

***Addison Global Limited  
(in compulsory liquidation  
by Order of the Supreme Court)***

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Liquidator's Progress Report for the period  
12 March 2020 to 11 March 2021

Progress Report pursuant to S406 of the Companies Act 2014

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*I, Edgar Lavarello of PricewaterhouseCoopers Gibraltar, was appointed as the Liquidator by the Supreme Court of Gibraltar to manage the affairs and property of Addison Global Limited (“the Company”). I act as an agent of the Company only and without personal liability. I am authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP License Number FSC 0892 FSA). I may act as Data Controller of personal data as defined by the Data Protection Act, depending upon the specific processing activities undertaken. PwC may act as a data processor on my instructions. Personal data will be kept secure and processed only for matters relating to my appointment.*

*I have prepared this report as Liquidator of the Company, solely to comply with my statutory duty to report to creditors under the Gibraltar Insolvency Act 2011 and the Gibraltar Insolvency Rules 2014 on the liquidator, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.*

*This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of the Company.*

*Any estimated outcome for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.*

*Some reference is made in this report to occasions on which I have consulted legal advisers. However, I do not intend to waive any privilege that I have in any legal advice.*

*Any persons choosing to rely on this report for any purpose or in any context other than under the Gibraltar Insolvency Act 2011 and the Gibraltar Insolvency Rules 2014 do so at their own risk. To the fullest extent permitted by law, I do not assume any liability in respect of this report to any such person.*

# 1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

<i>Abbreviation or definition</i>	<i>Meaning</i>
<b>Company</b>	<b>Addison Global Limited</b>
<b>Court</b>	<b>The Supreme Court of Gibraltar</b>
<b>Creditors</b>	<b>Secured, Preferential Creditors and Unsecured Creditors as a whole</b>
<b>GoG</b>	<b>Government of Gibraltar</b>
<b>Liquidator or I</b>	<b>Edgar C Lavarello</b>
<b>Firm or PwC</b>	<b>PricewaterhouseCoopers Limited (Gibraltar)</b>
<b>Operators</b>	<b>Betfred Trading, LG Trading and PowerPlay</b>
<b>We</b>	<b>The Liquidator's team at PwC</b>
<b>IA</b>	<b>Insolvency Act 2011</b>
<b>IR</b>	<b>Insolvency Rules 2014</b>
<b>UBO</b>	<b>Ultimate Beneficial Owner - Roderick Allen Aycox</b>

## 2. Key Message

### 2.1 Why we have sent you this report

This is the annual progress report prepared by the Liquidator of the Company pursuant to Section 406 of the Companies Act.

Creditors may wish to read this report in conjunction with the Preliminary Report, which is available on our website at <https://www.pwc.gi/services/addison.html>. The information in that report is not repeated here unless considered necessary or beneficial for this update.

This report provides an update on the work we have undertaken, and the progress made since my appointment.

### 2.2 Return for Creditors

The following table summarises the outcome for creditors

<i>Class of Creditor</i>	<i>Description</i>	<i>Outcome</i>
<b>Secured Creditors</b>	The Company has no secured creditors.	
<b>Preferential Creditors</b>	GoG for PAYE and Social Insurance which have been deducted from employee salaries but not paid over to the tax authorities.  Employees in relation to unpaid salaries, expenses and accrued holiday pay, subject to a maximum of £10,000 per employee.	The total value of preferential creditor claims amounts to £3,106,689.09. We have to date made a payment of £861,804.14 to the preferential creditors, representing 28p in each £1 claim.  Recoveries realised to date and those we expect to realise in the future are not expected to be sufficient to cover all the preferential creditors claims.
<b>Unsecured Creditors</b>	The unsecured creditors include trade creditors, service providers and amount owed to the employees above the £10,000 preferential threshold.  GoG Insolvency Fund on behalf of subrogated employee claims related to redundancy and payment in lieu of notice.	The total value of the unsecured creditors claims amounts to £14,569,298.36. We expect there to be no recovery for unsecured creditors after the preferential creditors have been paid.

## ***3. What we've done during the liquidation***

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### ***3.1 General***

On 19 February 2020, the Company's remote betting and gaming licenses were suspended and there was no prospect of those licenses being restored. As a result, the Company ceased trading. I was appointed Provisional Liquidator of the Company on 25 February 2020 and on 12 March 2020, I was appointed Liquidator.

My appointment was advertised, together with an invitation for all creditors to submit their claims and proof of debt forms.

Upon my appointment, we obtained the statutory books from the company secretary. We also met up with the employees of the company and obtained all the books and records, including accounting records, emails, correspondence, customer records and all other information that was available at the time. The previous Directors of the Company, namely Juergen Reutter and Nyreen Llamas have assisted me with my investigation. I was also able to contact Roderick Aycox who has also been assisting me with my investigations. The Directors have therefore been released from their duty to submit and file a Statement of Affairs in accordance with Section 238 of the IA. The Directors and the Company's key personnel continue to provide assistance to my team and I am satisfied that I have received all of the information and explanations that I require.

### ***3.2 Employees and their claims***

Given that the Company had ceased trading, its remote gambling and betting license were suspended and its very limited cash resources, I terminated the employment of 126 of the 144 employees that were still employees of the Company on 28 February 2020.

We wrote to these employees, informing them of the Company's insolvency and the resulting termination of their employment. I retained 18 employees for 14 days to assist me with managing the affairs of the company including, amongst others:

1. Drafting and preparing the employee terminations including coordinating with the Department of Employment;
2. Assisting with the sale and clearance of the company's assets such as the fixtures and fittings, technology equipment etc; and
3. Assisting with the transfer of customer accounts where possible in order to safeguard customer balances.

On the termination of the employee contracts we liaised with the Labour Inspector of HMGoG Insolvency Fund, and assisted employees with their employment claims, which related to their unsecured claims of redundancy and payment in lieu of notice. Where employees unsecured claims were paid by the Insolvency Fund, their claim is subrogated in favour of the Fund. Employees claims were settled by April 2020 in the amount of £455,245.07. The Insolvency Fund claim of £455,245.07 represents the payments made by the Insolvency Fund, to employees including their taxes paid to the Income Tax Office. The employees also received a preferential distribution from the liquidation assets. As per the Company records, the employees were collectively owed £1,165,452.35, of which £561,804.14 was a preferential claim and the remaining £603,648.21 was unsecured.

## **3.3 Customers**

At the time of my appointment, the Company had 345,020 registered customers. We have been heavily engaged in the negotiations of arrangements for the transfer of customers (and their data) on terms that involve the transferee honoring the customers deposits. A number of parties were approached and several offers were received. We selected three separate operators covering three separate regions because these were the three best offers we received. This decision of the “best” offer was made based on which operator had agreed to accept the largest number of customer accounts and was willing to honour the highest value of customer balances. In all cases those offers that best protected the rights of the customers when taken as a whole were selected.

### ***Customers given the opportunity to transfer their balance to other operators***

#### **3.3.1 Customers resident in the UK and Ireland**

About 180,000 customers of the Company who are residents of the UK and Ireland were transferred to Petfre (Gibraltar) Limited (trading as Betfred), a Gibraltar registered company licensed to carry on remote gambling business by the Gibraltar Gambling Commission and the Gambling Commission of Great Britain and Ireland.

#### **3.3.2 Customers resident in Germany, Austria and Finland**

About 30,000 customers of the Company who are residents of Germany, Austria and Finland were transferred to LG Trading Limited (trading as Eagle Bet), a company registered in Malta and licensed to carry on remote gambling business by the Malta Gaming Authority. LG Trading also agreed to honour the customer's open bets. Further, to the Agreement, LG Trading agreed to pay a sum equivalent to 10% of the Net Gaming Revenue for all customers that were transferred from the Company to LG Trading for a period of 24 months (more details on this in Section 4.1 below).

#### **3.3.3 Customers resident in Canada**

About 1,500 customers of the Company who are residents of Canada were transferred to Deck Entertainment BV (trading as Power Play).

All customers resident in the above mentioned territories were contacted and informed of the Company's insolvency, and that their accounts may be transferred only with their specific consent and where they accepted the terms of the new operator which included their personal data being transferred to them. A total of 229,519 customers and comprising 66% of the Company's entire customer base, were contacted and given the option of transferring their accounts to the new operators.

On a customer accepting the offer to transfer their account, the customer released the Company from any liability which it might have had to that customer in respect of any cash balance and the new operator assumed the liability to that customer.

Customers who were identified as self-excluded or whose accounts had been frozen were not eligible for the transfer of their accounts.

### **3.3 Customers - continued**

#### ***Customers with open bets***

We also had to deal with “open bets” placed by customers with the Company. These “open bets” are bets for which outcome have not yet been determined or, bets the outcome of which have been determined but have not yet been settled or a multiple bets where one or more parts of the bet have been determined and/or settled but another part has yet to be determined and/or settled. At the time of my appointment, there were around 4,000 open bets in question. LG Trading was the only operator who agreed to honour the open bets of the transferred customers.

The remaining customers with open bets, numbering 907, had their bets disclaimed. We prepared and filed a Notice of Disclaimer with the Court. A sealed copy of the disclaimer notice was then emailed to these customers individually by my team. We also informed these customers in the email that the Company is in liquidation and that they can obtain further information, including the preliminary report, claim form and FAQ document from the PwC Website.

#### ***Customers who are ordinary creditors***

The remaining customers numbered 25,365. These included those customers with a credit balance but were either ineligible to be transferred (self-excluded or frozen) or those who chose not to transfer their data to the above mentioned operators, and did not have an open bet. We emailed each one of these customers informing them that the Company is in liquidation and that they can obtain further information, including the preliminary report, claim form and FAQ document from the PwC Website.

A summary of customers and balances is provided below.

<b>Customers data</b>	<b>Number</b>	<b>Value £</b>
Customers given the opportunity to transfer their balance to other operators	229,519	777,794
Customers with disclaimed open bets	907	3,377
Customers contacted twice	(671)	(2,254)
Customers who are ordinary creditors	25,365	414,918
Total customers contacted	255,120	1,193,535
Customers with a zero balance i.e not creditors	89,900	-
Total customers	345,020	1,193,535

### ***3.3 Customers - continued***

#### ***Self excluded and frozen accounts***

We received numerous emails from customers of frozen or self-excluded accounts requesting to be transferred to the new operators. Because these accounts were marked as frozen or self excluded prior to the liquidation of the Company they were ineligible to be transferred and these enquiries were dealt with sensitively. Each of these enquiries was researched and the results of our investigations reported to these customers and the new operators. However, ultimately, the decision to either accept these customers or was up to the new operators.

As a result of a non transfer of a frozen account we received a Subject Access Request under the Data Protection Act from a customer of the Company. After a lengthy exchange of correspondence and seeking legal advice, we were able to resolve the customer's request. In addition to this, we also received claims from individuals who claimed to be MoPlay customers with significant balances, some of these contacting us through lawyers. Each one of these requests needed to be reviewed and analysed, as well as dealing with any negative press created by disgruntled creditors.

### ***3.4 Trade Creditors***

In addition to the customers, we have also been in email contact with the other creditors of the Company totalling approximately 316 in number. We informed them of the liquidation of the company, my appointment and provided them with the details of the PwC Website which contained the Preliminary Report and the Claim Form. We requested all creditors to file their claim forms with proof of debt. We received 180 claims from creditors, who provided supporting documentation and claim forms, over and above the claims from the employees and customers as discussed above. The 180 claims totalled £14,569,298.36. None of these claims were classified as preferential claims.

As noted in the Preliminary Report, we envisaged that there would not be sufficient recoveries to cover the preferential claims, and therefore there will be no distribution to the ordinary creditors.

Following our initial notification to these creditors, we received a number of additional questions and requests from several creditors, who either wanted additional information or clarification on the expected outcome of the liquidation.

### ***3.5 Communication with Creditors***

In light of the Company's insolvency and the fact that there will be no distribution to unsecured creditors we have obtained a Court Order allowing for the:

1. Publication of all relevant notices and reports to be made on the PwC Website;
2. This publication will constitute due notice to creditors for the purpose of the IA and IR.

## 4. Financial information

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### 4.1 Recovery of assets

A full explanation of assets at appointment were discussed in the Preliminary Report and the information below provides an update and focuses on the recoveries made since my appointment.

#### ***Non-current assets***

Prior to the Company losing access to its leased office space, my team worked to recover and dispose of as much of the furniture and fixtures and computer equipment we were able to. Of the Company's non-current assets recorded at £664,396 much of this was related to leasehold improvements which could not be realised. However, we worked to realise as much value from the Company's computer equipment and furniture and fittings, as possible. This process was complicated further by the requirement to delete data, format harddrives and ensure the Company's data was secure before selling Company hardware. The amount recovered was affected by the lockdown in Gibraltar that commenced on 15 March 2020. The total realised for non-current assets was £69,127.37. I do not expect any further recoveries from this asset category.

#### ***Cash and cash equivalents***

I recovered the cash held in Gibraltar based bank accounts as illustrated in section 4.2 below. This entailed changing mandates and signatories to gain control of these accounts. We have closed one of the accounts and retain the other as the main liquidation account. I am not aware of any additional cash held in bank accounts.

#### ***Funds held by payment service providers ('PSP's')***

I recovered funds totalling £422,665.58 from the Company's payment service providers. The process to recover these assets was somewhat complex and required significant effort from my team. Certain PSP's were required to hold funds as security for Visa and Mastercard chargebacks for certain periods, whilst reviewing these accounts and discussing with representatives of the PSP's, we identified that certain players were using the chargeback system to recover their lost gambling funds, despite the PSP's being aware of the status of the Company. Whilst these amounts were minimal in relation to the total funds recovered, my team worked hard with the PSP's to provide them with sufficient evidence to challenge and halt the chargeback process. I do not expect any further recoveries from this asset category and have now closed all PSP accounts

## **4.1 Recovery of assets - continued**

### ***Returned funds relating to December 2019 payroll***

This amount relates to funds returned into the Company's bank account following my appointment. From discussions with the bank and the Company's employees, we were advised that employee salaries sometimes did not reach their bank accounts, for specific reasons relating to their bank or their account type. These funds often took a few months to be returned through the banking system to the Company's accounts. We received full confirmation that the employees had received their previous salary and that these funds were therefore considered to be Company assets and available for the liquidation.

### ***Proceeds from sale of database***

As mentioned above, pursuant to our agreement with LG Trading Limited, we are to receive 10% of all Net Gaming Revenue from those customers that were transferred to LG Trading Limited. This revenue is paid every calendar month for 24 months. To date, we have received £7,204.90.

### ***Related party receivables***

We had written to all the related parties demanding immediate repayment of the loans and borrowings. However, as we reported in our Preliminary Report, we confirm that all these related parties are not trading and their only source of income was from this Company. I do not expect any recovery from this category of asset.

## 4.2 Receipts and payments

A summary of the receipts and payments during the liquidation is provided below:

<b>Receipts</b>	<b>From provisional appointment to 12 March 2020 £</b>	<b>Movement during the year £</b>	<b>Total to 11 March 2021 £</b>
Cash in Gibraltar International Bank Limited	391,478.99	-	<b>391,478.99</b>
Cash in Jyske Bank Limited	678,686.11	-	<b>678,686.11</b>
Cash held in PwC's client account for payroll	1,093.00	-	<b>1,093.00</b>
Recoveries from payment service providers	111,607.69	311,057.89	<b>422,665.58</b>
Sale of furniture and computer equipment	26,829.78	42,297.59	<b>69,127.37</b>
Returned funds relating to December 2019 payroll	2,380.29	9,416.26	<b>11,796.55</b>
Proceeds from sale of database	-	7,204.90	<b>7,204.90</b>
Credit interest	0.01	0.01	<b>0.02</b>
<b>Total receipts</b>	<b>1,212,075.87</b>	<b>369,976.65</b>	<b>1,582,052.52</b>

### Note 1 - Adjustment to figures presented in the preliminary report

The below table of payments illustrates the adjustment made by the liquidator to reclassify the payment made to employees relating to February salaries from a liquidation expense with the classification of salary, to a preferential payment of claim, as the payment was erroneously classified in the preliminary report. The adjustment further splits out payroll service fees from the provisional liquidator fees.

## 4.2 Receipts and payments - continued

<b>Payments</b>	<b>From provisional appointment to 12 March 2020</b>	<b>Adjustments (see note 1 above)</b>	<b>As adjusted period to 12 March 2020</b>	<b>Movement during the year</b>	<b>Total to 11 March 2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salaries	425,876.40	(425,876.40)	-	31,441.50	<b>31,441.50</b>
Bank charges	216.38	-	216.38	396.09	<b>612.47</b>
Payroll services	-	4,418.00	4,418.00	-	<b>4,418.00</b>
Provisional liquidator fees	38,033.00	(4,418.00)	33,615.00	-	<b>33,615.00</b>
Liquidator fees	-	-	-	321,623.45	<b>321,623.45</b>
Legal fees	33,784.12	-	33,784.12	62,519.00	<b>96,303.12</b>
Petitioning creditors legal fees	-	-	-	18,513.50	<b>18,513.50</b>
Consultancy fees	-	-	-	33,834.61	<b>33,834.61</b>
Telephone and internet	7,500.00	-	7,500.00	-	<b>7,500.00</b>
Debit interest and foreign exchange difference	17.93	-	17.93	(1,375.27)	<b>(1,357.34)</b>
<b>Total payments</b>	<b>505,427.83</b>	<b>(425,876.40)</b>	<b>79,551.43</b>	<b>466,952.88</b>	<b>546,504.31</b>
<b>Net assets available for distribution</b>	<b>706,648.04</b>	<b>425,876.40</b>	<b>1,132,524.44</b>	<b>(96,976.23)</b>	<b>1,035,548.21</b>
Distributions paid to preferential creditors	-	(425,876.40)	(425,876.40)	(435,927.74)	<b>(861,804.14)</b>
<b>Net assets available as at 11 March 2021</b>	<b>706,648.04</b>	<b>-</b>	<b>706,648.04</b>	<b>(532,903.97)</b>	<b>173,744.07</b>

## 5. Liquidator's Fees

Staff grade	Administration and planning		Creditors		Employee matters		Recovery of assets		Grand Total	
	Hours	Value	Hours	Value	Hours	Value	Hours	Value	Total Hours	Total Value
Associate	119:45	11,935.00	39:15	3,925.00	122:15	12,225.00	41:00	4,100.00	<b>322:15</b>	<b>32,185.00</b>
Senior Associate	24:15	4,447.50	13:30	2,555.00	0:30	95.00	7:15	1,377.50	<b>45:30</b>	<b>8,475.00</b>
Manager	260:15	65,800.00	13:30	3,375.00	93:00	23,250.00	38:30	9,762.50	<b>405:15</b>	<b>102,187.50</b>
Director	234:30	91,785.00	6:45	2,687.50	64:00	24,987.50	24:30	9,555.00	<b>329:45</b>	<b>129,015.00</b>
Partner	129:45	65,175.00	15:00	7,500.00	17:00	8,625.00	3:00	1,500.00	<b>164:45</b>	<b>82,800.00</b>
Disbursements										<b>575.95</b>
<b>Total</b>	<b>768:30:00</b>	<b>239,142.50</b>	<b>88:00:00</b>	<b>20,042.50</b>	<b>296:45:00</b>	<b>69,182.50</b>	<b>114:15:00</b>	<b>26,295.00</b>	<b>1267:30:00</b>	<b>£355,238.45</b>

Liquidators fees and expenses amount to £355,238.45 of which as at the date of this report of which £33,615.00 relates to the provisional liquidation period and £321,623.45 relates to the liquidation period.

Included within administration and planning is the significant time spent by my team in trying to secure player balances and transfer as much of the business to other operators as possible.

The above time includes all of the liquidators time that has been billed and paid, which accounts for the time up to 31 December 2020. Our time costs at the time of writing this report are in the region of £20,000 and we expect no more than an additional £10,000 before we can finalise the liquidation.

## 6. What we still need to do

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### 6.1 Future receipts

Further, to the agreement with LG Trading we have negotiated the receipt of a sum equal to 10% of the net gaming revenue of all customers that were transferred from to LG Trading for a period of 24 months

### 6.2 Future communications and final report

Any future communications will be posted on our website at <https://www.pwc.gi/services/addison.html>

We aim to close the liquidation before the end of the calendar year and therefore our next communication is likely to be the issue of the final report.

If you have any questions or if you think there is something that I should be aware of please email [gi\\_insolvency.addison@pwc.com](mailto:gi_insolvency.addison@pwc.com).

Yours faithfully



Edgar Lavarello  
Liquidator

*Edgar Lavarello of PriceWaterhouseCoopers Limited, Gibraltar has been appointed Liquidator by the Supreme Court in Gibraltar to manage the affairs and property of Addison Global Limited (the "Company"). The Liquidator acts as agent of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSC 0892 FSA).*

*The Liquidator may act as Data Controller of personal data as defined by the Data Protection Act, depending upon the specific processing activities undertaken. PwC may act as a data processor on the instructions of the Liquidator. Personal data will be kept secure and processed only for matters relating to the Liquidator's appointment.*

*Registered office: c/o PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar.*

*For further information on the liquidation of Addison Global please go to <https://www.pwc.gi/services/addison.html>*