.2. BBD \$771,729.58 was in respect of Preferred claims with a right to priority under Section 113 of the Act; and
 - 80.3. BBD \$43,495,020.86 was in relation to Unsecured claims.

Duplication of Claims for Investor Contracts

- 81. The Trustee observed multiple instances where there was a duplication of claims in respect of individual investors contracts. This was a significant issue of the Estate, with claims of approximately BBD \$37.5 million being affected by such duplication.
- 82. This duplication arose due to competing claims from Harlequin Property (SVG) Limited, The Financial Services Compensation Scheme of the United Kingdom, and Individual Investors as counterparties to the contracts, as detailed below.

Harlequin Property (SVG) Limited (“HPSVG”)

- 83. The majority of Investor contracts for the H Hotel / Quin One / Quin Two were with HPSVG and not HBHL.
- 84. HPSVG made a claim against the Estate in relation to an indemnity clause within a Deed of Assignment (“DoA”) dated 19 September 2012, between HPSVG and the HBHL.
- 85. The claim is in relation to all investor contracts with HPSVG that are included within the Schedule of Contracts appended to the DoA.

Financial Services Compensation Scheme (“FSCS”)

- 86. FSCS protects consumers when financial services firms fail. It is the compensation scheme for customers of UK financial services firms authorised by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).
- 87. FSCS has paid out compensation to numerous Harlequin investors, many of which are investors that had contracts with HPSVG.
- 88. On payment of compensation, the FSCS takes an assignment of the investor’s rights to claim against the company that they originally arranged their investment through and any relevant third parties (including a relevant Harlequin entity). The FSCS stands ‘in the shoes’ of the original investor, and as a result has lodged a claim in relation to FSCS compensated investors.

Individual Investors

- 89. Many investors also individually claimed against the HBHL Estate in respect of their contracts with Harlequin relating to the H Hotel project.
- 90. Those investors who either have a contract with HPSVG or have been FSCS compensated were advised that they were likely to be in duplication to those claims received from HPSVG or the FSCS.

91. Those investors of H Hotel (or Quin Two) that held a contract with an entity other than HPSVG, and had not been FSCS compensated, were advised they were unlikely to be affected by the duplication of claims.

Resolving Duplication and Deferral of Adjudication

92. The Trustee can only admit one party as a valid creditor in respect of a given contract in order to participate in any future dividend to unsecured creditors.
93. There was significant complexity in determining whether a party had a valid claim against HBHL in relation to a given contract due to the existence of the DoA and FSCS compensation.
94. The Trustee became aware that investors had previously been informed by Harlequin management that the DoA effectively transferred their contract from HPSVG to HBHL. The terms of the DoA do not support this assertion.
95. Analysis of these claims was not performed initially due to the Section 57 claim asserting property interest in the single property asset of the Estate, which needed to be resolved to determine whether there would be any assets of the Company to liquidate and make available for distribution,
96. Information on the adjudication of claims is detailed later in this report.

8. HPSVG's Proprietary Interest Claim

Details of Claim and Deed of Agreement

97. On or around 17 April 2018, the Trustee received a claim from Mr. Craig Waterman and Ms. Lisa Taylor, of KPMG, together the joint trustees of the estate of Harlequin Property (SVG) Limited ("HPSVG").
98. The Joint Trustees of HPSVG (the "HPSVG Trustee") attempted to enforce their assertion of a claim under Section 57 of the Barbados Bankruptcy and Insolvency Act, Cap 303 ("BIA") ("Section 57 Claim") and claim ownership of the sole known asset of HBHL. The HBHL Trustee (the "Trustee") formally disputed this claim under Section 57 (2) of the BIA on 30 April 2018, and subsequently received a notice of appeal from HPSVG on 15 May 2018.
99. Given that this represented a claim for the sole asset of the HBHL estate and in order to protect the interests of all creditors, the Trustee filed affidavits contesting the claim. The case was originally to be heard before a Judge during September 2018 but ultimately was adjourned by the court and / or mutual consent of HPSVG and HBHL on multiple occasions.
100. During February 2019 The Trustee's legal counsel established contact with the legal counsel for the HPSVG Trustee to determine whether there was scope for the dispute to be resolved consensually. Given that a trial to determine the outcome of the Section 57 Claim would cause significant additional costs to both the HBHL and HPSVG estates and diminish the value of these estates to the detriment of their respective creditors, negotiations ensued.
101. This was especially pertinent given the provisional view of the Trustee at that time was that the HPSVG unsecured claim had prima facie validity and could potentially be by some margin the largest creditor of the HBHL estate meaning that the level of distribution the HPSVG estate could ultimately receive in the ordinary course of HBHL's administration would likely be higher than what would be received following the outcome of the Section 57 Case even if HPSVG were ultimately successful.

102. In light of this, the Trustee performed a detailed analysis of the unsecured claim of HPSVG, taking into account both the evidence provided by HPSVG to support its claim, and other information the Trustee had obtained during the course of his work, including bank records and payment information in respect of the acquisition of the former Allamanda hotel that formed the sole asset of the HBHL Estate.
103. Following further discussions between the HBHL and HPSVG trustees between November 2019 and March 2020, an agreement was reached between the two trustees, whereby the HPSVG Trustee agreed to discontinue the Section 57 Claim upon receipt of a notice of formal adjudication by the Trustee, that would crystallize the position of the Trustee that was informally communicated to HPSVG during the discussions, based on the analysis performed by the Trustee that concluded a partial disallowance of claim.
104. As part of this agreement, at the request of the HPSVG Trustee, the Trustee agreed to a cap on future fees and expenses related to the expected remaining work streams in the ordinary course of the administration of the estate, with provisions that fees in excess of this agreed amount would be subject to review and approval by the Inspectors based on specific conditions.
105. The agreement was formalized into a Deed of Agreement which was discussed with the Inspectors committee and by resolution of the Inspectors dated 14 July 2020 the Trustee was authorized to enter into the Deed of Agreement with HPSVG.
106. The Deed of Agreement was executed on 7 August 2020, delayed by the onset of the COVID-19 pandemic. Following the execution of the Deed of Agreement the Trustee provided a formal notice of partial disallowance of claim to HPSVG on 24 August 2020, and subsequently the HPSVG Trustee provided a Notice of Discontinuance in respect of the Section 57 Claim dated 7 September 2020.
107. The cessation of the Section 57 Claim was a key milestone for the HBHL Estate, securing significant value for the creditors of the Estate, removing a sizable obstacle to the administration of the estate, and allowed the Trustee to focus on the sale of the property in a challenging market during the COVID-19 pandemic and enabling adjudication of the remaining claims.

Further Deed of Agreement

108. Pursuant to the provisions of the Deed of Agreement dated 7 August 2020 outlined in paragraph 104 above, the Trustee sought approval from the Inspectors for additional fees necessarily incurred that were in excess of the fee cap.

109. Upon review of the fees, the Inspectors ultimately approved to an increase in the fee cap of BBD \$240,306, representing 49% of the additional fees sought to 30 June 2023, with BBD \$38,309 of this contingent upon the Trustee recovering a property tax refund due from Government, as detailed in Section 9.
110. As a condition of approval, the Inspectors required that the Trustee sought to confirm this approval with HPSVG, as the largest creditor and counterparty to the Deed of Agreement that effected the fee cap, by entering into a further Deed of Agreement with HPSVG.
111. As such a further Deed of Agreement on the matter was executed by the Trustee and HPSVG on or around 17 May 2024.
112. The Trustee notes that on 31 January 2024, the Trustees of HPSVG, who are responsible for the property of HPSVG situated in Barbados, assigned all legal interests that they had in the Deed of Agreement dated 7 August 2020 and HPSVG's claim into the Estate of HBHL, to Mr. Brian Glasgow, in his capacity as Trustee in Bankruptcy of HPSVG administering the main (non-Barbados) estate of HPSVG in St. Vincent. As a result, the further Deed of Agreement dated 17 May 2024 was executed by Mr. Glasgow.

9. Sale of the Property

Introduction

113. Initially the ability to sell the asset was restricted by the Section 57 claim brought by the HPSVG Trustee, as the claim presented a challenge to the ownership of the asset.
114. The Trustee was however, able to advance other key aspects in relation to the property; namely consideration of the Preconco option and obtaining a current valuation of the property.

Preconco Option

115. On 27 January 2018, Preconco Limited ("Preconco") provided a letter to the Trustee asserting possession of a contractual option to purchase the asset at fair market value, pursuant to an agreement dated 24 December 2015.
116. On 5 June 2018 the Trustee received notice that Preconco was exercising this option based upon a valuation that had been obtained from quantity surveyors BCQS International dated 2 February 2017.
117. The Trustee, via legal counsel, informed Preconco by letter of 17 July 2018 that it was not possible to respond substantively to the purported option agreement until the Section 57 claim was resolved.
118. The Trustee was, however, able to undertake a detailed assessment of the option agreement, and based on this analysis, together with an opinion obtained from legal counsel, determined that it was in the best interests of the Estate not to challenge the validity of the option contract for the following reasons:
- 118.1. The costs of challenging the option agreement through the court would be costly to the Estate and the likelihood of success was not immediately clear.
- 118.2. The option agreement stated that the purchase of the property would be at fair market value, which is defined by the Royal Institution of Chartered Surveyors as "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeable, prudently and without compulsion*".
- 118.3. The stipulation to acquire at fair market value, inherently means that the option agreement does not contain any right to discount.

118.4. The Trustee considered that if he could reasonably determine the current market value of the property then a sale to Preconco would be advantageous given that there would be no real estate commission which can amount to as much as 5% of the gross sales price.

Determination of Fair Market Value

Valuation of the Property

119. An independent valuation of the property completed by BCQS for HBHL dated 2 February 2017 was obtained by the Trustee which presented a range of fair market value of the property at that time between USD \$2,600,000 and USD \$3,000,000.
120. Due to the passage of time since the valuation and in order to have another independent reference point for value, the Trustee engaged Property Consultancy Services Inc ("PCS") to perform an independent assessment of market value. PCS's report was dated 5 October 2018 and valued the property at \$4,770,000 (USD \$2,385,000).
121. At the time of the PCS valuation the sewerage issues continued within the Hastings area, which provided uncertainty over the current and future value of the property as the issues had not been resolved for some time despite the efforts of the BWA and MoH.

Consent to Sell the Property

122. Satisfied that the Preconco option was beneficial to the Estate in terms of price achieved and reduced costs to sell, the Trustee sought agreement from the HPSVG Trustee to sell the property whilst the S.57 claim was still in progress.
123. During a meeting between the Trustees of HBHL and HPSVG on 19 February 2019, together with respective counsel, it was agreed in principle that the most value would be preserved if the HBHL Trustee were able to liquidate the asset sooner and place proceeds in escrow pending the outcome of the Section 57 case, thus avoiding the ongoing holding costs associated with the asset and further environmental risks .
124. It was further agreed that the option held by Preconco would provide the most efficient method of sale, assuming a price could be achieved comparable to recent valuations undertaken.

Sale to Preconco

125. In recognition of the Section 57 claim, a tripartite meeting was held on 6 March 2019 between the HBHL and HPSVG trustees with respective counsel, and counsel for Preconco to discuss the Preconco option agreement.
126. Following an offer of \$2,600,000 tabled at the meeting by Preconco based on an updated BCQS valuation report, a counteroffer proposed by the Trustee was ultimately accepted in principle, to sell the Property to Preconco or its assigns with the following terms:
 - 126.1. A sales price of USD \$2,800,000.
 - 126.2. Preconco would use best efforts to pay in USD currency, with a 1% surcharge being applicable for a payment in Barbados currency.
 - 126.3. Preconco would waive its secured interest in the Estate and claim as an unsecured creditor.
127. The Trustee considered this was the best possible outcome for creditors, and the purchase price provided by Preconco was higher than the more recent valuation obtained and the agreement by Preconco to waive their secured interest would make available a further BBD \$117,789 to unsecured creditors.
128. At the time of the Preconco negotiations, discussions were also held with another third party who expressed interest in purchasing the property, and later provided a formal offer to purchase the property for US\$2,000,000. After providing feedback to the interested party the offer was increased to a maximum of USD \$2,500,000, which still remained below the price ultimately achieved with Preconco.
129. The HPSVG confirmed on 23 May 2019 that the Inspectors of the HPSVG had approved a resolution to approve the sale of to Preconco, provided that the net proceeds of the sale were held in escrow until the Section 57 matter was determined and / or settled.
130. The Trustee subsequently engaged the legal firm LEX Caribbean to perform the conveyancing of the sale. An agreement for sale was executed on or around 9 January 2020.
131. Pursuant to a condition within the agreement for sale, the HBHL Inspectors passed a resolution on 1 April 2020 approving the sale of the property to Preconco.

132. Due to extensive delays in obtaining a tax clearance certificate from the Barbados Revenue Authority ("**BRA**") and the impact of restrictions enforced throughout 2020 due to the COVID-19 pandemic, the transaction was ultimately completed on 27 April 2021, for gross consideration of BBD\$5,611,998, and net proceeds of BBD\$4,985,481 after taxes, levies and legal fees, which was deposited to a segregated client account at PwC.

Other aspects relevant to the sale

Preferred Distribution to obtain Tax Clearance Certificate.

133. In order to complete the transaction one of the requirements was to obtain a tax clearance certificate in relation to the property. Typically, the full balance of outstanding taxes would be payable to receive such clearance, however as the asset was the property of a bankrupt estate and the BRA had lodged a claim against the Estate in respect of the outstanding taxes, the Trustee considered that the BRA was entitled to payment only of the preferred amount of its claim against the Estate with the balance of outstanding taxes considered as an unsecured claim pursuant to Section (113) (1) (f) of the Act.
134. After initially writing to the BRA on 23 August 2019 on this matter, the Trustee received a substantive response dated 27 October 2020 that agreed with the position of the Trustee and therefore cleared the way to obtain the required clearance in order to complete the sale.
135. In accordance with the provisions of Section (113) (1) (f) of the Act, the preferred entitlement of the BRAs claim totaled BBD\$123,598.24, which was paid to the BRA net of the 5% Supervisor's Levy.
136. The Trustee recognizes this payment was effectively a distribution to a preferred creditor and effectively elevated this creditor's status above that of a secured creditor. The Trustee has since raised this issue to the Ministry of Finance with a view to future legislative reform.

Property Transfer Tax Refund

137. During the transaction the Trustee challenged the assessed value of the property (BBD \$16,200,000) used for the calculation of PTT which represented almost three times that of the sales price (BBD \$5,600,000).

138. The Trustee, through his conveyancing counsel sought to have this assessment reconsidered given the sales price was an arm's length transaction, and the existence of two independent valuation reports that attest to a significantly lower value that is being adopted by the Government.
139. Ultimately the request was rejected and the Trustee had no option but to pay the PTT based on the higher assessment value, in order complete the transaction that was at risk due to the delay in obtaining the tax clearance certificate.
140. The Conveyance was presented for adjudication and payment of stamp duty and property transfer tax on April 21, 2021. The Trustee calculated stamp duty and property transfer tax based on the purchase price of the equivalent of BBD \$5,600,000.00, but property transfer tax was assessed based on the aggregate land tax value of the property of BBD\$16,220,200.00.
141. On or about April 21, 2021, a copy of a Notice of Valuation dated April 20, 2021 was issued by the Revenue Commissioner to the Registrar of Titles which was then delivered to Lex Caribbean, who acted for the Trustee in relation to the Conveyance. Based on this Notice, the fair market value of the property was determined as the aggregate sum of BBD\$5,854,500.00.
142. Based on the Trustee's calculations, the property transfer tax payable, if calculated on the aggregate site value stated of BBD\$5,854,500.00, will be BBD\$146,362.50, a difference of BBD\$255,392.50 to that paid the previous day
143. On 30 September 2021, counsel wrote to the Registrar of Titles, pursuant to section 3 of the Duties, Taxes and Other Payments (Exemption) Act, Cap. 67B, requesting a refund of payment made as property taxes and/or stamp duty on the Conveyance based on a value which was in excess of the fair market value determined on the date before the adjudication.
144. On 25 October 2021, the Registrar of Titles responded directing the Trustee to instead direct the matter to the Ministry of Finance, which was actioned by a subsequent letter issued to the Minister of Finance dated 12 April 2022.
145. The Trustee continued to follow up with the Ministry of Finance, and during a meeting between representatives of the Trustee and the Supervisor on 13 April 2023, the Supervisor offered assistance in raising this issue with the Ministry of Finance and any other relevant authorities.
146. The Trustee continued to liaise with the Supervisor over the following months, and as a result of limited engagement with Government, the Supervisor assisted the Trustee by providing the Ministry of Finance with a memorandum numbered SOI 100/10/12 dated 13 November 2023.
147. On 14 December 2023, the Trustee received a letter from the Ministry of Finance, stating that the Ministry had granted approval for a refund of Property Transfer Tax in the amount of \$255,392.50. The refund was received by the Trustee on or around 15 December 2023.

10. Adjudication of Claims

Adjudication is Complete

148. The Deed of Agreement with HPSVG executed on 7 August 2020 facilitated the discontinuance of the Section 57 Claim against the property, which confirmed that there was value in the HBHL Estate for the benefit of creditors. Therefore, the Trustee began a detailed formal adjudication process leading to the first round of adjudication notices being issued in late August 2020.
149. During the adjudication process, several of the more complex claims required further correspondence between the Trustee and claimants and the Trustee received several further new enquiries and claims, one of which, received in October 2021 was material to the Estate.
150. Adjudication notices were issued throughout the period 24 August 2020 and 31 March 2023 as the Trustee completed his analysis in respect of individual claims.
151. Pursuant to Section 112 (5) of the Act, a period of at least 30 days has passed since service of the Notice of Adjudication to all claimants. The Trustee has not been made aware of any applications made to the court within this 30 day period by any persons to whom the notice was provided, therefore the determination of claims is final and conclusive pursuant to the Act.
152. Furthermore, as of the date of this report, it has been over a year since the 30 day window to appeal has closed, and the Trustee confirms that to date, he has not been made aware of any intent to appeal or applications made to court seeking to appeal the determination of claims.

Creditors of the Estate

153. The table on the following page summarizes the total population of claims against the HBHL Estate that was adjudicated on, the adjustments made to the claims as part of the adjudication and confirms the total creditors of the Estate that are eligible to participate in a distribution, segregated by class and type
154. Claims that were received in foreign currency, have been converted to Barbados currency using the applicable mid-point rate of exchange published by the Central Bank of Barbados for Telegraphic Transfers at the date of the Bankruptcy, as follows:

154.1. Pound Sterling (GBP) to BBD: 2.719605

154.2. East Caribbean Dollar (XCD) to BBD: 0.740745

		Claims	Adjudication Adjustment	Accepted as Proven Claims
Summary of Adjudication		BBD \$	BBD \$	BBD \$
Secured	Trade Creditors	338,961	(117,789)	221,172
Total Secured		338,961	(117,789)	221,172
Preferred	Employees	4,000	(4,000)	-
	Government	767,730	(644,131)	123,598
Total Preferred		771,730	(648,131)	123,598
Unsecured	Employees	82,965	(82,965)	-
	Government	-	644,131	644,131
	Investors	6,535,102	(6,195,151)	339,951
	Trade Creditors	1,111,879	(51,989)	1,059,890
	Related Party	35,765,075	(19,117,277)	16,647,798
Total Unsecured		43,495,021	(24,803,251)	18,691,770
Total: All Creditors		44,605,712	(25,569,171)	19,036,540

A) Secured Creditors

155. The Trustee initially received secured claims totaling BBD\$467,739 from two third parties, both of which obtained a secured interest through final charging orders granted by the Supreme Court of Barbados.

156. The Trustee sought legal advice to satisfy himself on the validity of the two charging orders.

157. The level of claims ultimately presented for adjudication as secured creditors, and the outcome of such adjudication, was impacted by:

157.1. Preconco's waiving its right to security of BBD \$117,789 in respect of the charging order obtained against the property, as such the Trustee made an adjustment to the secured claim to admit this amount instead as an unsecured creditor.

157.2. The Trustee performed detailed analysis of the second claimants provisional and final charging orders, which led to the successful challenge of the calculation of security and resulted in the claimant revising their proof of claim downwards by the sum of BBD \$128,778 to \$221,172 in respect to the secured element of their claim. This resulted in the total amount of secured claims being adjudicated upon to reduce from BBD \$467,739 to BBD \$338,961.

B) Preferred Creditors

Government

158. The Barbados Revenue Authority (“BRA”) had claimed a right of priority in respect of its entire claim, however Section 113 (1) (f) of the Act limits the extent of the priority to all taxes including the land tax or income tax assessed on the bankrupt and not exceeding in total one year’s assessment.
159. In order to obtain the tax clearance certificate for the sale of the property asset as detailed in Section 9 of this report, the Trustee calculated the amount of the claim that would be subject a right of priority under Section 113 of the Act (BBD \$123,598.24) and made a distribution of this amount net of the Supervisor’s Levy to the BRA. The remaining balance of the claim was subsequently adjusted and proven to be an unsecured creditor.

Employees

160. The Trustee received claims totaling BBD\$86,965 from four employees of the Harlequin Group.
161. Upon review of the evidence submitted by the claimants, including employment contracts, it became evident that the employer of these individuals was Harlequin Developments, whose stated registered office was at Harlequin Hotels & Resorts Limited, PO Box 32322, 4th floor, Century Yard, Cricket Square, Elgin Avenue, Grand Cayman KY1–1209, Cayman Islands.
162. Whilst Harlequin Developments appears to be an entity within the overall Harlequin ‘group’, it is a distinct and separate legal entity to HBHL. As such, individuals having contracts with Harlequin Developments were employees of Harlequin Developments and not HBHL.
163. This position was further supported by additional evidence submitted by claimants, including payslips and letters from Harlequin Developments. The Trustee observed several payments made from the RBC bank account held by HBHL to an employee, but upon analysis of management records determined that the limited number of payments made by HBHL to employee claimants were made on behalf of another Harlequin entity and were to be reimbursed to HBHL.

C) Unsecured Creditors - Investors and Duplicated Claims

164. As referenced in earlier in this report, the Trustee had observed multiple instances where there is a duplication of claim in respect of an individual investor contract. This duplication arises due to claims from two or more of HPSVG, FSCS and individual investors themselves.
165. The Trustee cannot admit multiple competing claims in respect of a given investor contract, and therefore was required to perform investigations into the respective claims to resolve the significant level of duplicated claims that existed in respect of individual investor contracts.
166. The basis for the Trustee's adjudication in respect of the duplicated claims is summarized over the following paragraphs.

Contracts with HPSVG

167. The Trustee obtained a copy of a Deed of Assignment between HPSVG and HBHL executed on 19 September 2012, and from company documents obtained found letters form Harlequin management to investors on or around 24 September 2012 stating that there had been an administrative error in drawing up the contract with HPSVG as the counterparty, and that the letter served as amendment of the counterparty to the contract into the name of HBHL.
168. As part of the investigations into the affairs of the Company, the Trustee carefully considered the contracts entered into between investors and HPSVG (the "HPSVG Contracts"), the Deed of Assignment including its Appendix which listed the HPSVG Contracts subject to the agreement, and the letters of 24 September 2012 (or thereabouts) and made the following determination:
- 168.1. By the Deed of Assignment, HPSVG assigned the 'benefit' of the HPSVG Contracts listed in the Appendix to the Deed of Assignment to HBHL, which would primarily be both the right to the deposits already received under the HSPVG Contracts at that date, and the right to any future payments that might subsequently be received under the HSPVG Contracts.
- 168.2. By the Deed of Assignment, HPSVG did not, and could not, assign the 'burden' of the HPSVG Contracts to HBHL, which would primarily have been the obligation that HPSVG owed to investors to complete and deliver the units sold. Accordingly, the Deed of Assignment did not, and could not, transfer or impose any of the duties or obligations owed by HPSVG to investors under the HPSVG Contracts on to HBHL. Nor did, or could, the Deed of Assignment release HPSVG from any of its duties or obligations owed to investors under the HPSVG Contracts.

- 168.3. Instead, by the Deed of Assignment, HBHL provided an indemnity to HPSVG such that, in the event of HBHL not fulfilling the 'seller function' as defined in the HPSVG Contracts, it would be required to indemnify HPSVG against any claims which might result from that failure.
- 168.4. Consequently, any liability of the Estate of HBHL for any non-performance of the 'seller function' is to HPSVG alone and not to the counterparties of the HPSVG Contracts.
- 168.5. A small number of investor claims provided contracts as evidence of claim that were between the claimant and HPSVG but were not listed in the Appendix of the Deed of Assignment. These claims were rejected on the basis that the contract was with a distinct and separate legal entity to HBHL.

Contracts with Harlequin Luxury Hotel Limited

169. A small number of investor claims provided contracts as evidence of claim that were between the claimant and Harlequin Luxury Hotel Limited ("HLHL"), a company registered in Barbados. Whilst this appears to be a related entity within the overall Harlequin 'group', it is a distinct and separate legal entity to HBHL, and as such these claims were not admitted, with claimants advised to direct their claims towards HLHL and not HBHL.

Related Party Claims

HPSVG

170. As detailed earlier in this section, the Trustee determined that any liability of the Estate of HBHL for any non-performance of the 'seller function' under the HPSVG Contracts was to HPSVG alone and not to investors.
171. The Trustee determined the level of liability that HBHL owes to HPSVG is limited to the extent that the 'benefit' of the HPSVG contracts was transferred to HBHL under the Deed of Assignment, which has been determined based on the information obtained as follows:
- 171.1. The purchase price for the former Allamanda hotel, totaling BBD \$9,200,000; and
- 171.2. The aggregate receipts received by the bank account of HBHL from group entities Harlequin Management Services (South East) Limited ("**HMSSE**"), Harlequin Hotels and Resorts (Cayman) Limited ("**HHR Cayman**"), and Harlequin Property S.A, on the basis that the sole

source of funds for HBHL was the investor deposit funds under the HPSVG Contracts and the Deed of Assignment. Such aggregate receipts totaled BBD \$7,447,798.

172. Therefore the Trustee admitted the claim of HPSVG to the extent of BBD \$16,647,798 and disallowed the remaining \$3,272,575 of the claim.

HMSSE and HHR Cayman

173. The Trustee received claims from HMSSE and HHR Cayman of GBP 835,493.38 (BBD\$2,566,148.30) and GBP 943,573.90 (BBD\$ 2,272,211.97) respectively, representing two of the four largest claims against the Estate.
174. Representatives of the liquidators of HHR Cayman asserted that HHR fulfilled the central treasury function for the Harlequin group of companies for a period of time. The Trustee agrees with this assertion and further considers that HMSSE also fulfilled the central treasury function for the Harlequin group as the predecessor to HHR and later in conjunction with HHR.
175. Records from the bank account held by HBHL show funds received from HHR Cayman of approximately BBD\$4.8m between July 2012 and March 2013, from HMSSE of approximately BBD\$2.2m between October 2011 and February 2013,
176. The Trustee considers that these funds were paid by HHR and HMSSE in their effective capacity as a central treasury for the Harlequin group to HBHL on behalf of HPSVG to partially settle the obligations under the Deed of Assignment.
177. HBHL did not receive the full benefit due to it from HPSVG (pursuant to the Deed of Assignment), and HBHL's liability to other group entities in relation to the development of H Hotel (Quin 1 / Quin 2) is limited only to HPSVG under the indemnity contained in the Deed of Assignment.
178. Pursuant to the Deed of Assignment, the Trustee accepted liability of HBHL to HPSVG in respect of HBHL's failure to perform the 'Seller' function as defined in the HPSVG Contracts. Neither HHR Cayman nor HMSSE were aware of the Deed of Assignment at the time their respective claims were lodged.
179. In furtherance of the Trustee's position, the evidence supporting the claims consisted of various trial balance receivable balances and / or journal entries dated between 2011 and 2015 extracted from the internal Harlequin accounting records of each entity that appeared to reference one or more of Allamanda, Quin 1, Quin 2, or H Hotel Barbados.

180. Considering Mr. Ames was found guilty on two counts of Fraud by Abuse of Position on 3 August 2022, for criminality spanning 1 January 2010 to 11 June 2015, the Trustee was unable to place any reliance of financial records alone as supporting evidence of claim against the Estate of HBHL.
181. As a result of these considerations and in the absence of any other supporting evidence that demonstrated a liability of HBHL to either HMSSE or HHR Cayman, the Trustee rejected these claims in full.

11. Outcome for Creditors

182. As the Trustee has now realised all the property of the bankrupt and determined the claims of all creditors to rank against the estate, the Trustee sets out in the table below the outcome for creditors of the HBHL Estate, which in summary provides the following distributions to creditors:

182.1. Secured Creditors to receive 100 cents in the dollar of their claim

182.2. Preferred Creditors to receive 100 cents in the dollar of their claim; and

182.3. Unsecured Creditors to receive approximately 16.02 cents in the dollar of their claim.

IN THE MATTER OF THE BANKRUPTCY OF HARLEQUIN BOUTIQUE HOTEL LIMITED ESTIMATED OUTCOME STATEMENT

Estimated Outcome Statement		\$ BBD
Actual Realisations		
Proceeds from Sale of Property		5,109,064
Property Transfer Tax refund		255,393
Insurance Premium refund		1,027
Total Realisations		5,365,484
Administration Expenses		
Trustee's Professional Fees	(1,328,466)	
Legal Fees	(236,505)	
Statutory Filings	(940)	
Statutory Publications	(5,082)	
Insurance	(3,003)	
Asset Maintenance: Ongoing & Remedial	(118,705)	
Administrative Expenses	(6,141)	
VAT on Actual Administration Expenses	(297,234)	
Estimated Further Administration Expenses		
Trustee's Professional Fees	-	
Legal Fees	(20,000)	
Statutory Filings	-	
Statutory Publications	(1,000)	
Insurance	-	
Asset Maintenance: Ongoing & Remedial	-	
Administrative Expenses	(5,000)	
VAT on Estimated Administration Expenses	(4,550)	
Total Administration Expenses	(2,026,625)	
Total funds available for Distribution		3,338,859
Planned Distribution		\$ BBD
Amount Available for Secured, Preferred and Unsecured Creditors		
Secured Creditors	(221,172)	
Amount Available for Preferred and Unsecured Creditors	3,117,687	
Preferred Creditors	(123,598)	
Amount Available for Unsecured Creditors	2,994,089	
Unsecured Creditors	(18,691,770)	
Surplus / (Shortfall) for Unsecured Creditors	(15,697,681)	
Estimated Dividend to Unsecured Creditors	0.1602	
		<i>cents in the dollar</i>

Dividend Sheet

183. The Trustee intends to issue a first and final dividend to the creditors of HBHL and, subject to the Act, will divide the property of the bankrupt among the creditors who have proved their claims in accordance with the Dividend Sheet set out below, which has been approved by the Inspectors and provided to the Supervisor of Insolvency for comment:

IN THE MATTER OF THE BANKRUPTCY OF HARLEQUIN BOUTIQUE HOTEL LIMITED TRUSTEE'S FIRST AND FINAL DIVIDEND SHEET

	Accepted as Proven Claim	First and Final Dividend	Supervisor's Levy	Net Payment
	BBD\$	BBD\$	BBD\$	BBD\$
Secured Creditors				
Versatile Construction Inc.	221,172.19	221,172.19	(11,058.61)	210,113.58
Total	221,172.19	221,172.19	(11,058.61)	210,113.58
Preferred Creditors	BBD\$	BBD\$	BBD\$	BBD\$
Barbados Revenue Authority*	123,598.24	123,598.24	(6,179.91)	117,418.33
Total	123,598.24	123,598.24	(6,179.91)	117,418.33
Unsecured Creditors	BBD\$	BBD\$	BBD\$	BBD\$
Harlequin Property (SVG) Limited	16,647,798.00	2,666,680.99	(133,334.05)	2,533,346.94
Barbados Revenue Authority	644,131.34	103,178.38	(5,158.92)	98,019.46
NFHolding Inc.	376,329.98	60,281.37	(3,014.07)	57,267.30
Robert Sheldrick and Alison Sheldrick	135,980.25	21,781.62	(1,089.08)	20,692.54
Versatile Construction Inc.	253,060.83	40,535.84	(2,026.79)	38,509.05
Preconco Limited	336,392.86	53,884.15	(2,694.21)	51,189.94
Black Pearl Associates Ltd	203,970.38	32,672.43	(1,633.62)	31,038.80
Allan Simmons, Simmons Electrical	86,075.69	13,787.79	(689.39)	13,098.40
Ready Mix Limited	8,030.58	1,286.36	(64.32)	1,222.04
Total	18,691,769.91	2,994,088.92	(149,704.45)	2,844,384.47
Grand Total	19,036,540.34	3,338,859.35	(166,942.97)	3,171,916.38

*** Note:** The dividend due to the single Preferred Creditor has already been paid by the Trustee upon the sale of the property asset in order to obtain the tax clearance certificate.

12. Next Steps

184. The administration of the Estate matters is now complete. The Trustee in accordance with Section 127 of the Act has prepared a final statement of Receipts and Disbursements, and Dividend Sheet which has been approved by the Inspectors and reflects comments provided by the Supervisor of Insolvency. The Trustee now intends to divide the property of the bankrupt among the creditors who have proved their claims.
185. The Trustee's Final Statement of Receipts and Disbursements and Dividend Sheet, duly approved by the Inspectors, is shown in Appendix A.
186. Upon submission of this report, the Trustee will make an application to this Court in respect of the residual matters outstanding and seek to commence the scheme of distribution as set out within the Dividend Sheet.
187. The Trustee will also make an application to be discharged once the Distributions have been made.

13. Appendix A: Trustees Final Statement of Receipts and Disbursements and Dividend Sheet

BARBADOS

BRI 2017, No. 4
Estate No. SOI 100/10/12

IN THE SUPREME COURT
CIVIL DIVISION

IN THE MATTER OF
THE BANKRUPTCY AND INSOLVENCY ACT, 2001
Cap.303 of the Laws of Barbados

AND IN THE MATTER OF
HARLEQUIN BOUTIQUE HOTEL LIMITED.

TRUSTEE'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

AND

DIVIDEND SHEET

**IN THE MATTER OF THE BANKRUPTCY OF
HARLEQUIN BOUTIQUE HOTEL LIMITED
TRUSTEE'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS**

As at 10 Jul 2024

Receipts and Disbursements			\$ BBD
Asset Recoveries			
Funds Received from Sale of Property			5,109,064
Other receipts			
Refund of Property Transfer Tax			255,393
Refund of Insurance Policy			1,027
Total Receipts			5,365,484
Disbursements			
On Account of Trustee's Professional Fees approved by the Inspectors			(391,338)
On Account of Legal Fees			(134,158)
Statutory Filings			(940)
Statutory Publications			(5,082)
Insurance			(3,003)
Asset Maintenance: Ongoing & Remedial			(50,492)
Administrative Expenses			(5,448)
VAT on Disbursements			(103,268)
Total Disbursements to Date			(693,728)
Accrued and Estimated Disbursements			
Balance of Trustee's Professional Fees approved by the Inspectors			(937,128)
Balance of Legal Fees			(122,347)
Statutory Filings			(1,000)
Statutory Publications			-
Insurance			-
Balance of Asset Maintenance Costs			(68,212)
Administrative Expenses			(5,693)
VAT on Disbursements			(198,516)
Total Accrued and Estimated Disbursements to Date			(1,332,896)
Net Receipts / (Disbursements): Amount Available for Distribution			3,338,859
Distribution to Creditors			
	Dividend	Less Levy	\$ BBD
Secured Creditors: Dividend	221,172	(11,059)	210,114
Preferred Creditors: Dividend *	123,598	(6,180)	117,418
Unsecured Creditors: Dividend	2,994,089	(149,704)	2,844,384
Total Dividends	3,338,859	(166,943)	3,171,916
Net Cash Available after Dividends			-

Note: Figures in the table above are rounded for presentation. The Final Dividend sheet shows exact amounts.

*The dividend due to the single Preferred Creditor has already been by the Trustee upon the sale of the property asset in order to obtain the tax clearance certificate.

**IN THE MATTER OF THE BANKRUPTCY OF
HARLEQUIN BOUTIQUE HOTEL LIMITED
TRUSTEE'S FIRST AND FINAL DIVIDEND SHEET**

	Accepted as Proven Claim	First and Final Dividend	Supervisor's Levy	Net Payment
	BBD\$	BBD\$	BBD\$	BBD\$
Secured Creditors				
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Barbados Revenue Authority*	123,598.24	123,598.24	(6,179.91)	117,418.33
Total	123,598.24	123,598.24	(6,179.91)	117,418.33
Unsecured Creditors	BBD\$	BBD\$	BBD\$	BBD\$
Harlequin Property (SVG) Limited	16,647,798.00	2,666,680.99	(133,334.05)	2,533,346.94
Barbados Revenue Authority	644,131.34	103,178.38	(5,158.92)	98,019.46
NF Holding Inc.	376,329.98	60,281.37	(3,014.07)	57,267.30
Robert Sheldrick and Alison Sheldrick	135,980.25	21,781.62	(1,089.08)	20,692.54
Versatile Construction Inc.	253,060.83	40,535.84	(2,026.79)	38,509.05
Preconco Limited	336,392.86	53,884.15	(2,694.21)	51,189.94
Black Pearl Associates Ltd	203,970.38	32,672.43	(1,633.62)	31,038.80
Allan Simmons, Simmons Electrical	86,075.69	13,787.79	(689.39)	13,098.40
Ready Mix Limited	8,030.58	1,286.36	(64.32)	1,222.04
Total	18,691,769.91	2,994,088.92	(149,704.45)	2,844,384.47
Grand Total	19,036,540.34	3,338,859.35	(166,942.97)	3,171,916.38

* **Note:** The dividend due to the single Preferred Creditor has already been by the Trustee upon the sale of the property asset in order to obtain the tax clearance certificate.

10 July 2024

Grenville Phillips



Date

Trustee Name

Signed

Approved by the following Inspectors:

July 12, 2024

David Collins



Date

Inspector Name

Signed

David Hollely

Date

Inspector Name

Signed

**IN THE MATTER OF THE BANKRUPTCY OF
HARLEQUIN BOUTIQUE HOTEL LIMITED
TRUSTEE'S FIRST AND FINAL DIVIDEND SHEET**

	Accepted as Proven Claim	First and Final Dividend	Supervisor's Levy	Net Payment
	BBD\$	BBD\$	BBD\$	BBD\$
Secured Creditors				
Versatile Construction Inc.	221,172.19	221,172.19	(11,058.61)	210,113.58
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Barbados Revenue Authority	644,131.34	103,178.38	(5,158.92)	98,019.46
NH Holding Inc.	376,329.98	60,281.37	(3,014.07)	57,267.30
Robert Sheldrick and Alison Sheldrick	135,980.25	21,781.62	(1,089.08)	20,692.54
Versatile Construction Inc.	253,060.83	40,535.84	(2,026.79)	38,509.05
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Total	18,891,769.91	2,994,088.92	(149,764.45)	2,844,384.47
Grand Total	19,036,540.34	3,338,859.35	(166,942.97)	3,171,916.38

* Note: The dividend due to the single Preferred Creditor has already been by the Trustee upon the sale of the property asset in order to obtain the tax clearance certificate.

10 July 2024

Grenville Phillips

Date

Trustee Name

Signed

Approved by the following Inspectors:

David Collins

Date

Inspector Name

Signed

16 July 2024

David Hollely

Date

Inspector Name

Signed

DRAWN AND OR PREPARED BY:



Attorney-at-Law of
Lex Caribbean
Worthing Corporate Centre
Worthing, Christ Church
Barbados

BARBADOS

THIS DEED OF AGREEMENT is made this **7th** day of **August** 2020
BETWEEN:

- (1) **CRAIG WATERMAN AND LISA TAYLOR** in their capacities as the **JOINT TRUSTEES OF THE ESTATE OF HARLEQUIN PROPERTY (SVG) LIMITED, A BANKRUPT**, of KPMG Advisory Services Limited, Hastings, Christ Church, Barbados (the **"HPSVG Trustees"**) of the ONE PART; and
- (2) **GRENVILLE PHILLIPS** in his capacity as the **TRUSTEE OF THE ESTATE OF HARLEQUIN BOUTIQUE HOTEL LIMITED, A BANKRUPT**, care of PricewaterhouseCoopers EC Inc, The Financial Services Centre, Bishop's Court Hill, St. Michael, BB14004, Barbados (the **"HBHL Trustee"**), which expression shall include his predecessor, successors and assigns) (together with the HPSVG Trustees, the **"Parties"**) of the OTHER PART

WHEREAS:

- (A) The HPSVG Trustees are unsecured creditors of the estate of Harlequin Boutique Hotel Limited, a bankrupt, (**"HBHL"**), having made an unsecured claim to the estate of HBHL in the sum of GBP£7,371,500.00 (equivalent to BBD \$19,920,373 using the exchange rate of 2.70235 as at the date of Bankruptcy) by delivering to the HBHL Trustee a proof of claim in the prescribed form, in accordance with section 101 of the Bankruptcy and Insolvency Act, Cap. 303 of the Laws of Barbados (the **"Act"**) (the **"Unsecured Claim"**);
- (B) The HPSVG Trustees also claim to have a proprietary interest in the property formerly known as the **"H Hotel"** situate in Hastings, Christ Church in Barbados (the **"Property"**), which was in the possession of HBHL at the time of its bankruptcy and now vests in the HBHL Trustee by operation of law. In

furtherance of this claim, the HPSVG Trustees filed a proof of claim to property pursuant to section 57(1) of the Act with the HBHL Trustee seeking the return of the Property (the “**Property Claim**”, together with the Unsecured Claim, the “**Claims**”), which was disputed;

- (C) On May 15, 2019, the HPSVG Trustees instituted proceedings in the High Court of Barbados against the HBHL Trustee by filing an appeal in Claim No. BRI0004/2017 pursuant to section 57(2) of the BIA appealing the dispute of the Property Claim and asserting their beneficial ownership of the Property (the “**Section 57 Appeal**”);
- (D) The HBHL Trustee has reviewed the Unsecured Claim and evidence provided in support thereof and has indicated its intention to admit the Unsecured Claim of the HPSVG Trustees in part;
- (E) The HPSVG Trustees believe that a guaranteed and timely injection of funds into the estate of Harlequin Property (SVG) Limited, a bankrupt, (“**HPSVG**”) would be more beneficial to its creditors than any potential benefit to be derived from the Section 57 Appeal, when the time, costs and uncertainty of same is considered;
- (F) The HPSVG Trustees and the HBHL Trustee, therefore, believe it to be in the best interests of the creditors of both estates to reach this agreement;
- (G) By subsection 199(h) of the Act, a trustee may, with permission of the inspectors of the bankrupt estate, compromise and settle any debts owing to the bankrupt;
- (H) By subsection 199(i) of the Act, a trustee may, with permission of the inspectors of the bankrupt estate, compromise any claim made by or against the estate;
- (I) The HPSVG Trustees have received the permission of the inspectors of the estate of HPSVG to compromise and settle the debt owed to HPSVG by HBHL and to compromise the Claims made by the estate to the estate of HBHL;
- (J) The HBHL Trustee has received the permission of the inspectors of the estate of HBHL to compromise the Claims made against it by HPSVG;
- (K) In light of same, the HPSVG Trustees have agreed to discontinue the Section 57 Appeal and the Parties have agreed to a settlement of the Claims on the terms set out below;
- (L) Subject to Sections 206 and 207 of the Act, the HPSVG Trustees and the HBHL Trustee have agreed that this Deed is in full and final settlement of any claims that HPSVG or HBHL may have against either estate;
- (M) The Parties have sought and received independent legal advice in respect of the terms of this Deed;

- (N) The Parties have agreed to enter into this Deed in consideration of the mutual covenants and other valuable consideration set out below.

NOW THIS DEED WITNESSETH that in consideration of the mutual covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

Time is of the Essence

1. Time shall be of the essence of this agreement as regards any time, date or period mentioned in this agreement or subsequently substituted as a time, date or period by agreement in writing between the parties. The parties agree that "days" shall mean business days and shall not include Saturdays, Sundays or national holidays. In the event that any date on which performance is to occur falls on a Saturday, Sunday or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

The Unsecured Claim

2. The HBHL Trustee shall admit the Unsecured Claim in the amount of BBD\$ GBP£6,160,489 (BBD\$16,647,798) (the "**Proven Claim**").
3. To give effect to clause 2, within ten (10) days of the date of execution of this Deed, the HBHL Trustee shall deliver to the HPSVG Trustees a notice in the prescribed form disallowing the Unsecured Claim in part, pursuant to section 112(4) of the Act, so that GBP£1,211,011 (BBD\$3,272,575) is disallowed and the remainder, the Proven Claim, admitted (the "**Notice of Disallowance**").
4. The HPSVG Trustees shall not appeal the HBHL Trustee's decision in the Notice of Disallowance to the Court and agree that the determination contained in the Notice of Disallowance shall be final and conclusive.

Fees of the HBHL Trustee

The Fee Cap

5. To maintain the value of the assets available for distribution and, thereby, avoid depletion of the value of the dividend to be paid to the HPSVG Trustees and other proven creditors, the HBHL Trustee agrees that, subject to clause 6 below, his remuneration for the period of January 1, 2020 to the date of his discharge (the "**Fee Period**") will be capped at and shall not exceed BBD\$220,000.00 (exclusive of V.A.T.) (the "**Fee Cap**").

6. In the event that the actual fees accrued by the HBHL Trustee during the Fee Period (as calculated using the relevant charge-out rates per hour actually worked on the administration of the estate of HBHL) exceed the Fee Cap, the Fee Cap may be increased, subject to clause 7 below, only if:
 - 6.1. during the Fee Period:
 - 6.1.1. the HBHL Trustee participates in litigation (which includes, but is not limited to, defending any BIA s.206 applications to the Court by any of the creditors of the estate); or
 - 6.1.2. the Property is required to be re-introduced to the market; or
 - 6.1.3. a matter arises in the administration of the estate that is so complex or extraordinary and is likely to demand such increased inputs by the HBHL Trustee that the inspectors of the estate of HBHL or, in the event that the said inspectors refuse to so declare, the Court deem it to warrant an increase in the Fee Cap; and
 - 6.2. prior to commencing any work in relation to one of the instances set out in clause 6.1 (a **"Fee Increasing Matter"**) or as soon thereafter as possible and on disclosing to the inspectors of the estate of HBHL that commencing work on a Fee Increasing Matter will result in an increase in the Fee Cap in accordance with this clause, the HBHL Trustee received the permission of the inspectors of the estate of HBHL or, in the event that the said inspectors refuse to grant the said permission, the Court to commence work on and proceed with the Fee Increasing Matter.
7. In the event that clause 6 has been satisfied and the Fee Cap may be increased, the Fee Cap may be increased by no more than the reasonable fees accrued as a direct result of the Fee Increasing Matter, for which the HBHL Trustee shall account by producing to the inspectors of the estate of HBHL a detailed breakdown of the time incurred working on the Fee Increasing Matter.
8. For the avoidance of doubt, should the HBHL Trustee apply to the Court in respect of clauses 6.1.3. or 6.2. above, the HBHL Trustee shall serve the HPSVG Trustees with copies of any and all documents in relation to same and provide the HPSVG Trustees with notice of any related hearing(s).

Discounted Fees

9. The fees charged by the HBHL Trustee (exclusive of V.A.T.) for the periods of September 16, 2018 to March 31, 2019 and April 1, 2019 to December 31, 2019 shall be BBD\$197,905.00 and BBD\$228,005.00, respectively.

Limitations on Disbursements Prior to Payment of Dividend

10. No monies shall be paid out of the assets of the estate of HBHL until a dividend is declared and distributed to unsecured creditors, including the HPSVG Trustee, save and except for:
 - 10.1. to facilitate the payment of all expenses incurred by the HBHL Trustee up to the date of this Deed in his administration of the estate of HBHL, subject to the said expenses being approved by the inspectors of the estate of HBHL; and
 - 10.2. an on-account payment of BBD\$221,125.00 to the HBHL Trustee towards his fees incurred in the administration of the estate of HBHL, representing 50% of the fees of the HBHL Trustee approved by the inspectors of the estate of HBHL for the period from commencement of the Bankruptcy up to 15 September 2018.

Discontinuance of the Section 57 Appeal

11. Within ten (10) days of their receipt of the Notice of Disallowance that is prepared and delivered in accordance clause 3 above, the HPSVG Trustees shall discontinue the Section 57 Appeal by filing and serving a Notice of Discontinuance in BRI0004/2017. The HBHL Trustee agrees that he will not claim any costs in respect of the discontinuance or the proceedings.

Costs

12. Each of the Parties shall bear their own costs in respect of the Claims, the Section 57 Appeal and this Deed.

Authority to Agree

13. The Parties to this Deed expressly represent and warrant that the execution and performance of, and compliance with, their respective obligations under this Deed is fully authorised by each of them and that the persons executing the Deed have the necessary and appropriate authority to do so.

No Admission

14. This Deed is entered into in connection with the compromise of disputed matters. It is not and shall not be represented or construed by any of the Parties as an admission of liability or wrongdoing on the part of the other Party to this Deed or any other person or entity.

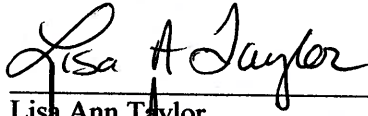
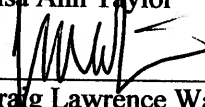
General

15. This Deed may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.
16. This Deed may be varied or modified only by the written agreement of the Parties.

17. This Deed shall be governed by the laws of Barbados and all disputes in connection herewith shall be subject to the exclusive jurisdiction of the High Court of Barbados.

IN WITNESS whereof the said parties hereto have hereunto set their hands the day and year first hereinbefore written.

Executed as a deed by LISA ANN TAYLOR and
CRAIG LAWRENCE WATERMAN as THE
JOINT TRUSTEES OF THE ESTATE OF
HARLEQUIN PROPERTY (SVG) LIMITED,
A BANKRUPT (without any personal liability)
in the presence of:


) 
) Lisa Ann Taylor
) 
) Craig Lawrence Waterman
)

Witness:

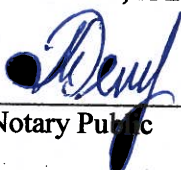
Name:

Abode:

Calling or description:



Taylor R. Laurayne
Lot 1. Locust Hall Terrace
St. George
Attorney-at-Law

Executed as a deed by GRENVILLE PHILLIPS as)
THE TRUSTEE without personal liability OF THE)
ESTATE OF HARLEQUIN BOUTIQUE HOTEL)
LIMITED, A BANKRUPT in the presence of)


Natalia Denchik
NCA/LL.B, LL.M
Barrister & Solicitor
Notary Public



Notarial Certificate

I 
the Province of Ontario
of July 2020, personally came and appeared before me a male
person who identified himself as Grenville Phillips, one of the executing parties to the within
written Deed of Agreement who did in my presence duly sign as such and deliver the same as
and for his free and voluntary act and deed.

Notary Public in and for

do hereby declare that on the 7th day

IN TESTIMONY whereof I have hereunto set and subscribed my name and affixed my Seal
of Office this 7th day of July 2020.


Notary Public

DATED 7th day of August, 2020

**LISA ANN TAYLOR and CRAIG LAWRENCE WATERMAN as
THE JOINT TRUSTEES OF THE ESTATE OF
HARLEQUIN PROPERTY (SVG) LIMITED, A BANKRUPT**

-and-

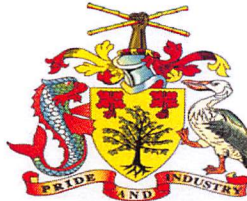
**GRENVILLE PHILLIPS as
THE TRUSTEE OF THE ESTATE OF
HARLEQUIN BOUTIQUE HOTEL LIMITED, A BANKRUPT**

DEED OF AGREEMENT

**LEX CARIBBEAN
ATTORNEYS-AT-LAW**



Filed by **LEX** Caribbean
Attorneys-at-Law
Worthing Corporate Center
Worthing, Christ Church
Telephone: 246 539-3773
Fax: 246 435-3776
Email address: taylor.laurayne@bb.lexcaribbean.com
Attorneys-at-Law for and on behalf of the Claimant



SUPREME COURT OF BARBADOS

IN THE HIGH COURT OF JUSTICE

CLAIM NO.

BRI 0004/2017

IN THE MATTER of the Bankruptcy and
Insolvency Act Cap 303 of the Laws of Barbados
(the "BIA")

AND IN THE MATTER of the Bankruptcy of
HARLEQUIN BOUTIQUE HOTEL LIMITED

AND IN THE MATTER of Section 57 of the BIA

NOTICE OF DISCONTINUANCE

TAKE NOTICE that the Appellants, **CRAIG WATERMAN** and **LISA TAYLOR**, acting in their capacities as the joint trustees of the estate of Harlequin Property (SVG) Limited, a bankrupt, hereby wholly discontinue their claim commenced by way of Notice of Appeal filed pursuant to section 57(2) of the Bankruptcy and Insolvency Act, Cap. 303 of the Laws of Barbados on May 15, 2018 against **THE TRUSTEE OF THE ESTATE OF HARLEQUIN BOUTIQUE HOTEL LIMITED, A BANKRUPT**.

Dated this 7th day of September 2020

LEX CARIBBEAN

Per: Taylor Laurayne

Attorneys-at-Law for the Appellants

To: The Registrar of the Supreme Court
Law Court
Whitepark Road
ST. MICHAEL

And To: Mr. Christopher Hamel-Smith, S.C.
No. 34 South Ridge
CHRIST CHURCH
Attorneys-at-law for the Respondent

And To: Mr. Barry Gale, Q.C.
"Chelsea House"
Chelsea Road
ST. MICHAEL
Attorney-at-law for the Petitioner

BARBADOS

SUPREME COURT OF BARBADOS

IN THE HIGH COURT OF JUSTICE

CLAIM NO.

BRI 0004/2017

IN THE MATTER of the Bankruptcy and
Insolvency Act Cap 303 of the Laws of Barbados
(the “BIA”)

AND IN THE MATTER of the Bankruptcy of
HARLEQUIN BOUTIQUE HOTEL LIMITED

AND IN THE MATTER of Section 57 of the BIA

NOTICE OF DISCONTINUANCE

Presented for filing by **LEX** Caribbean
Attorneys-at-Law for the Claimant

DRAWN AND OR PREPARED BY:

.....
Attorney-at-Law of
Lex Caribbean
Worthing Corporate Centre
Worthing, Christ Church
Barbados

BARBADOS

THIS DEED OF AGREEMENT is made this day of 2024

BETWEEN:

- (1) **BRIAN GLASGOW** in his capacity as the **TRUSTEE IN BANKRUPTCY OF THE ESTATE OF HARLEQUIN PROPERTY (SVG) LIMITED** ("the **HPSVG Trustee**") of Marigold Land, Cane Garden, PO Box 1822, Kingstown, St Vincent, and the Grenadines, of the **ONE PART**; and
- (2) **GRENVILLE PHILLIPS** in his capacity as the **TRUSTEE OF THE ESTATE OF HARLEQUIN BOUTIQUE HOTEL LIMITED, A BANKRUPT**, care of PricewaterhouseCoopers EC Inc, The Financial Services Centre, Bishop's Court Hill, St. Michael, BB14004, Barbados (the "**HBHL Trustee**", which expression shall include his predecessor, successors, and assigns) (together with the HPSVG Trustee, the "**Parties**") of the **OTHER PART**

WHEREAS:

- (A) Craig Waterman And Lisa Taylor in their capacities as the Joint Trustees of the Estate of Harlequin Property (SVG) Limited, (limited to the property thereof situated in Barbados), a Bankrupt (the "**HPSVG (Barbados) Trustees**"), unsecured creditors of the estate of Harlequin Boutique Hotel Limited, a bankrupt, ("**HBHL**") made an unsecured claim to the estate of HBHL in the sum of GBP£7,371,500.00 (equivalent to BBD \$19,920,373 using the exchange rate of 2.70235 as at the date of Bankruptcy) by delivering to the HBHL Trustee a proof of claim in the prescribed form, in accordance with section 101 of the Bankruptcy and Insolvency Act, Cap. 303 of the Laws of Barbados (the "**Act**") (the "**Unsecured Claim**");
- (B) The HPSVG (Barbados) Trustees also claimed to have a proprietary interest in the property formerly known as the "H Hotel" situate in Hastings, Christ Church

in Barbados (the "**Property**"), which was in the possession of HBHL at the time of its bankruptcy and now vests in the HBHL Trustee by operation of law. In furtherance of this claim, the HPSVG (Barbados) Trustees filed a proof of claim to property pursuant to section 57(1) of the Act with the HBHL Trustee seeking the return of the Property (the "**Property Claim**", together with the Unsecured Claim, the "**Claims**"), which was disputed;

- (C) On May 15, 2019, the HPSVG (Barbados) Trustees instituted proceedings in the High Court of Barbados against the HBHL Trustee by filing an appeal in Claim No. BRI0004/2017 pursuant to section 57(2) of the BIA appealing the dispute of the Property Claim and asserting their beneficial ownership of the Property (the "**Section 57 Appeal**");
- (D) Thereafter, the HPSVG (Barbados) Trustees and the HBHL Trustee agreed to a settlement of the Claims and discontinued the Section 57 Appeal;
- (E) On 7th August 2020 the HPSVG (Barbados) Trustees entered into a Deed of Agreement with the HBHL Trustee (the "**Original Deed of Agreement**");
- (F) On 7th September 2020 the HPSVG (Barbados) Trustees filed a Notice of Discontinuance in the Section 57 Appeal;
- (G) The Original Deed of Agreement stipulated, *inter alia*, a cap on the fees to be received by the HBHL Trustee;
- (H) On 31 January 2024, the HPSVG (Barbados) Trustees assigned all legal interests that they had in the Original Deed of Agreement, the Claims or in the HBHL Estate to the HPSVG Trustee and the HPSVG Trustee became fully entitled to, among other things, the benefit of any dividend payable to HPSVG (Barbados) Trustees in respect of so much of the Unsecured Claim as is admitted by the HBHL Trustee.
- (I) By way of this Deed, the HBHL Trustee and the HPSVG Trustee agree to, *inter alia*, an increase to the cap on the fees to be received by the HBHL Trustee;
- (J) The Parties have sought and received independent legal advice in respect of the terms of this Deed;
- (K) The Parties have agreed to enter into this Deed in consideration of the mutual covenants and other valuable consideration set out below.

NOW THIS DEED WITNESSETH that, in addition to obligations in the Original Deed of Agreement, in consideration of the mutual covenants contained herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

Time is of the Essence

1. Time shall be of the essence of this agreement as regards any time, date or period mentioned in this agreement or subsequently substituted as a time, date or period by agreement in writing between the parties. The parties agree that "days" shall mean business days and shall not include Saturdays, Sundays or national holidays. In the event that any date on which performance is to occur falls on a Saturday, Sunday or national holiday, then the time for such performance shall be extended until the next business day thereafter occurring.

Fees of the HBHL Trustee

The Fee Cap

2. To maintain the value of the assets available for distribution and, thereby, avoid depletion of the value of the dividend to be paid to the HPSVG Trustee and other proven creditors, the HBHL Trustee agrees that, subject to clause 3 below, his remuneration for the period of January 1, 2020 to the date of his discharge (the "**Fee Period**") will be capped at and shall not exceed BBD \$421,997.00 (exclusive of V.A.T.) (the "**Fee Cap**"). To the extent that the actual fees charged by the HBHL Trustee for the Fee Period exceeds the Fee Cap, then, in addition to payment of the sum equivalent to the Fee Cap out of HBHL, the HBHL Trustee shall be entitled to retain up to 15% of the funds recovered by him from the Barbados Revenue Authority in respect of the property transfer tax refund due and owing to HBHL (the "**PTT Portion**") and to apply the same towards any fees actually incurred and charged in excess of the Fee Cap in full and final satisfaction of his remuneration for the Fee Period.
3. In the event that the actual fees accrued by the HBHL Trustee during the Fee Period (as calculated using the relevant charge-out rates per hour actually worked on the administration of the estate of HBHL) exceed the Fee Cap and the PTT Portion, the Fee Cap may not be increased unless:
 - 3.1. a new matter or issue arises in the administration of the HBHL estate that is so complex or extraordinary and is likely to demand such increased inputs by the HBHL Trustee that the inspectors of the estate of HBHL deem it to warrant an increase in the Fee Cap; and
 - 3.2. it is commercially beneficial to the estate of HBHL to increase the Fee Cap; and
 - 3.3. prior to commencing any work in relation to one of the instances set out in sub-clause 3.1 (a "**Fee Increasing Matter**") and on disclosing to the inspectors of the estate of HBHL that commencing work on a Fee Increasing Matter will result in an increase in the Fee Cap in accordance with this clause, the HBHL Trustee received the permission of the inspectors of the estate of HBHL.
4. In the event that clause 3 has been satisfied and the Fee Cap may be increased, the Fee Cap may be increased by a sum that is stipulated and prescribed by resolution passed

by the inspectors of the estate of HBHL, which sum shall be no more than the reasonable fees accrued as a direct result of the Fee Increasing Matter, for which the HBHL Trustee shall account by producing to the inspectors of the estate of HBHL a detailed breakdown of the time incurred working on the Fee Increasing Matter.

Discounted Fees

5. The fees charged by the HBHL Trustee (exclusive of V.A.T.) for the periods of September 16, 2018 to March 31, 2019 and April 1, 2019 to December 31, 2019 shall be BBD\$197,905.00 and BBD\$228,005.00, respectively.

Limitations on Disbursements Prior to Payment of Dividend

6. No monies shall be paid out of the assets of the estate of HBHL until a dividend is declared and distributed to unsecured creditors, including the HPSVG Trustee, save and except for:
 - 6.1. to facilitate the payment of all expenses incurred by the HBHL Trustee in his administration of the estate of HBHL, subject to the said expenses being approved by the inspectors of the estate of HBHL;
 - 6.2. an on-account payment of BBD\$221,125.00 to the HBHL Trustee towards his fees incurred in the administration of the estate of HBHL, representing 50% of the fees of the HBHL Trustee approved by the inspectors of the estate of HBHL for the period from commencement of the Bankruptcy up to 15 September 2018; and
 - 6.3. a further on-account payment of BBD \$200,000.00 (VAT Inclusive) to the HBHL Trustee in respect of fees charged for the period September 2018 to December 2019.

Costs

7. Each of the Parties shall bear their own costs in respect of this Deed.

Authority to Agree

8. The Parties to this Deed expressly represent and warrant that the execution and performance of, and compliance with, their respective obligations under this Deed is fully authorised by each of them and that the persons executing the Deed have the necessary and appropriate authority to do so.

No Admission

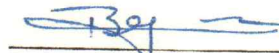
9. This Deed is not and shall not be represented or construed by any of the Parties as an admission of liability or wrongdoing on the part of the other Party to this Deed or any other person or entity.

General

10. This Deed may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.
11. This Deed may be varied or modified only by the written agreement of the Parties.
12. This Deed shall be governed by the laws of Barbados and all disputes in connection herewith shall be subject to the exclusive jurisdiction of the High Court of Barbados.

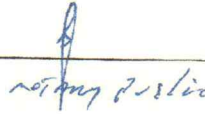
IN WITNESS whereof the said parties hereto have hereunto set their hands the day and year first hereinbefore written.

Executed as a deed by **BRIAN GLASGOW** as THE)
THE TRUSTEE without personal liability OF)
HARLEQUIN PROPERTY (SVG) LIMITED,)
A BANKRUPT)
in the presence of:)

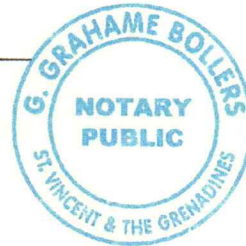


Brian Glasgow

Witness:
Name:
Abode:
Calling or description:



Notary Public



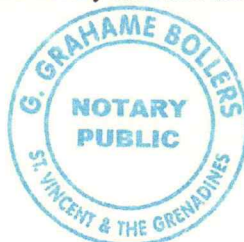
NOTARIAL CERTIFICATE

I, _____ of _____
Notary Public in and for _____


DO HERBY CERTIFY that on the day written above Brian Glasgow known to me by due execution to be the executing party to the above written DEED, personally came and appeared before me and in my presence did duly sign the same and for his free and voluntary act and deed.

IN TESTIMONY whereof I have hereunto set my hand and affixed my seal of office this
17th day of May 2024





Executed as a deed by **GRENVILLE PHILLIPS** as)
THE TRUSTEE without personal liability **OF THE**)
ESTATE OF HARLEQUIN BOUTIQUE HOTEL)
LIMITED, A BANKRUPT in the presence of)




Grenville Phillips

Witness:

Name:

Abode:

Calling or description:



PAUL A. HAMEL-SMITH
#64 PRIOR PARK GARDENS
PRIOR PARK, ST. JAMES
ATTORNEY-AT-LAW

DATED the day of 2024

GREVILLE PHILLIPS as
THE TRUSTEE OF THE ESTATE OF
HARLEQUIN BOUTIQUE HOTEL LIMITED, A BANKRUPT

-and-

BRIAN GLASGOW as
THE TRUSTEE OF THE ESTATE OF
HARLEQUIN PROPERTY (SVG) LIMITED, A BANKRUPT

DEED OF AGREEMENT

LEX CARIBBEAN
ATTORNEYS-AT-LAW

BARBADOS

**SUPREME COURT OF BARBADOS
IN THE HIGH COURT OF JUSTICE**

CLAIM NO.

BRI 2017, No. 4

BETWEEN:

**IN THE MATTER OF the Bankruptcy and
Insolvency Act, Cap 303 of the Laws of
Barbados**

**AND IN THE MATTER OF the Bankruptcy of
HARLEQUIN BOUTIQUE HOTEL LIMITED**

AFFIDAVIT

Filed by:

HAMEL-SMITH CARIBBEAN