

IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN
CHANCERY DIVISION

IN THE MATTER of THE COMPANIES
ACT 1931

and

IN THE MATTER of KAUPTHING
SINGER & FRIEDLANDER (ISLE OF
MAN) LIMITED

and

IN THE MATTER of THE JOINT
PETITION OF KAUPTHING SINGER &
FRIEDLANDER (ISLE OF MAN)
LIMITED and THE FINANCIAL
SUPERVISION COMMISSION dated
the 9th day of October 2008

and

IN THE MATTER of the Court Orders
dated 9th October 2008 and 24th
October 2008

TO HIS HONOUR DEPUTY DEEMSTER ANDREW THOMAS KANEEN CORLETT

THE HUMBLE PETITION of Michael
Simpson as Liquidator provisionally of
Kaupthing Singer & Friedlander (Isle of
Man) Limited of Sixty Circular Road,
Douglas, Isle of Man

SHEWETH:

1. Your Petitioner is a Partner in the firm of PricewaterhouseCoopers, Chartered Accountants, of Sixty Circular Road, Douglas, Isle of Man.
2. On the 9th October 2008 Kaupthing Singer & Friedlander (Isle of Man) Limited ("KSFIOM") and the Isle of Man Government's Financial Supervision Commission ("the FSC") filed a Joint Winding Up Petition with this Honourable Court seeking a winding up Order in respect of KSFIOM.

3. KSFIOM is an Isle of Man incorporated company. It has its registered office at Samuel Harris House, St. George's Street, Douglas, Isle of Man. Until the 8th October 2008 KSFIOM carried on business as a bank pursuant to a banking licence issued by FSC. By written notice to KSFIOM dated 9th February 2008 the FSC suspended KSFIOM's banking licence.
4. The Joint Winding Up Petition was initially heard by this Honourable Court at an ex parte hearing at 9.30 a.m. on 9th October 2008.
6. Insofar as the Joint Winding Up Petition sought an Order to wind up KSFIOM it was adjourned on 9th October 2008 to 10 am on the 24th October 2008 in order for the prescribed notice of the Petition to be issued. On 24th October 2008 the Joint Winding Up Petition was further adjourned to 10 a.m. on the 27th November 2008.
7. Insofar as the Joint Winding Up Petition also sought an Order for the appointment of a Liquidator provisionally pursuant to Section 178 of the Companies Act 1931, your Petitioner was appointed by his Honourable Court as Liquidator provisionally of KSFIOM on 9th October 2008. The said Order dated 9th October 2008 granted to your Petitioner as Liquidator provisionally of KSFIOM the following powers:-

"2. As Liquidator Provisionally of the Company Michael Simpson shall have the following powers:

- (1) to bring or defend any action or other legal proceeding in the name and on behalf of the Company;*
- (2) to take possession of all of the assets of the Company, for the beneficial preservation of those assets;*
- (3) to appoint an Advocate or other law agent to assist him in the performance of his duties;*
- (4) with the prior consent in writing of the Financial Supervision Commission to sell the real or personal property, and things in action of the Company, with power to transfer the whole thereof to any person or any company, or to sell the same in parcels;*
- (5) for the purpose of preservation of the assets of the Company and/or conducive to the discharge of his*

duties and functions as Liquidator Provisionally of the Company, to do all acts and to execute, in the name and on behalf of the Company, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the Company's seal;

(6) to raise on the security of the assets of the Company any money requisite;

(7) to appoint an agent to do any business which the Liquidator Provisionally is unable to do himself;

(8) to do all such other things as may be necessary for preserving the assets of the Company;

(9) to manage the affairs of the Company."

8. At the hearing on the 24th October 2008 your Petitioner's appointment as Liquidator provisionally of KSFIOM was continued and his powers aforesaid were unchanged save that the power set out in paragraph 2(4) of the Order dated 9th October 2008 above was varied so that your Petitioner may not transfer or sell assets of KSFIOM without the sanction of the Court as well as the prior written consent of the FSC.
9. Your Petitioner has had conduct of the affairs of KSFIOM pursuant to the terms of the aforesaid Orders since 9th October 2008.
10. The principal duty of your Petitioner, as Liquidator provisionally of KSFIOM, is to take possession of all the assets of KSFIOM for the beneficial preservation of those assets pending determination of the Winding Up Petition. In addition, your Petitioner has a duty to manage the affairs of KSFIOM.
11. The majority of KSFIOM's assets are located with its sister company in London, Kaupthing Singer & Friedlander Limited ("KSF London"). Your Petitioner believes that as at 9th October 2008 KSFIOM had total gross assets of approximately £1.346 million. Of this total, gross assets valued at approximately £628 million are located with KSF London.
12. KSF London was made the subject of an Administration Order ("the KSF Administration Order") by the High Court of Justice of England and Wales on the 8th October 2008. Pursuant to the terms of the KSF Administration Order, Margaret Elizabeth Mills, Alan Bloom and Patrick Joseph Brazzill of Ernst & Young LLP, 1 More

London Place, London SE1 2AF and Thomas Merchant Burton of Ernst & Young LLP, George House, 50 George Square, Glasgow, Strathclyde G2 1RR were appointed as Joint Administrators of KSF London.

13. Furthermore, pursuant to the terms of the Kaupthing Singer & Friedlander Limited Transfer of Certain Rights and Liabilities Order 2008 (2008 No. 2674) (the "KSF Transfer Order"), an order made by The Treasury in the United Kingdom exercising powers conferred on it under the Banking (Special Provisions) Act 2008 (an Act of Parliament), certain assets and liabilities of KSF London as defined therein were transferred to ING Direct NV, a limited liability company incorporated in the Netherlands acting through its branch in the United Kingdom.
14. The affairs of KSFIOM insofar as they relate to assets held with and/or liabilities due to KSF London are complex. Without prejudice to the totality of such affairs, your Petitioner is in a dialogue with the Joint Administrators of KSF London in relation to the recovery of monies held on deposit, the recovery of monies subject to inter bank loans, the recovery of assets represented by a portfolio of securities, the recovery of certificates of deposit held by KSF London for KSFIOM, and the status of a large number of transfer requests made by depositors of KSFIOM which transfers were processed with or via KSF London where the transfer has not been credited to the transferee bank account.
15. Steps to recover assets of KSFIOM held by or with KSF London may be further complicated by paragraph 27 of the KSF Transfer Order pursuant to which it appears that KSF London is prohibited from making any payment, disposition of property or modification or release of any right or liability to or for the benefit of a "related party". A related party is defined within the KSF Transfer Order as meaning any member of the same group as KSF London that is not a subsidiary undertaking of KSF London. KSFIOM falls within the definition of "related party" for the purposes of paragraph 27 of the KSF Transfer Order.
16. Your Petitioner believes that it will be beneficial to the recovery and collection of assets of KSFIOM held by or with KSF London for the appointment of some fit and proper person to act as Joint Liquidator provisionally of KSFIOM and in that regard your Petitioner seeks the appointment of Peter Norman Spratt of PricewaterhouseCoopers LLP of Plumtree Court, London EC4A 4HT to act joint and severally with your Petitioner as Liquidator provisionally of KSFIOM. Mr Spratt is an

insolvency practitioner in the United Kingdom with experience of all types of insolvency procedures in the United Kingdom including administration procedures. This experience together with the fact that he is located in London will be beneficial in relation to the efforts being made to recover assets of KSFIOM from KSF London.

17. Mr Spratt's curriculum vitae together with an affidavit of fitness are lodged with this Petition.
18. Your Petitioner has given notice of his intention to make this application for the appointment of Mr Spratt as Joint Liquidator provisionally to depositors via the KSFIOM website.

Directions in Relation to Responses to Communications from Depositors

19. KSFIOM has approximately 10,800 depositors. Depositors are understandably concerned as to the current affairs of KSFIOM and in particular the recovery of their deposits. In addition, as stated above, certain depositors gave instructions to KSFIOM to transfer monies from their KSFIOM bank accounts which transfers have not been credited to the transferee bank account.
20. Your Petitioner is receiving daily numerous enquiries from depositors of a general nature seeking information from your Petitioner regarding matters such as the steps being taken by your Petitioner to recover assets, the prospects for recovery of assets and the prospects for repayment of individual depositors' money. Your Petitioner is unable to answer each and every communication from depositors (most of which are communicated to him by email) without seriously prejudicing the work to be undertaken pursuant to the powers and duties vested in him aforesaid and/or significantly increasing his costs.
21. With a view to the efficient discharge of his duties and to saving costs, your Petitioner seeks a direction that he need not answer each and every individual enquiries sent by or on behalf of depositors, provided that in lieu thereof your Petitioner causes an update of matters of general concern to the depositors to be published on KSFIOM's website at least every 7days.

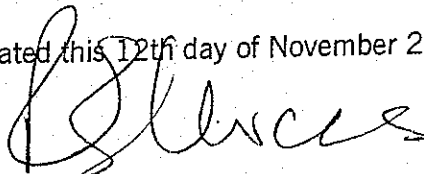
WHEREFORE Your Petitioner humbly prays a hearing hereof and that this Honourable Court may be pleased to

make an Order in terms of Paragraphs
16 and 21 above.

TOGETHER with such further and
other Orders as this Honourable Court
thinks fit.

AND Your Petitioner will ever pray et
cetera et cetera.

Dated this 12th day of November 2008



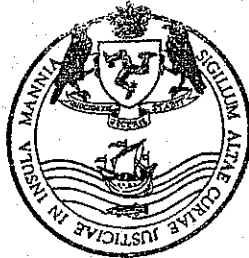
Advocate for the Petitioner

With Notice to:-

1. Kaupthing Singer & Friedlander (Isle of Man) Limited
per its directors
2. The Financial Supervision Commission
per its Advocates Quinn Kneale

ORDERED THAT THIS PETITION DO COME ON TO BE HEARD AT A COURT TO BE
HOLDEN AT THE COURT OF JUSTICE ON THURSDAY THE 20TH DAY OF
NOVEMBER 2008 AT 3 O'CLOCK IN THE AFTER NOON, WHEREOF
ALL PROPER PARTIES AND PERSONS TO HAVE DUE NOTICE

GIVEN THIS 17TH DAY OF NOVEMBER 2008



SEAL OF THE
HIGH COURT

ISLE OF MAN COURTS
OF JUSTICE

17th November 2008

EXAMINED AND CERTIFIED A TRUE
COPY

V. Moore

Deputy Assistant Chief Registrar

Serial No.

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CAINS, Advocates Limited
Old Bank Chambers
15/19 Athol Street
DOUGLAS
Isle of Man (pbc/meb)