

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

Cause NO. FSD 27 OF 2013 - AJJ

The Hon Mr Justice Andrew J. Jones QC
In Open Court, the 19th and 23rd July 2013

IN THE MATTER OF THE COMPANIES LAW (2012 REVISION)

AND IN THE MATTER OF HERALD FUND SPC



ORDER APPOINTING LIQUIDATORS

UPON the petition presented herein on 14 February 2013 by Primeo Fund (In Official Liquidation) ("the Petition")

AND UPON a winding up order having been made at the hearing on 16 July 2013 and the other issues relating to the Petition having been adjourned to 19 July 2013

AND UPON the Court, on 19 July 2013, having appointed Stuart Sybersma and Michael Penner of Deloitte & Touche as joint official liquidators of the Company, and Michael Pearson of Fund Solution Services Limited as conflict liquidator of the Company

AND UPON Mr Sybersma swearing an affidavit on 22 July 2013 stating, *inter alia*, that he and Mr Penner must decline their respective appointments as joint official liquidators of the Company

AND UPON the Court convening a further hearing on 23 July 2013 for the purposes of hearing further submissions and appointing official liquidators

AND UPON hearing Counsel for:

- (a) Primeo Fund (In Official Liquidation) ("the Petitioner");
- (b) Herald Fund SPC ("the Company");
- (c) Reichmuth & Co, a shareholder of the Company;
- (d) Atlantic U.S. Blue Chip Fund Inc, a shareholder of the Company; and
- (e) Irving H. Picard as trustee for the liquidation of Bernard L. Madoff Investment Securities LLC ("the Trustee" and "BLIMIS" respectively), who claims to be a creditor of the Company



AND UPON READING the Petition and the affidavits and/or submissions served on behalf of the Petitioner, the Company, Reichmuth & Co, Atlantic U.S. Blue Chip Funds Inc, the Trustee and Oprah-IS Funds, SPC (a beneficial shareholder of the Company) respectively

IT IS ORDERED that:

1. Russell Smith and Niall Goodsir-Cullen of BDO CRI (Cayman) Ltd of Governor's Square, 23 Lime Tree Bay Avenue, Grand Cayman, Cayman Islands and who may be contacted at rsmith@bdo.ky and NGoodsir-Cullen@bdo.ky and +1 (345) 769-8820 (together the "Principal Liquidators") be appointed as joint official liquidators of the Company.
2. Michael Pearson of Fund Solution Services Limited, 10 Market Street, Number 769, Camana Bay, Grand Cayman, Cayman Islands and who may be contacted at michael.pearson@fundfiduciaries.com and +1 (345) 947 5854 ("the Additional Liquidator") be appointed as an additional official liquidator of the Company.
3. The Additional Liquidator's functions shall be limited to settling the list of contributories pursuant section 112(1) of the Companies Law and determining related issues, including whether the Company's register of members should be restated pursuant to section 112(2) of the Companies Law and whether the Petitioner's shareholding in the Company should be adjusted on the ground that the consideration for the issue of its shares was the transfer to the Company of the portfolio of securities and/or cash held by Primeo in its account with BLIMIS, the amount or value of which had been fraudulently overstated.



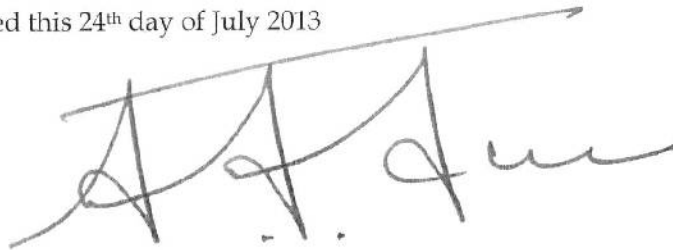
4. The Principal Liquidators shall have the power to act jointly and severally.
5. The Liquidators shall not be required to give security for their appointments.
6. The Principal Liquidators shall, in addition to the powers set out in Part II of Schedule 3 of the Companies Law, have the power without further sanction of the Court to:
 - (a) conduct the action currently pending against HSBC Securities Services (Luxembourg) S.A. in Luxembourg;
 - (b) conduct the action currently pending against the Company by the Trustee;
 - (c) conduct the class action currently pending against the Company by various parties, including Repex Ventures S.A., in New York;
 - (d) take all necessary steps in respect of the Company's claim(s) pursuant to the Securities Investor Protection Act or other applicable law in respect of the liquidation of BLIMIS;
 - (e) engage staff (whether or not as employees of the Company) to assist them in the performance of their functions; and
 - (f) instruct Cayman attorneys, and continue to engage those lawyers and other professionally qualified persons already retained by the Company (and/or engage further or alternative lawyers or professionally qualified persons) in respect of the matters referred to in sub-paragraphs (a) - (d) above, to assist them in the performance of their functions.
7. The Additional Liquidator shall have the power without further sanction of the Court to:
 - (a) engage staff (whether or not as employees of the Company) to assist him in the performance of his functions; and
 - (b) instruct Cayman attorneys and/or other professionally qualified persons

to assist him in the performance of his functions.

8. No disposition of the Company's property by or with the authority of the Principal Liquidators in carrying out their duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Law.
9. The Principal Liquidators shall prepare and file a report (in accordance with the requirements of CWR Order 10) dealing with all the matters for which they are responsible no later than 16 January 2014.
10. The Petitioner's costs of the petition shall be paid out of the assets of the Company as an expense of the liquidation, such costs to be taxed on the indemnity basis if not agreed with the Liquidators.
11. There shall be liberty to apply for directions that the Additional Liquidator deal with any other matter arising in respect of the liquidation of the Company.

Dated this 23rd day of July 2013

Filed this 24th day of July 2013



The Hon. Justice Andrew J. Jones, QC
JUDGE OF THE GRAND COURT



This Order is filed by Mourant Ozannes, Attorneys-at-Law for the Petitioner whose address for service is 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands