

AM03

Notice of administrator's proposals



Companies House

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17/03/2018

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COMPANIES HOUSE

1 Company details

Company number 0 9 6 9 7 3 1 4

Company name in full Privilege Wealth Plc

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) John

Surname Kelmanson

3 Administrator's address

Building name/number 4 Stirling Court

Street Stirling Way

Post town Borehamwood

County/Region Hertfordshire

Postcode W D 6 2 B T

Country

4 Administrator's name

Full forename(s) Stephen

Surname Katz

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number 26-28 Bedford Row

Street

Post town

County/Region London

Postcode W C 1 R 4 H E

Country

② Other administrator
Use this section to tell us about
another administrator.

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Notice of Administrator's Proposals

6 Statement of proposals




I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

×



×

Signature date

^d1

^d5

^m0

^m3

^y2

^y0

^y1

^y8

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Notice of Administrator's Proposals



Presenter information

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

Contact name **Jason Callender**

Company name **Kelmanson Insolvency Solutions**

Address **4 Stirling Court**
Stirling Way

Post town **Borehamwood**

County/Region **Hertfordshire**

Postcode **W D 6 2 B T**

Country

DX

Telephone **020 8441 2000**



Checklist

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Please make sure you have remembered the following:

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



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In the High Court of Justice

No CR-2018-000569

**Joint Administrators' Report and
Statement of Proposals Pursuant to
Paragraph 49 of Schedule B1**

Privilege Wealth Plc - In Administration

15 March 2018

PRIVILEGE WEALTH PLC - ADMINISTRATION

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PRIVILEGE WEALTH PLC - ADMINISTRATION

1 Introduction and Background

- 1.1 Privilege Wealth Plc ("PWPLC") was incorporated and operated as a holding company. Its principle purpose was to assist in the raising of finance for its four overseas subsidiaries, as well as the day to day management of the subsidiaries.
- 1.2 The business model of the group was to make profit from borrowing money and in turn investing these funds in the form of high yielding pay day loans to individuals with low or no credit, primarily located in the United States, or by way of purchasing portfolios of distressed debt. The interest differential less operating costs would represent the profit available for the group whilst the wide spread of risk by way of low exposure to any one defaulting consumer would mitigate the risks for investors
- 1.3 Due to the nature of the trade the business had no direct PAYE employees and trading premises were not required, with the registered office being used for correspondence purposes only. One director, Martin Sampson, had approximately 4 years previous experience of unsecured lending to US consumers, with the main operations being conducted in Panama where he is based.
- 1.4 The two principle investors into PWPLC are Privilege Wealth One LLP ("PWOne") and Helix Investment Management SLP ("Helix"), who invested funds secured from their respective loan note holders, bond holders and investors.
- 1.5 PWOne is a Gibraltar limited partnership and Helix is a ring fenced Luxembourg investment fund. Each has its own distinct portfolio of investors.
- 1.6 The main operations of the group were conducted by Privilege Call Centres Inc, a PWPLC subsidiary located in Panama City, in the Republic of Panama. This subsidiary operated as a call centre, which at its peak in around October 2016, employed in excess of 150 Panamanian nationals. Approximately 25,200 US borrowers were acquired, mostly through purchased leads from a number of US lead provider companies, which would then be contacted from the Panama call centre. If individuals passed a lending criteria screening test (approximately 10-20 minutes) they would be accepted for a loan. Loans typically varied between \$200 and \$2,000 with the average around \$450.
- 1.7 Privilege Direct Inc ("PDI"), a 76% owned subsidiary of PWPLC also located in Panama, was utilised as a specific vehicle to provide loans, which was facilitated by contracting the services of Rosebud Lending BHL ("Rosebud"), a Sioux Indian sovereign nation lender located in South Dakota. A total of \$4.4m was paid to Rosebud, to be advanced directly into the US Consumer Credit market and collected periodically.
- 1.8 By 1 December 2016 interest of \$5.3m had accrued on the \$4.4m of capital advanced to Rosebud, with a total of \$9.7m repayable to PDI and then onward to PWPLC. Rosebud had insufficient funds to repay the balance due, which affected the cash flow of the group. A Surrender Agreement was later entered into by Rosebud, PWPLC and the two Panamanian subsidiaries, whereby cash in hand of \$566,143 USD was to be released to various defined parties simultaneously with the sale of the pay day loan book to a newly formed 100% subsidiary of PWPLC located in Belize.
- 1.9 Insufficient financial control within the group between 2014 and 2016 would ultimately have a devastating impact on the Company. Richard Colwell, a director of the Company, travelled to Panama approximately 5 times to review and implement some financial control in the main operating subsidiary. Richard Colwell also appointed Knill James Chartered Accountants to get a third party independent qualified opinion on the financial control of the operating subsidiary located in Panama. Upon their findings, Richard Colwell attempted to put approximately 20 base controls in place, however this was reportedly met with resistance by the manager of the call centre located in Panama.

PRIVILEGE WEALTH PLC - ADMINISTRATION

- 1.10 As has been widely reported the local manager of the Panama call centre known as Chris Rock, was the victim of a shooting on March 16th 2017 in Panama City. Chris Rock had introduced The Oliphant Group / Oliphant Financial ("Oliphant") located in Sarasota, Florida, United States in or around December 2016 as a trading partner. It is believed that Oliphant may have taken over the collection of the pay day loans and other loan portfolios previously under the control PWPLC but at present the situation is uncertain.
- 1.11 Furthermore, a group company advanced in excess of \$5m directly to Oliphant, for the purchase of a distressed non-performing credit card loan book with a notional value believed to be worth approximately \$59m. A return on this investment has not been paid by Oliphant, causing further cash flow problems within the group.
- 1.12 It was subsequently revealed that Chris Rock was not his true identity and that he was in fact an Interpol wanted person also known as Chris Kamyczek and/or David James. Upon the director's investigations into the financial stability of the subsidiary located in Panama, it became evident that the subsidiaries liabilities were significantly higher than detailed on the accounting records available. Furthermore, upon collection of the "pay day loans" it was established that profits generated were not being paid to the group companies, after settlement of all operating costs, in order to settle all inter-company loans. The Company was therefore using high interest debt, rather than equity, to fund capital expenditure and operational costs.
- 1.13 Both subsidiaries located in Panama have now ceased trading and commenced insolvency proceedings, with significant inter-company balances due to PWPLC.
- 1.14 During the Autumn of 2016 articles were published on a financial reporting web site, Offshore Alert, suggesting that the whole operation was an investor scam and warning against investment into the business. The directors advise that this compounded the cash flow issues.
- 1.15 The company took steps to pursue the author of Offshore Alert; David Marchant, for defamation and a judgment was obtained against him in the High Court in London on 9 March 2017 with an award in PWPLC's favour in the sum of £80,000. However, Mr Marchant, who is based in Florida, did not submit to the UK proceedings and no steps have been taken to enforce the judgment.
- 1.16 The financial irregularities within the group and insolvency of the subsidiaries in Panama would ultimately have a significant impact on PWPLC's ability to trade. In addition, the Company's operational costs were too high, reaching approximately \$550,000 per month, consisting mainly of payroll and rental costs.
- 1.17 As such, the directors approached John Kelmanson of KCBS LLP t/a Kelmanson Insolvency Solutions to provide services to assist with the company's financial position. Based on the information available at that time, it was concluded a Creditors Voluntary Liquidation would be the most appropriate course of action. Notices of a meeting of members and virtual meeting of creditors were issued to members and creditors respectively on 20 December 2017, with the meetings convened to be held on 12 January 2018.
- 1.18 Helix Investment Management SPA ("Helix"), who are the second largest creditor, requested a physical meeting of creditors on 11 January 2018, which was duly convened to be held on 23 January 2018.
- 1.19 Mr Kelmanson asked Stephen Katz of David Rubin & Partners LLP, who has significant experience of acting and investigating complex cross border groups of companies to consider a joint appointment and invited Mr Katz to attend a conference call held on 12 January 2018 with Helix and other related parties. Dan Sejas of Sprecher Grier Ltd, an expert insolvency lawyer, was also requested by John Kelmanson to be present on the conference call.
- 1.20 It was revealed during the conference call for the first time, that Helix were relying on security granted against assets of PWPLC and its US subsidiaries and were acting to secure these potential assets for themselves rather than allowing them to be dealt with for the benefit of all creditors.

PRIVILEGE WEALTH PLC - ADMINISTRATION

- 1.21 Shareholder notices were issued for resolutions to be considered and passed on 23 January 2018. As time progressed, it became apparent that the consents to short notice were not going to be provided by two of the company's shareholders, Bowline Private Fund (Cayman) Limited, whom Helix also represent, and Tom Pawelek who is alleged to be working with Oliphant in the US and who is allegedly withholding key electronic data relating to the residual assets.
- 1.22 There was a real concern by the directors that delaying tactics were being implemented by Helix to allow them to seize control of Company assets. As such, and after consultation with Mr Katz and Mr Kelmanson it was considered that PWPLC should be placed into Administration with immediate effect to avoid further delays and protect the potential assets of PWPLC.
- 1.23 As a result, John Kelmanson of Kelmanson Insolvency Solutions and Stephen Katz of David Rubin & Partners Limited were appointed Joint Administrators of the Company by the Directors pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986 on 23 January 2018. John Kelmanson is licensed to act in the United Kingdom as an insolvency practitioner by the ACCA. Stephen Katz is licensed to act in the United Kingdom as an insolvency practitioner by the ICAEW.
- 1.24 John Kelmanson and Stephen Katz act jointly and severally in the Administration.
- 1.25 The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.26 This report incorporates the Joint Administrators' statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 19 March 2018.

2 Administration Strategy and Objective

- 2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives.
- a. *Rescuing the Company as a going concern; or*
 - b. *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or*
 - c. *Realising property in order to make a distribution to one or more secured or preferential creditors.*
- 2.2 The prospects of a Creditors Voluntary Arrangement would be largely dependent on the approval of the two largest creditors of PWPLC, who represent in excess of 85% of creditors, as per the Directors' Estimated Statement of Affairs. It was clear from the outset however, that purpose (a) would not be achievable as PWPLC was insolvent and had ceased to trade. The two subsidiaries located in Panama, representing the largest debtors of PWPLC, had also ceased to trade and proceeded to enter into Liquidation.
- 2.3 It was apparent that the resolutions to wind the company up were not going to be passed by shareholders at the short meetings convened and as such, a further substantial passage of time would have elapsed and thus put the Company's assets in jeopardy, given the actions of Helix. Placing PWPLC into Administration will therefore undoubtedly achieve a better result of the Company's creditors and satisfy the requirements of purpose (b).
- 2.4 There is no qualifying floating charge holder or preferential creditor and therefore objective (c) cannot be met.

Progress Since Appointment:

Administration (including statutory compliance and reporting)

- 2.5 Following the Joint Administrators appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work has included liaison with solicitors to deal with the legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with all relevant parties about the most appropriate means of realising maximum value in PWPLC's business and assets.
- 2.6 The realisation of PWPLC's assets is unusual in its nature and complex due to the jurisdictions involved, parties claiming interest and the tracing of assets required. Further information in this regard is provided below from 2.12.
- 2.7 The interest in the Administration and queries received by the Joint Administrators has proved to be substantial, due to the interest and concern being shown by a large number of individual investors. The quantum of creditor liability is significant and the nature of this liability complex. Further details in this regard are provided below from 2.40.
- 2.8 The Joint Administrators have also dealt with a number of statutory formalities which are required under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising their appointment in the London Gazette.
- 2.9 The Joint Administrators have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.10 Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at **Appendix E**. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessary add any value to the insolvent estate.

Trading

- 2.11 The company ceased to trade prior to the date of Administration and as such there has been no requirement for the Administrators to trade the business post appointment.

Realisation of assets

- 2.12 The most significant assets within PWPLC are detailed below:

Rosebud Lending

- 2.13 As detailed above at 1.8, a Surrender and Sale Agreement was entered into by Rosebud in full and final settlement of the outstanding balance totalling \$9.7m USD. The agreement included the assignment of the pay day loan book, in addition to release of part of the cash in hand held by Rosebud, totalling \$566,143 USD. Further details regarding these assets of the Company are provided below:

Cash in Hand

- 2.14 The Joint Administrators have undertaken a detailed exercise of tracing the destination of all funds received within the agreement, which has involved meetings and regular communication with the directors of PWPLC, correspondence with the lawyer engaged by Privilege Direct Inc, review of the electronic financial records and contacting all parties who are believed to be in receipt of funds. A summary of the Administrators findings are detailed below and in the schedule attached at **Appendix C**

PRIVILEGE WEALTH PLC - ADMINISTRATION

- 2 15 *PWPLC Escrow Account* – The sum of \$150,000 was to be held on escrow for the benefit of the Privilege group, to be released in four tranches. The sum of \$50,000 is due as at today's date, which has not yet been received. The final balance of \$100,000 is payable in three further tranches, with the final payment falling due in September 2018. The Joint Administrators have been in correspondence with Rosebud and held conference calls, to establish the best mechanism for the release of funds. Correspondence remains ongoing in this regard
- 2.16 *PWPLC Payment – Carmel Collections*. As at the date of the agreement, Carmel Collections were holding a balance of \$45,105 in relation to the pay day loan book. This balance was payable immediately upon execution of the agreement and remains outstanding. The Joint Administrators have endeavoured to establish the contact details of Carmel Collections and requested payment. Contact has been made with the lawyer representing Carmel Collections and dialog remains ongoing in this regard, with a proposed Settlement Agreement to be agreed and executed shortly in order to facilitate the release of funds.
- 2 17 *PWPLC Payment – FSE Law*. FSE Law were instructed by Privilege Direct Inc to act on their behalf in collecting the sums payable to the Privilege group, in accordance with the Surrender Agreement. FSE collected the sums due, after settlement of Rosebud legal costs relating to the pay day loan portfolio. These funds have been utilised, in accordance with the director's instructions, to pay seven different parties. Further details of these payments are provided at 2 18 – 2.20 below.
- 2.18 Included within the detailed payments is payment of \$25,000 USD to Berger Singerman, a law firm based in Florida, US. The Joint Administrators have established the instruction to the lawyer was to conduct a pre-suit investigation with a view to issuing a claim against Oliphant for an account and if necessary monetary damages. The Joint Administrators have considered in detail the best strategy to progress this potential asset realisation and have held a conference call with the lawyer, in addition to correspondence, in order to progress matters. Ultimately the sums held by the lawyer were deemed to be insufficient to allow for them to fully engage in the case and they were unwilling to work on a contingency fee basis. Therefore the return of the balance held after deduction of their fees has now been received, totalling £11,562.
- 2 19 We are advised that a sum of \$10,000 has been retained in order to facilitate payment to a private investigator and lawyer/collection agency to locate and issue legal proceedings against Tom Pawelek, a shareholder and former director of PWPLC. It is understood that Mr Pawelek holds or is able to access all of the electronic data relating to the 25,200 US customer details included within the pay day loan book. The Joint Administrators have been advised by the law firm based in Tampa, Florida, that the funds have never been received by them and the directors are seeking to establish where the funds are and to assist with their repatriation to the company.
- 2.20 Other payments made include settlement of FSE's costs and payments to the Liquidator of the two Panama subsidiaries. Where appropriate we have contacted the parties to account for the sums paid and to provide information and documentation relating to any services carried out. We are still in the process of obtaining and reviewing this.
- 2.21 *Pomo One* – We are advised by the directors that this payment represents a payment for data leads. However, at present we are unaware of why it was necessary to make this payment from the funds released and this remains under review.
- 2.22 *£14,857 payment* – the payment out of these sums remains under review.
- 2.23 *Rosebud Escrow Account* – The sum of \$25,000 is payable to Rosebud under the same stipulations to that of the PWPLC Escrow Account. This is not a realisable asset of the Company.

PRIVILEGE WEALTH PLC - ADMINISTRATION

Sale of Pay Day Loan Portfolio

- 2.24 As mentioned above the sale of the Rosebud pay day loan portfolio to a newly formed 100% owned subsidiary of PWPLC was concluded alongside the Surrender Agreement with the consideration being the \$9.7 USD owed to Privilege Direct Inc (Panama) by Rosebud. The Joint Administrators have considered in detail the best strategy to maximise value in the loan book and are taking steps to deal with this asset.
- 2.25 The Joint Administrators have contacted the Liquidator of both Privilege Direct Inc (Panama) and Privilege Call Centres Inc (Panama) and obtained confirmation that the Liquidator holds no claim or interest in the Rosebud pay day loan book.
- 2.26 A similar confirmation has also been obtained from Martin Sampson in Panama who remains interested by way of a minority shareholding in Panama.
- 2.27 The Joint Administrators are aware that Helix are seeking to rely on security granted in the US over the subsidiaries of PWPLC. Pursuant to this Helix and Concord (both represented by Peter Stokes) have already issued legal proceedings in both State and Federal Courts in Florida, USA against Privilege Direct Inc, Oliphant Financial and Oliphant Group in respect of this security and are seeking an account which is believed to include amounts perceived as due from the Rosebud pay day loan book, amongst others. The Joint Administrators are reviewing these claims and have engaged with Mr Stokes on these issues in order to seek to avoid very costly disputed legal proceedings in the US Courts. In particular Rosebud were always the legal owner of the pay day loan book and therefore our view is any security created in the US could not have legally attached to it. In light of this it is our current view that the legal and beneficial ownership of the Rosebud pay day loan book currently vests in the Belize subsidiary of PWPLC and is not subject to the Helix security.
- 2.28 As noted above we have maintained a dialogue with Helix and have held conference calls with all relevant parties, with a view to establishing the most cost effective resolution in relation to the pay day loan book and related matters. Recent developments have resulted in all parties reaching an agreement in principle, subject to execution of a proposed Settlement Agreement. In order not to prejudice any ongoing settlement negotiations further details are not being disclosed at this time.
- 2.29 Attempts have been made by the Joint Administrators to contact Oliphant, who it is understood may be continuing to collect sums due from the Rosebud loan book, to obtain an account of all funds received and now due to PWPLC or its subsidiary. The lawyer representing Oliphant has made contact and been unhelpful in responding to the queries and information requested.
- 2.30 In order to progress matters the Administrators are arranging for legal representation in order that PWPLC join the proceedings issued by Helix and Concord in Florida as a plaintiff and support their claims.
- 2.31 As noted above Concord Equity Group Plc, of which Peter Stokes is a director, have also issued legal proceedings in Florida, US against Oliphant. The Joint Administrators consider that joining these proceedings will also be of use to PWPLC. Concord Equity Group Plc are not a creditor of PWPLC.
- 2.32 It is considered beneficial to all parties involved that they co-operate with each other, to achieve realisations.
- 2.33 As mentioned at 2.19, PWPLC had previously employed a private investigator and lawyer collection agency to locate and issue legal proceedings against Tom Pawelek, the former director. We are also in the process of instructing lawyers in the US with a view to progressing matters. The electronic data is essential in order to pursue the amounts due from the pay day loans and other assets.

PRIVILEGE WEALTH PLC - ADMINISTRATION

Oliphant – Credit Card Loan Book

- 2.34 As detailed at 1.11 above, Privilege Wealth Management Limited has paid funds on behalf of PWPLC totalling approximately \$3.7m under promissory notes directly to Oliphant for investment into a distressed credit card loan book. The Joint Administrators have also been advised that an individual has invested \$1.3m into PWPLC, which was paid to Oliphant for investment into the credit card loan book. The Joint Administrators have been in correspondence with the individual, who believes that this amount is currently held by Oliphant and ring fenced from any third party security.
- 2.35 No funds have been received from Oliphant in respect of the capital invested and the Joint Administrators are considering the most cost effective strategy to realise any sums which may be properly due to PWPLC.
- 2.36 Helix have also advanced capital directly to Oliphant, and via Privilege Direct Corp, for which the above mentioned secured promissory notes have been issued to Helix. These funds were issued for investment into the credit card loan book and Helix maintain they hold security over the credit card loan book.
- 2.37 The work undertaken by the Joint Administrators and their staff to date in investigating and realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Assets that remain to be realised, will be dealt with as the Administration progresses and further updates will be provided to creditors in ongoing progress reports as appropriate.

Creditors

- 2.38 The Joint Administrators have received extensive calls and emails from the individual investors of the largest creditor, PWOne. Whilst the individual investors of PWOne are not directly creditors of the company and the Joint Administrators recognise that until recently investors had not received clear financial information from the management of PWOne. However, we are aware that this has now been rectified and that investors are engaged with the managing partners and therefore we do not intend to continue to enter into prolonged correspondence with each investor. At present much time has been expended attending to such matters. The time incurred / to be incurred in this respect will not necessarily bring any financial benefit to creditors of PWPLC.
- 2.39 Dialogue has been maintained with the second largest creditor, Helix Investment Management LLP, regarding their creditor status and any security which they may hold over company assets in overseas jurisdictions.
- 2.40 Due to the value and nature of the claims held by the two largest creditors, which consist of many promissory loan notes, it is anticipated that significant time will be expended in due course agreeing these claims.
- 2.41 *Included within the company's creditors are three "legacy creditors" whose debts predate the incorporation of PWPLC and relate to investment into a pay day loan program with a group company. Due to the age and nature of these creditor claims, it is anticipated that adjudication of these claims may also require considerable resource and therefore time.*

Investigations

- 2.42 The Joint Administrators are required, within 3 months of their appointment, to submit a return on the conduct of all persons who have been appointed as a director of the Company, or have appeared to be a shadow director of the Company during the period of 3 years ending on the date of the Joint Administrators' appointment. To facilitate the preparation of this return and the Joint Administrators enquires into the Company's affairs, the Joint Administrators have already invited creditors to provide them with information on any matters of concern to the creditors.

PRIVILEGE WEALTH PLC - ADMINISTRATION

- 2.43 There are a total of seven directors subject to investigation, of which five are understood to be located overseas. Communication with some of the Company's directors has therefore proved to be a difficulty.
- 2.44 The Joint Administrators have sought to secure the records of the Company, both physical and electronic, for examination. Whilst there is concern regarding the location, availability and supply of physical records, the Joint Administrators have been provided with electronic financial records, which continue to be examined to identify all potential realisations and areas of misconduct.
- 2.45 In the event that questionable transactions are identified it may be necessary to conduct further investigations and instruct solicitors to assist in pursuing a recovery. If the Joint Administrators encounter resistance in making a recovery, formal legal action may be required.
- 2.46 The Joint Administrators findings at this early stage would lead them to believe that the Privilege group was possibly operated as a Ponzi scheme, with only an estimated \$9m invested into actual assets out of a total \$40m of capital raised from investors. Investigations continue in this regard.
- 2.47 Information of the Joint Administrators detailed investigations into assets of PWPLC have been provided under the 'Realisation of Assets' section of the report.
- 2.48 Due to the nature of the group of companies, quantum of funds involved and interest in the company's affairs, it is anticipated that significant time will be expended conducting all appropriate investigations.

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 15 March 2018 is attached at **Appendix B**. I would comment on the account as follows:

Receipts

VAT Refund

- 3.2 A VAT refund has been received from HM Revenue & Customs relating to a period prior to the date of Administration.

Rosebud Lending Settlement – Cash

- 3.3 The sum of £5,373.60 has been received from Cubed Consultancy. This represents the balance available from the settlement funds paid by Rosebud Lending, after deduction of legal costs and expenses from various parties, in accordance with the signed Surrender Agreement.

Cash Held at Lawyers

- 3.4 The sum of £11,562.76 has been returned by a Berger Singerman, a firm of lawyers located in Florida, US who were previously instructed by the directors of PWPLC as detailed at 2.19 above.

Payments

Statutory Advertising

- 3.5 The sum of £79 plus VAT has been paid in respect of the London Gazette advertisement of the Appointment of Joint Administrators

PRIVILEGE WEALTH PLC - ADMINISTRATION

Insurance Bordereau

- 3.6 The Joint Administrators are required to obtain a statutory bond to cover asset realisations in the Administration. The sum of £780 has been paid to date in this regard

4 Financial Position

- 4.1 Attached at **Appendix D** is a copy of the Director's Estimated Statement of Affairs of the Company as at the date of the appointment of the Joint Administrators, which has been submitted by each director of the Company and is stated before the costs of the Administration procedure are considered.

- 4.2 I have the following observations to make in relation to the Directors' Estimated Statement of Affairs:

Directors' Loan Account

- 4.3 The directors' loan account relates to balances due from three former directors of the Company as detailed below:

- Mr A Sweeny - \$101,512.01
- Mr P Stokes - \$164,289.92
- Mr T Pawelek - \$1,953.12

- 4.4 It is the Joint Administrators current understanding that all three former directors reside abroad, which will likely complicate realisations.

Book Debts

- 4.5 The Company's book debts consist of balances due from the four subsidiary companies, two of which are located in the US and the remaining two in Panama City. As previously reported the two subsidiaries in Panama City are in Liquidation and it is the Joint Administrators understanding that the two subsidiaries located in the US have minimal/no assets. A realisation is therefore considered unlikely.

Shares & Investments

- 4.6 This represents the investment at cost in the subsidiaries Privilege Call Centres and Privilege Direct Corporation (US). As detailed above, a realisation from PWPLC's subsidiaries in Liquidation is considered unlikely.

Other Receivables

- 4.7 Included within other receivables is a provision set aside for an insurance claim commenced by the Company in respect of the above mentioned libel action against Mr Marchant. The Joint Administrators are exploring this potential claim, however at this time a realisation is not anticipated.
- 4.8 It has been established that the balance remaining relates to a provision in the draft accounts for sums considered due from seven Companies. The Joint Administrators are currently reviewing the financial records of the Company and are in dialogue with the directors to establish whether a realisation can be made in this regard.

PRIVILEGE WEALTH PLC - ADMINISTRATION

Notes Receivable

- 4.9 Notes receivable represents the promissory notes issued to PWPLC by Privilege Direct and Privilege Call Centres Panama. This is in relation to the investment made into the Rosebud Lending Pay Day Portfolio. These notes are now no longer realisable as any value which was in them now vests in the sums due to PWPLC from the Belize subsidiary. Also included are sums advanced to Oliphant which are the subject of the actions noted above.

Accrued Income

- 4.10 This represents the promissory notes accrued interest due in respect of the notes receivable

Unpaid Calls

- 4.11 Sums due from the shareholders in respect of unpaid share capital, as detailed below:

- Bowline Private Fund (Cayman) - £7,500
- Mr M Munnely - £15,000
- Mr M Sampson - £11,250
- Mr T Pawelek

Creditors - Directors

- 4.12 The balance due to directors represents the amount outstanding to an ex director of the Company and the two current directors of the Company.

Creditors – Promissory Notes

- 4.13 This represents the promissory notes and accrued interest due to Helix, PW One LLP and the three legacy creditors, in relation to the funds invested.

5 Proposals

- 5.1 It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If, having realised the assets of the Company the Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a), they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 5.3 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.4 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.5 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

PRIVILEGE WEALTH PLC - ADMINISTRATION

- 5.6 If the Joint Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Joint Administrators term of office be extended for a specified period determined by it.
- 5.7 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and disbursements and any proposed act on the part of the Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.8 The basis of the Joint Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them.
- As a percentage of the value of the assets they have to deal with, or
 - By reference to time properly spent by the Administrators and their staff managing the Administration, or
 - As a set amount
- 5.9 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Joint Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firms can be found at **Appendix E**.
- 5.10 Where no Creditors' Committee is appointed the remuneration and disbursements of the Administrators shall be fixed by a decision of creditors or where the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.11 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:
- Due to the highly speculative nature of this case with assets being located in several jurisdictions and being subject to several competing legal claims the Joint Administrators are proposing that their remuneration be based on percentage of the property with which they are dealing and be fixed at 30% of the gross value of all property realised.
- Further details about the proposed fee basis can be found in Section 8 below and **Appendix E**.
- 5.12 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

6 Exit Routes

- 6.1 The options available to the Joint Administrators for the exit from Administration include Compulsory Winding Up, Creditors Voluntary Liquidation, Company Voluntary Arrangement, dissolution of the Company

Creditors Voluntary Liquidation

- 6.2 Based on present information, the Administrators think a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.3 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.4 Under the provisions of the Insolvency Act 1986, there is no requirement for an additional meeting of members and creditors to be convened to place the Company into CVL or to appoint a Liquidator. This is because the creditors can agree to the process and to the nominated Liquidator at decision process to be held on 2 April 2018. As a result, the move from Administration to CVL is a simple procedure.
- 6.5 Creditors should note that in accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 3.60(6) of the Insolvency Rules 2016 they have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrators prior to these proposals being approved. Where this occurs, the Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrators will automatically become the Joint Liquidators of the subsequent CVL.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Joint Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 A letter of engagement between Kelmanson Insolvency Solutions and PWPLC dated 23 January 2018 agreed to pay for our time costs associated with assessing the proposed Administration and seeking the appointment of Joint Administrators.
- 7.3 Mr Katz and his team were first consulted on 12 January 2018 in connection with the proposed liquidation and acted in an advisory capacity from this date and throughout the period until the date of appointment. However, due to the short time period immediately prior to the appointment taking place and the fact that Mr Katz was working at Mr Kelmanson's office on 23 January no letter of engagement was issued but the time incurred by Mr Katz and his team on that date specifically relating to the obtaining of the administration Order is £1,585 plus the Court fee on application for the Order of £50.
- 7.4 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

PRIVILEGE WEALTH PLC - ADMINISTRATION

7.5 Pre-appointment fees charged and expenses incurred by the Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
KCBS LLP	Strategy & Planning of Administration / preparation of Administration documents	2,125	Nil	N/A	2,125
David Rubin & Partners Limited	Strategy & Planning of Administration / preparation of Administration documents	1,585	Nil	N/A	1,585 + Court fee £50

7.6 As referred to above it became apparent on 22 January 2018 that the notices issued to shareholders for the winding up resolutions to be considered and passed on 23 January 2018 were not going to be passed, and that delay tactics were possibly being implemented by Helix to allow them to seize control of Company assets

7.7 It was at this point in time that it was considered the company should be placed into Administration with immediate effect to avoid further delays and protect the potential assets of the company.

7.8 The time costs incurred by KCBS LLP between first considering the Administration to the date of the Joint Administrators appointment total £2,125 representing 8 hours and 30 minutes. This equates to an average hourly charge of £250.00 per hour.

7.9 The time costs incurred by David Rubin & Partners Limited between first considering the Administration to the date of the Joint Administrators appointment total £1,585 representing 4 hours 36 minutes. This equates to an average hourly charge of £344.57 per hour.

7.10 This work has included the following:

- Meetings with the Company's directors and associated discussions
- Full review of the Company's financial position and consideration of appropriate insolvency procedure in order to maximise assets for creditors
- Liaising with Stephen Katz regarding the proposed appointment as Joint Administrator
- Liaising regarding the safeguarding of assets in other jurisdictions
- Liaising with key stakeholders prior to the administration appointment, including the largest creditor of the Company.
- Preparation of all appropriate documentation to secure the appointment as Joint Administrators

7.11 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Joint Administrators' proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively by a decision of the creditors where there is no Committee.

PRIVILEGE WEALTH PLC - ADMINISTRATION

8 Joint Administrators' Remuneration

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 8.2 In addition to this, where the Joint Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are not seeking to determine the basis of our remuneration as time properly spent by us and our staff in dealing with the affairs of the Company and we are therefore not, required to provide a fees estimate to creditors. Details of the basis we are proposing, together with information about the work we consider will be necessary in this case and the expenses we consider will, or are likely to be, incurred on this case can be found at **Appendix E**. Further information on the work done since our appointment to the date of this report, can be found in section 2. Appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.4 Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.
- 8.5 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with our progress reports in due course.
- 8.6 Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Administrators, or alternatively their fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to **Appendix E** to this report for further information.
- 8.7 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <http://www.icaew.com/en/technical/insolvency/creditors-guides>. If you would prefer this to be sent to you in hard copy please contact Jason Callender of this office on 020 8441 2000.

9 Estimated Outcome

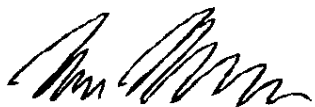
- 9.1 Due to the highly speculative nature of this case at this early stage, with assets being located in several jurisdictions and being subject to several competing legal claims, the Joint Administrators are not currently in a position to provide an estimated outcome statement. Creditors will be updated in this regard in the next report.

10 Proposals approval and next report

- 10.1 I am seeking a decision of creditors on the approval of my proposals by correspondence. The letter issued to creditors with this report (or the link to this report) contains further information about this decision process.
- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

PRIVILEGE WEALTH PLC - ADMINISTRATION

For and on behalf of
Privilege Wealth Plc

A handwritten signature in black ink, appearing to read 'John Kelmanson', written in a cursive style.

John Kelmanson
Joint Administrator

Enc

PRIVILEGE WEALTH PLC - ADMINISTRATION

Appendix A

Statutory Information

Company information

Company name	Privilege Wealth Plc
Trading name(s)	None
Registered number	09697314
Registered office address	4 Stirling Court Stirling Way Borehamwood Hertfordshire WD6 2BT
Former registered office address	Rivers Lodge West Common Harpenden Hertfordshire AL5 2JD
Trading address(s)	Rivers Lodge West Common Harpenden Hertfordshire AL5 2JD
Court details	High Court of Justice
Court reference number	000569 of 2018

Details of the Company's Directors, Shareholders and Secretary

	Date appointed	Date resigned	Shares held
Director(s)			
Richard Colwell	20 September 2016	-	-
Mark Munnelly	22 July 2015	-	40%
Martin Sampson	22 July 2015	-	-
Christian Boerner	28 July 2015	10 May 2017	-
Tomasz Pawelek	1 September 2015	29 September 2016	10%
Peter Stokes	28 September 2015	5 May 2017	-
Andrew Sweeney	22 July 2015	26 September 2016	-
Other Shareholders			
Bowline Private Fund (Cayman)			20%
Martin Sampson			30%
Secretary			
UKPLC Client Secretary Ltd	22 July 2015	27 August 2016	-

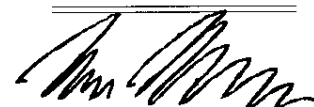
PRIVILEGE WEALTH PLC - ADMINISTRATION

Joint Administrators' Details

Name of Administrators	John Kelmanson	Stephen Katz
Address	KCBS LLP t/a Kelmanson Insolvency Solutions 4 Stirling Court Sirling Way Borehamwood Hertfordshire WD6 2BT	David Rubin & Partners 26-28 Bedford Row London WC1R 4HE
Telephone Number	020 8441 2000	0207 400 7900
Fax Number	020 8441 3000	0207 430 2346
Administrator's IP Number	004866	008681
Authorising Body	ACCA	ICAEW
Date of Appointment	23 January 2018	23 January 2018j

Privilege Wealth Plc
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 15/03/2018

S of A £		£	£
	ASSET REALISATIONS		
Uncertain	Directors' Loan Account	NIL	
Uncertain	Book Debts	NIL	
Uncertain	Shares & Investments	NIL	
	Cash held at Lawyers	11,562.76	
	Rosebud Lending Settlement - Cash	5,373.60	
2,353.00	VAT Refund	2,352.80	
2,205.00	Cash at Bank	NIL	
Uncertain	Other Receivables	NIL	
Uncertain	Promissory Notes Receivable	NIL	
NIL	Promissory Notes Interest Payable	NIL	
	Bank Interest Gross	0.01	
Uncertain	Unpaid Calls	NIL	
			19,289.17
	COST OF REALISATIONS		
	Insurance Bordereau	780.00	
	Statutory Advertising	79.00	
			(859.00)
	UNSECURED CREDITORS		
(124,038.00)	Trade & Expense Creditors	NIL	
(2,488,167.00)	Directors	NIL	
(39,552,906.00)	Promissory Notes	NIL	
			NIL
	DISTRIBUTIONS		
(12,500.00)	Ordinary Shareholders	NIL	
			NIL
(42,173,053.00)			18,430.17
	REPRESENTED BY		
	VAT Receivable		15.80
	Bank 1 - Current		18,414.37
			18,430.17



John Kelmanson
Joint Administrator

Rosebud Funds remaining on administration

	Rosebud	PW plc Escrow	PW plc Payment	Promo One	Rosebud Escrow	Carmel Collections	FSE	FSE	Berger Singerman	Richard Colwell	Mark Munnelly	Funds re
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$	Centrell LLC
As per agreement	175,000.00	150,000.00	176,143.42	40,000.00	25,000.00	-	-	-	-	-	-	\$
Paid out	(86,556.96)	-	-	-	-	-	-	-	-	-	-	-
Funds at Carmel	-	-	(45,104.91)	-	-	45,104.91	-	-	-	-	-	-
Paid out	-	-	(14,856.85)	-	-	-	-	-	-	-	-	-
Promo One	-	-	(430.00)	430.00	-	-	-	-	-	-	-	-
Sent to FSE	-	-	(115,751.24)	-	-	-	115,751.24	-	-	-	-	-
Rosebud monies	(88,443.04)	-	-	-	-	-	-	-	-	-	-	-
Promo One monies	-	-	-	(40,430.00)	-	-	-	(115,751.24)	97,605.79	-	-	-
FSE fees	-	-	-	-	-	-	-	-	(22,800.00)	-	-	-
Berger Singerman	-	-	-	-	-	-	-	-	(10,654.61)	12,500.00	-	-
Manuel Sanchez	-	-	-	-	-	-	-	-	(5,176.90)	-	-	-
Banking fee	-	-	-	-	-	-	-	-	(51.18)	-	-	-
Collection Solutions Inc (\$7,500)	-	-	-	-	-	-	-	-	(6,388.97)	-	-	-
Mark Steel (\$2,000)	-	-	-	-	-	-	-	-	(1,728.28)	-	-	-
Collection Solutions Inc (\$8,000)	-	-	-	-	-	-	-	-	(6,815.61)	-	-	-
Richard Colwell (\$20,000)	-	-	-	-	-	-	-	-	(16,994.74)	20,000.00	-	-
Cubed Consultancy (M Munnelly)	-	-	-	-	-	-	-	-	(26,455.69)	-	30,910.87	-
FSE fees	-	-	-	-	-	-	-	-	(539.81)	-	-	-
Transfer from GCS	-	-	-	-	-	-	-	-	12,465.00	(12,500.00)	-	-
Berger Singerman fees	-	-	-	-	-	-	-	-	(8,394.85)	-	-	-
Mark Steel Investigator	-	-	-	-	-	-	-	-	(655.00)	-	-	-
Centrell LLC retainer	-	-	-	-	-	-	-	-	-	-	(10,000.00)	10,000.00
Panama Liquidator	-	-	-	-	-	-	-	-	-	-	(15,800.00)	-
Martin Sampson	-	-	-	-	-	-	-	-	-	(4,500.00)	-	-
Remitted to liquidation	-	-	-	-	-	-	-	-	(16,570.15)	(2,345.00)	(5,110.87)	-
	-	150,000.00	0.42	-	25,000.00	45,104.91	-	-	-	-	-	10,000.00

Reconciliation

Funds at Carmel	45,628.91	\$
Funds at Rosebud BHL	520,514.51	
	<u>566,143.42</u>	
Rosebud BHL	175,000.00	
PW Escrow funds	150,000.00	
PW payment	176,143.42	
<i>Priama One payment</i>	40,000.00	
Rosebud escrow	<u>25,000.00</u>	
	<u>566,143.42</u>	

Insolvency Act 1986

Privilege Wealth Plc

Estimated Statement Of Affairs as at 23 January 2018

	Book Value £	Estimated to Realise £
ASSETS		
Directors' Loan Account	197,877.00	Uncertain
Book Debts	2,396,149.00	Uncertain
Shares & Investments	9,525,994.00	Uncertain
VAT Refund	2,353.00	2,353.00
Cash at Bank	2,205.00	2,205.00
Other Receivables	321,192.00	Uncertain
Promissory Notes Receivable	16,390,163.00	Uncertain
Promissory Notes Interest Payable	17,360,828.00	NIL
Unpaid Calls	37,500.00	Uncertain
		<u>4,558.00</u>
LIABILITIES		
PREFERENTIAL CREDITORS:-		
		<u>NIL</u>
		4,558.00
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		
		<u>NIL</u>
		4,558.00
Estimated prescribed part of net property where applicable (to carry forward)		
		<u>NIL</u>
		4,558.00
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003		
		<u>NIL</u>
		4,558.00
Estimated prescribed part of net property where applicable (brought down)		
		<u>NIL</u>
		4,558.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	124,038.00	
Directors	2,488,167.00	
Promissory Notes	<u>39,552,906.00</u>	
		<u>42,165,111.00</u>
Estimated deficiency/surplus as regards non-preferential creditors		
(excluding any shortfall in respect of F.C's post 14 September 2003)		
		<u>(42,160,553.00)</u>
		(42,160,553.00)
Issued and called up capital		
Ordinary Shareholders	12,500.00	
		<u>12,500.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u>(42,173,053.00)</u>



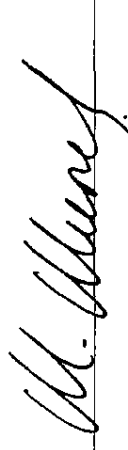
Kelmanson Insolvency Solutions
Privilege Wealth Plc
B - Company Creditors

Key	Name	Address	£
CC01	Richard Colwell	47 Mardley Hill, Welwyn, AL6 0TT	47,400.99
CC02	Caledonia Investments SL	Apdo de Correos 706, La Cala de Mijas, 29649 Mijas Costa, Malaga, Spain	406,025.79
CG00	Gibson Talent	1 Walford Road, North Holmwood, Dorking, Surrey, RH5 4JA	2,976.61
CH00	Helix Investment Management SLP	89e Park d'activites, L8308 CAPELLEN, Grand-Duchy of Luxembourg	8,383,001.98
CH01	Horizon Projects SL	c/o 41 Copperfields, High Wycombe, Bucks, HP124AN	887,582.16
CK00	Knill James Chartered Accountants	1 Bell Lane, Lewes, East Sussex, BN7 1JU	75,953.89
CL00	Lewis Silkin LLP	5 Chancery Lane, Clifford's Inn, London, EC4A 1BL	45,107.54
CM00	Martin Sampson	11 Pheasant Walk, High Legh, Knutsford, WA16 6LU	2,411,409.87
CM01	Mark Munnely	127 Beverley Road, Ruislip, HA4 9AP	29,356.45
CP00	Privilege Wealth One LLP	186 Main Street, Gibraltar, GX11 1AA	28,440,125.36
CP01	Privilege Direct sa (Panama)	Torre 3000, Planta Baja y Mezzanine, Blvd. Pacifica, Punta Pacifica, Panama City, Panama	943,059.88
CS00	Mr & Mrs Saint	47 Empire Walk, Greenhithe, Kent, DA9 9FU	493,110.62
12 Entries Totalling			42,165,111.14

Signature

Kelmanson Insolvency Solutions
Privilege Wealth Plc
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Called Up Shares	Paid Up
HB00	Bowline Privte Fund (Cayman)	L DMS Corporate Services, DMS House 2nd Floor, 20 Genesis C	Ordinary	10,000.00	10,000	0.00 2,500.00
HM00	Mr Mark Munnely	127 Beverley Road, Ruislip, HA4 9AP	Ordinary	20,000.00	20,000	0.00 5,000.00
HM01	Mr Martin Sampson	11 Pheasant Walk, High Legh, Knutsford, WA16 6LU	Ordinary	15,000.00	15,000	0.00 3,750.00
HT00	Mr Tom Pawelek		Ordinary	5,000.00	5,000	0.00 1,250.00
4 Ordinary Entries Totalling				12,500.00	50,000	0.00 12,500.00

Signature 

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to an insolvency practitioner agreeing the basis of their remuneration as an Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

In this case, we are not proposing to agree the basis of our remuneration as Joint Administrators based on time spent dealing with the Company's affairs, therefore we are not required to provide creditors with a **fees estimate**. We are required to confirm the basis or bases we are seeking in the alternative, and details of the work proposed to be done in this case can be found below.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis/Bases

In this case, due to the highly speculative nature of the appointment we are proposing the following bases for our remuneration as Joint Administrator:

1. That the Joint Administrators be authorised to draw 30% of total realisations, at the Joint Administrators discretion, as and when funds are available. This includes any assets which are not disclosed on the ESOA.

Administration (including statutory compliance & reporting)

Insolvency Practitioners are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be carried out. This work may include:

- Notifying creditors of the Joint Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing annual and final progress reports to members and creditors
- Lodging periodic returns with the Registrar of Companies for the administration
- Complying with statutory duties in respect of the Administrator's specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to one of the Joint Administrators office
- Establishing and holding periodic meetings of the committee and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and *the identification of potential further asset realisations which may be pursued in the administration*
- Initial investigations as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2
- Filing a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, if any, obtaining charge documents and validating the security
- Dealing with employees, if any, to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company. *Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary*
- Attending to correspondence and telephone calls with directors and shareholders
- Attending to correspondence and telephone calls with other interested parties including HM Revenue & Customs
- Closing the Administration and preparing and issuing the Administrators' final account to prescribed parties
- Attending to correspondence and telephone calls with creditors
- Recording and acknowledging creditors' claims

The Joint Administrators reserve the right to seek a further set amount in the event of a distribution to creditors to reflect the work carried out in relation to reviewing and adjudicating upon creditors' claims, issuing Notice(s) of Intended Dividend and declaring/issuing the dividend itself. Where applicable, a further fee resolution may be sought from creditors.

Based on the Director's Estimated Statement of Affairs values, this is currently estimated as uncertain due to the matters detailed below and in our report and will be subject to change dependent upon *actual recoveries*.

Realisation of assets

The Joint Administrators will seek to realise all of the Company's assets as outlined in the director(s) statement of affairs. Work done by the administrator, their staff and any third parties engaged to assist the administrators in realising the Company's assets will, if sufficient, provide a *financial benefit to creditors*. This may involve *realising assets to facilitate a distribution to secured creditors of the Company only* (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the administration process will be provided in the administrator's subsequent progress reports.

In accordance with the assets listed in the Director's Estimated Statement of Affairs (or updated estimation of the Administrator), the anticipated percentage fees will be as follows;

Asset	Likely Work Involved	Estimated to Realise (£)	Estimated % Fee (£)
Rosebud Lending – Collection of Loan Book	<p>Correspondence with Tom Pawelek and his legal representatives to obtain loan book data and electronic information.</p> <p>Work relating to joining of existing proceedings with Helix and Concord to obtain an account with a view to undertaking a full reconciliation. Correspondence with all parties subject to legal proceedings.</p> <p>All matters relating to Helix and the security upon which they rely over this asset, including potential execution of a Settlement Agreement. UK Solicitor instruction.</p> <p>Potential instruction of specialist in the United States to collect sums outstanding from loan book and all related matters.</p> <p>Correspondence with Oliphant and related parties regarding any amounts collected to date.</p> <p>All other work required to realise loan book, full details of which are not yet known to the Joint Administrators, due to the nature of the asset.</p> <p>United States lawyer and UK Solicitor instruction likely.</p>	Uncertain	30% - uncertain
Rosebud Lending – Escrow Account	All work required pursuing Rosebud Lending and related parties for funds held in escrow, due to PWPLC / subsidiaries. Possible instruction of United States lawyer.	Uncertain	30% - uncertain
Rosebud Lending – Carmel Solutions	Ongoing correspondence with Carmel Solutions and their lawyer regarding release of funds. All matters relating to Settlement Agreement. Potential instruction of solicitor.	Uncertain	30% - uncertain

Rosebud Lending – Cash	Review and reconciliation of account of all funds paid and received. Communication with all relevant parties to obtain balance payable.	£5,373.60	30% - £1,612.08
Cash held at lawyers	Correspondence with Berger Singerman in the United States	£11,562.76	30% - £3,468.83
Oliphant	<p>Work relating to joining of existing proceedings with Helix and Concord to obtain an account with a view to undertaking a full reconciliation. Correspondence with all parties subject to legal proceedings.</p> <p>All matters relating to Helix and the security upon which they rely over this asset, including potential execution of a Settlement Agreement.</p> <p>Liaison with Oliphant and related parties regarding any amounts collected to date.</p> <p>All other work required to realise sums properly due to PWPLC, full details of which are not yet known to the Joint Administrators, due to the nature of the asset.</p> <p>United States lawyer and UK Solicitor instruction likely.</p>	Uncertain	30% - uncertain
Director Loan Accounts	All work required perusing all three directors located abroad for sums perceived as due. Possible instruction of solicitor.	Uncertain	30% - uncertain
Book Debts	Contact with all subsidiaries and liquidator where appropriate for sums due. Review of financial position of all subsidiaries and all related work required. Potential instruction of solicitor.	Uncertain	30% - uncertain
Shares & Investments	As above, contact with relevant subsidiaries and liquidator where appropriate for sums due. Review of financial position of all subsidiaries and all related work required. Potential instruction of solicitor.	Uncertain	30% - uncertain
Other Receivables	Review and reconciliation of all amounts perceived as due. Contact with appropriate parties. Potential instruction of solicitor.	Uncertain	30% - uncertain

Unpaid Calls	Contact four relevant parties for sums due. Potential instruction of solicitor	Uncertain	30% - uncertain
VAT Refund	Correspondence with HMRC	£2,352.80	30% - £705.84

The percentage is a reflection of the work required, the nature of the assets involved and the associated risks to realise the assets and provides a direct financial benefit to the administration estate. The percentage is an appropriate, reasonable and commensurate reflection on the work that the administrators anticipate will be necessarily and properly undertaken to realise such assets.

We have considered the costs of similar past assignments done by both firms and the proposed fee bases are in line with the time costs incurred on such cases in the past. It is therefore an appropriate, reasonable and commensurate reflection on the work that the Joint Administrators anticipate will be necessarily and properly undertaken. Creditors should also note and consider the comparison to the fee structure of The Insolvency Service as from 21 July 2016 in compulsory liquidations, where the Official Receiver's General Fee is £6,000, plus the company winding up administration fee of £5,000, plus a 15% charge for all assets realised by the Official Receiver acting as liquidator.

Creditors should be aware that in this particular case, the estimated realisations are largely unknown and are potentially spread across a number of jurisdictions with disputed beneficial ownership and therefore the Joint Administrators are assuming a high level of risk in terms of their proposed fee structure. It is due to this that the Joint Administrators consider this proposal to be fair for the Company's creditors and it is value for money for creditors.

Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown substantial assets to be realised, we reserve the right to refer back to creditors to establish how we are to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, we will revert to creditors with our fees estimate for approval.

Creditors (claims and distributions)

As Joint Administrators, we will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. An indication of the dividend prospects in this particular administration were included in the Directors' Statement of Affairs, which was provided at the meeting of creditors and made available to all known creditors shortly thereafter. This takes into consideration the costs of realising the assets and dealing with the statutory formalities of the administration process and the related costs and expenses. I will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared to that class of creditor. I will undertake appropriate investigations into and obtain valuations of, the Company's assets and will confirm the likely return to creditors in my first progress report.

Investigations

As Joint Administrators, I am required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Administrations). This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

Anticipated Expenses

As also noted, we are now required to provide creditors with details of the expenses we consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses we consider will be, or are likely to be, incurred in this case. We will provide a further update in my first progress report to creditors at the first Administration progress report which is due to be sent within one month of the first six months, if the case is concluded beforehand. In this case, it is anticipated that the following expenses will be incurred;

Expense Type	Reason for Expense	Anticipated Cost (£)	Expected Basis of Expense
Statutory Advertising	Statutory requirement		Set fee for all adverts
Statutory Bonding	Statutory requirement		Scale rate dependant on asset levels
Agent's Fees	Valuation, negotiations and sale of assets	Uncertain	
Carriage & Archiving	Collect records, store records	£300	Estimate only
Legal Fees		Uncertain	
Court Fee	Filing of the documents	£50	Set fee
Travel Costs	Travel to Meetings	£50	Current best estimate

All amounts are plus VAT where applicable.

It has not been possible to provide an estimate of the potential quantum of legal fees due to the highly speculative nature of this case at this early stage, with assets located in several jurisdictions and being subject to competing legal claims. Creditors will be update in this regard in the next report.

Category 2 disbursements policy

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of our remuneration as Joint Administrators is fixed.

Details of Kelmanson Insolvency Solutions Category 2 disbursements recovered as follows:

Expense	Recharge £
Meeting room hire – per meeting	125 00
Storage – per box – per month (minimum 2 years)	3 00
Destruction of Books and Records – per box	3 00
Mileage at HMRC approved rate – per mile	0 45
Headed Paper (per sheet)	0.25
Photocopying (per sheet)	0 06
Envelopes (each)	0 25

Details of David Rubin & Partners Limited Category 2 disbursements recovered are as follows:

Headed paper	25p per sheet
Photocopying	6p per sheet
Envelopes	25p each
Postage	Actual cost
Meeting room facility	£150

Storage and Archiving Charges

David Rubin & Partners Limited use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £60 per hour.

Travel

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