

EXHIBIT "6"

**The Supreme Court of Grenada
And the West Indies Associated States
High Court of Justice
(Civil)**

**In the matter of the Order for the Winding Up
of First International Bank of Grenada Limited**

Second Report of the Liquidator

1. Pursuant to the petition of the Honourable Minister of Finance of Grenada, it was the Order of this Honourable Court (this "Honourable Court"), that Marcus A. Wide, a Partner within the firm of PricewaterhouseCoopers LLP, be appointed Liquidator of First International Bank of Grenada Limited ("FIBG") as of February 28, 2001 and as varied on March 2, 2001, with the powers and obligations granted a Liquidator by the Companies Act, 1994 No 35 and as further specified in the body of the Order, and subsequent orders of this Honourable Court.
2. This is the Second Report of the Liquidator ("Second Report") based on my continuing review of the assets, undertakings and liabilities of FIBG. This report should be read in conjunction with my first report to this Honourable Court dated March 16, 2001 ("First Report"). This report is set out under the following headings:

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3. It is my intention as Liquidator, to inform the Court on a regular basis as to the results to date of my efforts, and with respect to my on-going findings and recommendations.
4. My review is based upon the information available to me as of the date of this report. Sources include the books and records of FIBG, discussions with former staff, and discussions with other parties having knowledge of FIBG's affairs.
5. In my reports, the term depositor means those person who placed money with FIBG directly, or indirectly though Correspondent Banks, either through deposits to savings or other accounts or by the purchase of one of the various Certificates of Deposits offered.
6. In my reports I make reference to Grenada International Financial Services Authority ("GIFSA"), which is the successor to the Government of Grenada's Offshore Financial Services Division, Ministry of Finance. Throughout my reports, I refer to both entities as GIFSA.
7. All amounts presented in my reports are in United States dollars unless otherwise noted.
8. To assist in determining the true dealings of FIBG and its true state of affairs, I have sought information from FIBG's former Officers and Directors. I have asked that this be provided to me by attendance in Grenada and subject to the laws and court of Grenada, given that Grenada has jurisdiction over FIBG. Generally, these requests have been declined. Offers of information under oath from other jurisdiction are worth little. There is no remedy if such statements are shown to be misrepresentations or perjury. I have therefore sought from this Honourable Court subpoenas for examination under oath. Failure to respond to these subpoenas would be an act of contempt of this Honourable Court.
9. On the basis of the information before me, I believe a major fraud has been perpetrated against the depositors. Therefore, I am not optimistic that there will be anyone not presently resident in Grenada, who will attend in Court pursuant to the subpoenas. However, I consider it my obligation to attempt to obtain explanations under oath from those in control of FIBG in the Grenadian Court, which has jurisdiction over FIBG, and which is the only Court that can impose sanctions if perjury is committed.

10. Further, it is my obligation to advise the Court that Van Brink (“Brink”), under his own name and that of what I believe to be aliases, is making statements on the internet that the Court, its Officers, and myself as Liquidator, lack integrity and are part of a conspiracy, which includes the Government of Grenada, to defraud FIBG’s depositors. As Appendix A, I attach a number of such Internet postings. It is difficult to provide evidence of authorship on which a legal response for libel could be based. However, it appears these postings are calculated to intimidate myself and the Court, to offer false hope to desperate depositors, and to create a “smoke screen” to deflect or conceal blame.
11. I have no intention of yielding to such intimidation. I look forward to the continuing support of this Honourable Court in determining the truth with respect to the failure of FIBG, and the recovery of the remaining properties, which have been paid for from depositors’ funds.
12. The information and evidence now before me lead me to the conclusion that FIBG was a sham from its inception, that there was no intention to provide the yields offered, nor to return money to depositors, beyond the “ponzi” component of making payment to some depositors to encourage others, that potential depositors were subject to fraudulent misrepresentation with respect to the potential investment opportunities offered by FIBG, and that funds received by FIBG were, in the vernacular, the “proceeds of crime” and are therefore tainted monies.

FINDINGS

Investigation of Records

13. My First Report to this Honourable Court indicated that the operating life of FIBG was effectively limited to a two-year span from March 1998 to April 2000. During this time depositors were enticed to place funds with FIBG using a variety of supposedly arm’s length vehicles including Correspondent Banks, with promises of high returns on deposits that were represented as fully guaranteed by the International Deposit Insurance Corporation (“IDIC”), and on the understanding that FIBG was generating its revenues through trading in high quality securities, where no “buy” was completed unless a “sell” was on hand at a higher price.
14. My First Report outlined that FIBG’s financial statements misstated and misrepresented the capitalization, assigned assets and debenture trading as at March 31, 1998 and subsequent dates. My continuing review of FIBG’s operations, in my opinion, provides further confirmation that:
 - the financial statements were materially misstated;
 - the bank was not properly capitalized;
 - no real debenture trading occurred;

- the deeds of assignments were fake or the underlying assets were fraudulent or non-existent; and
- the self-insurance program that was allegedly guaranteeing depositor's funds has no sound financial basis, both for want of proper registration and as there was no value in the underlying "blocked" assets.

Financial Reporting

15. Comments from reporting accountants can take several forms. An audit provides the highest level of financial statement assurance to those to whom the report is addressed.
 - An Audit requires the auditor to perform tests in accordance with Generally Accepted Auditing Standards ("GAAS") and results in him expressing his opinion that the financial statements are presented fairly and free from material misstatements. If they are not, then a qualified opinion can be issued highlighting and quantifying areas of concern. In dire cases a denial of opinion will be offered. In addition, an audit requires that the auditor be independent and objective.
 - A Review engagement, which provides no assurance, merely requires that the reporting accountant is independent, the financial statements conform with Generally Accepted Accounting Principles ("GAAP"), and that nothing has come to the reporting accountant's attention that would suggest the statements may not be reliable. No opinion is given.
 - A Compilation is performed where an accountant receives information from management and presents it in the form of financial statements. A compilation does not require any independence and objectivity by the accountant. No opinion is given.
16. By Section 31 (1) of the Offshore Banking Act, FIBG was required to file a statement of assets and liabilities within 30 days of the end of each quarter. The submission of quarterly financial information in the form of a compilation complies with this section.
17. Section 32 (1) of the Offshore Banking Act required FIBG to file financial statements including its balance sheet and profit and loss accounts within three months of the close of its financial year. Section 32(2) of the Offshore Banking Act requires that the financial statements referred to in Section 32(1) of the Offshore Banking Act bear on their face the certificate of an auditor who is approved in accordance with the Offshore Banking Act.
18. Section 34(1) of the Offshore Banking Act requires that an approved auditor shall prepare for the shareholders of the licensee (FIBG) a report upon the annual balance sheet and accounts. It further requires that the approved auditor state

“whether in his **opinion**, the balance sheet is full and fair and properly drawn up, whether it exhibits a true and correct statement of the affairs of the licensee (FIBG), and in any case in which the auditor has called for explanation or information from the officer or agents of the licensee (FIBG), whether this is satisfactory.”

19. As noted in my First Report, FIBG engaged Wilson & Company (“Wilson”) as its auditors on September 9, 1998 to perform an audit in accordance with GAAP and GAAS. As outlined in the engagement letter between FIBG and Wilson, Wilson was to conduct an audit to provide an opinion that the financial statements are free of material misstatements. Also, based on information provided by FIBG management, Wilson compiled quarterly financial statements for the periods ended March 31, June 30 and September 30, 1998 and for the year ended December 31, 1998.
20. Wilson advises that it was limited in scope from confirming the existence and valuation of the assets FIBG management presented in its financial statements. While Wilson was engaged to perform an audit on the year-end financial statements, Wilson could not obtain satisfactory information from FIBG’s management to provide an opinion on the financial statements in accordance with Sections 32(1), 32(2) and 34(1) of the Offshore Banking Act. As a result, the auditor-client relationship between Wilson and FIBG concluded in March 1999.
21. As outlined in my First Report, FIBG, on February 24, 1999, corresponded with GIFSA to request permission to change its fiscal year-end to a calendar year-end of December 31, 1998. My review indicates that subsequent to this request, FIBG sought GIFSA’s permission to change its year-end to March 31, 1999 and then to April 30, 2000.
22. On May 14, 1999 Mr. Brink (“Brink”), as CEO, advised Michael Creft, the Registrar at GIFSA, that Kenneth Craig (“Craig”) was appointed as the auditor of FIBG in accordance with Section 34 of the Offshore Banking Act. (Appendix B). Craig’s Certified Public Accountant’s license had been revoked by the State of California in 1996. Therefore under section 32(4) of the Offshore Banking Act, Craig was not an approved auditor.
23. Craig was engaged to conduct an audit of FIBG’s financial statements for the year-ended March 31, 1999, in fact he produced a review report. Even this was not in accordance with generally accepted standards for review engagements. In particular, the standard wording for a review engagement report begins with “We have reviewed the **un-audited** balance sheet of (name of company) as at (date) and the un-audited statements of income, retained earnings and cash flows for the year then ended.” Paragraph two of the standard wording for a review engagement report states that “A review **does not constitute an audit** and consequently we **do not express an opinion** on these financial statements.” Although Craig uses the term “review” he makes no reference to un-audited financial statements and the

fact that he is not expressing an opinion. The report is also misleading in that it refers to "generally accepted auditing standards" when no audit was done. In addition, Craig holds himself out as a licensed Certified Public Accountant ("CPA"). A copy of the standard wording for a review engagement and the wording used by Craig are attached (Appendices C & D).

24. Further, it is known to us that Brink had had previous dealings with Craig with respect to Fidelity International Bank ("FIB"), FIBG's predecessor as outlined in my First Report, and either knew or ought to have known that he was not licensed to practice as a CPA at the time of his appointment as auditor.
25. FIBG financial statements for the year-end March 31, 1999, as prepared by Craig, were presented to GIFSA on May 14, 1999. As noted in the above paragraph, FIBG's financial statements as at March 31, 1999 give the impression of an audit, which clearly was not done.
26. On October 11, 1999 GIFSA informed Mark Kennedy ("Kennedy") FIBG's Chief Executive Officer that Craig was not an approved auditor. GIFSA therefore directed FIBG to find an approved auditor.
27. Subsequent to GIFSA's rejection of Craig, FIBG engaged Barry Mathews, CPA ("Mathews") to audit the restated FIBG's year-end financial statements as at March 31, 1999. (Appendix E). However on January 6, 2000, Mathews issued a compilation report and stated that he did not audit nor review FIBG's financial statements.
28. Mr. Adrian Ball ("Ball"), an independent Chartered Accountant practicing in the U.K., was engaged by FIBG to conduct an audit for the year ended April 30, 2000. In my First Report, I indicated in paragraph 122, that Ball rendered an opinion on the financial statements of FIBG as at April 30, 2000 and I attached a copy of the FIBG financial statements as Appendix Q to my First Report. Subsequent to my First Report, my staff has had an opportunity to discuss these financial statements with Ball, who has advised that the FIBG accounting records presented to him as at April 30, 2000 were incomplete, and therefore he was unable to conduct an audit. Further, Ball advised that he did not issue FIBG financial statements as identified in Appendix Q to my First Report and he did not prepare the unsigned letter on his letterhead dated July 24, 2000, stating that he had completed a review of FIBG's financial statements. Ball further stated that he was able to identify potential FIBG realizable assets of approximately \$100 million but FIBG did not provide any evidence to support these or the billions of dollars in reported assets as at April 30, 2000 or at anytime during its operations.
29. FIBG's Directors and Officers did not comply with the requirements of the Offshore Banking Act for the provision of audited year-end financial statements nor did they carry out their fiduciary responsibilities to the depositors of FIBG. I further note the preparation of financial reports and maintaining proper books of

account is the responsibility of the Board of Directors. Further, Brink holds himself out as being financially sophisticated and should have been aware of the failure to report and maintain proper records as required. He, and the other members of the Board cannot excuse themselves from this obligation, as being above this routine task.

Capitalization

30. At the time that FIBG received its Offshore Banking License, Section 16 (1) of the Offshore Banking Act, required that FIBG have fully paid up capital of EC\$6 million (approximately \$2.25 million).
31. Based on FIBG's un-audited financial statements as at March 31, 1999 as prepared by both Craig and Mathews, FIBG was purportedly capitalized at \$32,750,000. My continuing review indicates that FIBG's capitalization consisted of:

Cash	\$500,000
Precious Stone (Ruby)	15,000,000
Aristocrat Endeavor Shares	<u>17,250,000</u>
Total capital	<u>\$32,750,000</u>

32. I have verified that FIBG deposited \$100,000 with a local Grenadian bank on February 12, 1998. As best as can be determined from the records, the remaining cash balance of \$400,000, used as capital, relates to the retained earnings of FIB. However I have not been able to verify that this was a truly liquid asset of any of, FIB, FIBG or Cynthia J. "Tai" Hastey ("Hastey"), the alleged beneficial shareholder of FIBG.
33. The remaining components of FIBG's initial capitalization related to "assignments" of a precious stone ("Ruby") and Aristocrat Endeavor Fund Ltd. Shares ("Aristocrat Shares").
34. I indicated in my First Report that FIBG through Brink received an assignment and conveyance of "all of its rights, title and interest in" the Ruby from Resource Enhancement, Inc. dated October 12, 1997. (Appendix F). My staff has contacted the owner of the Ruby who is not Resource Enhancement. The owner stated in that interview, that neither FIBG nor anyone associated with FIBG had a right, title or interest in the Ruby at any time. This is consistent with statements given to the F.B.I. This is diametrically opposed to the position that FIBG could have represented in its financial statements that the Ruby represented an asset and was a component of fully paid up capital.

35. In either event, on October 13, 1998, Brink executed on behalf of FIBG, an assignment to convey FIBG's right, title and interest in the Ruby back to Resource Enhancement Inc. (Appendix G). Brink, in his capacity as Chief Executive Officer and Chairman of the Board, and FIBG continued to represent the Ruby as an asset and as fully paid up capital after he had executed the assignment back to Resource Enhancement, Inc., and therefore, with full knowledge that FIBG had no claim to the Ruby, if it ever had one.
36. Therefore, even had there been a transfer of interest in the Ruby in the original assignment, there was a continuing misrepresentation as to its availability to FIBG.
37. Resource Enhancement, Inc. on November 2, 1997 signed a deed of assignment to FIBG for 750,000 Aristocrat Endeavor Shares, which were reportedly valued at \$17,250,000 (\$23.00 per share). (Appendix H). The deed of assignment reportedly gave FIBG right, title and interest in the shares. My staff has contacted a representative of Resource Enhancement Inc. who has advised that the Aristocrat Shares were assigned to FIBG as collateral for a loan to be granted by FIBG to Resource Enhancement, Inc. When the loan to Resource Enhancement Inc. did not materialize, the Aristocrat Shares were assigned back to Resource Enhancement Inc. As with the Ruby, FIBG, based on Resource Enhancement's position, had no right to represent the Aristocrat Shares as an asset or as fully paid up capital when at best the assigned shares appear to represent security for a potential loan that was never advanced.
38. On November 1, 1998, Brink and Rita Regale ("Regale") executed a deed of assignment on behalf of FIBG to re-assign the Aristocrat Shares back to Resource Enhancement Inc. Brink, in his capacity as Chairman of the Board, and Regale, in her capacity as Chief Financial Officer, and FIBG continued to represent the Aristocrat Shares as an asset and as fully paid up capital with the knowledge that it had been assigned back to Resource Enhancement, Inc. Finally, it defies all reasonable logic that a sophisticated owner would give up the effective ownership of assets with multi-million dollar values for virtually no consideration.
39. I therefore conclude that FIBG's financial statements as at March 31, 1999 misrepresented its paid up capital at \$32,750,000. Based on my analysis, FIBG had paid up capital of no more than \$500,000 and more probably \$100,000.
40. FIBG reported on its March 31, 1999 financial statements additional paid-in capital of \$222,500,000. To date, my review has not been able to reconcile this amount with any of the asset accounts maintained in the books of FIBG nor any listing of assets of this amount, nor the retained earnings reported, whether such earnings were real or not.

Income/Debenture Trading

41. My review of FIBG's financial statements as at March 31, 1999, as prepared by Craig, reported total income of \$25,999,949,135 which was comprised of the following:

Return from investments	\$18,927,620	0.07%
Debenture trading (note 5)	25,980,970,000	99.93%
Miscellaneous customer charges	<u>51,515</u>	
Total Income	<u>\$25,999,949,135</u>	100.00%

42. This purported Debenture trading represents 99.93% of FIBG's reported income. My review of FIBG's internal accounting system ("PBS") did not indicated by either journal entry or general ledger investment income or debenture trading income of any nature.

The return from investments of \$18,927,620 is believed to be an estimate by FIBG management of the increase in value of certain FIBG investments. To date, no documentation has been located detailing or substantiating the basis for this estimate and as outlined in the asset recovery section of this report, the attributed values assigned to these assets remains highly questionable and in my opinion stretch creditability beyond the limit. My estimate of recovery from these investments begins at paragraph 116.

43. From my review of FIBG's financial statements the debenture trading income comprised the following:

Ledger debenture trading activities	\$13,480,970,000
Assigned assets	<u>12,500,000,000</u>
Total Debenture Trading	<u>\$25,980,970,000</u>

The assigned assets recorded as debenture trading consist of booking the Dai-ichi Kangyo Bank cheques at their full face value of at \$3.8 billion and the United Bank of Switzerland notes at their full face value of \$8.7 billion (\$3.8 + \$8.7 = \$12.5). The recording of the \$12.5 billion as income is a misrepresentation, which I will address further in paragraph 60.

44. I have performed a review of documents pertaining to the \$13,480,970,000 referred to as ledger debenture trading activities and recorded by FIBG as income on the income statement as at March 31, 1999. In my First Report I said I could find no evidence of debenture trading. Since the release of my First Report, I have found two versions of a single spreadsheet titled "First Bank On Ledger Debenture

