

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. *115* OF 1996

BETWEEN: FIRE AND CASUALTY INSURANCE COMPANY
OF CONNECTICUT

Plaintiff

AND: (1) LITTLE MERMAID HOLDINGS, LTD.
(2) DAVID G. BOCKIUS
(3) JENNIFER BOCKIUS (Née Michaelson)
(4) CLAUDIUS HELVESTOR
(5) REGISTRAR OF LANDS

Defendants

WRIT OF SUMMONS

TO LITTLE MERMAID HOLDINGS, LTD
P.O. Box 1792
George Town,
GRAND CAYMAN

AND TO: DAVID G. BOCKIUS
P.O. Box 10
Hell Post Office,
GRAND CAYMAN

and/or
105 Marple Wood Drive
Springfield, Pennsylvania 19064
U.S.A.

AND TO: JENNIFER BOCKIUS (Née Michaelson)
105 Marple Wood Drive
Springfield, Pennsylvania 19064
U.S.A

AND TO: CLAUDIUS HELVESTOR
P.O. Box 657
George Town,
GRAND CAYMAN

AND TO: REGISTRAR OF LANDS
Lands & Survey Department
Tower Building
George Town,
GRAND CAYMAN

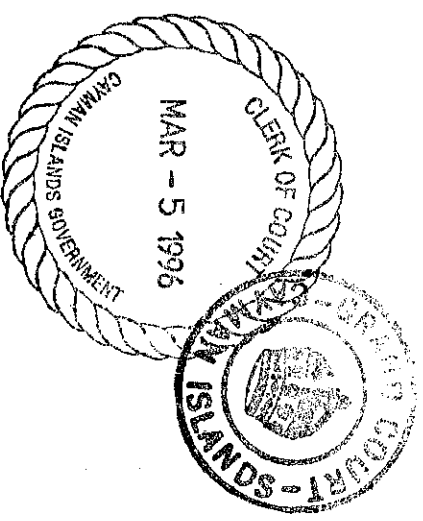


THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within Fourteen days [14] 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 5th day of March, 1996.

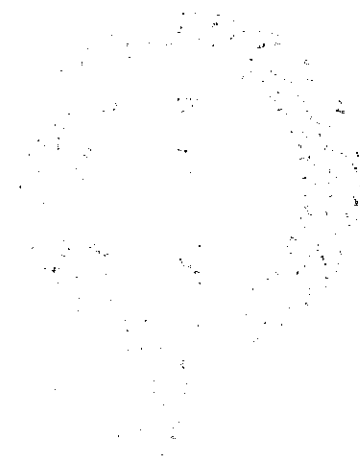


NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

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

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IN THE GRAND COURT OF THE CAYMAN ISLANDS

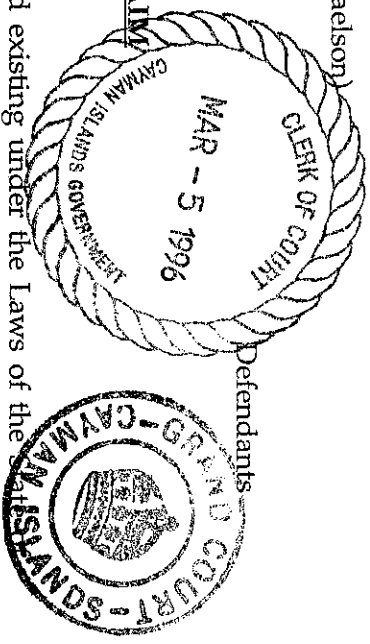
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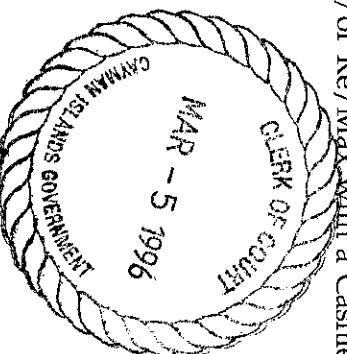
Defendants

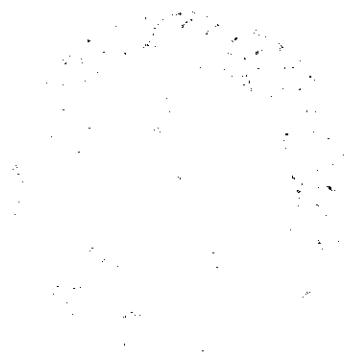
STATEMENT OF CLAIM



1. The Plaintiff is an Insurance Company organised and existing under the Laws of the State of Connecticut, with the principal state of business at 9 Farm Springs Drive, Farmington, Connecticut, 06032.
2. The First Defendant is a Cayman Islands Company and is beneficially owned by the Second Defendant or alternatively, by the Second and Third Defendants. Its registered office is at the offices of Euro Bank Corporation, P.O. Box 1792, George Town, Grand Cayman.
3. The Second Defendant is a Licence Insurance Broker, within Pennsylvania, and is a citizen of the commonwealth of Pennsylvania residing at 105 Marple Wood Drive, Springfield, Pennsylvania, 19064.
4. The Third Defendant is the Second Defendant's wife also residing at 105 Marple Wood Drive, Springfield, Pennsylvania, 19064.
5. The Fourth Defendant is a resident of the Cayman Islands. His address is P.O. Box 657, George Town, Grand Cayman.
6. The Fifth Defendant is the Registrar of Lands, appointed by the Governor, pursuant to Section 5 of the Registered Land Law (1995 Revision) and he is responsible for administering the Land Registry in accordance with the Registered Land Law.

7. In the first six months of 1995, the Second Defendant dishonestly and fraudulently misappropriated approximately \$400,000.00 from the Plaintiff, at least US\$331,762.00, of which went into the account of Asset Protection Management Inc. ("APM"), a Pennsylvania Insurance Brokerage operation of which the sole or principal shareholder was the Second Defendant.
8. On the 11th July, 1995, the Defendant instructed the officers of Euro Bank Corporation ("Euro Bank") to incorporate the First Defendant Company which was incorporated on the 11th July, 1995. The First Defendant is owned by the Second Defendant, or alternatively, by the Second and Third Defendants.
9. On or about the 11th August, 1995, the First Defendant dishonestly and fraudulently took approximately US\$450,500.00 in cash out of the account of APM. At least US\$331,762.00 of these monies is the sole property of the Plaintiff. The Defendant brought these monies in cash in a suitcase to the Cayman Islands.
10. On or about the 14th August, 1995, the Second Defendant opened an account no. 250-009 in his name with the Royal Bank of Canada. The Second Defendant initially deposited the sum of approximately \$9,900.00 and at one point in time, there was approximately \$38,000.00 of the Plaintiff's money in this account with the Royal Bank of Canada.
11. On the 15th August, 1995, the Second Defendant contacted a Cayman Islands Realtor, ~~Re/Max~~ First Realty ("Re/Max") and using the offices of Re/Max, he gave instructions to the officers of Euro Bank to arrange for the First Defendant to purchase all that property known as Registration Section West Bay Beach South, Block 12C, Parcel 117 ("the Property") from a Mr. Billy Meyer in consideration of US\$175,000.00. This transaction was concluded and on the 29th September, 1995, the First Defendant became the Registered Proprietor of the Property when the transfer from Mr. Billy Meyer to the First Defendant was registered.
12. The First Defendant and the Second Defendant offered Re/Max cash to purchase this property. Re/Max could not take the cash so the First Defendant and/or Re/Max went to the Royal Bank of Canada and gave the Royal Bank of Canada approximately \$180,000.00 in cash and the Royal Bank of Canada provided the First Defendant and/or Re/Max with a Cashier's Cheque which ultimately purchased the Property.





13. Ten days after the agreement referred to in paragraph 11 above, namely on the 25th August, 1995, the Second Defendant instructed the officers of Euro Bank to arrange for the First Defendant to sell the Property to the Fourth Defendant for exactly the same sum of money, namely US\$175,000.00. The Second Defendant did not want any monies traced to him or the First Defendant and accordingly, he conspired with the Fourth Defendant to defraud the Plaintiff by purporting to transfer the property from the First Defendant to the Fourth Defendant. No consideration was ever paid by the Fourth Defendant to the First, Second or Third Defendants. Until the 31st January, 1996, (and after a purported contract between the Fourth Defendant, Mr. Jones and Ms. Bouchard for the sale of the Property), no attempt was made to register this purported Transfer of the Property from the First Defendant to the Fourth Defendant either by the First Defendant or by the Second, Third or Fourth Defendants. The sole purpose of this sale/transaction from the First Defendant to the Fourth Defendant was to put the Property out of the reach of the Plaintiff and to make it more difficult for the Plaintiff to trace and recover its monies from the First, Second and Third Defendants.

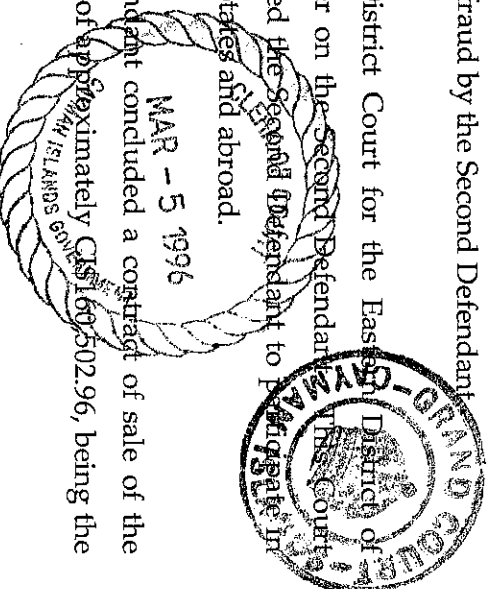
14. On the 14th September, 1995, the Plaintiff filed a complaint in the United States District Court for the Eastern District of Pennsylvania against the Second Defendant and other for conversion by the Second Defendant of the Plaintiff's money and for fraud by the Second Defendant.

15. On the 29th September, 1995, the United States District Court for the Eastern District of Pennsylvania imposed a temporary restraining Order on the Second Defendant. The Order froze the Second Defendant's assets and ordered the Second Defendant to provide a list of assets and to identify assets located in the United States and abroad.

16. On the 8th day of December, 1995, the Fourth Defendant concluded a contract of sale of the Property to a Mr. Jones and Ms. Bouchard in the sum of approximately US\$160,502.96, being the amount due under the contract less the stamp duty.

17. On the 19th December, 1995, the Plaintiff obtained a Judgment against the Second Defendant in the United States District Court for the Eastern District of Pennsylvania in the sum of US\$398,511.00 plus interest and costs by order of Judge Robert S. Gawthrop III.

18. On the 24th January, 1996, Attorneys acting for Mr. Jones and Ms. Bouchard and the Bank of Nova Scotia applied for and obtained a Stay of Registration which Stay expired on the 7th February, 1996.



19. On the 31st January, 1996, Mr. Jones and Ms. Bouchard paid to the Fourth Defendant, the sum of CI\$160,502.96, being the amount due under the contract, less stamp duty, which was required to be paid on the Transfer from the First Defendant to the Fourth Defendant. These monies were provided in part, by an advance by the Bank of Nova Scotia. This advance was to be secured by a first registered Charge over the Property.

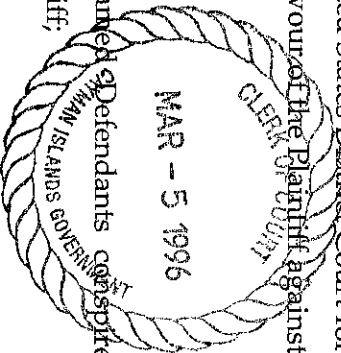
20. On the 31st January, 1996, the Attorneys acting for Mr. Jones and Ms. Bouchard attempted to register the purported Transfer of the Property from the First Defendant to the Fourth Defendant and the Transfer of the Property from the Fourth Defendant to Mr. Jones and Ms. Bouchard with the Registrar of Lands. This was the first time that any attempt had been made to register the purported Transfer of the Property from the First Defendant to the Fourth Defendant.

21. On the 1st February, 1996, the Second Defendant under oath told the Plaintiff's US Attorneys of the existence of the First Defendant Company and the existence of accounts with Euro Bank and Royal Bank. As a result of the Second Defendants late disclosure of information, on the 2nd February, 1996, the Plaintiff obtained Orders from the Grand Court ordering an Injunction in relation to accounts in the names of the First and Second Defendants with Euro Bank and Royal Bank and an Inhibition on the Property to prevent the registration of the transfer of Property from the First Defendant to the Fourth Defendant and to prevent any further dealings with the Property.

22. On the 28th February, 1996, the Second Defendant authorised the officers of Euro Bank to prepare, execute and turnover, any and all documents required to effect the transfer of the Property from the First Defendant to the Plaintiff Company in order to satisfy in part the Judgment obtained in the United States District Court for the Eastern District of Pennsylvania on the 19th December, 1995, in favour of the Plaintiff against the Second Defendant.

23. The Plaintiff avers:-

- a) That the first four named Defendants conspired to defraud the Plaintiff of monies belonging to the Plaintiff;
- b) That the Second Defendant with the Plaintiff's monies, incorporated and used the First Defendant Company to purchase the Property from the said Mr. Billy Meyer;
- c) That the first four named Defendants conspired to defraud the Plaintiff by attempting to dispose of the Property in order to defraud the Plaintiff and at an under value;



- d) That the purported transfer of Property between the First Defendant and the Fourth Defendant is a fraudulent disposition and should be set aside;
- e) That the Fourth Defendant never took good title to the Property from the First Defendant;
- f) That consequently, the Fourth Defendant had no title to the Property to pass to Mr. Jones and Ms. Bouchard.

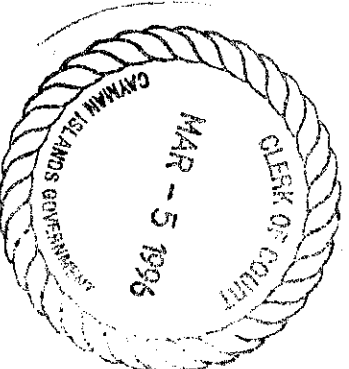
THE PLAINTIFF CLAIMS:

- 1. That the purported Transfer of Land on the 25th August, 1995 between the First Defendant and the Fourth Defendant is a fraudulent disposition and is, therefore, null and void and of no legal effect
- 2. Damages against the first four named Defendants for conspiracy to defraud the Plaintiff.
- 3. The Plaintiff claims an Injunction restraining all the Defendants from transferring title to the Property and from dealing in any way whatsoever with the Property.
- 4. Such further and other consequential orders, accounts directions and inquiries as this Honourable Court deems fit to impose.
- 5. The Plaintiff claims against the first four named Defendants the costs of and incidental to this action.

DATED this 5th day of March, 1996.

Quin & Hampson

**QUIN & HAMPSON
ATTORNEYS-AT-LAW FOR THE PLAINTIFF**



THIS WRIT OF SUMMONS and STATEMENT OF CLAIM is filed by Messrs. Quin & Hampson, Attorneys-at-Law for the Plaintiff herein whose address for service and correspondence is that of its said Attorneys, Third Floor, Harbour Centre, P.O. Box 1348, George Town, Grand Cayman, Cayman Islands, B.W.I.

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ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS

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 the Defendants whereby they may have to pay the costs of applying to set it aside.

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

2. State whether the Defendant intends to contest the proceedings (*tick appropriate box*)

yes

no

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

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 communications 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.

Messrs. Quin & Hampson
Attorneys-at-Law
Third Floor, Harbour Centre
P.O. Box 1348
George Town,
GRAND CAYMAN

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

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 the Defendant or by the Defendant if acting in person
After completion it must be delivered or sent by post to the Law Courts, P.O. Box 495G, George Town, 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 installments or otherwise.

See over for notes for guidance

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgment 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 his 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.