

**EUROLIFE ASSURANCE (INTERNATIONAL) LIMITED ('EAI')**  
**(In Liquidation by the Court)**

**REPORT TO THE CREDITORS**

**16 December 2020**

As previously, advised, a Winding Up Order was made against the above company in the Supreme Court of Gibraltar on 14 November 2007 and I was appointed to act as Liquidator.

The purpose of this report is to update you regarding the progress of the liquidation and the remaining outstanding issues prior to a further distribution and completion of the liquidation.

**Receipts and Payments Account**

Attached to this report is a copy of my Receipts and Payments Account for the period from 14 November 2007 to 30 November 2020. I have provided details of these matters in my previous reports, but for ease of understanding, I have also included them in this my latest report. The Receipts and Payments account has been prepared in £ GBP. Transactions and balances in \$ US or € EURO have been converted to £ GBP at the date prevailing at either the date of the transaction, the exchange rate at 30 November 2020 or at an appropriate average rate.

**RECEIPTS**

**Balance from Provisional Liquidator (as at 14 November 2007)**

As at the date of my appointment as Liquidator of the company on 14 November 2007, the balance in the Provisional Liquidation bank account stood at £3,192,533.48. Following my appointment, these funds were transferred to the liquidation bank account at the Gibraltar Savings Bank, which is under my sole control.

**Balance at Jyske Bank, Gibraltar**

A balance of £7,334.04 that was held for the benefit of EAI at Jyske Bank, Gibraltar was transferred to the liquidation account at the Gibraltar Savings Bank subsequent to the sale of the Sotogrande property.

**Barclays Bank US \$ Account**

Prior to the appointment of the Joint Provisional Liquidators, EAI held a US Dollar account at Barclays Bank, Gibraltar. Specific sanction of the Supreme Court in Gibraltar was obtained to enable the Joint Provisional Liquidators to take control and retain this US Dollar account at Barclays Bank.

As Liquidator, I retained this account under my control and as at the date of appointment, it held a balance equivalent to £471,612. This account was closed, and all funds converted to sterling and transferred to the liquidation account at the Gibraltar Savings Bank.

**Sale of Trinidad & Tobago 12.25% Government Issued Loan Stocks**

As at the date of the Provisional Liquidation, the company held Trinidad & Tobago 12.25% Government Issued Loan Stocks with an estimated value of £579,626. These were sold for £529,962.58. Advice provided by Charles Stanley at the time indicated that this offer represented the only realistic alternative to holding the stocks to redemption.

## **Sale of Stocks held by Arc Capital & Income PLC**

As at the date of the Provisional Liquidation the following stocks, with a value at that date of £438,637, were held by Nvesta PLC, a company within the Eurolife group, on behalf of EAI: -

ASIF AAA

Bayerland AAA

Bear Stearns - Momentum Tracker

Morgan Stanley ELN1 - Quad Tracker

Morgan Stanley ELN2 - Super 30

Post appointment these stocks were sold and a total of £501,309.94 was received from their sale.

## **Cash at Bank / Dividend on Trinidad & Tobago Bonds**

EAI received dividend payments totalling £30,957.60 from its holding of Trinidad & Tobago loan stocks. As at 5 June 2008, there was a balance on the account of £30,542.40 net of bank charges, which was transferred to the liquidation account at the Gibraltar Savings Bank.

## **Sale of Shares in OIL Well MFC Production Corp**

A purchaser was found for EAI's shares in MFC Production Corp whose underlying asset consisted of rights to an oil well in the USA. The net proceeds of the sale amounted to £535,899. An independent expert valuation was carried out, previously, to ascertain the market value of the shares.

## **BONY B, P, R Pieces, & I**

Interest received during the liquidation period attached to these financial instruments amounts to £612,498. Interest of approx. £39,938 was received during the period 1 December 2019 to 30 November 2020. These assets are referred to in more detail below, in setting out the issues affecting a potential disposal.

## **Colorado Land Parcel B**

A deposit of US\$ 180,000 before expenses and tax was received by my agents in the US in respect of a land contract sale of the above parcel of land. In addition, the US agents have received interest payments of \$3,000 per month in respect of the balance of funds due under this contract. The net amount received by the liquidator to date is £100,665.

## **Bank Interest Received**

Interest received over the Liquidation period to 30 November 2020 on interest bearing bank accounts amounted to £306,218.

## **The Wootton Petition and Sotogrande Property**

As detailed in my earlier reports, shortly before the hearing of the Wootton Petition, a Settlement Agreement was reached with the executors of the estate of the late David Wootton and Lynne Green.

Prior to presentation of the Petition, the Joint Provisional Liquidators had identified one particular asset in which the late David Wootton appeared to have been interested jointly with Ms Green before his death, namely the property in Sotogrande, Spain. This property was not an asset of the company and as such was not included in the company's accounts.

Under the terms of the Settlement Agreement, the property was to be sold, with the Liquidator having sole conduct of the sale. The sale proceeds, net of the various Petition costs, were to be divided between Eurolife Assurance Group Limited ("EAG") an English company the Liquidator of which purported to have a claim against the estate of the late David Wootton, EAI and Lynne Green. It had been agreed that 75% of the net sale proceeds would be divided between EAI and EAG by reference to the size of their respective claims against the estate of David Wootton. The remaining 25% of the net sale proceeds was to be paid to Lynne Green.

The Sotogrande property was sold in September 2009 for a price of €1,275,000 with net proceeds of £880,934.07 arising from the sale. In accordance with the terms of the Settlement Agreement, all costs and expenses in relation to the sale were reimbursed from these funds.

In order to determine the correct allocation of the sale proceeds between EAI and EAG a Protocol was put into place, in accordance with which EAG was given a period of just over three months within which to produce evidence to support its alleged claims against the estate of David Wootton and or Lynne Green.

EAG failed to comply with the terms of the Protocol and was unable to provide evidence of claims, which would entitle it to more than a minor share of the net sale proceeds. The Liquidator of EAG refused to formally relinquish his claim to a share of these funds. On 21<sup>st</sup> April 2010, an Order was obtained from the Supreme Court of Gibraltar permitting a second interim dividend to be paid to the Long-Term Policyholders of EAI and in determining the amount of this second dividend permitted the inclusion of the 75% of the net proceeds of the sale of the Sotogrande property.

In addition to the Sotogrande property, two shares in the Sotogrande golf club formerly held by David Wootton and Lynne Green were transferred to the Liquidator. These were sold and the sale proceeds net of costs and the 25% portion due to Lynne Green amounted to £20,731.75. These proceeds were received on 9 July 2015. The remainder of receipts are self-explanatory.

## **PAYMENTS**

### **Special Manager's Fees**

During the period of Provisional Liquidation, as a result of detailed investigations into the company's trading history and the conduct of the company's Directors and after taking specific legal advice, a petition was presented jointly with Eurolife Assurance Group Limited ("EAG"), an English company, for the insolvent administration of David Wootton's estate ("the Wootton Petition"). David Wootton was formerly a Director of both EAG and EAI.

At the time the Petition was presented, an application was made to have the English Official Receiver appointed as interim receiver of the estate, and to have a Special Manager appointed. James Earp of Grant Thornton in London was appointed to act as Special Manager.

A Settlement Agreement was concluded between the Petitioners, the Executors of David Wootton's estate and Lynne Green meaning that the Wootton Petition was withdrawn. Under the terms of this Agreement, EAI and EAG were to receive a proportion of the net sale proceeds resulting from the sale of the property at 132 Paseo del Parque, Sotogrande, Cadiz, Spain ('the Sotogrande Property'), previously owned by David Wootton and Lynne Green. Details of the disposal of this property and the outcome of the Settlement Agreement are set out above.

The Special Manager received a total payment of £18,306.12 in respect of his time in office.

### **Dividend Payment (Preferential Claims)**

A first and final dividend of 100 pence in the pound on agreed preferential claims amounting to £200.68. This dividend was paid in October 2008.

### **Dividend Payment (Policyholder Claims)**

Between 14 November 2007 and 30 November 2020, an amount of £4,809,938 was paid out by way of interim dividends, representing 64.75 pence in the pound to those policyholders whose claims were admitted in the Liquidation. Of the funds held at 30 November 2020, the amount of £228,624.35 is due for payment to the Financial Services Compensation Scheme ("FSCS") in the United Kingdom as dividends relating to claims assigned by policyholders to the FSCS in return for compensation paid from the scheme.

### **Financial Services Commission**

Although it is in liquidation, EAI continues to be licensed by the Financial Services Commission ("FSC"), and as such annual licence fees were payable to the FSC, which fell as an expense of the liquidation. As the liquidation is substantially complete bar the disposal of a few remaining assets it has been agreed with the FSC that no further fees will be charged.

### **Counsel's Fees**

Payments totalling £30,700 in respect of the fees of David Marks, have been made. Mr Marks assisted principally with the preparation and service of the Wootton Petition. EAG and EAI were jointly responsible for the costs incurred in respect of the Wootton Petition.

### **Legal Fees**

Legal fees totalling £289,090 have been paid to date, which includes payment for advice provided during the Provisional Liquidation period. This figure includes payments to Gibraltar lawyers - Hassans, London lawyers Addleshaw Goddard and Counsel, Glen Davis QC, who assisted with the Wootton Petition and provided advice on various technical matters arising in the Liquidation and Provisional Liquidation.

### **Joint Provisional Liquidator's Fees**

The fees of the Joint Provisional Liquidators have been paid in the sum of £261,476.

### **Liquidator's Fees**

My firm's fees submitted to 30 November 2020 for acting as Liquidator have been paid in the sum of £566,573.

In accordance with best practice, the above legal fees, the Joint Provisional Liquidator's fees, and Liquidator's fees paid to date have been approved by the Registrar of the Supreme Court in Gibraltar

following submission of a detailed report in accordance with the Court Practice Statement on the Remuneration of Office Holders.

### **Advertising**

Advertising charges to date of £8,057 have been incurred regarding the advertising of statutory notices and procedures in the liquidation in the Gibraltar Gazette, and local Gibraltar and United Kingdom national newspapers.

### **Actuarial Fees**

As previously, advised, specific sanction of the Supreme Court in Gibraltar was obtained, to instruct Messrs Barnett Waddingham, to assist in the preparation of actuarial information in order to properly determine the liability to EAI's policyholders. Payments of £64,410 were made to them.

### **Mortgage Payments (Sotogrande Property)**

Mortgage payments totalling £113,641.23 were made in respect of the mortgage over the property at Paseo del Parque. Under the terms of the Settlement Agreement, all such payments were reimbursed in full upon the sale of the property.

### **Payments to Lynne Green**

A Settlement Agreement was concluded between the Executors of David Wootton's estate and Lynne Green. Under the terms of this Agreement, EAI and EAG received 75% of the net sale proceeds resulting from the sale of the property at 132 Paseo del Parque, Sotogrande, Cadiz, Spain ('the Sotogrande Property'), previously owned by David Wootton and Lynne Green. The remaining 25% of the net sale proceeds, £194,843 was paid to Lynne Green in accordance with the terms of the Settlement Agreement.

Details of the disposal of the Sotogrande property and the outcome of the Settlement Agreement are set out above.

### **Storage Fees**

As Liquidator I took possession of the company's trading records and these were placed in safe storage. Storage costs during the period of the liquidation to date amount to £39,538.

### **Valuation Fees**

The company had a collection of approximately 20 paintings both in their offices at 1 Corral Road and in the penthouse in the Eurolife Building. In order to establish whether these paintings were of any value, a local agent was instructed who advised that only three of the paintings had a potential resale value. The paintings were sold for £300 attracting sales commission of £75. The remaining pictures were abandoned.

## **OTHER ASSETS NOT YET REALISED**

### **Colorado Land Parcel B**

As advised in my last report a land contract was agreed for the disposal of the Colorado land for a sum of USD 900,000. A deposit of USD 180,000 (before costs) was received and in addition interest payments of USD 3,000 per month were due until April 2020. However due to the uncertainty as a result of the Covid pandemic the contract has been extended to April 2021. The net amount received by the liquidator at the date of this report was USD 126,880 (representing £100,665). If the purchaser defaults the land reverts to the liquidator.

## **BONY B, P, I, & R Pieces**

As previously advised, problems experienced in the US sub-prime lending market adversely affected the liquidity of this asset. It is unclear at present what realisation can be expected. In the meantime, however, these bonds continue to generate monthly interest receipts, which accrue for the benefit of creditors. Again, I regret that I am unable to state with any certainty when and if I will be able to dispose of these assets.

## **OTHER MATTERS**

### **ESTIMATED OUTCOME**

As policyholders will be aware, four interim dividends have been declared and paid during my period in office. All policyholders whose claims have been admitted in the liquidation should have received their dividend payments. If you have not received these interim dividend payments, please contact me as soon as possible.

Total interim dividends of 64.75p in the pound have been paid. If realisation of the remaining US assets occurs, there may be a possibility of a final dividend with the conclusion of the liquidation.

Unfortunately, it has proved problematic to achieve a sale of the remaining assets namely the Colorado land and the Bank of New York Bonds. During the period since my last report, interest has continued to accrue from the Bank of New York Bonds and the costs of the liquidation have been minimised. I am currently reviewing all matters relating to these assets. Due to the lack of a secondary market for these Bank of New York Bonds, the best realisation of value for the liquidation estate has been achieved by the continued holding of the bonds and the resultant income receipts. As at 31 July 2006, the internal accounts of EAI recorded a value of £684,487 attributable to these bonds. Up to 30 November 2020, interest on the bonds of £612,498 has been received by the liquidation estate, including £39,338 in the year ended 30 November 2020. I believe the policy of holding the bonds to continue to receive interest payments has been the appropriate strategy to maximise value for the estate.

The costs of the liquidation are now minimal. I believe it remains in the interest of creditors for the liquidation estate to continue to receive the, albeit reducing, income from the bonds while continuing to attempt to complete a sale of the Colorado land in 2021. If further interest is received coupled with the completion of the land contract a further fifth and final distribution to policyholders may be possible.

A website for the liquidation of Eurolife Assurance (International) Limited has been established on which a copy of this report and all subsequent reports will be posted. The website address is [www.eurolifegibraltar.com](http://www.eurolifegibraltar.com)

Should you have any queries on this report or require any further information please do not hesitate to contact me.

Yours faithfully

**Frederick White**  
**Liquidator**

**Eurolife Assurance (International) Limited**  
**(In Liquidation by the Court)**

**Liquidator's Receipts and Payments Account for the Period**  
**14 November 2007 to 30 November 2020**

	<b>As at 30</b>	<b>As at 30</b>
	<b>November 2020</b>	<b>November 2020</b>
	<b>£</b>	<b>£</b>
<b>RECEIPTS</b>		
Balance from Provisional Liquidator (as at 14 November 2007)		3,192,533
Funds received from Jyske Bank account		7,334
Funds received from Barclays US\$ account		471,612
Sale of Trinidad & Tobago 12.25% Government Issued Loan Stocks		529,963
Sale of Stocks held by Arc Capital & Income PLC		501,310
Cash at Bank / Dividend on T & T Bonds		30,542
Cancelled cheque		152
Insurance Refund		1,043
Sale of paintings		300
Sale of interests in US Oil Well		535,899
Disposal of US Assets: Bank of New York Bonds interest received plus Colorado land contract		713,163
Bank Interest received		306,218
Proceeds from sale of Sotogrande House, Spain		880,934
Sale of golf shares		20,732
		7,191,735
<b>PAYMENTS</b>		
Special Manager's Fees	18,306	
Dividend Payment (Preferential Claims)	201	
Dividend Payment (on agreed Policyholder Claims)	4,809,938	
Financial Services Commission (Annual Fees)	182,570	
Counsel's Fees	30,700	
Bank Charges	300	
Legal Fees	289,090	
Joint Provisional Liquidator's Fees	261,476	
Liquidator's Fees	566,573	
Property Maintenance	3,871	
Advertising charges	8,057	
Actuarial Fees	64,410	
Mortgage Payments (Paseo del Parque)	113,641	
Insurance (Paseo del Parque)	3,203	
Payment to Lynne Green	194,843	
Agent's Fees (Translation Services)	376	
Storage Fees	39,538	
Courier Fees	70	
Loss on conversion to Sterling	24,996	
Commision on sale of artwork	75	
Valuation Fees (Artwork valuation)	200	
Postage cost	2,144	
US costs re asset realisation	0	6,614,578
		577,157
<b>BALANCE IN HAND</b>		
Represented by :		
Gibraltar Savings Bank		576,606
GT Gibraltar client's account		551
		577,157
<b>Note due to FSCS re third and fourth dividend</b>		228,624