



COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

FSD CAUSE NO: OF 2023 (RPJ)

IN THE MATTER OF SECTIONS 124 AND 131 OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF CAYMAN INVESTMENT FUNDS MASTER SPC (IN VOLUNTARY LIQUIDATION)

PETITION FOR SUPERVISION ORDER

To: The Grand Court of the Cayman Islands

The humble petition of Mitchell Mansfield and Samuel Cole of Kroll (Cayman) Limited (**Kroll**) of Strathvale House, Third Floor, 90 North Church Street, Grand Cayman, Cayman Islands, as joint voluntary liquidators (**JVLs**) of Cayman Investment Funds Master SPC (in voluntary liquidation), shows that:

Overview

- 1 This is a Petition seeking orders that the liquidation of an insolvent company continues under the supervision of the Court as a result of the company directors confirming that they do not intend to sign declarations of solvency.

Company Particulars

- 2 Cayman Investment Funds Master SPC (registration number 336367) (**Company**) is an exempted segregated portfolio company incorporated on 27 April 2018 in the Cayman Islands with limited liability under the Companies Act.
- 3 The Company was initially incorporated under the name "Prudent Cayman Investment Funds Master SPC". On 8 June 2021, it changed its name to "Cayman Investment Funds Master SPC".

- 4 The Company carries on business as a regulated mutual fund in terms of s 4(3) of the Mutual Funds Act (2021 Revision), having its registered office at 23 Lime Tree Bay Avenue, P.O. Box 10176, Grand Cayman KY1-1002, Cayman Islands.
- 5 The Company's articles of association were adopted on 27 April 2018. The objects for which the Company was incorporated are unrestricted.
- 6 The directors of the Company are Dennis Klemming and Gareth Williams (**Directors**).
- 7 The Company is organised as a master fund. It was responsible for making all portfolio investments and conducting all trading activity using funds contributed by investors in two related feeder funds:
- (a) Cayman Investment Funds SPC, an exempted company with limited liability registered as a segregated portfolio company in the Cayman Islands under the Companies Act, having its registered office at 23 Lime Tree Bay Avenue, P.O. Box 10176, Grand Cayman KY1-1002, Cayman Islands (**Offshore Feeder**).
 - (b) U.S. Investment Funds Series, LLC, a duly incorporated company under the laws of the State of Delaware, United States of America, having its registered office at 8 The Green, Suite A, Dover, Kent, Delaware, United States of America (**Onshore Feeder**).
- 8 The Offshore Feeder was used as the vehicle for US tax-exempt and international investors to contribute funds for investment through the Company. The Onshore Feeder was used as the vehicle for US-taxable investors to contribute funds for investment through the Company. The Company, the Offshore Feeder and the Onshore Feeder comprise the fund (**Fund**).
- 9 On its incorporation, the Company created four segregated portfolios:
- (a) North America Opportunity Master SP (**NAOMSP**);
 - (b) Diversified Corporate Lending Master SP (**DCLMSP**);
 - (c) Payment Processing Master SP (**PPMSP**); and
 - (d) Mezzanine Master SP (**MMSP**).
- (Segregated Portfolios)**
- 10 NAOMSP and DCLMSP were the only segregated portfolios the Company carried on business through when it entered voluntary liquidation. The Company carried on business through PPMSP between 2018 – 2021 but ceased business through PPMSP in or around March 2021 after all investors were redeemed

out of the portfolio. The Company established MMSP in 2018, but no business was carried out through the segregated portfolio.

- 11 The authorised share capital of the Company is USD50,000.00, divided into:
- (a) 100 management shares of par value USD0.01 each; and
 - (b) 4,999,900 participating shares of par value USD0.01 each.
- 12 Based on the information provided to the JVLs, the Company shareholding is held as follows:
- (a) U.S. Investment Manager, LLC (**Investment Manager**) holds 100 management shares.
 - (b) The 31 July 2023 NAV for NAOMSP states the outstanding participating shares are held as follows:
 - (i) 1,576 participating shares are held by the Onshore Feeder; and
 - (ii) 20,568 participating shares are held by the Offshore Feeder.
 - (c) Based on the information provided by the Directors, there are no outstanding participating shares in DCLMSP, PPMSP or MMSP.

Investment Strategy and Performance

NAOMSP

- 13 The Offshore Feeder's Supplement to its Private Placement Memorandum issued In August 2021 relating to the investment that the Company would carry out through NAOMSP recorded that:
- (a) The investment objective of the NAOMSP portfolio was to create capital appreciation and income by managing investments in a portfolio of private equity companies domiciled in or carrying out business in the United States of America.
 - (b) The Investment Manager intended that NAOMSP would deploy the investment funds in acquiring debt securities that the Investment Manager considered would provide a favourable financial return for investors.
- 14 The Directors state that the Company ultimately invested in three US companies: Alliance Metals, Sinai Medical and Athena Medical Management Group, LLC.

- 15 In or around October 2023, the JVLs understand from the information provided by the Directors that NAOMSP experienced a significant liquidity crunch because of the following matters:
- (a) The Onshore Feeder and the Offshore Feeder have received numerous redemption requests from their respective investors for their investments in those entities. The funds contributed by investors in those entities were ultimately deployed for investment through the Company.
 - (b) The portfolio's underlying investments became distressed due to matters including (but not necessarily limited to) breaches by the underlying lenders of their obligations under the credit facilities with the Company.
 - (c) There are insufficient funds available to fulfil the redemption payments due to the investors of the Onshore Feeder and the Offshore Feeder as and when those obligations fall due for payment.
- 16 As a result of these matters, it appears on the available information that NAOMSP cannot meet its obligations to the Onshore Feeder and the Offshore Feeder as and when those obligations fall due for payment.

DCLMSP

- 17 The Offshore Feeder's Supplement to its Private Placement Memorandum issued In April 2020 relating to the investment that would be carried out by the Company through DCLMSP recorded that:
- (a) The investment objective of the DCLMSP portfolio was to create strong and sustainable risk-adjusted returns by making short-term loans backed by receivables to small to mid-sized companies based in South America, primarily in Brazil and/or North America.
 - (b) The investment strategy for the DCLMSP portfolio was to hold investments in several regulated Brazilian Fundo de Investimento em Direitos Creditórios and other regulated investment vehicles, with at least 90 per cent of the investments being held in various debt securities.
- 18 The Directors state the Company ultimately invested in two South American companies: Prudent Investimentos (**Prudent Investments**) and Wow Solucoes Consultoria (**Wow Solutions**).
- 19 The JVLs understand from the information provided by the Directors that DCLMSP has experienced a significant liquidity crunch because of the following matters:
- (a) The Onshore Feeder and the Offshore Feeder have received redemption requests from all of their investors who contributed funds for investment through the DCLMSP portfolio.

(b) There are insufficient funds available to fulfil the redemption payments due to the investors of the Onshore Feeder and the Offshore Feeder as and when those obligations fall due for payment.

20 The JVLs understand, based on information provided by the Directors, that it is unlikely that the funds received from the liquidation of the underlying investments held through NAOMSP and DCLMSP will be sufficient for the Company to fulfil the redemption payments due to the investors of the Onshore Feeder and the Offshore Feeder.

The Company's Balance Sheet Position

21 The JVLs are in the process of determining the Company's financial position. Based on the information provided to the JVLs by the Directors, the financial position of the Company, NAOMSP, and DCLMSP is as follows:

General Assets of the Company

(a) The Company has no general assets or general liabilities.

NAOMSP

(b) NAOMSP holds four investment positions in Alliance Metals, Sinai Medical and Athena Medical Management Group, LLC, with an aggregate value of USD43,314,073.47 as of 31 July 2023.

(c) NAOMSP has payment obligations to the Offshore Feeder of USD30,696,017.11 and the Onshore Feeder of USD436,486.32, totalling USD31,132,503.43 (including accrued interest) on account of the outstanding redemption requests received from investors of those entities in relation to their shares as of 31 July 2023.

DCLMSP

(d) DCLMSP holds two investment positions in the form of debt offerings to Prudent Investments and Wow Solutions, with a value of USD20,723,921.35 as of 25 October 2021.

(e) DCLMSP has payment obligations to the Offshore Feeder of USD13,587,621.36 and the Onshore Feeder of USD4,960,317.20, totalling USD18,547,938.57 on account of the outstanding redemption requests received from investors of those entities in relation to their shares as of 25 October 2021.

PPMSP

- (f) PPMSP has no assets or liabilities.

MMSP

- (g) MMSP has no assets or liabilities.

22 The last audited financial statements produced by the Company were for NAOMSP for the financial year ending 31 December 2020. The audited financial statements post-December 2020 are outstanding.

23 The JVLs are continuing their investigation to determine the value of creditor claims and identify additional creditors of the Company and its Segregated Portfolios.

Solvency of the Company and its Segregated Portfolios

24 The Directors informed the JVLs that the Company is unable to realise sufficient liquid value from its assets to meet redemptions due to the Onshore Feeder and the Offshore Feeder.

Voluntary Liquidation of the Company

25 On 31 October 2023, the Investment Manager, as the sole management shareholder, passed a unanimous written resolution to appoint Mr Mansfield and Mr Cole as joint voluntary liquidators of the Company. Accordingly, the winding up of the Company commenced on 31 October 2023 in terms of s 117(1)(a) of the Companies Act.

26 On 1 November 2023, the JVLs filed with the Registrar of Companies a notice of winding up of the Company in accordance with Order 13, rule 2(1)(a) of the Companies Winding Up Rules (2023 Consolidation) (**CWR**) and the JVLs' consent to act as voluntary liquidators of the Company.

27 On 7 November 2023, the JVLs arranged for notice of the winding up to be published in the Gazette on 20 November 2023, and a notice of appointment of liquidators was sent to the Directors.

28 On 15 and 16 November 2023, the Directors advised the JVLs (through their legal counsel) that they could not (and do not intend to) sign a declaration of solvency as they believed the Company was insolvent, as it was unable to pay its debts in full, together with interest at the prescribed rate within for a period of 12 months from the commencement of the winding up.unse

29 On 16 November 2023, the JVLs sent a copy of the notice of winding up and liquidator's consent to the Cayman Islands Monetary Authority, given the Company was carrying on a regulated business in terms of s 2(1) of the Companies Act, per O. 13, r 2(1)(c) of the CWR.

Related Proceedings Affecting the Offshore Feeder

- 30 On 31 October 2023, the Investment Manager, as the sole management shareholder of the Offshore Feeder, also passed a unanimous written resolution to appoint Mr Mansfield and Mr Cole as joint voluntary liquidators of the Offshore Feeder.
- 31 The JVLs have filed a petition seeking a supervision order under section 124 or, alternatively, section 131 of the Companies Act in relation to the Offshore Feeder on the basis that the director of the Offshore Feeder has not, and does not intend to, sign a declaration of solvency for the Offshore Feeder. This Petition has been filed contemporaneously with the petition concerning the Offshore Feeder.

Grounds for the Supervision Order

- 32 Section 241(1) of the Companies Act provides that the voluntary liquidators of a company must present a petition seeking the winding up of the company to continue under the supervision of the Grand Court if a declaration of solvency is not provided within 28 days of the commencement of the voluntary liquidation.
- 33 The voluntary liquidation commenced on 31 October 2023, meaning a declaration of solvency, if forthcoming, is required by 28 November 2023.
- 34 The Directors of the Company have not signed a declaration of solvency since the commencement of the winding up and have informed the JVLs (through their legal counsel) that they do not intend to do so. Accordingly, the Companies Act requires that the liquidation continue under the supervision of the Court.
- 35 Alternatively, section 131(a) of the Companies Act provides that the Court may make an order for the continuation of the winding up of the Company under the supervision of the Court, notwithstanding that a declaration of solvency has been made, on the grounds that (among other things) the Company is or is likely to become insolvent.
- 36 For the reasons outlined above, the circumstances demonstrate that the Company is, or is likely to become, insolvent.

Consent to Appointment as Joint Official Liquidators

- 37 The JVLs:
- (a) are “qualified Insolvency Practitioners within the meaning of that term under s 89 of the Companies Act and as prescribed by regulation 4 of the Insolvency Practitioners Regulations (2023 Consolidation) (IPR);

- (b) meet the residency requirements contained in regulation 5 of the IPR;
- (c) meet the independence requirements prescribed in regulation 6 of the IPR;
- (d) meet the insurance requirements prescribed by regulation 7 of the IPR, and Kroll holds a trade licence that authorised its staff to carry on business as professional insolvency practitioners; and,
- (e) consent to their appointment as joint official liquidators (**JOLs**) of the Company if the Court so directs.

Notice of Petition

- 38 On 26 October 2023, the Directors notified creditors and shareholders that the Company would be placed into voluntary liquidation.
- 39 On 9 November 2023, the Directors notified creditors and shareholders that the Company had been placed in voluntary liquidation and the JVLs would make an application to the Court for the Company's liquidation to be continued under the supervision of the Court.
- 40 As of the date of this Petition, no objection has been received from any creditor or shareholder of the Company to the JVLs' appointment or the application for the Company's liquidation to continue under the supervision of the Court.
- 41 The JVLs will notify and provide a copy of this Petition to all known Company shareholders and creditors. The JVLs will request that any objection to the Petition be made within 14 days of delivery of the notice to the creditor or shareholder. Unless the JVLs receive any objection to this petition within this timeframe, they will request that the Court make the supervision order without needing a hearing, pursuant to O.15, r. 5(1) of the CWR.

THE PETITIONERS HUMBLY PRAY THAT:

- (a) The winding up of the Company is continued under the supervision of the Court pursuant to s 124 (or, in the alternative, s 131) of the Companies Act.
- (b) Mitchell Mansfield and Samuel Cole of Kroll (Cayman) Limited of Strathvale House, Third Floor, 90 North Church Street, Grand Cayman, Cayman Islands, are appointed as JOLs of the Company with the power to act jointly and severally.
- (c) The JOLs are not required to provide security for their appointment.

- (d) The JOLs are authorised to take any action they consider necessary or desirable in connection with the liquidation of the Company and its Segregated Portfolios and the winding up of affairs in the Cayman Islands or elsewhere.
- (e) The JOLs are sanctioned to exercise the following powers outlined in Part One of the Third Schedule of the Companies Act without further order of the Court:
 - (i) The power to bring or defend any action or other legal proceeding in the name and on behalf of the Company.
 - (ii) The power to make a compromise or an arrangement with creditors or persons claiming to be creditors or who have or allege the existence of a claim against the company, whether present or future, actual or contingent, or ascertained or not.
 - (iii) The power to compromise calls and liabilities for calls, debts, and liabilities capable of resulting in debts and claims, present or future, actual or contingent, or ascertained or not, subsisting or supposed to subsist between the company and any person and all questions relating to or affecting the assets or the liquidation of the company, on such terms as may be agreed, and take security for the discharge of any such call, debt, liability, or claim, and give a complete discharge.
 - (iv) The power to sell or otherwise dispose of the property of the Company and its Segregated Portfolios.
 - (v) The power to engage staff (whether or not as employees of the Company) to assist the JOLs in the performance of their functions;
 - (vi) The power to engage attorneys and other professionally qualified persons to assist the JOLs in the performance of their functions, within and outside of the Cayman Islands, and on such terms as the JOLs think fit, and to remunerate them out of the assets of the Company and its Segregated Portfolios as an expense of the official liquidation;
- (f) The JOLs are additionally empowered to exercise the following powers without further order of the Court:
 - (i) The JOLs are authorised to take any action as may be necessary or desirable to obtain recognition of the official liquidation and their appointment as JOLs in the United States of America or any other relevant jurisdiction, together with such other relief as the JOLs deem necessary for the proper exercise of their functions in that jurisdiction.

- (ii) The power to control and otherwise deal with all existing bank accounts in the name of the Company and its Segregated Portfolios and to open new bank accounts in the name of the Company.
- (iii) The power to appoint an agent to do anything the JOLs cannot do.
- (iv) The power to change the registered office of the Company.
- (g) The JOLs may exercise the powers granted to them within and outside of the Cayman Islands.
- (h) Unless the Court otherwise directs, the JOLs are not required to take steps to establish a liquidation committee.
- (i) No suit, action or other proceeding may be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms as the Court may impose.
- (j) No disposition of the Company or its Segregated Portfolio's property by, or with the authority of, the JOLs in carrying out their functions and exercising their powers under this Order shall be voided under s 99 of the Companies Act.
- (k) The costs of this petition shall be paid out of the assets of the Company and its Segregated Portfolios as an expense of the official liquidation.
- (l) The JOLs are at liberty to apply generally.
- (m) Such further or other orders are made as the Court deems fit.

AND your Petitioners will ever pray, etc.

Dated: 20 November 2023



DENTONS

Attorneys for the JVLs

THIS PETITION was issued by Dentons, attorneys for the Joint Voluntary Liquidators, whose address for service is Dentons, Floor Two, One Capital Place, Shedden Road, P.O. Box 10190, Grand Cayman KY1-1002 Cayman Islands.

