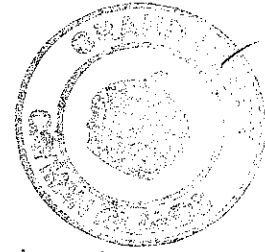
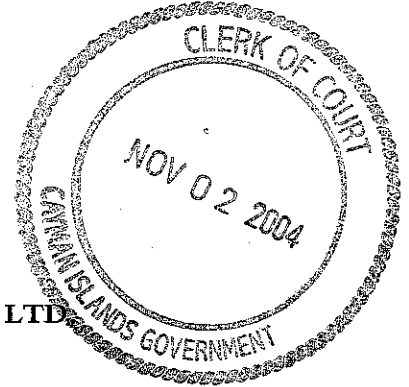


IN THE GRAND COURT OF THE CAYMAN ISLANDS



434
CAUSE NO. OF 2004

IN THE MATTER OF THE COMPANIES LAW (2004 REVISION)



AND IN THE MATTER OF

INTERNATIONAL PROFESSIONALS LTD
(In Liquidation)
MTN INVESTMENTS (In Liquidation)
REDWOOD INVESTMENTS (In Liquidation)
OPL LTD. (In Liquidation)
NASCAYDOMUS ENTERPRISES (In Liquidation)
BELLWETHER HOLDINGS LTD. (In Liquidation)
HAVEN COMPANY (In Liquidation)
JMP INTERNATIONAL (In Liquidation)
INTER-WORLD HOLDINGS (In Liquidation)
ITL CORP. (In Liquidation)
MORNING STAR LTD. (In Liquidation)
COMBINED ASSET MANAGEMENT (In Liquidation)
OPAL HOLDINGS (In Liquidation)
GLOBAL LOANS ADVANTAGE INC. (In Liquidation)
JIBO LTD. (In Liquidation)
SOVEREIGN CAPITAL HOLDINGS (In Liquidation)
UNIQUE PROJECTS (In Liquidation)
CAYMAN HARBOUR MANAGEMENT LTD. (In
Liquidation)
OFFSHORE TITLE INVESTMENTS LTD. (In
Liquidation)
KDS HOLDINGS LIMITED (In Liquidation)
WHITE SANDS INTERNATIONAL (In Liquidation)
S&R FINANCIAL LIMITED (In Liquidation)
OTA CORP. (In Liquidation)
HIGH HOPE MINISTRIES (In Liquidation)
LDF LTD. (In Liquidation)
THE WHISPER GROUP (In Liquidation)
PREMIERE HOLDINGS LTD. (In Liquidation)
EMPIRE ENTERPRISES LTD (In Liquidation)
MTM LTD. (In Liquidation)
THE INSTITUTE FOR VENTURE CAPITAL (In
Liquidation)
ASHFORD DEVELOPMENT VENTURE ASSOCIATES

(In Liquidation)
WALKER VENTURE ASSOCIATES LTD. (In Liquidation)
NAVICO HOLDINGS (In Liquidation)
GEECHE BOY LTD. (In Liquidation)
SOUTH EAST FINANCIAL LTD. (In Liquidation)
TRICORP LTD. (In Liquidation)
SUNSET FINANCIAL SERVICES LIMITED (In
Liquidation)
KARIFA CAPITAL CORPORATION LTD. (In
Liquidation)
A.A.M. LTD. (In Liquidation)
GREENTREE INTERNATIONAL LTD. (In Liquidation)
PREFERRED RETURNS (In Liquidation)
ABBA GROUP (In Liquidation)
CTI LIMITED (In Liquidation)
FEATHER BAY MANAGEMENT (In Liquidation)
PARAKLETES LIMITED (In Liquidation)
POOLER LIMITED (In Liquidation)
SPRINGS DEVELOPMENT (In Liquidation)
SUNSET LOANS (In Liquidation)
UNI-GROUP ENTERPRISES (In Liquidation)
TEL LIMITED (In Liquidation)
ENDURANCE HOLDINGS LIMITED (In Liquidation)
IDEAL PLACEMENTS LIMITED (In Liquidation)
KEYSTONE CAPITAL (In Liquidation)
SAFE HARBOUR RETURNS INC. (In Liquidation)
LIBERTY CAPITAL LIMITED (In Liquidation)
INTEGRITY LIMITED (In Liquidation)
SUN HOLDINGS LIMITED (In Liquidation)

PETITION

TO THE GRAND COURT

The humble petition of the above mentioned 57 Cash 4 Titles companies in liquidation (“the Companies”), shows that:-

1. The object of this Petition is to seek the sanction of the Court to a Scheme of Arrangement under section 86 of the Companies Law (2004 Revision) between the Companies and their creditors. The proposed Scheme of Arrangement (“the

Scheme”) and Explanatory Statement are to be annexed as Appendix 1 to this Petition.

Background

2. The Companies were incorporated in the Cayman Islands during the existence of the Cash 4 Titles Scheme from late 1994 to 15 October 1999, as exempt Companies for the purpose of investing, promoting, receiving returns from, and otherwise participating in the Cash 4 Titles Scheme. The issued shares of the Companies are generally beneficially owned by the individual investors or marketers on whose instructions such Companies were incorporated.
3. The Companies were all placed into compulsory liquidation at various times between November 1999 and March 2002. The strategy of the Joint Official Liquidators was to liquidate all those Cayman companies who were identified, during the course of the liquidation proceedings, as having been involved in promoting or marketing the Cash 4 Titles Scheme or which were identified as holding assets for Cash 4 Titles investors. It is accordingly envisaged that the majority of the Companies may be subject to claims against them by multiple creditors.
4. The registered offices of the Companies were situated at various places at the times of their liquidations, but a large number of the Companies had their registered offices c/o Everest Management Limited. A large number of the registered offices have now been transferred to Close Brothers (Cayman) Limited, P.O. Box 1034 GT, Harbour Place, 4th Floor 103 South Church Street,, George Town, Grand Cayman.

Cash 4 Titles Scheme

5. The Companies were operated by the principal perpetrators of the Cash 4 Titles Scheme, Michael Gause and Richard Homa, and by the principal marketers, in a pyramid or ponzi scheme so that funds invested by base-line companies were transferred up through one or more pooler companies before purportedly being transferred to the U.S. for investment in the Cash 4 Titles business. In fact,

investments were generally re-circulated, either in the Cayman Islands or the U.S., and these funds used to pay interest claims of existing investors, capital repayments to existing investors and distributions to certain individuals involved in marketing the scheme. Approximately US\$280 million was invested in this scheme during its lifetime.

6. On 15 October 1999, following an extensive investigation by the Securities and Exchange Commission in the U.S., a freeze order was obtained in the U.S. and a Receiver appointed over the assets of certain key parties and entities involved in the Cash 4 Titles scheme. Freeze orders were subsequently imposed by the Cayman Islands court over assets of identified Cayman companies following applications made under the Mutual Legal Assistance Treaty.

Financial status

7. The Companies' assets consist largely of cash found in their bank accounts on 15 October 1999, the proceeds of the sale of various illiquid assets held by such Companies, and the fruits of litigation commenced against third parties.
8. By a pooling Order dated 7 February 2003, the Court granted an Order pooling all the assets of the Companies into a central pot, from which pot all claims and expenses of the liquidation are to be paid. This Order was made on the basis that there are no secured creditors of the Companies, funds were disproportionately distributed between the pooler Companies on the collapse of the scheme, and all investors of the Companies had an equal expectation of being able to claim ratably against the Cash 4 Titles assets.

Claims adjudication and distribution

9. Due to the lack of proper accounting records, the sheer number of affected creditors and the manner in which the fraudulent ponzi scheme was operated, it is an extremely time-consuming and expensive task to identify and validate claims of individual creditors. However, following a litigation settlement obtained by Cash 4 Titles creditors and the U.S. Receiver against the Bank of Bermuda in July 2002, the Settlement Administrator, Phillip Stenger, one of the Joint Official Liquidators

of the Companies, has adjudicated and determined almost all claims of Cash 4 Titles creditors. However, this adjudication was made under rules different from the rules applicable under Cayman Islands law to admission of claims.

10. In particular, under the U.S. adjudication, creditors were entitled to claim only for their net principal claims after deduction of all interest payments received during the term of their investment. Thus, claims of investors who had received substantial interest payments were reduced considerably. Details of the claims adjudication process are set out at paragraph 13 of the Explanatory Statement to the Scheme attached to this Petition as Appendix 1.

Scheme of Arrangement

11. In order to avoid the need for the Joint Official Liquidators to undertake a costly further (different) adjudication process and so as to treat all creditors of the Companies fairly and uniformly in both the U.S. and the Cayman Islands, it has been proposed by the Joint Official Liquidators that the claims adjudication process completed by the Settlement Administrator be adopted in the Cayman liquidations.
12. It is proposed that this will most conveniently be effected by distributing available assets of the Companies to admitted creditors in various stages, the first stage being a distribution in respect of creditors' net principal claims as calculated by the Settlement Administrator. Since the assets of the Companies are not sufficient to meet all net principal claims, it is not envisaged that creditors will rank for payment for the balance of their claims. It is anticipated that the U.S. Receiver over the assets of the various promoters and marketers of the Scheme who has separately recovered assets in the U.S. which are available for defrauded Cash 4 Titles creditors, will obtain an order approving the admission of claims or the distribution of funds in the same manner. However, that is ultimately to be at the discretion of the Receivership court.
13. Since the proposed scheme of distribution involves an abrogation of the ordinary rights of creditors to a *pari passu* distribution of the assets of the Companies, a

Scheme of Arrangement under Section 86 of the Companies Law (2004 Revision) is being proposed to give effect to this arrangement. If voted in favour of by creditors, the Joint Official Liquidators anticipate that adjudication of claims and a distribution of assets can take place shortly thereafter.

Persons affected

14. Trade creditors are being treated no differently from ordinary investor creditors and so form part of the same class of creditors. It is proposed that marketers who knew or ought reasonably to have known that the Cash 4 Title scheme was a fraudulent pyramid scheme, will not be able to claim against the Companies. These parties have already been identified in the U.S. adjudication process and a large number of them have been placed in receivership in the U.S.
15. Since creditors will not be paid their claims in full, shareholders of the Companies will not rank for any return on their shareholding and so it is not proposed to include shareholders as affected parties under the Scheme.
16. The U.S. Receiver has agreed to be bound by the Scheme of Arrangement for the purposes only of agreeing to accept any claim forms filed with the Joint Official Liquidators, in the U.S. Receivership and to give reciprocal rights to creditors who have filed claims in the U.S. Receivership.

Conclusion

17. The Companies seek the approval of the Court to convene a meeting of the creditors for the purpose of considering, and if thought fit, approving (with or without modifications) the Scheme. The value of the votes cast at such meeting by each creditor is to be determined by reference to the value of such creditor's claim, excluding any interest due for the period after 15 October 1999.
18. In the event that the Scheme (with or without modifications) should be approved at a meeting of the creditors convened by order of the Court by a majority in number comprising at least 75% in value of the creditors present in person or by

proxy at such meeting, the Companies seek the sanction by the Court of the Scheme in the form approved.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT:-

1. the Scheme may be sanctioned by the Court so as to be binding on the Companies, and their creditors pursuant to section 86 of the Companies Law (2004 Revision);
2. all necessary and proper directions may be given;
3. such other Order may be made as the Court shall think fit.

AND your Petitioner will ever pray etc.

Dated the 2nd day of November, 2004


APPLEBY SPURLING HUNTER

NOTE: It is not intended to serve this Petition on any person

Indorsement

This petition having been presented to the Court on theday of.....2004 will be heard at the Grand Court of the Cayman Islands, the Court House, Georgetown, Grand Cayman on:

Date 28.1.05

Time 10:00 hours

(or as soon thereafter as the petition may be heard)

THIS PETITION was presented by Appleby Spurling Hunter, the Attorneys-at-Law for the Petitioner, whose address for service is that of its said attorneys at The Huntlaw Building, 75 Fort Street, P.O. Box 190 GT, Grand Cayman, Cayman Islands (Ref./JST/08184. 001).

Appendix 1

SCHEME OF ARRANGEMENT

(under Section 86 of the Companies Law (2004 Revision) of the Cayman Islands)

BETWEEN

PHILLIP S. STENGER in his capacity as Receiver over the Estate of
Charles Richard Homa, Michael D. Gause and others

and the

CAYMAN COMPANIES IN LIQUIDATION
(as defined in the Scheme)

and the

CASH 4 TITLES CREDITORS
(as defined in the Scheme)

This is an important document that if approved will affect your legal rights. If you are in any doubt as to any aspect of the proposals set out in this document, you should consult a legal advisor, professional accountant or other competent professional.

Appleby Spurling Hunter
Attorneys-at-Law
PO Box 190 GT
75 Fort Street
Clifton House
George Town
Grand Cayman
Cayman Islands

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1. Letter from the Joint Official Liquidators to Cash 4 Titles Creditors
2. Explanatory Statement to Scheme of Arrangement
3. Scheme of Arrangement
4. Schedule of Assets and Liabilities

EXPECTED TIMETABLE

<u>Event</u>	<u>Time</u>	<u>Date</u>
1. Hearing of the Joint Official Liquidators' application to the Court to convene a Meeting of Creditors to consider the proposed Scheme of Arrangement	9:30am	[], 2004
2. Scheme documentation to be dispatched to all known Creditors		[], 2004
3. Latest time for receipt of Proxy or Voting Forms from Creditors		[], 2004
4. Meeting of Creditors to consider and vote on the Scheme of Arrangement	10:00am	[], 2004
5. Hearing of Joint Official Liquidators' Application to Court to sanction the Scheme of Arrangement, if approved.	9:30am	[], 2004
6. Declaration and payment of (First) Dividend to Creditors	Planned for end of 2004	

[] 2004

Dear Creditors

Scheme of Arrangement

Since the collapse of the Cash 4 Titles Ponzi scheme in October 1999, the process of investigating the fraud and recovering all the available assets for creditors such as yourselves has been going on both in the United States and in the Cayman Islands. You may be aware that most of the funds invested in the Cash 4 Titles scheme came from U.S. residents and that many of these funds were channeled through Cayman Islands companies, which were set up specifically for this purpose.

In the United States, Phillip S. Stenger was appointed Receiver by the Securities & Exchange Commission (SEC) over the estates of Charles Richard Homa, Michael Gause and other Cash 4 Titles related parties. Phillip S. Stenger and his team have been working to recover assets and to ensure that all persons responsible for the perpetration of the fraud are brought to account. In the Cayman Islands, 57 key companies concerned in the fraud have been placed into liquidation by the Grand Court of the Cayman Islands and G. James Cleaver of Ernst & Young Ltd. in the Cayman Islands and Phillip S. Stenger have been appointed Joint Official Liquidators for these companies. In the course of these liquidation proceedings, which are the equivalent of Chapter 7 Bankruptcy proceedings, there has been a significant amount of work undertaken over the past four years in unraveling the complex Cash 4 Titles fraud, identifying the movements of funds, calculating and processing claims and recovering assets for the benefit of the general body of creditors.

To facilitate the administration of claims and to ensure fairness to all investors, the Cayman Liquidators have now obtained a court order authorizing the pooling of all the assets of the 57 Cayman companies in liquidation from which pool all expenses, liabilities and distributions to creditors will be paid. The Cayman and United States teams have always worked very closely together. Both teams have worked to assist each other, including sharing information wherever this has been possible, in order to increase recovery of assets for creditors, while preserving confidentiality of creditors in both jurisdictions at all times.

Both the U.S. Receiver, Phillip S. Stenger, and the Cayman Liquidators, Messrs Stenger and Cleaver, have through their investigations been able to conclude that the overwhelming majority of investors are entitled to participate in the funds recovered in both the U.S. Receivership and the Cayman Liquidations. This means that nearly all investors are entitled to file their claims in both the U.S. Receivership and the Cayman Liquidations. This is in addition to any claims that investors may already have filed in the Bank of Bermuda settlement administered by Phillip S. Stenger. Accordingly, investors are typically entitled to receive a payout from all three of the U.S. Receivership, the Cayman Liquidations and the Bank of Bermuda settlement (which settlement is now largely finalised). However, from the records of both the U.S. Receiver and the Cayman Liquidators, it appears that many investors have not yet filed the appropriate claim forms

Letter to Cash 4 Titles Creditors

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to ensure that they receive the payment due to them from both the U.S. Receivership and the Cayman Liquidations.

Assisted by the Cayman Liquidators, Phillip S. Stenger, in his capacity as Settlement Administrator in the Bank of Bermuda settlement, has already spent a considerable amount of time and energy in assessing and verifying investors' claims that have been submitted in the Bank of Bermuda settlement. As a result of this exercise, the majority of known investors have had their claims processed and approved according to certain parameters approved by the court in the Bank of Bermuda settlement.

The Cayman Liquidators and the U.S. Receiver would like to simplify the process by which investors are able to claim in the Cayman Liquidations and U.S. Receivership. It is proposed that claims admitted in the Bank of Bermuda settlement be treated as filed in both the Cayman Liquidations and U.S. Receivership. An important part of this process involves admitting claims in the Cayman Liquidations on the same basis and for the same amount as these claims have been admitted in the Bank of Bermuda settlement. It is envisaged that claims will also be admitted in the U.S. Receivership on the same basis. This will avoid the need to repeat the lengthy and complicated claims verification procedure for each jurisdiction.

However, under Cayman law, there are a few important points of difference from the U.S. claims adjudication process applied in the Bank of Bermuda settlement. For example, in Cayman, the law allows investors to file claims for the full principal amount invested and not repaid, regardless of any contractual interest payments or commissions received in the interim. In order to override these points of difference so that the benefits of the proposed simplification can be realized and so that the distribution of available funds to creditors is made fairer, creditors of the Cayman Liquidations are being asked to agree to the variation of the usual procedure for distribution of dividends. This is the main objective, which the Scheme of Arrangement sets out to achieve. The Scheme of Arrangement will also allow creditors to agree that their claims already filed in the Cayman Liquidations or U.S. Receivership will be treated as their claim in the other jurisdiction too.

This letter accordingly provides notice of a meeting of Cash 4 Titles creditors, which has been convened pursuant to an order of the Cayman Grand Court, for the purpose of voting on the proposed Scheme of Arrangement. The meeting is due to take place on [_____], 2004 at [_____]am at _____, Atlanta, Georgia, xxxxx. Detailed voting procedures for the meeting are set out at page [] of the attached Scheme of Arrangement document.

After nearly four years of investigation and asset recovery actions, the administration of the Cayman Liquidations is now almost complete. Once the claims procedure has been finalised under the Scheme of Arrangement, the Cayman Liquidators anticipate that distributions may be made within a short time thereafter. The Cayman Liquidators accordingly believe that it is in the best interests of creditors to agree to this Scheme of Arrangement and recommend that you vote in favour of it.

Letter to Cash 4 Titles Creditors
Page 3 of 3

Yours faithfully

Phillip S. Stenger
Joint Official Liquidator

G. James Cleaver
Joint Official Liquidator

EXPLANATORY STATEMENT

Introduction

1. On [], 2004 the Grand Court of the Cayman Islands authorized the Joint Official Liquidators (the "Liquidators") of the 57 Cash 4 Titles companies in liquidation to summon a meeting of the Cash 4 Titles creditors to consider, and if thought fit, to approve the terms of the proposed Scheme of Arrangement between the Cayman companies in liquidation, the U.S. Receiver and the Cash 4 Titles creditors.
2. The proposed Scheme of Arrangement is attached to this Explanatory Statement. The purpose of this Explanatory Statement is to provide background information to the Cash 4 Titles insolvency proceedings and to explain the details and intended aim of the Scheme of Arrangement. Definitions used in the Scheme of Arrangement are also used in this Explanatory Statement.

Background

3. On October 15, 1999, the Securities and Exchange Commission (SEC) in the United States filed proceedings against Charles Richard Homa, Michael Edward Gause and others. Commencing in November, 1999, the U.S. District Court entered orders appointing Phillip S. Stenger as Receiver over the Estates of various Defendants and Receivership Entities for the benefit of the creditors in the Cash 4 Titles scheme.
4. The appointment was made following the SEC's investigation of the Cash 4 Titles scheme which was discovered to be a massive fraudulent Ponzi scheme. The workings of the Cash 4 Titles scheme are now well known. In summary, approximately U.S.\$280 million was invested by hundreds of investors, mainly from the U.S., between 1994 and 1999 for the ostensible purpose of loaning money to the Cash 4 Titles car title loan business in the United States.
5. Of the money invested, less than 1% was actually used for the proper purpose of advancing funds to short term borrowers in the Cash 4 Titles business. The remaining funds were used to fund interest repayments to investors or otherwise misappropriated.
6. In order to avoid scrutiny by U.S. Regulators and to provide for tax-free investments, investors' funds were channeled through "pooling" companies incorporated by Michael Gause, Charles Richard Homa and other marketers, in the Cayman Islands and, to a lesser extent, the Bahamas and the Commonwealth of Dominica. Investors were encouraged to incorporate their own Cayman companies to facilitate the transfer of funds to the Homa/Gause pooling companies. On the collapse of the Cash 4 Titles scheme in October 1999,

investors with claims of over [U.S.\$175] million were left unpaid while only approximately U.S.\$11 million was found in the bank accounts of the main Cash 4 Titles pooling companies.

7. In order to gain control of and investigate the numerous Cayman companies that had been incorporated to participate in the Cash 4 Titles scheme, Phillip S. Stenger and G. James Cleaver began systematically placing into liquidation those companies which were identified as having been used to pool investors' funds. A total of 57 such Cayman companies have now been liquidated with Messrs. Stenger and Cleaver appointed as Liquidators over these companies.

Admission of Claims

8. On 3 July 2002 the Bank of Bermuda settled an action brought against it by the Receiver together with a class action brought against it by Cash 4 Titles investors for facilitating the perpetration of the Cash 4 Titles fraud, by offering to pay a total of U.S.\$67.5 million in settlement of the two actions. As part of this settlement, claim forms were sent to all known investors for completion by a certain date. The vast majority of investors have completed and submitted such claim forms, which have now been adjudicated and finalised, subject only to the determination of certain remaining appeals. Payments representing the majority of funds to distribute under the settlement have been made to all admitted investors.
9. Pursuant to orders entered on 28 September 2001 and 3 December 2001 by the Receivership Court, the Receivership has also previously accepted the filing of trade creditor claims.
10. Funds channeled through the Cayman companies for investment in the Cash 4 Titles Scheme were held in a number of different companies upon the collapse of the Cash 4 Titles Scheme on 15 October 1999. Since all investors had an equal expectation of receiving re-payments, the Liquidators determined that such funds should properly be pooled into a central pool from which all distributions and payments would be made. An order effecting such pooling was obtained by the Liquidators from the Grand Court of the Cayman Islands on 7 February 2003.
11. Under the pooling arrangement, creditors are required to prove that funds were paid to a particular Cayman company (now in liquidation), though once their claim is admitted, all dividend distributions will be made from the pool of funds, thus treating all investors equally. Costs and expenses of the liquidation are also being met from these pooled funds.
12. Under the Scheme of Arrangement, it is proposed that any investor or creditor who invested funds with or who has a claim against any of the Receivership Entities or Cayman companies in liquidation, will be entitled to file claims and, if admitted, receive distributions from both the Receivership and the Cayman

liquidations, in addition to any distribution they may have received from the Bank of Bermuda settlement.

Claims Adjudication under the Bank of Bermuda Settlement

13. At present, the Receiver and Liquidators anticipate that additional distributions will be made from the Receivership and Liquidations, as additional recoveries are made by the Receiver and Liquidators. These distributions will be in addition to the dividends already received by investors pursuant to the Bank of Bermuda settlement.
14. Claims filed in the Bank of Bermuda settlement have already been largely verified and admitted by Phillip S. Stenger in his capacity as Settlement Administrator. The process, including the hearing of various appeals, has been both costly and time-consuming. Claims were admitted according to the following rules:
 1. Claims were calculated according to the principal amount invested (excluding rollovers) after deducting any returns of capital, with no allowance for interest due and owing under the terms of the investment contract or promissory note;
 2. Any interest or commissions actually paid to an investor on his investment was deducted from his/her claim, provided that if more interest and commissions were paid and earned than the capital amount invested, the claim was treated as zero;
 3. Claims were only accepted from companies to the extent that all the owners of the company signed the claim form and proved the source of funds for the investments;
 4. With the exception of certain potential claimants closely related to the Ponzi scheme whose claims were excluded, all investors' claims were treated equally with no one investor having priority over another; and
 5. Claims of certain marketers or their affiliates were disallowed.

Claims Adjudication under Cayman Law

15. Under Cayman law, the Liquidators are required to admit claims under different rules of adjudication from those adopted in the Bank of Bermuda settlement. In particular, the following rules apply in the Cayman Islands:

1. Claims are admissible for the full principal amount invested (including roll-overs) plus any interest (whether contractual or statutory) owing thereon which remains unpaid up to the date of liquidation of the company;
2. Interest or commissions contractually earned by and paid to an investor are generally regarded as his entitlement and are not deducted from his claim;
3. Claims are recognised as due to the actual creditor, regardless of whether this is a company or individual;
4. Creditors' priority rights are affected by whether they are able to assert a proprietary claim to the assets of the Company in liquidation; and
5. Claims of marketers will only be disallowed where the marketer knew, or reasonably ought to have known, that the Scheme was a fraudulent ponzi scheme.

Proposed Adjudication of Claims

16. It can accordingly be seen that there is a discrepancy between the method by which claims were calculated in the Bank of Bermuda settlement and that by which they are required to be calculated in the Cayman Islands. As indicated above, the Receiver and the Liquidators are keen to avoid the necessity for duplicating the massive and costly effort that would be involved in adjudicating and verifying claims again in each jurisdiction, by adopting the claims already verified and admitted in the Bank of Bermuda settlement. The benefits of this are as follows:
 1. The process of adjudicating and verifying claims is complicated and time consuming, involving an extensive review of bank records and company accounts for numerous investors;
 2. As all investors in Cash 4 Titles had an expectation of being able to claim equally and rateably against all Cash 4 Titles assets, it is fair and equitable to:
 - i) Treat all investors equally in both jurisdictions; and
 - ii) Not favour any investors who may have benefited, however innocently, from the Cash 4 Titles fraud by receiving large interest or commission payments which were earned at the expense of other investors who have not so benefited.

17. The proposed aim of the Scheme of Arrangement is to achieve a conformity of the claims adjudication processes in the Bank of Bermuda settlement, the Receivership and Liquidations (on the assumption that the Receiver will also admit claims in the Receivership on the same general basis as claims were admitted in the Bank of Bermuda settlement). This will enable claims admitted in the Bank of Bermuda settlement to be used for the purposes of making distributions in both jurisdictions. The Scheme of Arrangement seeks to achieve this by modifying the usual *pari passu* (rateable) distribution of assets in the following way:

1. Calculating creditors' net principal claims in the same way as claims were admitted in the Bank of Bermuda settlement, in other words by deducting from investors' gross principal claims (the capital amount actually invested by or owed to a creditor which remains owing) any principal, interest, commissions or bonuses received (other than rolled-over interest, commissions or bonuses), as well as any recoveries (net of attorney litigation fees and costs paid to obtain that recovery), made by such investors from third parties, including the Bank of Bermuda, in respect of their Cash 4 Titles claim. Claims calculated in this way are described as Net Principal Claims and investors' gross principal claims are referred to as Gross Principal Claims;
2. Paying the Net Principal Claims of creditors before any Gross Principal Claims are paid. As there are insufficient assets to cover Net Principal Claims, it is not envisaged that Gross Principal Claims will be paid;
3. Recognizing claims of corporate investors which have no outstanding liabilities as vested in their individual beneficial owners;
4. Treating all investors equally as ordinary unsecured creditors; and
5. Disallowing claims of marketers or their affiliates who knew or ought reasonably to have known that the Scheme was a fraudulent ponzi scheme.

It is anticipated that the Receiver will adjudicate and admit claims on the same basis in the Receivership, though this remains subject to the approval of the Receivership Court.

18. These are the key proposals of the Scheme of Arrangement and will have the effect that, for practical purposes, claims ranking for payment in the Liquidations will be identical to those admitted in the Bank of Bermuda settlement. It is envisaged that claims will be admitted in the Receivership on a substantially similar basis; however, that is within the discretion of the Receivership Court.
19. Although under the proposals, creditors are entitled to have their full (Gross Principal) Claims adjudicated upon and admitted in the Liquidations, the Liquidators do not intend to undertake that exercise unless and until it becomes apparent that a payment in respect of such Gross Principal Claims is likely. As

indicated above, by present calculations, the Liquidators see little chance of Net Principal Claims (the first level of claims to be paid) being paid in full and so do not believe that an adjudication of Gross Principal Claims will be necessary.

20. The Scheme of Arrangement will not restrict the power of either the Receivership Court or the Liquidation Court to impose restrictions concerning the distribution of assets or funds under its control, including restrictions on distributions to investors based upon such investors' involvement in the promotion or implementation of the Cash 4 Titles scheme, and to take into account monies or other assets received by investors from other sources in respect of the settlement of their Cash 4 Titles claims.
21. Investors who did not file claims (for any reason) or whose claims were excluded altogether in the Bank of Bermuda settlement on legal grounds rather than a zero claim assessment having been made, will nevertheless be entitled to file and have their claims adjudicated afresh in the Receivership or Liquidations. This is because the grounds for excluding a claim in the Bank of Bermuda settlement may not be applicable to claims filed in insolvency proceedings.
22. To facilitate the implementation of the aims of the Scheme of Arrangement, it is also proposed that investors be entitled to have claims filed by them in any of the Bank of Bermuda settlement, the Receivership or the Liquidations, treated as their claim in the other jurisdiction(s) without the necessity of having to complete further claim forms. This provision will only work where investors agree that claims be conformed between the jurisdictions as envisaged by the Scheme of Arrangement. However, it is also proposed that investors be given an opportunity to elect that their claims are not treated as filed in the other jurisdiction(s) upon notification by them to the Receiver or Liquidators of their preference.
23. In order to save costs in dealing with and assessing any cross-claims that may exist by and between the Receivership entities and the Cayman companies in liquidation, the Receiver and Liquidators agree to reciprocally waive any such claims that they may have against the Receivership entities or Cayman companies in liquidation. Creditors will accordingly be entitled to share in the assets currently available in the jurisdiction in which their claims are filed, without the need for a costly balancing exercise to be carried out to determine apportionments between the jurisdictions.

How a Scheme of Arrangement Works

24. A Scheme of Arrangement is a compromise or contractual arrangement entered into between a company and its creditors or shareholders, which is sanctioned by the Court under Section 86 of the Companies Law (2004 Revision). The proposed Cash 4 Titles Scheme of Arrangement concerns only creditors of the Cayman companies in liquidation and does not, as a whole, bind the Receiver save

where expressly stated otherwise. Shareholders of the Cayman companies in liquidation are not addressed in the Scheme of Arrangement since it is not anticipated that shareholders of the Cayman companies in liquidation will receive any return on their share capital investments and their interests are accordingly unaffected.

25. Section 86 of the Companies Law provides that the Scheme of Arrangement will be binding on all creditors whether or not they vote to approve the Scheme of Arrangement if:

- (i) it is approved by a majority (50%) in number of the creditors present and voting in person or by a proxy at a Scheme Meeting called for this purpose; and
- (ii) it is approved by creditors holding at least 75% in value of the recognized claims of the voting creditors at such Scheme Meeting.

It is accordingly important that creditors attend the meeting or submit a proxy, including a proxy in favour of the Chairman of the Scheme Meeting, indicating their votes.

26. For the purposes of calculating votes, each creditor (being the legal owner of the claim) will be deemed to have one vote for each dollar recorded as owing to such creditor (excluding claims to interest for any period after 15 October 1999) and accepted as a claim by the Chairman of the Scheme Meeting. If the appropriate majorities do not vote in favour of the Scheme, the Scheme will not take effect. However, if the Scheme is approved by the necessary majorities, and the Grand Court thereafter sanctions the Scheme, the Scheme will be binding on every creditor of the Cayman companies in liquidation (including those who did not vote or voted against the Scheme) upon registration by the Registrar of Companies of the Order of the Grand Court sanctioning the Scheme. Creditors will be entitled to appear at the hearing of the application to the Grand Court to sanction the Scheme (if approved at the Scheme Meeting) to show cause why it should not be sanctioned.

Meeting and Procedure

28. The Grand Court has authorized the Liquidators to convene a Meeting of creditors (the "Scheme Meeting") of the Cayman companies in liquidation for _____ am on [_____] 2004 at _____, Atlanta, Georgia, xxxxx. A notice of this Meeting is enclosed with the Scheme documentation. All creditors are invited to attend at the Meeting and vote either in person or by proxy.

29. All creditors of the Cayman companies in liquidation are entitled to attend and vote at the Scheme Meeting in person or by proxy, providing that details of his/her claim have been submitted and allowed for voting purposes. The submission of claims is dealt with under paragraph 34 below.
30. Creditors who wish to attend the Scheme Meeting and vote in person, are requested to complete and return the Pre-Registration Form provided with the Scheme documentation, to either of the Liquidators, as soon as possible and in any event by no later than 5pm on [] 2004. Instructions for the completion of the Pre-Registration Form are provided on the Form itself.
31. Creditors who wish to appoint a proxy to attend and vote at the Scheme Meeting on their behalf, must complete and return the enclosed Proxy and Voting Form (instead of the Pre-Registration Form) in accordance with the instructions given, to either of the Liquidators as soon as possible and in any event by no later than 5pm on [] 2004. Any Pre-Registration Form or Proxy and Voting Form that is incomplete or inaccurate or received by the Liquidators after the above dates may be rejected. The person chosen as a proxy need not be a Cash 4 Titles creditor nor anyone connected with the Cash 4 Titles scheme and may be the Chairman of the Scheme Meeting.
32. Exceptionally, completed Proxy and Voting Forms may also be submitted by a Proxy for a creditor who has submitted a Pre-Registration Form, on the day of the Scheme Meeting to the Chairman of the Scheme Meeting and will be admitted as valid if it can be verified. A creditor may attend and vote at the meeting in person even where a Proxy and Voting Form has been submitted, on notification to the Chairman of the Meeting that the Proxy and Voting Form is being withdrawn.
33. Instructions for completing and mailing the Forms are set out on the reverse side of the Forms. Creditors are urged to read and follow the instructions carefully as incorrectly completed Forms may result in their votes being disallowed. If a creditor does not appoint a Proxy or does not attend and vote at the Scheme Meeting, he/she will still be bound by the outcome of the Meeting. Creditors are therefore strongly encouraged to exercise their votes, in person or by proxy.

Voting

34. A creditor will be entitled to vote only to the extent that his or her claim has been allowed for voting purposes by the Chairman. In determining such claims for voting purposes, the Chairman will disregard any claims to interest post 15 October 1999, the date of the collapse of the Cash 4 Titles scheme. Each creditor will have one vote for each dollar of his/her admitted claim. However, the admission of a claim by the Chairman will not in itself constitute an admission of any liability of the Cayman companies in liquidation or Receivership and will not

bind the Liquidators or Receiver to admit that claim in the Liquidations or Receivership.

35. A claim may be submitted for voting purposes in one of the following ways:
1. Where a creditor's claim has already been filed in the Liquidations or Receivership; or
 2. Where a creditor's claim has already been admitted in the Bank of Bermuda settlement by the Settlement Administrator, Phillip S. Stenger; or
 3. Where a creditor completes and returns a Proof of Debt Form with his or her Pre-Registration Form or a Proxy and Voting Form, to either of the Liquidators. (Proof of Debt forms are available from either the Liquidators or Receiver for those creditors who may not yet have submitted claims).
36. The Chairman of the Scheme Meeting will evaluate and verify claims submitted by creditors according to the records of the Receiver and Liquidators. The Chairman may reject a submitted claim either partly or wholly, for voting purposes only, if he, in his sole discretion, considers that the claim submitted does not correlate with the amount which the Receiver's or Liquidators' records show as being due to the creditor. The Chairman's decision on admission of claims for voting will be final and binding. However, the Chairman will, time permitting, attempt to advise any creditor of a partial or total rejection of the creditor's claim, before the Meeting.
37. For the purposes of transparency and to avoid confusion, the Chairman will admit, as the voting entitlement of investors, all claims allowed in the Bank of Bermuda settlement and not still subject to appeal, in the amounts for which they were finally allowed.
38. A corporate creditor may vote by its duly authorized director or signatory or by proxy. In either of these events, a copy of the Resolution passed by the Board of Directors authorizing such person to vote on behalf of the Company may be required by the Chairman. Instructions for the completion of a Proxy and Voting Form by a corporate creditor are on the reverse side of the Form.

Outcome of the Meeting

39. Creditors will be advised of the outcome of the Scheme Meeting as soon as the Chairman has tabulated and verified the results. If the Scheme of Arrangement is approved, the Liquidators will then seek a hearing before the Cayman Islands Grand Court to sanction the Scheme of Arrangement, at which hearing all creditors are entitled to attend. The Court Order sanctioning the Scheme will

then be registered with the Registrar of Companies rendering the Scheme effective.

40. Thereafter, the Liquidators will proceed to process and admit as Net Principal Claims in the Liquidations, claims of creditors admitted in the Bank of Bermuda settlement. The Liquidators anticipate that within approximately ninety (90) days thereafter they will be in a position to declare and distribute an interim or final dividend, depending on the status of asset recoveries. Cheques will be posted to all creditors at their last known addresses. All creditors, including creditors who do not participate in the Scheme of Arrangement, are accordingly urged to ensure that the Liquidators or the Receiver have a valid current address for them.
41. If the Scheme of Arrangement is not approved by the requisite majorities of creditors, the Liquidators will have no choice but to notify all known creditors of the Cayman companies in liquidation to submit fresh claims and will thereafter proceed to verify and validate all such liquidation claim forms received, in accordance with Cayman Islands insolvency law. The Liquidators anticipate that this will be a complex, costly and time-consuming process.

Costs

42. All costs and expenses incurred by the Cayman companies in liquidation and/or the Liquidators and/or their agents in connection with the preparation and carrying into effect of this Scheme, including the costs of summoning and holding a Meeting of creditors, will be paid or reimbursed in full out of the assets of the Cayman companies in liquidation as an expense of the liquidations. Creditors will be responsible for their own costs of completing any Scheme forms, obtaining any independent legal advice and/or attending the Scheme Meeting.

Conclusion

43. The Liquidators consider that the Scheme represents a cost-effective and expeditious means by which the adjudication of creditors' claims may be made and a dividend distribution calculated, and for this reason, together with the reasons set out elsewhere in this Explanatory Statement, the Joint Official Liquidators recommend that creditors approve the Scheme.

SCHEME OF ARRANGEMENT

(under Section 86 of the Companies Law (2004 Revision) of the Cayman Islands)

BETWEEN

PHILLIP S. STENGER in his capacity as Receiver over the Estate of
Charles Richard Homa, Michael D. Gause and others

and the

CASH 4 TITLES COMPANIES IN LIQUIDATION
(as defined in the Scheme)

and the

CASH 4 TITLES CREDITORS
(as defined in the Scheme)

PART I – INTRODUCTION

Definitions and Interpretation

- 1.1 In this Scheme of Arrangement, unless otherwise indicated, the following expressions shall bear the following meanings:

Bank of Bermuda settlement

The settlement sum and distribution paid as a result of the 3 July 2002 settlement of the proceedings instituted by certain investors under the style of *Wolff v. Cash 4 Titles et al* in the United States District Court, Southern District of Florida, Case No. 00-0542-CIV-HUCK/BROWN (S.D.Fla) and by the Receiver under the style of *Stenger v. Bank of Bermuda Ltd et al* in the United States District Court, Northern District of Illinois, Case No. 00C 5740.

Creditors

All persons or entities who have invested funds with the Cayman companies in liquidation and/or the Receivership Entities

for the purposes of investment in the fraudulent Ponzi scheme orchestrated by Charles Richard Homa and Michael Gause for the ostensible purpose of investment in the Cash 4 Titles car title loan business conducted in the United States, and includes all Trade Creditors.

Cayman companies in liquidation

Those 57 companies identified as having been incorporated in the Cayman Islands for the purpose of pooling investors' funds for investment in the Cash 4 Titles scheme and which have now been liquidated and placed under the control of the Liquidators.

Effective Date

The date on which all the conditions precedent identified in paragraph 4.1 of the Scheme of Arrangement are fulfilled.

Excluded Parties

All persons and entities excluded from participation in the *Wolff* Action settlement, including Charles Richard Homa, Michael Gause, Sunset Financial Services, LLC, C4T Management, Inc., C4T Funding, Inc., T/P Funding Services, Inc., Alfred William Billes, Barbara Edith Anne Billes, Willie C.O. Yote Yen Holdings, Ltd., Deirdre Billes, Christopher Anco, Walter Bobechko, Patrick Tibbets, Everest Management, Lewis Rowe, Zephyr Financial, James Roof, Robert Ellenberg, and William Tank Black and any members of their families, present or former officers directors and employees and their legal heirs, successors, assigns or legal representatives.

Explanatory Statement

The Explanatory Statement prefixed hereto as an explanatory memorandum to set out the background to and basis for the Scheme of Arrangement.

Grand Court

The Grand Court of the Cayman Islands having jurisdiction over the Cayman companies in liquidation and the Liquidators.

Gross Principal Claim

The capital investment actually made by an investor in the Cash 4 Titles scheme,

excluding roll-overs, or, in the case of a Trade Creditor, the claim owing to such Trade Creditor as at the date of liquidation of the relevant debtor Cayman company in liquidation, from both of which is deducted any capital repaid (unless rolled over).

Liquidations

The insolvency proceedings conducted by the Liquidators in respect of the Cayman companies in liquidation and property under their control.

Liquidators

Phillip S. Stenger of Stenger & Stenger, P.C., 4095 Embassy Drive, SE, Suite A, Grand Rapids, Michigan 49546 (Fax number 1-616-940 1192) and G. James Cleaver of Ernst & Young Ltd., 4th Floor, Bermuda House, British American Centre, Dr. Roy's Drive, George Town, Grand Cayman (Fax number 1-345-946 0082), in their capacity as Joint Official Liquidators of the 57 Cayman companies in liquidation.

Net Principal Claim

A Creditor's Gross Principal Claim, from which is deducted any principal, interest, commissions or bonuses received (other than rolled-over interest, commissions or bonuses), as well as any recoveries, net of attorney litigation fees and costs paid to obtain that recovery, made by such Creditors from third parties, including the Bank of Bermuda, in respect of their Cash 4 Titles claim.

Priority Claim

Those claims identified in Rule 4.218 of the UK Insolvency Rules 1986 and Section 162 of the Companies Law (2004 Revision) including, without limitation, all liquidation costs and expenses.

Receiver

Phillip S. Stenger of Stenger & Stenger, P.C., 4095 Embassy Drive, SE, Suite A, Grand Rapids, Michigan, 49546 (Fax number 1-616-940 1192) in his capacity as Receiver appointed by the United States District Court for the Northern District of Illinois over the estates of Charles Richard

Homa, Michael Gause and others referred to in the action styled *Securities and Exchange Commission v Charles Richard Homa et al* in the U.S. District Court for the Northern District of Illinois, Chicago, Case No. 99-CV-6895.

Receivership

The proceedings conducted by the Receiver in respect of the receivership entities and property under his control.

Receivership Court

The Court in which the Receivership proceedings are being conducted.

Scheme or Scheme of Arrangement

The arrangement or compromise proposed by this document or as properly modified subsequent hereto.

Scheme Meeting

The meeting of Creditors of the Cayman companies in liquidation to consider and vote on the Scheme of Arrangement, which meeting is to be held on [_____], 2004 at _____, Atlanta, Georgia, _____.

Trade Creditor(s)

Non-investor creditors who provided goods or extended services to the Cash 4 Titles companies.

Trade Creditors Claims Bar Date

The date of 5 March 2002 established by the Receivership Court as the last date for the filing of Trade Creditors' claims.

- 1.2 Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of the Scheme.
- 1.3 In the Scheme, unless the context otherwise requires:
- (a) references to parts and clauses are to be construed as references to the parts and clauses of the Scheme and/or the Explanatory Statement;
 - (b) references to (or to any provision of) the Scheme shall be construed as references to the Scheme or that provision as in force for the time being and as amended in accordance with its terms;

- (c) words importing the plural shall include the singular and vice versa and the masculine, feminine or neuter gender shall each include the other genders;
- (d) references to a person shall be construed as including references to an individual, firm, bank, corporation, unincorporated body of persons or any State or any agency thereof; and
- (e) references to any enactment or statutory instrument shall be to such enactment or statutory instrument as amended and in force on the date of this document.

1.4 In the event of a conflict or inconsistency between the terms of the Scheme and the terms of the Explanatory Statement, the terms of the Scheme shall prevail.

Overview

- 2.1 The purpose of this Scheme is to enable the Liquidators to most cost-effectively adjudicate and process claims of Cash 4 Titles Creditors as further set out in the Explanatory Statement hereto.
- 2.2 The Liquidators have agreed, if this Scheme is approved by Creditors, to appear by Counsel on the hearing of the Petition to sanction the Scheme and to undertake to the Grand Court to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
- 2.3 This Scheme is formulated under Section 86 of the Companies Law (2004 Revision). As such, it creates a binding contractual arrangement only with Creditors of the Cayman companies in liquidation. Since it is the Cayman Creditors that are affected by the adoption of the claims adjudication principles applied in the Bank of Bermuda settlement, it is appropriate that the Scheme binds only Cayman Creditors. Claims of creditors in the Receivership are not affected or prejudiced by the Scheme. Subject to the approval of the Receivership Court, the Receiver has agreed to be bound by the proposed Scheme in order to provide for the sharing of claim forms between the two jurisdictions and other miscellaneous matters.

PART II – THE SCHEME OF ARRANGEMENT

- 3. Upon the Scheme of Arrangement contemplated herein becoming effective (as set out in paragraph 4.1 below), the Cash 4 Titles Creditors, the Cayman companies in liquidation and the Receiver (but only to the extent provided for in paragraph 2.3), contract and agree as follows:

Filing of Claims

- 3.1 Any claims filed by Creditors, previously or hereafter, in either one of the Receivership or Liquidations or the Bank of Bermuda settlement, will be accepted as filed in both the Receivership and Liquidations. Provided that:
- 3.1.1 Creditors will be entitled to notify either the Receiver or Liquidators in writing that their claims should not also be admitted in the Receivership or the Liquidations, as the case may be, in which event the provisions of paragraph 3.1 will not apply to such Creditors; and
- 3.1.2 The filing of claims in the Receivership and/or Liquidations (including under the provisions of paragraph 3.1 above), will not carry any automatic entitlement to the admission of such claims in either the Receivership or the Liquidations for the amount of such claim or any amount, save as provided for in paragraph 3.3 below.
- 3.2 Claims of Trade Creditors filed in the Receivership prior to the Trade Creditors Claims Bar Date, or filed in the Liquidations prior to the date(s) established by the Liquidation Court as the last date(s) for the filing of Trade Creditors' claims, will be recognized as validly filed in both the Receivership and Liquidations and, if admitted, will be permitted to share in the Receivership and Liquidation assets.
- 3.3 Any Creditors who were Excluded Parties to the Bank of Bermuda settlement or who failed to timely present claims in the Bank of Bermuda settlement, will nevertheless be entitled to timely present new claims in the Receivership or the Liquidation or to advise the Receiver or Liquidators in writing of their desire to have claims filed by them in the Bank of Bermuda settlement treated as their new claims in the Receivership or Liquidations, as the case may be.

Admission of Claims

- 3.4 Save where stipulated to the contrary herein, claims of Creditors accepted and admitted in the Bank of Bermuda settlement will be accepted and admitted as Creditors' Net Principal Claims in the Liquidations for that same amount, less the amount of the Bank of Bermuda settlement dividend or other Cash 4 Titles related recovery actually received by such Creditors. In the unlikely event that a payment of Gross Principal Claims appears probable, the Liquidators will invite Creditors to submit further claim forms to prove such Gross Principal Claims.
- 3.5 Any new or augmented claims, being claims or claim amounts not previously admitted in the Bank of Bermuda settlement, that are or have been filed by Creditors in the Receivership or the Liquidations (including under the provisions of paragraph 3.1 above) will be adjudicated by the Liquidators so as to determine

the Net Principal Claims of such Creditors in accordance with the procedure utilized in the Bank of Bermuda claims administration process, and will be admitted as Net Principal Claims for such amount in the Liquidations. Provided that the claim of any person who marketed or promoted the Cash 4 Titles scheme for reward, knowing, or in such circumstances as he/she ought reasonably to have known, that the Cash 4 Titles scheme was a fraudulent ponzi scheme, shall be disallowed in full, together with the claim of the family or affiliates of such person, or any corporate entity in which such person or family or affiliates has a realizable financial interest.

- 3.6 The Receivership Court and the Liquidation Court will have the right to impose such restrictions, if any, as they deem appropriate concerning the admission of claims to assets or funds under its control filed by a Creditor, based upon such Creditor's involvement, directly or through a related party, in the marketing, promotion or implementation of the Cash 4 Titles scheme.
- 3.7 The Liquidators may, if they think it necessary for the purpose of clarifying or substantiating the whole or any part of a new claim, call for details of any matter or for the production to them of such documentary or other evidence as they may require. The Creditor submitting such new claim shall be responsible for providing such documentary evidence or other details as requested. The Liquidators shall be entitled to reject any new claim in whole or in part where any such evidence is not provided to the satisfaction of the Liquidators within such time as they shall deem reasonably appropriate, and where the Liquidators are not able to independently verify such new claim from available books and records.
- 3.8 Where an appeal is properly filed by a Creditor against the rejection in whole or in part of any new claim submitted, the Liquidators shall arrange for appropriate reserves to be retained to cover payment of such new claim, until such time as such appeal is fully concluded.
- 3.9 Subject to any provision to the contrary herein, all Creditors will be treated equally and as comprising a single class, regardless of the manner in which their loss arose or their domicile. Provided that the Liquidators may take into account recoveries related to the Cash 4 Titles scheme made by Creditors from third parties, whether voluntary or involuntary, including distributions to a Creditor in the Bank of Bermuda settlement, as well as any other subsequent release or variation of such Creditors' claims.
- 3.10 No claims by a Receivership entity or Cayman company in liquidation shall be made against a Receivership entity or Cayman company in liquidation and the Receiver and Liquidators on behalf of the Receivership entities and Cayman companies in liquidation respectively hereby expressly waive any and all such claims, contingent or otherwise, that may exist now or arise hereafter, against any Receivership entity or Cayman company in liquidation.

Distribution of Assets

- 3.11 In making distributions to Creditors of assets realized in the Liquidations, Creditors' claims will be paid in the following order of priority, such that each level of claim will be paid in full before any payment of the next level of claim is made and if sufficient funds are not available for payment of any level of claim in full, payments will be made pro rata to Creditors of that level:
- 3.11.1 Firstly, payment of Net Principal Claims;
 - 3.11.2 Secondly, payment of the unpaid balance of Gross Principal Claims;
 - 3.11.3 Thirdly, payment of contractually due and owing interest and commissions as at 15 October 1999;
 - 3.11.4 Fourthly, payment of the balance of any interest due and owing up to the date of liquidation of the relevant Cayman company in liquidation; and
 - 3.11.5 Fifthly, payment of any post-liquidation interest due and owing up to the date of payment of the final dividend.
- 3.12 Any liabilities of the Cayman companies in liquidation which are Priority Claims shall be paid as and when these fall due or as soon as reasonably practicable, and in any event in priority to any distributions in respect of ordinary claims such as Net Principal Claims.
- 3.13 Where a company has been incorporated by an individual either in the U.S. or the Cayman Islands for the dominant purpose of investing in the Cash 4 Titles scheme and such company has not been dissolved, claims in respect of any loss suffered by that company will be recognized and accepted as being due to its individual owner, or to the company at the election of the individual owner, provided that an individual owner who receives a distribution made in respect of such a claim, hereby agrees to indemnify the Liquidators from any claim that may be brought against the Liquidators by any unpaid creditor of the company. Provided further that the Liquidators will retain the unfettered discretion to pay distributions in respect of such claims to the relevant company where the Liquidators have actual notice that such company has unpaid debts (other than debts due to the beneficial owner). Creditors whose claims are expected to be paid to their companies in this way, will be notified in writing of the Liquidators' intention.

Operation of the Scheme

- 4.1 The Scheme will become effective as soon as:

- 4.1.1. The requisite majority of Cash 4 Titles Creditors vote in favour of the Scheme as required by Section 86 of the Companies Law;
 - 4.1.2. The Grand Court sanctions the Scheme;
 - 4.1.3. A copy of the Order of the Grand Court sanctioning the Scheme has been delivered for registration to the Registrar of Companies in the Cayman Islands; and
 - 4.1.4. The Receivership Court has approved the Receiver's entry into the Scheme.
- 4.2 The coming into effect of the Scheme of Arrangement will not limit or affect in any way the powers, duties and functions of the Liquidators in the conduct of the Liquidations otherwise than for the purposes of the implementation of the Scheme as contemplated herein. The Liquidators will be solely responsible for the implementation of the Scheme.
- 4.3 Save as provided for herein:
- 4.3.1. No Creditor will be entitled to take or continue any legal proceeding against the Liquidators or Cayman companies in liquidation or Receiver or Receivership Entities, in any jurisdiction whatsoever, in respect of the admission of claims otherwise than for enforcement of the terms of this Scheme; and
 - 4.3.2. Payment to Creditors of the full dividend distribution(s) due to Creditors pursuant to the Scheme, shall discharge the claims of Creditors in full and release the Liquidators and the Cayman companies in liquidation from any further liabilities.

Miscellaneous

- 5.1 The Liquidators may, at any hearing of the Grand Court to sanction the Scheme, consent on behalf of all Cash 4 Titles Creditors to any modification of the Scheme or to any terms or conditions which the Grand Court may think fit to approve or impose, in either case which does not materially alter the effect of the Scheme. The Liquidators may also apply to the Grand Court at any subsequent time, without reference to the Creditors, for the purpose of modifying the provisions of the Scheme, provided that this is in the best interests of the Cash 4 Titles Creditors and such modifications do not materially alter the effect of the Scheme, or for the purpose of obtaining directions on how to deal with any matters or disputes arising in respect of the Scheme. If any such modifications are approved or such directions are given by the Grand Court, they shall be binding on the Cash 4 Titles Creditors and the Scheme shall be modified accordingly.

- 5.2 In the event that the Scheme is not approved by a requisite majority of Cash 4 Titles Creditors as required under Section 86 of the Companies Law, Creditors will remain entitled to prove for the full amount of their claims under the rules or laws of the Cayman Islands, subject to any court order modifying such rules or laws.
- 5.3 All claims and payments under the Scheme will be processed, calculated and distributed in U.S. dollars.
- 5.4 Payments or wire transfers made to Creditors will be net of transfer and/or bank costs.
- 5.5 The ordinary laws and rules applicable to the winding up of Cayman companies will continue to apply to the Cayman companies in liquidation save where expressly modified or excluded by this Scheme or where the application of such laws or rules would be inconsistent with the aims or effect of the Scheme of Arrangement or the Explanatory Statement hereto.
- 5.6 The rights of the Cash 4 Titles Creditors under the Scheme insofar as they relate to funds and assets subject to the jurisdiction of the Cayman Islands are assignable in whole or in part, but any such assignment will be subject to any existing rights of set off and the Liquidators will not be bound by any assignment unless and until notice in writing is given to them.
- 5.7 None of the Liquidators, the Receiver or their advisors will have or incur any liability for actions taken or omitted to be taken in good faith under or in connection with the Scheme before or after the Effective Date.
- 5.8 If any provision of this Scheme is held to be invalid or unenforceable, then such provision will (insofar as invalid or unenforceable) be given no effect and will be deemed not to be included in this Scheme but without invalidating any of the remaining provisions of this Scheme, save where this would materially alter the effect of the Scheme.
- 5.9 All notices and other communications provided for herein must be in writing and may be posted or faxed to the applicable party at its last known address, or if so directed by the Grand Court, by advertisement. In the case of notices to the Receiver or Liquidators, the addresses or fax numbers indicated under the relevant part of paragraph 1.1 above are to be used.
- 5.10 The Scheme will be governed by, and construed in accordance with, the laws of the Cayman Islands. The Cayman companies in liquidation, the Liquidators and the Cash 4 Titles Creditors agree that the Grand Court of the Cayman Islands shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of any provision of this Scheme or the Explanatory Statement issued herewith, or out of any action taken or omitted to be taken under this Scheme, or in connection with the administration of this

Scheme and for this purpose irrevocably submit to the jurisdiction of the Grand Court of the Cayman Islands. Notwithstanding the foregoing, the Receiver shall at all times be subject to the jurisdiction, supervision and control of the Receivership Court.