

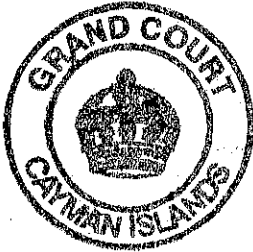
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 754 OF 2000

IN THE MATTER OF THE COMPANIES LAW (2000 REVISION)

AND IN THE MATTER OF SECTION 16(4)(d) OF THE COMPANIES
MANAGEMENT LAW 1999

AND IN THE MATTER OF ZEPHYR INTERNATIONAL LIMITED



PETITION



TO THE GRAND COURT OF THE CAYMAN ISLANDS the Humble Petition of the Governor of the Cayman Islands of Government Administration Building, George Town, Grand Cayman shows that:

1. Zephyr International Ltd. ("Zephyr" or "The Company") is a company incorporated under the Companies Law (2000 Revision).
2. Its registered office is situated at Zephyr House, Mary Street, George Town, Grand Cayman.
3. On 19 April 2000 the Governor in Council appointed G. James Cleaver as Controller of the company to assume control of its affairs, pursuant to his powers under Section 6(1) of the Companies Management Law 1999.
4. On 19 July 2000 the Controller submitted his completed report ("The Report") to the Governor in Council and the Cayman Islands Monetary Authority ("CIMA").
5. The Controller's unreserved recommendation as set out in The Report is as follows;

"Zephyr should be placed into liquidation as soon as possible by a Petition presented on the just and equitable grounds and/or the ground of public interest by the Governor in Council pursuant to his power under Section 16(4)(d), following which... all of its employees should be dismissed, including Lewis Rowe, Zephyr's Managing Director. However, Zephyr's Company Manager's licence should not be revoked immediately but should be retained solely for the purpose of allowing its liquidators to cause it to provide management services to its existing clients until those clients have had an opportunity to pursue and receive final dividends in respect of claims in the [Cash 4 Titles Ponzi Scheme] liquidations or find alternative management."

6. The Report also reached the following four conclusions:
- (i) The Company might be viable as a going concern were its directors and in particular Lewis Rowe, allowed to resume control of the Company.
 - (ii) The Governor in Council has compelling reasons to decide not to allow Zephyr's directors to resume control of the Company, namely the misconduct of Lewis Rowe and his fellow directors' failure to monitor his actions.
 - (iii) If the Governor in Council concluded that it was not appropriate for Zephyr's directors to resume control of the Company, then Zephyr should be placed into liquidation forthwith.
 - (iv) The immediate revocation of Zephyr's company manager's license would have adverse consequences in that it might prejudice the ability of innocent Cash4Titles Ponzi Scheme investors to pursue claims against the Cash4Titles Ponzi Scheme pooling companies in liquidation and the collectibility of certain of Zephyr's account receivable balances.
7. In light of the clear recommendations of the Controller's report the Petitioner seeks the compulsory winding up of the Company pursuant to his powers under Section 16(4)(d) of the Companies Management Law and further and alternatively under Section 94(d) Companies Law in that it is just and equitable in all circumstances that the Company should be wound up.

The grounds are as follows:

I. PERPETRATING THE CASH 4 TITLES FRAUD

8. Zephyr and Lewis Rowe, its managing director and controlling mind and will of the Company appear to have had a significant involvement in a fraudulent scheme known as Cash 4 Titles. ("C4T").
9. Cash4Titles was the trading name of C4T Management Inc., a U.S. registered corporation which ran car title loan shops in several southern states. The car title loan industry which C4T operated is legal. However, following an investigation by the Securities and Exchange Commission ("SEC") in October 1999, legal action was filed against two US nationals, Michael Gause ("Gause") and Richard Homa ("Homa") and others, and Gause, Homa and others were arrested on charges involving, amongst other things, fraud and conspiracy. Homa was the president of C4T Management, Inc. The SEC investigation arose because of concern that investors who advanced funds on the understanding that their money would be invested in a legitimate enterprise were defrauded when that money was not invested in the C4T business but diverted to pay

commissions to promoters, make interest and loan repayments to prior investors, and otherwise misappropriated.

10. It appears that as a result of the fraudulent C4T scheme in excess of 1,000 investors suffered losses exceeding US\$200 million. Various Cayman Islands registered companies managed by Zephyr and Everest Management Ltd. were involved in the fraudulent C4T scheme either as direct investors or as a result of entering into transactions with such direct investors. 23 of these companies have now been placed into court appointed liquidation since November 1999 and G. James Cleaver and Phillip S. Stenger appointed Joint Official Liquidators.
11. There are six main time phases of the C4T scheme. Phase 1 is the time period April 1996 to 5 May 1997, phase 2 is the time period 6 May 1997 to 23 May 1997, phase 3 is the time period August 1997 to 16 December 1997, phase 4 is from December 1997 to 21 January 1998, phase 5 from 22 January 1998 to 20 February 1998, phase 6 is March 1998 to January 1999.
12. The Liquidators' investigation into the alleged C4T scheme is ongoing.
13. The Managing Director of Zephyr Lewis Rowe is implicated in the massive fraud involving the C4T Scheme. He withdrew from the scheme a net amount of approximately US\$12.5 million, whilst investors in his pooling company, Zephyr Financial Services Ltd. ("ZFS") suffered net losses amounting to in excess of US\$26 million.
14. Lewis Rowe and other Zephyr employees failed to undertake any or any adequate due diligence procedures in relation to the structure of the C4T financing scheme itself, the underlying business in which funds were supposed to have been invested, and the individuals involved in the scheme. Homa and Gause were some of Lewis Rowe's business partners.
15. By a letter dated October 13, 1997 Lewis Rowe sought increased levels of commission from Gause's companies in return for providing assurance to a bank in the Cayman Islands that *"our clients are not "washing" money"*. Mr. Rowe stated *"all you would be required to do is pass ½% per month less to all your agents to counter balance the ½% that we take for our fronting the whole operation"*.
16. Offshore Title Investments, Ltd. (In Liquidation) ("OTI"), a Zephyr managed company beneficially owned by Gause, received total funds of US\$110 million, of which US\$61 million was advanced by investors in the C4T program, US\$15.5 million was received from C4T and C4T Funding, Inc. and the balance of US\$33.5 million was received from other entities beneficially owned by Gause or Homa. Zephyr caused to pay OTI US\$8.5 million to C4T, returned US\$39.4 million to investors and the balance of US\$62.1 million was paid out by Zephyr to companies beneficially owned by Gause and Homa which appear to have no involvement in legitimate C4T business.

17. Zephyr caused and facilitated OTI to act as a banker for the C4T scheme outside of the United States from November 1995 until January 1998 by consolidating C4T investor funds and investing the funds with companies beneficially owned or controlled by Homa. Marketing incentives, commissions to promoters, interest and loan payments were made from companies beneficially owned or controlled by Homa back to OTI.
18. S&R Financial Services ("S&R") was incorporated and managed by Zephyr. S&R is beneficially owned by Sabrina Rogers, Homa's girlfriend, but controlled by Homa. S&R acted as an intermediary between Cayman Islands and Nevis registered marketing companies largely beneficially owned by Gause and Homa controlled US entities. From 15 May 1997 Zephyr caused substantial funds to be remitted from OTI to S&R.
19. Zephyr authorised the following payments from OTI to its other managed company S&R's account held at the Bank of Bermuda:
 - 16.05.97 US\$1,153,000.00
 - 21.05.97 US\$ 800,000.00
 - 17.06.97 US\$1,741,231.48
 - 15.07.97 US\$ 750,000.00
 - 16.07.97 US\$ 313,709.53
 - 17.07.97 US\$ 915,115.00
 - 11.08.97 US\$ 100,000.00
 - 15.08.97 US\$2,625,385.78
 - 16.09.97 US\$3,148,170.34
 - 15.10.97 US\$3,341,195.34
 - 14.11.97 US\$3,814,820.34
 - 15.12.97 US\$4,045,445.34
 - 13.01.98 US\$4,638,320.34
19. During May 1997 no investor funds were remitted to onshore entities for the benefit of C4T's legitimate business. Instead the amount Zephyr caused to be remitted to S&R from OTI on 15 May 1997 was used to substantially fund a transfer return of funds to investors made on 16 May 1997 in the sum of US\$1,000,000.00. Similarly a further payment from OTI to S&R on 20 May was used to fund a return made on 21 May 1997 in the sum of \$800,000.00. These inter-company transactions at the Bank of Bermuda were authorised by Lewis Rowe/Zephyr and demonstrate that new investor

funds remitted from OTI to S&R were used to fund the return to existing investors. These transactions are merely examples that show Zephyr's role in the investment scheme which was clearly a ponzi scheme. It is further evident that Zephyr, by authorising and allowing the transfer of funds to OTI instead of C4T onshore entities, caused US\$1,153,000.00 and \$800,000.00 under its control and held on trust for the benefit of C4T investment scheme to be fraudulently diverted.

20. Zephyr by carrying out these transactions contributed and assisted in the continuation of the C4T fraud. Without the return on investment being paid to existing investors from new investor funds the scheme would have collapsed during the phase 2 time period.
21. The payments made on Zephyr instructions from OTI to S&R on 28 May 1997, 30 May 1997, 6 June 1997, 27 June 1997 totalling US\$4,367,000.00 represented new investment into the scheme. However, instead of being remitted to onshore companies representing C4T, these funds were used to fund the payment from OTI on 14 June of US\$1,741,231.00 to repay existing investors. Accordingly, new investor funds from OTI to S&R were used to fund the ponzi scheme. Zephyr, by authorising and allowing the transfer of funds to S&R instead of C4T onshore entities caused US\$1,741,231.00 under its control and held on trust for the benefit of the C4T investment scheme to be fraudulently diverted.
22. Zephyr by carrying out the above mentioned transactions further contributed and assisted in the continuation of the C4T fraud since without the return of investment being paid to existing investors from new investor funds in the phase 2 time period the scheme would have collapsed.
23. Zephyr further caused US\$200,000.00 of investor funds to be fraudulently diverted to the S&R bank account at Axxess International in the Bahamas, for a credit card account used by Homa and Sabrina Roger for personal expenses.
24. On 26 June 1997 the balance on the S&R Bank of Bermuda account reflected a credit balance of approximately US\$70,000.00. From 27 June 1997 to 17 July 1997 S&R received US\$2,915,000.00 from OTI and US\$2,397,714.00 from Premiere Holdings Ltd. a Nevis registered company administered by Zephyr, totalling US\$5,312,714.00. Of these total investment funds received by S&R, Zephyr caused only US\$3,515,000.00 to be paid to the onshore entities. Of the remaining funds Zephyr caused a payment of US\$300,000.00 to be transferred to Lewis Rowe and also caused a transfer of funds to OTI in the sum of US\$1,978,709.00 to partly fund a return to investors and further promote the ponzi scheme.
25. Later, during phase 4 of the C4T scheme covering the period December 1997 to 21 January 1998 OTI received US\$4 million from investors and on 7 January 1998 OTI received US\$1,400,000 from MEGA TRUST (an onshore trust beneficially owned by Gause who was also a trustee). From 24 December 1997 to 9 January 1998 Zephyr

caused OTI to pay S&R US\$6,300,000. During this phase S&R did not remit or receive any funds from C4T onshore.

26. On 13 January 1998 Zephyr caused S&R to pay US\$4,6000,000.00 to OTI. On 15 January 1998 Zephyr then caused S&R to pay US\$525,000.00 to Lewis Rowe. From 13 January 1998 to 21 January 1998 Zephyr caused OTI to pay US\$2,700,000 to investors. On 14 January 1998 OTI paid MEGA TRUST US\$200,000. On 15 July 1998 Zephyr also caused OTI to make a payment of US\$830,000.00 to the law firm Ian Boxall & Co. in respect of a purchase of an apartment by a Gause owned entity at the Sovereign, Seven Mile Beach, George Town, Grand Cayman.
27. Accordingly, during phase 4, Zephyr caused OTI to make payments totalling US\$1,200,000.00 to non investors. At the beginning of Phase 4, the balances in OTI and S&R's bank accounts at the Bank of Bermuda totalled US\$4,088,000.00. This balance accumulated from the funds received from investors in previous months and was not funded directly from C4T. Therefore the majority of the US\$2,700,000 paid to investors originated either from investments made by other investors during phase 4 or from investors funds accumulated in S&R and OTI's bank accounts in previous months. Accordingly the investor funds which Zephyr caused to be remitted from OTI to S&R were used to fund the return to existing investors. It is further evident that Zephyr, by authorising and allowing the said transfer of funds to OTI instead of C4T onshore entities, caused US\$2,700,000.00 under its control and held on trust for the benefit of the C4T investment scheme to be fraudulently diverted.
28. Further, Zephyr, by carrying out the said transactions further contributed and assisted in the continuation of the C4T fraud since without a return in the investment being paid to existing investors from the new investor funds the scheme would have collapsed in the phase 4 time period.
29. Phase 5 of the C4T scheme is identified as the period from 22 January 1998 to 28 February 1998. From 22 January 1998 to 5 February 1998 OTI received US\$4,100,000.00 from investors. Zephyr caused OTI to pay US\$3 million to S&R. On 22 January 1998 Zephyr caused OTI to pay US\$100,000.00 to World Harvest Church, an institution frequented by Gause in the USA. On 29 January 1998, Zephyr caused OTI to pay US\$100,000.00 to GMD Aviation LLC a Gause owned company. OTI received US\$100,000.00 from OTA Corp., ("OTA") a Cayman Islands registered company now in liquidation, previously controlled and beneficially owned by Gause. On 5 February 1998 Zephyr caused S&R to pay US\$3,500,000.00 to Sunset Financial Services LLC and US\$2,200,000.00 to Homa. From 3 February 1998 to 20 February 1998 Zephyr caused OTI to pay investors US\$1,800,000.00. On 13 February 1998 Zephyr caused OTI to pay MEGA TRUST US\$165,000.00. These payments were funded from the investor funds accumulated in OTI's bank account from previous months or received during phase 5, which were not directly from C4T.
30. On 17 February 1998 Zephyr caused S&R to make a payment to Lewis Rowe in the sum of US\$660,000.00 which was paid from investor funds accumulated from

transfers authorised by Zephyr into S&R from OTI. Accordingly the transactions set out above show that new investor funds remitted to OTI from investors were used by Zephyr to fund the return to investors of US\$1,800,000. Further, Zephyr by authorising and allowing the transfer of funds from OTI to existing investors and MEGA TRUST instead of C4T onshore entities, caused US\$1,965,000.00 under its control and held on trust for the benefit for C4T investment schemes to be fraudulently diverted.

31. Zephyr, by allowing the said transactions further contributed and assisted in the continuation of the C4T fraud since without the return of investment being paid to existing investors during phase 5 from new investor funds the scheme would have collapsed at this time.
32. Between the period 3 April 1996 to 18 January 1999 Lewis Rowe, managing director of Zephyr personally received US\$15,577,356.00 directly from C4T related companies now in liquidation.

II. ZEPHYR'S INVOLVEMENT IN OTHER DECEPTION AND POSSIBLE FRAUD

33. Lewis Rowe, managing director of Zephyr, deceived or sought to deceive the following:
 - (i) **Prospective and existing C4T investors:** Lewis Rowe told investors that Zephyr Financial Services ("ZFS") a wholly owned subsidiary of Zephyr and a vehicle into which investors funds were pooled, had a promissory note with C4T, a lien on receivables as security, that interest qualified as portfolio interest and was paid offshore tax free, that the loan program was guaranteed, and that Zephyr had been thoroughly investigated by the CIMA and found completely innocent of any wrongdoing. These statements were all false.
 - (ii) **The US Court appointed receiver of Gause and Homa's assets:** In an investor response form signed February 3, 2000, submitted to Phillip Stenger, US Court appointed receiver over the assets of Gause and Homa Lewis Rowe stated that neither he nor ZFS had directly or indirectly sold any C4T investment, that he and ZFS did not receive any commissions in relation to C4T and that he and ZFS did not receive a referral fee in connection with the investment in C4T. These statements were false.
 - (iii) **CIMA** In response to an enquiry from CIMA made in September 1997 concerning an entity known as Consolidated Capital Ltd., Lewis Rowe advised CIMA that Zephyr "*received an enquiry to form a company of the above name but from another named source, and have not incorporated the company yet as we are still carrying out our due diligence*". This statement was false: Zephyr's file for Consolidated Capital, Ltd., includes a copy certificate of

incorporation indicating the company was incorporated in Nevis on July 30, 1997. A statement of account on Zephyr headed paper indicates that the company was billed on August 15, 1997 for "incorporation and 1997 Annual corporate fees".

- (iv) **Gause and Homa:** By faxes sent by Lewis Rowe to Gause dated September 12, 1997, Lewis Rowe made statements about the nature of the business carried out by Consolidated Capital Ltd., which suggested that it was acting as a mutual fund. In a fax dated November 27, 1997 addressed to Homa, he further advised that CIMA had provided a definition of a banking operation, and that Consolidated Capital's activities met that definition. In a fax dated January 21, 1998 addressed to Gause, he indicated that both Zephyr's auditors and CIMA had advised that the kind of business which, according to Lewis Rowe, Gause's agents were carrying on, constituted a breach of banking law. Such statements were false. It is contended that Lewis Rowe was motivated in making these statements by desire to maximise ZFS's commissions and business.

- (v) **The acting President of Pacific Sterling Corporation:** Lewis Rowe appears to have made a secret profit and to have acted in breach of his fiduciary duties owed to Pacific Sterling Corporation ("Pacific Sterling") at the time when he was a chairman of the Board of Directors of the said company. He did not disclose his beneficial ownership of the Zephyr managed companies which earned commissions equal to 10% of private placement investments in Pacific Sterling and another related entity called IRC.

- (vi) **Morris Brankin & Co.** Together with Aileen Boddin, his wife and an employee of Zephyr, Lewis Rowe signed a letter of representation requested by the auditors prior to signing the audit opinion on September 30, 1999 financial statements. In this letter they represented that all assets of Zephyr were at least of the value stated in the financial statements, and that no events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, financial statements. One asset of Zephyr was a Promissory Note from a Panamanian Registered entity, beneficially owned by Lewis Rowe, Geninvest SA. By fax dated December 8, 1999 signed by Lewis Rowe, a Panamanian corporate management company was invited to take steps to have the company Geninvest Ltd. struck off. The said representation made to Morris Brankin & Co was thus false. Further, Lewis Rowe caused Geninvest SA to sign a promissory note to Zephyr to satisfy the auditor's need to see supporting documentation. The asset was, in fact, an investment made by Zephyr in C4T through ZFS. The promissory note was thus a sham drawn up and designed in order to deceive Morris Brankin & Co.

- (vii) Lewis Rowe as managing director of Zephyr conspired with others in the construction of shareholder lists for Pacific Sterling in order that it might seek a public listing.
- (viii) Lewis Rowe as managing director of Zephyr conspired with others in an attempt to defraud a UK commercial bank in order to obtain funds to be invested in a bank debenture or asset leasing program.
- (x) Lewis as managing director of Zephyr falsified the record of the beneficial ownership of Eagle Leasing Ltd. ("Eagle Leasing") a Zephyr managed company owned by Gause.

III. COMPLIANCE AND DUE DILIGENCE IRREGULARITIES

34. The record keeping and corporate compliance procedures of Zephyr were wholly inadequate:

- (i) Almost all Zephyr managed companies are in breach of Section 59(1) of the Companies Law (2000 Revision) in failing to keep any, or any proper books of account.
- (ii) In breach of various sections of Part IX of the Companies Law, Zephyr failed to register Zephyr managed Nevis companies (which formed almost two thirds of the total companies managed) as foreign companies in the Cayman Islands.
- (iii) The files of managed companies contain no or no proper documentation as to:
 - (a) The identity of the beneficial owner
 - (b) The source of funds/banking references
 - (c) The nature of the business carried on
- (iv) Zephyr had no or no adequate internal reporting procedures under the Proceeds of Criminal Conduct Law.
- (v) Zephyr did not maintain proper statutory records:
 - (a) Minutes were incomplete or not up to date,
 - (b) the Certificate of Incorporation was not on file,
 - (c) the Memorandum and Articles of Association were not on file,

- (d) documents relating to the client's investment in the C4T program, including the promissory note, were not on file,
 - (e) the Register of Members was not updated,
 - (f) copies of Annual Returns were not on file.
- (vi) Zephyr had no work review procedure and no written compliance and procedure manual.
- (vii) Lewis Rowe caused Ingelton International ltd. ("Ingelton"), a company which he beneficially owned and is managed by Zephyr to act in breach of section 8(1)(b) of the Banks and Trust Companies Law in using the caption "Global Investment Banking" in promotional materials. The use of that caption constitutes a breach of section 8(1)(b) of the Banks and Trust Companies Law (2000 Revision) in that no person (other than a licensee), except with the approval of the governor, is permitted to make any representation that such person is carrying on banking business.

IV. NEGLIGENCE AND BREACHES OF DUTY

35. There are innumerable instances of negligence and breaches of duty on the part of Lewis Rowe managing director of Zephyr and indeed the other Zephyr Directors, Lord Cobbold, Christopher Blount and Bruce Campbell. They can be summarised as follows:

(i) **Absence of written agreements and incorporation of only bearer share companies**

Lewis Rowe caused Zephyr to enter into agreements without proper documentation.

- (a) There are no written administration agreements with the beneficial owners of Zephyr managed companies.
- (b) There are no written safekeeping agreements setting out the basis upon which Zephyr retained possession of bearer shares; with only one exception all the companies incorporated by Zephyr issued bearer shares.
- (c) Apart from entries of bank statements and cash sheets and monthly letters sent to Homa by Lewis Rowe, there is no documentation to support ZFS's investment in C4T, which were funded largely by Zephyr managed companies. By a fax dated February 9, 1998 Lewis Rowe sought to persuade Homa to sign a promissory note for the sums advanced. He stated "*the promissory note refers to a Security Agreement which is purely to make the*

Promissory Note appear more genuine, for it would look strange to have such a large loan outstanding without any form of security”.

(ii) Advancing funds knowing that the debtor’s tax affairs were not in order

In order to avoid a liability to pay withholding tax in Homa’s US based C4T corporations the C4T loan agreements had to be structured as a portfolio loan. Lewis Rowe continued to cause ZFS to advance fees to Homa’s companies without even a promissory note. The interest earned by ZFS in the three years to October 1999 amounted to a sum in excess of US\$20 million. Due to the fraud, and not all of the funds went to Homa’s US based companies (as already described above). Accordingly had Lewis Rowe as managing director assumed that all of the sums advanced went to Homa’s companies, and that those companies met the interest payments, such interest paid out would have been subject to US withholding tax in excess of US\$6 million. No enquiries were made by the managing director of Zephyr so as to satisfy himself that the tax liability had been properly accounted for.

(iii) Provision of nominee directors and delegation of directors’ responsibilities

Lewis Rowe marketed Zephyr’s management services as including the provision of “nominee directors” . Zephyr’s Directors Ltd. (“Directors”) a wholly owned subsidiary of Zephyr acted as corporate director to the vast majority of Zephyr’s managed companies and appears only to have acted in accordance with instructions given to the beneficial owners of the said companies. By delegating or acquiescing in the delegation of directorial responsibilities, Zephyr and Directors have been exposed to the risk of third party claims for failure to manage the business of the companies. With respect to Gause and Homa beneficially owned companies, the activity was not legitimate and Zephyr’s approach to the management of its companies permitted Gause and Homa to use those companies to perpetrate a massive fraud.

Directors’ failed in its statutory obligations to keep proper books of account and statement of compliance and to maintain internal reporting procedures which would allow suspicious transactions under the Proceeds of Criminal Conduct Law to be detected and reported to the reporting authority. In breach of their fiduciary duties, in failing to keep proper books of account and in failing to identify suspicious transactions. In this manner Directors, and those individuals who were the directors of Directors contributed and assisted in continuation of the C4T fraud.

(V) FURTHER DUBIOUS TRADING ACTIVITIES OF THE COMPANY

35. The Company also carried a number of trading activities which are highly questionable and will need thorough investigation by the Liquidator in due course.

(i) Investments made by Zephyr managed companies

No complete and accurate details of investments made by Zephyr managed companies appears on the books and records of Zephyr. 26 companies off Zephyr's client list had previously had a different beneficial owner (13 of which are now listed as being beneficially owned by Lewis Rowe) but there are no documents of transfer to indicate that the transfer of ownership has been undertaken by consent. There is no documentation of the source of funds, the payments made, the timing of share acquisitions and the basis upon which shares were issued.

There are incomplete shareholders lists in many versions which do not reconcile with public filings and records maintained for Zephyr managed companies. The Controller was therefore not able to form a view as to whether or not investments made by Zephyr managed companies are properly recorded in Zephyr's and ZFS's records.

(ii) Bank Debenture Program

Lewis Rowe as managing director of Zephyr invested in and marketed a so called bank debenture or asset leasing scheme using Zephyr managed companies which he beneficially owned. He also acted as a director of a Zephyr managed company beneficially owned by one Ian Smalley, whose business appears to have been securing funds for investments in these schemes. The legitimacy of the schemes or at least the use made of them by persons with whom Lewis Rowe associated is questionable. An asset leasing program as described by one Frank O'Donnell is based upon deception. The true owner of funds is not disclosed to the seller and buyer of bank debt. Lewis Rowe caused Zephyr to become involved in bank debenture schemes without undertaking appropriate due diligence. At least one individual associated with the scheme is under investigation with the FBI, namely one Barry Tamres. A London lawyer, Michael Wilson Smith to whom funds provided by Lewis Rowe were transferred has been struck off by the UK Law Society and its believed to be under investigation by the UK police for advance fee fraud.

CONCLUSION

36. By reason of the many facts and matters set out above, and in particular the key role played by Zephyr in the C4T fraud and the total absence of proper compliance procedures within the Company, it is just and equitable in all the circumstances that the company be wound up.

YOUR PETITIONER THEREFORE HUMBLY PRAY AS FOLLOWS:

1. That Zephyr International Ltd. be wound up by the Court in accordance with the provisions of the Companies Law (2000 Revision).
2. That the Company's Company Manager's licence be continued for the duration of the Liquidation.

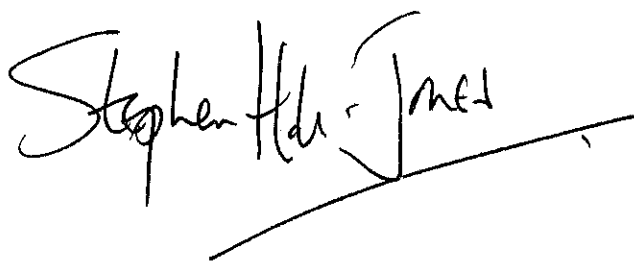
3. That G. James Cleaver of Ernst & Young, PO Box 510GT, 4th Floor, One Capital Place, George Town, Grand Cayman be appointed Official Liquidator of the Company.
4. That the Official Liquidator be at liberty to exercise any of the powers contained in Section 109 of the Companies Law (2000 Revision) without the further sanction of this Honourable Court.
5. That the Official Liquidator do file with the Clerk of the Court a report in writing of the position of the progress made with the winding up of the Company and with the realisation of the assets thereof and as to any matters connected to the winding up of the Company, every 6 calendar months or as the Court may from time to time direct.
6. The Official Liquidator be at liberty to employ agents, attorneys, counsel and professional advisors whether in the Cayman Islands or elsewhere as he may consider necessary to advise him in performance of his duties and on such terms as he may think fit.
7. That the fees and expenses of any such attorneys, counsel or professional advisors employed by the Provisional Liquidator to be paid out of the Company's assets be approved by the Court prior to any payment thereof.
8. That the Official Liquidator and his staff be remunerated at the expense of the Company at the following hourly rates:

	US\$
Partner	400
Senior Manager	\$312.00
Manager	\$280.00
Senior Accountant	\$144.00
Administrative Assistant	\$92.00

and that any such fees and expenses to be paid out of the Company's assets be approved by the Court prior to any payment thereof.

9. That the costs of the Petitioner and the Petition be paid out of the assets of the Company.
10. Such further and/or other relief as this Honourable Court deems appropriate.

 Stephen D. Hall-Jones, Senior Crown Counsel
 For the Attorney General of the Cayman Islands



Notice of Hearing

This Petition having been presented to the Court to the _____ day of September 2000 will be heard at the Court House, George Town, Grand Cayman on the _____ day of September 2000 at 10:00 o'clock in the forenoon or as soon thereafter as the Petition can be heard.

This Petition is filed by Attorney-General's Chambers, Government Legal Department, 4th Floor Tower Building, George Town, Grand Cayman PO Box 907 GT (Ref:shj)