

**Case Ref: 2016-Comp-039**

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

**JOINT BANKRUPTCY TRUSTEES' SEVENTH 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, 31st Floor, 40 Bank Street, London, E14 5NR 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 7<sup>th</sup> report prepared in accordance with the Insolvency Rules and covers the period from 1 February 2021 to 31 July 2021 ("the Reporting Period").

## **BACKGROUND**

As advised in my previous reports, 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**

### **Plot 25, Zagaleta (“the Property”)**

As previously reported, there was a further property in Spain that was identified as a potential asset of the Bankrupt (either directly or via a company that was beneficially owned by the Bankrupt).

During the Reporting Period, we concluded litigation in Spain, recovering title to the property. We subsequently finalized the sale of the Property and received the deposit from the buyer amounting to €600,000. We shall provide further particulars of the sale in our next report.

## **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 and we expect the Court to list the trial for Spring 2022.

### **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 3<sup>rd</sup> 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 Liquidator decided to hold off on the sale as he is hopeful more can be obtained for these.

### **PROGRESS**

As advised in previous reports, the Bankrupt has continued to be uncooperative and has provided only limited 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 to 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.

### **Non-Discharge Application**

Pursuant to Section 409 of the Insolvency Act, the bankrupt will, subject to exceptions which do not apply in this case, be automatically discharged from the bankruptcy at the end of the period of 3 years i.e. 31 July 2020. We applied to the Supreme Court of Gibraltar for an extension of the bankruptcy period, in other words, to seek an Order that the Debtor remain bankrupt whilst we continue with investigations and realisation of his assets. That application was heard by Prescott J on 12 July 2021, and she reserved judgement. Subsequent to that hearing however, we were given new information which we believe might assist the Judge in her deliberations. To that end, we have filed an application to adduce that evidence, which is to be heard on 1<sup>st</sup> November 2021.

**OFFICIAL RECEIVER**

The Official Receiver is kept updated on the progress of the bankruptcy.

A handwritten signature in black ink, appearing to read 'EDGAR C LAVARELLO', with a large, stylized loop at the end.

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EDGAR C LAVARELLO  
Joint Bankruptcy Trustee

Dated this 27 October 2021



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

|                                      | <b>GBP</b>         | <b>EUR</b> |
|--------------------------------------|--------------------|------------|
| <b>Receipts</b>                      |                    |            |
| Asset realisations                   |                    | -          |
| Dividends                            | -                  | -          |
| Miscellaneous receipts               | -                  | -          |
| <b>Total receipts</b>                | -                  | -          |
| <b>Payments</b>                      |                    |            |
| Interbank transfers                  | -                  | -          |
| Bank charges                         | 81.00              | -          |
| Legal fees                           | 43,585.47          | -          |
| Consultancy fees                     | -                  | -          |
| Travel expenses                      | -                  | -          |
| Storage expenses                     | -                  | -          |
| Professional fees                    | 2,531.40           | -          |
| Trustee fees                         | -                  | -          |
| Delivery fees                        | -                  | -          |
| Insurance                            | -                  | -          |
| Petition cost                        | -                  | -          |
| <b>Total payments</b>                | 46,197.87          | -          |
| <b>Net receipts / (payments)</b>     | <b>(46,197.87)</b> | -          |
| <b>Balance as at 31 January 2021</b> | <b>98,461.84</b>   | -          |
| <b>Balance as at 31 July 2021</b>    | <b>52,263.97</b>   | -          |

**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 February 2021 to 31 July 2021**

|   | EUR                |
|---|--------------------|
| <b>Receipts</b>                           |                    |
| Receipt from 2019 Tax rebate              | 98,130.12          |
| Deposit for the Sale of La Zagaleta A2-25 | 600,000.00         |
| <b>Total receipts</b>                     | <b>698,130.12</b>  |
| <b>Payments</b>                           |                    |
| Council rates                             | 11,556.50          |
| Notary public fee                         | 123.16             |
| Companies house filing fees               | 326.05             |
| Land Registry fees                        | 1,107.90           |
| Social Security debt                      | 86,322.56          |
| Tax debt                                  | 676,903.94         |
| Payments to House Keeper on Plot 25       | 4,000.00           |
| Payments for electricity on plot 25       | 1,213.62           |
| Payments for water on plot 25             | 1,929.88           |
| Sundry expenses                           | 4,840.15           |
| <b>Total payments</b>                     | <b>788,323.76</b>  |
| <b>Net receipts / (payments)</b>          | <b>(90,193.64)</b> |
| <b>Interbank payment</b>                  |                    |
| <b>Balance as at 31 January 2021</b>      | <b>91,539.30</b>   |
| <b>Balance as at 31 July 2021</b>         | <b>1,345.66</b>    |

**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 February 2021 to 31 July 2021**

|  | EUR         |
|--|-------------|
| <b>Receipts</b>  |             |
| Sale proceeds for Mercedes                                     | -           |
| Sales proceeds for Range Rover                                 | -           |
| <b>Total receipts</b>  | -           |
| <b>Payments</b>  |             |
| 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  | -           |
| <b>Total payments</b>  | -           |
| <b>Net receipts / (payments)</b>                               | -           |
| <b>Balance as at 31 January 2021</b>                           | <b>1.69</b> |
| <b>Balance as at 31 July 2021</b>                              | <b>1.69</b> |