

# AM10

## Notice of administrator's progress report



Companies House

FRIDAY



A21 \*A8CZ5CSQ\* #242  
30/08/2019  
COMPANIES HOUSE

### 1 Company details

Company number 0 9 6 9 7 3 1 4

Company name in full Privilege Wealth Plc

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Stephen

Surname Katz

### 3 Administrator's address

Building name/number

Street 26 - 28 Bedford Row

Post town London

County/Region

Postcode W C 1 R 4 H E

Country

### 4 Administrator's name ①

Full forename(s) John

Surname Kelmanson

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Pearl Assurance House

Street

Post town 319 Ballards Lane

County/Region London

Postcode N 1 2 8 L Y

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 2	<sup>d</sup> 3	<sup>m</sup> 0	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
To date	<sup>d</sup> 2	<sup>d</sup> 2	<sup>m</sup> 0	<sup>m</sup> 7	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9

### 7 Progress report

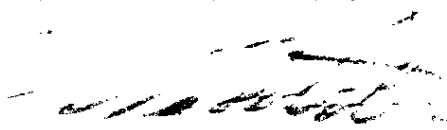
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date	<sup>d</sup> 1	<sup>d</sup> 6	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
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# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name James Allen

Company name David Rubin & Partners

Address

26 - 28 Bedford Row

Post town London

County/Region

Postcode

W C 1 R 4 H E

Country

DX

London/Chancery Lane

Telephone

020 7400 7900



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

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This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

**IN THE HIGH COURT OF JUSTICE**

**NO 000569 OF 2018**

**IN THE MATTER OF**

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**

**AND**

**THE INSOLVENCY ACT 1986**

**THE JOINT ADMINISTRATORS' THIRD PROGRESS REPORT  
PURSUANT TO  
PART 18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016  
FOR THE PERIOD 23 JANUARY 2019 TO 22 JULY 2019**

## **CONTENTS**

- a. Introduction
- b. Statutory information
- c. Joint Administrators' names and addresses
- d. Any Change in the Office Holder
- e. Details of progress during the period and summary account of receipts and payments
- f. Administrators' remuneration and expenses
- g. Creditors and distributions
- h. Details of what remains to be done
- i. Other information of relevance to creditors
- j. Next report

## **APPENDICES**

- A. Receipts and Payments Account from 23 January 2019 to 22 July 2019
- A. Cumulative Receipts and payments account from 23 January 2018 to 22 July 2019
- B. Joint Administrators' Remuneration and expenses

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

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**(a) Introduction**

I refer to the appointment of John Kelmanson and myself as Joint Administrators of Privilege Wealth Plc pursuant to an appointment made by the directors and filed at the High Court of Justice, Chancery Division. As the next six month period has recently passed, I am pleased to provide creditors with my third progress report as required by Rule 18.2 of the Insolvency (England and Wales) Rules 2016. This report should be read in conjunction with our earlier reports to creditors.

**Rule 18.3: Progress Report**

**(b) Statutory information**

- (i) **Court:** High Court of Justice, Chancery Division, Companies Court  
**Reference Number:** 569 of 2018
- (ii) **Company name:** Privilege Wealth Plc  
**Company number:**  
**Registered office:** Pearl Assurance House, 319 Ballards Lane, London, N12 8LY  
**Trading Name:** N/a  
**Trading Address:** N/a

**(c) Administrator's name and address:**

Stephen Katz and John Kelmanson, both now of David Rubin & Partners, were appointed Joint Administrators of the Company on 23 January 2018. This appointment was made by the directors of the Company, pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986.

The Joint Administrators act jointly and severally in the exercise of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

Creditors will recall that Mr Kelmanson was previously at the firm of KCBS LLP t/a Kelmanson Insolvency Solutions. On 1 October 2018 Mr Kelmanson joined the firm of David Rubin & Partners.

**(d) Any changes in the Office Holder**

We were appointed Joint Administrators of the Company on 23 January 2018.

There has not been a change in the Office Holder since the original appointment date. However, the administration period has been extended by resolution of creditors until 22 January 2020.

It should be noted that David Ingram; the joint liquidator of Privilege Wealth Management Limited ("PWML") and Privilege Wealth One Limited Partnership ("PWOne") had initially

## **PRIVILEGE WEALTH PLC - IN ADMINISTRATION**

### **Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

suggested that he replace one of the current joint administrators. Concerns were raised as to inherent conflicts of interest which may exist in such actions.

In my last report I reported that concerns about potential conflicts had not been resolved and therefore this situation remained uncertain.

During this reporting period Mr Ingram wrote to me and requested that a decision be sought from the creditors of the Company that myself and John Kelmanson be replaced as Joint Administrators by David Ingram and Freddie White of Grant Thornton. However, this request was not made in compliance with the provisions of the Insolvency Act and Rules and therefore no meeting was convened.

Additionally, another significant creditor has raised concerns about the extent of the indebtedness to PWML. These concerns have not been addressed by the joint liquidators of that Company.

#### **(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively:**

You may recall that the statutory objective being pursued in the Administration was achieving a better result than would be likely if the Company were wound up. In addition to the pursuance of this statutory objective, the Administrator has duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to creditors.

This section of the report provides creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Administrator under other related legislation.

#### **Rosebud Lending**

Creditors will recall from our proposals that a Confidential Settlement Agreement “the agreement” was entered into by the Rosebud Sioux Indian Tribe of South Dakota “Rosebud”, the Company and its two Panamanian subsidiaries, in settlement of an outstanding balance totalling c. \$9.7m USD. The agreement provided for the transfer of the Rosebud pay day loan book and the release of cash to various parties. The steps taken to secure and realise cash sums due is detailed below:

#### **Balance Held in Escrow**

As advised in our previous report, after all deductions, a balance of \$87,046.37 remained for the benefit of the Administration, which we can confirm has been received, totalling the sterling equivalent of £63,136.34. There is no further balance due from this source.

#### **Rosebud Lending Settlement - Cash**

As previously reported, the sum of £5,373.60 has been received from Cubed Consultancy a business owned by Mark Munnely; one of the directors, in relation to sums previously released in accordance with the Confidential Settlement Agreement.

#### **Private Investigator**

As advised in our previous report, the joint Administrators have continued to pursue the law firm based in Tampa, Florida US; Cantrell PLLC, in relation to the payment of \$10,000 which is understood to have been made in order to seek to recover data relating to the loan

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

book from the former director and Chief Technical Officer; Tom Pawelek. Mr Pawelek was believed to have retained or have access to the electronic data relating to the Rosebud pay day loan book and was also said to be working for or in tandem with Oliphant Financial Group LLC ("Oliphant").

**Sale of Pay Day Loan Book**

As previously reported the Rosebud pay day loan book had as part of the Confidential Settlement Agreement, been sold by Rosebud to a new special purpose subsidiary of the company based in Belize.

The following events have taken place in an attempt to secure and realise the value in the distressed pay day loan book:

**FPL Ltd (Belize) ("FPL")**

As detailed above, the agreement entered into by Rosebud included the sale of the distressed pay day loan book, to FPL, a 100% subsidiary of the Company. The Administrators have considered the best strategy to bring FPL under their control and ultimately have concluded to take steps to replace the directors of FPL. This has now been effected with their co-operation, and a nominee director of the Administrators choice has been appointed. It has been agreed that consultancy fees will be paid to the director at a rate of £1,500 for the first month, followed by £500 per month thereafter, subject to a minimum fee of £2,500. The sum of £5,500 has been paid to date. Payments are currently suspended due to lack of funds.

The Administrators have entered into a Deed of Acknowledgement with FPL to formally acknowledge the sum of \$9.7m owing to the Company and that the Company is the beneficial owner of the loan book, and its proceeds.

In the previous period, we reported that we had engaged with specialist brokers in the United States to ascertain whether there is any value in the sale of this asset. At the time of my last report no sale had been concluded and I reported that the indicative range of realisable values is between 1 and 4% of the book's face value of c.\$25m.

During this period all of our attempts to achieve a realisation from this data have failed with the market place being unwilling to take on the ledger.

We are still exploring with other parties whether there is a possibility of achieving a realisation in respect of this.

**Chapter 15 Recognition**

As previously reported it was believed that the data relating to the Rosebud loan book and related realisations made were in the possession of Oliphant and its associates and/or Mr Pawelek in Florida.

At the same time the Administrators attempts to ascertain the residual value of the distressed debt acquired by Oliphant using monies derived from the Company were being frustrated. The Administrators approached or were referred to a number of US lawyers to act on their behalf in relation to this matter.

Lawyers were briefed accordingly and conference calls held to discuss the merits of the case. Due to insufficient funds available at the time, together with the complexities of the case, many lawyers declined to act on a contingency fee basis. Accordingly, funding was sought



**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

from specialist litigation funders. All parties approached declined to fund US actions citing uncertainties about the prospects of making a successful recovery and enforcement in the US.

As detailed in our previous report, an agreement was reached subsequently with Cole Schotz in relation to their fees and was set out in that report.

At the time of our last report, The Chapter 15 Petition together with all appropriate supporting documents were filed in the United States Bankruptcy Court for the District of New Jersey and a court hearing was held on 6 September 2018.

Accordingly, on 6 September 2018, recognition was successfully granted in the Federal Bankruptcy Court of Newark, New Jersey for the UK proceedings to be recognised in the United States.

Following the granting of recognition discovery was sought from both Oliphant and Mr Pawelek.

In relation to Oliphant information has been obtained pursuant to a non-disclosure agreement relating to portfolios of distressed debt which are discussed further below.

In relation to the Rosebud loan book it has transpired that Mr Pawelek's company; Tesseract, was acquired by the Oliphant Group in June 2017 and that he was in possession of some historic data relating to the loan book which has now been electronically delivered to our lawyers in the US.

Following the granting of recognition, an application was received from the joint liquidators of PWML and PWOne, and who had already sought and obtained their own Chapter 15 recognition, to transfer the venue of the bankruptcy case to the US Bankruptcy Court for the Southern District of Florida. In my last report I reported that this motion was currently adjourned until 19 March 2019.

During this period our lawyers in Jersey have come off the record as we are unable to continue to retain them and we have, at the request of the PWML liquidators, consented to the transfer of the case to the Southern District of Florida. An application was submitted to the Court on 19 August 2019 and the Order of the court is awaited.

**Helix Investment Management SLP "Helix"**

As creditors will recall from the Joint Administrators previous reports, Helix are seeking to rely on security granted in the US over the subsidiaries of Privilege Wealth Plc and have, together with Concord Equity Group Limited BVI "Concord" (both represented by Peter Stokes) issued legal proceedings in the State and Federal Courts.

The Administrators have made enquiries into the current position regarding Helix enforcing their alleged security over the US subsidiaries, and have reached the conclusion that this security is not valid in the UK.

There are also doubts surrounding its validity in the US. During the period we have engaged with lawyers in respect of this matter.

### **Credit Card Loan Book**

As referred to above, in addition to the Rosebud pay day loan book investment further investments were made into distressed credit card and bank debt through the US subsidiary; Privilege Direct Corp ("PDC").

These investments are claimed to have been funded specifically by one of the company creditors; Helix Investment Management SLP for and on behalf of Helix Securitisation Compartment (Luxembourg) "Helix".

As noted above Helix is controlled and/or directed by one of the company's former directors, Mr Stokes.

As a consequence of the way in which the funding for these investments were raised Helix is claiming that its loans are secured against the investments and are further guaranteed by Mr Robert Morris (junior); the owner of Oliphant.

As already noted in relation to the security claimed to be held by Helix this is not registered in the UK and is therefore believed to be ineffective against the joint administrators within this jurisdiction.

However, the security is against US assets including the shares in the US and Panamanian subsidiaries and therefore remains under review.

Additionally, in the event that it is found to be valid the actions of the directors in causing the company to grant the security may need to be further reviewed.

As noted above, we have engaged with lawyers on this as it appears that Helix did not fund all of the acquired portfolios. Discussions have continued with Oliphant about a potential settlement but any funds paid would need to go to Privilege Wealth Direct Corp in Florida of which PW is one of the creditors.

### **Other Assets – Statement of Affairs**

#### **Directors Loan Accounts**

As previously advised, the Company's records detail outstanding directors loan accounts owing by three directors totalling £197,877. Sprecher Grier Limited continue to act in this matter and at present all of the sums shown as being due are being disputed.

#### **Unpaid Calls**

Sprecher Grier Limited have also been instructed to collect amounts considered due from the four shareholders in respect of unpaid share capital. Correspondence remains ongoing.

#### **Book Debts**

A total of £2,396,148 is due in relation to four subsidiary companies. The current position in relation to each subsidiary is provided below:

- Privilege Call Centres Inc (Panama) – In Liquidation. The Administrators have contacted the Liquidator to establish the likelihood of a dividend. The Liquidator has confirmed that it is unlikely a dividend will become payable to any class of creditor.

## **PRIVILEGE WEALTH PLC - IN ADMINISTRATION**

### **Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

- Privilege Direct Corp (US) “PDC” – As noted above, Helix have advised the Administrators that the security upon which Helix relies entitles them to enforce security over both the shares and any loans the Company has outstanding against PDC. As detailed above at paragraph 2.26, the Administrators have made enquiries into the current position of PDC to establish what steps Helix have taken to enforce their security, if any. As noted above, discussions have taken place with Oliphant Group surrounding a possible settlement of the loans outstanding to PDC. However, nothing has been finalised and we have engaged with the directors of PDC; Mr Munnelly and Mr Sampson who have agreed in principle to assist in the process. PDC is currently noted as inactive in Florida and legal steps may need to be taken in the event that a settlement is to be agreed.
- Fintech Software Development Group Inc (US) “FSDG” – Helix have also advised of security held over the shares and property of FSDG. Similar to PDC above, the Administrators are unsure of the current position of FSDG although it does not appear to have any realisable assets.
- PWOne are one of the major creditors of the Company and statutory set off will apply. Therefore a realisation is not anticipated.

#### **Other Receivables**

A provision in the Company’s draft accounts was made for eight potential receivables. Our enquiries and investigations to date have resulted in the following findings:

- Two potential receivables are from creditors of the Company.
- Three potential receivables should have been allocated to a related party.
- One potential receivable relates to unpaid share capital, which has been provided for at 2.43 above.
- One potential receivable relates to the recovery of costs in relation to a successful libel action commenced by the Company against David Marchant, the editor of Offshore Alert. The costs awarded by the Court on 9 March 2017 are in the sum of £80,000. The Administrators have spoken with Mr Marchant who is a UK national residing in Florida, who believes that the judgement cannot be enforced in the US. This matter remains under review and will be revisited once the recognition proceedings are finalised.
- The Administrators are enquiring into the nature and recipient of one payment, which is understood to have been made on behalf of Chris Rock, the manager of subsidiary call centre located in Panama.

Whilst the Administrators’ investigations remain ongoing in relation to the above, the prospects of substantial realisations would appear unlikely at this stage.

#### **Shares & Investments**

As previously reported in the Administrators’ proposals, the shares and investments held by the Company relate to the investment at cost in Privilege Call Centres (Panama) and PDC. As detailed earlier in this report, Helix claim to hold security over the Company’s subsidiaries.

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

Furthermore, the Panamanian subsidiaries are in liquidation and the Administrators continue to establish the current position of PDC. A realisation is not expected in this regard.

**Notes Receivable and Accrued Income**

As previously reported, the value of the promissory notes issued to the Company by PDC and Privilege Call Centres vest in the sums owed to the Company by FPL and any potential recoveries from Oliphant as noted at Paragraph (e) above.

**Insurance**

We had been made aware that an insurance claim had been made by Mr Stokes on behalf of Helix, PWML and PWOne.

It is understood that the company is also a beneficiary of the policy against which the claim has been made and a request has been made to the lawyers acting in relation to the claim for a copy of the policy and claim to be produced. This request for a copy of the claim has not been complied with on the basis that the company is not party to the claims so we have been unable to review the company's position in this regard.

As reported previously investigations into the insurances have revealed that the company was a party to a policy under which a policy was established to provide Investment Managers Insurance with Capital Shortfall Protection insurance for the benefit of both the company and Helix.

The position with regard to the insurances remains under review generally.

It is considered that the work the Administrators and their staff have undertaken to date will bring a financial benefit to creditors. This may, depending on realisations and the extent of any 3<sup>rd</sup> party security, result in a distribution to the preferential and unsecured creditors of the Company.

A receipts and payments account is attached, which is further explained below.

**1. Receipts**

There were no receipts during this period.

**2. Payments**

**2.1 Consultancy Fees**

The amount of £1,500 was paid in consultancy fees to the director of FPL who has been appointed to oversee matters, as explained further above in section (e). The total amount paid is £5,500.

**2.2 Legal Fees**

**Sprecher Grier**

A amount of £2,500 was paid to Sprecher Grier (SG) in relation to their costs regarding their instructions to collect amounts considered due from the four shareholders in respect of unpaid share capital, and in seeking to recover funds with

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

regard to the Director's loan accounts as owed by the three directors totalling £197,877 as explained above in section (e).

SG have a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues and their experience of dealing with international cross-border insolvency matters in the US.

SG are remunerated on a time cost basis

I am advised that SG's outstanding costs as at the end of this current reporting period are £1,790 exclusive of VAT.

**Cole Schotz**

In my last report I explained that Cole Schotz (CS) had been paid on account of their costs of applying for and obtaining Chapter 15 recognition of the joint administrators' appointment in US Federal Court.

They were retained for these purposes on a time cost basis with fees to be withdrawn from the retainer and any undrawn time to be "rolled" into the arrangement.

During this period, at a Hearing on 18 June 2019, Cole Schotz withdrew from Counsel to The Company. They have advised that the final sum owed to them in relation to the Chapter 15 Bankruptcy is \$10,642.67 and in relation to the Oliphant matter is \$3,626.00, the total amount therefore is \$14,268.67. In relation to the fees of CS they have reported to us that the retainers paid on account have been exhausted and the prospect of further payment is dependent upon the successful outcome of the above matters.

**(f) Joint Administrators' Remuneration and Expenses**

Details regarding the Joint Administrator's time costs, and work done during the reporting period can be found in Appendix B.

**(g) Creditors and Distributions**

**(i) (a) Secured creditors**

There are no secured creditors.

**(b) Prescribed Part**

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts.

There are no floating charges and therefore there will be no Prescribed Part.

**(ii) Preferential creditors**

There are no preferential creditors.

**PRIVILEGE WEALTH PLC - IN ADMINISTRATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

**(iii) Unsecured creditors**

The claims of the unsecured creditors have been noted when received. Based on current information, it is uncertain whether there will be a dividend to unsecured creditors, as this is dependent on future realisations.

As funds will become available for unsecured creditors, the Joint Administrators have been requesting creditors to submit their claims so that they can be established in principle for subsequent adjudication by the liquidator. As at the date of this report the claims of 4 creditors, with a total value of £40,191,808, have been received. The claims of 8 creditors with an estimated total value of £5,220,922.37 have yet to be established.

**(h) Details of what remains to be done**

A detailed breakdown of the asset position and what remains to be done is described detail above.

**(i) Other information of relevance to creditors:**

***Investigations***

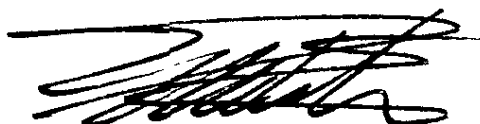
Some of the work the Administrator is required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrator can pursue for the benefit of creditors.

As detailed in our previous report, there are several matters which require substantial investigation however, it would be unwise to comment on this at this stage, so as not to prejudice any further investigations.

**(J) Next report**

We are required to provide a Progress Report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance either our Manager, James Allen, or their assistant, Dipesh Gurung at this office.



**STEPHEN KATZ - JOINT ADMINISTRATOR**

**DATE: 16 August 2019**

PRIVILEGE WEALTH PLCJOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTFOR THE PERIOD FROM 23 JANUARY 2018 TO 22 JULY 2019

	<u>Estimated</u> <u>to realise</u> £	<u>Realised</u> <u>to date</u> £	<u>23/01/19 to</u> <u>22/07/19</u> £
Balance brought forward			7,709.95
<b><u>Receipts</u></b>			
Cash held at lawyers	-	11,562.76	-
Rosebud Lending Settlement - Cash	-	5,373.60	-
Rosebud Lending Settlement - Escrow	-	63,136.34	-
VAT Refund	2,353.00	2,352.80	-
Cash at Bank	<u>2,205.00</u>	8,356.36	-
Bank Interest Gross		11.70	-
		<u>90,793.56</u>	<u>7,709.95</u>
<b><u>Payments</u></b>			
Specific Bond		780.00	-
Pre-appointment costs		3,710.00	-
Joint Administrator's fees		27,000.00	-
Carriage & archiving		392.14	-
Legal Fees (1)		10,376.00	2,500.00
Legal Fees (2)		39,246.47	-
Statutory Advertising		79.00	-
Consultancy Fees		<u>5,500.00</u>	<u>1,500.00</u>
		<u>87,083.61</u>	<u>4,000.00</u>
<b><u>Receipts less Payments</u></b>		<u>3,709.95</u>	<u>3,709.95</u>
<b><u>Represented by:-</u></b>			
Balance at bank			3,209.95
VAT Receivable			<u>500.00</u>
			<u>3,709.95</u>

## APPENDIX B

### JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

#### 1. Joint Administrators' Remuneration

- i) An Administrator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

The above work will not necessarily bring any financial benefit to creditors generally, however an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.

At the first meeting of creditors it was explained that this appointment was very speculative and as a consequence the Joint Administrators' remuneration is fixed by reference to 30% of gross asset realisations achieved. The sum of £27,000 has been drawn on account in this regard.

On the basis that our fees are to be based on a percentage of assets to be realised we have not presented a detailed time grid in this report.

As previously reported, the time costs incurred by Kelmanson Insolvency Solutions for the period 23 January 2018 to 22 July 2018 were £69,991.25 representing 243.15 hours at an average hourly rate of £287.85 per hour.

The time costs incurred by David Rubin and Partners for the period 23 January 2019 to 22 July 2019 were £20,496.50 representing 52.3 hours at an average hourly rate of £391.90 per hour.

The total time costs incurred by David Rubin & Partners for the period 23 January 2018 to 22 July 2019 were £131,203.50 representing 346 hours at an average hourly rate of £379.20 per hour.

Therefore the total combined time costs for the Joint Administrators for the entire Administration from 23 January 2018 to 22 July 2019 are £201,194.75 for 589 hours at an average rate of £341.59 per hour.

- ii) Expenses incurred in the Administration are explained at section (2.1) in the report and in my comments on the Receipts and Payments Account.

Included in the work undertaken by me and my staff is the following:-

- i) Dealing with creditors' enquiries both by correspondence and by telephone and noting their claims.



- ii) Reviewing the level of the Administrator's bond, as required by the Insolvency Practitioners Regulations 2005.
- iii) Preparation and circulation of my 6 month Progress Reports and Receipts and Payments Account to creditors.
- iv) Correspondence with Peter Stokes regarding US subsidiaries and Helix action and various issues.
- v) Conference calls and correspondence with Grant Thornton regarding the realisation of assets and strategy for progressing the case.
- vi) Chasing potential Rosebud Realisations.
- vii) Correspondence with Mark Munnely regarding Oliphant settlement.
- viii) Correspondence with Cole Shotz regarding Chapter 15 and Oliphant matters.
- ix) Engaging with the Insolvency Service and responding to requests for information to assist with their investigations.
- x) Engaging with the Financial Conduct Authority to assist with their investigations.
- xi) Engaging with US lawyers regarding the application for recognition; calls and emails regarding recognition proceedings and attendance by phone at the recognition hearings.
- xii) Correspondence with UK lawyers and nominee director regarding Belize Deed of Acknowledgement; updates regarding Belize.
- xiii) Review of draft documents and conference call and follow up amendments regarding Chapter 15 application; update calls with lawyers regarding Chapter 15 recognition.
- xiv) Review of pleadings and motions in Helix and Oliphant Florida case and follow up calls and emails.
- xv) Emails regarding investment assets with directors and updates regarding US issues and asset realisations strategy.
- xvi) Correspondence with former director regarding Oliphant portfolios; conference calls with Oliphant and related matters; Schedule of Oliphant payments extracted; Oliphant correspondence and proposed Non-Disclosure Agreement ("NDA"); conference call with Oliphant lawyers regarding Oliphant funds schedule; engagement regarding potential settlement offer; meeting regarding Oliphant Group Debt.
- xvii) Correspondence regarding Rosebud data and Tom Pawelek; dealing with Tom Pawelek subpoena; update regarding assets and email regarding potential disposal of Rosebud database; meeting with potential brokers regarding Rosebud loan book disposal; providing information regarding Rosebud book; with former director regarding Rosebud data potentially in Spain.

- xviii) Correspondence with Peter Stokes regarding Helix position and various issues regarding assets; emails regarding data base retrieval and chasing Helix; regarding claimed security.

### ***Staff allocation and the use of subcontractors***

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

## **2. Chargeout rates**

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. These rates were set in November 2011 and have fallen substantially behind prevailing market rates for a business of our size and expertise. Accordingly, the rates were revised on 1 November 2018. Our current hourly charge-out rates exclusive of VAT, which are charged in units of 6 minutes, are as follows:-

	<b>Previous</b>	<b>Current</b>
	<b>£</b>	<b>£</b>
Senior / Managing Partners	450	550
Partners/Office holders	300 - 395	495
Managers / Senior Managers	250 - 295	350 - 395
Senior Administrators	180 - 220	220 - 295
Administrators	130 - 160	160 – 200
Cashiers and Assistants	120 - 160	150 - 295
Supports	110 - 120	120 - 150

Charge-out rates are normally reviewed annually and are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

To view an explanatory note concerning Administrators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website [www.drpartners.com/cases](http://www.drpartners.com/cases), using the following log-on details:

USERNAME: P441@drco.co.uk

PASSWORD: 144Pks\*!

Alternatively, please contact this office to arrange for a copy to be sent to you.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from our website.

### 3. Creditors' rights

Within 21 days of the receipt of this report, in accordance with Rule 18.9, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

Under Rule 18.34, any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive.

### 4. Policy as regards disbursements:

#### Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

#### Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

#### Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

**Meeting Costs:** Use of Meeting Room is charged at £150 per session

#### Storage and Archiving

We use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £65 per hour

**Mileage** incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 45p per mile.