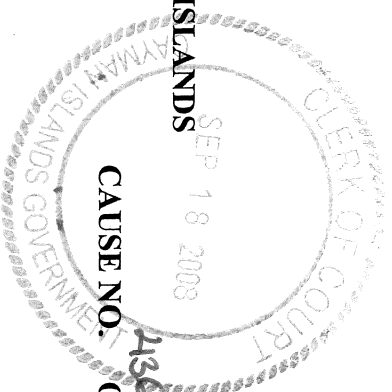


IN THE GRAND COURT OF THE CAYMAN ISLANDS



CAUSE NO. 436 OF 2008

BETWEEN:

EVERARD D. DIEDRICK

Plaintiff

-AND-

- (1) HON KURT TIBBETTS JP
- (2) W. ALFONSO WRIGHT, MLA
- (3) STEPHEN A. SCOTT

Defendants

WRIT OF SUMMONS

TO: HON KURT TIBBETTS JP

P.O. Box 1578
George Town KY1-1110, Grand Cayman
Cayman Islands, B.W.I.

AND TO: W. ALFONSO WRIGHT, MLA

P.O. Box 10562
George Town KY1-1005, Grand Cayman
Cayman Islands, B.W.I.

AND TO: STEPHEN A. SCOTT

P.O. Box 10793
George Town KY1-1007, Grand Cayman
Cayman Islands, B.W.I.

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

Within fourteen (14) days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, PO Box 495 GT,

Grand Cayman, Cayman Islands, the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgement within the time stated, or if you return the Acknowledgement without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this day of September 2008

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

IMPORTANT

Directions for Acknowledgement of Services are given with the accompanying form.

STATEMENT OF CLAIM

1. The Plaintiff owned and operated a business known as Hampstead Ltd. (the "Company") for a number of years in the Cayman Islands selling office supplies, equipment and furniture.
2. The First Defendant operated a printing business known as Prestige Printers Limited in the Cayman Islands for a number of years.
3. The Second Defendant operated a business known as 'The Source' in the Cayman Islands for a number of years.
4. The Third Defendant was the General Manager of the Company for a number of years prior to 2002.
5. On or about 5 February 2002 the Plaintiff and the Defendants made an oral agreement whereby the Defendants agreed to buy the business and shares of the Company.
6. The agreement was contained in or evidenced by a memorandum of understanding dated 5 February 2002 (the "MOU"). The MOU was expressed to be subject to final agreement and financing. There were express terms of the MOU that:
 - a. The Defendants would assume ownership of the Company on 1 March 2002;
 - b. All the shares of the Company would be transferred and allotted as directed;
 - c. The Defendants would be entitled to all the assets and goodwill of the Company except for the Accounts Receivable at 28 February 2002 which the Defendants would collect on the Plaintiff's behalf and deposit in an account at the Bank of Butterfield ("the Bank") at a fee to be agreed;
 - d. The Defendants would not be responsible for any liabilities of the Company incurred prior to 1 March 2002 except for merchandise on order and not received into stock prior to 1 March 2002;
 - e. The Defendants would take over the lease of premises at Airport Road, then in the Plaintiff's personal name;

- f. The Defendants would assume all the assets of the Company including but not limited to inventory, computer systems, and software, leasehold improvements, furniture, fixtures and motor vehicles at a cash price of CI\$650,000.00 which would be paid into an account at the Bank;
- g. The Defendants would buy the business for a price of CI\$1,750,000.00 cash or amortized over 15 years at 5% per annum payable monthly at the rate of CI\$13,838.90 which amount is to be paid into an account at the Bank. Security for the payment would be promissory notes signed by the Company and the Defendants individually;
- h. Where there were periodic payments for items such as motor vehicles financing and monthly insurance payments, the Company would continue to pay them.
7. The agreement contained in or evidenced by the MOU became unconditional upon the parties attending the Bank, and the Bank agreeing to support the acquisition.
8. Pursuant to the agreement the Plaintiff (as "the Holder") and the Defendants and the Company (together as "the Makers") signed a promissory note dated 1 April 2002 collateral to the MOU wherein the Defendants promised to pay the Plaintiff the sum of CI\$700,000.00 on certain terms.
9. The promissory notes contained the following terms *inter alia*:
 - a. The Makers promise to pay CI\$700,000.00 to the order of the Holder with interest on the unpaid principal balance from time to time outstanding at the rate of five (5%) per annum, payable by way of 60 consecutive monthly payments of CI\$13,838.90 or US\$16,606.68, commencing on 1 June 2012;
 - b. All payments made under or pursuant to this Note, shall be made to the Holder thereof, his nominees, or assigns, as may from time to time be communicated in writing by the Holder to the Makers, without setoff, or counterclaim, and free and clear of, and without deduction for, or on account of any present or future taxes, levies, imposts, duties, deductions or withholdings of any nature whatsoever imposed, levied, collected, withheld or assessed by any department, authority, or agency of the government of the Cayman Islands, or any political entity, or tax authority thereof;
 - c. The undersigned agree that time is of the essence under this Note, and that, in the event payment of principal or interest due under this Note is not made when due, giving effect to any grace period which may be

agreed in writing and applicable, the outstanding principal balance hereof shall immediately bear interest at the rate of three percent (3%) per annum above the interest rate which is otherwise provided herein, for so long as such event of default continues;

- d. This Note is collateral to the MOU;
- e. At the option of the Holder exercised by written notice to the undersigned, this Note shall become immediately due and payable upon ...
 - i. Failure in the performance or observation of any of the terms or conditions of the MOU, or any mortgage, deed of trust, security agreement or other agreement or other agreement securing, guaranteeing or otherwise pertaining to this Note after giving effect to any applicable curative period which may be contained therein;
 - ii. default in the payment, or performance of any other liability or obligation of the undersigned to the Holder, or any other holder of this Note, whether now existing, or hereafter arising, after giving effect to any applicable curative period;
- f. The Holder is not required to give written notice to the Maker of any default in order to exercise the rights or remedies hereunder. Any default under this Note, or in the performance and observance of any provisions of any mortgage, deed of trust, security agreement or other agreement pertaining hereto shall, at the option of the Holder hereof, be deemed a default under the MOU, and all of the notes, obligations and liabilities of the Maker to the Holder hereof whether now existing or hereafter arising;
- g. If this Note or any installment, of principal or interest is not paid when due, whether at maturity or by acceleration, the undersigned promises to pay all costs of collection, including without limitation, actual attorneys' fees, and all expenses in connection with the protection or realization of the collateral securing this Note or the enforcement of any guaranty hereof incurred by the holder on account of such collection, whether or not suit is filed hereon or thereon; such costs and expenses shall include, without limitation, all costs, expenses and attorneys' fees actually incurred by the holder hereof in connection with any insolvency, bankruptcy, arrangement or other similar proceedings involving the undersigned, or involving any endorser or guarantor hereof, which in anyway affects the exercise by the Holder hereof of its rights and remedies under this Note or under any mortgage, deed of trust, security agreement, guaranty or other agreement securing or pertaining to this Note. As used herein, "actual attorneys' fees" or "attorneys' fees actually incurred" means the full and actual cost of any legal services actually performed in connection with the matter for

which such fees are sought calculated on the basis of the usual fees charged by the attorneys performing such services.

- h. Presentment, demand, protest, notices of protest, dishonour and nonpayment of this Note and all notices of every kind are hereby waived by all parties to this Note, whether the undersigned, principal, surety, guarantor or endorser, except as may otherwise be provided herein.
10. The Defendants took over the operation of the Company, received transfer of the shares on or about 1 March 2002 and commenced the monthly payments to the Bank.
11. In breach of the terms of the agreement the Defendants caused the Company to default in its borrowing covenants to the Bank, in particular the Company failed to pay C1\$13,838.90 into an account at the Bank.
12. On 21 February 2008 the attorneys for the Bank advised the Plaintiff that the Company had seriously defaulted with respect to its banking obligations.
13. In the premises, the Defendants have breached their agreement with the Plaintiff as set out in or evidenced by the MOU in that they failed to pay all of the monthly payments to the Bank.
14. By reason of the Defendants' breaches of the agreement, the Defendants are liable to pay the Plaintiff the sum of C1\$700,000.00 in accordance with the terms of the promissory note.
15. The Plaintiff exercised his option to make the promissory note immediately due and payable by written notices dated 3 September 2008, but the Defendants have failed to pay the note in accordance with its terms whereby the Defendants are liable to pay to the Plaintiff:
 - a. The sum of C1\$700,000.00;
 - b. Interest thereon at the rate of 8% per annum; and
 - c. All costs of collection of the of the sum due under the note

AND THE PLAINTIFF claims against all Defendants:

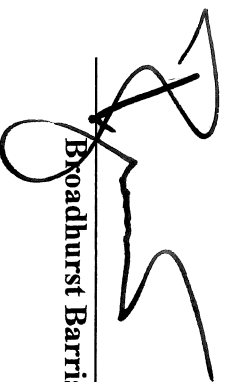
- (1) The sum of C1\$700,000.00;
- (2) Pursuant to the terms of the promissory note interest on the above amount at the rate of 8% per annum. As of 18 September 2008 the interest

amounts to CI\$ 2,301.45 and is increasing per diem at the rate of CI\$ 153.43. Alternatively, interest pursuant to the s.35 of the Judicature Law (1995 Revision) and/or the rules of equity, on the sums claimed at such rate or for such period as to the Court shall seem just;

- (3) Pursuant to the terms of the promissory note costs on an indemnity basis; Alternatively, costs.
- (4) Such further or other relief as the Court thinks just.

Dated the 18th day of September 2008

MICHAEL BLACK Q.C.



Broadhurst Barristers

This Writ of Summons and Statement of Claim is filed by Broadhurst Barristers, Attorneys-at-Law for the Plaintiff, whose address for service is 40 Linwood Street, P.O. Box 2503 GT, George Town, Grand Cayman, Cayman Islands.

INDORSEMENT

The amount claimed in respect of the debt is CI\$ 700,000 as principle and CI\$ 2,301.45 as interest as of September 18, 2008 for a total amount of CI\$ 702,301.45 and increasing at a daily rate of CI\$ 153.43. The ad valorem fee is CI\$ 3,900 and the costs of issuing the Writ of Summons is CI\$ 200.00. If within the time for returning the Acknowledgement of Service, the Defendants pay the Plaintiff or its Attorneys-at-Law the total amount claimed in principal and interest, its legal costs and service fees further proceedings will be stayed. The money must be paid to the Plaintiff or to its Attorneys-at-Law.

STATEMENT REGARDING INTEREST

1. The contractual rate of interest is 8%;
2. The date at which the interest became payable was from September 3 2008;
3. The total interest claimed as of September 18, 2008 is CI\$ 2,301.45 The said interest is increasing at a per diem rate of CI\$ 153.43;
4. Alternatively, pre-judgment and post judgment interest upon the said damages pursuant to the Judicature Law (1995 Revision).

**DIRECTIONS FOR ACKNOWLEDGEMENT OF SERVICE
OF WRIT OF SUMMONS**

1. The accompanying form of *Acknowledgement of Service* should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, PO Box 495, George Town, Grand Cayman.
2. A Defendant who states in his Acknowledgement of Service that he intends to contest the proceedings *must also serve a defence* on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is endorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2). The defence must be served within fourteen (14) days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not endorsed on the Writ, the defence need not be served until fourteen (14) days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A *Stay of Execution* against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to question 3 in the Acknowledgement of Service, that he intends to apply for a stay, execution will be stayed for fourteen (14) days after his Acknowledgement, but he must, within that time, *issue a Summons* for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by installments or otherwise.

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of fourteen (14) days for acknowledging service, a Writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "*sued as (the name stated on the Writ of Summons)*".
4. Where the Defendant is a FIRM and an Attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....) after his name."
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....) after his name."
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorized to act on behalf of the Company, but the Company can take no further steps in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL HEALTH PATIENT, the form must be completed by an Attorney acting for a guardian *ad litem*.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

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EVERARD D. DIEDRICK

Plaintiff

-AND-

(1) HON KURT TIBBETTS JP
(2) W. ALFONSO WRIGHT, MLA
(3) STEPHEN A. SCOTT

Defendants

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important

Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

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

- State whether the Defendant intends to contest the proceedings (*tick appropriate box*)
Yes [] No []

- If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (*tick box*)
Yes []

Service of the Writ is acknowledged accordingly

(Signed) _____

[Attorney] for

[Defendant in Person]

Address for service:

Please see overleaf.....

Notes on address for service

Attorney: where the Defendant is represented by an Attorney, state the Attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign Attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

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

BROADHURST BARRISTERS
ATTORNEYS-AT-LAW
40 LINWOOD STREET
PO BOX 2503 GT
GEORGE TOWN, GRAND CAYMAN
CAYMAN ISLANDS, BRITISH WEST
INDIES

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