

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: GC 0186 OF 2014

BETWEEN:

BUTTERFIELD BANK (CAYMAN) LIMITED

Plaintiff

AND

1. BLOCKBUSTER VIDEO LTD., trading as Blockbuster Video
2. STEPHEN MCTAGGART
3. DEBRA MCTAGGART

Defendants



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**WRIT OF SUMMONS**

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TO:

Blockbuster Video Ltd., trading  
as Blockbuster Video  
c/o Abacus Management Ltd.  
Elizabethan Square  
80 Shedden Road  
PO Box 2499  
Grand Cayman KY1-1104  
CAYMAN ISLANDS

Stephen McTaggart  
9100 Ming Ave, #100  
Bakersfield, CA 93311  
UNITED STATES

Debra McTaggart  
9100 Ming Ave.  
Bakersfield, CA 93311  
UNITED STATES

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within 14 days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, PO Box 495, Grand Cayman, KY1-1106, Cayman Islands, the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgement within the time stated, or if you return the Acknowledgement without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 21<sup>st</sup> day of August 2014

NOTE – This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

**IMPORTANT**

Directions for Acknowledgement of Service are given with the accompanying form.

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**STATEMENT OF CLAIM**

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1. The Plaintiff is and was at all material times a company organised and carrying on business pursuant to the laws of the Cayman Islands. The Plaintiff's address for service is care of its attorneys, HSM Chambers, Buckingham Square, 720 West Bay Road, PO Box 31726, Grand Cayman, KY1-1207, Cayman Islands.
2. The first Defendant is an active company in the Cayman Islands with a registered office at Abacus Management Limited, Elizabethan Square, 80 Shedden Road, PO Box 2499, Grand Cayman, KY1-1104, Cayman Islands.
3. The second and third Defendants are individuals who reside in the USA with a mailing address 9100 Ming Ave. #100, Bakersfield, California 93311.
4. On or about 15 April 2009, the Plaintiff provided the First Defendant with Credit Facilities (the "**Credit Facilities**"). The terms and conditions of the Credit Facility were, *inter alia*, as follows:
  - a. That the Plaintiff would lend the First Defendant CI\$100,000 by way of an Operating Line and CI\$70,000 by way of a Demand Loan to repay existing facility with present bankers and to assist with cash flow to meet operating expenses of the business known as Blockbuster Video;
  - b. Interest on the Operating Line was charged at a rate of 3% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month. Prime Rate at all material times has been 3.25%;
  - c. Interest on the Demand Loan was charged at a rate of 2% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month;
  - d. Repayment of the Credit Facilities was subject to normal banking terms and conditions including the right to repayment upon demand and would be reviewed on 31 March 2010. Repayment of the Credit facilities would be by way of monthly payments of combined capital and interest based on a 5 year term at a rate of CI\$1,350 per month, based on prevailing interest rate as at the date of the offer;

- e. Security for the Credit Facilities was in the form of a debenture over the fixed and floating assets of the company, duly stamped to secure CI\$170,000 and a personal guarantee from the Second Defendant, Stephen McTaggart and the Third Defendant, Debra McTaggart.
5. On or about 10 June 2010, the Plaintiff extended the Credit Facilities by increasing the Demand Loan to CI\$77,000 and keeping the operating line at CI\$100,000. The terms and conditions of the Credit Facility were, *inter alia*, as follows:
  - a. Interest on the Operating Line was charged at a rate of 3% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month. Prime Rate at all material times has been 3.25%.
  - b. Interest on the Demand Loan was charged at a rate of 2% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month;
  - c. Repayment of the Credit Facilities was subject to normal banking terms and conditions including the right to repayment upon demand and would be reviewed on 30 June 2011. Repayment of the Credit facilities would be by way of monthly payments of combined capital and interest based on a 4 year term at a rate of CI\$1,815.00 per month, based on prevailing interest rate as at the date of the offer;
  - d. Security for the Credit Facilities was in the form of a debenture over the fixed and floating assets of the company, duly stamped to secure CI\$170,000 and a personal guarantee from the Second Defendant, Stephen McTaggart and the Third Defendant, Debra McTaggart for total facilities of CI\$177,000.00.
6. On or about 3 January 2012, the Plaintiff extended the Credit Facilities by increasing the Demand Loan to CI\$83,000.00 and decreasing the operating line CI\$70,000.00. The terms and conditions of the Credit Facility were, *inter alia*, as follows:
  - a. Interest on the Operating Line was charged at a rate of 4% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month. Prime Rate at all material times has been 3.25%;
  - b. Interest on the Demand Loan was charged at a rate of 3% per annum above the Bank's Prime rate for C.I. dollars lending, based on the outstanding balance and debited at the end of each month;

- c. Repayment of the Credit Facilities was subject to normal banking terms and conditions including the right to repayment upon demand and would be reviewed on 30 June 2012. Repayment of the Credit facilities would be by way of monthly payments of combined capital and interest based on a 4 year term at a rate of CI\$1,965.00 per month, based on prevailing interest rate as at the date of the offer and remains payable on demand;
  - d. Security for the Credit Facilities was in the form of a debenture over the fixed and floating assets of the company, duly stamped to secure CI\$170,000 as already held and a personal guarantee from the Second Defendant, Stephen McTaggart and the Third Defendant, Debra McTaggart as already held.
7. In March 2013 the business failed and closed.
  8. The Plaintiff consolidated the Credit Facilities into an interest only facility pending incoming payments to repay the debt.
  9. The First Defendant defaulted on the terms of payment. The Plaintiff served the First Defendant with a demand for payment on 10 July 2013.
  10. As of the date of the commencement of this proceeding the First Defendant, owed to the Plaintiff the principal sum of CI\$151,615.88. Interest on that sum continues to accrue at the rate of CI\$24.24 per day.
  11. Notwithstanding a demand for payment made prior to the commencement of these proceedings, the First Defendant has either failed or neglected to make full payment to the Plaintiff.
  12. As a result of the above, the Plaintiff is entitled to the relief claimed in this proceeding.

**AND THE PLAINTIFF CLAIMS:**

- a) CI\$151,615.88 being the principal sum due as of 21 August 2014;
- b) Pre and post judgment interest from 22 August 2014 at the rate of 6.25% per annum in accordance with the terms of the Credit Facility being CI\$24.24 per day;
- c) Costs on a standard basis in accordance with the Court Costs Rules 2001; and

d) Such further and other relief as this Court may deem just.

HSM Chambers  
**HSM Chambers**  
Attorneys for the Plaintiff

**INDORSEMENT**

The principal amount claimed in respect of the debt is CI\$151,615.88 as of 21 August 2014. The amount of the filing fees to commence the proceeding is CI\$200.00, plus ad valorem fees of CI\$1,158.08. If, within the time for returning the acknowledgement of service, the defendants pay the plaintiff or its attorneys-at-law the total amount claimed in principal, interest and the costs of issuing the Writ of Summons, further proceedings will be stayed. The money must be paid to the plaintiff or to its attorneys-at-law.

**INDORSEMENT REGARDING INTEREST**

1. The contractual term upon which interest is claimed is as set out in paragraphs 4(b)(c), 5(a)(b) and 6(a)(b) above;
2. The prescribed rate of interest is 6.25% per annum;
3. The date from which interest is payable is 22 August 2014;
4. The amount of interest accruing due each day is CI\$24.24.

**Acknowledgment of service of writ of summons (O.12, r.3)**

**DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE  
OF WRIT OF SUMMONS**

1. The accompanying form of *Acknowledgment of Service* should be completed by an Attorney acting on behalf of each Defendant or by each Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, PO Box 495 GT, Grand Cayman.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings *must also serve a defence* on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A *Stay of Execution* against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, *issue a Summons* for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

**See over for notes for guidance  
Please complete overleaf**

### Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 14 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (*the name stated on the Writ of Summons*)".
4. Where the Defendant is a **FIRM** and an attorney is not instructed, the form must be completed by a **PARTNER** by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual **TRADING IN A NAME OTHER THAN HIS OWN**, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a **LIMITED COMPANY** the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a **MINOR** or a **MENTAL PATIENT**, the form must be completed by an Attorney acting for a guardian *ad litem*.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: OF 2014

BETWEEN:

BUTTERFIELD BANK (CAYMAN) LIMITED

Plaintiff

AND

- 1. BLOCKBUSTER VIDEO LTD., trading as Blockbuster Video
- 2. STEPHEN MCTAGGART
- 3. DEBRA MCTAGGART

Defendants

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**ACKNOWLEDGMENT OF SERVICE OF WRIT OF SUMMONS**

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If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important. Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, **THIS FORM MAY HAVE TO BE RETURNED.**

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

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1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

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2. State whether the Defendant intends to contest the proceedings (*tick appropriate box*)  
 yes  no

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3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (*tick box*).  
 yes  no

Service of the Writ is acknowledged accordingly

(Signed).....

[Attorney] for  
[Defendant in person]  
Address for service:

*Please complete overleaf*

**Notes on address for service**

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communication for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

HSM Chambers Attorneys-at-Law Buckingham Square 720 West Bay Road PO Box 31726 George Town Grand Cayman KY1-1207 CAYMAN ISLANDS  Ref: LV/300138.1223
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Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any, in the box below.

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