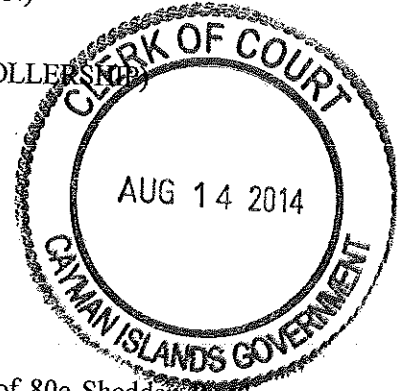


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD: ⁰⁰⁹⁰ OF 2014-[] ASCJ

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

IN THE MATTER OF THE BANKS AND TRUST COMPANIES LAW (2013 REVISION)



IN THE MATTER OF SAAD INTERNATIONAL BANK LIMITED (IN CONTROLLED PARTS)

WINDING UP PETITION

TO: The Grand Court of the Cayman Islands

THE HUMBLE PETITION of the Cayman Islands Monetary Authority ("CIMA") of 80e Shedden Road, Elizabethan Square, PO Box 10052, Grand Cayman KY1-1001, Cayman Islands shows that:

- 1 Saad International Bank Limited ("SIB") was incorporated on 20 October 2006 as a Cayman Islands resident company and was granted a category "B" banking licence by CIMA on 27 June 2007.
- 2 SIB is a wholly owned subsidiary of Saadgroup Financial Services Company Limited ("SFSC"). SIB and SFSC are part of a larger group of companies formed by Mann Abdulwahed Al-Sanea ("Mr. Al-Sanea"), who the Petitioner believes to be the ultimate beneficial owner of SIB and SFSC as a result of a complex group structure which CIMA is aware of and refers to as the "Saad group".
- 3 Further, according to the original holding company structure submitted regarding the Saad Offshore Banking Group dated 12 July 2007, there were ten companies, nine of which (including SIB) were noted as 100% owned by SFSC, and one company (Awal Bank) which was 48% owned by SFSC. CIMA also recently realised that subsequent organisation charts of the Saad Group reflect that SFSC only has two subsidiaries, namely SIB and Saadgroup Bank Europe Limited ("SBEL"). The other subsidiaries appear to be owned by Saad Investments Company Limited ("SICL"), an unregulated Cayman Islands company. The Petitioner therefore further understands that SFSC is a wholly owned subsidiary of Saadgroup Limited (incorporated in the Cayman Islands), which in turn is held on trust by the Saad STAR Trust by its Trustee, Awal Trust Company Limited ("Awal Trust").

- 4 The Petitioner's records reveal that at the time of licensing SIB, Maples Corporate Services Limited ("MCSL") was listed as the registered office and PricewaterhouseCoopers ("PWC") as the auditor. MCSL remains on record as the current registered office.
- 5 At the time of licensing, the directors of SIB were Charles John Neil, Christoph Hans Gruninger, Christopher Chittenden Hart, Elias Khouri, Lee Thistlethwaite, Mr. Al-Sanea, Maan H. Al-Zayer ("Mr. Al-Zayer"), Michael Austin ("Mr. Austin"), Omar Othman El Mardi, Sana Alghosaibi and Suha Maan Al-Sanea.
- 6 Similarly, at the time of licensing, SFSC shared the same registered office and auditor with SIB and directors in the persons of: Christoph Hans Gruninger, Christopher Chittenden Hart, Elias Khouri, Lee Thistlethwaite, Mr. Al-Sanea, Mr. Al-Zayer, Omar Othman El Mardi, Sana Alghosaibi and Suha Maan Al-Sanea. (Upon a later review of the register of directors by the Petitioner, Mr. Austin is noted as having been elected a director on 13 June 2007).
- 7 The Petitioner understands that SIB was established to: (a) enhance the Saad group's access to the international treasury/capital markets on an interbank basis by making placements with and receiving deposits/loans from international banks; (b) expedite the completion of transactions through the widespread acceptance of the Cayman Islands as an international financial centre; (c) obtain cost savings through reduced interest rate spreads on asset based notes issued through regulated institutions; and (d) strengthen the foundation for the long term development of the financial services focus of the group. Based upon representations made to the Petitioner, *to date, SIB has not commenced the operations for which it was intended.*
- 8 In or about June 2009, CIMA was notified by representatives of SIB that recent external events had caused a short term liquidity freeze across parts of the Saad group of companies across the Middle East. Subsequently, 43 of the companies within the Saad group were placed into receivership by the Grand Court in or around July 2009 along with Mareva injunction orders freezing assets up to the amount of US\$9.2 Billion in and outside the Cayman Islands. CIMA had been made aware that the receivers were discharged in December 2009. However, as a result of the receivership, SIB gave up its physical presence in the Cayman Islands which is a breach of S. 6(6) of the Banks and Trust Companies Law (2009 Revision and as amended 2013) ("the BTCL").

- 9 During the period 2009 to 2012, CIMA wrote repeatedly to the directors advising of breaches to the BTCL and became duly concerned by their responses (including their wish to surrender their banking licence without meeting CIMA's requirement to submit: (i) all outstanding audited financials since 2007; (ii) all outstanding quarterly returns; (iii) cancellation fee of CI\$400 for each entity; and (iv) payment of all outstanding fees and penalties). This ultimately also caused CIMA to have further concerns on the effect of the circumstances surrounding the Saad group on the management of SIB.
- 10 The Petitioner further understands that there has been extensive cross jurisdictional litigation involving Mr. Al-Sanea and his Saad group of companies, and notes that in June 2012 Mr. Al-Sanea was ordered by the Grand Court of the Cayman Islands to pay Ahmad Hamad AlGosaibi & Brothers US\$ 2.5 Billion as an interim payment. This in turn raised further concerns with CIMA as to whether SIB would be in a position to meet its regulatory obligations under the BTCL, particularly, to submit quarterly returns and audited financial statements and maintain the minimum capital requirement. CIMA therefore duly considered the regulatory breaches arising and determined that taking enforcement action was a necessary and appropriate course.

Regulatory Breaches & considerations:

- 11 At the time of determining appropriate regulatory enforcement actions, SIB was noted to have breached the regulatory requirements under the BTCL as follows:
- I. Section 6(6) for failing to maintain a proper physical presence;
 - II. Section 6(8) for failing to pay annual licence fees for 2010 to 2013.
 - III. Section 12(2) for failing to file the audited financial statements for the years ended 31 December 2008 to 2012; and
 - IV. Section 17(1)(b) for failing to file the quarterly regulatory returns from June 2009 to June 2013.
- 12 Further, as SIB had not submitted audited financial statements since 2007 or filed quarterly regulatory returns since June 2009, its true financial position was unknown. CIMA records reflected that it last received management accounts regarding SIB (dated as at December 2010) indicating total assets of US\$1,016,206.74 (represented as a placement with Butterfield Bank (Cayman) Limited ("Butterfield")). However, CIMA now understands that cash deposits were removed from its

Butterfield accounts in July 2012 for as yet undetermined purposes and the accounts closed as at 13 July 2012.

- 13 The former Managing Director of SIB (as also for SFSC), Mr. Austin, had noted an initial sum of £85,500 as outstanding fees for directorship services to SIB, SFSC and Awal Trust. Subsequently, CIMA has been made aware that in respect of arrears in fees owing by SIB, SFSC and Awal Trust, Mr. Austin has unsettled claims amounting to £116,629.
- 14 Additionally, the Registrar of Companies confirmed that SIB has fees owing for years 2010, 2011, and 2013. As at March 2013 these outstanding fees totalled C\$2,500.

Regulatory enforcement actions:

- 15 On 6 November 2013, CIMA exercised its powers under section 18(i)(v) of the BTCL to appoint Controllers to assume control of the affairs of SIB at its expense.
- 16 The appointment of a Controller was taken as the most appropriate regulatory enforcement action in the circumstances and on the basis that CIMA was of the opinion, pursuant to Section 18(1)(a),(b),(c) and (e) of the BTCL that SIB was or appeared likely to become unable to meet its obligations as they fell due, was carrying on business in a manner detrimental to the public interest or to the interest of depositors or creditors, had contravened the provisions of the BTCL and that the direction and management of the its business as a bank regulated by CIMA had not been conducted in a fit and proper manner.
- 17 Accordingly on 28 November 2013, Messrs. Hugh Dickson and Michael Saville of Grant Thornton Specialist Services (Cayman) Limited (“GT Cayman”) of 10 Market Street, #765 Camana Bay, Grand Cayman, KY, Cayman Islands were appointed as Joint Controllers and in compliance with obligations to CIMA under the BTCL submitted periodic reports on SIB.

Controllership Interim Findings and Reports on SIB:

- 18 Reports were submitted by the Controllers to CIMA in January and February of 2014. In particular, the Controllers’ second report notes the following:
 - i. That it would appear that the assets of SIB were latterly confined to the cash deposits held with Butterfield (initially deposited to capitalise SIB)

- ii. SIB's cash deposits of US\$1,016,206.74 were removed from Butterfield in July 2012 for as yet undetermined purposes.
- iii. The value of any investments in SIB appears to be valueless given the lack of any other obvious assets in that entity.
- iv. SIB has claims against it in the region of US\$1 million or more and it has not been possible to determine whether the various liabilities due to other related entities disclosed in the last management accounts dated December 2010 (approximately US\$260,000) are still outstanding. However, there is no indication these were discharged from assets or funds available to them.
- v. In addition, there are substantial other liabilities of approximately US\$1 million due in respect of unpaid fee and penalties due to CIMA and possibly further funds due to the Registrar of Companies as well as employee and director fees claims.
- vi. SIB has no apparent liquid assets to meet the claims against it, and appears to be insolvent on a cash flow basis and on a balance sheet basis.

19 On 21 March 2014, CIMA attended with the Controllers on their application to the Grand Court of the Cayman Islands to obtain directions under Section 18 of the Bankruptcy Law (1997 Revision) for an Order confirming their powers based upon the registered office MCSL having refused to recognise the powers authorised by the Authority granted under Section 19 of the Bankruptcy Law (1997 revision) absent a specific Court order. The order having been granted, the Controllers continue to manage and control the affairs of SIB accordingly.

20 Based upon the Controllers' recommendations and the continuing regulatory breaches, CIMA proceeded to invoke further regulatory enforcement action.

21 Consequently, on 10 July 2014, the Executive Committee of the Board of Directors of CIMA resolved pursuant to Section 18(4)(d) of the BTCL to revoke the licence of SIB and apply to the Grand Court for an order that SIB be forthwith wound up.

22 The revocation of the licence is effective concomitantly with the steps to be taken to appoint liquidators in accordance with the provisions of the Companies Law (2013 Revision) relating to the winding up of a company.

Grounds upon which relief sought:

- 23 This petition is made pursuant to section 94(4) of the Companies Law (2013 Revision) which states that a winding up petition may be presented by the Authority in respect of any company which is carrying on regulated business in the Islands upon the grounds that it is not duly licensed or registered to do so under the regulatory laws or for any other reason as provided under the regulatory laws or any other law.
- 24 In section 2 of the Monetary Authority Law (2013 Revision) wherein "*regulatory laws*" is defined, therein subparagraph (a) of its meaning, reference is made to the BTCL and it therefore stands to be interpreted as a regulatory law for the purposes of section 94(4) of the Companies Law (2013 Revision) as noted above in paragraph 23.
- 25 Accordingly, in accordance with the provisions of the BTCL and, in particular, pursuant to section 18 (4)(d), CIMA has the power upon the receipt of a report from its Controller appointed under subparagraph (v) of subsection (1) to revoke a licence and apply to the Court for an order that the licensee be forthwith wound up by that Court in which case the provisions of the Companies Law (2013 Revision) relating to the winding up of a company by that Court shall, mutatis mutandis, apply. Consequently, effective 10 July 2014, CIMA's power under the BTCL was invoked and a resolution passed accordingly.
- 26 CIMA has demonstrated that there are sufficient reasons (as provided in the BTCL together with the allegations relied upon in respect of the basis for the exercise of its regulatory enforcement powers including the Controllers' reports) to ground CIMA's presentation of this petition for the relief sought and as prayed below.
- 27 It is manifestly obvious that the company has been given the opportunity to object to this petition and all previous regulatory action taken by CIMA leading up to this petition (to include CIMA's written notice of revocation of the licence and the intention to file a petition addressed to the directors by way of letter dated and delivered to their registered office on 16 July 2014). It is therefore respectfully

submitted that CIMA has met its obligations under the Companies Law (2013 Revision) and the Companies Winding Up Rules.

Nomination of Joint Liquidators:

- 28 Messrs. Hugh Dickson and Michael Saville of GT Cayman are nominated to be appointed as joint official liquidators of SIB.
- 29 Having acted since 28 November 2013 as Controllers over both SIB and SFSC, both have spent considerable time and incurred costs familiarising themselves with these entities and their correlation to other entities within the complex Saad group structure and have hence, carried out extensive preliminary investigations into realising the assets and status of the company as evidenced in their reports to CIMA and are respectfully submitted as the nominees best poised to continue to assume the affairs of SIB.
- 30 Further, as evidenced by their affidavits in accordance with the Companies Winding Up Rules, both nominees and GT Cayman are equipped in offering their services as qualified insolvency practitioners in compliance with the Insolvency Practitioners Rules and are thus able to progress the winding up of the company in a timely manner.
- 31 Further, it is also recognised that Mr. Hugh Dickson and other partners of Grant Thornton in various offices, both in the Cayman Islands and in other jurisdictions, have been appointed as liquidators over entities within the Saad group and therefore would be familiar with the Saad group structure and the concurrent litigations that have ensued with these and other related Saad group entities.

YOUR PETITIONER THEREFORE HUMBLY PRAYS as follows:

- (a) That the company, SIB, be wound up by the Court subject to the provisions of the Companies Law (2013 Revision);
- (b) That Messrs. Hugh Dickson and Mike Saville of GT Cayman be appointed as Joint Official Liquidators ("JOLs") of SIB and that the JOLs be authorised to do any acts or things jointly and severally considered by them to be necessary or desirable in connection with the liquidation of SIB and the winding up of its affairs;
- (c) That the JOLs shall not be required to give security for their appointment;

- (d) That the JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of the appointment of the JOLs in any other jurisdiction and to make applications to the courts of such jurisdictions for that purpose;
- (e) That in addition to all the powers, conferred upon the JOLs at section 110 and Part 1 and Part 2 of Schedule 3 of the Companies Law (2013 Revision) and for the avoidance of doubt:
 - (i) The JOLs be at liberty to appoint agents and attorneys, solicitors, barristers and other professionally qualified persons, in the Cayman Islands and elsewhere, to assist them in the performance of their duties on such terms as they think fit and to remunerate them out of the assets of SIB as an expense of the liquidation; and
 - (ii) All the powers bestowed upon the JOLs may be exercised by them within and outside the Cayman Islands and all such powers may be exercised by all or any of the JOLs.
- (f) That the JOLs be at liberty to and do pay themselves, their agents and attorneys, solicitors, barristers and other professionally qualified persons, in the Cayman Islands and elsewhere, remuneration and costs in priority to all other debts pursuant to section 109(2) of the Companies Law (2013 Revision); and
 - (i) That the JOLs be entitled to receive remuneration for their services by reference to the time properly given by them and their staff in attending to matters arising in the winding up; and that the hourly rates and the amount of such remuneration be determined in accordance with the Insolvency Practitioner's Regulations 2010;
 - (ii) The JOLs be entitled to pay their agents and attorneys, solicitors, barristers and other professionally qualified persons, in the Cayman Islands and elsewhere either weekly or monthly or at such intervals as they consider appropriate; and
 - (iii) The JOLs be at liberty to meet all disbursements reasonably incurred with the performance of their duties.
- (g) That the JOLs do file with the Registrar of the Court, a report in writing of the position and progress made with the winding up of SIB and with the realisation of assets thereof and as to

any matters connected to the winding up of SIB, every six months or as the Court may from time to time direct;

- (h) The JOLs shall provide to the Petitioner copies of all reports filed with this Court;
- (i) That the Petitioner's costs shall be paid out of the assets of SIB as an expense of the liquidation;
- (j) Such other orders and directions may be made as the Court thinks fit.

Dated the 29th day of *July* 2014



CAYMAN ISLANDS MONETARY AUTHORITY

This Petition is filed by the Cayman Islands Monetary Authority by its Attorneys whose address for service is 80e Shedden Road, Elizabethan Square, P.O. Box 10052, Grand Cayman KY1-1001, Cayman Islands.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts George Town, Grand Cayman on 26th day of Sept 2014 at 10:00 a.m./p.m.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial services Division of the Grand Court at P.O. Box 495, Grand Cayman, KY1-1106, telephone 345-949-4296.