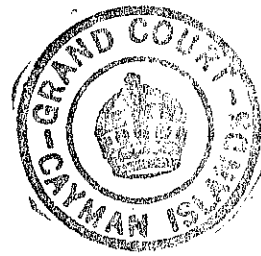


IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO 833 OF 1997

BETWEEN: (1) CREDIT ARBITRAGED ASSET BACK 3 LIMITED
(2) CREDIT ARBITRAGED ASSET BACK 4 LIMITED PLAINTIFFS

AND (1) ITARU ISHII
(2) CAAB INVESTMENT ADVISORS LIMITED
(3) RYOEI MATSUNAMI
(4) IKUKO MATSUNAMI
(5) KIYONORI SASAKI
(6) KENZO SASAKI
(7) MICHIKO ISHII
(8) HIROKO IMAI
(9) FUMIE TANNO
(10) KIMI SATO
(11) IKU SAITO
(12) SHIGEMI SASAKI
(13) EMIKO IDE
(14) FUMIE NEZU
(15) HIDEO SASAKI
(16) SHIGEHISA WADA
(17) KIMIE SASAKI
(18) NORIMASA SATO
(19) JUNICHI SATA
(20) HIROKO NAKAYAMA
(21) TOSHIKO OHYAMA
(22) YOSHINORI IMAI



DEFENDANTS

WRIT OF SUMMONS

TO: Itaru Ishii, 4-27-32-107 Ikejiri, Setagaya-ku, Tokyo 154

AND TO: CAAB Investment Advisors Limited
Royal Bank of Canada Trust Company (Cayman) Limited,
P.O. 1586, Cardinal Avenue, George Town, Grand Cayman
Ryoei Matsunami, #206,766 Komachi, Omiya-shi, Saitama 330
Ikuko Matsunami, #206-766 Komachi, Omiya-shi, Saitama 330
Kiyonori Sasaki, 1-2-874, Ikedacho, Kita-ku, Osaka-shi, Osaka 530
Kenzo Sasaki, 11-11 Kurosakicho, Kita-Iau, Osaska-shi, Osada 530
Michiko Ishii, 4-2 Kita 2-chome Hongodori, Shiraishi-ku, Sapporo-shi, Hokkaido 003
Hiroko Imai, 1-3-7 Matsuigaoka, Tanabecho, Tsuzulogun, Kyoto 610-03
Fumie Tanno, 4-270320107 Ikejiri, Setagaya-ku, Tokyo 154
Kimi Sato, 45-12-303 Kumanochi, Itabashi-ku, Tokyo 173 c/o Tokyo Accounting Office
Iku Saito, 6-5-25-404 Roppongi, Minato-ku, Tokyo 106 c/o Mitsui-Yasuda Law Office
Shigemi Sasaki, 11-11 Kurosakicho, Kita-ku, Osaka-shi, Osaka 530
Emiko Ide, 4-1-1-210 Obago, Tama-shi, Tokyo 206
Fumie Nezu, 1-38-12-503 Takada, Toshima-ku, Tokyo 171
Hideo Sasaki, 1-23-1 Yukanigaoka, Sakura-shi, Chiba 285
Shigehisa Wada, 4-14-7 Nishi-Tomigaoka, Nara-shi, Nara 631
Kimie Sasaki, 2-22-12 Akukawacho, Tabalsuki-shi, Osaka 569
Norimasa Sato, 45-12-303 Kumanochi, Itabashi-ku, Tokyo 173
c/o Tokyo Kyodo Accounting Office
Junichi Sata, 45-12-303 Kumanochi, Itabashi-ku, Tokyo 173 c/o Mitsui-Yasuda
Law Office
Hiroko Nakayama, 3-2-15-101 Senmadai-Nishi, Koshigaya-shi, Saitama 343
Toshiko Ohyama, 508-6 Shimomihashicho, Yamatokoriyama-shi, Nara 639-11
Yoshinori Imai, 1-3-9 Matsuigaoka, Tanabecho, Tsuzukigun, Kyoto 610-03

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 495G, 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 judgment may be entered against you forthwith without further notice.

Issued this of December, 1997.

IMPORTANT

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

STATEMENT OF CLAIM

1. The Plaintiffs ("the Plaintiff Companies") are exempted companies incorporated in accordance with the laws of the Cayman Islands. During the material time they carried on (and continue to carry on) the business of special purpose vehicles through which monies were raised by way of a Note Issue with a redemption dated of 31st March 1997 ("the Redemption Date") ("the Zero Coupon Note Issue"). In accordance with the terms of such notes and the objects of the Plaintiff Companies as set out in their Memoranda of Association and particularised below the Plaintiff Companies were to reinvest such proceeds.
2. The First Defendant ("Mr. Ishii") was at the material time Head of Structured Finance at Indosuez WI Carr Securities (Japan) Ltd., ("Indosuez WI") a subsidiary of Credit Agricole Indosuez S.A.. Mr. Ishii, as Head of Structure Finance instigated a transaction whereby Indosuez WI was to arrange and underwrite the issue of the Zero Coupon Note Issue to Japanese institutional investors ("the Institutional Financial Investors") by Special Purpose Vehicles incorporated under the laws of the Cayman Islands in the amount of ¥22,500,000,000 (approximately US\$200 million). As the Head of Structured Finance it is averred that Mr. Ishii was the moving mind and primary instigator of the Zero Coupon Note Issue and on his instruction the Plaintiff Companies were incorporated. As particularised below it is averred that Mr. Ishii owed a fiduciary duty and/or duty of care to the Plaintiff Companies and was to all intents and purposes a shadow director of the same at the material time.
3. The Second Defendant is an exempted company incorporated in accordance with the laws of the Cayman Islands whose shares are held by Royal Bank of Canada Trust Company (Cayman) Limited ("RBC Cayman") on Trust. From the facts and matters set out below, it is averred that the Second Defendant is controlled by Mr. Ishii.
4. The Third to Twelfth Defendants were directors of both Plaintiff Companies having been appointed on 27th March, 1996. The Thirteenth to Twenty Second Defendants were appointed directors only of the Second Plaintiff on 27th March, 1996. Mr. Ishii and the Third to Twenty Second Defendants were all removed as directors of both the Plaintiff Companies (and in respect of the Thirteenth to Twenty Second Defendants of the Second Plaintiff only) by a unanimous written resolution of the shareholder of the Plaintiff Companies passed on the 20th September, 1997. Bertrand Grabowski and Herve de Kerdel, employees of Credit Agricole Indosuez S.A. were appointed directors of both the Plaintiff Companies in their stead.
5. It is averred that Mr. Ishii and the Third to Twenty Second Defendants, as directors (Mr. Ishii as a shadow director) of either both the Plaintiff Companies or the Second Plaintiff owed duties of care

and fiduciary duties to both the Plaintiff Companies or the Second Plaintiff only which duties included the duty to exercise reasonable skill and care and duties of loyalty and good faith. In the proper discharge of these duties Mr. Ishii and the Third to Twenty Second Defendants, must act honestly and must exercise such degree of skill and diligence as would amount to the reasonable care which an ordinary man might be expected to take in the circumstances on his own behalf. Further, in exercising their powers Mr. Ishii and the Third to Twenty Second Defendants must act bona fide in the interests of the Plaintiff Companies and should direct their minds to the question of whether a transaction was in fact ultra vires the Plaintiff Companies and/or in the interests of the Plaintiff Companies.

6. It was an overriding duty of Mr. Ishii, and the Third to Twenty Second Defendants to ensure that the Plaintiff Companies' assets were employed in accordance with the terms of the Notes and in accordance with the objects of the Plaintiff Companies as set forth in their Memorandum of Association and that any transaction entered into by the Plaintiff Companies was not ultra vires those objects.
7. The Particulars of the said Zero Coupon Note Issue were as follows.
 - (a) On the instruction of Mr. Ishii, Hunter & Hunter, Attorneys at Law in the Cayman Islands, were, inter alia, instructed to incorporate the Plaintiff Companies in the Cayman Islands as exempted companies under the Companies Law.
 - (b) In respect of the First Plaintiff its objects were limited solely to:-
 - "(i) to borrow and raise moneys by a once only issue of JPY7,500,000,000 Zero Coupon Notes;
 - (ii) to deposit the proceeds of the JPY7,500,000,000 Zero Coupon Notes mentioned in sub-paragraph (1) above with a bank rated AAA by Standard & Poors or Moody's Investor Service, on such terms as may seem expedient and if called upon to do so to use the foresaid deposit while at the same time retaining ownership thereof under Japanese Law to secure the obligations of the Company under the guarantee mentioned in sub-paragraph (iii) below;
 - (iii) to guarantee under a guarantee governed by Japanese Law whether or not the Company shall receive valuable consideration therefor, all or any obligation of The Meiji Mutual Life Insurance Company in respect of an interest rate swap transaction with equal to or less than one time leverage under an ISDA Master Agreement which may not be replaced with any other swap

transaction, with the liability of and recourse against the Company being limited solely to the deposit mentioned in sub-paragraph (ii) above, the deposit certificate for which where such guarantee has been given shall at all times be retained by the Company on behalf of the counterparty of The Meiji Mutual Life Insurance Company to the swap transaction mentioned in this sub-paragraph which swap transaction shall be governed by Japanese Law and whereunder should a default by The Meiji Mutual Life Insurance Company occur the counterparty thereto shall transfer its rights thereunder to the Company in consideration for a payment by the Company under the said guarantee but the Company shall not take the credit risk of the counterparty;

- (iv) to purchase a fixed value insurance or pension obligation from The Meiji Mutual Life Insurance Company which fixed value obligation shall rank pari passu with all other senior and unsubordinated obligations of The Meiji Insurance Company; and
- (v) any object incidental or in connection with sub-paragraphs (i) through to (iv) above, however, neither the objects set-forth in sub-paragraphs (i) through to (iv) above nor the objects provided for in this sub-paragraph shall be deemed to include any object or transaction which would entail the Company taking a credit risk in respect of any other party other than The Meiji Mutual Life Insurance Company or the AAA bank mentioned in sub-paragraph (ii) above, until maturity of the Zero Coupon Notes mentioned in sub-paragraph (i) above."

(c) In respect of the Second Plaintiff its objects were limited solely to:-

- "(i) to borrow and raise moneys by a once only issue of JPY 15,000,000,000 Zero coupon Notes;
- (ii) to deposit the proceeds of the JPY 15,000,000,000 Zero Coupon Notes mentioned in sub-paragraph (i) above and any put option premium in respect of the put option mentioned in sub-paragraph (iii) below with a bank rated AAA by Standard & Poors or Moody's Investor Service, on such terms as may seem expedient and if called upon to do so use, less any amount representing the foresaid put option premium, the foresaid deposit while at the same time retaining ownership thereof under Japanese Law to secure the obligations of the Company under the put option mentioned in sub-

paragraph (iii) below;

- (iii) to grant a put option governed by Japanese Law in respect of an interest rate swap transaction with equal to or less than one time leveraged under an ISDA Master Agreement governed by Japanese Law which may not be replaced with any other swap transaction, with the Company's credit risk of The Meiji Mutual Life Insurance Company under such put option ranking pari passu with the other senior and unsubordinated obligations of The Meiji Mutual Life Insurance Company and with the liability of and recourse against the company being limited solely to the deposit mentioned in sub-paragraph (ii) above or part thereof and the certificate for such deposit (or any part thereof to which there is to be recourse under the put option as aforesaid) where such put option has been granted shall at all time be retained by the Company on behalf of the purchaser of such put option and should a default by The Meiji Mutual Life Insurance Company occur under the foresaid swap transaction the purchaser of the foresaid put option shall transfer its rights under such swap transaction the Company in consideration for a payment by the Company, but the Company shall not take the credit risk of the counterparty to such a swap transaction;
 - (iv) to purchase a fixed value insurance or pension obligation from The Meiji Mutual Life Insurance Company which fixed value obligation shall rank pari passu with all other senior and unsubordinated obligations of The Meiji Mutual Life Insurance Company; and objects incidental to or in connection with sub paragraphs (i) through to (iv) above, however, neither the objects set-forth in sub-paragraphs (i) through to (iv) above nor the objects provided for in this sub-paragraph shall be deemed to include any object or transaction which would entail the Company taking a credit risk in respect of any other party other than The Meiji Mutual Life Insurance Company or the AAA bank mentioned in sub-paragraph (ii) above, until maturity of the Zero Coupon Notes mentioned in sub-paragraph (i) above."
- (d) The Plaintiff Companies were incorporated on 25th March, 1996 each with a share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. 100 shares from each of the Plaintiff Companies were allotted as issued and fully paid up to RBC Cayman and held pursuant to the terms of Declarations of Trust dated 26th March, 1996 settled in respect of each of the Plaintiff Companies.
- (e) On the 25th March, 1996 the Plaintiff Companies each executed a Paying and Fiscal Agency Agreement with Royal Bank of Canada Trust Company (Jersey) Limited ("RBC Jersey") pursuant to the terms of which the Plaintiff Companies were to issue Zero Coupon Notes due

31st March, 1999 ("the Notes") in or substantially in the form of the draft Note appearing at Schedule II of each of the aforesaid Paying and Fiscal Agency Agreements. Further, pursuant to the terms of the said agreements RBC Jersey were to act as Paying Agents in respect of the said Notes upon their maturity at the Redemption Date.

- (f) The terms of the said Notes were, inter alia:-
- (i) The Notes had an issuing purchase price of 93.25% of the principal amount ("the Selling Price").
 - (ii) The Notes were issued with a Redemption Date of 10 am (Tokyo time) on 31st March, 1999.
 - (iii) That the proceeds of the Zero Coupon Note Issue less the amounts payable to RBC Jersey pursuant to Section 5(b) of the Purchase Agreements (" the Paying Agent Expenses") be paid to the Plaintiff Companies (93.25% of ¥7,500,000,000 less the Paying Agent Expenses for CAAB 3; and 93.25% of ¥17,000,000,000 less Paying Agent Expenses for CAAB 4) ("the Net Purchase Monies").
 - (iv) That the Plaintiff Companies reinvest the Net Purchase Monies in the purchase of fixed value insurance or pension obligations from the Meiji Mutual Life Insurance Company, and that such proceeds were not to be used for any other purpose.
- (g) On 29th March, 1996 and in accordance with the terms of Purchase Agreements executed on or about 29th March, 1996 the Institutional Financial Investors purchased and the Plaintiff Companies sold the Notes in accordance and in compliance with the terms of the Purchase Agreements. The Plaintiff Companies received the Net Purchase Monies to reinvest the same in accordance with the terms of the Notes and the Plaintiff Companies' objects as set out in their Memoranda of Association.

Mr. Ishii

8. As stated above, Mr. Ishii, as the Head of Structured Finance at Indosuez WI, was the moving mind of the Zero Coupon Note Issue. The Plaintiff Companies, Hunter & Hunter, RBC Cayman and RBC Jersey acted in accordance with instructions emanating from Mr. Ishii himself, or others acting under his instruction. The Third to Twenty Second Defendants were at all material times associates of Mr. Ishii and acted at all times in accordance with his wishes and instructions.

9. By way of Deeds dated 26th March, 1996 ("the Powers of Attorney") the Plaintiff Companies appointed Mr. Ishii to be their lawful attorney in fact with the power, inter alia, "to debit full payment of any fees, costs, or expenses payable by the company and to credit any third party bank account with any such payment of fees, costs, or expenses....". The Power of Attorney are expressed to be governed by the laws of the Cayman Islands.
10. The Third to Twenty Second Defendants all appear on the register of directors of the Plaintiff Companies either as the director of both or one of the Plaintiff Companies.
11. The Plaintiff Companies rely on the fact of the Powers of Attorney along with the facts and matters below to support the averment that Mr. Ishii was to all intents and purposes a Shadow Director of the Plaintiff Companies owing fiduciary duties and duties of care to the same.
12. On 7th May, 1997 Mr. Ishii wrote to Mr. Frank Boers of RBC Cayman informing him that the Third Defendant, who was at that time a director of the Plaintiff Companies, was resigning and requesting:
 - (i) That Mr. Ishii become proxy for every director upon the Third Defendant's resignation;
 - (ii) That even if Mr. Ishii resigned from Indosuez W.I. that the proxy in his favour still be effective

The letter further requested that RBC Cayman cause the corporate directors that it provides to the Second Defendant to hold a board meeting to open an account in the name of the Second Defendant with UBC, Zurich.

13. By letter dated 16th May, 1997 Mr. Ishii wrote to Mr. Boers of RBC Cayman stating that in respect of the proposed board resolution delegating the powers of the directors of the Plaintiff Companies to Mr. Ishii, particulars of which was set out in his letter of 7th May, that upon receipt of the draft Mr. Ishii would gather the necessary signatures. In response to the letter on 18th May, 1997 Mr. Boers wrote to Mr. Ishii stating as follows:

"Because there are powers to be conferred upon you whether you are an employee of Indosuez or not, I feel that is very important that ALL current directors sign this particular minute and that it not be just signed by Mr. Matsunami as proxy for other directors."
14. In furtherance of the fraudulent scheme set out below and on Mr. Ishii's instructions Maples and Calder, attorneys at law in the Cayman Islands, incorporated the Second Defendant as an exempted company in accordance with the laws of the Cayman Islands. On 19th May, 1997 the directors of the

Second Defendant passed a resolution authorising Mr. Ishii to establish a banking relationship with Union Bank of Switzerland, Zurich and that he be authorised to sign on behalf of the company. Thereafter, RBC Cayman requested an explanation as to why this account was necessary and, in response, on 21st May, 1997 Mr. Ishii stated that the account was required for use for a "fee arrangement for the JIG transaction" and that one of the fee receivers was "strongly requesting" that the payment be made from an account with UBS Zurich.

15. In the premise it is averred that Mr. Ishii and the Third to Twenty Second Defendants owed fiduciary duties and/or duties of care to the Plaintiff Companies and the Second Defendant. It is averred that Mr. Ishii was to all intents and purposes a shadow director of the Plaintiff Companies. In any event as of 27th January, 1997 Mr. Ishii was elected as a director of the Plaintiff Companies.

The "Loans"

16. As set out in a fax to RBC Cayman from Royal Trust (Tokyo), RBC Cayman was instructed to credit the Net Purchase Monies otherwise than in accordance with the terms of the Notes. It is averred that such instruction emanated from Mr. Ishii. In breach of the terms of the said Notes and in breach of Mr. Ishii and the Third to Twenty Second Defendants fiduciary duties and/or duties of care to the Plaintiff Companies and in respect of Mr. Ishii in his capacity as a shadow director, Mr. Ishii and the Third to Twenty Second Defendants caused the Plaintiff Companies not to invest the Net Purchase Monies in fixed value insurance or pension obligations from The Meiji Life Insurance Company ("Meiji Life") (as was a strict term of the Notes and the Plaintiff Companies' objects) but instead caused the Plaintiff Companies to advance the Net Purchase Monies to the Third to Twenty Second Defendants and Hides Sasaki (jointly "the Borrowers") all of whom are or were connected with Mr. Ishii (including some being members of his family), pursuant to the terms of various purported Loan Agreements with "the Borrowers" reduced to writing but, to the best of the Plaintiff Companies' knowledge, never executed by the respective parties. Mr. Ishii and the Third to Twenty Second Defendants caused the Plaintiff Companies to make the following "loans":-

CAAB 3

Borrower	Amount - Yen	Date of Loan
Ryoei Matsunami	682,206,000	29/3/96
Ikuko Matsunami	810,753,000	29/3/96
Kiyonori Sasaki	733,452,000	29/3/96

Kenzo Sasaki	583,281,000	29/3/96
Michiko Ishii	673,887,000	29/3/97
Hiroko Imai	892,662,000	29/3/97
Fumie Tanno	467,940,000	29/3/97
Kimi Sato	382,551,000	29/3/97
Iku Saito	892,262,000	29/3/97
Shigemi Sasaki	818,910,540	29/3/97
TOTAL	¥ 6,938,304,540	

CAAB 4

Borrower	Amount - Yen	Date of Loan
Emiko Ide	835,623,000	4/1/96
Fumie Nezu	808,608,000	4/1/96
Hideo Sasaki	643,389,000	4/1/96
Shigehisa Wada	686,790,000	4/1/96
Kimie Sasaki	757,431,000	4/1/96
Norimasa Sato	709,701,000	4/1/96
Junichi Sata	498,273,600	4/1/96
Hiroko Nakayama	808,608,000	4/1/96
Toshiko Ohyama	516,288,000	4/1/96
Yoshinori Imai	682,206,000	4/1/96
Ryoei Matsunami	682,206,000	4/1/96
Ikuko Matsunami	810,753,000	4/1/96
Kiyonori Sasaki	733,452,000	4/1/96
Kenzo Sasaki	583,281,000	4/1/96
Michiko Ishii	673,877,000	4/1/96
Hiroko Imai	892,66,000	4/1/96
Fumie Tanno	467,940,000	4/1/96

Kimi Sato	382,551,000	4/1/96
Iku Saito	892,662,000	4/1/96
Shigemi Sasaki	835,623,000	4/1/96
TOTAL	¥ 13,901,934,600	

16. Inter alia, under the terms of the said purported Loan Agreements:-
- (i) no interest was chargeable on the said "loans";
 - (ii) the "Borrowers" were under a purported obligation to use the proceeds of such "loans" to purchase, in their own names, insurance or pension contracts from The Meiji Life, and such proceeds were not to be used for any other purpose.
 - (iii) Such "loans" were repayable at the expressed maturity date, being 31st March, 1999 or on demand if certain of the provisions of the purported Loan Agreements be breached by the "Borrowers".
17. In accordance with the purported obligations under the terms of the purported Loan Agreements the "Borrowers" purchased insurance and/or pensions contracts with the said Meiji Life.
18. The entering into of the purported Loan Agreements with the "Borrowers" and the use of the Net Purchase Monies by the Plaintiff Companies as loans to the "Borrowers" was outside of the strict terms of the Plaintiff Companies' objects as set forth in their Memoranda of Association and in breach of the terms of the Notes. It is averred that this was in the knowledge of Mr. Ishii and the Third to Twenty Second Defendants. In the premise the purported Loan Agreements and the advancing of such "loans" were ultra vires the Plaintiff Companies and void and by causing the Plaintiff Companies to enter into the purported Loan Agreements and make such payments to the Borrowers Mr. Ishii and the Third to Twenty Second Defendants were in breach of their fiduciary duties and/or duties of care to the Plaintiff Companies.
19. Further and in the alternative, even if the loans were intra vires the Plaintiff Companies (which is denied), in the proper discharge of the duties and powers referred to in paragraph 5 above Mr. Ishii and, the Third to Twenty Second Defendants were required, inter alia, to implement the following internal controls within the Plaintiff Companies to enable Mr. Ishii and the Third to Twenty Second Defendants properly to oversee and direct the affairs of the Plaintiff Companies including:
- (a) Mr. Ishii and the Third to Twenty Second Defendants should have required all borrowers

and/or debtors of the Plaintiff Companies to provide adequate security for all loans, advances and other disposition of the Plaintiff Companies asset made by the Plaintiff Companies' and/or involving the Plaintiff Companies;

- (b) Mr. Ishii and the Third to Twenty Second Defendants should have assessed the ability of the Plaintiff Companies' debtors to repay loans or advances or provide value for other assets transferred;
 - (c) All significant loans and advances made and assets transferred by the Plaintiff Companies should have been monitored by Mr. Ishii, and the Third to Twenty Second Defendants on a regular basis to ensure that the borrower and/or transferee was able to fulfill its obligations to the Plaintiff Companies;
20. Upon the discovery of the aforesaid matters Mr. Ishii was summarily dismissed from his position as Head of Structured Finance of Indosuez W.I. on 3rd July, 1997 and is no longer an employee of that company. Upon being informed of the facts and matters surrounding the transactions Meiji Life have cancelled the various pensions and insurance policies issued to the Borrowers (such policies being purchased by the Borrowers with the proceeds of the various purported loans made ultra vires the Plaintiff Companies) and have reimbursed the Plaintiff Companies the total amount of the principle and the following interest, being substantially below the rate of interest that would have accrued on the principle amounts if they had been used in accordance with the strict terms of the Notes and the Plaintiff Companies' objects or if placed on fixed deposit:
- (i) 2.06% from 26th March, 1996 to October the 1st 1997
 - (ii) 1% from October the 1st 1997 to 15th of October, 1997
 - (iii) 0.5% from the 15th October, 1997 to the 7th November, 1997, the date on which the principle amount was repaid by Meiji Life.
21. In the premise, it is averred that Mr. Ishii and the Third to Twenty Second Defendants' breaches of fiduciary duties and/or duties of care have resulted in a loss to the Plaintiff Companies equivalent to the loss of interest on the principle amounts should such amounts have been invested at a suitable market rate to the date when such principle amounts can be reinvested at a suitable return.

The Investment Advisor's Fee

22. Furthermore, in accordance with his powers under the Powers of Attorney and acting in his capacity as a shadow director Mr. Ishii caused the Plaintiff Companies to pay an "Investment Advisor's Fee" to the Second Defendant; the First Plaintiff and the Second Plaintiff paying and ¥43,303,004, and

¥70,139,242 respectively to the Second Defendant. Until discovery and/or interrogatories the Plaintiff Companies are unable to particularise whether such payments were made pursuant to a purported contract. In any event it is averred that pursuant to the strict terms of the objects of the Plaintiff Companies as set out in their Memoranda of Association the Plaintiff Companies had no power to pay an "Investment Advisor's Fee" to the Second Defendant (such payments being outside of the parameters of the transaction as set out in the Plaintiff Companies objects) and as such were ultra vires the Plaintiff Companies and void. In the premise it is averred that Mr. Ishii and the Third to Twenty Second Defendants were fully aware of the ultra vires nature of these payments and by so causing the Plaintiff Companies to pay an Investment Advisor's fee were in breach of their fiduciary duties and/or duties of care to the Plaintiff Companies. The Investment Advisor's Fee is a void payment promulgated to facilitate the fraud and was a breach of fiduciary duties by Mr. Ishii and the Third to Twenty Second Defendants. In the premise, the Plaintiff Companies are entitled to restitution and recovery of the sums of ¥43,303,004 and ¥70,139,242 paid in respect of these void payments.

23. It is averred that the Second Defendant is a corporate entity controlled by Mr. Ishii and/or the Third to Twenty Second Defendants and was incorporated on his and/or their instructions for the specific purpose of receiving ¥113,442,246 under the guises of an Investment Advisor's Fee. Further particulars will be provided after Discovery and/or Interrogatories have been served. It is further averred that the Second Defendant did not provide any "Investment" or any other services to the Plaintiff Companies; its sole purpose being to receive payment of ¥113,442,246 intended to be to the ultimate benefit of Mr. Ishii and/or the Third to Twenty Second Defendants as part of the fraudulent scheme initiated and carried out by Mr. Ishii and his associates with him or under his instruction. Such payments were ultra vires the Plaintiff Companies and a misappropriation of their assets in breach of Mr. Ishii and the Third to Twenty Second Defendants' fiduciary duties and/or duties of care. In the premise that the Second Defendant was incorporated for the reasons and under the circumstances aforesaid, it is averred that it knowingly assisted Mr. Ishii and the Third to Twenty Second Defendants' to breach their fiduciary duties to the Plaintiff Companies in the conduct and execution of this fraudulent scheme and was knowingly in receipt of part of the fruits of Mr. Ishii and the Third to Twenty Second Defendants' fraud. Pursuant to the instructions of Mr. Ishii US\$816,000 of monies that it is averred were paid to the Second Defendant under the guise of a Investment Advisors Fee were invested at the Bank of Butterfield in the Buttress International Balanced Fund in account number 271. In the premise it is averred that the Second Defendant is a constructive trustee of the same and liable to account to the Plaintiff Companies for monies paid under the guise of an Investment Advisor's Fee and/or is liable in damages for knowingly assisting a breach of trust or if the facts so show, for knowingly dissipating trust funds in breach of its own constructive trusteeship.

Mr. Ishii and the Third to Twenty Second Defendants

24. In conclusion it is averred that in causing the Plaintiff Companies:
- (a) to enter into purported Loan Agreements with the "Borrowers" who were in fact all but one the Directors of the Plaintiff Companies; and
 - (b) to pay an Investment Advisor's Fee to the Second Defendant; and
 - (c) to pay out the Net Purchase Monies otherwise than in accordance with the terms of the Notes and the Plaintiff Companies' objects;

Mr. Ishii and the Third to Twenty Second Defendants knowing that or being reckless as to whether such transactions were ultra vires the Plaintiff Companies and in pursuance of a flagrant fraud on the Plaintiff Companies, were in breach of their fiduciary duties and/or duties of care (in respect of Mr. Ishii as a shadow director of the Plaintiff Companies) and are liable for any losses, including any misappropriation of assets of the Plaintiff Companies, or loss of interest on the principle sum, that the Plaintiff Companies have suffered.

The Third to Twenty Second Defendants

25. Further, it is averred that in causing the Company to lend the Net Purchase Monies to the Third to Twenty Second Defendants themselves was a clear misappropriation of the Plaintiff Companies' assets to the Third to Twenty Second Defendants in their capacities as fiduciaries to the Plaintiff Companies. Accordingly, it is averred that such monies are held by the Third to Twenty Second Defendants as constructive trustees and the same are liable to account to the Plaintiff Companies for the monies paid under the guise of the loans, any secret profit made thereon or, if the facts so show, damages for knowingly dissipating trust funds in breach of their own constructive trusteeship.

The Second Defendant

26. Further, it is averred that:
- (a) by receiving payment of the "Investment Advisors Fee" the Second Defendant had actual knowledge, the knowledge of Mr. Ishii and/or the Third to Twenty Second Defendants being imputed on it, or in the alternative should have known and, that such payments were ultra vires the Plaintiff Companies and void. In the premise, the Second Defendant must repay all such sums received from the Plaintiff Companies along with any secret profit made;

- (b) the Second Defendant, knowing that the Investment Advisors Fee was a sham and that it would not provide any services for these payments, knowingly assisted Mr. Ishii and/or the Third to Twenty Second Defendants in the breach of their fiduciary duties to the Plaintiff Companies, such monies being received by the Second Defendant for the ultimate benefit of Mr. Ishii and/or the Third to Twenty Second Defendants;
- (c) in the premise, the Second Defendant was in knowing receipt of trust funds beneficially owned by the Plaintiff Companies and is liable to repay and/or account to the Plaintiff Companies for the same. In so far as such trust monies have been dissipated by the Second Defendant it is averred that such dissipation was with knowledge of their constructive trusteeship and that they are liable to the Plaintiff Companies in damages.

AND THE PLAINTIFFS CLAIM:

Against the First Defendant and the Third to Twenty Second Defendants

- 1) Damages for Breach of Fiduciary Duty and/or duty of care.
- 2) An account of all or any monies paid or held by the First Defendant and the Third to Twenty Second Defendants as constructive trustees for the Plaintiff Companies.
- 3) An account of any secret profit made thereon.

Against the Second Defendant

- 4) Restitution in integrum and repayment of all monies paid by the Plaintiff Companies to the Second Defendant as an Investment Advisors Fee:
- 5) Damages for knowingly assisting the First Defendant and the Third to Twenty Second Defendants to breach their fiduciary duties and/or an account and/or damages in respect of monies had and received by the Second Defendant.
- 6) In the alternative, damages for breach of constructive trust.

Against all Defendants

- 7) A declaration that the payment of the Net Purchase Monies to the "Borrowers" was ultra vires the objects of the Plaintiff Companies as set forth in their Memoranda of Association.

- 8) A declaration that the payment of the Investment Advisor's Fee by the Plaintiff Companies was ultra vires their objects and that such payment is void.
- 9) All necessary accounts and enquiries.
- 10) Interest pursuant to statute at such rate and for such period as the Honourable Court shall determine.
- 11) Further and other relief.
- 12) Costs.

DATED this day of December, 1997.

W.S. Walker & Company
W.S. WALKER & COMPANY
Attorneys-at-Law for the Plaintiff

FILED by W.S. Walker & Company, of P.O. Box 265, Caledonian House, Mary Street, George Town, Grand Cayman, Attorneys-at-Law for the Plaintiffs whose address for service is that of their Attorneys-at-Law.