

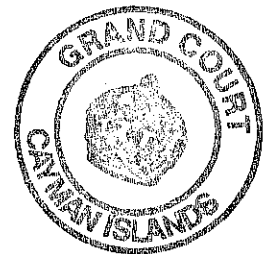
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO 110 OF 2000

IN THE MATTER OF SECTIONS 94 AND 148 OF THE COMPANIES LAW (1998 REVISION)

AND IN THE MATTER OF ITL CORP

PETITION



TO: The Grand Court of the Cayman Islands

The petition of Alfred William Billes, of P.O. Box 30486 SMB, George Town, Grand Cayman shows:

1. THAT ITL Corp ("the company") was incorporated and registered (registration no. 77838) on 19th November, 1997 under The Companies Law of the Cayman Islands.
2. THAT the last known registered office of the company was at the offices of Everest Management Ltd, third floor, Buckingham Square Building, PO Box 31078 SMB, Grand Cayman.
3. THAT the petitioner is a creditor of the company.
4. THAT the petitioner and his wife, Barbara Edith Anne Billes, loaned US\$2 million to the company in October, 1998. The company issued a promissory note to the petitioner's order in the amount of US\$2 million on 1st November, 1998. The principal sum thereof was repayable on demand and, pending repayment, interest was due, under that note, at the rate of four percent (4%) per month. All

payments of interest were made up to and including September, 1999. No interest payments have been made thereunder since then.

5. THAT the petitioner and his wife were induced to make the said loan to the company by fraudulent misrepresentations made to, *inter alia*, the petitioner by Michael E. Gause, a former resident of the Cayman Islands now living in a prison cell in America, and by Patrick T. Tibbetts, who resides in Grand Cayman.
6. THAT the said fraudulent misrepresentations consisted of repeated statements made, and of documents given, to, *inter alia*, the petitioner prior to his and his wife lending the company the above sum, wherein Gause and Tibbetts represented that the said sum of US\$2 million would be invested by the company in a business in the United States of America known as "Cash 4 Title" or "C4T" whereas, in actual fact, Gause and Tibbetts fully intended, at the time, to retain most of the proceeds of the petitioner's said loan for their own benefit, that of their associates and for the purpose of paying interest on investments.
7. THAT unbeknownst to the petitioner at any relevant time until 16th or 17th October, 1999, Gause and Tibbetts had combined, agreed and conspired together, with each other and with others, since 1997, to defraud the public in general and the petitioner in particular of vast sums through the means of a Ponzi scheme which they ran out of the Cayman Islands between 1997 and mid-October, 1999.
8. THAT Gause and Tibbetts, pursuant to the said conspiracy, caused a substantial number of companies which they, or one of them, controlled to be formed in the Cayman Islands for the purpose of carrying out the said fraudulent Ponzi scheme. These Cayman Islands companies included JMP International Ltd, International

Professionals Ltd, Combined Asset Management Ltd, Morning Star Ltd, Opal Holdings, Global Loans Advantage Inc, Inter-World Holdings, Harbour Management Ltd, MTN Investments, OTA Corp, The Whisper Group, Unique Projects, Bellwether Holdings Ltd, S & R Financial Limited, Sovereign Capital Holdings, Sunset Financial Services Ltd, Offshore Title Investment Ltd, Arabella Holdings, Everest Management Ltd, Redwood Investments, Jibo Ltd, Haven Company, LDF Ltd, Nascaydomus Enterprises, OPL Ltd, Premier Holdings Ltd, Sunset Loans Ltd, Navico Holdings Ltd, MTM Limited, other companies and the company (together "the group companies").

9. THAT all sums loaned by the victims of the above scheme to any of the above companies, including the petitioner's US\$2 million, were routinely transferred between the accounts of two or more of the said companies kept by Bank of Bermuda in Grand Cayman. Funds paid by the victims, including the petitioner, were kept circulating between the said accounts. Some of these funds would then be paid to Gause or to Tibbetts or, more often than not, to entities that they controlled in the Cayman Islands and elsewhere and to other co-conspirators or to entities which one or several of them controlled in the United States of America. Other funds were used to make interest payments on loans made by the victims of the Ponzi scheme, including the petitioner. Some of these funds were used for legitimate expenses and less than one percent (1%) thereof was paid to "Cash 4 Title" or "C4T".
10. THAT the group companies were completely controlled by Gause or Tibbetts or both of them. They were a sham, a mere cloak devised and intended by Tibbetts and Gause to facilitate and carry out the fraud described herein and they were used for that purpose. These companies were a mere device for enabling Gause

and Tibbetts to defraud the victims of the above scheme in general and the petitioner in particular. The group companies had no purpose or activity other than the carrying out of the fraud. There was no legitimate part to them.

11. THAT it follows that the group companies, including the company, together with Gause and Tibbetts, must be regarded as one factual entity to which the petitioner loaned the above sum of US\$2 million and that they are all liable towards the petitioner for the repayment thereof, including interest, under the terms of the above promissory note. The petitioner is a creditor of the company in the amount of US\$2 million and interest.
12. THAT all the group companies, including the company, are unable to pay their debts in general and, in particular, the amounts owed to the Cayman Islands victims of the above Ponzi scheme, including the petitioner.
13. THAT moreover, it is just and equitable that the company should be wound up since it was formed and used strictly for the purpose of committing a fraud and did, in fact, commit such fraud.
14. THAT one Philip S. Stenger ("the American receiver") was appointed receiver of the assets of Michael Gause by an order made in an action pending between the Securities and Exchange Commission of the United States of America ("the SEC") and several defendants, including Gause, before the United States District Court for the Northern District of Illinois, Eastern Division, wherein the SEC claims, *inter alia*, orders of disgorgement and civil penalties pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, both federal statutes of the United States of America. The American receiver passed, or

caused to be passed, a resolution that the company be voluntarily wound up on 7th February, 2000 and he is now seeking a supervision order in Cause No 60 of 2000.

15. THAT the petitioner's rights are and will continue to be prejudiced by the said voluntary winding up, even if it is continued under the supervision of the court, by reason of the facts that the American receiver was appointed in an action where the SEC seeks to enforce an American penal statute for the purposes of such enforcement in, *inter alia*, this jurisdiction, that fraud is at the root of the formation of the company and of the conduct of its business and that the group companies' liabilities and, thus, those of the company are very great.

16. THAT it is, moreover, in the best interest of all victims of the Ponzi scheme carried out in the Cayman Islands that a compulsory order of winding up be made against the company. Combined Asset Management Limited is seeking such an order in Cause No 39 of 2000. That company is, however, in voluntary liquidation and its voluntary liquidators were appointed by, or under the control of, Tibbetts. The petitioner in that case proposes that the joint voluntary liquidators of Combined Asset Management Limited be appointed the official liquidators of the company. Such voluntary liquidation and its continuation under the supervision of the court, which was ordered on 17th December, 1999, amount to a flagrant case of "centrebinding" under the best interpretation that can be given thereto. It is in the best interest of the company's creditors in general and of the petitioner in particular that it be liquidated by liquidators who are independent of Gause and/or Tibbetts and not chosen by them or either of them and who do not answer to a foreign court.

17. THAT the company has no known assets and the total known assets of the group companies amount to approximately US\$15 million. The known liabilities of the group companies and of each one of them towards the victims of the above Ponzi scheme, including the petitioner, exceed US\$35 million.

18. THAT in the circumstances it is just and equitable that the company should be wound up.

THE PETITIONER THEREFORE prays as follows:

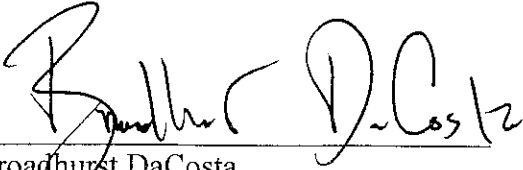
- A. That the company be wound up by the court under the provisions of The Companies Law (1998 Revision).

- B. That Ian A. N. Wight and Michael W. Pilling of PO Box 1787 GT, One Capital Place, George Town, Grand Cayman be appointed official joint liquidators of the company.

- C. That such other order or directions be made or given as the court thinks fit.

- D. That the costs of this petition be paid to the petitioner out of the assets of the group companies pursuant to The Companies Law (1998 Revision).

Dated this 23rd day of February, 2000


Broadhurst DaCosta
Attorneys-at-law for the petitioner

It is intended to serve this petition upon:

1. The company at its last known registered office.
2. Walkers
The attorneys-at-law for the joint voluntary liquidators of Combined Asset Management Ltd
3. Hunter & Hunter
The attorneys-at-law for the joint voluntary liquidators of the company

THIS PETITION was filed by Broadhurst DaCosta, the attorneys-at-law for the petitioner, whose address for service is 40 Linwood Street, P.O. Box 2503, George Town, Grand Cayman, Cayman Islands, B.W.I.