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Omnia Limited (In Liquidation) **Liquidator's Preliminary Report**

27 June 2019

First Meeting of Creditors



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1. Introduction

On 6 June 2019, I was appointed Liquidator of Omnia Limited (“Omnia”) pursuant to section 146 of the Insolvency Act (“the Act”). I was appointed on grounds of insolvency as Omnia was unable to pay its creditors as and when they fell due and its total liabilities exceeded its total assets.

Omnia was incorporated on 17 August 2017 with incorporation number 116128. Its sole Director is Milan Sormaz, and the company secretaries are Lewbel Secretaries Limited. Omnia’s registered office was at Suite 7 Hadfield House, Library Street, Gibraltar but since my appointment is now at the office of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar.

It is a private company limited by shares with an authorised share capital of 2,000 ordinary shares of £1 each, all of which have been issued. The sole shareholder is Omniscient Limited (“Omniscient”), a company incorporated in Cyprus.

I have prepared this brief report for consideration at the First Meeting of Creditors (“the First Meeting”) which has been called for 27 June 2019 at 11am. I appreciate that given the global nature of the business that it may not be practical for all creditors to attend, therefore I have invited all creditors to nominate a proxy to vote on their behalf.

The purpose of the First Meeting is to consider the following resolutions:

1. To ratify my appointment as Liquidator which simply means that the creditors confirm that they are happy for me to act as Liquidator, and not another Insolvency Practitioner.
2. To decide whether or not the creditors wish for a Committee of Inspection be formed. That means there would be a panel of creditors (no more than 5) who would be consulted on certain matters relative to the Liquidation.

2. *What we have done so far*

On 7 June 2019, I received a list of trade creditors known to the Director of Omnia and notified them of the liquidation by email.

I advertised my appointment in both the Gibraltar Gazette and the local press, and in order to ensure that as many creditors were aware of the position I posted a notice on the Omnia website www.omniatek.com which now directs claimants to our own website <https://www.pwc.gi/services/Omnia.html>. My team have conducted internet searches and have noticed that some forums refer to the liquidation of Omnia and my appointment. We have processed 5,530 emails and at the time of signing this report, we have around 5,100 still to do. Emails do however continue to arrive at a rate of around 300 per day. Given this volume therefore I am satisfied that I have taken reasonable steps to notify potential creditors.

I have commenced my investigations into Omnia and have:

1. Obtained the statutory books from the company secretaries.
2. Obtained the accountancy records from Omnia's accountants.
3. Contacted Gara Group who manage the back office in order to obtain all of the information held by them. Unfortunately, Gara Group is seeking a payment of \$27,000 before they will release the information to us. The sum requested is around $\frac{1}{4}$ of the cash I currently hold and on that basis I can see no prospect of us agreeing to such a payment.
4. Obtained a sworn Statement of Affairs from the Director of Omnia, Milan Sormaz.

We have received the sum of €103,601.66 from Omnia, and are seeking monies held by the payment processor, emerchantpay Limited, on behalf of Omniscient and accordingly for Omnia. Mr Sormaz, the Director of both Omnia and Omniscient, has given instructions to emerchantpay Limited that those funds be transferred to my custody and control, and I too have contacted emerchantpay Limited seeking the transfer. I shall report further on this when I have the relevant information.

The main administrative task at present is simply that with the sheer volume of claims received over the last two weeks (and those that we continue to receive) my team of 10 people have been unable to record every claimant's vote in respect of the resolutions in time for the First Meeting. On that basis, the format of the First Meeting will be that we provide you with this report and answer any queries posed by those claimants present. We will thereafter require to take time to process all of the votes cast before I can circulate a memorandum confirming whether or not my appointment as liquidator has been ratified, and whether or not a Creditors' Committee be formed.

3. Statement of Affairs

The Statement of Affairs shows that Omnia held cash in the sum of €254,735. As outlined, I have recovered part of this cash and am awaiting confirmation from the payment processor as to exactly how much is held by them, and their confirmation that the transfer will take place.

I am advised by the Director that there are unsecured debtors in the amount of €3,072,050 but that those debtors are not capable of being realised. I do have a breakdown of these debtors and shall consider what routes of recovery are available to me.

The mining equipment is outdated and the only real, live offer to purchase the equipment was for €350,000. I have entered into a written agreement with this purchaser and the sale ought to be completed within the coming fortnight.

In terms of liabilities, I am advised that the deficiency for creditors in respect of mining and commissions is €4,324,255.

If the debts of all claimants are accepted as creditors in the liquidation, then I am satisfied that Omnia is indeed insolvent.

4. Cause of failure

Based on the information received thus far and our meetings with the Omnia team, the cause of failure at first glance would appear to be the increase in mining costs coupled with the decrease in value of cryptocurrency.

I do not form a definite view on this, and the cause will become clearer as our investigations continue.

5. *Further enquiries*

I require to confirm to creditors and the Official Receiver whether or not in my opinion further enquiries are desirable with respect of

- i. any matter relating to the promotion, formation or insolvency of the company or the conduct of the business or affairs of the company; and
- ii. possible claims under Part 10 of the Act.

Clearly further enquires under (i) are required as I still have much work to do in terms of reviewing books and records of Omnia, and thereafter addressing issues that arise. I will at that stage be able to establish what routes of recovery that Omnia may have against third parties and if so, the cost of taking such action and the return that might be available to creditors.

Naturally, any possible claims under Part 10 of the Act can only be determined once those enquiries are complete.

As advised above, my team will need to take time to process the votes in respect of the resolutions proposed at the First Meeting. If you have any questions in the meantime, please email our team on GI_insolvency@pwc.com and of course visit our website <https://www.pwc.gi/services/Omnia.html>

We will continue to work through the emails in date order therefore you will receive a reply to any emails in due course.

Yours faithfully



Edgar C Lavarello
Liquidator