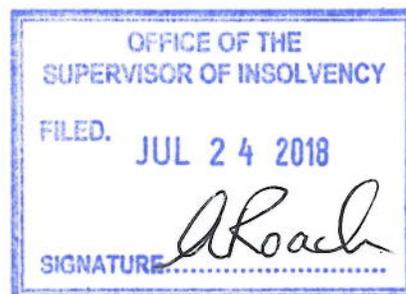


Minutes of the First Meeting of the Creditors in the matter of the Bankruptcy of Harlequin Boutique Hotel Limited held at 5th Floor Baobab Tower, Warrens, St. Michael, Barbados on Tuesday, the 12th day of June, 2018 at 10:00 a.m.

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



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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.

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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.

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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.

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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.

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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.

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6. Adjournment

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

Chairperson