

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 610 OF 1997

BETWEEN: THE CIT GROUP/SALES FINANCING, INC PLAINTIFF

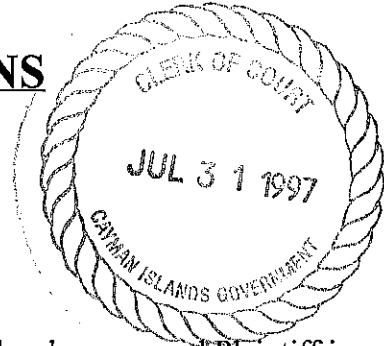
AND: THE COLLECTOR OF CUSTOMS 1ST DEFENDANT

**AND: THE ATTORNEY GENERAL
OF THE CAYMAN ISLANDS 2ND DEFENDANT**



WRIT OF SUMMONS

**TO: The Collector of Customs
AND: The Attorney General of the Cayman Islands**



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, P. O. Box 495, George Town, Grand Cayman, the accompanying Acknowledgment of Service stating therein whether you intend to contest these proceedings.

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

Issued this **31** day of *July* 1997.

NOTE : This Writ may not be served later than four calendar months beginning with the date of issue unless renewed by order of the Court.

-IMPORTANT-

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

IN THE GRAND COURT OF THE CAYMAN ISLANDS

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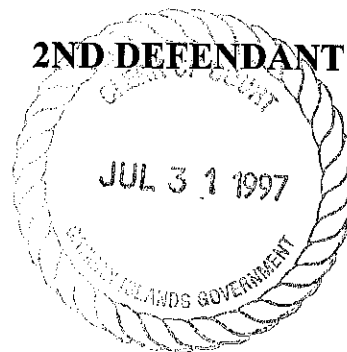
BETWEEN: THE CIT GROUP/SALES FINANCING, INC PLAINTIFF

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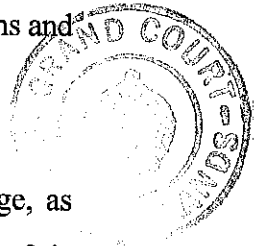
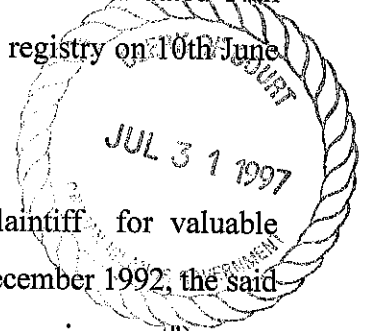


STATEMENT OF CLAIM



1. A certain vessel named "Sir Winston" ("the vessel") is and was at all material times registered in the general index or abstract of title of the United States Fifth Coast Guard District Registry located in Philadelphia, Pennsylvania, an arm of the United States Department of Transportation, ("the registry") in the name of Peregrine Maritime, Ltd as owner thereof.
2. A first preferred ship mortgage was granted by Peregrine Maritime, Ltd to First Federal Bank of Connecticut on 10th January 1989 to secure a loan of US\$170,000.00 which was duly registered in the registry on 14th September 1989 ("the mortgage").
3. The name of First Federal Bank of Connecticut was subsequently changed to First Constitution Bank.
4. By order of the Superior Court of the State of Connecticut issued on 2nd October 1992, Federal Deposit Insurance Corporation was appointed the receiver of First Constitution Bank.

5. Pursuant to a certain purchase and assumption agreement dated 2nd October 1992, the mortgage was assigned by Federal Deposit Insurance Corporation, as receiver of First Constitution Bank, to First Federal Bank as evidenced by a Notice of Transfer dated 17th December 1992, the said notice of transfer being duly registered in the registry on 10th June 1993. ("the notice of transfer")
6. The said mortgage was assigned by First Federal Bank to the Plaintiff, for valuable consideration as evidenced by an Assignment of Mortgage dated 18th December 1992, the said assignment being duly registered in the registry on 10th June 1993 ("the assignment")
7. The Plaintiff relies on the terms and conditions of the said mortgage, notice of transfer, and assignment and will refer to the said documents at the trial of this action for their full terms and effect, true copies of which are annexed in Schedule 1 hereto.
8. Despite demand, Peregrine Maritime, Ltd has defaulted on the terms of the mortgage, as assigned to the Plaintiff, in failing to make payments when due, and as the date hereof, is indebted to the Plaintiff under the said assigned mortgage in the sum of US\$107,978.91 together with accrued interest on such sum and costs, full particulars of which will be provided prior to trial.
9. Without prior notice to the Plaintiff by either defendant, upon the application of the Second Defendant to the Summary Court of the Cayman Islands, possession of the vessel was forfeited to the First Defendant in the Summary Court of the Cayman Islands on 19th June 1996 pursuant to the forfeiture provisions of the Customs Law (17 of 1990) ("the forfeiture").

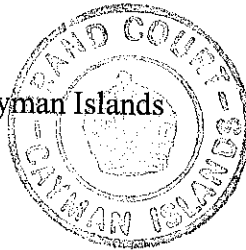


8. Such further order or declaration as this Honourable Court deems fit.
9. Costs.

DATED this 31st day of July 1997.

Bruce Campbell & Co
BRUCE CAMPBELL & CO
Attorneys-At-Law
for the Plaintiff

TO: The Clerk of the Court
AND TO: The Collector of Customs
AND: The Attorney General of the Cayman Islands



If, within the time for returning the acknowledgment of service, the Defendant pays the total amount claimed of US\$107,978.91 together with fixed costs of US\$609.75, for a total sum of US\$108,588.66 then further proceedings will be stayed. The money must be paid to the Plaintiff or its attorney.

THIS WRIT is filed by Messrs Bruce Campbell & Co, Attorneys-at-Law for the Plaintiff herein, whose address for service is Fourth Floor, Bank of Nova Scotia Building, PO Box 884, George Town, Grand Cayman (Telephone 949-2648 Facsimile 949-8613) (S.T.McCann)

SCHEDULE

First Preferred Ship Mortgage dated 10th January 1989.

Notice of Transfer dated 17th December 1992.

Assignment of Mortgage dated 18th December 1992.

LED: 1-18-89 7:53 AM *Chick*

1313-97

FIRST PREFERRED SHIP MORTGAGE dated January 10, 19 89

Under the Ship Mortgage Act of 1920, as amended

Securing A Promissory Note (the "Note") dated June 25, 19 87

This is a Preferred Ship Mortgage (the "Mortgage") on the vessel "SIR WINSTON" (the "Boat") which is being created under federal law. The Amount of the Mortgage as required to be shown by the Ship Mortgage Act of 1920, as amended, is the Loan Amount "i.e. Amount Financed" of \$170,000.00 (One hundred Seventy Thousand and 00/100ths Dollars). This Mortgage also secures repayment of simple interest as it accrues or precomputed interest subject to appropriate prepayment credit, and performance of Mortgage representations, warranties and promises. The Maturity Date of the Mortgage is July 1,

1. PARTIES: Mortgagor Peregrine Maritime, Ltd. the (sole owner (s) ~~of the Boat~~) of the Boat, residing or having a place of business at 229 South State Street, Dover, Delaware 19901

Mortgagee: First Federal Bank of Connecticut
Address: 80 Elm Street, New Haven, Connecticut 06510

The words you and your mean everyone (individuals, partners or corporations) who signs this Mortgage as Mortgagor and, where applicable, and Other Owner, and the personal representatives, successors and assigns of Mortgagor and any Other Owner. The words we, us and our mean the Mortgagee and anyone who has Mortgagee's rights under this Mortgage.

2. DESCRIPTION OF BOAT. The Boat covered by this Mortgage is described below and is not a towboat, barge, scow, lighter, carfloat, canal boat, or tank vessel of less than 25 gross tons, as such words are used in 46 U.S.C. § 922.
Name SIR WINSTON Home Port Philadelphia, PA Official Number 931097
Gross Tons 27 Net Tons 24 Place Issued Phila, PA Date Issued 12-13-88
Summer Mooring N/A Winter Storage N/A

3. MORE THAN ONE MORTGAGOR: If more than one of you signs this Mortgage as Mortgagor, each of you is responsible for paying the full amount of the Debt and doing everything required of Mortgagor, unless specifically stated otherwise below. We do not have to notify one Mortgagor that another has defaulted under this Mortgage. We may give one Mortgagor extensions to pay or change or release his responsibility without releasing any co-Mortgagor or treating a co-Mortgagor in the same way. Each person who signs this Mortgage as an Other Owner makes all of the title warranties but none of the other promises.

4. N/A

5. PROMISE TO PAY. You will pay and perform the Debt.

6. GOVERNING LAW: The parties have chosen federal law, including but not limited to 46 U.S.C. § 911 and the sections following in the Ship Mortgage Act of 1920, as amended, to cover all of the provisions of this Mortgage. In particular, 46 U.S.C. § 926 (d) covers the interest provisions of the Note and this Mortgage. If there are gaps in federal law as to non-interest provisions, and only to such extent, the law of the state of Connecticut

7. MORTGAGE To secure the Debt, you mortgage to us the whole of the Boat named above and further described in her last marine document identified above, together with all masts, towers, boilers, cables, engines, machinery, bowsprits, sails, rigging, auxiliary boats, anchors, chains, tackle, apparel, furniture, fittings, tools, pumps, radar and other electronic or other equipment and supplies, and all fishing and other attachments and accessories, now forming part of the Boat or used in or on the Boat or which may become part of the Boat in the future, whether or not removed from the Boat (all called the "Boat"). If you are not a corporation and the Boat was purchased primarily for your own non-business use, the lien of this Mortgage shall not cover any items added to the Boat more than 10 days after the date of the Note that are not made part of the Boat. These excludable items, however, must be identified in writing for us or any appropriate court officer before any duly noticed resale of the Boat. In any event, this Mortgage shall cover only items which may be mortgaged under the Ship Mortgage Act of 1920, as amended. Although we do not intend to cover any property other than a "vessel" as defined in the Ship Mortgage Act, if a court says that this Mortgage does cover such other property ("Other Property"), then you can have that Other Property separately released from this Mortgage by paying .01% of the then outstanding balance of this Mortgage after any appropriate prepayment credit. Release of such Other Property from this Mortgage does not release it from any security agreement besides this Mortgage.

8. CITIZENSHIP: Until this Mortgage is fully paid, you will remain a citizen of the United States.

9. FEDERAL DOCUMENTATION AND CONTINUED OWNERSHIP: The Boat is registered in your name under the laws of the United States and you shall, continue to own and be able to operate the Boat under her Coast Guard document until this Mortgage is fully paid. You will also continue to keep the Boat's Coast Guard document in full force and effect.

10. GOOD STANDING IF CORPORATE MORTGAGOR: If this Mortgage is given by a corporation, the corporation is properly incorporated and exists in good standing under the laws of the state of its incorporation and is qualified to do business wherever necessary if the Boat is being federally documented outside of the state of its incorporation.

11. NO PRIOR LIENS: You lawfully own and possess the Boat free from all prior liens and encumbrances, except for the lien of this Mortgage.

12. TITLE WARRANTY: You warrant title to the Boat. This means that you are responsible for our expenses or losses if anyone other than us successfully claims an interest in the Boat or any part of it.

13. RISK OF LOSS: damage, destruction or other loss of the Boat will not release you from your obligations to us. You will let us know as soon as you can if the Boat becomes damaged or destroyed or disappears.

FIFTH COAST GUARD DISTRICT - PHILADELPHIA, PA
RECEIVED FOR RECORD ON THE 14 DAY OF JAN
1989 AT 2:05P M. AND
RECORDED IN BOOK 899 PAGE 41
McBride
DOCUMENTATION OFFICER

... amount set forth in the Note and the outstanding principal balance of the Note which over is greater (except as otherwise restricted by law) less the deductible specified in the Note, liability to others in the amount shown on the Note and Harbor Workers and Longshoreman's Compensation at the statutory maximum. The risks against which you must insure are: (1) fire, theft and collision; (2) water and weather condition damage; and (3) such other hazards as we may reasonably require. The insurance company must be reasonably acceptable to us. The insurance must protect you and us and must be written for a year at a time. You must pay the premium in advance before each policy year begins and give us proof of payment. We may ask the insurance company to pay any loss to us. We may use the proceeds of the insurance either to repair the Boat or to make payments under this Mortgage. We may sign any proof of loss and endorse any check, draft or other form of payment issued by the insurance company or its agent as a loss payment. If at any time before this Mortgage is fully paid, such insurance lapses or is cancelled, we may buy replacement coverage protecting you and us or us alone and you will pay the premiums for such coverage at our request with interest at the Loan Rate in effect from time to time under the Note or otherwise use it for other than pleasure sailing.

15. USE OF THE BOAT: You will not sell the Boat, pledge it as security for another loan, give it away, lease it or charter it or otherwise use it for other than pleasure sailing without written permission. You will not use the Boat to carry passengers for hire, permit its use for any illegal purposes or let anyone seize the Boat. You will not allow anyone to put a lien on it, except for the security interest or lien to us and crew's wages and dockage kept current, or, in an emergency, salvage (anyone who aids, tows or raises a vessel in distress has a maritime lien on the vessel which is called a "salvage lien"). If you take the Boat to another country, you will comply with the laws of such country and with any treaty between the United States and such country.

16. LOCATION OF BOAT: You will not, without our prior written approval, move the Boat from its summer mooring or winter storage, as the case may be, other than for voyages with the intent of returning. You will inform us of any different winter storage location or of any change of your residence. You will not abandon the Boat.

17. DISPLAY OF MORTGAGE ON BOAT: You will prominently display and keep the marine document and a completed copy of this Mortgage with the ship's papers in the pilot house, if any, chart room or master's cabin. You will show them to all persons having business with the Boat and to us on demand.

18. BILLS AND TAXES: You shall pay when due any repair bills, storage bills, taxes, fines or other charges on the Boat. We may pay any of these bills, if you do not. If we do, you will repay us on demand, with interest at the Loan Rate in effect from time to time under the Note.

19. CARE OF THE BOAT: You will keep the Boat in good condition and repair.

20. GOVERNMENT SEIZURE: You will notify us promptly by telephone confirmed by telegraph or cable if the Boat is libeled, attached, detained, seized or levied upon or taken into custody by any court or other authority. You will immediately take steps to have the Boat released. If the Boat is arrested or detained by any government authority, you authorize us or our agents in your name to receive or take possession of the Boat and defend any action and/or discharge any lien.

21. INSPECTION OF THE BOAT AND GOODS: You will at all times let us inspect the Boat and its cargoes and papers and examine your related accounts and records; and you shall tell us on request, from time to time, that all wages and all other claims which might have created a lien on the Boat have been paid.

22. FURTHER ASSURANCE: From time to time you shall sign and deliver to us any document and assurances that our attorney may require to maintain priority of this Mortgage and to help us carry out a resale of the Boat in the event it becomes necessary for us to repossess it. **FINANCIAL REPORTING.** If this Mortgage is given by a business entity, it will give us annual and other periodic financial reports we may reasonably request.

23. LATE CHARGE, ATTORNEY'S FEES AND COURT COSTS. You agree to pay any late charges that become due under the Note and if proceedings are brought to foreclose this Mortgage (judicial if required), attorney's fees and court costs.

24. DEFAULT: You will be in default if (a) you have made a false or misleading statement about any important fact in this Mortgage or in the Note or application for credit approval; or (b) you do not make any payment when due; or (c) you die; or (d) you become insolvent; or (e) you file for bankruptcy or similar relief or creditors file for bankruptcy against you, or you let someone put a lien on the Boat, or (f) the Boat lessens in value or becomes valueless other than through normal depreciation; or (g) your ability to make timely payments is cut off; or (h) you break any promise you have made in this Mortgage or in the Note; or (i) anything else happens that we in good faith and with reasonable cause believe may endanger your ability to pay this Mortgage. **FOR CORPORATE MORTGAGOR:** If this Mortgage is given by corporation, we may also request full payment if shares of its capital stock are sold or transferred to anyone who was not a guarantor of the obligation secured by this Mortgage at the time the Note was signed, or if the corporation ceases doing business as a going concern or makes an assignment for benefit of creditors, liquidates substantially all of its assets or files for dissolution.

25. ENTIRE BALANCE DUE: If you are in default under this Mortgage and/or, the Note, we may require that the entire unpaid balance of the Total of Payments (less applicable credits) or the Amount Financed plus accrued interest and prepayment penalty, if any as appropriate be paid at once without prior notice or demand, as provided in the Note. No interest credit of under \$1.00 will be given. In the case of a judgment interest on the unpaid balance of the judgment will be payable at the applicable judicial judgment rate or, if permitted by law at the Loan Rate in effect from time to time under the Note.

26. REPOSSESSION AND FORECLOSURE: We have the right to repossess the Boat without Court order, if you default. Alternatively, we have the right to foreclose in federal court under the maritime laws of the United States.

27. REDEMPTION: If the Note permits, you have the following rights of redemption: If we repossess the Boat, you can get it back (redeem it) by paying (a) all past due installments, (b) any late charges, (c) any collection expenses, and (d) our cost of taking the Boat (including moving, storage and similar expenses) when you redeem it, unless we demand the full net balance. Your right to redeem in such case will end when the repossessed Boat has been sold.

28. SALE OR USE AND STORAGE OF REPOSSESSED BOAT: If we repossess the Boat, we may, in your name, sell, lease, charter, operate or otherwise use the Boat as we may think advisable, being accountable for net profits, if any, and keep the Boat free of charge at your premises or elsewhere, at your expense. For this purpose and subject to any applicable state regulation, we and our agents are irrevocably appointed your true and lawful attorneys-in-fact to make all necessary transfers of the Boat upon resale after repossession, in your name and stead.

29. RESALE CREDIT: If we resell the Boat, any late charges, costs of taking the Boat, storage, costs of sale (cleaning, repairing, auctioneer's fee, marshal's fees, if any, sales commission, if any, and advertising), cost of insurance, allowable attorney's fees and court costs will be subtracted from the price at which the Boat is sold after repossession. The difference, if any, would be your Resale Credit.

30. SURPLUS OR DEFICIENCY: If you owe more than the Resale Credit, you will pay the difference (the "deficiency"). If you owe less than the Resale Credit, you will receive the difference from us (the "surplus").

31. NO WAIVER OF RIGHTS: We may delay in enforcing any of our rights without losing any of them.

32. RECEIVER: In any legal action we may have a receiver appointed for the Boat and its earnings. Any receiver shall have full rights and powers to use and operate the Boat and to obtain a court decree ordering and directing the sale or other disposition of the Boat.

33. USE OF BOAT BY OWNER: Unless you violate this Mortgage and we repossess the Boat, you shall be permitted to retain actual possession and use of the Boat.

34. TIME IS OF THE ESSENCE: Time is of the essence. This means that all payments which are required must be made on the day due. Except as provided in Section 27 above, there are no grace periods provided in this Mortgage. If you require additional time to make a payment, you understand that you must obtain authorization or approval for making a late payment in writing in advance.

35. ADDITIONAL SECURITY: This Mortgage is given as additional security to secure your Debt.

36. INVALID PROVISIONS: If any provision of this Mortgage cannot be enforced, the rest of the Mortgage will stay in effect.

37. AMENDMENTS: Any change in the terms of this Mortgage must be made in writing and signed by you and us.

FILED: 3/30/93 8:17 AM

FIFTH COAST GUARD DISTRICT - PHILADELPHIA, PA
RECEIVED FOR RECORD ON THE 10 DAY OF
June 1993 AT 3:00 P. M. AND
RECORDED IN BOOK 936 PAGE 139
Barbara O'good
DOCUMENTATION OFFICER

NOTICE OF TRANSFER

KNOW ALL MEN BY THESE PRESENTS, THAT:

Whereas, on October 2, 1992, the Federal Deposit Insurance Corporation was appointed the receiver (the "Receiver") of First Constitution Bank, New Haven, Connecticut ("First Constitution"), by virtue of an order in the matter of Shulansky vs. First Constitution Bank, returnable October 13, 1992, Judicial District of New Haven at New Haven (Mihalakos, J.) executed on that date adjudicating First Constitution as insolvent or in such a condition that it was unsafe for such institution to continue business; and

Whereas, pursuant to 12 U.S.A.. S1821(c) (3) (A) the Receiver accepted the appointment and pursuant to 12 U.S.A.. S1821(d), the Receiver succeeded to all rights, titles, powers, and privileges of First Constitution and with respect to its assets; and

Whereas, by virtue of 12 U.S.C.. S1821(d) (2) (G) the Receiver may generally transfer any asset of First Constitution without any approval, assignment or consent with respect to such transfer; and

Whereas, First Federal Bank, a federal savings bank ("First Federal"), is a federally chartered savings bank; and

Whereas, the Federal Deposit Insurance Corporation, the Receiver and First Federal entered into a purchase and assumption transaction pursuant to a certain Purchase and Assumption Agreement (the "Agreement") dated as of October 2, 1992, and under the terms of the Agreement it is provided that the Receiver "... shall assign and transfer.." to (First Federal) all right, title, and interest of the Receiver in and to certain assets of First Constitution; and

Whereas, the Receiver and First federal desire to provide for a record of the transfer of certain mortgages on vessels from Receiver to First Federal.

Now, therefore, for the purpose of giving notice of the assignment, transfer, conveyance and delivery to First Federal of certain notes and mortgages on vessels of First Constitution and with the intention that said notice shall be relied upon, the Receiver agrees as follows:

Receiver hereby assigns, transfers, conveys and delivers to First Federal, its successors and assigns, all its right, title and interest in and to the mortgages on vessels described on the attached Schedule "A" and in and to the Notes and other evidence of indebtedness intended to be secured by said mortgages, said assignment, transfer, conveyance and delivery is made however, "as-is", "where

CERTIFIED TO BE A TRUE COPY OF THE RECORD
ON FILE AT VESSEL DOCUMENTATION OFFICE,
U. S. COAST GUARD, PHILADELPHIA, PA

JUN 10 1993
Date

Barbara O'good
Documentation Officer

SCHEDULE A

Borrowers Name: Peregrine Maritime, LTD.

Address: 229 South State St. Dover, Delaware 19901

Loan Number: 77-1313

<u>Port</u>	<u>Recording Date</u>	<u>Time</u>	<u>Recording Data</u>	<u>Official Number</u>
F la.PA	Sept. 14, 1989	2:05pm	Book 899 Inst. #41	BC148005

NAME OF VESSEL: SIR WINSTON



SCHEDULE A

- Borrowers Name: Peregrine Maritime, LTD.

Address: 229 South State St. Dover, Delaware 19901

Loan Number: 77-1313

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NAME OF VESSEL: SIR WINSTON