

IN THE GRAND COURT OF THE CAYMAN ISLANDS

414
CAUSE NO. OF 2004

IN THE MATTER OF THE COMPANIES LAW (2004 Revision)

AND

IN THE MATTER OF PARADIGM HOLDINGS LIMITED



PETITION



TO: HER MAJESTY'S GRAND COURT OF THE CAYMAN ISLANDS

The Humble Petition of **STRATHVALE HOUSE LTD** ("the Petitioner"), of PO Box 866 GT, George Town, Grand Cayman, British West Indies

SHOWETH as follows: -

1. **PARADIGM HOLDINGS LIMITED** ("the Company") was incorporated on 9th July 2002 under the Companies Law ("the Companies Law") as an exempted company.
2. The registered office of the Company is situated at PO Box 265GT, George Town, Cayman Islands.
3. The Company is indebted to the Petitioner in the amount of US\$424,415. The Company has neglected to pay or satisfy the said sum or any part thereof or to make any offer to the Petitioner to secure the sum.
4. The debt arose as set out below.
5. The Petitioner provided 5706 square feet of leased premises and the fit out thereof on 9th May 2003. Pursuant to the lease agreement the fit out costs were US\$182,052. Lease arrears amount to US\$162,363 plus an additional undetermined amount in damages for breach of lease. An additional sum of US\$80,000 is estimated for the legal, architectural

and real estate fees associated with the reletting of the premises. Pursuant to the terms of the lease interest accrues on all overdue amounts.

6. The Petitioner was induced to enter into the lease (and the fitting out of the premises) with the Company by fraudulent misrepresentations made to, *inter alia*, the Petitioner by Robert John Middlemiss, of Unit 1 Laguna Del Mar, George Town, Grand Cayman an Australian national who resides in Grand Cayman.
7. The said fraudulent misrepresentations consisted of a summary of the business objectives and goals of the Company with respect to an international program for selling wine contracts to individuals who would in turn be entitled to resell the product or would be entitled to offer to sell the contracted wine to a subsidiary of the company namely AWE
8. Unbeknownst to the Petitioner at any relevant time until 23rd September 2004, Middlemiss had combined, agreed and conspired with others, since 2003, to defraud the public in general of vast sums through the means of a wine purchasing scheme which they ran out of the Cayman Islands between 2003 and mid-September, 2004.
9. Middlemiss and persons unknown to the Petitioner, pursuant to the said conspiracy, caused a substantial number of companies which he controlled to be formed in the Cayman Islands for the purpose of carrying out the said fraudulent wine purchasing scheme. These Cayman Islands companies included Paradigm International Limited, Architects of Wine, Ltd. of Caledonian House, 69 Dr Roy's Drive PO Box 1043, George Town Grand Cayman and may have included Seed International, Ltd, of 174 South Church Street PO Box 1888, George Town Grand Cayman, formally known as Churchill Associates of the same address (the "group companies").


10. All sums invested by the victims of the above scheme to any of the above companies were routinely transferred between the accounts of two or more of the said companies kept by Caledonian Bank and First Caribbean Bank in Grand Cayman. Funds paid by the victims were kept circulating between the said accounts. Some of these funds would then be paid to AWE for payment to the victims of this scheme in order to honour the promises of AWE that they would purchase wine
11. The group companies were completely controlled by Middlemiss. They were a sham, a mere cloak devised and intended by Middlemiss to facilitate and carry out the fraud described herein and they were used for that purpose. These companies were a mere device for enabling Middlemiss 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.
12. It follows that the group companies, including the Company, together with Middlemiss, must be regarded as one factual entity to which the petitioner leased space and spent funds outfitting premises in the sum of US\$424,415 and that they are all liable towards the petitioner for the repayment thereof, including interest under the terms of the lease agreement and the fit out agreement. The Petitioner is a creditor of the Company in the amount of US\$424,415 and interest.
13. 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 fraudulent scheme, including the Petitioner.

14. It is, moreover, 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.
15. It is, moreover, in the interests of all victims of the fraudulent scheme carried out in the Cayman Islands that a provisional liquidator be appointed for the Company and that it be liquidated by the liquidator.
15. The assets of the Company are unknown at this time for they appear to consist of wines being stored in premises abroad under the control and direction of Middlemiss.. The estimated liabilities of the group companies and of each one of them towards the victims of the above fraudulent scheme, including the petitioner, may well exceed US\$25 million.
16. The amount, as at 8th October 2004, to which the Company is indebted to the Petitioner pursuant to the Lease Agreement is US\$162,363. Additional interest is payable in accordance with the Lease terms. Additional costs are estimated to be US\$80,000 as stated in paragraph 5 above.
17. In addition to the amount owed by the Company to the Petitioner pursuant to the Lease Agreement, the Company is also indebted to the Petitioner under the fit out agreements. The amount, which the Petitioner expended on behalf of the Company under the fit out agreements, became immediately due and payable as a result of the default of the Company under these agreements. The amount to which the Company is indebted to the Petitioner under these agreements is US\$182,052.
18. In the context of the amount presently due and owing to the Petitioner and the events of the default committed by the Company, the Petitioner is of the belief that the company is unable to its debts as and when the fall due.
19. In the circumstances, it is just and equitable that the Company should be wound up
20. **THE PETITIONER THEREFORE HUMBLY PRAYS** as follows:-

- (1) That the Company be wound up by the Court subject to the provisions of the Companies law (2004 Revision)
- (2) Christopher Dorrien Johnson of Chris Johnson Associates Ltd, Cayman Islands, Chartered Accountant, be appointed Provisional Liquidator of the Company and that the Provisional Liquidator be authorized to do any acts or things considered by him to be necessary or desirable in his capacity as Provisional Liquidator;
- (3) That the Provisional Liquidator be authorized to exercise all the powers set out in section 109 of the Companies Law (2004 Revision) without further sanction or intervention of this Honourable Court;
- (4) That the Provisional Liquidator do file with the Clerk of the Court a report in writing of the position of, and the progress made with the winding up of the Company and with the realization of the assets thereof, and as to any other matters connected to the winding up of the company, every three calendar months or as the Court may from time to time direct;
- (5) That the Provisional Liquidator be at liberty to employ attorneys, counsel and professional advisors whether in the Cayman Islands or elsewhere as he may consider necessary to advise and assist him in the performance of his duties and on such terms as he may think fit;
- (6) That the Provisional Liquidator and his staff be remunerated out of the assets of the Company at their normal commercial rates and that such remuneration and any expenses of the Official Liquidator be approved by the Court.
- (7) Such further and/or other relief as this Honourable Court deems appropriate.

AND YOUR PETITIONER will ever pray etc.

DATED this 8th day of October 2004.


FOR AND ON BEHALF OF
STRATHVALE HOUSE LTD

NOTE: This Petition is intended to be served on the Company and the Registrar of Companies

ENDORSEMENT

This Petition, having been presented to the Grand Court of the Cayman Islands on the 12th day of October 2004 will be heard at the Grand Court of the Cayman Islands on:

DATE: 12th November 2004

TIME: 10.00 a.m.

(or as soon thereafter as the petition can be heard).

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.