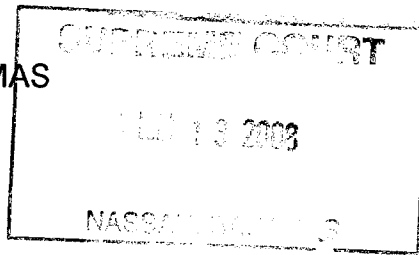


COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Common Law and Equity Division

Between



2007

CLE/GEN No. 1052

LESTER M. TURNQUEST, JR.

First Plaintiff

THE BONNYCORD GROUP LIMITED

Second Plaintiff

AND

HYWEL JONES

First Defendant

THE BRITANNIA GROUP LTD

Second Defendant

HAMPTON INSURANCE COMPANY LIMITED

Third Defendant

STEPHEN DICKSON

Fourth Defendant

---

**FOURTH AFFIDAVIT OF GEORGE CLIFFORD CULMER**

---

Roberts, Isaacs & Co.,  
Chambers,  
The Rigarno Building,  
Bay Street & Victoria Avenue,  
Nassau, Bahamas.

Attorneys for George Clifford Culmer,  
as Receiver & Manager herein.

Between

LESTER M. TURNQUEST, JR.

First Plaintiff

THE BONNYCORD GROUP LIMITED

Second Plaintiff

AND

HYWEL JONES

First Defendant

THE BRITANNIA GROUP LTD

Second Defendant

HAMPTON INSURANCE COMPANY LIMITED

Third Defendant

STEPHEN DICKSON

Fourth Defendant

**FOURTH AFFIDAVIT OF GEORGE CLIFFORD CULMER**

I, GEORGE CLIFFORD CULMER, of the Eastern District of the Island of New Providence, being one of The Islands of The Commonwealth of The Bahamas, Chartered Accountant, make oath and say that:-

1. I am the senior partner in the accounting firm known as BDO Mann Judd and I was by virtue of the Order herein dated the 21<sup>st</sup> September 2007 and filed herein on the 1<sup>st</sup> October 2007 ("the Order") appointed as the Receiver and Manager ("the Receiver") of the Client Companies and the Recipient Companies which are referred to in the First and Second Schedules of the Order.

2. I make this Affidavit in support of my application to this Honourable Court for the directions set out in my Summons for Directions ("the Summons") filed herein on the 11<sup>th</sup> February 2008, pursuant to the terms of the Order.

**Further disclosure of information and documents by the Plaintiffs to assist the Receiver in carrying out his functions and duties as required by the terms of the Order**

**Documents and information showing the alleged transfer of assets belonging to the Client Companies and the Recipient Companies to certain third party Purchasers pursuant to certain Asset Purchase Agreements made in or about April 2007**

3. To date the Plaintiffs have produced to the Receiver several Asset Purchase Agreements, the brief particulars of which are set out in a Schedule prepared by my office, and have alleged, in numerous meetings which I have had with them since my appointment, that most of the assets of the Client Companies and the Recipient Companies mentioned in the Order (collectively "the Receivership Companies") were transferred by them to the third party Purchasers mentioned in the said Schedule under the terms of the said Asset Purchase Agreements before the date of the Order. True copies of the said Schedule and an example of one of said Asset Purchase Agreements are now shown to me in a bundle marked "GCC 1" and attached hereto.
4. I have since the date of my appointment continually requested that the Plaintiffs provide me with all of the documents showing the alleged transfer of assets from the Receivership Companies as mentioned above, including instructions to banks or other financial institutions showing the alleged transfer of assets, the latest occasion being under cover of a letter from my Attorneys to the Plaintiffs' Attorneys dated 25<sup>th</sup> January 2008 ("the said letter"). To date, other than an Asset Schedule ("the Asset Schedule") showing the Assets purportedly held by some of the Receivership Companies as at the 16<sup>th</sup> April 2007, prior to their transfer by the Plaintiffs to the said third party Purchasers under the said Asset Purchase Agreements, the Plaintiffs have

failed to produce to me any documents whatsoever to substantiate their said allegation that most of the assets of the Receivership Companies were transferred by them to the said third party Purchasers before the date of the Order. A true copy of the Asset Schedule is now shown to me marked "GCC2" and attached hereto.

5. I therefore respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of the same, having been the managers of the assets of the Receivership Companies at the time that such transfers allegedly took place under the said Asset Purchase Agreements, to provide me with the documentation as set out in Clause 1, sub-clause (i) of the Summons showing full particulars of all alleged transfers of assets to the said third party purchasers.

**Documents and information showing the transfer of any assets belonging to the Client Companies or the Recipient Companies(collectively "the Receivership Companies") to the Plaintiffs or to any other persons or entities for the benefit of the Plaintiffs, including corporations or trusts**

6. As a result of inspections which I caused to be made by my agents at local banks in the Bahamas, including Ansbacher (Bahamas) Limited("Ansbacher"), which have held assets for the Receivership Companies, I have discovered that certain transfers were made by some of the Receivership Companies to the Plaintiffs which were not previously disclosed by the Plaintiffs to me in compliance with Clause 10 of the Order. As a result of this discovery, by the said letter, I requested that they produce to me all documents in their possession custody or control relating to the transfer of any assets held by or for the Receivership Companies to the Plaintiffs their officers servants agents or to any other person acting for them. To date, the only response that I have received to this request has been the First Plaintiff's claim that he has already disclosed all documents in his possession to me, although I believe that it is noteworthy that the Plaintiffs have not denied my contention in the said letter that they ought to be in possession custody or control of such documents. By way of example, true copies of certain

written instructions from the Plaintiffs to Ansbacher requesting the transfer of assets from certain of the Receivership Companies to themselves are now shown to me in a bundle marked "GCC3" and attached hereto.

7. In light of the lack of response by the Plaintiffs, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of the same, to provide me with the documentation as set out in Clause 1, sub-clause (ii) of the Summons showing full particulars of all transfers of assets from the Receivership Companies to the Plaintiffs or either of them, their officers servants agents or to any other person acting for them, including corporations or trusts.
8. As a result of the said inspections, I have discovered that certain transfers were made by some of the Client Companies to the Recipient Companies upon the instructions of the Plaintiffs , which were not previously disclosed by the Plaintiffs to me in compliance with Clause 10 of the Order. As a result of this discovery, by the said letter, I requested that they produce to me all documents in their possession custody or control relating to the transfer of any assets held by or for the Client Companies to the Recipient Companies their officers servants agents or to any other person acting for them. To date, the only response that I have received to this request has been the First Plaintiff's claim that he has already disclosed all documents in his possession to me, although I believe that it is noteworthy that the Plaintiffs have not denied my contention in the said letter that they ought to be in possession custody or control of such documents. By way of example, true copies of certain written instructions from the Plaintiffs to Ansbacher requesting the transfer of assets from certain of the Client Companies to certain of the Recipient Companies and certain of the Recipient Individuals are now shown to me in a bundle marked "GCC4" and attached hereto.
9. In light of the lack of response by the Plaintiffs, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of such documents, to provide me with full particulars of all transfers of assets from the

Client Companies to the Recipient Companies or the Recipient Individuals, as set out in Clause 1, sub-clause (iii) of the Summons.

10. I have since the date of my appointment continually requested that the Plaintiffs provide me with all of the documents in their possession custody or control showing all income or fees earned or to be earned by the Plaintiffs from the Client Companies or the Recipient Companies or any other person and all income or fees paid by the Client Companies or the Recipient Companies or any other person to the Plaintiffs, the latest occasion being under cover of the said letter.
11. To date, the Plaintiffs have not provided me with any information regarding such fees and income, which ought to be in their possession custody or control, particularly bearing in mind that the Plaintiffs by all outward appearances continue to conduct business each day from their leased premises on Shirley Street in the City of Nassau, and to employ persons in the conduct of such business.
12. In light of the lack of response by the Plaintiffs, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of such documents, to provide me with full particulars of all income and fees as set out in Clause 1, sub-clause (iv) of the Summons.
13. As a result of the said inspections, I have discovered that at least one of the Recipient Companies, namely Horizon Development Ltd., is the General Partner of three(3) Cayman based Exempted Limited Partnerships, namely North Cay Development LP, Resort Development LP, and Nix Point Resort Development LP, all of which partnerships appear to have been negotiating with certain landowners to purchase and/or enter into option agreements to purchase and develop real estate holdings in the Bahamas, particularly in Eleuthera.
14. By a letter to my Attorneys from the First Plaintiff dated the 20<sup>th</sup> November 2007, the First Plaintiff acknowledged the interest held by the Second Plaintiff in a joint venture to acquire the Four Seasons Resort in Great Exuma and the said options to acquire several tracts of land in Eleuthera.

15. Other than the said correspondence from the First Plaintiff dated 20<sup>th</sup> November 2007, the Plaintiffs have not provided me with any documents or information to show the nature or value of the interests held by Horizon Development Ltd. and/or the Second Plaintiff and/or any of the other Client Companies or Recipient Companies in real estate development in the Bahamas or elsewhere. Accordingly, by the said letter I requested that the Plaintiffs provide to me all documents in their possession relating to the sale or acquisition of land in the Bahamas or elsewhere and/or the development thereof by any of the Client Companies or the Recipient Companies including Horizon Development or any related subsidiaries.
16. As I have not to date received a response to the said letter from the Plaintiffs, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of such documents, to provide me with full particulars of all documents relating to the acquisition and/or development of land in the Bahamas or elsewhere as set out in Clause 1, sub-clause (v) of the Summons.

**Statements of the financial affairs of the Client Companies and the Recipient Companies as at the date of the Order**

17. Despite numerous meetings held with the Plaintiffs since the date of my appointment in which I have requested the Plaintiffs, as the Directors and Managers of the Client Companies and the Recipient Companies, to provide me with statements showing the financial position of the said Companies as at the date of the Order, which I am advised by my Attorneys, they are obliged to provide to me by virtue of the provisions of Sections 155 and 156 of the Companies Act 1992, the Plaintiffs have failed to so provide me with this information.
18. By the said letter, I again requested that the Plaintiffs provide me with the said financial information in respect of the said Companies, as required by the Companies Act, but they have failed to respond.

19. In light of the lack of response by the Plaintiffs, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs, who ought to be in the possession custody or control of such financial information, to provide me with full particulars of the financial status of the Client Companies and the Recipient Companies, as set out in Clause 2 of the Summons.

**Assistance to the Receiver to establish control over assets held abroad by the Client Companies and the Recipient Companies.**

20. I am aware of a number of foreign accounts (foreign accounts) held or previously held abroad by the Client Companies and the Recipient Companies ("the Receivership Companies"), the particulars of which are set out in Exhibit B to my first Accounting Report, which is exhibited to my Affidavit filed herein on the 19<sup>th</sup> December 2007.
21. Notwithstanding the fact that I have served copies of the Order upon all of the foreign banks and institutions mentioned in the said Exhibit B, none of those institutions have responded to my written requests to provide me with information relating to the foreign accounts or confirmed their acknowledgment of my request that they not deal with any of the foreign accounts held by the Receivership Companies save with my express written authorization. In most instances, I have been informed by such foreign banks and institutions that they are not prepared to acknowledge my request save with an order of their local Court recognising my appointment and authority as Receiver and Manager in their respective jurisdictions.
22. In light of the fact that I have to date had insufficient funds at my disposal to pay for the costs of commencing proceedings to seek my recognition abroad as the Receiver and Manager of the assets of the Receivership Companies situated abroad, I am advised that my only other option is to seek the assistance of the First Plaintiff and Kayla Sturup, who, as the Directors and Officers of the Receivership Companies holding the foreign accounts, could execute appropriate Resolutions replacing the current signatories on such accounts with myself. With this objective in mind, my Attorneys did by e-mail to the Plaintiffs and their attorneys dated 16 December 2007, request their urgent assistance in executing Director's Resolutions, whereby the Receiver



would have been appointed as the sole signatory to all of the foreign accounts in place of the existing signatories to such foreign accounts. By the said letter, my Attorneys again requested the assistance of the Plaintiffs and their Attorneys in this regard. A true copy of the said e-mail is now shown to me marked "GCC5" and attached hereto.

23. To date, the only response that I have received from the Plaintiffs' Attorneys with regard to my requests for assistance with regard to the foreign accounts is set out in their e-mail to my Attorneys dated 29<sup>th</sup> January 2008, in which their Attorneys have stated, in summary, that their clients object to the assistance that has been requested by me, but that if I were prepared to give them a full and complete personal indemnity, they may be prepared to consider my request. A true copy of the said e-mail is now shown to me marked "GCC6" and attached hereto.

24. In light of the position taken by the Plaintiffs with regard to my request for assistance in relation to gaining authority and control over the foreign accounts, I respectfully request the assistance of this Honourable Court in compelling the Plaintiffs and Kayla Sturup (in her capacity as an Officer and Director of the Receivership Companies) to assist me in this regard by granting an Order in the terms set out in Clause 3 of the Summons.

**Order restraining the Plaintiffs from transferring, charging, or in anywise dealing with the assets of the Receivership Companies, whether located in the Bahamas or abroad.**

25. It has come to my attention, per chance, that 2 attempts appear to have been made by the Plaintiffs their servants and/or agents, after the date of the Order, to transfer some of the assets of one of the Receivership Companies, namely West Coast Holdings Ltd (West Coast), in breach of the terms of the Order. I became aware of these attempted breaches by virtue of 2 e-mails that were copied to me by the Defendants, whom I understand were copied with these e-mails by their senders, which were sent by Artis Aggressive Growth Ltd. ("Artis") and Artis Partners 2X Ltd. ("2X") to the attention of the First Plaintiff on the 1 November 2007. By these e-

mails, Artis and 2X advised the First Plaintiff that they had both received a request to transfer assets belonging to West Coast, presumably from the First Plaintiff as the President/Director of West Coast since it was the First Plaintiff that they were responding to in their said e-mails, which requests were both dated the 26 September 2007, after the date of the Order. The e-mails also advised the First Plaintiff that in light of the Order dated the 21<sup>st</sup> September 2007, they declined to recognize or register the requested transfer of shares. True copies of the said e-mails are now shown to be in a bundle marked "GCC7" and attached hereto.

26. In light of the said attempted breaches of the Order, and my concern that there may have been additional attempts made in breach of the Order to transfer the assets of the Receivership Companies of which I am unaware, particularly with regard to the foreign accounts over which I currently have no control, I respectfully request the assistance of this Honourable Court by granting an Order against the Plaintiffs preventing them, their servants, agents and all other persons with Notice of such Order from dealing in any way with the assets of the Receivership Companies as set out in Clause 4 of the Summons.
27. Bearing in mind that (i) I have been requested by the Defendants to seek a clarification by this Honourable Court as to the scope of the Accounting mentioned in Clause 4 of the Order, and (ii) the fact that the Plaintiffs have disclosed documents to me to date which purport to establish that the beneficial ownership in many of the Receivership Companies was transferred from the Third Defendant to certain Trusts established by clients of the Plaintiffs as early as 2002, I respectfully request the assistance of this Honourable Court in making the declaration as to the scope of my accounting duties under the Order, in the terms set out in Clause 5 of the Summons.
28. I have since the date of the Order received certain requests from the Third Defendant to settle out of the available assets of the Client Companies certain administrative fees claimed due and owing from the Client Companies. In support of these requests, the Third Defendant has submitted the life insurance policy relating to each Client Company, their invoices setting out the administrative fees claimed against each Client Company and an Affidavit sworn and submitted

to me by the First Defendant on the 11<sup>th</sup> February 2008, setting out the facts and matters relating to the said claims. True copies of one of the Insurance policies(which I am advised are the same for each Client Company and Insured Party) , the said invoices and the said Affidavit are now shown to me in a bundle marked "GCC 8" and attached hereto.

29. In light of the facts and matters referred to above, I respectfully request the assistance of this Honourable Court in granting an Order that I be at liberty to pay the said invoices out of the available assets of the respective Client Companies against which such fees have been claimed by the Third Defendant, as set out in Clause 6 of the Summons.

30. In light of the facts and matters set out in my Affidavit filed herein on the 31 January 2008, including the invoices exhibited thereto for myself and my Attorneys showing our normal rates and charges billed to date in the carriage of this matter, I respectfully request the assistance of this Honourable Court in granting an Order passing and approving my professional fees in this matter in the sum of \$85,140.00, covering the period from the 21<sup>st</sup> September 2007 to the 25<sup>th</sup> January 2008, and the professional fees and disbursements of my Attorneys for the same period in the sum of \$64,668.75, as set out in Clause 7 of the Summons.

31. Other than the local assets of the Receivership Companies which are set out in Exhibit A to my Affidavit filed herein on the 19<sup>th</sup> December 2007, the only other assets held by the Receivership Companies which have been disclosed to me to date by the parties to date and of which I am aware, are 3 lots of land situate in New Providence, namely:-

- (i) Lot 49, Charlottesville Subdivision, owned by The Cold Harbour Development Company Limited(a Client Company);
- (ii) Lot 9, Quail Roost Ridge Subdivision, owned by Great Exuma Plantations Ltd. (a Recipient Company), which is currently under contract for sale, with my authority.
- (iii) Lot 6, Sherwood Subdivision, owned by Great Exuma Plantations Ltd.

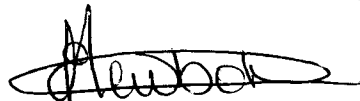
32. Pursuant to Clause 16 of the Order and the first charge referred to therein , I respectfully request the assistance of this Honourable Court in granting an Order that I be at liberty to sell the said 3 lots of land and any other tangible property held for the Receivership Companies and to apply the proceeds of such sales towards the payment of the Receiver's fees and expenses and those of his Attorneys to date, and any such future fees and expenses of the Receiver and his Attorneys in this action, as set out in Clause 8 of the Summons.
33. Again, pursuant to Clause 16 and by way of clarifications of the terms of the same, I respectfully request the assistance of the Court in granting an Order that I be at liberty to pay for the Receiver's fees and expenses and those of his Attorneys in this action, out of any of the assets which are held abroad or locally by any of the Receivership Companies, including those assets which are particularized in the said Exhibit A to my Affidavit filed herein on the 19<sup>th</sup> December 2007, as set out in Clause 9 of the Summons.
34. Finally, I respectfully request that this Honourable Court do grant an Order that the Receiver's costs of this application for Directions be paid out of the any of the local or foreign assets held by the Receivership Companies as mentioned above, as set out in Clause 10 of the Summons.
35. Where the contents of this Affidavit are within my own knowledge they are true. Where the contents of this Affidavit are not within my own knowledge they derive from information provided to me by my legal representatives, and from the documents in my and their possession. I verily believe that this information is true.

Sworn to this 13<sup>th</sup> day )

February A.D. 2008 at )

Nassau, Bahamas. )

*G. C. Culmer*



NOTARY PUBLIC

This Affidavit was prepared by Messrs. Roberts, Isaacs & Co. of The Rigarno Building, Bay Street & Victoria Avenue, Nassau, Bahamas, Attorneys for the said George Clifford Culmer as Receiver and Manager herein.

IN THE SUPREME COURT  
Common Law and Equity Division  
Between

CLE/GEN No. 1052

LESTER M. TURNQUEST, JR.  
First Plaintiff

THE BONNYCORD GROUP LIMITED  
Second Plaintiff

AND

HYWEL JONES  
First Defendant

THE BRITANNIA GROUP LTD  
Second Defendant

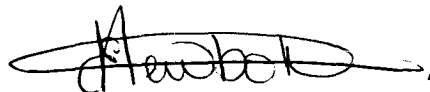
HAMPTON INSURANCE COMPANY LIMITED  
Third Defendant

STEPHEN DICKSON  
Fourth Defendant

**CERTIFICATE**

These are the Exhibits referred to as "GCC1" through "GCC8" in the Affidavit of GEORGE CLIFFORD CULMER sworn herein on the 13<sup>th</sup> day of February A.D. 2008.

Dated this 13<sup>th</sup> day of February A.D. 2008



NOTARY PUBLIC

**CALLA LILY HOLDINGS LTD.,  
a Bahamian company  
(the “Company”)**

**Written Resolutions of the Directors of the Above Company**

The undersigned, being all of the Directors of the Company, hereby adopt the following resolutions pursuant to the Memorandum and Articles of Association of the Company:

RESOLVED, that the Asset Purchase Agreement and the Bill of Sale and Instrument of Assumption attached thereto (collectively, the “Purchase Documents”), which provide for the sale by the Company of all of its assets and the transfer of certain of its liabilities to Caroline Ltd., a Cayman Islands exempted company, in substantially the forms presented to the Directors, are hereby authorized and approved, together with such changes thereto as may be approved by the Managing Director of the Company (such approval conclusively to be deemed given by his execution of final forms of the Purchase Documents), and all of the terms and conditions thereof and the performance of the Company of its obligations thereunder, be, and the same hereby are, adopted and authorized thereby.

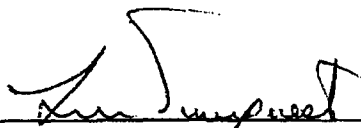
RESOLVED, that Lester Turnquest, as the Managing Director of the Company, is hereby authorized and directed to execute and deliver the Purchase Documents in the name and on behalf of the Company, and the Company is hereby authorized and directed to perform and consummate the asset purchase transaction as contemplated thereby.

RESOLVED, that Lester Turnquest, the Managing Director of the Company, is hereby authorized on behalf of the Company to take such actions and execute, acknowledge, verify, and file such documents as may be necessary or convenient to complete the foregoing asset purchase transaction and carry out the intent of the foregoing resolutions.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned, being all of the Directors of the Company, do hereby adopt the foregoing resolutions as of April 16, 2007.

DIRECTORS:

  
LESTER TURNQUEST

  
KAYLA STURRUP

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement"), is made effective as of April 16, 2007 by and among CAROLINE LTD., a Cayman Islands exempted company ("Purchaser"), and CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas ("Seller"). Purchaser and Seller are sometimes referred to collectively herein as the "Parties."

WHEREAS, Seller is engaged in the business of making investments for profit (the "Business"); and

WHEREAS, Seller desires to sell and assign to Purchaser, and Purchaser desires to purchase and assume from Seller, on the terms and subject to the conditions set forth in this Agreement, certain assets of Seller.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties, agreements and the conditions set forth in this Agreement, the Parties hereby agree as follows:

### ARTICLE 1 TRANSFER OF ASSETS

1.1 Assets to be Transferred. On the terms and subject to the conditions set forth in this Agreement, Seller shall, effective as of the Closing Date (as defined in Section 3.1 hereof), sell, transfer and assign to Purchaser, and Purchaser shall purchase and acquire from Seller, all of Seller's right, title and interest, as of the Closing Date, in and to all of Seller's assets (collectively, the "Purchased Assets") and only those liabilities of Seller which are set forth on Exhibit A attached hereto (the "Assumed Liabilities").

1.2 Excluded Liabilities. Seller shall retain, and Purchaser shall not assume, and nothing contained in this Agreement shall be construed as an assumption by Purchaser of, any liability of Seller other than those which are expressly identified and set forth on Exhibit A attached hereto (collectively, the "Excluded Liabilities").

### ARTICLE 2 PURCHASE PRICE

2.1 Purchase Price. The total purchase price (the "Purchase Price") for the Purchased Assets shall consist of the assumption of the Assumed Liabilities, as defined herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.



**ARTICLE 3**  
**CLOSING**

3.1 **Closing.** The closing of the transactions contemplated by this Agreement (the “Closing”) will take place at such place and on such date as is mutually agreeable to Purchaser and Seller (the “Closing Date”).

3.2 **General Procedure.** At the Closing, each party shall deliver to the party entitled to receipt thereof the documents required to be delivered pursuant to Article 6 hereof and such other payments, documents, instruments and materials (or complete and accurate copies thereof, where appropriate) as may be reasonably required in order to effectuate the intent and provisions of this Agreement.

**ARTICLE 4**  
**REPRESENTATIONS AND WARRANTIES OF SELLER**

The Seller hereby represents and warrants to Purchaser as follows as of the date hereof and at the Closing Date:

4.1 **Organization, Qualification, Power and Authority.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the Bahamas and has all requisite power and authority and all authorizations, licenses, permits and certifications necessary to carry on the Business as now being conducted and to own, invest and operate the Purchased Assets. Seller has the full power and authority to execute, enter into and carry out the provisions of this Agreement. All corporate action on the part of Seller necessary for the authorization, execution, delivery and performance of all obligations of Seller and its shareholders under this Agreement has been taken. Seller is duly qualified to do business in every jurisdiction in which the nature of its Business or its ownership of property requires it to be qualified and in which the failure to be so qualified would have a material adverse effect on the financial or operating condition of the Business.

4.2 **Authority; Enforceability.** Seller has the right, legal capacity, and authority to enter into and perform each of its obligations under this Agreement. This Agreement constitutes the valid and legally binding obligation of Seller, enforceable in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

4.3 **No Violation.** Neither the execution and delivery of this Agreement nor the consummation by Seller of the transaction contemplated hereby (a) will, to the best of Seller’s knowledge, violate any statute or law or any rule, regulation, order, writ, injunction or decree of any court or governmental authority, (b) will require any authorization, consent, approval, exemption or other action by or notice to any court, administrative or governmental agency, instrumentality, commission, authority, board or body, or (c) will violate or conflict with, or

constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien (as defined in Section 4.4) upon any of the Purchased Assets under any term or provision of Seller's charter documents, or of any contract, commitment, understanding, arrangement, agreement or restriction of any kind or character.

4.4 **Title to Purchased Assets.** Seller has good and marketable title to the Purchased Assets, free and clear of all security interests, liens, claims, charges and other encumbrances (individually, a “Lien” and collectively, the “Liens”), and will transfer to Purchaser at Closing good, valid and marketable title thereto, free and clear of any Liens. Seller is not in breach of default of any obligations under any of the leases assigned by Purchaser hereunder.

## **ARTICLE 5**

### **REPRESENTATIONS AND WARRANTIES OF PURCHASER**

Purchaser hereby represents and warrants to Seller as of the date hereof and at the Closing Date that:

5.1 **Organization, Qualification, Power and Authority.** Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Cayman Islands and has all requisite power and authority and all authorizations, licenses, permits and certifications necessary to carry on its business as now being conducted and to own, invest and operate the Purchased Assets.

5.2 **Authority; Enforceability.** Purchaser has the right, legal capacity, and authority to enter into and perform its obligations under this Agreement. This Agreement constitutes the valid and legally binding obligation of Purchaser, enforceable in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, and to the exercise of judicial discretion in accordance with general principles of equity, including (without limitation) concepts of materiality, reasonableness, good faith and fair dealing, and other similar doctrines affecting the enforceability of agreements generally (regardless of whether considered in a proceeding in equity or at law).

5.3 **No Violation.** Neither the execution and delivery of this Agreement nor the consummation by Purchaser of the transaction contemplated hereby (a) will, to the best of Purchaser's knowledge, violate any statute or law or any rule, regulation, order, writ, injunction or decree of any court or governmental authority, (b) will require any authorization, consent, approval, exemption or other action by or notice to any court, administrative or governmental agency, instrumentality, commission, authority, board or body, or (c) will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, or will result in the termination of, or accelerate the performance required by, or result in the creation of any Lien upon any of the Purchased Assets under any term or provision of the certificate of limited partnership or partnership agreement of Purchaser, or of any contract, commitment, understanding, arrangement, agreement or restriction of any kind or character.

**ARTICLE 6**  
**CONDITIONS TO CLOSING**

6.1 **Conditions to Purchaser's Obligations.** The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of the following conditions on or before the Closing, which conditions may be waived only in a writing executed by Purchaser:

(a) All corporate action on the part of Seller necessary for the authorization, execution and delivery of this Agreement by Seller and the performance of all obligations of Seller and its shareholders under this Agreement has been taken to the extent required by law and Seller's charter documents;

(b) On the Closing, Seller shall have delivered to Purchaser all of the following:

(i) the Bill of Sale substantially in the form attached as Exhibit B and such other instruments of conveyance, transfer, assignment and delivery as Purchaser shall have reasonably requested;

(ii) the Instrument of Assumption substantially in the form attached as Exhibit C;

(iii) a copy of the resolutions adopted in accordance with Section 6.1(a) of this Agreement authorizing the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated by this Agreement; and

(iv) such other certificates, documents and instruments as Purchaser reasonably requests related to the transactions contemplated hereby.

(c) The representations and warranties of Seller contained in this Agreement shall be deemed to have been made again at the Closing and shall then be true in all respects. Seller shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at Closing.

6.2 **Conditions to Seller's Obligations.** The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions on or before the Closing, which conditions may be waived only in a writing executed by Seller:

(a) All corporate action on the part of Purchaser necessary for the authorization, execution and delivery of this Agreement by Purchaser and the performance of all obligations of Purchaser under this Agreement has been taken to the extent required by law and Purchaser's charter documents;

(b) On the Closing, Purchaser shall have delivered to Seller all of the following:

(i) a copy of the resolutions adopted in accordance with Section 6.2(a) of this Agreement authorizing the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated by this Agreement;

(ii) the Instrument of Assumption substantially in the form attached as Exhibit C and such other instruments of assumption as Seller shall have reasonably requested; and

(iii) such other certificates, documents and instruments as Seller reasonably requests related to the transactions contemplated hereby.

(c) The representations and warranties of Purchaser contained in this Agreement shall be deemed to have been made again at the Closing and shall then be true in all respects. Purchaser shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at Closing.

#### **ARTICLE 7** **MISCELLANEOUS**

7.1 **Further Assurances.** Purchaser and Seller agree that on and after the Closing Date each of them shall take all appropriate action and execute any documents, instruments or conveyances of any kind which may be reasonably necessary or advisable to carry out any of the provisions hereof, including, without limitation, putting Purchaser in possession and operating control of the Purchased Assets.

7.2 **Amendment and Waiver.** This Agreement may not be amended or waived except in a writing executed by the party against which such amendment or waiver is sought to be enforced. No course of dealing between or among any persons having any interest in this Agreement will be deemed effective to modify or amend any part of this Agreement or any rights or obligations of any person under or by reason of this Agreement.

7.3 **Costs and Expenses.** Purchaser and Seller shall each bear its own costs and expenses incurred in connection with this transaction. Any sales tax imposed with respect to the transaction provided for in this Agreement shall be borne by Purchaser.

7.4 **Notices.** All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered or three (3) business days after being sent via overnight courier, fee paid by the party sending the notice, or when receipt is acknowledged, if sent by facsimile, telecopy, electronic mail or other electronic transmission device. Notices, demands and communications to Purchaser and Seller will, unless another address is specified in writing, be sent to the address indicated below:

To Purchaser: Caroline Ltd.  
c/o Rurik Trust Company (International) Limited  
P.O. Box 31496 SMB  
2nd Floor, Winward 3  
Safehaven Corporate Centre  
Grand Cayman, KY1-1206  
Cayman Islands, B.W.I.  
Attn: Roger Hendrickson

To Seller: Calla Lily Holdings Ltd.  
2nd Floor, Sandringham House  
Shirley Street  
P.O. Box CB-12724  
Nassau, NP., Bahamas  
Attn: Lester Turnquest

7.5 **Assignment**. This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either party hereto except by Purchaser to an affiliate that is wholly-owned by, or wholly-owns, Purchaser. No such assignment shall release any assignor from its obligations hereunder.

7.6 **Severability**. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

7.7 **Complete Agreement**. This Agreement, the Exhibits hereto and the other documents referred to herein contain the complete agreement between the parties and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

7.8 **Counterparts**. This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument. Telecopies and fax copies of original signature pages shall be deemed to be originally-signed signature pages for all purposes of this Agreement.

7.9 **Governing Law**. The internal law of the Cayman Islands will govern all questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement.

7.10 **Legal Fees and Costs**. In the event any party incurs legal expenses to enforce or interpret any provision of this Agreement, the prevailing party shall be entitled to recover

such expenses, including, without limitation, reasonably incurred attorney’s fees, costs and disbursements, in addition to any other relief to which such party shall be entitled.

*[signature page follows]*

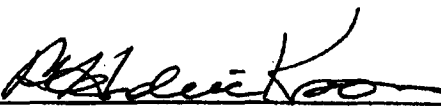


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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PURCHASER:

CAROLINE LTD., a Cayman Islands exempted company

By:   
C.A. Roger F. Hendrickson, its  
President and Managing Director

SELLER:

CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas


By:   
Lester Turnquest, its Managing Director

EXHIBIT A

ASSUMED LIABILITES

TBD



OffshoreAlert



**EXHIBIT B**

**BILL OF SALE**

THIS BILL OF SALE (“Bill of Sale”) is made effective as of April 16, 2007, by and between CAROLINE LTD., a Cayman Islands exempted company (“Purchaser”), and CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas (“Seller”). Unless otherwise defined herein, capitalized terms used herein without definition shall have the respective meanings provided in the Asset Purchase Agreement (as hereinafter defined). This Bill of Sale is intended to implement the provisions of the Asset Purchase Agreement and shall not be construed to enhance, extend or limit the rights or obligations of Purchaser or Seller thereunder. To the extent any provisions of this Bill of Sale is inconsistent with the Asset Purchase Agreement, the provisions of the Asset Purchase Agreement shall control.

WHEREAS, Seller and Purchaser have entered into that certain Asset Purchase Agreement, effective as of April 16, 2007 (the “Asset Purchase Agreement”), providing for the sale by Seller and purchase by Purchaser of the Purchased Assets for the Purchase Price, as defined therein.

NOW, THEREFORE, in consideration of the promises and the other valuable consideration given by Purchaser to Seller, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions set forth in the Asset Purchase Agreement, Seller does hereby sell, transfer, convey, assign and deliver unto Purchaser effective on the Closing Date (as defined in the Asset Purchase Agreement), its successors and assigns, to have and to hold for Purchaser’s own use and enjoyment and for the use and enjoyment of Purchaser’s successors and assigns forever, all of Seller’s right, title and interest in and to the Purchased Assets, wherever located, as the same exist on the date hereof, free and clear of all Liens.

From time to time after the Closing Date, at either party’s request, without further consideration therefor, the other party shall take such action, or cause such action to be taken, and prepare, execute, acknowledge and deliver, or cause to be prepared, executed, acknowledged and delivered, such other instruments of assignment or assumption, as may reasonably be required to effect the foregoing and to otherwise effectuate the terms and purposes of this Bill of Sale.


This Bill of Sale shall be governed by and construed in accordance with the laws of the Cayman Islands.

No amendment or modification of this Bill of Sale shall be effective unless it is set forth in writing and signed by both parties to this Bill of Sale. The Bill of Sale may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED AND AGREED as of the day and year first above written.


PURCHASER:

CAROLINE LTD., a Cayman Islands exempted company

By:   
C.A. Roger F. Hendrickson, its  
President and Managing Director

SELLER:

CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas

By:   
Lester Turnquest, its Managing Director

**EXHIBIT C**

**INSTRUMENT OF ASSUMPTION**

This INSTRUMENT OF ASSUMPTION (“Instrument”) is made effective as of April 16, 2007 by and between CAROLINE LTD., a Cayman Islands exempted company (“Assignee”), in favor of CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas (“Assignor”).

WHEREAS, pursuant to the terms and provisions of the Asset Purchase Agreement (the “Purchase Agreement”), dated as of the date hereof, by and among Assignor and Assignee, Assignee has agreed to assume, pay, perform and discharge the Assumed Liabilities (as defined in the Purchase Agreement); and

WHEREAS, the execution and delivery by Assignee of this Instrument of Assumption is a condition precedent to Assignor’s obligation to consummate the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, effective as of 11:59 p.m. (Central time) on the date hereof, Assignor hereby assigns, sells, transfers and sets over (collectively, the “Assignment”) to Assignee all of Assignor’s right, title, benefit, privileges and interest in and to, and all of Assignor’s burdens, obligations and liabilities in connection with, each of the Assumed Liabilities. Assignee hereby accepts the Assignment and assumes and agrees to observe and perform all of the duties, obligations, terms, provisions and covenants, and to pay and discharge all of the liabilities of Assignor to be observed, performed, paid or discharged from and after the Closing, in connection with the Assumed Liabilities. Assignee assumes no Excluded Liabilities (as defined in the Purchase Agreement), and the parties hereto agree that all such Excluded Liabilities shall remain the sole responsibility of Assignor.


The terms of the Purchase Agreement, including but not limited to Assignor’s representations, warranties, covenants, agreements and indemnities relating to the Assumed Liabilities, are incorporated herein by this reference. Assignor and Assignee acknowledge and agree that the representations, warranties, covenants, agreements and indemnities contained in the Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement shall govern.

Each of Assignor and Assignee covenants and agrees, at its own expense, to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other action as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this Instrument.

This Instrument is made for and shall inure to the benefit of Assignor and its respective successors and assigns and shall be governed by, enforced in accordance with, and interpreted under the laws of the Cayman Islands.

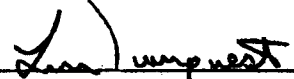
IN WITNESS WHEREOF, Assignee has caused this Instrument of Assumption to be executed on its behalf by its duly authorized officers as of the date first above written.

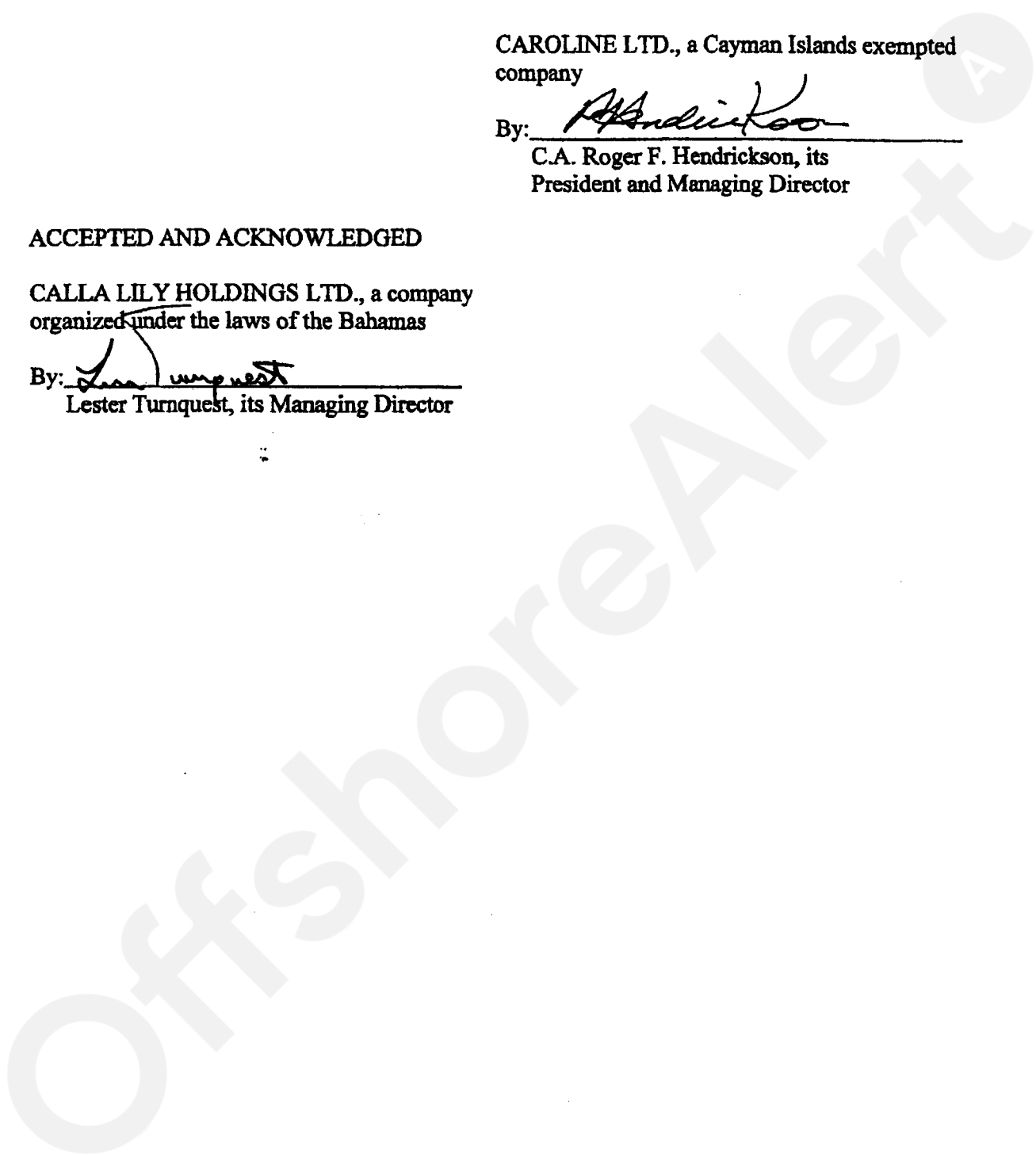
CAROLINE LTD., a Cayman Islands exempted company

By:   
C.A. Roger F. Hendrickson, its  
President and Managing Director

ACCEPTED AND ACKNOWLEDGED

CALLA LILY HOLDINGS LTD., a company organized under the laws of the Bahamas

By:   
Lester Turnquest, its Managing Director



**Bonnycord and Hampton Subsidiary Receivership  
Sales Agreement Schedule**

<b>Company Name</b>	<b>Sales Date</b>	<b>Seller</b>	<b>Purchaser</b>	<b>Sales Price</b>
Amaryllis Holding Ltd	16-04-07	Amaryllis Holding Ltd	Amadeus Resources Ltd	Assumed Liabilities to be determined (TBD)
C.S. Holding Ltd	16-04-07	C.S. Holdings Ltd	Chevrolet Holdings Ltd	Assumed Liabilities to be determined (TBD)
Calla Lilly Holdings Ltd	16-04-07	Calla Lilly Holdings Ltd	Caroline Ltd	Assumed Liabilities to be determined (TBD)
Coconut Palm Estates Ltd	16-04-07	Coconut Palm Estates Ltd	Commodore Investments Ltd	Assumed Liabilities to be determined (TBD)
Cornflower Holdings Ltd	16-04-07	Cornflower Holdings Ltd	Century Services Ltd	Assumed Liabilities to be determined (TBD)
Exquisite Island Properties Ltd	16-04-07	Exquisite Island Properties Ltd	Edinger Capital Ltd	Such liabilities, if any, that arise directly from any fee for services for philanthropic activities previously conducted by the Seller, but only to the extent such liability is in directly in favor of the charity for which the philanthropic activity was conducted.
Gladiola Holdings Ltd	16-04-07	Gladiola Holdings Ltd	Gateway Resources Ltd	Assumed Liabilities to be determined (TBD)
Green Meadows Holdings Ltd	16-04-07	Green Meadows Holdings Ltd	Glenboro Holdings Ltd	Any warranty liabilities for software consulting services to or on behalf of Plutus Enterprises a Bahamas company.



**Bonnycord and Hampton Subsidiary Receivership  
Sales Agreement Schedule**

<b>Company Name</b>	<b>Sales Date</b>	<b>Seller</b>	<b>Purchaser</b>	<b>Sales Price</b>
Jambo Re	16-04-07	Jambo Re	Jamestown Holdings Ltd	Any liability for claims made against Great Harbour Insurance Limited, a Cayman Islands exempted company, pursuant to any policy of insurance in favor of Ydebts, Inc. a California corporation, which has been reinsured to Extempo Re, a Nevis corporation.
Marlin Consulting Resources Ltd	16-04-07	Marlin Consulting Resources Ltd	Monarch Services Ltd	Assumed Liabilities to be determined (TBD)
Montage Holdings Ltd	16-04-07	Montage Holdings Ltd	Movado Holdings Ltd	Any liabilities related to the operation of oil and gas wells.
Paradise Hills S.A	16-04-07	Paradise Hills S.A The Bahamas	Paradise Hills S.A Cayman Islands	Any liability for claims made against Great Harbour Insurance Limited, Cayman Islands exempted company, pursuant to any policy of insurance in favor of SCC Acquisitions, Inc a California corporation which has been reinsured to Extempo Re, a Nevis corporation.
Platinum Consulting Services Ltd	16-04-07	Platinum Consulting Services The Bahamas	Platinum Consulting Services Cayman Islands	Assumed Liabilities to be determined (TBD)
Plaudit Trading Inc	16-04-07	Plaudit Trading Inc	Parasol Services Ltd	Assumed Liabilities to be determined (TBD)
Sherwood Forest Enterprises Ltd	16-04-07	Sherwood Forest Enterprises Ltd	Swan River Holdings Ltd	Any product liability claims for parts supplied to Therosys, a corporation.
Sorand Ltd	16-04-07	Sorand Ltd	Shell Mountain Ltd	Assumed Liabilities to be determined (TBD)

**Bonnycord and Hampton Subsidiary Receivership  
Sales Agreement Schedule**

<b>Company Name</b>	<b>Sales Date</b>	<b>Seller</b>	<b>Purchaser</b>	<b>Sales Price</b>
West Holdings Ltd	12-04-07	West Coast Holdings Ltd	West Holdings Ltd	All liabilities related to resort development expenses.
Xavano Ltd	16-04-07	Xavano Ltd	Ximeno Ltd	Assumed Liabilities to be determined (TBD)

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SCHEDULE OF ASSETS (USD) 16/4/07			
Amarayllis Holdings Ltd.		1,310,000.00	(Calendonia)
Calla Lily Holdings Ltd.		1,354,000.00	(Calendonia)
Coconut Palm Estates Ltd.		1,442,000.00	(Wells Fargo)
Cornflower Holdings		376,000.00	(Bank of Butterfield)
Exquisite Island Properties		2,122,100.00	(London & Capital)
Gladiola Holdings Ltd.		863,000.00	(Wells Fargo)
Green Meadows Holdings		900,000.00	(Wells Fargo)
Montage Holdings Ltd.		500,000.00	(Wells Fargo)
Paradise Hills S.A.		20,000,000.00	(Mellon Bank)
Platinum Consulting Services Ltd.		2,845,000.00	(n/a)
Sherwood Forest Enterprise Ltd.		1,746,000.00	(Smith Barney)
West Coast Holdings Ltd.		5,426,000.00	(Calendonia & Artis Fund Mgt.)

Offshore



"GCC 3"

# THE BONNYCORD GROUP LIMITED

Ground Floor, Sandringham House, Shirley Street  
P.O. Box N-469, Nassau, Bahamas

Telephone: (242) 326-6112 Fax: (242) 326-7950 email: [lturnquest@britgroup.com](mailto:lturnquest@britgroup.com)

## FACSIMILE

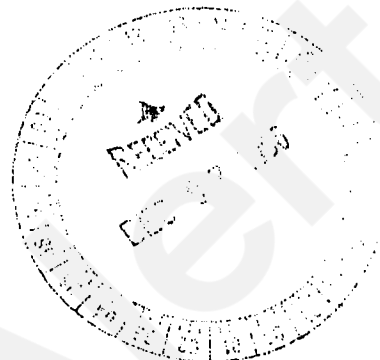
A

TO : Ansbacher (Bahamas) Limited  
Attention: Roger Pinder  
Fax: 326-5020

FROM: Lester Turnquest

DATE: 7<sup>th</sup> December, 2006

PAGES: 1 (including this page)




[Redacted]

Dear Roger:

Resort Development Limited - [Redacted]

By debit to the above account please transfer the sum of \$10,000,000.00 to the account of The Bonnycord Group Limited, [Redacted] held with yourselves.

Yours sincerely

  
Lester Turnquest  
Managing Director

LT/ks

Offshore

# BRITANNIA CONSULTING GROUP

"GCC 3"

#83 Sandringham House, Shirley Street  
P.O. Box CB-12724, Nassau, Bahamas  
Telephone: (242) 326-5205 Fax: (242) 326-5349 email: [turnquest@britgroup.com](mailto:turnquest@britgroup.com)

## FACSIMILE

**TO :** [REDACTED]  
Ansbacher (Bahamas) Limited  
Attention: Roger Pinder  
Fax: 326-5020

**FROM :** Lester Turnquest

**DATE :** 26<sup>th</sup> October, 2006

**PAGES:** 1 (including this page)

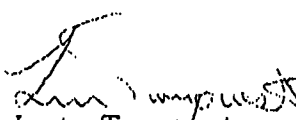
Dear Roger:

Resort Development Limited - [REDACTED]

By debit to the above account please transfer the sum of US\$3,000,000.00 to the account of The Bonnycord Group Ltd., [REDACTED] held with yourselves.

Thank you very much.

Yours sincerely

  
Lester Turnquest  
Managing Director

L17/ks

# BRITANNIA CONSULTING GROUP

"GCC 3"

#83 Sandringham House, Shirley Street  
P.O. Box CB-12724, Nassau, Bahamas

Telephone: (242) 326-5205 Fax: (242) 326-5340 email: [turnquest@bcgroup.com](mailto:turnquest@bcgroup.com)

## FACSIMILE

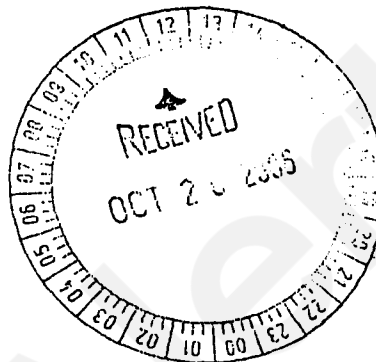


TO : Ausbacher (Bahamas) Limited  
Attention: Roger Pinder  
Fax: 326-5020

FROM : Lester Turnquest

DATE : 20<sup>th</sup> October, 2006

PAGES: 4 (including this page)



Dear Roger:

Resort Development Limited -

By debit to the above account please transfer the sum of \$11,300,000.00 to the account of The Bonnycord Group Limited, held with yourselves.

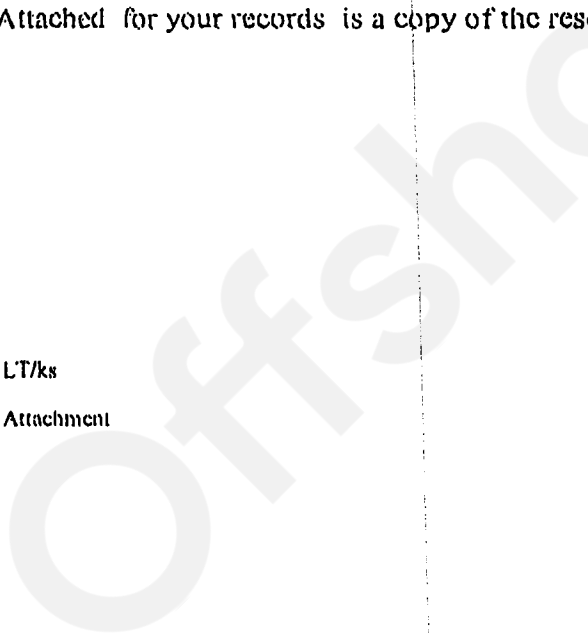
Attached for your records is a copy of the resolution authorizing the withdrawal of funds.

Yours sincerely

Lester Turnquest  
Managing Director

LT/ks

Attachment



# BRITANNIA CONSULTING GROUP

Telephone: (242)326-5205 or Fax: (242)326-5349

E-mail: lturnquest@britgroup.com

3rd Floor Trade Winds Building, Bay Street

P.O. Box CB-12724, Nassau, NP, Bahamas

"GCC 4"

Date: Friday February 3, 2006

To: Ansbacher (Bahamas) Limited  
Stewart Miller

Phone: 242-322-1161  
Fax: 242-326-5020

From: Carolyn Smith

Pages: 1

## URGENT

*AMENDED #2*

Dear Stewart,

With immediate effect please debit USD 120,000.00 from Horizon Development Ltd sub a/c Nix Point Resort Development [redacted] and transfer to the account of Britannia Group Limited [redacted] held with yourselves.

Thereafter by debit to Britannia Group Limited [redacted] execute the following:

1. Prepare a check payable to Lester Turnquest in the amount of \$15,000.00
2. Prepare a check payable to The Cold Harbour Trust Ltd in the amount of \$45,000.00
3. Prepare a check payable to The Bank of Bahamas Limited as Trustee of The Cold Harbour Trust in the amount of \$40,000.00
4. Wire \$15,000.00 to the following instructions:

Banner Bank  
435 Martin Street  
Blaine, Washington 98230  
Tel. (360) 332-7700  
Routing Transit# [redacted]  
A/C The Bonnycord Group Limited

Mrs. Carolyn Smith will collect all checks when available.

Regards,

*Lester Turnquest*  
Lester Turnquest  
Managing Director



# The Bonnycord Group Limited

" GCC 4 "

P.O. Box N-469  
Nassau, Bahamas

Tele: (242) 326-5205 (w) • (242) 322-2684/5 (h)  
Fax: (242) 326-5349 • email [lturnquest@britgroup.com](mailto:lturnquest@britgroup.com)

18<sup>th</sup> October, 2006

## BY HAND

Stewart Miller / Paul Winder  
Ansbacher (Bahamas) Limited  
Ansbacher House  
Bank Lane  
Nassau, Bahamas


Dear Stewart/Paul

Please receive this urgent amendment to my instruction to you of today's date, re: Paradise Hills S.A. [REDACTED]. Kindly ignore and discard the earlier instruction.

1. Ansbacher's Fee (\$30,427.50) should be charged to Bonnycord Group [REDACTED] ✓
2. Rather than \$984,786.25 being debited twice (transfer to Overlord and Bonnycord), the sum of \$2 Million should be debited to Paradise Hills for transfer to Bonnycord Group [REDACTED] ✓
3. The account of Bonnycord should be debited for \$984,786.25 for credit to Overlord Enterprises Limited A/c [REDACTED] ✓

The net effect of this will leave the balances in the three accounts unchanged but will properly reflect the movement of funds between the accounts. Kindly execute as a matter of urgency.

Yours sincerely

  
Lester Turnquest  
Director

original on file: 202377

LT/ks

"GCC 4"

# PARADISE HILLS S.A.

#83 Sandringham House, Shirley Street  
P.O. Box CB-12724, Nassau, Bahamas  
Telephone: (242) 326-5205 Fax: (242) 326-5349 email: [turnquest@bhigroup.com](mailto:turnquest@bhigroup.com)

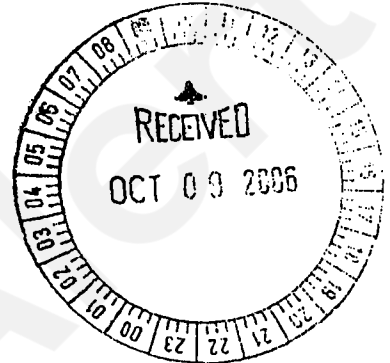
## FACSIMILE

**TO :** Ansbacher (Bahamas) Limited  
Attention: Roger Pinder  
Fax: 326-5020

**FROM :** Lester Turnquest

**DATE :** 9<sup>th</sup> October, 2006

**PAGES:** 1 (including this page)



Dear Roger:

**Paradise Hills S.A. - a/c** [REDACTED]

By debit to the above account please make the following internal transfers:

US\$984,786.25 to Overlord Enterprises Ltd. a/c [REDACTED]

US\$984,786.25 to The Bonnyeord Group Ltd. a/c [REDACTED]


Thank you very much for your assistance.

Yours sincerely

  
Lester Turnquest  
Managing Director

L/T/ks

P.S. Please be reminded that your fee on this option payment is 25 basis points.

  
m 10ms 9 2ms

**PAYMENT**

USD

Ccy

**CLIENT FILE COPY**

09  
16-Oct-06

Value Date

Client A/C Paradise Hills SA

2,000,000.00 DR

TSF TO The Bonnycord Group Limited

[Account Name Field]

DR Account Name

[Related] Party #

T P [Field]

Sub Account

**RECEIPT**

Client A/C The Bonnycord Group Limited

2,000,000.00 CR

TSF FROM Paradise Hills SA

[Account Name Field]

CR Account Name

[Related] Party #

T P [Field]

Sub Account

Prep Signature

[Signature]

B Signature

[Signature]

A Signature

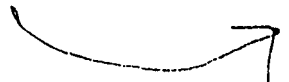
[Signature]

Director >\$75,000

[Signature]

Posted OPS

[Field]

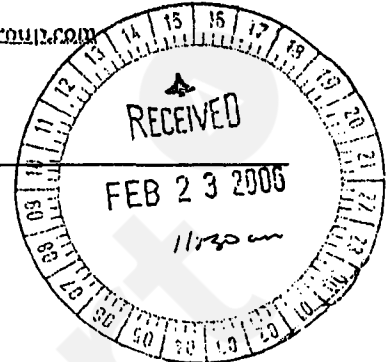


"GCC 4"

# BRITANNIA CONSULTING GROUP

3rd Floor Trade Winds Building, Bay Street  
P.O. Box CD-12724, Nassau, Bahamas  
Telephone: (242) 326-5205 Fax: (242) 326-5349 email: [lturnquest@britgroup.com](mailto:lturnquest@britgroup.com)

## FACSIMILE



**TO :** Ansbacher (Bahamas) Limited  
Attention: Stewart Miller  
Fax: 326-5020

**FROM :** Lester Turnquest

**DATE :** 23<sup>rd</sup> February, 2006

**PAGES:** 1 (including this page)

**AVOID DUPLICATION**

Dear Stewart:

Paradise Hills S.A. - a/c # [REDACTED]

By debit to the above account please wire the sum of \$7,575,000.00 to the following coordinatos:

Mellon Trust of New England  
[REDACTED]  
[REDACTED] (Cost Center 5764)  
Boston, MA  
For Credit To: Paradise Hills SA - IMA  
Account No: [REDACTED]

Thank you very much.

Yours sincerely

Lester Turnquest  
Managing Director



# BRITANNIA CONSULTING GROUP "GCC 4"

Telephone: (242)326-5205 or Fax: (242)326-5349

E-mail: lturnquest@britgroup.com

2<sup>nd</sup> Floor Sandringham House, #83 Shirley Street

P.O. Box CB-12724, Nassau, NP, Bahamas

Date: Wednesday May 10, 2006

To: Ansbacher (Bahamas) Limited  
Stewart Miller

Phone: 242-322-1161

Fax: 242-326-5020

From: Carolyn Smith

Pages: 1

Dear Stewart,

With immediate effect please debit US\$4,900,000.00 from the account of Paradise Hills A/C# [REDACTED] and wire to the following coordinates;

Mellon Trust of New England

[REDACTED]


[REDACTED] (Cost Center 5764)

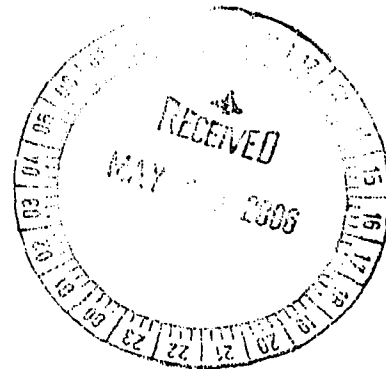
Boston, MA

For Credit To: Paradise Hills SA-IMA

Account No: [REDACTED]

Regards,

  
Lester Turnquest  
Managing Director



"GCC 4"

# BRITANNIA CONSULTING GROUP

Telephone: (242)326-5205 or Fax: (242)326-5349

E-mail: [lturnquest@britgroup.com](mailto:lturnquest@britgroup.com)

2<sup>nd</sup> Floor Sandringham House #83 Shirley Street

P.O. Box CB-12724, Nassau, NP, Bahamas

Date: Tuesday July 11, 2006

To: Ansbacher (Bahamas) Limited  
Stewart Miller

Phone: 242-322-1161  
Fax: 242-326-5020

From: Carolyn Smith

Pages: 1

Dear Stewart,

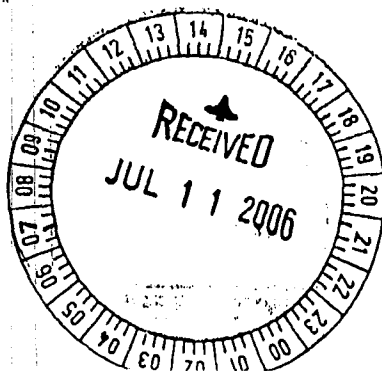
With immediate effect please debit USD 1,541,387.00 from Rogoney Holdings Limited A/C [REDACTED] and transfer to Paradise Hills [REDACTED] held with yourselves.

Thereafter, by debit to Paradise Hills S.A. [REDACTED] please wire USD 1,541,387.00 to the following instructions;

Mellon Trust of New-England  
ABA [REDACTED]  
[REDACTED] (Cost Center 5764)  
Boston, MA  
For Credit To: Paradise Hills SA – IMA  
Account No: [REDACTED]

Regards,

  
Lester Turnquest  
Managing Director



**Scott Ward**

---

**From:** "Scott Ward" <sward@coralwave.com>  
**To:** "Lester Turnquest" <lturnquest@bonnycordgroup.com>; "Stephen A. Turnquest" <sturnquest@callenders-law.com>  
**Cc:** "Clifford Culmer" <cculmer@bdomannjudd.com>; "Brent Roberts" <broberts@bdomannjudd.com>  
**Sent:** Sunday, December 16, 2007 10:37 AM  
**Attach:** Bonnycord Receivership Sample Director's Resolution.doc; hpsc226.pdf  
**Subject:** Bonnycord Receivership

Dear Mr. Lester Turnquest,

**1. Request for your urgent assistance in taking possession of all foreign assets held by or for the Receivership Companies**

Further to my mail to you dated 11/12/07 and in preparation for our meeting tomorrow morning at 10.00 am at Bonnycord, I have attached hereto a draft Director's Resolution that the Receiver would like yourself and Kayla Sturup to execute in respect of all those Receivership Companies having assets and accounts abroad, in compliance with your obligation (and that of Kayla Sturup as a Director) under the Receivership Order to co-operate and assist the Receiver in taking possession of all assets belonging to them.

We should like to have Director's Resolutions in a similar form to the said draft executed by yourself and Kayla Sturup on behalf of all those Receivership Companies having foreign assets and accounts of which the Receiver is currently aware, the names of which will be discussed with you at our meeting in the morning, and any additional further foreign assets and/or accounts of which you may be aware, apart from those currently known by the Receiver.

This is a most urgent request for assistance as the Receiver would wish to gain control and possession of any foreign accounts and/or assets before year end 2007 and we will therefore be looking for your assistance to have all such necessary Director's Resolutions executed by yourself and Kayla Sturup before the end of this week.

**2. Request for your specific assistance in taking possession of all foreign assets held by WJC Ventures Ltd. in an account held at Butterfield Bank (Cayman) Limited.**

I attach for your review a letter received by the Receiver from the Cayman law firm Appleby on the 13/12/07 with respect to WJC Ventures Ltd., the contents of which are self-explanatory. I particularly draw your attention to the deadline which they have set for the Receiver's response to their letter by the 18/12/07. Time is therefore of the essence, as is the request made of you that follows.

The Receiver hereby seeks your very urgent assistance, by a response from you in writing to the following questions, no later than close of business on the 17/12/07, bearing in mind Appleby's deadline of 18/12/07, and again in compliance with your obligation to provide assistance to the Receiver in taking possession of all assets held by or for the Receivership Companies, including WJC Ventures Ltd.

1. Please advise whether you are a Director of WJC Ventures Ltd. If not, please advise who the directors are?
2. Please advise of the place of incorporation of WJC Ventures Ltd. In particular, was it incorporated in the Bahamas or is it registered as a foreign company in the Bahamas?
3. Are you a beneficial owner of WJC Ventures Ltd. and if not, who are the beneficial owners?
4. Please advise of your connection and/or the Bonnycord Group Ltd.'s connection with WJC Ventures Ltd. and please provide us immediately with all documents, and correspondence concerning WJC Ventures Ltd. in your possession, custody or control.

12/16/2007

I look forward to your urgent assistance and response to the foregoing requests made by the Receiver pursuant to the terms of the Receivership Order.

Yours Faithfully,  
ROBERTS, ISAACS & CO.

W. Scott Ward



OffshoreAlert

**GREEN MEADOWS HOLDINGS LTD.**

**Written Resolution of the Directors of the above Company**

The undersigned, being a quorum of the Directors of the above company hereby adopt the following resolution:

RESOLVED that all of the existing signatories on all accounts held with for or on behalf of the above company be removed and that Mr. George Clifford Culmer be added in their stead.

FURTHER RESOLVED to have a sample of Mr. George Clifford Culmer's signature added to this resolution at the foot hereof.

\_\_\_\_\_  
Director: Lester Turnquest

\_\_\_\_\_  
Director: Kayla Sturup

Dated the 17<sup>th</sup> day of December 2007

\_\_\_\_\_  
George Clifford Culmer

**Scott Ward**

---

**From:** "Stephen A. Turnquest" <Sturnquest@callenders-law.com>  
**To:** "Scott Ward" <sward@coralwave.com>; "Lester Turnquest" <lturnquest@bonnycordgroup.com>  
**Cc:** "Clifford Culmer" <cculmer@bdomannjudd.com>; "Brent Roberts" <broberts@bdomannjudd.com>  
**Sent:** Tuesday, January 29, 2008 12:19 PM  
**Subject:** RE: Bonnycord Receivership

Dear Scott,

Reference your email (below) of today's date to our client.

We are surprised at the suggestion that our client's co-operation with the Receiver has to date been less than full, having regard to the very extensive disclosure required of and effected by our client. You must appreciate that at one and the same time our client has endeavoured to comply with the Court Order and try to survive economically, a task made nearly impossible as a direct consequence of the terms of the Receivership Order. Whatever the Receiver conceives to be his own duties thereunder, it is patently clear that no client or potential client in their right mind would do business with either Plaintiff as long as the status quo remains in place, to our clients' very considerable detriment. The Receiver has his legal duties under the Order and will doubtless discharge them in the very efficient manner of which he is capable. However, our client is faced daily with the reality of having to provide for his family in circumstances in which he is the only breadwinner, and we would have thought that his assistance has in the circumstances been very good as he strives to balance his responsibilities under the Order with those to his family in impossibly oppressive circumstances.

You already have our client's views on the motivation behind the Order which was, with malice, simply to bring our client to his financial knees. Our client is obviously determined that this should not happen. The Receiver, on the other hand, is equally entitled to discount the validity of our client's views as aforesaid. In so doing, however, the Receiver should pause to consider why, notwithstanding the hefty figures (in the \$80,000,000.00 range) originally bandied about by Mr. Jones, he (the Receiver) has been unable to find any evidence of either our client's misappropriation of such sum(s) or our client's possession or control of such sum(s) or, indeed, the existence anywhere in our client's orbit (as wide as Mr. Jones may wish to cast it) of any such sum(s).

Regarding our client's co-operation with law enforcement agencies we think, with respect, that your conclusion is wrong. It is true that while the Receiver is in office our client's powers of management of the undertaking are suspended insofar as their exercise would be inconsistent with the exercise of the Receiver's duties. We challenge the assertion, however, that our client is disabled from co-operating with law enforcement agencies where to do so has nothing to do—and in no way interferes or purports to interfere—with the Receiver's duties. Your client's rights over specific documents belonging to the companies may be one matter, and we will be reviewing the protocols with our client to ensure that all activity undertaken is well within legal bounds. However, in other respects, our client remains sui juris and under no legal disability to act in his personal capacity however he chooses, once he does not do so with the intent and purpose to thwart, and does not thereby thwart, the Court Order.

Accordingly, any threat to seek to have our client committed for contempt of the Order should, we respectfully suggest, be accompanied by a reference to the specific clause(s) of the Order which it is alleged our client has (given his wish to co-operate fully with law enforcement agencies and honour what he perceives to be his civic duty and responsibility) contumaciously sought to circumvent or violate the court Order.

As regards your request that our client execute resolutions, etc. in order to "assist" the Receiver in getting control over all foreign and other financial accounts n/o the companies your client is obviously in the driver's seat, and was so put by the Court Order. He has presumably served the Court Order on all and sundry. Our own client is bound by the Court Order not to interfere with the control and authority asserted by the Receiver over the companies' assets, foreign or local. Our client has to date not interfered with such control or authority and has complied with all requests for information as fully as he can. Where he cannot it is because he does not have the information requested, and every effort has been made to make this abundantly clear.

Perhaps as a result of the Receiver's difficulty in getting foreign entities to recognize a long-arm jurisdiction in the Bahamian Court (if we are wrong in what has prompted the Receiver's request you will doubtless correct us) the Receiver now seeks assistance from our client which was not contemplated by the Order. Your client obviously

has the option to (and we would have thought, should) in the circumstances which appear to have arisen seek to domesticate the Order in whatever jurisdictions he may be advised there are assets. Rather than do so, it appears that the Receiver is seeking to make his problem our client's problem in circumstances in which our client is in no way responsible for any unresponsiveness to his demands which may be displayed by foreign entities.

We should point out that while our client's duties of management are suspended, he obviously remains a director, otherwise your client would not be seeking his assistance.

If our client remains a director so must remain his fiduciary duties to act in the best interests of the company(s), where applicable. It is our client's opinion, honestly and genuinely held, that to execute the requested resolutions, etc. would not be in the best interests of the company(s) concerned since, but for the Receiver's request, our client would never take such action. If, then, our client were to oblige the Receiver in his request our client is genuinely concerned that he may expose himself to liability to the companies and/or their principals/shareholders. In the circumstances, if your client would be prepared to give our client a full and complete personal indemnity to hold our client harmless from any and all liability, costs, charges and expenses which may befall him as a result of "assisting" your client in the respects requested we our client may be prepared to consider the matter further, after taking it under advisement. You may wish to communicate this to you client and to advise his position in this regard.

Best regards.

Stephen.

**Artis Aggressive Growth Ltd.  
c/o Walkers SPV Limited  
P.O. Box 908 GT  
Walker House, Mary Street  
George Town, Cayman Islands**

November 1, 2007

**VIA EMAIL AND COURIER**

West Coast Holdings Ltd.  
Sandringham House, Ground Floor  
#83 Shirley Street, P.O. Box N469  
Nassau, Bahamas

Attn: Lester Turnquest  
lturnquest@bonnycordgroup.com

West Holdings Ltd.  
2<sup>nd</sup> Floor Windward 3  
Regatta Office Park, P.O. Box 31496  
Grand Cayman KY1-1206  
Cayman Islands

Attn: Michael Guitard  
mrik@candw.ky

Re: West Coast Holdings Ltd. and West Holdings Ltd.

Ladies and Gentlemen:

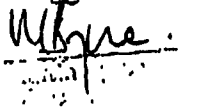
Artis Aggressive Growth Ltd. (the "Fund") has received a "Transfer Form", dated September 26, 2007, which requests that shares of the Fund issued in the name of West Coast Holdings Ltd. ("WCH") be transferred to West Holdings Ltd.

The Fund has also become aware that WCH has been placed in receivership, effective September 21, 2007.

In accordance with the Fund's Memorandum and Articles of Association, the Directors decline to recognize or register the requested transfer of the shares described in paragraph 1 above.

Sincerely,

Artis Aggressive Growth Ltd.





**Artis Partners 2X Ltd.**  
**c/o Goldman Sachs (Cayman) Trust, Limited**  
**P.O. Box 896, Harbour Centre, 2<sup>nd</sup> Floor**  
**North Church Street**  
**George Town, Grand Cayman, Cayman Islands**

November 1, 2007

**VIA EMAIL AND COURIER**

West Coast Holdings Ltd.  
Sandringham House, Ground Floor  
#83 Shirley Street, P.O. Box N469  
Nassau, Bahamas

Attn: Lester Turnquest  
lturnquest@bonnycordgroup.com

West Holdings Ltd.  
2<sup>nd</sup> Floor Windward 3  
Regatta Office Park, P.O. Box 31496  
Grand Cayman KY1-1206  
Cayman Islands

Attn: Michael Guitard  
mrik@candw.ky

Re: West Coast Holdings Ltd. and West Holdings Ltd.

Ladies and Gentlemen:

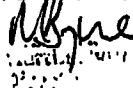
Artis Partners 2X Ltd. (the "Fund") has received the following:

1. A "Transfer Form", dated September 26, 2007, which requests that shares of the Fund issued in the name of West Coast Holdings Ltd. ("WCH") be transferred to West Holdings Ltd.; and
2. A written communication from Mr. George Clifford Culmer indicating that (i) WCH has been placed in receivership, effective September 21, 2007, (ii) Mr. Culmer has been appointed Receiver of WCH and (iii) the Fund should act only on Mr. Culmer's instructions with respect to WCH and not on the instructions of any previously authorized signatories.

In accordance with the Fund's Memorandum and Articles of Association, the Directors decline to recognize or register the requested transfer of the shares described in paragraph 1 above.

Sincerely,

Artis Partners 2X Ltd.



**HAMPTON INSURANCE COMPANY LIMITED**

British Virgin Islands

Flexible Premium Variable Life  
Policy No. [REDACTED]

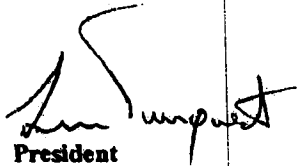
Administrative Office:  
3<sup>rd</sup> Floor, Tradewinds Building, Bay Street, Nassau, Bahamas

<b>INSURED</b>	:	[REDACTED]
<b>POLICY NUMBER</b>	:	[REDACTED]

*Flexible Premium Variable Life Insurance Policy.  
Sub-Account Value, if any, payable at maturity.  
Death benefit proceeds payable at death of Insured prior to maturity date.  
Flexible Premiums payable during lifetime of Insured until maturity date (age 95).  
Some benefits reflect investment results. Non-participating.*

**THIS POLICY'S VALUE IS BASED ON THE INVESTMENT EXPERIENCE OF THE SUB-ACCOUNT SPECIFICALLY ATTRIBUTABLE TO IT AND MAY INCREASE OR DECREASE DAILY. IT IS NOT GUARANTEED AS TO DOLLAR AMOUNT. THE AMOUNT OF THE DEATH BENEFIT MAY VARY UNDER THE CONDITIONS DESCRIBED HEREIN.**

Hampton Insurance Company Limited Life Policy Segregated Portfolio, and, to the extent that any sum payable hereunder cannot be met out of amounts standing to the credit of the relevant Sub-Account, Hampton Insurance Company Limited, agrees to pay the Death Benefit Proceeds of this Policy to the Beneficiary, on receipt of Satisfactory Proof of Death of the Insured whilst the Policy is in force.

  
President

  
Secretary

**“NOTICE OF TEN-DAY RIGHT TO EXAMINE POLICY”**

You are urged to read this Policy carefully. If, after examination, you are dissatisfied with it for any reason you may return it within 10 days of its issue and receive a full refund of the premium you paid.

Please read and carefully check the copy of the application attached to this Policy. This application is a part of your Policy, and this Policy was issued on the basis that the answers to all questions and the information shown on this application are true and complete. If any information shown on it is not true and complete, to the best of your knowledge, or if any past medical history has been omitted, please notify within ten days from the date of delivery of the Policy to you.

**TABLE OF CONTENTS**

<b>SECTION</b>	<b>1</b>	<b>DEFINITIONS</b>
<b>SECTION</b>	<b>2</b>	<b>GENERAL PROVISIONS</b>
	2.1	Meaning of ‘In Force’
	2.2	When This Policy Terminates
	2.3	The Policy and its Parts
	2.4	Representations and Contestability
	2.5	Misstatement of Age or Sex
	2.6	Suicide
	2.7	The Owner
	2.8	The Beneficiary
	2.9	Changing the Beneficiary
	2.10	Assigning the Policy
	2.11	Non-Participating
	2.12	Ownership of Assets
	2.13	Notices
	2.14	Governing Law
	2.15	Currency
	2.16	Surrenders & Transfers
	2.17	Payment in Kind
<b>SECTION</b>	<b>3</b>	<b>PREMIUM PAYMENTS</b>
	3.1	Initial Premium
	3.2	Unscheduled Premiums
	3.3	Premium Limits
	3.4	Where to Pay Premiums
	3.5	Net Premium
	3.6	Premium Charges
	3.7	Policy may be a Modified Endowment Contract
	3.8	Company’s right to withdraw premiums, Cost of Insurance and Quarterly Deductions from your Sub-Account
<b>SECTION</b>	<b>4</b>	<b>GRACE PERIOD AND REINSTATEMENT</b>
	4.1	Grace Period and Policy Termination
	4.2	Continuation of Insurance
	4.3	Reinstating the Policy
<b>SECTION</b>	<b>5</b>	<b>SEGREGATED PORTFOLIO AND SUB-ACCOUNTS</b>
	5.1	The Segregated Portfolio
	5.2	The Sub-Accounts
	5.3	Valuation of Assets
<b>SECTION</b>	<b>6</b>	<b>SUB-ACCOUNT OPERATION</b>
	6.1	How the Value of the Policy is Determined
	6.2	Administrative Expense Charge
	6.3	Quarterly Deduction

	6.4	Cost of Insurance
	6.5	Cost of Insurance Rates
	6.6	Quarterly Report
	6.7	Other Reports
<b>SECTION</b>	<b>7</b>	<b>POLICY SURRENDER AND PARTIAL WITHDRAWALS</b>
	7.1	Surrender of the Policy
	7.2	Surrender Value
	7.3	Surrender and Withdrawal Charges
	7.4	Partial Withdrawal
	7.5	Postponement of Payments
<b>SECTION</b>	<b>8</b>	<b>DEATH BENEFIT</b>
	8.1	Death Benefit Proceeds
	8.2	Death Benefit
	8.3	Payment of Death Benefits
<b>SECTION</b>	<b>9</b>	<b>POLICY CHANGES AND EXCHANGE OF POLICY</b>
	9.1	Change in the Specified Amount
	9.2	Decreasing the Specified Amount
	9.3	Increasing the Specified Amount
	9.4	Time Period for Exchange
<b>SECTION</b>	<b>10</b>	<b>LOAN BENEFITS</b>
	10.1	Making a Policy Loan
	10.2	Interest
	10.3	Other Borrowing Rules
	10.4	Repaying a Policy Debt
<b>SECTION</b>	<b>11</b>	<b>PAYMENT OPTIONS</b>
<b>SCHEDULES</b>	<b>One</b>	<b>Schedule of Charges</b>

## SECTION I DEFINITIONS

**“Administrative Expense Charge”** means the annual fee charged against the Sub-Account to meet the cost of administering the Policy. *See Section 6.2*

**“Beneficiary”** means the person to whom the Death Benefit Proceeds are payable upon the death of the Insured. The Owner in the application names the Beneficiary. If changed, the Beneficiary is as shown in the latest change filed and recorded with us. If no Beneficiary survives the Insured, the Owner or the Owner’s estate will be the Beneficiary. The interest of any Beneficiary is subject to that of any assignee.

**“Cost of Insurance”** means the annual mortality charge, set out in the schedule pages, and deducted quarterly from the Sub-Account. We have the option of charging less than the rates shown in the schedule pages. If exercised we will report the Cost of Insurance rates in the Quarterly Report.

**“Custodian”** means the company named in the Declaration Page to hold all the assets of the Sub-Account.

**“Custodian Agreement”** means the agreement, set out in the schedule pages and forming an integral part of this Policy, between us and the Custodian pursuant to which the Custodian holds the Sub-Account assets.

**“Death Benefit”** is defined in section 8.2

**“Death Benefit Proceeds”** means the proceeds payable to the Beneficiary, upon receipt by us of Satisfactory Proof of Death of the Insured, while the Policy is in force. The proceeds will be equal to: (1) the Death Benefit; plus (2) any additional life insurance proceeds provided by any endorsements; minus (3)

any Outstanding Policy Debt; minus (4) any Quarterly Deduction that may apply to that period, including the deduction for the quarter in which death occurred.

**Home Office** means our administrative office at 3<sup>rd</sup> Floor, The Tradewinds Building, Bay Street, Nassau, The Bahamas.

**“Initial Premium”** is the initial premium for the Policy is shown on the Declaration Page.

**“Insured”** means the person upon whose life the Policy is issued.

**“Investment Advisor”** means the person designated by us to render investment advice in respect of the Sub-Account.

**“Investment Management Agreement”** means the agreement set out in the schedule pages and forming an integral part of this Policy, between us and the Investment Advisor pursuant to which the Investment Advisor provides investment advice in relation to the Sub-Account.

**“Issue Age”** means the age at the Insured’s nearest birthday on the Policy date.

**“Issue Date”** means the date that all financial and contractual arrangements have been completed and processed. The Issue Date will be shown in the schedule pages.

**“Maturity Date”** means the date we pay any Sub-Account Value, if the Insured is still living. This date is shown on the Declaration Page.

**“Net Premium”** means the premium paid less the Percent of Premium charges.

**“Outstanding Policy Debt”** means the sum of all unpaid Policy loans and accrued interest on Policy loans.

**“Owner”** means the owner of the Policy, as designated in the application or as subsequently changed. *See Sections 2.7 through 2.10* for the rights, privileges and limitations of the Owner.

**“Percent of Premium Charge”** is an amount deducted from each premium received to cover certain expenses. This charge is a percentage of the premium. The applicable percentage can be found in *Section 3.6 of this Policy*.

**“Policy Date”** means the date set forth in the Policy that is the effective date of coverage for all coverage provided in the original application and that is used to determine Policy anniversary dates and Policy Years. Policy anniversaries are measured from the Policy Date.

**“Policy Year”** means the period from one policy anniversary date until the next policy anniversary date.

**“Quarterly Deductions”** means the amount that, on each Quarterly Valuation Date, is deducted from the Sub-Account and is equal to the current Cost of Insurance charge, the Administrative Expense Charge, any flat extra rating and rider charges. The first Quarterly Deductions after the issuance of the Policy will be pro-rated.

**“Quarterly Valuation Date”** is the last day of March, June, September and December in each year.

**“Satisfactory Proof of Death”** means all of the following must be submitted:

- (1) A certified copy of the Death Certificate;
- (2) A Notice of Death Claim;

- (3) The Policy; and
- (4) Any other information that we may reasonably require to establish the validity of the claim.

**“Segregated Portfolio”** means the Segregated Portfolio set up by us pursuant to Clause 3 of the External Insurance (Amendment) Act 1996 of the The Bahamas.

**“Specified Amount”** means the initial specified amount as shown on the Declaration Page. Adjustments and changes to the Specified Amount can occur as provided in *Section 9*.

**“Sub-Account”** means the account set up with the Custodian and within the Segregated Portfolio to hold the investments of the Policy selected by the Investment Advisor pursuant to the Investment Management Agreement.

**“Sub-Account Value”** means the total value of the investment held in your Sub-Account at any time plus the value of any assets held by us to secure any policy loans.

**“Surrender”** means this Policy may be terminated before the maturity date during the Insured’s life for its Surrender Value. *See Section 7 of the Policy*.

**“Surrender Value”** means the Sub-Account Value on any Quarterly Valuation Date less any Outstanding Policy Debt, applicable Surrender Charge and/or Withdrawal Charge; provided, however that the Surrender Value shall not exceed one dollar less than the amount obtained by dividing (i) the Death Benefit by (ii) the quotient obtained by dividing the Applicable Percentage specified in the table in Section 7.2 of the Policy by 100. *See Section 7.2 of the Policy*.

**“Surrender Charge”** means the charge which will be subtracted from the Sub-

Account Value on the surrender of the Policy. *See Section 7.3 of the Policy.*

“We”, “Us” and “Our” refers to Hampton Insurance Company Limited, as the context may require.

“Withdrawal Charge” means the charge which will be subtracted from the Sub-

Account Value on the surrender of the Policy. *See Section 7.3 of the Policy.*

“You” and “Your” refer to the Owner of this Policy. The Insured may or may not be the Owner.

## SECTION 2 GENERAL PROVISIONS

### 2.1 Meaning of ‘In Force’

The Policy will remain in force as long as on each Quarterly Valuation Date the Surrender Value is greater than zero.

However, during the first Policy Year, even if the Surrender Value is zero, it is our guarantee that this Policy will remain in force as long as a quarterly pro-rata portion of the Cost of Insurance has been paid on or before the first day of each Policy quarter.

### 2.2 When This Policy Terminates

This Policy will terminate on the earliest of:

- a. The first Quarterly Valuation Date in the first Policy Year on which the pro-rata portion of the Cost of Insurance has not been paid. *See Grace Period Section 4.1*
- b. Any Quarterly Valuation Date after the first Policy Year on which the Surrender Value is zero and the grace period ends without sufficient premium being paid;
- c. The Insured dies, and we pay the Death Benefit.

d. You request the coverage be terminated and you return this Policy; or

e. This Policy matures.

### 2.3 The Policy and its Parts

This Policy is a legal contract between you and us. It is issued in return for the application and payment in advance of the initial premium as described in *Section 3.1*.

The Policy, together with the application, schedules, any supplemental applications, endorsements, and amendments constitute the entire contract. No change in this Policy will be valid unless it is in writing, attached to this Policy, and signed by one of our officers. No agent may change this Policy or waive any of its provisions.

### 2.4 Representations and Contestability

We rely on statements made in the application. In the absence of fraud, they are considered representations and not warranties. We can contest this Policy for any material misrepresentation of fact. The misrepresentation must have been



made in the application attached to the Policy when issued or in a supplemental application made a part of the Policy when a change in coverage went into effect.

#### **2.5 Misstatement of Age or Sex**

If the age or sex of the Insured or any person insured by rider has been misstated on the application, the Death Benefit and any additional benefits provided will be those which would be purchased by the most recent deduction for the Cost of Insurance and the cost of any additional benefits at the Insured person's correct age or sex.

#### **2.6 Suicide**

If the Insured commits suicide while sane or insane, within two years from the Policy Date, we will limit the proceeds. The limited amount will equal the Sub-Account Value, less Outstanding Policy Debt, partial withdrawals, cost of riders and transfer costs and expenses in the conversion of the assets, if any.

#### **2.7 The Owner**

Subject to the provisions in *Section 2.10*, during the life of the Insured you are entitled to exercise all rights and privileges under this Policy. These include naming a successor-owner, changing the Beneficiary, assigning this Policy, enjoying all Policy benefits, and exercising all Policy options. To exercise a right, you do not need the consent of anyone who has only a conditional or future interest in this Policy.

If you are not the Insured, you should name a successor-owner that will become the owner if you die before the Insured. If you die before the Insured and no successor-owner has been appointed, ownership will pass to your estate.

## 2.8 The Beneficiary

Subject to the provisions in *Section 2.10*, you can name primary and contingent beneficiaries. Your original beneficiary choice is shown in the attached application.

Unless an alternate payment plan, acceptable to us, is chosen, the proceeds payable at the Insured's death will be paid in a lump sum to the primary Beneficiary. If the primary Beneficiary dies before the Insured, the proceeds will be paid to the contingent Beneficiary. If no Beneficiary survives the Insured, the proceeds will be paid to your estate.

## 2.9 Changing the Beneficiary

Subject to the provisions in *Section 2.10*, you may change the Beneficiary during the Insured's lifetime. We do not limit the number of changes that may be made. To make the change, we must receive a completed Change of Beneficiary form and any other forms required by the Home Office. The change will take effect as of the date we record it at the Home Office, even if the Insured dies before the change is made. Each change will be subject to any payment we made or any other action we took before the change is recorded.

## 2.10 Assigning the Policy

*You only have a limited right to assign the Policy.*

The Policy may not be assigned without the prior consent of the Company which the Company may in its sole and absolute discretion withhold if it considers that the Insured's request to transfer the Policy is not freely made. Your rights and those of any other person referred to in this Policy will be subject to the assignment. The Company assumes no responsibility for the validity of the assignment. An absolute assignment will be considered a change of ownership to the assignee.

## 2.11 Non-Participating

This Policy is non-participating. In other words, it does not share in our profits or surplus earnings and no dividends will be paid under this Policy.

## 2.12 Ownership of Assets

We are the exclusive and absolute owner of the assets of the Segregated Portfolio and its Sub-Accounts which are kept separated by us from our general assets and assets of other Policies.

## 2.13 Notices

Any notice or election made by you must be in writing and received by us at our Home Office. Unless otherwise provided, all notices, requests and elections will become effective when received by us at our Home Office.

## 2.14 Governing Law

The Laws of the Bahamas will govern this Policy and the Policy will be enforceable in the Courts of the Bahamas.

## 2.15 Currency

Any amounts payable under this Policy will be paid in the currency of the United States.

## 2.16 Surrenders & Transfers

We undertake to carry out all requests in a timely fashion. However, the sale of many of the investments of the Sub-Account may take up to 180 days to be completed. In view of this we reserve the right to delay payment until we have received the proceeds of sale of the investments.

## 2.17 Payment in Kind

In making payments at any time under this Policy, we reserve the right to pay you or your Beneficiary in kind by transferring to

you or your Beneficiary assets held in the Sub-Account equal to the amount of the payment then due.

### SECTION 3 PREMIUM PAYMENTS

#### 3.1 Initial Premium

The Initial Premium as set out in the Declaration Page of this Policy must be paid on or before delivery of the Policy. No insurance will take effect before the initial premium is received.

#### 3.2 Unscheduled Premiums

Any premium we receive under this Policy, in addition to the initial premium, will be considered by us to be an unscheduled premium payment. Unscheduled premium payments can be made at any time while the Policy is in force. Any unscheduled premium must be at least \$25,000.

#### 3.3 Premium Limits

We reserve the right to limit the amount and frequency of premium payments. We will not accept a premium payment which affects the tax qualifications of this Policy as a life insurance contract as described in Section 7702 of the United States Internal Revenue Code, as amended. This excess amount will be returned to you.

#### 3.4 Where to Pay Premiums

Each premium after the first one is payable at our Home Office. Upon request, a receipt signed by an officer of our Company will be given for any premium payment.

#### 3.5 Net Premium

Before the premiums paid are transferred

to the Sub-Account, a Percent of Premium Charge is deducted. The amount of premium then transferred is called the Net Premium.

#### 3.6 Premium Charges

The Percent of Premium Charge is deducted from each premium payment received. The Percent of Premium Charge is a maximum of 6%. We have the option of charging the current Percent of Premium Charge that can be less than the maximum. The Percent of Premium Charge will be shown in the quarterly report. Percentage of Premium Charges deducted under the Policy become part of our general assets that support our annuity and insurance obligations.

#### 3.7 Policy May Be A Modified Endowment Contract

The United States Internal Revenue Code Section 7702A defines a “Modified Endowment Contract” for federal tax purposes as a contract entered into on or

after June 21<sup>st</sup> 1988 that fails to meet the 7-pay test. Any distributions may be taxed as ordinary income to the extent of any gain. This Policy will become a “Modified Endowment Contract” if the premiums paid into the Policy fail to meet a 7-pay premium test as outlined in Section 7702A of the code.

Should the Policy become a “Modified Endowment Contract”, partial withdrawal or surrenders, assignments, pledges, and loans under the Policy will be taxable to U.S. resident owners to the extent of any gain under the Policy. A 10% penalty tax also applies to the taxable portion of any distribution made prior to the Insured reaching age 59½. The 10% penalty tax does not apply if the Insured is disabled as

defined under the Code or if the distribution is paid out in the form of a life annuity on the life of the Insured or the joint lives of the Insured and Beneficiary.

**3.8 Company’s right to withdraw premiums, Cost of Insurance and Quarterly Deductions from your Sub-Account.**

If you fail to make payment of premiums, Cost of Insurance or Quarterly Deductions that are due to us under the Policy we will withdraw a sufficient amount from your Sub-Account to maintain the Policy in force.

**SECTION 4  
GRACE PERIOD AND REINSTATEMENT**

**4.1 Grace Period and Policy Termination**

The Policy will terminate if any premium, Cost of Insurance, or Quarterly Deduction is not paid within 28 days of the due date. Notice of termination for non-payment will be sent to your last known address and to any assignee of record. This grace period will begin on the day we mail a notice of the non-payment.

If a claim by death during the 28 days becomes payable under this Policy, any overdue Quarterly Deductions and the unpaid pro-rata portion of the Cost of Insurance will be deducted from the proceeds.

**4.2 Continuation of Insurance**

Insurance coverage under this Policy and any benefits provided by any rider(s) will be continued through the grace period.

**4.3 Reinstating the Policy**

If the insured is living and application is made within one year from the beginning of any grace period, this Policy can be considered for reinstatement if it terminated because a grace period ended without sufficient premium being paid.

To apply for reinstatement, you must send evidence satisfactory to us that the Insured is insurable. The effective date of the reinstatement will be the first Quarterly Valuation Date on or next following the date the application for reinstatement is approved.

If the Policy is reinstated you will have to pay the total Cost of Insurance and Quarterly Deductions that would have been due if the Policy had not lapsed.

## SECTION 5 SEGREGATED PORTFOLIO AND SUB-ACCOUNTS

### 5.1 The Segregated Portfolio

The words “Segregated Portfolio”, where we use them in this Policy without qualification, means the Segregated Portfolio established by us in compliance with Clause 3 of the External Insurance (Amendment) of 1996 of the The Bahamas. We own the assets of the Segregated Portfolio but are obliged to keep them separate from the assets held for our general account or for the account of any other segregated portfolio.

### 5.2 The Sub-Accounts

The Segregated Portfolio has numerous Sub-Accounts. They are set up in accordance with Clause 3 of the External Insurance (Amendment) of 1996 to support the liabilities of each individual Policy.

The assets of the Sub-Account are invested by the Custodian upon the advice

of the Investment Advisor in accordance with the terms of the Investment Management Agreement set out in the schedule pages. Such investments are consistent with the general investment philosophy you agreed with us at the Issue Date of the Policy.

Income, realised and unrealised gains or losses from investments are credited to or charged against your Sub-Account without regard to income, gains or losses of investments in the other Sub-Accounts of the Segregated Portfolio, or our general account.

### 5.3 Valuation of Assets

We will determine the value of the Sub-Account on each Quarterly Valuation Date or on the date of death or as close thereto as possible.

## SECTION 6 SUB-ACCOUNT OPERATION

### 6.1 How the Value of the Policy is Determined

All net premiums credited to the Sub-Account are invested in investments pursuant to the Investment Management Agreement set out in the schedule pages of this Policy. The value of the Sub Account will increase or decrease depending on experience of the investments.

The Sub-Account Value of the Policy on the Issue Date is:

- a. The net premiums received by us on or before the Issue Date; minus
- b. Any Quarterly Deduction due on or before the Issue Date.

The Sub-Account Value of this Policy on a Quarterly Valuation Date is equal to the total values of the investments, less Cost of Insurance and Quarterly Deductions plus any assets in the general account securing Policy Debt, plus any Net Premium received on that Quarterly Valuation Date but not yet allocated.

### 6.2 Administrative Expense Charge

On each Quarterly Valuation Date, one-quarter of an annual charge called the Administrative Expense Charge will be deducted from the Sub-Account. The annual Administrative Expense Charge is 1.0% of the Sub-Account Value. We have the option of charging current Administrative Expense Charges, which can be less than the guaranteed maximum, and will be stated in the quarterly report.

### 6.3 Quarterly Deduction

The Quarterly Deduction is a charge made each policy quarter against the Sub-Account. The Quarterly Deduction is equal to:

- a. The Administrative Expense Charge; plus
- b. The Cost of Insurance for the current policy quarter, including the cost for any riders; plus
- c. One-quarter of any flat extra rating charge; plus
- d. The fees charged by the Custodian; plus
- e. The fees charged by the Investment Advisor, other than Leopold Joseph (Bahamas) Ltd, a Bahamas corporation.

### 6.4 Cost of Insurance

The Cost of Insurance will be calculated and charged each quarter. It is the cost for this Policy (including any increases in the Specified Amount) plus the cost for any riders.

#### *Option A: Basic coverage.*

The cost for this Policy is calculated as:

- a. The Specified Amount on the Quarterly Valuation Date; less
- b. The Sub-Account Value on the Quarterly Valuation Date, after all Quarterly Deductions have been taken.

- c. The above result multiplied by the quarterly cost per \$1,000 of insurance (as described below in the Cost of Insurance Rates Section).
- d. Divided by 1,000.

**Option B: Basic coverage plus Sub-Account.**

The cost for this Policy is equal to:

- a. The Specified Amount on the Quarterly Valuation Date multiplied by the quarterly cost per \$1,000 of insurance (as described below in the Cost of Insurance Rates Section)
- b. Divided by 1000.

The charge made during the Policy Year will be shown on the Annual Report.

**6.5 Cost of Insurance Rates**

Each year, the current annual Cost of Insurance Rates will be declared for the next Policy Year. These rates will be based on the Issue Age, Specified Amount, Policy Year, and sex of the Insured. The rate will vary if the Insured is a smoker or non-smoker or is rated up with a tabular extra premium.

If the Policy is rated up at issue with a tabular extra premium, the premium will be a multiple of the rates for a standard issue. This multiple factor is shown on the Schedule Pages.

The cost of insurance rate for the first policy year is shown on the Schedule Pages. Any change in the current cost of insurance rates will apply to all policies having the same Issue Age, Specified Amount, Policy Year, sex, plan, issue month, and cost of insurance rates as this Policy.”

**6.6 Quarterly Report**

Within forty-five days of a Quarterly Valuation Date the Owner will be mailed a report that shows the progress of the Policy.

This report will show for the last Policy Year:

- a. Premiums Paid;
- b. Expense Charges;
- c. Interest credits; and
- d. Cost of Insurance

As of the date of the report, the following values will be shown:

- a. Sub-Account Value;
- b. Specified Amount of Insurance;
- c. Death Benefit; and
- d. Outstanding Debt, if any

**6.7 Other Reports**

The owner may request a report illustrating future values of the Policy under both guaranteed and current assumptions. A reasonable fee not to exceed \$250 may be charged for this report.

**SECTION 7  
POLICY SURRENDER AND PARTIAL WITHDRAWALS**

**7.1 Surrender of the Policy**

The Policy may be surrendered before the Maturity Date at any time during the Insured's life for its Surrender Value.

**7.2 Surrender Value**

The amount payable upon surrender ("Surrender Value") is the Sub-Account Value on the Quarterly Valuation Date on or preceding the date we receive your written request, less any Outstanding Policy Debt, applicable Surrender Charge and/or Withdrawal Charge; provided, however, that the Surrender Value shall not exceed one dollar less than the amount obtained by dividing (i) the Death Benefit by (ii) the quotient obtained by dividing the Applicable Percentage specified in the following table by 100.

<u>Insured's* Age</u>	<u>Applicable Percentage</u>	<u>Insured's* Age</u>	<u>Applicable Percentage</u>
40 or less	250	60	130
41	243	61	128
42	236	62	126
43	229	63	124
44	222	64	122
45	215	65	120
46	209	66	119
47	203	67	118
48	197	68	117
49	191	69	116
50	185	70	115
51	178	71	113
52	171	72	111
53	164	73	109
54	157	74	107
55	150	75-90	105
56	146	91	104
57	142	92	103
58	138	93	102
59	134	94	101
		95	100

\* *Insured's Age means the attained age at the beginning of the Policy Year.*

The Surrender Value is payable in one lump sum or under one of the payment options. *See Sections 2.16 & 11.*

We shall deduct and retain the amount by which the Sub-Account Value on the Quarterly Valuation Date on or preceding the date we receive your written request, less any Outstanding Policy Debt, applicable Surrender Charge and/or Withdrawal Charge, exceeds the Surrender Value. Such excess shall be retained by us on full or partial surrenders. For a partial surrender, such excess will be deducted either from the Sub-Account or the amount withdrawn. Surrenders reduce the value of the Sub-Account.

**7.3 Surrender and Withdrawal Charges**

Each time we receive a request for a partial surrender within the first five years of the policy Issue Date we will charge a fee of 2% of the amount surrendered. If the policy is surrendered in total during the first five years of its Issue Date we will charge a surrender fee of 2%. After five years the fee will be 1%. These fees are referred to herein as "Surrender Charges."

In addition, a withdrawal fee equal to the expenses incurred in liquidating the assets to make a partial surrender plus the pro-rata share of the Cost of Insurance for the quarter in which the surrender takes place will also be charged against the Sub-Account on all surrenders. This fee is referred to herein as a "Withdrawal Charge."

**7.4 Partial Withdrawal**

A partial withdrawal of this Policy may be made after the first Policy Year for any amount of at least \$25,000 subject to the following rules:



- a. The Surrender Value remaining after a partial withdrawal must be at least \$50,000.
- b. A partial withdrawal is irrevocable.
- c. Request must be made to us in writing in a form approved by us.
- d. A partial withdrawal will not be allowed if the resulting Specified Amount after the withdrawal is less than \$50,000.
- e. A Withdrawal Charge will be deducted from the amount withdrawn. *See Section 7.3.*
- f. Only one withdrawal is permitted per Policy Year.

Partial withdrawals will affect the Policy value. The Sub-Account Value will be reduced by the amount of the partial withdrawal. These reductions will also reduce the Death Benefits. *See Section 8.*

### 7.5 Postponement of Payments

We will usually pay any amounts payable from the Sub-Accounts as a result of surrender, partial withdrawals, or Policy loans in a timely fashion after we receive written request in our Home Office in a form satisfactory to us. We can postpone such payments or any transfers of amounts between Sub-Accounts and we may defer the payment of a full surrender, partial withdrawals or Policy loans from the Fixed Account for up to three months from the date we receive your written request.

## SECTION 8 DEATH BENEFIT

### 8.1 Death Benefit Proceeds

The Death Benefit proceeds payable to the Beneficiary upon our receipt of Satisfactory Proof of Death of the Insured while this Policy is in force will equal:

- a. The Death Benefit; plus
- b. Any additional life insurance proceeds provided by any rider; minus
- c. Any Outstanding Policy Debt; minus
- d. Any Quarterly Deduction that may apply to that period, including the deduction for the month of death.

### 8.2 Death Benefit

Subject to the provisions of this Policy, the Death Benefit will be determined under Option A or Option B whichever

you have chosen and is in effect at the time of death.

#### *Option A: Basic Coverage.*

The Death Benefit will be the greater of:

- a. The current Specified Amount, or
- b. The value of the Sub-Account

#### *Option B: Basic coverage plus the Sub-Account Value.*

The Death Benefit will be the current Specified Amount plus the value of the Sub-Account.

### 8.3 Payment of Death Benefits

Upon Satisfactory Proof of Death we will usually pay the Death Benefit Proceeds (*See Section 2.16*) within seven (7) days

the liquidation proceeds  
from the Custodian.

Under Option B, the Specified amount of  
the policy is a general obligation of  
Hampton Insurance Company Limited.

to the extent that the  
be met out of amounts  
credit of the relevant Sub-  
be an obligation of the  
lio. To the extent that  
t exceeds the amount  
credit of the relevant Sub-  
constitute a general  
Hampton Insurance

**SECTION 9  
POLICY CHANGES AND EXCHANGE OF POLICY**

**1) the Specified Amount**

United States Internal Revenue Code,  
as amended.

has been in effect for one  
increase or decrease the

2) send a written request  
ce. Any change will be  
Quarterly Valuation Date  
ing the date we approve  
ess you specify a later  
only change the Specified  
par.

**3) the Specified**

the Specified Amount is  
owing conditions:

may not be made during  
y Year.

4) Amount in effect after  
may not be less than

5) Specified Amount after  
may not affect the tax  
of this Policy as  
1) Section 7702 of the

after we receive the liquidation proceeds of the Sub-Account from the Custodian.

Under Option A, to the extent that the Death Benefit can be met out of amounts standing to the credit of the relevant Sub-Account, it will be an obligation of the Segregated Portfolio. To the extent that the Death Benefit exceeds the amount standing to the credit of the relevant Sub-Account, it will constitute a general obligation of Hampton Insurance Company Limited .

Under Option B, the Specified amount of the policy is a general obligation of Hampton Insurance Company Limited.

## **SECTION 9 POLICY CHANGES AND EXCHANGE OF POLICY**

### **9.1 Change in the Specified Amount**

United States Internal Revenue Code,  
as amended.

After the Policy has been in effect for one year, you can increase or decrease the Specified Amount.

To make a change, send a written request to our Home Office. Any change will be effective on the Quarterly Valuation Date on or next following the date we approve the request, unless you specify a later date. You may only change the Specified Amount once a year.

### **9.2 Decreasing the Specified Amount**

A decrease in the Specified Amount is subject to the following conditions:

- a. A decrease may not be made during the first Policy Year.
- b. The Specified Amount in effect after any decrease may not be less than \$50,000.
- c. The resulting Specified Amount after a decrease may not affect the tax qualifications of this Policy as described in Section 7702 of the

**9.3 Increasing the Specified Amount**

Any increase in the Specified Amount is subject to the following conditions:

- a. An increase may not be made in the first Policy Year.
- b. A supplemental application for the increase and satisfactory evidence of insurability of the Insured must be received.
- c. The minimum amount of any increase is \$50,000.
- d. An increase cannot be made if the Insured is over 75 years of age.
- e. At the time of the increase, the Sub-Account Value less any Outstanding Policy Debt must be at least equal to 4 times the current month's Quarterly Deduction reflecting the increase in the Specified Amount. If the Sub-Account Value is not sufficient to support these Quarterly Deductions for at least one year beyond the effective date of the increase, additional premiums may be required. You will be notified of any additional premium due.

#### 9.4 Time Period for Exchange

You may exchange this Policy while it is in force for a new Policy on the life of the Insured, without new evidence of insurability, at any time within 24 months of the Policy date shown in the Declaration Page. The new Policy will be issued on the following basis:

- a. The Policy Date, Issue Age, Specified Amount, and risk class of the Insured will be the same as for this Policy.
- b. It will be a Flexible Premium Adjustable Life Insurance Policy available for exchange issued by **Hampton Insurance Company Limited** on the exchange date.
- c. The Policy provisions and applicable charges for the new Policy and its riders will be the same as those which

would have applied had the Policy been issued originally.

- d. Any Outstanding Policy Debt must be repaid.
- e. It will be subject to:
  - any assignments;
  - any partial withdrawals;
  - any Sub-Account Value adjustment required; and
  - any cost or credit of exchange.

To make the change, you must send this Policy, an exchange application form, and any required payment to our Home Office. The change will be effective on the first Quarterly Valuation Date when all financial and contractual arrangements for the new Policy have been completed.

### SECTION 10 LOAN BENEFITS

This Policy has loan benefits that are described below. The outstanding loans plus accrued interest are called Outstanding Policy Debt. Any Outstanding Policy Debt will be deducted from proceeds payable at the Insured's death, on maturity, or on surrender.

#### 10.1 Making a Policy Loan

At any time or times after the first Policy anniversary, you may obtain one or more Policy loans from us. This Policy is the only security required. The maximum loan amount is equal to 90% of the Surrender Value held in the Sub-Account at the time of the loan. The available loan amount at any time is the maximum loan amount less any Outstanding Policy Debt.

#### 10.2 Interest

The maximum interest rate on any loan is 15% per year. We have the option of charging less. It accrues daily and becomes a part of the Outstanding Policy Debt. Interest payments are due on each anniversary date. If interest is not paid when due, it will be added to the Policy debt and will bear interest at the rate charged on the loan.

#### 10.3 Other Borrowing Rules

When a Policy loan is made, or when interest is not paid when due, an amount sufficient to secure the Policy debt is transferred out of the Sub-Account and into our general account. You may tell us how to allocate that amount among the investments provided that the amount

remaining in any investment as a result of the allocation is \$50,000. If you do not, then we will allocate the amount among the investments as we see fit.

If the Policy debt exceeds the Sub-Account less any surrender charge and accrued expenses, you must pay the excess. We will send you a notice of the amount you must pay. If you do not pay this amount within 61 days after we send notice, the Policy will terminate without value. We will send the notice to you and to any assignee of record at our Home Office.

*Any loan transaction will permanently affect the values of this Policy.*

#### 10.4 Repaying a Policy Debt

You can repay a Policy debt in part or in full any time during the Insured's life prior to the maturity date while this Policy is in force. You must specifically identify repayment as such. When a loan repayment is made the repayment will be transferred into the relevant Sub-Account.

### SECTION 11 PAYMENT OPTIONS

Life insurance proceeds, the Surrender Value, or benefits at maturity will be paid in one lump sum if no option is chosen.

The Insured or Beneficiary may elect to have the proceeds applied toward the purchase of an annuity policy then being offered by us.

**SCHEDULE ONE  
CHARGES**

**The following charges are payable to us. Sufficient assets will be liquidated from the Sub-Account to cover these charges as and when they fall due or, whenever possible, will be deducted from premium before it is credited to the Sub-Account.**

**ADMINISTRATIVE EXPENSE CHARGE:**

The maximum annual Administrative Expense Charge is as specified in Section 6..2.

**INITIAL PREMIUM CHARGES:**

The maximum Percent of Premium Charge for sales load and premium taxes is 6% of premiums received.

**TRANSFER CHARGE:**

The first 6 transfers are free after which a transfer fee of \$100.00 per transfer will apply.

**SURRENDER & WITHDRAWAL CHARGES:**

See section 7.3 of the Policy.

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	Invoice #
12/31/2006	A40468

Bill To
Coconut Palms Estates Ltd. A/C #W20642938 Wells Fargo Norbeck /Chinose Newport Beach CA 92660

Description	Amount
Administration Fee, Annual 2004, \$732,017.90 X 1%	7,320.17
Administration Fee, Annual 2005, \$754,867.34 X 1%	7,548.67
Administration Fee, 1st quarter 2006, \$1,477,367.04 X 1%	3,693.42
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	\$18,562.26



Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

Date	Invoice #
12/31/2006	A40465

Bill To
Montage Holdings Limited A/C #W60678476 Wells Fargo Investments Norbeck/Chinose, 5000 Birch Street Newport Beach CA 92660

Description	Amount
Administration Fee, Annual 2003, \$2,018,661.76 X 1%	20,186.62
Administration Fee, Annual 2004, \$2,047,735.57 X 1%	20,477.35
Administration Fee, Annual 2005, \$2,111,124.87 X 1%	21,111.24
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	<b>\$61,775.21</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

**Invoice**  
"GCC 8"

Date	"GCC 8" Invoice #
12/31/2006	A40464

<b>Bill To</b>
Gladiola Holdings Ltd. Wells Fargo Investments A/C #W37590521 Norbeck/Chinose Street, 5000 Birch Street Newport Beach, CA 92660

Description	Amount
Administration Fee, Annual 2004, \$686,171.49 X 1%	6,861.71
Administration Fee, Annual 2005, \$807,176.67 X 1%	8,071.77
<b>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</b>	
<b>Total</b>	<b>\$14,933.48</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	"GCC#8"
12/31/2006	A40466

<b>Bill To</b>
Sherwood Forest Ent. Ltd. Citigroup P.O. Box 890, Rancho Santa Fe, CA 92067 Attention: Brian Coffin

Description	Amount
Administration Fee, Annual 2003, \$230,800.82 X 1%	2,308.00
Administration Fee, Annual 2004, \$457,685.23 X 1%	4,576.85
Administration Fee, Annual 2005, \$1,060,996.53 X 1%	10,609.97
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	\$17,494.82

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

**Invoice**  
"GCC 8"

Date	Invoice #
12/31/2006	A40460

Bill To
Amarvllis Holdings Limited A/C #200123 Caledonia

Description	Amount
Administration Fee , Mar. 15 - Dec. 31 2002 - \$301,899.00 X 1%	2,406.92
Administration Fee, Annual 2003- \$601,390.43 X 1%	6,013.90
Administration Fee, Annual 2004 - \$954,039.32 X 1%	9,540.39
Administration Fee, Annual 2005 - \$1,305,458.83 X 1%	13,054.59
Administration Fee, Annual 2006 - \$1,361,977.07 X 1%	13,619.77
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	\$44,635.57

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	"GCC 8"
12/31/2006	A40463

Bill To
Cornflower Holdings Ltd. Butterfield Bank

Description	Amount
Administration Fee, Annual 2003 \$356,941 X 1%	3,569.41
Administration Fee, Annual 2004 \$373,731.66 X 1%	3,737.32
Administration Fee, Annual 2005 \$377,857.56 X 1%	3,778.57
Administration Fee, Annual 2006 \$392,293.58 X 1%	3,922.94
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	<b>\$15,008.24</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

**Invoice**  
"GCC 8"

Date	Invoice #
12/31/2006	A40467

Bill To
West Coast Holdings Limited A/C #200130 Caledonia

Description	Amount
Administration Fee, 2003, \$1,945,155 X 1%	19,451.55
Administration Fee, 2004, \$2,889,602.42 X 1%	28,896.02
Administration Fee, 2005, \$5,025,002.57 X 1%	50,250.03
Administration Fee, Jan - June 2006, 5,171,745.38 X 1%	25,858.73
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	\$124,456.33

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	"GCC 8"
12/31/2006	A40462

<b>Bill To</b>
Exquisite Island Properties Ltd. Account #003470 London & Capital Attention: Robert Kerridge

Description	Amount
Administration Fee, Annual 2003, \$495,531 X 1%	4,955.31
Administration Fee, Annual 2004, \$885,551 X 1%	8,855.51
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	\$13,810.82

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"ccc 8"

Date	Invoice #
12/31/2005	A40164

Bill To
Exquisite Island Properties Ltd. Account #003470 London & Capital Attention: Robert Kerridge

Description	Amount
Administration Fee Jan- Dec 2005 (\$1,447,827 X 1.25%)	18,097.84
<b>Please remit payment to</b> <b>HSBC Bank USA, 452 Fifth Avenue, New York,</b> <b>NY 10018, USA,</b> <b>SWIFT: MRMDUS33, ABA: 021-001-088</b> <b>For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638</b> <b>For final credit to Hampton Insurance Company Limited Account: 202014</b>	
<b>Total</b>	<b>\$18,097.84</b>



Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

<b>"GCC 8"</b>	
Date	<b>"GCC 8"</b>
5/2/2006	A40191

<b>Bill To</b>
Exquisite Island Properties Ltd. Account #003470 London & Capital Attention: Robert Kerridge

Description	Amount
Fee Income - 1st quarter (2,122,100.00 x 1%)	5,305.25
IBC Annual Fee	350.00
<b>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</b>	
<b>Total</b>	<b>\$5,655.25</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	"GCC 8"
9/6/2006	A40303

<b>Bill To</b>
Exquisite Island Properties Ltd. Account #003470 London & Capital Attention: Robert Kerridge

Description	Amount
Administration Fee (April 1st - June 30th, 2006), \$2,100,382.00 X 1%	5,250.96
<b>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</b>	
	<b>Total</b> \$5,250.96

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

# Invoice

"GCC 8"

Date	"GCC 8"
12/1/2006	A40351

Bill To
Exquisite Island Properties Ltd. Account #003470 London & Capital Attention: Robert Kerridge

Description	Amount
Administration Fee (June 1st - Sept. 30, 2006), \$2,123,102 X 1%	5,307.76
<b>Please remit payment to</b> <b>HSBC Bank USA, 452 Fifth Avenue, New York,</b> <b>NY 10018, USA,</b> <b>SWIFT: MRMDUS33, ABA: 021-001-088</b> <b>For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638</b> <b>For final credit to Hampton Insurance Company Limited Account: 202014</b>	
<b>Total</b>	<b>\$5,307.76</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

**Invoice**  
**"GCC 8"**

Date	Invoice #
1/1/2007	A40514

<b>Bill To</b>
Cally Lilly Holdings Limited A/C #200004 Caledonia

Description	Amount
Administration Fee - 2007	13,000.00
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	<b>\$13,000.00</b>

Hampton Insurance Co. Ltd.

2nd Floor Goodman's Bay Corporate Centre  
West Bay Street  
P.O. Box CB 12724  
Nassau, Bahamas

**Invoice**  
"GCC 8"

Date	Invoice #
12/31/2006	A40461

Bill To
Cally Lilly Holdings Limited A/C #200004 Caledonia

Description	Amount
Administration Fee, Mar. 15 - Dec 31 2002, \$301,992 X 1%	2,407.66
Administration Fee, 2003, \$930,185.63 X 1%	9,301.86
Administration Fee, 2004, \$931,539.14 X 1%	9,315.39
Administration Fee, 2005, \$1,299,144.21 X 1%	12,991.44
Administration Fee, 2006, \$1,298,527.46 X 1%	12,985.27
<p>Please remit payment to HSBC Bank USA, 452 Fifth Avenue, New York, NY 10018, USA, SWIFT: MRMDUS33, ABA: 021-001-088 For credit to: Ansbacher (Bahamas) Limited, Account No: 000142638 For final credit to Hampton Insurance Company Limited Account: 202014</p>	
<b>Total</b>	<b>\$47,001.62</b>

### The Client Companies

7. In addition to establishing the segregated funds within its own books, The Insurance Company will also establish an account with a financial institution to hold these assets. Sometimes this is done directly by the Insurance Company. At other times, the Insurance Company will incorporate a subsidiary IBC which would then open an account with the financial institution.
8. This latter procedure was used in respect of the Client Companies. The end result is that we have a series of life policies, for each of which a segregated fund was established. Within each of those segregated funds, the Insurance Company incorporated an IBC (as its wholly owned subsidiary) which itself holds one or more accounts at a variety of banks and other financial entities such as Ansbacher, Bank of Butterfield, Caledonia etc.

### Policy fees

9. On a periodic basis, the Insurance Company will invoice the various segregated funds in order to take its fees as designated in the policy. The invoice will be sent to the financial institution that holds the segregated fund assets together with wire instructions for the money to be sent to the insurance company's main account where it will be taken to profits. Once the fees have been paid, they are the property of the Insurance Company itself and its shareholders as opposed to being the property of the segregated funds which are attributable to the client insurance policies.
10. Obviously, if the assets at the financial institution are held in the name of an IBC, then the invoice will be addressed to that IBC at the bank. If there is no IBC, then the invoice will be addressed to the Insurance Company at the bank. Either way, this is simply a mechanism by which the Insurance Company takes its fees from the segregated funds directly or through its wholly owned subsidiaries which are merely the holding entities within the segregated funds.


11. The use of IBC’s in this way is extremely common within the insurance industry. Apart from ease of administration and protection from liability, very often the assets being placed in the segregated funds do not come into the insurance company by way of premium. Instead, the underlying IBC’s receive funding separately through third party non-insurance transactions including in this instance, by way of a charitable donation arrangement.

12. In summary,

- a. Each client has its own life policy.
- b. In accordance with the Policies and BVI and Bahamian insurance legislation, a segregated fund is established in respect each policy.
- c. Within each of those segregated funds, the Insurance Company incorporated an IBC (as its wholly owned subsidiary)
- d. Therefore, the Client Companies and the assets owned by them comprise the Segregated Fund.
- e. Pursuant to each Policy, in respect of the segregated funds, the Insurance Company is entitled to charge fees.

13. For the aforementioned reasons we would therefore request that the Receiver authorizes and effects without delay the payment by each of the Client Companies to Hampton those sums that represent the 1% annual Administration Expense due under the policies since their incorporation.

SWORN to this 11 day  
of February, 2008  
in Nassau, Bahamas

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 )  
 )  
 ) .....  


Before me,

.....  
  
 NOTARY PUBLIC.

**COMMONWEALTH OF THE BAHAMAS  
IN THE SUPREME COURT  
Common Law and Equity Division**

**Between**

**LESTER M. TURNQUEST, JR.**

**First Plaintiff**

**THE BONNYCORD GROUP LIMITED**

**Second Plaintiff**

**AND**

**HYWEL JONES**

**First Defendant**

**THE BRITANNIA GROUP LTD**

**Second Defendant**

**HAMPTON INSURANCE COMPANY LIMITED**

**Third Defendant**

**STEPHEN DICKSON**

**Fourth Defendant**

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**Third Affidavit of Hywel Jones**

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**CLE/GEN No. 1052**

**2007**

*Lennox Paton*

**Lennox Paton**

Fort Nassau Centre

Marlborough Street

Nassau, Bahamas

**Attorneys for the Defendants**



**COMMONWEALTH OF THE BAHAMAS  
IN THE SUPREME COURT  
Common Law and Equity Division**

**2007  
CLE/GEN No. 1052**

**Between**

**LESTER M. TURNQUEST, JR.**

**First Plaintiff**

**THE BONNYCORD GROUP LIMITED**

**Second Plaintiff**

**AND**

**HYWEL JONES**

**First Defendant**

**THE BRITANNIA GROUP LTD**

**Second Defendant**

**HAMPTON INSURANCE COMPANY LIMITED**

**Third Defendant**

**STEPHEN DICKSON**

**Fourth Defendant**

\_\_\_\_\_  
**Third Affidavit of Hywel Jones**  
\_\_\_\_\_

I, **HYWEL LLOYD JONES**, businessman and resident of Seacliff Estate, West Bay Street, Nassau, Bahamas and citizen of the United Kingdom, make oath and say as follows:

1. I, the First Defendant herein, make this Affidavit in support of a request on behalf of Hampton Insurance Company Limited (“the Insurance Company”), the third

Defendant herein, for the Receiver and Manager (“the Receiver”) to pay the Third Defendant certain administrative fees due and owing from the Client Companies (as defined in the Order of 21<sup>st</sup> September 2007).

2. Where the contents of this Affidavit are within my own knowledge they are true. Where the contents of this Affidavit are not within my own knowledge they derive from information provided to me by my legal representatives, and from the documents in my and their possession. I verily believe that this information is true.

Hampton Insurance Company Limited

3. The Insurance Company Limited is an insurance company incorporated and registered in the British Virgin Islands holding insurance licenses in the British Virgin Islands and the Bahamas. I have operated the Insurance Company from the Bahamas since incorporation. I am the sole owner of this company as at this date and have been so from the incorporation of the Insurance Company.
4. In accordance with the insurance legislation in both jurisdictions, the Insurance Company may set up any number of segregated funds in respect of its long term business (i.e. its life insurance business). Therefore, for each policy that it issued, the Insurance Company sets up a segregated fund to hold the assets related to that policy.
5. The policies that relate to the Client Companies are described in insurance terms as “variable universal life policies”. Essentially this means that each policy has a guaranteed minimum death benefit and a cash surrender value based on the value of the assets held in the segregated accounts.
6. In accordance with the terms of each policy, the Insurance Company takes an annual fee based on a percentage of the value of the assets held in the segregated fund. In respect of the insurance policies issued by the Insurance Company, each policy provides at paragraph 6.2 for an annual Administration Expense charge by the Insurance Company of 1% of the Sub-Account Value.

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Common Law and Equity Division

Between

LESTER M. TURNQUEST, JR.

First Plaintiff

THE BONNYCORD GROUP LIMITED

Second Plaintiff

AND

HYWEL JONES

First Defendant

THE BRITANNIA GROUP LTD

Second Defendant

HAMPTON INSURANCE COMPANY LIMITED

Third Defendant

STEPHEN DICKSON

Fourth Defendant

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**FOURTH AFFIDAVIT OF GEORGE CLIFFORD CULMER**

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2007  
CLE/GEN/1052

*Roberts, Isaacs & Co*  
Roberts, Isaacs & co.  
Chambers,  
The Rigarno Building  
Bay Street & Victoria Avenue,  
Nassau, Bahamas.  
Attorneys for George Clifford Culmer,  
as Receiver and Manager herein.