



5 December 2022

To the Creditors of  
Loyal Bank Limited (In Liquidation)

Dear Creditors,

**RE: LOYAL BANK LIMITED (IN LIQUIDATION) – Status Update**

**1. INTRODUCTION**

This document provides an update of the winding up proceedings of Loyal Bank Limited (In Liquidation) (“Loyal Bank”) up to 31 July 2022 to the creditors and the depositors (collectively, the “Creditors”) of Loyal Bank. All prior updates regarding Loyal Bank’s winding up proceedings and relevant information can be found on [www.loyalbank.com](http://www.loyalbank.com).

In September 2022, the Joint Liquidators issued their ninth report (“the Report”) to the High Court of Justice of Saint Vincent and the Grenadines (“the Court”) detailing the liquidation activities occurring up to 31 July 2022.

The Joint Liquidators commenced distribution of the first interim dividend of twenty-five cents on the dollar (USD 0.25) (“First Dividend”) declared payable to fully adjudicated creditors/depositors on record of Loyal Bank as at 24 August 2018 (“the Liquidation Date”). Adjudicated Creditors refers to those creditors whose submitted documentation has been confirmed to be satisfactory after completion of the claims adjudication process.

**2. CHALLENGES**

The Joint Liquidators face several challenges, some of which have impacted and, in some instances, delayed the payment of the First Dividend. These challenges include:

**1) Enhanced banking due diligence**

In light of, and amongst other things, the ongoing conflict between Russia and Ukraine and an increase in related sanctions issues, banks have increased their own due diligence procedures on payees. Banking reviews are continuously being conducted with consideration to global anti-money laundering and combating the financing of terrorism (AML/CFT) procedures. We continue to work with our bank to ensure as quick a turnaround and issuance of payments.

- a) Our bank has stipulated a number of requirements for future dividends including:
  - a. Full legal name if payee
  - b. Full legal address of payee

**Loyal Bank Limited – In Liquidation**

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- c. In cases where the payee is a company/entity the following details of the beneficiaries (individuals):
  - i. Full legal name of the individual
  - ii. Date of birth
  - iii. Legal address
- d. Correspondent bank information (name and SWIFT)
- e. Beneficiary bank information (name and SWIFT)

## **2) Incomplete/Insufficient submissions from depositors**

Documents submitted by depositors are often found to be incorrect, expired, and/or unusable upon review. The liquidation team incurs time and costs to follow up with depositors in efforts to obtain the requisite documentation to complete their review and approval for payment. Depositors submitting documents are therefore asked to note that any newly submitted documentation must meet and satisfy the AML requirements of which they were previously and regularly advised.

In many instances there has been no response from depositors. The Joint Liquidators therefore continue to encourage depositors to submit their claims as soon as possible.

## **3) Remittance to corporate accounts**

The Joint Liquidators have received multiple requests to remit funds to account holders other than the account holder on record. While the Joint Liquidators are aware that many corporate creditors may have ceased operations and wish to conclude matters expeditiously by having dividend payment made to the ultimate beneficial owner or alternatively to a third party, the liquidation team is mindful of its overarching responsibility to operate within the parameters imposed by the applicable laws. As such, the Joint Liquidators are working to ensure that all funds are remitted to the proper entity and will in certain instances be seeking additional instructions from the Court to guide the remittance process and will provide further updates once available.

## **4) The Indictment**

The Criminal Indictment against Loyal Bank by the US Attorney's Office is ongoing in the United States. The Joint Liquidators are working with legal counsel in the United States of America to attempt to have this matter resolved and concluded as soon as possible.

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### **3. FINANCIAL POSITION**

As at 31 July 2022, the Joint Liquidators have recovered USD 43.8 million of Loyal Bank's assets and disbursed USD 10.8 million towards operational, legal and liquidation costs, and distributions to-date.

The Joint Liquidators are satisfied that they have exhausted all efforts to recover the maximum amount of cash from most financial institutions.

With regards to Loyal Bank's investments, the Joint Liquidators continue to liaise with applicable fund managers to conclude remittances of four outstanding investment balances.

All Loyal Bank subsidiaries are undergoing wind up procedures in an effort to maximize the opportunities for recovering funds from these entities. In one instance involving a Russian-owned bank, the ongoing conflict between Russia and Ukraine has impacted the recovery of funds. Additionally, approximately 75% of funds from Loyal Bank's investment funds, (Loyal Investment Funds SCC Limited and Columbus Investments Management Limited) have been recovered and communications with the funds' shareholders is on-going, in order to arrange for distributions. These investors will be subjected to the same adjudication process as that of Loyal Bank deposit account holders.

### **4. FIRST INTERIM DIVIDEND DISTRIBUTION**

As at 18 August 2021, the Joint Liquidators declared a First Dividend of USD 0.25 cents on the dollar with the total dividend distribution estimated to be approximately USD 0.40 cents on the dollar. The Joint Liquidators continue to liaise with Creditors to obtain the necessary documents for review of claims and processing of payments, though a large number of Creditors on records have yet to respond.

The Joint Liquidators will continue to liaise with Creditors with whom communication has been established, to complete the review and adjudication process. In like manner, we will continue efforts to contact the remaining Creditors for whom no communication has yet been established via email and/or post. Once documents have been received and confirmed to be satisfactory and consistent with all adjudication requirements, payments will be prepared for issuance.

The Joint Liquidators' bank and its related correspondent banks will likely continue enhanced due diligence procedures on the dividend distributions as a result of the ongoing Ukraine-Russian war. This process is outside of the Joint Liquidators' control, and accordingly we do also anticipate the possibility of payment-related delays in respect dividend distributions.

### **5. CONCLUSION**

The Joint Liquidators continue to progress the liquidation process in the interests of all Creditors of Loyal Bank.

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Information regarding Loyal Bank's liquidation may be reviewed via the website [Loyal Bank Liquidation | Deloitte Barbados | Solution](#), including top tips addressed in the Frequently Asked Questions section.

Please direct any queries to the liquidation email address: [loyalbankliquidation@deloitte.com](mailto:loyalbankliquidation@deloitte.com). Efforts to reach the liquidation team by telephone may unfortunately result in delayed responses, while requests for in person meetings with the Liquidators cannot be accommodated at this time.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Ikins Clarke'.

Ikins Clarke  
Joint Liquidator  
For and on behalf of  
Loyal Bank Limited (in Liquidation)

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