



COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Neutral Citation Number: [2026] CIGC (FSD) 78

Cause No. FSD 208 of 2020 (MRHCJ)

IN THE MATTER OF THE COMPANIES ACT (2025 REVISION)

AND IN THE MATTER OF RITCHIE MULTI-STRATEGY GLOBAL LTD. (IN OFFICIAL LIQUIDATION)

IN CHAMBERS

Before: Chief Justice Margaret Ramsay-Hale

Appearances: Mr. Sebastian Gollins and Mr Kai McGriele of KSG for the Official Liquidator

Michael Lam, Official Liquidator present

Mr Kyle Broadhurst of Broadhurst and Co. for the Ritchie parties

Heard: 30 April 2026

Date of Decision: 30 April 2026

Draft Reasons for

Decision circulated: 22 September 2026

Reasons Delivered: 24 September 2026

*Official liquidation - sanction under **Companies Act** Sch. 3 - commencement of proceedings challenging pre-liquidation transaction - whether proposed claim sufficiently arguable - urgency and limitation - role of liquidation committee - sealing of affidavits (CWR O.24, r.6)*

REASONS FOR DECISION

Introduction

1. Ritchie Multi-Strategy Global Ltd was placed in official liquidation on 15 December 2020. It has achieved no material recoveries for the benefit of creditors to date. The Joint Official Liquidators ("JOLs") had unsuccessfully sought funding from stakeholders and third-party funders to commence proceedings to challenge a sale and purchase agreement dated 7 May 2020 (the "SPA"), pursuant to which assets of the Company had been transferred to Ritchie Multi-Strategy Global LLC before the presentation of the winding-up petition.

[2026] CIGC (FSD) 78 In the matter of Ritchie Multi-Strategy Global Ltd (In Official Liquidation) – Reasons for Decision

2. On 9 December 2025, the JOLs were released and Mr Micheal Lam was appointed as Official Liquidator ("OL"). Following his appointment, the OL obtained and reviewed the Company's books and records and the liquidation materials generated and determined that the SPA was a potential source of recoveries for the estate. At a meeting of the Liquidation Committee ("LC") which comprised representatives of Brook Bay Secondaries Fund LP and Brook Bay Secondaries Fund II LP, Ritchie Capital Management LLC, Ritchie Multi-Strategy Global LLC and KGD Ventures 2245378 Ontario Inc. Mr Lam sought approval for a course of action which included appointing attorneys to commence proceedings to challenge the SPA and appointing Mr James Parkinson as Joint Official Liquidator.
3. There was significant disagreement amongst stakeholders concerning the conduct and future direction of the liquidation, including whether the proposed proceedings should be pursued and the resolutions failed.
4. The OL subsequently made application to the Court to sanction the commencement of proceedings to set aside the SPA, appoint attorneys to prosecute the proceedings, appoint Mr Parkinson to assist in the liquidation and approve their remuneration agreement. He also sought orders sealing part of the evidence filed in support of the application.
5. The application was granted for reasons I now set out below.

The Evidence

6. I have summarised below the salient aspects of Mr Lam's evidence as set out in his Second, Third and Fourth Affidavits sworn in support of the application. The SPA effected what he described as a residual asset sale, pursuant to which the Company transferred its defined "Remaining Assets" to Ritchie Multi-Strategy Global LLC, a Delaware entity within the Ritchie structure, before the presentation of the winding-up petition and the commencement of the official liquidation.
7. The assets which were transferred included the Company's shareholding in Ritchie Multi-Strategy Global Master Fund Ltd, shares in RTL Options Ltd, substantial litigation-related receivables and other receivables owing from affiliated entities and connected persons. Mr Lam's investigations showed that no cash consideration was paid on completion. Rather, the Company received a contingent right to receive any net recoveries from the Remaining Assets after deduction of costs, expenses and liabilities. According to the records available to him, no payments had been made to the Company under the SPA since the commencement of the liquidation.
8. Mr Lam described the SPA as a "gateway issue". First, because setting aside the transaction could restore assets to the estate and thereby improve recovery prospects for creditors. Secondly, because he considered that potential respondents might otherwise rely upon the SPA as a basis for disputing the Company's standing to pursue additional recovery claims relating to the transferred assets.
9. Mr Lam also emphasized the urgency of the proposed proceedings. His evidence was that the limitation period applicable to the proposed challenge would expire on or about 7 May

[2026] CIGC (FSD) 78 In the matter of Ritchie Multi-Strategy Global Ltd (In Official Liquidation) – Reasons for Decision

2026 and that the proceedings needed to be commenced before that date if the estate were to preserve the claim.

10. As to the merits of the proposed proceedings, Mr Lam stated that he had received advice that there were good arguable grounds to contend that the SPA was vulnerable to challenge. He identified, among other matters, the alleged transfer of assets at an undervalue, the absence of cash consideration, the contingent nature of the Company's entitlement to recoveries and the fact that the SPA had been executed on behalf of both the Company and the purchaser by the same individual acting in different capacities.
11. With respect to funding, Mr Lam stated that he had made litigation funding a core workstream. No funding arrangement had, however, progressed to the stage of a completed agreement. He therefore anticipated returning to the Court for approval of any funding agreement if funding negotiations ultimately proved successful.
12. In advance of the application to the Court, he had sought the approval of the liquidation committee ("LC"), which comprised stakeholder representatives - including the counterparty to the SPA - to retain KSG Attorneys-at-Law and commence proceedings relating to the SPA, and also approve his proposed remuneration arrangements and support the appointment of an additional liquidator. As recorded earlier, at the meeting of the LC held in March 2026, the resolutions failed to pass.
13. The evidence before the Court in support of Mr Lam's application for sanction contained in his Third Affidavit and the exhibit thereto ("LAM 3" and "Exhibit ML-3") was significantly more detailed than the information shared with the LC. It included information concerning funding discussions undertaken by Mr Lam, the proposed litigation strategy and the recovery and enforcement steps under consideration. In circumstances where certain committee members were connected with persons or entities whose interests might be affected by the liquidation's investigations, Mr Lam was concerned that disclosure of that material would prejudice the estate by undermining funding discussions and facilitating steps that might frustrate recovery or enforcement efforts.
14. Mr Lam's evidence was that his concerns were reinforced by correspondence he had received on behalf of an LC member, following the March 2026 meeting, seeking disclosure of confidential, commercially sensitive and privileged information, including details of funding discussions. He regarded that request as illustrating the sensitivity of the information contained in LAM 3 and Exhibit ML-3 and as reinforcing his application that they be sealed and access to them restricted.
15. Mr Lam also sought approval to retain KSG as Cayman Islands attorneys, approval of his proposed remuneration arrangements and the appointment of James Parkinson as Joint Official Liquidator. His evidence was that KSG had reviewed the relevant records, advised upon the proposed challenge to the SPA and was willing to undertake the work necessary to issue proceedings whilst funding efforts continued. He further considered that the liquidation

required additional resources and expertise and that the appointment of Mr Parkinson would assist in the administration of the estate and the proposed recovery programme.

The Applicable Principles

Sanction

16. The Court's jurisdiction arises under section 110(2)(a) and Part I of Schedule 3 to the **Companies Act (2025 Revision)**. The power of an official liquidator to bring or defend proceedings in the name of the company is exercisable only with the sanction of the Court.
17. As Jones J explained in *In re UCF Fund Ltd* 2011 (1) CILR 305 at para. 4, the purpose of section 110 (2) is "*to subject official liquidators to the general supervisory jurisdiction of the court.*" Official liquidators are therefore required to obtain the sanction of the Court before implementing decisions and transactions falling within Part I of Schedule 3.
18. The principles governing the exercise of that supervisory jurisdiction in the context of a decision to commence litigation were considered by Jones J in *In re ICP Strategic Credit Income Fund Ltd* 2014 (1) CILR 314. Jones J observed at paras. 9–11 that:

"The decision whether or not to sanction the exercise of a power which falls within Part I of the Third Schedule is a decision for the court."
19. In determining whether sanction should be granted, the Court:

"must consider whether the interests of the creditors or contributories (as the case may be) are likely to be best served by permitting it or not permitting it."
20. In the specific context of proposed litigation, the Court must be satisfied that there is a cause of action with a reasonable prospect of success and that the interests of creditors will be served by permitting the proceedings to be commenced. As Jones J explained:

"the court must be satisfied that they do have causes of action against the proposed defendants with a reasonable prospect of success and that the interests of the creditors will be best served by allowing proceedings to be commenced."
21. The Court will not sanction speculative litigation. Jones J emphasised that:

"The court will not allow its official liquidators to threaten or commence litigation speculatively as a means of extracting a settlement from a party against whom there is no genuine cause of action or no evidence from which to infer that a possible cause of action has any real prospect of success."
22. However, the existence of a good arguable claim is not of itself sufficient. The Court must also consider whether the proposed proceedings are in the interests of the estate having regard to the attendant risks and practicalities. As Jones J observed:

"the court's decision to sanction the commencement of litigation can never be entirely divorced from questions about how and by whom it will be financed."

[2026] CIGC (FSD) 78 *In the matter of Ritchie Multi-Strategy Global Ltd (In Official Liquidation)* – Reasons for Decision

23. In summary, the Court must consider whether the proposed causes of action are sufficiently identifiable and possess a reasonable prospect of success and whether, having regard to the risks, costs, funding arrangements and likely benefit to creditors or contributories (as the case may be) the proposed proceedings are in the interests of the estate.
24. The role of the liquidation committee was considered by Kawaley J in *In re Herald Fund SPC* (in official liquidation), FSD 27 of 2013, ruling dated 1 April 2021, at paras. 8 and 14–15. He held that the LC has no statutory power to sanction the exercise of an official liquidator's powers and that its resolutions cannot bind the liquidator. Its function is consultative, although not insignificant, and official liquidators will generally seek its support for important decisions in the liquidation.

Sealing

25. The application to seal LAM 3 and Exhibit ML-3 was made pursuant to CWR O.24, r.6. Open justice is a fundamental principle of the common law. Any departure from the ordinary rule must be justified by necessity rather than convenience: see Smellie CJ in *Ahmad Hamad Algosaibi & Brothers Co. v. Saad Investments Co. Ltd.* 2011 (1) CILR 326 at paras. 14–16.
26. The Court has jurisdiction to make a sealing order where the information is confidential and would not otherwise enter the public domain, and its publication or immediate publication would harm the economic interests of the company's creditors or contributories. Both requirements must be satisfied: see *In re Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage (Overseas) Ltd.* 2011 (1) CILR 121 at para. 2.
27. In *In re SPhinX Group of Companies (in official liquidation)* 2017 (1) CILR 176, Smellie CJ, as he then was, observed at paras. 23–24 that, while protection of the economic interests of stakeholders will often justify a sealing order in a liquidation context, the Court's discretion is not confined to that consideration alone. Rather, the Court must have regard to the overriding principle that justice should be done and determine, in the circumstances of the particular case, whether a restriction on access is justified.

Submissions on behalf of the OL

28. Mr Gollins relied upon written submissions filed on behalf of the OL. He submitted that the application was a conventional invocation of the Court's supervisory jurisdiction directed to preserving and recovering value for the estate. The proposed proceedings concerned an identifiable transaction and were supported by the detailed evidence contained in LAM 3 and They were accordingly not speculative in the sense described in *ICP*. He submitted that, if successful, the proceedings could result in assets being restored to the estate and that they should be commenced before the expiry of the applicable limitation period.
29. Mr Gollins submitted that the absence of a concluded funding agreement was not a reason to refuse sanction. KSG was willing to undertake the work necessary to issue the proceedings while the OL continued his efforts to obtain funding.

30. He submitted further that the LC's views were relevant but not determinative and that the weight to be accorded to those views depended upon their substance. The Court was therefore entitled to make its own independent assessment. Relying on *Parmalat Capital Finance Limited* [2004–05 CILR 22] at para. 20, he submitted that, in determining what weight should be attached to the LC's opposition, the Court had to consider whether members of the LC had interests adverse to, or which diverged from, those of the estate.
31. As to sealing, Mr Gollins submitted that the requirements of CWR O.24, r.6 were satisfied because LAM 3 and Exhibit ML-3 contained confidential information whose disclosure could prejudice the estate's efforts to obtain funding and recovery efforts.
32. Finally, he submitted that the retention of KSG, the approval of the OL's remuneration agreement and the appointment of Mr Parkinson were supported by the evidence and should be approved.

Submissions on behalf of the Ritchie entities

33. Mr Broadhurst appeared on behalf of the Ritchie entities and opposed the application. He stated that he had not seen LAM 3 and that no letter before action setting out the proposed claim had been sent and that, as a result, he had no visibility of the basis upon which the SPA was said to be liable to be set aside. He noted that the former JOLs had undertaken detailed investigations and had attempted to obtain funding, but that the prospective funder had chosen not to proceed. He submitted that those events demonstrated the significant challenges involved in advancing the proposed claim.
34. He also noted that the LC had not approved the relevant resolutions, that the only member of the LC who had supported the resolution was a contributory rather than a creditor and that no creditor had come forward to support a course ostensibly being advanced for their benefit.
35. He submitted further that the absence of funding was fatal to the proposed proceedings which would be met by an immediate application for security for costs. Without funding, the proceedings would be brought to an end. He invited the Court to refuse sanction, even on the limited basis proposed.

Reasons for Order

Sanction to commence the SPA proceedings

36. The question before me was whether the proposed proceedings had a reasonable prospect of success and whether their commencement would serve the interests of the estate.
37. Having considered Mr Lam's evidence, including the confidential material contained in LAM 3 and Exhibit ML-3, I was satisfied that the proposed challenge to the SPA under section 146 of the **Companies Act** had a reasonable prospect of success. The proposed claim arose from an identified transaction investigated by the OL and there was evidence capable of sustaining the grounds upon which the OL proposed to challenge it. It was not speculative litigation of the

kind against which Jones J cautioned in *ICP*. Whether the OL could ultimately establish those grounds is a matter for determination in the proceedings themselves.

38. I also accepted that a successful challenge could benefit the estate both by restoring assets and by removing the obstacle which, on Mr Lam's evidence, the SPA presented to the pursuit of further recovery claims.
39. In opposition to the OL's application, Mr Broadhurst relied upon the investigations undertaken by the former JOLs and the decision of a prospective funder not to proceed. Those matters demonstrated the difficulties which the liquidation had encountered, but did not establish that the proposed claim lacked a reasonable prospect of success. The material before the Court satisfied me that the claim was sufficiently supported to justify instituting proceedings.
40. The principal practical difficulty was funding. The absence of funds in the estate and Mr Broadhurst's submission that the proceedings would face an immediate application for security for costs were material considerations to be taken into account. KSG was, however, prepared to undertake the work necessary to commence proceedings while the OL continued his efforts to secure funding. In those circumstances, I did not regard the absence of a funding agreement a sufficient reason to refuse sanction, as that would expose the estate to the loss of a claim which had a reasonable prospect of success. The possibility that the proceedings might subsequently be unable to progress for want of funding did not, in my judgment, outweigh the benefit of preserving a claim that could produce a benefit for creditors.
41. I also considered the LC's failure to approve the proposed course. As explained in *Herald*, the LC's function is consultative, and the decision whether to sanction the exercise of the OL's powers rests with the Court. In assessing the weight to be given to the LC's position, I accepted Mr Gollins' submission that regard should be had to whether the interests of its members diverged from those of the estate. The LC included the counterparty to the transaction which the OL proposed to challenge, whose interests were not necessarily aligned with the estate's interest in pursuing that challenge. Further, the Court had the benefit of detailed confidential material which had not been placed before the LC. In those circumstances, I accorded limited weight to the failure of the resolution.
42. Taking those matters together, I was satisfied that the interests of creditors were best served by permitting the OL to commence the proposed proceedings and granted sanction.

Sealing of LAM 3 and Exhibit ML-3

43. With respect to the sealing of LAM 3 and Exhibit ML-3, I was satisfied that the grounds in CWR O.24, r.6 were established. The documents contained confidential information which would not otherwise enter the public domain, including information concerning prospective claims, funding initiatives and the estate's recovery strategy. I accepted Mr Lam's evidence that disclosure at that stage could prejudice his efforts to obtain funding and secure recoveries.

44. I was satisfied that protecting those efforts was in the economic interests of the Company's creditors and contributories. Although sealing constitutes a departure from the principle of open justice, I was satisfied that sealing the documents and restricting access to them, subject to further order of the Court, was necessary and proportionate to protect those interests.

Other Relief

45. The OL also sought sanction to retain KSG to conduct the proceedings challenging the SPA. KSG had reviewed the relevant materials, advised upon the proposed claims and was prepared to undertake the work necessary to commence proceedings while funding efforts continued. I was satisfied that its retention was appropriate.
46. I also considered the OL's proposed remuneration agreement and was satisfied that the arrangements were reasonable and should be approved.
47. The remaining relief sought was the appointment of Mr James Parkinson as Joint Official Liquidator with Mr Lam. I accepted that his appointment would provide additional resources and expertise for the efficient administration of the liquidation and appointed him as Joint Official Liquidator with Mr Lam.

DATED THE 22nd DAY OF SEPTEMBER 2026



THE HON. JUSTICE MARGARET RAMSAY-HALE
CHIEF JUSTICE OF THE GRAND COURT