

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

JOINT BANKRUPTCY TRUSTEES' PRELIMINARY REPORT
(IN ACCORDANCE WITH SECTION 400 OF THE INSOLVENCY ACT 2011)

We, Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar, and Adrian Hyde of CVR Global LLP, New Fetter Place West, 55 Fetter Lane, London, EC4A 1AA were appointed Joint Bankruptcy Trustees of Gregory Hugh Colin King ("the Bankrupt") on 31 July 2017 by virtue of an Order by the Supreme Court of Gibraltar under Section 331 of the Insolvency Act 2011.

BRIEF HISTORY

On 27 January 2014, Adrian Hyde was appointed the Special Administrator of Advalorem Value Asset Fund Limited ("Advalorem") by the Supreme Court of Gibraltar. The appointment followed a Financial Services Commission investigation which found that Advalorem had misappropriated more than £7,000,000 of investments from UK pension schemes.

Investigations into Advalorem revealed that the Bankrupt had benefited from these misappropriated funds. Accordingly, Advalorem commenced proceedings against the Bankrupt for dishonest assistance, knowing receipt and unlawful means conspiracy. A freezing injunction was also obtained against the Bankrupt (which to date the Bankrupt has failed to comply with).

On 7 April 2016, Advalorem obtained default judgment against the Bankrupt in the sum of £6,129,988 plus interest and costs.

On 7 February 2017, Advalorem served a statutory demand on the Bankrupt and an application for a bankruptcy order was issued on 5 June 2017 in the Supreme Court of Gibraltar.

On 31st July 2017, a bankruptcy order was made against the Bankrupt and we were appointed Joint Bankruptcy Trustees.

OBLIGATIONS UNDER SECTION 400(1) OF THE INSOLVENCY ACT 2011:

Section 400(1) provides that *"The trustee of a bankrupt shall, within 60 days of the date of the bankruptcy order, prepare a preliminary report stating whether, in his opinion, further enquiry is desirable with respect to-*

- a) Whether the bankrupt has committed a bankruptcy offence;*
- b) Whether there are any claims under Part 15;*
- c) Any matter relating to the conduct by the bankrupt of his business or affairs."*

DELAY IN FILING THE REPORT WITHIN 60 DAYS

Upon an application by us under section 400(4) of the Insolvency Act, an extension of time for filing the preliminary report was granted by Mrs Justice Ramage Prescott on 12 October 2017. The revised deadline for filing the report was set at 12 January 2018.

POSSIBLE BANKRUPTCY OFFENCES

We are firmly of the opinion that further enquires are required in respect of the following bankruptcy offences, which we believe may have been committed:

- Section 422 – Non-Disclosure of assets
- Section 423 – Concealment of assets
- Section 424 – Concealment of books and papers, falsification
- Section 425 – False Statements
- Section 426 – Fraudulent disposal of assets
- Section 429 – Obtaining credit; engaging in business
- Section 430 – Failure to keep proper accounts of business

POSSIBLE CLAIMS UNDER PART 15 OF THE INSOLVENCY ACT 2011

We are also firmly of the view that further enquires are required in respect of the following Part 15 claims:

- Section 434 – Unfair preferences
- Section 435 – Undervalue transactions

MATTERS RELATING TO THE CONDUCT BY THE BANKRUPT OF HIS BUSINESS OR AFFAIRS

The Bankrupt is a former solicitor (qualified to practice in Scotland) and as such, we believe he is aware, or ought to be aware, of his legal obligations to both his Trustee in Bankruptcy and to the Court. Despite this, the Bankrupt has not completed a statement of his assets and liabilities (as required under section 399 of the Insolvency Act), he has not co-operated with us and there is in fact significant evidence that leads us to believe that he has made every effort to put assets beyond the reach of creditors. As Jack J stated in his judgment of 31 July 2017, "*Gregory Hugh Colin King is a fraudster*".

Asset investigation and recoveries have been extremely difficult and time consuming due to the fact that the Bankrupt has very complex asset holding structures, which include more than 100 special purpose vehicles (located in numerous jurisdictions) and various trusts.

The Bankrupt has provided no assistance or documentation to date and all information recovered has been as a result of actions taken by us. His failure to recognise the authority of the Supreme Court of Gibraltar left us with no option but to seek the aid of both the Scottish Courts and the Courts of England & Wales in order that we could execute the duties incumbent upon us pursuant to Gibraltar law. We have therefore had to instruct solicitors in Gibraltar, Scotland and England to assist in this process.

The Bankrupt also had assets in Spain, and we required to engage solicitors in Spain to assist us in their recovery.

We have also, to date, executed four search and seizure orders against individuals that were believed to hold assets or information pertaining to the Bankrupt.

We have received claims from creditors amounting to over £114million. The actions that we have had to take have been at significant cost to the bankruptcy estate and quite simply would not have been required but for the conduct of the Bankrupt.



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EDGAR LAVARELLO
Joint Bankruptcy Trustee

Dated this 8th day of January 2018