

Case Ref: 2016-Comp-039

**GREGORY HUGH COLIN KING
(In Bankruptcy by Order of the Supreme Court of Gibraltar)**

**JOINT BANKRUPTCY TRUSTEES' SIXTH REPORT
(IN ACCORDANCE WITH RULE 227 OF THE INSOLVENCY RULES)**

We, Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar, and Adrian Hyde of Begbies Traynor, 20 Furnival Street, London, EC4A 1JQ were appointed Joint Bankruptcy Trustees of Gregory Hugh Colin King ("the Bankrupt" or "the Debtor") on 31 July 2017 by virtue of an Order by the Supreme Court of Gibraltar under Section 331 of the Insolvency Act 2011.

Our obligations under the Insolvency Rules are to prepare six monthly reports for the benefit of the Court, the Official Receiver and the Creditors stating: -

- a) *the receipts and payments for the period;*
- b) *details of the assets realised and the assets remaining unrealised during the period and the reasons why the assets remaining unrealised have not been realised;*
- c) *the progress of his administration of the bankrupt's estate and any matters in connection with his administration which he considers should be drawn to the Official Receiver's attention;*
- d) *such other information as the Official Receiver may require.*

This is our 6th report prepared in accordance with the Insolvency Rules and covers the period from 1 August 2020 to 31 January 2021 ("the Reporting Period").

Please note that with effect from 16 January 2021, CVR Global LLP (being the insolvency practice from which Adrian Hyde and members of his team provide their services as licensed insolvency practitioners), became part of Begbies Traynor's Corporate Recovery and Insolvency Practice. Further information in relation to Begbies Traynor and the Begbies Traynor Group can be accessed at: <http://www.begbies-traynorgroup.com>.

CVR Global LLP will trade as 'Begbies Traynor' with effect from 16 January 2021 and will continue to operate from Begbies Traynor's existing office at 20 Furnival St, London EC4A 1JQ.

Begbies Traynor becoming part of Begbies Traynor will not affect the ongoing administration of the bankruptcy which will continue to be dealt with by the existing members of the Begbies Traynor team, with support from Begbies Traynor's personnel based elsewhere where required, in conjunction with PricewaterhouseCoopers Limited.

BACKGROUND

As advised in my previous report, on 27th January 2014, Advalorem Value Asset Fund Limited ("Adval") was placed into Special Administration by the Supreme Court of Gibraltar. The appointment followed a Financial Services Commission ("FSC") investigation which found that Adval had misappropriated more than £7m of investments from UK pension schemes.

Adval was registered with the FSC as an Experienced Investor Fund (“EIF”). The EIF registration allowed Adval to sell investments in collective investment schemes to “experienced investors”, as defined in regulation 3 of the Financial Services Regulations 2012. Through its subsidiary, DB Holding Limited, Adval purchased two property holding companies that held 3 plots of land located in Scotland, for £6m (“the Land”). The funds used to make the purchase had been raised by selling shares in Adval, accordingly Adval did not have to secure any other 3rd party financing to make the acquisition.

The purchase price for the Land was grossly in excess of its true market value. The price was based upon valuations that had been made on special assumptions which were incapable of being fulfilled. The assumptions extended as far as to assume that planning permission would be granted for a supermarket, despite the land being on a designated flood plain. Without the benefit of these assumptions, the true value of the land was between £80k and £190k.

The sums paid under the share purchase agreement were paid to Thistle Holdings Limited (“Thistle”) which then transferred the funds, by way of loan, to Mr King (who was the beneficial owner of Thistle).

The claim brought against Mr King, by the special administrator, was for knowing receipt and dishonest assistance. Consequently, proceedings were issued against Mr King on 8 September 2015 in the Supreme Court of Gibraltar.

Prior to the proceedings being issued, a without notice freezing injunction was applied for and granted against Mr King. This injunction was extended until further notice on 24th September 2016 and remains in place to this day.

On 7 April 2016, having received no response from Mr King to either the proceedings or the injunction, Adval obtained default judgement for £6.3m.

As a consequence of the judgement debt not being paid, on 31 July 2017, the Supreme Court of Gibraltar ruled that Mr King be adjudged Bankrupt.

RECEIPTS AND PAYMENTS

Detailed below is key information about asset recoveries that have been made during the Reporting Period. We have formulated and worked through a realisation strategy that sought to maximise recoveries net of costs. A summary of my asset realisations is detailed in the enclosed Receipts and Payments account, which can be found at Schedule 1.

In addition, within schedules 2 and 3, we have included a breakdown of the receipts and payments incurred from our recoveries in Spain.

REALISED ASSETS

During the Reporting Period, the following recoveries were generated and paid into the bankruptcy estate.

Real property located in Glasgow was sold for £24,000. The net proceeds of sale after costs totalled £17,517.

Various chattel assets recovered from Plot 21, La Zagaleta Parcela 21 were sold via auction for £2,291. The net proceeds of sale after costs totalled £1,879.

UNREALISED POTENTIAL ASSETS

11 Burnside Road, Glasgow (“the House”)

As previously advised, the Bankrupt was the beneficial owner of over 100 special purpose vehicles located in various jurisdictions including Gibraltar, Scotland, Isle of Man, Spain and the British Virgin Islands.

As part of our enquiries, several potential assets/claims have been identified, one of the most significant of these is a property located at 11 Burnside Road (“the House”) in Scotland. This property is owned by a company registered in Gibraltar named Belvedere Avenue Properties Limited (“the Company”). Upon review of the files relating to this company, it is in our view apparent that this entity is 100% beneficially owned by the Bankrupt.

During the current reporting period, the Bankrupt’s wife continued her issued proceedings in Gibraltar, asserting that both the Company and the House belong to her. It is still our contention that the claim is misguided, which is supported by advice from our solicitors and counsel, who have been instructed to defend it. Both believe our case has strong prospects of success. However, due to the sensitive nature of this matter, we are unable to provide more information at the current time.

Plot 25, Zagaleta (“the Property”)

As previously reported, a further property in Spain was identified as a potential asset of the Bankrupt (either directly or via a company that was beneficially owned by the Bankrupt). However, as the Bankrupt’s father has asserted his interest to the asset, by way of gift, action is being taken in Scotland to recover this asset (or a value equal to the amount “gifted”) for the benefit of creditors. In conjunction with this process, protective measures are also being taken in Spain to prevent the seizure of the Property by the Spanish tax authorities in respect of accrued tax debts.

Our Scottish solicitors are currently in the process of liaising with Court to set a date for a hearing later in 2020 with a view to progressing this claim further. However, due to the sensitive nature of this matter, we are unable to provide more information at the current time.

Claims

As a result of our review of information relating to the Bankrupt’s dealings prior to our appointment, we identified a number of insolvency claims that could be brought against several 3rd parties. During the reporting period, advice was sought from counsel in relation to limitation issues surrounding these claims and it was concluded that the claims were not statute barred. Again, due to the sensitive nature of these claims, it is not appropriate for me to detail these potential causes of action in this report at this time.

Motor vehicles

As noted in our previous report, two Harley Davidson motorcycles beneficially owned by the Bankrupt were recovered in Spain during an earlier reporting period. These vehicles are currently being prepared for sale, following which, the proceeds will be paid into the Bankruptcy estate, net of costs. Whilst an offer of £10,000 was made for the two Harley Davidson motorcycles, the joint trustees decided to hold off on the sale as they are hopeful more can be obtained for these.

PROGRESS

As advised in previous reports, the Bankrupt has continued to be uncooperative and has chosen not to provide a statement of affairs or any information pertaining to his affairs and business dealings, which is an offence under the Insolvency Act. Consequently, we have had no option but to engage solicitors in numerous jurisdictions to obtain information from third parties. This is at significant cost to the estate that ought not have to be borne but is necessary in order to ensure that we recover as much of the Bankrupt's property for the benefit of creditors as possible.

OFFICIAL RECEIVER

The Official Receiver has not sought any information from us during the time that we have been in office.



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EDGAR C LAVARELLO
Joint Bankruptcy Trustee

Dated this 11th February 2021

SCHEDULE 1**Gregory King - In Bankruptcy (Trustees account)****Receipts and payments for the period 1 August 2020 to 31 January 2021**

	GBP	EUR
Receipts		
Asset realisations	26,291.00	-
Dividends	-	-
Miscellaneous receipts	-	-
Total receipts	26,291.00	-
Payments		
Interbank transfers	-	-
Bank charges	82.00	-
Legal fees	37,358.18	-
Consultancy fees	-	-
Travel expenses	-	-
Storage expenses	1,458.00	-
Professional fees	12,832.38	-
Trustee fees	-	-
Delivery fees	-	-
Insurance	-	-
Petition cost	-	-
Total payments	51,730.56	-
Net receipts / (payments)	(25,439.56)	-
Interbank receipt	83,500.00	-
Balance as at 31 July 2020	40,401.40	-
Balance as at 31 January 2021	98,461.84	-

SCHEDULE 2**Gregory King - In Bankruptcy (Rivendel S.L)****Funds held in the client account of BCP International Law Firm****Receipts and payments for the period 1 August 2020 to 31 January 2021**

	EUR
Receipts	
Receipt from 2018 Tax rebate	194,496.89
Total receipts	194,496.89
Payments	
Translation fees	254.10
Notary public fee	351.94
Companies house filing fees	624.28
Land Registry fees	7.24
Bank charges	16.89
Vehicle tax	225.63
Payments to House Keeper on Plot 25	6,000.00
Payments for electricity on plot 25	1,982.36
Payments for water on plot 25	1,620.40
Sundry expenses	259.55
Total payments	11,342.39
Net receipts / (payments)	183,154.50
Interbank payment	(94,000.00)
Balance as at 31 July 2020	2,384.80
Balance as at 31 January 2021	91,539.30

SCHEDULE 3

Gregory King - In Bankruptcy (Whitelights Investments S.L.)
Funds held in the client account of BCP International Law Firm
Receipts and payments for the period 1 August 2020 to 31 January 2021

EUR

Receipts

Sale proceeds for Mercedes	-
Sales proceeds for Range Rover	-

Total receipts	-
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Payments

Insurance costs for vehicles	-
Companies House fees	-
Car Tax	-
Notary fees	-
Vat Payment	-
Withholding tax	-
Courier fees	-
Sundry expenditure on vehicles	-
Professional fees in respect of annual filings and tax returns	-
Solicitors fees for dealing with the sale of vehicles	-
VAT in respect of professional fees	-
Legal fees	-
Company Town Hall Industrial Rates	-
Preparation of tax returns	-
Corporation Tax payment	-

Total payments	-
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Net receipts / (payments)	-
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Balance as at 31 July 2020	1.69
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Balance as at 31 January 2021	1.69
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