



Cause No. FSD of 2023 (IKJ)

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF CANTERBURY SECURITIES, LTD.

WINDING UP PETITION

To: the Grand Court of the Cayman Islands

The humble petition of **FORTUNATE DRIFT LIMITED** at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (the "**Petitioner**") shows that:-

1. Canterbury Securities, Ltd. (the "**Company**") is a Cayman Islands exempted company incorporated on 16 January 2015 under the laws of the Cayman Islands with registered number 295657.

2. The registered office of the Company is WB Corporate Services (Cayman) Limited, PO Box 2775, 1F Artemis House, 67 Fort Street, George Town, Grand Cayman, KY1-1111 Cayman Islands.
3. The Company is a private financial institution incorporated in the Cayman Islands and was, until 2020, licensed as an "*Excluded Person*" under the Securities and Investment Business Law (2015 Revision). Canterbury is now a "*registered person*" with the Cayman Islands Monetary Authority, pursuant to the Securities Investment Business Act (2020 Revision).
4. The Company's business included inter alia providing custodianship and introducing broker services within the Cayman Islands.
5. The Petitioner is a company incorporated in the British Virgin Islands with registered office address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
6. The Petitioner is a substantial judgment creditor of the Company pursuant to the reasoned judgment of Mr Justice Kawaley handed down on 17 August 2023 (the "**Judgment**") in proceedings between the Petitioner (as plaintiff) and the Company (as defendant) with cause number FSD 227 of 2018 IKJ (the "**Proceedings**"). The Judgment was handed down following a fully-contested trial taking place between 5 and 16 June 2018. In the Judgment, the Court found that the Company was in breach of contract and fiduciary duty to the Petitioner arising out of a relationship formed in 2018 by which the Company agreed to provide the Petitioner with, inter alia, custodianship and introducing broker services.

7. The Petitioner seeks damages and equitable compensation in the region of US\$60 million plus interest and costs from the Company. Matters of quantum arising from the Judgment are to be decided at a further hearing of the Court on 12-13 December 2023. The Court has already found that substantial damages or compensation will be payable by the Company to the Petitioner *“on any realistic view”*.
8. Further, by Order dated 7 September 2023, the Court ordered the Company to pay the Petitioner’s costs of all applications in the Proceedings since 16 June 2023 on the indemnity basis forthwith. The Petitioner served a Bill of Costs on 7 November 2023 claiming costs of US\$151,019.56. CSL’s response to the Bill of Costs was due on 28 November 2023 but on that date, the parties agreed to extend the deadline for CSL’s response to 12 December 2023.
9. The Company has not paid the Petitioner any sum in relation to damages, compensation or costs arising out of the Proceedings.
10. The conduct of the Proceedings following the end of the trial reveals that the Company is actively seeking to avoid or frustrate the Judgment by failing to comply with orders of the Court. In particular:
 - 10.1. By order dated 16 June 2023, the Company was ordered to reveal the location of proceeds of sale of certain shares (the **“Proceeds of Sale”**), in a sum in excess of US\$15.5 million, to which the Petitioner laid claim during the Proceedings. The Company has not done so. The Company has averred only that the Proceeds of Sale are held at a third party known as Canadian Escrow Company Ltd, who (according to the Company) refuses

to disclose the location of the Proceeds of Sale. In a ruling dated 14 September 2023 the Court has found this account to be “*wholly absurd*”, “*nonsensical*” and “*farical*”.

- 10.2. By order dated 17 August 2023, the Court restrained the Company from dealing with a Treasury Bill in the sum of c. US\$15.8 million which the Company, in a sworn affidavit, had told the Court would be held “*pending judgment in this matter or further order*”. However the day after the Order was made, the Company revealed that it had sold the Treasury Bill and replaced it with some unlisted shares. The Court has found this behaviour to be “*both a blatant act of dissipation and a gross abuse of the processes of the Court*”.
- 10.3. By order dated 7 September 2023, the Company was ordered to pay the sum of US\$15.8 million in cash to its Cayman Islands attorneys, McGrath Tonner, to be held in escrow pending determination of quantum in the Proceedings or further order. The Company has not complied with that order.
11. By reason of the above the Petitioner is a creditor or contingent or prospective creditor with standing to present a winding up petition against the Company pursuant to s. 91(1)(b) of the Companies Act (2023 Revision).
12. The Company is unable to pay its debts and should be wound up by the Court pursuant to section 92(d) of the Companies Act (2023 Revision).

13. Further or alternatively an investigation is required into the mismanagement of the Company by its directors and/or the Company has lost its substratum by reason of the mismanagement of the Company by its directors and it is just and equitable that the Company be wound up by the Court pursuant to section 92(e) of the Companies Act (2023 Revision).

14. The Petitioner nominates Karen Scott and Russell Homer of Chris Johnson Associates Ltd, PO Box 2499, Elizabethan Square, Shedden Road, George Town, Grand Cayman, KY1-1104, Cayman Islands to be the Joint Official Liquidators of the Company.

Your Petitioner(s) therefore humbly pray(s) that:-

- (1) The Company be wound up in accordance with the Companies Act.

- (2) Karen Scott and Russell Homer of Chris Johnson Associates Ltd., Elizabethan Square, P.O. Box 2499, 80 Shedden Road, George Town, Grand Cayman, Cayman Islands KY1-1104 be appointed as official liquidator of the Company.

- (3) The JOLs shall not be required to give security for their appointment.

- (4) The JOLs be authorised to exercise any of the following powers set out in Part I of the Third Schedule of the Companies Act (2023 Revision) without the further sanction or invention of the Court:

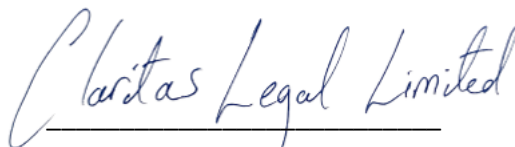
- a. To bring or defend any action or other legal proceedings in the name and on behalf of the Company other than the Petition;
 - b. To carry on the business of the Company so far as may be necessary for its beneficial winding up;
 - c. To sell any of the Company's property by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels;
 - d. To engage staff (whether or not as employees of the Company) to assist in the performance of their functions as JPLs;
 - e. To raise or borrow money and grant securities therefor over the property of the Company; and
 - f. To engage attorneys and other professionally qualified persons to assist them in the performance of their functions.
- (5) The JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of the JOLs and/or their appointment in Canada and the United States of America, and in any other relevant jurisdiction, and to make applications to the courts of such jurisdictions for that purpose or for the purpose of obtaining information to assist them in discharging their functions.
- (6) No disposition of the Company's property by or with the authority of the JOLs 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 Act.

- (7) No suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Company in accordance with section 97 of the Companies Act except with the leave of the Court and subject to such terms as the Court may impose save that the Petitioner is hereby granted leave to continue the proceedings taking place in the Cayman Islands Grand Court with cause number FSD 227 of 2018 (IKJ) (the “**Proceedings**”) including any appeals from the Proceedings.
- (8) The JOLs have liberty to apply.
- (9) The Petitioner’s costs 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 JOLs.

AND your Petitioner will ever pray etc.

Dated the 1st day of December 2023

Filed the day of December 2023



Claritas Legal Limited

Attorneys-at-Law for the Petitioner

NOTE: This petition is intended to be served on the Company at its registered office, on its attorneys in the Proceedings, McGrath Tonner of 5th Floor, Genesis Building, George Town, PO 446 GT Grand Cayman, KY1-1106, Cayman Islands and on the Cayman Islands Monetary Authority

This Petition was presented by Claritas Legal Limited, Attorneys for the Petitioner, whose address for service is c/o FFP (Corporate Services) Limited, Harbour Centre, Mary Street, George Town, Grand Cayman (Ref: Alexia Adda; alexia@claritaslegal.com).

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on ¹⁶ January 2024 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, KY1-1106, telephone 345 949 4296.