

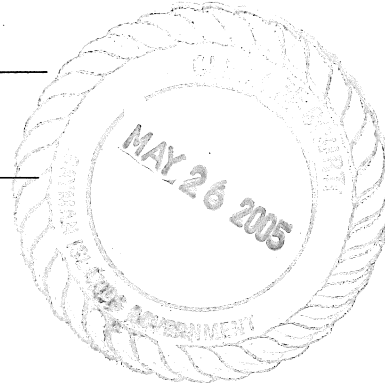
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 244 2005

In the matter of THE COMPANIES LAW (2004 REVISION)

And in the matter of SEGOES HOLDINGS LIMITED

PETITION



To: The Grand Court

The Petition of Segoes Services, Ltd. shows that:

1. Segoes Holdings Limited (hereinafter called the "Company") was incorporated under the Companies Law.
2. The address of the Company is at Corpserve Limited, P.O. Box 2503 GT, 40 Linwood Street, George Town, Grand Cayman, Cayman Islands, B.W.I.
3. The grounds upon which the Petitioner seeks to petition for the winding up of the Company are that:
  - 3.1 The Company is the sole shareholder of the Petitioner.
  - 3.2 The 60% shareholder of the Company is Mr John Kaweske, a director of the Petitioner and of the Company.
  - 3.3 From its office in the Cayman Islands, the Petitioner carried on the business of stock broking and securities investment services.
  - 3.4 One of the investments offered by the Petitioner to its customers was in a company called the Segoes Bond Fund Ltd (the "Fund"). The Fund is a company incorporated

under the laws of the British Virgin Islands. The Fund was intended to be a "Professional Fund" within the meaning of the British Virgin Islands Mutual Funds Act 1996 (the "BVI Act"). As a professional fund, the Company was required to be recognized under the BVI Act within 14 days of commencing business. The Fund was not recognized under the BVI Act and on 17 May 2004, the BVI Financial Services Commission issued an Advisory Notice (No 2 of 2004) advising that the Fund and the administrator, Segoes Administration Ltd., appeared to be conducting business in the BVI but were not licensed, recognized or registered under the BVI Act.

- 3.5 The shareholder of the Fund is the Company.
- 3.6 Investments in the Fund were made by customers through the Petitioner. Customers received statements from the Petitioner showing their respective investment in the Fund.
- 3.7 On 29 April 2005, the Petitioner was placed into provisional liquidation. On 20 May 2005, it was placed into official liquidation. The investigations by the Joint Provisional Liquidators of the Petitioner showed that the affairs of Petitioner have been commingled with those of the Fund and an entity called Segoes Trust. Segoes Trust appears to be a unit trust type structure established under the laws of Belize. The trustee of Segoes Trust appears to be an entity with the same name as the Company, Segoes Holdings Limited. It is not clear whether the trustee is the Company or not. The affairs of the Company are therefore commingled with those of the other entities mentioned above.
- 3.8 By way of a written agreement dated 4 November 2004, described as asset acquisition agreement the Company and the Petitioner purported to transfer certain assets of the Petitioner to an entity called Segoes Securities (Belize) Ltd (which has now changed its name to Paramount Financial Limited) ("Segoes Belize"). In the agreement, the Petitioner and the Company are collectively defined as "Segoes Cayman".
- 3.9 On 28 April 2005, a letter was sent from Mr Kaweske a director of the Petitioner and of the Company to the customers of the Company. The letter reads as follows:

*“SEGOES has recently terminated the employment of James Fontanetta and Rebeca Gonzalez from the Company.*

*I have learned that various unauthorized transactions have occurred in the SEGOES Trust, the SEGOS Bond Fund and in other pooled investments. I have engaged the United States law firm of Greeberg Traurig, P.A. and the United States accounting firm of Daxcal Bolton, P.A. to review and investigate the transactions. I have asked them to act as quickly as possible to review these matters.*

*In order to protect the rights of all concerned, SEGOES has suspended all non essential activities and has taken steps to maintain all cash positions. Online statements are not reflecting the accurate balances or positions for client accounts. All segregated customer accounts have been transferred to Synergy Investments as per previous correspondence.*

*I have also incurred a substantial personal loss as a result of this activity.*

*I am contacting our insurance providers to see how our coverage might assist us. It would be of great assistance if you can provide us with any correspondence from any SEGOES employees, including emails and statements or records of telephone conversations. Please email such information to [jk@segoes.com](mailto:jk@segoes.com).*

*I regret that I am unable to provide you with additional information but I expect that I will be able to do so in the future.*

*Thank you for your patience and consideration*

*Respectfully*

*John Kaweske*

*Director”*

- 3.10 The letter is written on the letterhead of the Petitioner, showing a Grand Cayman P.O. Box address. It is quite clear that Mr Kaweske treats Segoes Trust and the Fund as falling under the control of the Petitioner and as being part of the structure of investments in which assets of the customers of the Petitioner are held.
- 3.11 The investigations conducted by the Joint Provisional Liquidators of the Petitioner have shown further evidence of the lack of separate recognition in bank accounts in particular in relation to various accounts with Stanford International Bank in Antigua. The accounts were certificate of deposits held in the name of “Segoes Securities, Ltd.”. The funds that were in these accounts are assets of the Fund. All of the proceeds in these accounts, totaling US\$2,844,202.84 were transferred on February 4, 2005 to the Petitioner’s express account with Stanford and wired out on the same date to Sun Trust Bank in Miami, Florida. Sun Trust Bank has advised that they hold only a small balance and further information is being sought from Sun Trust Bank as to the beneficiary of these funds and their whereabouts.
- 3.12 For the purposes of winding up the affairs of the Petitioner, it is necessary for the Company to be placed into liquidation in order to then in turn place the Fund into liquidation in the British Virgin Islands.
4. In the circumstances it is just and equitable that the Company should be wound up.

**THE PETITIONER THEREFORE PRAYS THAT:**

- (1) The Company may be wound up by the Court under the provisions of the Companies Law (2004 Revision).
- (2) Christopher Stride and Kenneth Krys of RSM Cayman Islands, 2<sup>nd</sup> Floor, Commerce House, 7 Dr Roy’s Drive, George Town, Grand Cayman, be appointed Joint Official

Liquidators of the Company with power to act jointly and severally (the “Official Liquidators”).

- (3) The Official Liquidators shall not be required to give security for their appointment.
- (4) The Official Liquidators shall have power:
  - (a) to bring or defend any action, suit, prosecution or other legal proceedings, whether criminal or civil, by way of court process or arbitration, in the name and on behalf of the Company.
  - (b) to take possession of, collect and get in all property or assets (of whatever nature) to which the Company is or appears to be entitled;
  - (c) to do all things as may be necessary or expedient for the protection of the Company’s assets;
  - (d) to do all things (including the carrying on of the business of the Company) so as may be necessary or expedient for the beneficial realisation of the property or assets of the Company (including power to borrow money);
  - (e) to appoint attorneys, solicitors and other professional qualified persons both in the Cayman Islands and elsewhere to assist them in the performance of their duties;
  - (f) to appoint agents both in the Cayman Islands and elsewhere to do any business which they are unable to do themselves or which can more conveniently be done by an agent and power to employ and dismiss officers and employees of the Company;

- (g) to make any power which is necessary or incidental to the performance of their duties;
- (h) to open and maintain bank accounts in the name of the Company or themselves anywhere in the world as may be necessary for the better performance of their duties;
- (i) to exercise and execute all the powers set out in Section 109 of the Companies Law (2004 Revision) without sanction or intervention of the Court and unprejudiced by the generality hereof;
- (j) to compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims whether present or future, certain or contingent, ascertained or sounding only in damages, subsisting or supposed to subsist between the Company and any contributory or alleged contributory or alleged contributory or other debtor or person apprehending liability to the Company, upon receipt of such sums payable at such times and generally on such terms as may be agreed upon, with power to take securities for the discharge of such debts or liabilities and to give complete discharges in respect of all or such calls debts, or liabilities; and
- (k) to do and execute all such other things as may be necessary for winding-up the affairs of the Company and distributing its assets;

and for the avoidance of doubt the powers bestowed on the Official Liquidators may be exercised by them within and outside the Cayman Islands.

- (5) The Official Liquidators be at liberty to apply for further directions relating to the winding-up of the affairs of the Company and the distribution of its assets.

- (6) The reasonable costs of the Petitioners of and incidental to the Petition be paid forthwith from the assets of the Company to be taxed if not agreed.
- (7) The Official Liquidators be at liberty to and do pay themselves, their agents, employees, attorneys, solicitors and whomsoever else they may employ or instruct, remuneration and costs in priority to all other debts of the Company pursuant to section 123 of the Companies Law (2004 Revision), and:
- (i) the Official Liquidators shall be entitled to receive remuneration for their services by reference to the time properly given by them and their staff in attending to matters arising in the winding-up and the hourly rates and the amount of remuneration shall be determined in accordance with Rules 4.127 – 131;
  - (ii) the remuneration of any other agents, employed or instructed by or on behalf of the Official Liquidators in connection with the performance of their duties be fixed and approved at the rate or rates in the country in which such person is ordinarily employed or engaged in practice;
  - (iii) the Official Liquidators be at liberty to pay their agents, employees, attorneys, solicitors and whomsoever else they employ or instruct either weekly or monthly or at such other intervals as they consider appropriate;
  - (iv) the Official Liquidators be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties;

and for the avoidance of doubt all payments made pursuant to paragraphs 7(i)-(iv) above shall be made as and when they fall due out of the assets of the Company and shall be expenses in the Liquidation.

- (10) Such other orders and directions may be made as the Court thinks fit.

DATED this 26 day of May, 2005.

**CAMPBELLS**  
**Attorneys-at-Law for the Petitioner**

**Note: It intended to serve this Petition on Segoes Holdings Limited**

**INDORSEMENT**

**Notice of Hearing**

This Petition having been presented to the Court on Law Courts, George Town, Grand Cayman on 15<sup>th</sup> July 2005 or as soon thereafter as the Petition can be heard. will be heard at the at 10:00 a.m./p.m.

**This Petition** is filed by Campbells, Attorneys-at-Law for the Petitioner, whose address for service is that of its Attorneys-at-Law, Fourth Floor, Scotiabank Building, P.O. Box 884, George Town, Grand Cayman, Cayman Islands B.W.I. (Ref: AJW)