

Case Ref: 2016-Comp-039

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

JOINT BANKRUPTCY TRUSTEES' EIGHTH 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 8th report prepared in accordance with the Insolvency Rules and covers the period from 1 August 2021 to 31 January 2022 (“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 and distributions 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, we finalized the sale of the property and had received a deposit amounting to €600,000 from the buyer during the previous Reporting Period.

During the Reporting Period, we completed the sale of the property and received the remaining purchase price from the buyer amounting to €4,000,000. Significant tax debts had accrued, so after payment of this liability and the costs of sale, €3,000,000 was remitted into the bankruptcy estate on 23 September 2021.

OTHER 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.

The Bankrupt’s wife disputed our conclusions, and issued proceedings in Gibraltar asserting that both the Company and the House belong to her. I am however pleased to confirm that, after the Reporting Period, we have reached a settlement with the Bankrupt’s wife, which will result in a cash payment into the Estate. We will report further in due course.

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. 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. As of the date of this report, but not during the Reporting Period, an offer was made and accepted for the 2 Harley Davidson motorcycles. We shall provide further particulars of the sale in our next report.

PROGRESS

As advised in previous reports, it is our firm belief that the Bankrupt has been uncooperative and had 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. The Bankrupt denies this assertion, and claimed on affidavit that he did provide a Statement of Affairs (which simply did not reach us). During the course of the Non Discharge Application (as defined and discussed

below), he provided a Statement of Affairs, and a completed Questionnaire. We do not believe that either of these are of any real use or assistance, and it is our view that they simply serve to support our ongoing belief that he has been deliberately uncooperative.

Non-Discharge Application

As advised in previous Reports, 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, and whilst no decision was made during the Reporting Period, we can confirm that Mrs Justice Ramage Prescott has since refused our application (“the Ruling”) which has the effect of releasing the Bankrupt from Bankruptcy. Upon taking legal advice from Senior Counsel, we have now filed an Appeal to the Ruling which shall be heard in the next sitting of the Court of Appeal. In the meantime, the learned Judge stayed the Ruling (i.e. put the Ruling on hold, which keeps the Bankrupt in Bankruptcy) until the Appeal has been heard. We shall therefore continue to progress our investigations during this period.

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 29 June 2022

SCHEDULE 1**Gregory King - In Bankruptcy (Trustees account)****Receipts and payments for the period 31 July 2021 to 31 January 2022**

	GBP	EUR
Receipts		
Asset realisations	2,548,422.38	-
Dividends	-	-
Miscellaneous receipts	-	-
Total receipts	2,548,422.38	-
Payments		
Interbank transfers	-	-
Bank charges	154.00	-
Legal fees	-	-
Consultancy fees	-	-
Travel expenses	-	-
Storage expenses	-	-
Professional fees	561,212.67	-
Trustee fees	-	-
Delivery fees	-	-
Insurance	-	-
Petition cost	-	-
Total payments	561,366.67	-
Net receipts / (payments)	1,987,055.71	-
Balance as at 31 July 2021	52,263.97	-
Balance as at 31 January 2022	2,039,319.68	-

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 31 July 2021 to 31 January 2022****EUR****Receipts**

Receipt from 2019 Tax rebate	98,130.12
Deposit for the Sale of La Zagaleta A2-25	600,000.00

Total receipts	698,130.12
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Payments

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

Total payments	788,323.76
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Net receipts / (payments)	(90,193.64)
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Interbank payment

Balance as at 31 July 2021	91,539.30
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Balance as at 31 January 2022	1,345.66
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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 31 July 2021 to 31 January 2022

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 2021	1.69
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Balance as at 31 January 2022	1.69
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