

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO: FSD OF 2020

52 of 2020

IN THE MATTER OF THE COMPANIES LAW (2020 REVISION)

AND IN THE MATTER OF GABLE HOLDINGS INC.



WINDING UP PETITION



TO THE GRAND COURT:

The humble petition of Kevin Robert Alcock, Oak Trust (Guernsey) Limited and Baytree Holdings Group Limited (collectively, the **Petitioners**), shows that:

Introduction

1. The Petitioners seek a winding up order against Gable Holdings Inc. (**GHI** or the **Company**) under section 92(d) of the Companies Law (2020 Revision) (the **Companies Law**). The Company is insolvent and unable to pay its debts. In particular, the Company has failed to satisfy (a) an English court judgment made against it in favour of Mr Alcock and (b) loan notes issued by the Company and held by Oak Trust (Guernsey Limited) and Baytree Holdings Group Limited.

The Petitioners

2. Kevin Robert Alcock is an individual resident in the United Kingdom having an address at 12 Whitwell Hatch, Scotland Lane, Haslemere, Surrey, GU27 3AW, United Kingdom.
3. Oak Trust (Guernsey) Limited (**Oak Trust**) is a company existing under and governed by the laws of Guernsey and having its registered office at 18-20 Le Pollet, St Peter Port, Guernsey, GY1 1WH. At all times relevant to this petition, Oak Trust was and is acting on behalf of the Alcock Family Trust, a trust established under the laws of Guernsey.

4. Baytree Holdings Group Limited (**Baytree**) is a company existing under and governed by the laws of the British Virgin Islands and having its registered office at Nerine Chambers, PO Box 905, Road Town, Tortola, British Virgin Islands.
5. As set out more particularly below, each of the Petitioners is a creditor of the Company with standing under section 94(1)(b) of the Companies Law to present this petition.

The Company

6. GHI is a Cayman Islands exempted company, incorporated on 30 November 2004 with registration number 141760. Records from the Registry of Companies show that the Company's registered office has resigned, and the Company has not appointed or given notice of a replacement registered office. Its last known registered office was Intertrust Cayman Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.
7. From January 2005 until 13 October 2016, the Company's shares were admitted for trading on the AIM market of the London Stock Exchange under the ticker symbol 'GAH'. The circumstances of GHI's delisting by AIM are referred to more particularly below.
8. GHI functions as a holding company and corporate parent for the **Gable Insurance** group. Although incorporated in the Cayman Islands, GHI carried on its business from group offices located in the United Kingdom. It wholly owns Gable Insurance AG (**GIAG**), a Liechtenstein company that carried on business from Liechtenstein as a non-life insurer in various European markets, including Germany, the UK, Ireland, Iceland, Norway, Sweden, Denmark, Netherlands, France, Italy and Spain. GIAG was regulated by the Liechtenstein Financial Market Authority (the **FMA**). As set out more particularly below, GIAG has been subject to bankruptcy proceedings in Liechtenstein since 17 November 2016 and a trustee in bankruptcy has been appointed by the Princely Court of Justice of Liechtenstein.
9. The sole director and officer of GHI is William Dewsall, an individual resident in the UK. Mr Dewsall is believed to be the largest individual shareholder of GHI, holding approximately 22% of all issued shares.

10. GHI previously wholly owned Gable Services (London) Limited (**GSL**L), an English company that acted as a service company for the Gable Insurance group from offices in London. GSL was dissolved on 13 March 2018 following a compulsory strike-off by the English Registrar of Companies.

Collapse of the Company's Business Operations

11. As the Gable Insurance business grew, it failed to maintain adequate capital reserves to satisfy the requirements under the insurance regulatory regime in the European Union. On 25 May 2016, the Company announced that raising the additional capital required was not possible for the existing business and that it would undertake a full strategic review of the Company's business and operations. Ultimately, the decisions made by management in the context of this strategic review and the failure to comply with the capital reserve regulatory requirements led to the delisting of the Company's shares and the liquidation of GIAG.

Delisting from AIM

12. On 12 September 2016, the Company issued an announcement stating that:
 - (a) the Company was "making further progress in the development of its Strategic Restructuring Plan";
 - (b) the Company intended to delist its shares from the AIM as a cost-cutting measure; and
 - (c) the Company's nominated adviser had resigned and the Company did not intend to pursue the appointment of a replacement, with the expectation that the Company's shares would accordingly be delisted under the applicable AIM rules.
13. The Company did not appoint a new nominated adviser within the timeframe required under the applicable AIM rules. Accordingly, the AIM cancelled the admission of the Company's shares to trading on the AIM on 13 October 2016. The shares have never been relisted on the AIM or any other stock exchange.

Bankruptcy of GIAG

14. On 10 October 2016, in response to the failure of the Company and GIAG to maintain adequate capital reserves under the applicable regulatory requirements, the FMA appointed PricewaterhouseCoopers AG of Zurich, Switzerland as special administrator for GIAG (the **Special Administrator**). All management powers of GIAG vested in the Special Administrator on appointment.
15. On 17 November 2016, the Princely Court of Justice of Liechtenstein, on application made by the Special Administrator, opened bankruptcy proceedings against GIAG and appointed Batliner Wanger Batliner Rechtsanwälte AG as the trustee in bankruptcy (the **Trustee**). The Trustee is responsible for liquidating the insurance business of GIAG.
16. The bankruptcy proceeding remains pending. GHI will only be entitled to a distribution from the bankruptcy estate if there are sufficient assets to pay all proven creditors and the administrative costs of the bankruptcy. Based on the public reports filed by the Trustee, the claims filed by policyholders and other creditors against GIAG significantly exceed the available assets. Accordingly, GHI is not likely to receive any distribution from the Trustee.

Current Status

17. The Company has not carried on any active business since GIAG's bankruptcy. The only assets of the Company are its equity interests in GIAG and any potential legal claims it may have against third parties.

Company's Indebtedness to the Petitioners

Oak Trust and Baytree

18. Pursuant to a Loan Note Instrument dated 9 December 2015 made by the Company (the **Instrument**), the Company created up to £10,000,000.00 7.5% fixed rate unsecured convertible loan notes 2018 (the **Loan Notes**). Oak Trust and Baytree each subscribed for and were duly issued Loan Notes:

- (a) in the case of Oak Trust, in the nominal amount of £200,000.00 represented by Loan Note Certificate Number 5 dated 18 December 2015; and
 - (b) in the case of Baytree, in the nominal amount of £200,000.00 represented by Loan Note Certificate Number 6 dated 18 December 2015.
- 19. Under the Instrument, the Loan Notes were to be redeemed at par on the **Redemption Date**, being 8 December 2018. The Loan Notes were subject to early redemption on the occurrence of certain events described in the Instrument.
- 20. Prior to redemption, interest was payable on the Loan Notes at a rate of 7.5% per annum, payable semi-annually in arrears. Interest is payable on overdue amounts at a rate of 10% per annum. Interest accrues day-to-day on the basis of a 365-day year.
- 21. As set out above at paragraph 12, on 12 September 2016 the Company announced that it intended to delist its shares from the AIM. This action constituted a breach of the Instrument that, if not remedied within 10 days of notice being given to the Company, would trigger an immediate redemption of the Loan Notes. On 13 September 2016, Oak Trust and Baytree each gave the required notice to the Company. The Company did not remedy the breach and therefore the Loan Notes, together with all accrued and unpaid interest, were immediately redeemed and accordingly payable by the Company on 24 September 2016 following expiry of the 10-day notice period.
- 22. As of 1 March 2020, each of Oak Trust and Baytree are owed £271,621.56 by the Company on account of their respective Loan Notes, comprised of:
 - (a) £200,000.00 in principal; and
 - (b) £71,621.56 of accrued and unpaid interest from 1 July 2016 to 28 February 2020. Interest continues to accrue at a per diem rate of £55.75.
- 23. Further or in the alternative, the Loan Notes became immediately redeemed and accordingly payable by the Company on 10 October 2016, being the date when GIAG

became subject to the administration order made by the FMA, which triggered an immediate redemption under the terms of the Instrument.

24. Further or in the alternative, the Loan Notes became immediately redeemed and accordingly payable by the Company on 17 November 2016, being the date of the Liechtenstein's court bankruptcy order in respect of GIAG, which triggered an immediate redemption under the terms of the Instrument.
25. Further or in the alternative, the Loan Notes became immediately redeemed and accordingly payable by the Company on the Redemption Date.
26. The Company has not made any payments on the Loan Notes since a regular interest payment on 30 June 2016.

Kevin Alcock

27. Mr Alcock was appointed as a non-executive director of the Company on 9 December 2015. The terms of his appointment are reflected in a letter agreement of that same date made between Mr Alcock and the Company. Under that agreement, the Company agreed to pay Mr Alcock director fees of £35,000.00 per annum, accruing day-to-day and payable in arrears by equal quarterly instalments. The Company further agreed to pay any expenses reasonably incurred by Mr Alcock on Company business.
28. Mr Alcock resigned as a director of the Company on 9 September 2016. On or about 27 September 2016, he submitted to the Company an invoice for his accrued and unpaid director fees from 1 July 2016 to 9 September 2016 in the amount of £6,808.22 and expenses of £2,901.93.
29. The Company did not pay this invoice. Mr Alcock thereafter commenced a civil claim against the Company for the outstanding amounts in the County Court Business Centre of the County Court of England and Wales (the **County Court**). All necessary documents were served on the Company by personal service on Mr Dewsall in the UK. On 1 June 2017, the County Court entered judgment against the Company in favour of Mr Alcock in the amount of £10,120.15.

30. All amounts payable under the judgment remain outstanding.

Insolvency of the Company

31. The indebtedness owed by the Company to each of the Petitioners remains unpaid and outstanding. In correspondence to shareholders in late 2016 and early 2017, Mr Dewsall on behalf of the Company conceded that the Company is unable to pay its debts.

32. The situation has not changed since 2017. Due to the bankruptcy of GIAG and the collapse of the group insurance business, the Company has no source of revenue from which to satisfy the Loan Notes, the judgment in favour of Mr Alcock or any other indebtedness. In the circumstances the Company is insolvent and unable to pay its debts.

33. Margot MacInnis and John Paul Royle, both of Grant Thornton Specialist Services (Cayman) Limited, have agreed to act as joint official liquidators of the Company if this Court makes a winding up order and are qualified to be so appointed.

Your Petitioners therefore humbly pray that:

1. The Company be wound up in accordance with the Companies Law.
2. Margot MacInnis and John Paul Royle, both of Grant Thornton Specialist Services (Cayman) Limited, 10 Market Street, #765, Camana Bay, Grand Cayman, Cayman Islands (collectively, the **Proposed JOLs**), be appointed as joint official liquidators of the Company with immediate effect.
3. The Proposed JOLs shall not be required to give security for their appointment.
4. The Proposed JOLs be at liberty and are authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of the winding up order and their appointment and for assistance in carrying out their powers and duties, and the Proposed JOLs are authorized and empowered to act as a representative in respect of the winding up proceedings for the

purpose of having the proceedings and their appointment recognized in a jurisdiction outside the Cayman Islands.

5. No suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Company except with leave of the Court pursuant to section 97 of the Companies Law.
6. No disposition of the Company's property by or with the authority of the Proposed JOLs in the carrying out of their duties and function and the exercise of their powers shall be avoided by virtue of section 99 of the Companies Law.
7. The Proposed JOLs may from time to time apply to the Court for advice and directions in the discharge of their powers and duties and the conduct and administration of the winding up.
8. The Petitioners' costs of and incidental to this petition shall be paid out of the assets of the Company as an expense of the liquidation, such costs to be taxed if not agreed with the Proposed JOLs.

AND your Petitioners will ever pray etc.

DATED the 23 day of March, 2020.

KSG

KSG ATTORNEYS AT LAW
Attorneys for the Petitioners

NOTE: This petition is intended to be served on:

The Company at its last known registered office
Intertrust Cayman Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

William Dewsall, as sole director of the Company

Registrar of Companies
Cayman Islands Registry of Companies
Ground Floor, Government Administration Building
133 Elgin Avenue
Box 123
Grand Cayman KY1-9000
Cayman Islands

This Petition was presented by KSG Attorneys at Law, attorneys for the Petitioners, whose address for service is 4th Floor Harbour Centre, 42 North Church Street, PO Box 2255, Grand Cayman KY1-1107, Cayman Islands.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman on *15th May,* 2020 at 10:00am.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman KY1-1107, telephone 345 949 4296.