

Pacifico Global Advisors Ltd. (In Liquidation)

Second Interim Report of the Official Liquidator

For the period of December 1, 2019 to October 31, 2020 concerning the official liquidation

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Glossary of terms

- “Act” – The Companies (Winding Up Amendment) Act, 2011
- “Ansbacher” – Ansbacher (Bahamas) Limited
- “B\$” - Bahamian Dollars
- “Banks” – three (3) local banks providing banking services to and for the Company – RBC Royal Bank (Bahamas) Limited, Ansbacher (Bahamas) Limited and Deltec Bank & Trust Limited
- “CA\$” – Canadian Dollars
- “CIBC” – CIBC Private Wealth
- “CredInvest” – Banca CredInvest SA
- “Company” – Pacifico Global Advisors Ltd. (encompassing its various states: before voluntary liquidation, during the voluntary liquidation and during the current court supervised liquidation)
- “Court” – The Supreme Court of The Bahamas
- “Custodians” – five (5) third party service providers with whom customer funds were invested, i.e. DBT (defined hereinabove), Swissquote, CredInvest, NIB, and CIBC Private Wealth
- “DBT” – Deltec Bank & Trust Limited
- “DFS” - Deltec Fund Services Limited
- “Deltec” – DBT and DFS jointly
- “Euro” – Euro dollars
- “Finamic” - Finamic Atrium – ATRIUM financial reporting system
- “IBC” – International Business Company
- “Klein” – Arturo Klein, Former Chief Executive Officer of the Company, a Director of the Company and the beneficial shareholder of the Company via ownership of shares in the Company and ownership of shares in Valora Investments Ltd., the Company’s majority shareholder.
- “Lanciano” – Luca Lanciano, Former Chief Operating Officer of the Company
- “Liquidator” – joint reference to the Official Liquidator and Voluntary Liquidator both defined here in below
- “Lyford Fund” – Lyford Diversified Global Fund, SAC
- “NIB” – North International Bank Limited
- “Official Liquidator” – Edmund L. Rahming, Official Liquidator of the Company
- “RBC” – RBC Royal Bank (Bahamas) Limited
- “Receiver” – Philip C. Galanis of HLB Galanis & Co.
- “SCB” – Securities Commission of the Bahamas
- “Sub-Funds” –Fifteen (15) sub-funds sponsored by the Company including Alfa Pacifico Sub-Fund
- “Swissquote” – Swissquote Bank Limited
- “Tamburini” – Eliano Tamburini
- “US\$” – United States Dollars

1 Introduction

- 1.1 This is the Official Liquidator's second interim report (the "Second Report").
- 1.2 The Second Report should be read in conjunction with the First Interim Report of the Official Liquidator dated November 30, 2019 (the "First Report"). The Second Report adopts the terms, definitions, and content of the First Report. Specific attention is directed to the Restrictions and Qualifications of the First Report, which are also adopted in the Second Report.

2 Executive Summary

- 2.1 Since the First Report, the Official Liquidator and his team have directed their efforts on specific items and issues arising from the First Report. Accordingly, this Second Report provides information on the work conducted and the results or findings of addressing the issues identified. One will note that much progress has been made in the liquidation since the First Report.
- 2.2 The Official Liquidator immediately sought to address the main issue identified in the First Report of the Sub Fund trust assets in receivership and how they should be addressed in the liquidation proceedings. This was done through a trust asset application which was eventually heard by Justice McKay. The events of this application are described in **Section 3** of this Second Report. The resulting ruling was that the Sub Fund assets in receivership were not trust assets in the liquidation and therefore they should be transferred to Deltec. As at the date of this Second Report the Sub Fund assets in receivership less fees (approx. \$53.2 million) have been transferred or are in transit to Deltec.
- 2.3 As noted at **Section 4**, the Liquidator and his team agreed with the Receiver the holdback escrow from the Sub Fund assets in receivership the Company fees of \$1,950,252 and the net negative balance in the ALM Sub Fund of \$368,267. We await his final review and approval of the amounts.
- 2.4 The Official Liquidator sought approval from the Court to have certain trust costs and other costs in the liquidation applied to Non-Sub Fund trust assets. This application is due to be heard on November 18, 2020. The hearing of this application will hopefully conclude the original application of February 26, 2020 which requested the Court's permission to have the trust assets pay their own costs and contribute to the general liquidation costs since the majority of the liquidation concerns trust assets. This is a pivotal application given the circumstances in this liquidation.
- 2.5 In the First Report we identified the factors causing the insolvency of the Company. We also advised that we would review these matters further and advise of any changes. Our review has not resulted in any changes to the accounting of the causes of the insolvency of the Company documented in the First Report.

2 Executive Summary

- 2.6 The Liquidator and his team have undertaken a number of tasks since the First Report. These tasks include the conduct and completion of various investigations which are addressed at **Section 5** and include regulatory breaches, related party transactions, antecedent and fraudulent transactions, and the filed suspicious transaction reports. The Liquidator and his team have also carried out administrative duties including the conduct of the proof of debt adjudication process, asset recovery efforts (ongoing) and ongoing client and Company accounting.
- 2.7 The Liquidator has noted at **Section 5** the significant related party payments to the shareholder and former management members. These payments exceed \$8 million in the reviewed period. Given the current insolvent position of the Company, these payments are concerning.
- 2.8 As noted at **Section 6**, we have adjudicated 129 claims submitted by creditors. Of the 129 claims, 119 claims have been accepted for a total value of approximately \$8.6 million. The adjudication process is complete, and all claimants have been communicated with by the Liquidator and his team.
- 2.9 As shown at **Section 7**, we have calculated a Net Deficit Position of \$518,301. Total Claims exceed Total Assets available for claimants and liquidation costs. This issue is significant and is exasperated by the expectation of unknown future claims and liabilities, ongoing liquidation costs, uncertainty surrounding the holdback for Company fees, and expected changes in adjudicated claims and illiquid assets.
- 2.10 There will be ongoing asset recovery efforts and do not expect these efforts to delay the next steps in the liquidation process.
- 2.11 As a next step a liquidity analysis will need to be undertaken given the issues with the asset holdings and the need to liquidate all positions to facilitate a future distribution.
- 2.12 Further, the Liquidator and his team anticipate making a Fee application and Distribution application as the next steps in the liquidation process.

3 Activities Since First Interim Report

Applications to Access Trust Assets

- 3.1 Immediately on appointment, the Liquidator and his team assessed the assets held by the Company to determine the nature and type of assets held in the Company's name. Proprietary assets and trust assets were identified. The trust assets fell into two categories but were pooled in the same custodian accounts and often in the same investment holding – non-sub fund trust assets and sub fund trust assets.
- 3.2 The Liquidator identified minimal proprietary assets and that most of the assets in the name of the Company were trust assets. He proceeded to carry out his administrative duties as a Liquidator i.e. identifying assets, recovering assets, realizing assets, and protecting assets.
- 3.3 On February 26, 2020, the Liquidator filed a Summons for a hearing before Justice Winder seeking court sanction to deduct or cause to be deducted from the trust assets being held by the Company, for its clients and others, such costs in the liquidation that are solely attributable to the identification, realization, preservation, protection, recovery, distribution and administration of those trust assets. In addition, the Liquidator sought sanction to deduct or cause to be deducted from the trust assets the balance of the liquidation costs that are not solely attributable to the trust assets (General Liquidation Costs), since at the time the trust assets constituted approximately 99.6% of the Company's estate and the General Liquidation Costs maintain the liquidation process thereby enabling the Liquidator to attend to the trust assets. The matter was scheduled to be heard on May 22, 2020.
- 3.4 On May 22, 2020, Justice Winder recused himself from the matter on the basis that Davis & Co., counsel for the Receiver of the Sub Funds, represented one of the parties involved in the matter. The matter was referred to Justice Renae McKay and rescheduled to be heard on June 2, 2020. Following the recusal of Justice Winder, the trust asset application was split in to two separate applications, the Sub Fund Trust Application, and the Non-Sub Fund Trust Asset Application.

Sub Fund Trust Assets Application

- 3.5 On May 26, 2020, the Liquidator filed a Summons reframing the subject matter of the pending hearing before Justice McKay so that it reflected the limitations of the transfer to Justice McKay, as set by Justice Winder,

3 Activities Since First Interim Report

- i.e. the pending hearing was limited in scope to the matters related to Davis & Co.'s representation of its client. Since Davis & Co.'s client was the Receiver of the Sub Funds, the Summons was limited to the Sub Fund Trust Assets. The Summons sought sanction to deduct or cause to be deducted from Sub Fund Trust Assets the following: the Sub Fund Trust Costs (i.e. trust costs solely attributable to the identification, realization, preservation, protection, recovery, distribution and administration of the Sub Funds) and 90% of the balance of the General Liquidation Costs, which are beneficial to the Sub Fund Trust Assets, but not solely attributable to the Sub Fund Trust Assets.
- 3.6 On June 2, 2020, a case management hearing was held before Justice McKay regarding the reframed Summons and the substantive hearing was scheduled for June 9, 2020.
- 3.7 On June 9, 2020, the matter was heard before Justice McKay. Counsel for: the Liquidator, Liquidation Committee, Receiver, Deltec Fund Services, Deltec Fund Directors Ltd. and Deltec Fund Governors Ltd. (the last three entities are hereinafter referred to as "**Deltec Litigants**") were all heard on the matter.
- 3.8 The application of the Official Liquidator was opposed by the Deltec Litigants, the Receiver and the Liquidation Committee.
- 3.9 On September 17, 2020 Justice McKay advised the parties of her Ruling which is summarized below:
- a) The Sub Fund Trust Assets application set out in the 26th May 2020 Summons is not a sanction application
 - b) All parties have a right to be heard in the application
 - c) The May 26, 2020 Summons is dismissed
 - d) The Sub Fund assets in receivership are not trust assets in the liquidation and therefore the assets shall be released to the DBT
 - e) The Liquidator shall personally bear the costs of and incidental to the Sub Fund proceedings of the Receiver, the DBT, and 1/3 of the costs of the Liquidation Committee
- 3.10 Since the Ruling we have updated the records related to the assets at the Company of the ten remaining Sub Funds in receivership as at September 30, 2020. Between October 1 and 6, 2020 we issued instructions for the transfer to DBT of USD\$53,217,512.70 in assets related to the Sub Fund receivership assets. As at the date of this report all Sub Fund receivership assets have been transferred or are in transit to DBT. Further details are provided at **Section 4** of this report.

Non-Sub Fund Trust Asset Application

- 3.11 On August 12, 2020, an application was filed for an Order that the Court inter alia sanction deductions from the trust/fiduciary assets controlled by PGA (excluding trust assets concerning the segregated accounts/sub funds, of the Lyford Fund, that are in receivership (Non-Sub Fund Trust Assets) to pay (a) the liquidation expenses solely attributable to the Non Sub Fund Trust Assets (Non-Sub Fund Trust Expenses) and b) the general liquidation expenses which benefit the Non Sub Fund Trust Assets (General Liquidation Expenses). Further, the Liquidator proposed that the Trust Costs and General Liquidation Costs should be deducted on a pro rata basis from the various trust assets such that each asset contributes a percentage equal to the percentage of that asset of the entire group of Trust Assets.

- 3.12 On November 4, 2020, an updated affidavit (the Eleventh Affidavit of Edmund Rahming) and a new Summons were filed as a part of the Non-Sub Fund Trust Asset Application. Given the transfer of the Sub fund receivership assets, the collection of fees and overdrawn positions owed to the Company and changes in valuation, the landscape of the assets in the liquidation estate materially changed since our original application was made on August 12, 2020. Both Non-Sub Fund Trust Assets and Company assets changed, and the changes are summarized in the below **Table 1**:

Table 1 - Assets in the Company's Name

Company Assets (USD)		Non-Sub Fund Trust Assets (USD)	
October 2, 2019	September 30, 2020	October 31, 2019	September 30, 2020
1,817,816	2,479,009	6,327,290	12,509,667

- 3.13 The court application is currently scheduled to be hear on November 18, 2020 before Justice Winder.

- 3.14 The above summarizes the status on the two trust asset applications made since the First Report.

Sub Fund Asset Review

- 3.15 When the Liquidator was identifying and segregating the trust assets he noticed that the custody documentation did not match the actual custody of the assets. He determined that this issue could impact the carrying out of his duties and responsibilities and therefore conducted a review of the sub funds.
- 3.16 The review of the Sub Funds of the Lyford Fund related to clients of the Company. This effort was undertaken to determine whether the Receiver of the Sub Funds or the underlying investors were the lawful creditors in the Company's liquidation. A legal opinion addressing this issue was provided by Counsel for the Liquidator. The Liquidator was advised that the assets associated with the Sub Funds were not assets of the Company. He was further advised that based on the Company's records, the main legal arguments concerning the assets associated with the Sub Funds were that either the resulting trust principle could be applied resulting in the Company's clients who invested in the Sub Funds being recognized as Company creditors or the equitable maxim of "equity treats that has done which ought to have been done" would be applied resulting in the Receiver, representing the Sub Funds through Lyford Fund, being recognized as the Company's creditor concerning the Sub Fund Trust Assets. The Liquidator was further advised that the issue of whether the Receiver or the underlying investors were the creditors in the Company's liquidation with regards to the Sub Fund Trust Assets was an issue to be determined and sanctioned by the Court.
- 3.17 A summary of the legal opinion was provided to the creditors and customers for their review via the website.
- 3.18 At no time was it envisioned that this exercise was to diminish the ongoing court supervised receivership. The exercise was undertaken to ensure that we could properly advise the Court of the status of the Sub Funds given the underlying issues with the Sub Funds.

Investigations and Findings

- 3.19 The Liquidator and his team have conducted several investigations since the issuance of the First Report. These investigations include the following:
- a) A review of the bank accounts of the Company for fraudulent trading and antecedent transactions
 - b) A review of all related party transactions
 - c) A review for regulatory breaches
 - d) A review of the Suspicious Transaction Reports filed by the Company with the Financial Intelligence Unit
 - e) A review of balance at North International Bank

3.20 The results of these investigations are provided at **Section 5** of this report.

Proof of Debt Adjudication Process

3.21 On November 22, 2019, the notice was advertised for all creditors having debts and claims against the Company to submit completed proof of debt forms by December 23, 2019. We received a total of 129 completed proof of debt forms. During October 2020 we completed the adjudication of all the proof of debts forms submitted. The results of that process are summarized in **Table 2** below:

Table 2 - Claims Submitted and Accepted

Type of Claims	Claims Submitted		Claims Accepted	
	No.	Total Amount (USD)	No.	Total Amount (USD)
Employee	5	496,253.68	4	300,633.75
Service Provider	36	1,973,432.92	33	919,603.09
Clients (Trust)	88	10,017,398.83	82	7,364,258.32
Total	129	12,487,085.43	119	8,584,495.16

3.22 Notices of admission of claims, notices of rejection, and notices of rejection to an extent were sent out to all claimants with adjudicated claims on November 6, 2020.

Asset Recoveries

3.23 The Liquidator engaged in discussions with the Receiver of the Sub Funds to recover Company fees due and outstanding. The meetings and correspondence with the Receiver of the Sub Funds were to address outstanding investment management fees, custody fees, transfer fees, and other custodian fees. Total Company fees of \$1,950,252 were agreed with the Receiver as a holdback from the transfer of the Sub Fund receivership assets. In addition, it was agreed the Liquidator would hold back the net negative balance of the ALM Sub Fund of \$368,267. Both holdbacks are in escrow and await review and approval from the Receiver.

3.24 We pursued the recovery of debtor balances owed to the Company by clients with net negative balance accounts. There is a total of 25 clients with negative balances and a total negative balance owing to the Company of \$105,900.02. First, second, and final demand letters were sent to all debtors.

3.25 The Liquidator pursued a balance thought to be owing to the Company from North International Bank (NIB) in Antigua. After correspondence with the Bank and the regulators it was determined that the amount outstanding was disputed by NIB and that there likely was not an amount owing to the Company. Given the immaterial balance, approximately \$30,000, we will apply to the Court for leave to discontinue recovery efforts.

3 Activities Since First Interim Report

3.26 The Liquidator, in an effort to secure all assets onshore, instructed Custodians holding assets on behalf of the Company offshore to transfer those assets to The Bahamas to a selected custodian. The majority of the security holdings were transferred to The Bahamas; however, a number of the holdings were non-transferrable or faced other issues on the receiving end and were therefore kept with the offshore custodians.

3.27 The Liquidator will pursue antecedent transactions with related parties, where necessary.

Secured Creditor Claim Set-off

3.28 The Liquidator addressed all secured creditor claims through set-off of the documented security.

Remuneration Application

3.29 On July 29, 2020, we filed an application for an Order for sanction of the hourly rates of the Official Liquidator, his staff members and of his legal counsel team. The application is scheduled to be heard November 18, 2020.

Maintenance of Company and Client Accounting Records

3.30 The Liquidator and his team updated the cash financial records of the Company monthly through the preparation of the Receipts and Disbursements schedule. We have provided the Receipts and Disbursements schedule as at October 31, 2020 at **Appendix 1**.

3.31 The Liquidator and his team updated and continue to update the client accounting records. This was achieved through an extensive reconciliation exercise at the beginning of the liquidation and thereafter monthly reconciliation exercises. The Liquidator and his team continue to utilize the Finamic Atrium system to update all client accounting records by ensuring a reconciliation of custodian asset holdings to the clients.

3.32 The Liquidator and his team prepared on a monthly basis a financial model to track the holdings, movements, and fees related to the ten Sub funds in receivership. The financial model was provided to the Receiver and was instrumental in the efficient transfer of the holdings of the ten sub funds in receivership to Deltec.

3.33 The Liquidator and his team prepared and continue to prepare a monthly reconciliations of custody assets i.e. assets at custodians to assets in the Finamic Atrium system. This allows the Liquidator and his team to address holding and valuation issues in a timely fashion.

3.34 The Liquidator and his team provided and continue to provide client statements to all clients on demand. Given the monthly updating all statements are provided with information as of the prior month-end.

- 3.35 The Liquidator and his team update the Company accounting on a monthly basis. This includes assets and liabilities (Business introducer payables, etc.).
- 3.36 At this time, all Company and client accounting is updated to October 31, 2020.

Communication with Employees

- 3.37 We update the former employees on the status of the liquidation on an ongoing basis. The employees are a part of the creditor mailing list and therefore receive creditor updates as they are sent out from the Liquidator and his team. In addition, we regularly speak with the former employees by telephone to answer any queries as they arise.

Communication with Creditors and Customers (General)

- 3.38 We communicated with the Creditors and Customers on an ongoing basis since the issuance of the First Report. This communication was in the form of one meeting (January 16, 2020), several circular updates (March 31, 2020, July 21, 2020, and October 6, 2020), website postings, and various telephone and email queries. All creditors and customers that reach out to the Liquidator and his team by telephone or email are communicated with in a timely fashion.

Communication with Liquidation Committee

- 3.39 The Official Liquidator’s Certificate of Composition of Liquidation Committee was issued on February 7, 2020. At the time of formation, the Liquidation was made up of the following entities and individua in **Table 3** below:

Table 3: Liquidation Committee Members

No.	Name	Current Status
1	Mosko Realty – Mr. Alexander Maillis	Active
2	Deltec Bank & Trust – Mr. Paul Winder	Terminated October 8, 2020 (claim paid in full)
3	Luca Lanciano	Active

- 3.40 The Liquidation Committee’s Legal Counsel is Gail Lockhart-Charles of Gail Lockhart-Charles & Co.

We held three meetings with the Liquidation Committee. These meetings were held on March 19, 2020, June 1, 2020 and July 9, 2020. We provided the draft Minutes and the audio recordings of the meetings to the Liquidation Committee. The Liquidation Committee has advised that it is reviewing the Minutes and will provide to the Liquidator after its review is completed. We will post the Minutes to the liquidation website once received.

- 3.41 On April 23, 2020 we provided to the Liquidation Committee a summary of the legal opinion from our Counsel on the ownership of the sub fund assets in receivership.
- 3.42 The Liquidation Committee opposed the Liquidator's trust application on May 22 and June 9, 2020 and provided us and the Court with filed Affidavits and Submissions to this effect.
- 3.43 We provided the Liquidation Committee with a Remuneration Agreement for its approval of the Liquidator's and his team's hourly rates. We did not receive a signed response and have submitted a court application seeking court sanction of the hourly rates.
- 3.44 The Liquidation Committee is currently not functional as it does not have the minimum committee member number at this time. We have not heard from the Liquidation Committee members or Legal Counsel in this regard.

Communication with The Securities Commission of the Bahamas

- 3.45 We continue to update SCB as developments arise in the liquidation process. We provided the SCB with updates on July 21, 2020 and October 7, 2020.
- 3.46 The SCB has also been an attending party to all court applications and court hearings to-date which have been to address the Trust assets application.
- 3.47 On November 4, 2020, we held a video conference call with the SCB to provide an update on the status of the liquidation, anticipated next steps, and to address questions of the SCB.

4 Transfer of Sub Fund Assets

- 4.1 On September 17, 2020, Justice McKay ruled that the Sub Fund assets in receivership are not trust assets in the liquidation and therefore the assets should be released to the DBT. As noted earlier in this report we updated the client and sub fund records related to the Sub Funds with assets in receivership. Below at **Table 4** of the Sub Funds in receivership with assets in the name of the Company as at September 30, 2020:

Table 4: Sub Funds in Receivership

No.	Sub Fund Name	October 31, 2019		September 30, 2020	
		Estimated Total MV	Cash Balance (USD)	Estimated Total MV	Cash Balance (USD)
1	Alfa Pacifico Sub Fund Lyford Diversified Global Fund	9,885,371.90	7,429,512.54	10,184,917.12	8,044,912.99
2	Pacifico Global Opportunities DE Sub Fund	5,607,476.90	897,229.05	5,885,538.29	1,692,500.19
3	LAM Sub Fund	2,877,031.62	1,629,686.75	2,991,801.65	1,907,479.86
4	ALM Sub Fund	12,368,573.86	431,623.70	12,942,586.79	(386,266.68)
5	BASUR Sub Fund	3,775,474.68	1,583,267.64	3,972,618.25	1,713,197.17
6	Pacifico Global Opportunities KR Sub Fund	48,519.86	48,519.86	48,732.01	48,732.01
7	SATURR Sub Fund	1,548,545.16	1,548,545.16	1,586,598.56	1,586,598.56
8	Pacifico Global Opportunities CM Sub Fund	2,792,358.13	2,137,323.63	3,028,936.10	2,373,304.91
9	Global Opportunities Sub Fund EUR LU	1,085,491.18	1,085,491.18	1,142,166.28	1,142,166.28
10	Pacifico Global Opportunities GT Sub Fund	12,632,243.88	9,535,067.05	13,752,136.24	10,638,439.27
	Total	52,621,087.19	25,463,019.16	55,536,031.28	28,761,064.55

- 4.2 There are Sub Funds of the Lyford Fund group that are not a part of the transfer process for various reasons. These sub funds are listed at **Appendix 2**.

4 Transfer of Sub Fund Assets

- 4.3 In the table at Appendix 2 you will note the Sub Fund Global Opportunities NX. The Company currently holds the assets of the Sub Fund (\$1,781,657 in cash and 1,542,712 in securities as at September 30, 2020). The Company received redemption requests in April of 2019 and the Sub Fund was closed. The Company was unable to release the assets to the fund administrator prior to the Liquidator’s appointment.
- 4.4 You will note based on Table 4 that from the month of the Liquidator’s appointment, October 2019, to 30 September 2020, the overall market value of the holdings increased by \$2,914,944 or 6% and the cash balance increased by \$3,298,045 or 13%. Given the state of the Company records at the time of appointment, the Liquidator and his team undertook significant work at the outset of the Liquidation including identifying, adjusting, and realizing the assets to allow for the proper allocation of the Sub Fund and Non-Sub Fund assets to the underlying clients and investors and for an accurate future distribution. The Liquidator and his team also acted prudently on all investment advice received to ensure the preservation of value of the assets.
- 4.5 Total Company fees of approximately \$1,950,252 have been agreed with the Receiver as an amount to be held back in escrow awaiting his final review and approval. These fees include Company investment management fees, custody fees, safekeeping fees, and other Company fees. The total net negative balance of \$368,266.68 related to the ALM Sub Fund has been deducted from the transfer balance and is being held in escrow pending the Receiver’s approval. **Table 5** below table summarizes how we arrive at the total value of Sub Fund receivership assets to be transferred with balances as at September 30, 2020.

Table 5 – Holdbacks for Company fees and negative balances

Title	Amount (USD)
Total Securities	26,774,966.73
Total Cash (net)	28,761,064.55
Total Assets	55,536,031.28
Less: Company costs	
Company Investment Management Fees to date of termination	(1,211,417.11)
Company Custody Fees	(579,974.30)
Transfer costs	(25,500.00)
Other allocable custodian costs – negative int., safekeeping, bank charges, trf. charges, etc.	(133,360.48)
Company costs Sub-total	(1,950,251.90)
Less: Negative bals.	
Net negative balance – ALM Sub Fund	(368,266.68)
Total Balance of Assets for Transfer	53,217,512.71

- 4.6 The total transfer amount is **\$53,217,512.71**.

4 Transfer of Sub Fund Assets

- 4.7 Between October 1, 2020 and October 6, 2020, we have issued instructions for the transfer to Deltec of USD\$26,774,967 of structured securities related to the Sub Funds in receivership and USD\$26,442,546 of cash related to the Sub Funds in receivership. Transfer instructions covering a total of USD\$53,217,513 in assets have now been issued related to the Sub Fund receivership assets. This represents all the assets for the Sub Funds in receivership held in the liquidation estate.
- 4.8 All clients and investors with holdings in the ten Sub Funds in receivership listed in Table 4 above should contact the Receiver or DBT for information regarding their holdings and future distribution.
- 4.9 To support the transfer of the assets the Liquidator and his team spent significant hours addressing the transfers with the four custodians, Deltec and the Receiver. We also provided the following information to Deltec and the Receiver to assist in their reconciliation and confirmation of the transfer amounts:
- a) Transfer instructions to the custodians
 - b) Cover letter detailing total assets per Sub Fund and total fees, and total transfer amounts – cash and securities
 - c) Sub Fund asset listing – listed all assets (cash and security holdings) and the Sub Fund the assets belonged to at the date of transfer
 - d) Relevant custodian statements showing assets and movements August 2019 to September 30, 2020
 - e) Company fees allocation to the Sub Funds showing the breakdown of how the investment management, custody, transfer, and other custodian fees were calculated and applied to the Sub Funds and the history of the ALM net negative holdback balance
- 4.10 As at the date of this report all the Sub Fund assets in receivership have been transferred or are in transit.

5 Investigations and Findings

Regulatory Breaches

- 5.1 The following regulatory breaches were identified in our First Report reviewed further since the release of the First Report. The Securities Commission is aware of these breaches:
- a) The Company did not provide the audited financial statements for the fiscal 2018 period in the mandated time period.
 - b) The Company's internal financial statements (management accounts) and client accounting were at least nine (9) months in arrears at the time of our appointment.
 - c) The Company invested client's assets in several holdings that were questionable and not in line with the investment mandate of the Sub Funds based on the Confidential Offering Memorandum of the Sub Funds.

Suspicious Transaction Reports

- 5.2 A total of six (6) suspicious transaction reports were filed by the Company with the Financial Intelligence Unit. We have reviewed these reports and the supporting documentation. The contents of the reports are concerning. The reports are undergoing an ongoing review by the Financial Intelligence Unit.

Transactional Review

- 5.3 We conducted a fraudulent trading and antecedent transactional review. We reviewed all transactions on the Company's accounts for twelve months prior to the liquidation date for fraudulent activity. We reviewed all transactions on the Company's accounts for six months prior to the liquidation date for voidable preference payments.
- 5.4 We found no fraudulent payments over the twelve-month period prior to liquidation.

5 Investigations and Findings

- 5.5 We found that most payments made for the six-month period prior to liquidation were normal operating expenses. We found approximately \$700,000 of related party payments in the six months prior to liquidation. These payments relate to Klein and represent monthly payments made to him for consulting fees. We will address this matter.

Related Party Transactions

- 5.6 We reviewed all transactions with related parties. The listing shown at **Appendix 3** shows total payments to related parties over the period of January 2017 to August 2019 as follows: Mr. Auturo Klein, Shareholder and Ultimate Beneficial Owner - \$4,263,221; Mr. Eliano Tamburini, former CEO - \$2,009,101; and Mr. Luca Lanciano, former COO - \$1,864,858.

North International Bank

- 5.7 The Liquidator pursued a balance thought to be owing to the Company by North International Bank in Antigua. After correspondence with NIB and the Antigua regulators it was determined that the amount outstanding was disputed by NIB and that there likely was not an amount owing to the Company. Given the immaterial balance of approximately \$30,000 we will attend to the discontinuation of recovery process.

6 Creditor Claims

- 6.1 On November 22, 2019, we advertised the notice for all creditors having debts and claims against the Company to submit completed proof of debt forms by December 23, 2019. We received a total of 129 completed proof of debt forms. In October 2020 we completed the adjudication of all the proof of debts forms submitted. The results of this process are summarized in **Table 6** below (the results are subject to change):

Table 6 – Claims Submitted and Claims Accepted

Type of Claims	Claims Submitted		Claims Accepted	
	No.	Total Amount (USD)	No.	Total Amount (USD)
Employee	5	496,253.68	4	300,633.75
Service Provider	36	1,973,432.92	33	919,603.09
Clients (Trust)	88	10,017,398.83	82	7,364,258.32
Total	129	12,487,085.43	119	8,584,495.16

- 6.2 Notices of admission of claims, notices of rejection, and notices of rejection to an extent were sent out to all claimants with adjudicated claims on November 6, 2020.
- 6.3 With regards to employee claims, only one of the five claims was rejected, and this was due to the lack of supporting documentation. With regards to the service provider claims only two of the thirty-six claims were rejected, and with regards to trust claims, only eight of the eighty-eight claims were rejected. The rejection of trust claims was mainly due to the claims being related to sub fund trust assets and those assets having already been transferred to Deltec/the Receiver for distribution.
- 6.4 The Trust application due to be heard on November 18, 2020 will address the Non Sub Fund trust assets in further detail.

7 Updated Financial Position

Source of Information and Limitations

7.1 The Company's financial information contained herein as at October 31, 2020 has been prepared using information obtained from the following sources: -

- a) Former staff of the Company
- b) Director and shareholders of the Company
- c) The Custodians: Banca CredInvest, Swissquote, Deltec Bank & Trust, and CIBC Private Wealth; and
- d) Banks: RBC, Ansbacher, and Deltec Bank & Trust;

7.2 The Liquidator reiterates that he has not audited any of the information received and has relied on the information initially provided for the purposes of providing a summary position to creditors and customers of the Company.

7.3 As stated previously by the Liquidator, the accounting records of the Company as at the date of his appointment were at least nine months in arrears. The Liquidator and his team undertook an exercise to confirm the veracity of the information provided. The Liquidator and his team have reviewed and updated the company accounting and client accounting records and continue to maintain the accounting records.

Analysis of Assets and Liabilities

7.4 The Statement of Receipts and Disbursements for the period commencing October 2, 2019 through October 31, 2020 is attached at **Appendix 1**.

7.5 The Liquidator has prepared an analysis of the assets and liabilities in the Company's name as at September 30, 2020 as shown at **Table 7** below. The analysis takes into consideration the following and is subject to further adjustments:

- a) The market value of the securities is presented as at September 30, 2020 and is subject to change due to market fluctuations and illiquidity on realization;

- b) The Company's Cash at Bank includes the \$2,318,519 amount of Company fee recoveries approved by the Receiver for holdback from the sub funds in receiverships prior to the transfer of those assets. We await the Receiver's review and approval of the Company fees and therefore this amount is subject to change.
- c) We have excluded the assets of the Global Opportunities Sub Fund NX as the fund was fully redeemed prior to the Liquidator's appointment. We anticipate addressing this sub fund through a separate court application in the future.
- d) We have excluded debtor balances owed to the Company given the uncertainty with collectability.
- e) We are using the adjudicated claim amounts. It is possible that the adjudicated claim balances increase or decrease due to the discovery of new information, Court appeal outcomes, etc.
- f) There are significant illiquid securities at the custodians. We have estimated the value of the illiquid balance for this analysis. A liquidity analysis will be prepared shortly.

Table 7 – Net Financial Position

Assets			
Cash at Bank	82,377.90		82,377.90
Cash at Bank subject to approval by Receiver	2,318,518.58		2,318,518.58
Cash held at Custodians		5,351,601.31	5,351,601.31
Market Value of Securities held at Custodians		3,833,696.35	3,833,696.35
Total Assets	2,400,896.48	9,185,297.66	11,586,194.14
Liabilities			
Proof of Debts - Company - Adjudicated	(1,220,236.84)	-	(1,220,236.84)
Proof of Debts - Customers - Adjudicated	-	(7,364,258.32)	(7,364,258.32)
Accounts Payable and Est. for illiquidity of securities	-	-	(2,500,000.00)
Net Asset Position before Liquidator's Fees and Expenses	1,180,659.64	1,821,039.34	501,698.98
Liquidator's fees and expenses	-	-	(780,000.00)
Legal fees	-	-	(240,000.00)
Net Asset Position after Liquidator's Fees and Expenses	1,180,659.64	1,821,039.34	(518,301.02)

7.6 As demonstrated in the **Table 7**, the net asset position of the Company, taking into account only Company assets and Company claims, is a net deficit position of \$518,301. It should be noted again that we have not yet received approval from the Receiver for the Company fees held back. It should also be noted that there are unknown ongoing costs for IT, accounting, custody and other custodian fees and other expenses and that the future liquidation costs have not been estimated in this analysis.

7 Updated Financial Position

7.7 Also demonstrated in **Table 7** is that the Liquidation costs and the Customers' claims (trust claims) that have been adjudicated exceed the Customers' assets (trust assets) resulting in a net deficit position. The main reason for this is that the quality of many of the securities is questionable and there are liquidity issues.

7.8 The Liquidator will seek approval of the Court that the trust assets share with the company assets in the liquidation costs as they have benefited most from the work undertaken in the liquidation process. In the current circumstances this should not materially negatively impact the adjudicated trust claimants.

8 Next steps

- 8.1 The Supreme Court of the Bahamas is scheduled to hear the Remuneration application (approval of Liquidator's and his team's hourly rates) and the Non-Sub Fund Trust Asset application on November 18, 2020.
- 8.2 The Liquidator may seek the Court's approval of the Company fees held back from the Sub Fund assets in receivership that were transferred to Deltec. We are hopeful the Receiver will review and approve the Company fees shortly.
- 8.3 The Liquidator will prepare a liquidity analysis to determine the actual assets that are available. We will also with Court approval realize all securities, liquid and illiquid.
- 8.4 The Liquidator will simultaneously prepare and present a Fee application to the Court for approval of liquidation fees. The Fee application will propose a fee allocation and distribution formula for the Company and Trust assets.
- 8.5 Immediately following the Court's direction on the Fee application, we anticipate presenting a Distribution application and making a future distribution on the accepted adjudicated claims.
- 8.6 The Liquidator and his team will then take the next steps to address any outstanding matters and to conclude the liquidation.

Dated November 17, 2020

Edmund Rahming
Intelisys

9 Appendix

Appendix 1 – Receipts and Disbursements Schedule

PACIFICO GLOBAL ADVISORS LTD (IN OFFICIAL LIQUIDATION)		
STATEMENT OF LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT		
AS AT THE PERIOD ENDING OCTOBER 31, 2020		
Expressed in Bahamian Dollars (bsd)		
OPENING CASH BALANCE - 02/10/2019		\$ 273,664
RECEIPTS		
Internal Balance Transfer	\$ 19,480	
Collection of Receivables	27,862	
Exchange Gain/Loss on conversion	16,560	
Miscellaneous receipt - under investigation	6,600	
Commission Income	2,455	
Proceeds from sale of Assets	15,460	
Deposit/Taxes Refund	13,526	\$ 101,942
PAYMENTS		
Legal Expenses	\$ -	
Liquidator's Out of Pocket	26,404	
Bank Charges/Interest	14,393	
Creditor's Meeting	648	
Exchange Gain/Loss on conversion	4,874	
Advertisement	504	
Statutory/Regulatory Fees	488	
Relocation/Storage Costs	3,755	
Miscellaneous expenses - under investigation		
Stationary/Postage	20	
Utilities - Rental Unit	641	
Utilities - Sublet Unit	912	
Value Added Tax	21	
Insurance	869	
IT Costs	118,607	
Loan Write-Off & Set-off	70,777	
Wages	50,373	\$ 293,285
ENDING BALANCE - October 31, 2020		\$ 82,321

Less:		
AVAILABLE CASH BALANCE - October 31, 2020		\$ 82,321
List of Account Balances		
Ansbacher (Bahamas Ltd) - 1	\$ 31,663	
Ansbacher (Bahamas Ltd) - 2	20,460	
CIBC	19,480	
Deltec Bank & Trust	-	0
Royal Bank	-	3,761
Royal Bank - Credit Card	-	3,204
Royal Bank - Fixed Deposit	-	10,048
Petty Cash	-	113
CASH AT BANK - October 31, 2020		\$ 82,321
Reconciling difference		\$ -0

Appendix 2 - Sub Funds of the Lyford Fund not a part of the Sub Fund Assets Transfer exercise

No.	Sub Fund Name	Status
1	Bullion Pacifico Sub-Fund	Liquidated - June 29, 2018 (account overdrawn)
2	Spectator Sub-Fund	In receivership – assets not with Company
3	WIK Sub-Fund	In receivership – assets not with Company
4	Patrice Sub-Fund (USD)	Liquidated – requested July 4, 2018
5	EUR Conservative Sub-Fund	In receivership – assets not with Company
6	Global Opportunities NX Sub-Fund	Closed - the Company still holds assets
7	Omega Pacifico Sub-Fund	In receivership – assets not with Company
8	Pacifico Global Opportunities Sub-Fund KA	In receivership – assets not with Company
9	Pacifico Global Opportunities Sub-Fund OR	Not funded
10	Global Opportunities Fund EUR SF	Not funded

Appendix 3 – Related Party Summary

Pacifico Global Advisors Ltd. (in Official Liquidation)	
Related Party Transactions - Jan. 2017 to August 2019	
Summary Table	
	TOTAL
Shareholders & Director	
Yes Money SA - Auturo Klein	875,000
Prepaid Credit Card	875,000
Xaris Inc - Auturo Klein	226,702
Blue Krystal	250,000
Carbonari SA	170,000
Diseno Y Asesoria Financiera SA DAF	145,000
Arturo Klein (DAF memo)	60,000
Pacifico Global Advisors Panama SA	510,000
Transfers to Lyford International Bank	
DAF	338,150
Transfers to NIB	
DAF	109,185
Beneficial Owner - Related Entities	1,809,036
Arturo Klein (direct)	1,579,185
Total attributable to Auturo Klein, Shareholder	4,263,221
Key Management Members	
Eliano Tamburini	
Business Introducer Fees/Commission	1,781,997
Salary	227,105
	2,009,101
Luca Lanciano	
Business Introducer Fees/Commission	1,643,128
Salary	221,730
	1,864,858
Total attributable to Key Management Members	3,873,959