

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 9th progress report prepared in accordance with the Insolvency Rules and covers the period from 1 February 2022 to 31 July 2022 ("the Reporting Period").

BACKGROUND

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.

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.

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 our 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.

ASSETS REALISED DURING THE REPORTING PERIOD

Motor vehicles

As noted in our previous report, the two Harley Davidson motorcycles which were recovered in Spain, were sold for £10,000 on 22 February 2022.

OTHER POTENTIAL ASSETS

11 Burnside Road, Glasgow (“the House”)

The House is owned by a company registered in Gibraltar named Belvedere Avenue Properties Limited (“the Company”). Upon review of the Company files, it is our view that the House 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, as at the date of this Report, 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 previously reported, we have 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 us to detail these potential causes of action in this report at this time.

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 claims on affidavit that he did provide a Statement of Affairs (which simply did not reach us). During 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 previously reported, pursuant to Section 409 of the Insolvency Act, the bankrupt would have been automatically discharged from the bankruptcy at the end of the three-year period i.e. 31 July 2020. We applied to the Supreme Court of Gibraltar for an extension of the bankruptcy period. On 10 March 2022 Mrs Justice Ramage Prescott refused our application ("the Ruling") which had the effect of releasing the Bankrupt from Bankruptcy. Upon taking legal advice from Senior Counsel, we filed an Appeal to the Ruling which was heard on 10 and 11 October 2022. We can confirm that on 11 January 2023, the Court of Appeal issued judgement in our favour. We will report further in our next report.

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 22 March 2023

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

	GBP	EUR
Receipts		
Asset realisations	10,105.64	901,869.88
Dividends	0.00	0.00
Miscellaneous receipts	629.12	0.00
Total receipts	10,734.76	901,869.88
Payments		
Trustee fees	186,540.63	0.00
Legal fees	140,432.30	339,418.50
Asset expenses	0.00	391,269.79
Professional fees	25,544.72	0.00
Notary and registry fees	0.00	(8.08)
Bank charges	217.60	0.00
Total payments	352,735.25	730,680.21
Net receipts / (payments)	(342,000.49)	171,189.68
Dividends paid	(1,175,203.70)	0.00
Balance as at 31 January 2022	2,039,319.68	1,347.35
Balance as at 31 July 2022	£522,115.49	€172,537.03

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 2022 to 31 July 2022

	EUR
Receipts	
Asset realisations	901,869.88
Total receipts	901,869.88
Payments	
Legal fees	339,418.50
Asset expenses	390,537.67
Notary and registration fees	(879.00)
Total payments	729,077.17
Net receipts / (payments)	172,792.72
Interbank payment	
Balance as at 31 January 2022	1,345.66
Balance as at 31 July 2022	€174,138.38

SCHEDULE 3

Gregory King - In Bankruptcy (Whitelight Investments S.L.)
Funds held in the client account of BCP International Law Firm
Receipts and payments for the period 1 February 2022 to 31 July 2022

	EUR
Receipts	
Asset realisations	0.00
Total receipts	0.00
Payments	
Legal fees	0.00
Asset expenses	732.12
Notary and registration fees	870.92
Total payments	1,603.04
Net receipts / (payments)	(1,603.04)
Interbank payment	
Balance as at 31 January 2022	1.69
Balance as at 31 July 2022	(1,601.35)