

Case Ref: 2016-Comp-039

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

**JOINT BANKRUPTCY TRUSTEES' FIFTH REPORT
(IN ACCORDANCE WITH RULE 227 OF THE INSOLVENCY RULES)**

We, Edgar Lavarello of PricewaterhouseCoopers Limited, 327 Main Street, Gibraltar, and Adrian Hyde of CVR Global LLP, 20 Furnival Street, London, EC4A 1JQ were appointed Joint Bankruptcy Trustees (“the 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 5th report prepared in accordance with the Insolvency Rules and covers the period from 1 February 2020 to 31 July 2020 (“the Reporting Period”).

BACKGROUND

As advised in my previous reports, on 27 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 third 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 24 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 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. The Trustees’ Receipts & Payments account 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

During the Reporting Period the sum of £1,152.34 was generated from the sale of chattel assets recovered during an earlier reporting period from a property beneficially owned by the Bankrupt.

Cash totalling £102.89 was also recovered during the Reporting Period.

There remains significant unrealised assets that are being pursued for the benefit of creditors, which are detailed below.

UNREALISED 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. The House 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.

During the Reporting Period, the Bankrupt's wife continued her issued proceedings in Gibraltar, asserting that both the Company and the House belong to her.

It remains contentions that the claim is misguided, which is supported by advice from our solicitors and counsel, who have been instructed to defend it. Both believe our case has strong prospects of success. However, due to the sensitive nature of this matter, we are unable to provide more information at the current time.

Plot 25, Zagaleta (“the Property”)

As previously reported, a further property in Spain was identified as a potential asset of the Bankrupt (either directly or via a company that was beneficially owned by the Bankrupt). However, as the Bankrupt's father has asserted his interest to the asset, by way of gift, action is being taken in Scotland to recover this asset (or a value equal to the amount “gifted”) for the benefit of creditors. In conjunction with this process, protective measures have been taken in Spain to prevent the seizure of the Property by the Spanish tax authorities in respect of accrued tax debts.

During the Reporting Period our Scottish solicitors liaised with Court to set a date for a hearing later in 2020 with a view to progressing this claim further. However, due to the sensitive nature of this matter, we are unable to provide more information at the current time.

Claims

Following a 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 third parties. Progression of these claims remains ongoing, however, due to the sensitive nature of this matter, it is not appropriate for me to detail the potential causes of action in this report at this time.

Motor vehicles

As previously noted, two Harley Davidson motorcycles beneficially owned by the Bankrupt were recovered in Spain during an earlier reporting period. These vehicles are currently awaiting export to the UK, where we have been advised they will realise a higher value upon disposal. However, this process has been delayed due to the global COVID 19 pandemic.

Following sale, the proceeds will be paid into the Bankruptcy estate, net of costs.

AUTOMATIC DISCHARGE FROM BANKRUPTCY

Section 409 of the Insolvency Act 2011 provides that a bankrupt will be automatically discharged from bankruptcy 3 years after the date on which the original bankruptcy Order was made. A trustee in bankruptcy has a right under the Insolvency Act to make an application for an order that the bankrupt not be entitled to automatic discharge, or that the Court extend the period of bankruptcy.

In light of the conduct of the Bankrupt as outlined in previous reports, we made that application, and the first hearing was listed for 29 June 2020 (the “Application”). The Bankrupt subsequently instructed Attias & Levy, Solicitors in Gibraltar, who have retained the services of Senior UK Counsel to resist the Application.

The Bankrupt has filed Affidavit evidence in his defence, and we will be applying to cross examine him in Court to challenge the assertions he makes in his Affidavit.

The next hearing has been listed for 16 February 2021, and the full hearing of the Application is set down for 21-23 April 2021.

CONCLUSION

As can be seen therefore, we continue to find ourselves before the Court, incurring further costs which will be borne by the Bankrupt's estate. It is our view however that the ongoing proceedings and the Application are all necessary towards ensuring that we recover as much of the Bankrupt's property for the benefit of creditors as possible.

OFFICIAL RECEIVER

The Official Receiver has not sought any information from us during the time that we have been in office.



.....
EDGAR C LAVARELLO
Joint Bankruptcy Trustee

Dated this 3rd day of December 2020

SCHEDULE 1

Gregory King - In Bankruptcy (Trustees account)

Receipts and payments for the period 1 February 2020 to 31 July 2020

	GBP	EUR
Receipts		
Asset realisations	1,152.34	-
Dividends	-	-
Miscellaneous receipts	102.89	-
Interbank transfers	-	-
Total receipts	1,255.23	-
Payments		
Interbank transfers	-	-
Bank charges	95.00	-
Legal fees	38,458.23	-
Consultancy fees	1,776.00	-
Travel expenses	-	-
Storage expenses	-	-
Professional fees	613.50	-
Trustee fees	-	-
Delivery fees	-	-
Insurance	-	-
Petition cost	-	-
Total payments	40,942.73	-
Net receipts / (payments)	(39,687.50)	-
Balance as at 31 January 2020	80,088.90	-
Balance as at 31 July 2020	40,401.40	-

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 2020 to 31 July 2020**

	EUR
<hr/>	
Receipts	
Proceeds of Sale of Plot 21, La Zagaleta	-
<hr/>	
Total receipts	-
<hr/>	
Payments	
Costs relating to Plot 21, La Zagaleta	-
Translation fees	-
Notary public fee	-
Removal costs	-
Energy efficiency certificate	-
Accounting fees	-
Companies house filing fees	-
Penalty fees	-
Land Registry fees	-
Motorcycle service costs for two Harley Davidson bikes recovered	-
Service charge fees	-
Gas/oil supply to Plot 21	-
Payments to House Keeper on Plot 25	6,000.00
Payments for electricity on plot 25	2,251.54
Payments for water on plot 25	406.40
Company Town Hall Industrial Rates (Rivendel Investments SL)	-
Sundry expenses	-
<hr/>	
Total payments	8,657.94
<hr/>	
Net receipts / (payments)	(8,657.94)
<hr/>	
Balance as at 31 January 2020	11,042.74
<hr/>	
Balance as at 31 July 2020	2,384.80
<hr/>	

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 1 February 2020 to 31 July 2020****EUR****Receipts**

Sale proceeds for Mercedes	-
Sales proceeds for Range Rover	-

Total receipts -**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	811.29
Corporation Tax payment	-

Total payments 811.29**Net receipts / (payments)** **(811.29)**

Balance as at 31 January 2020 **812.98**

Balance as at 31 July 2020 **1.69**
