

Cathedral Core Services LP (In Liquidation)

Liquidators' Second Report

1 INTRODUCTION AND APPOINTMENT

Cathedral Core Services LP (In Liquidation) (the “Partnership”) is a limited liability partnership registered in New Zealand, mainly operating in Europe and Latin America and was placed into liquidation by resolution of its partners pursuant to Section 89(1) of the Limited Partnership Act 2008 (“the Partnership Act”). The process was started on September 1st 2016 and Insolvency Practitioner Maria Escudero Martinez was appointed as liquidator of the partnership (the “Liquidator”).

The Liquidator herewith reports on the progress of the liquidation to date. This second report should be read in conjunction with the liquidators’ previous report. This report is being sent to all shareholders and all creditors who have filed claims in the liquidation.

2 RESTRICTIONS

This Report is not intended for general circulation other than as required by law, nor is it to be reproduced or used for any purpose other than that outlined above without the written permission in each specific instance from the Liquidator.

In preparing this report and its appendices we have relied upon information provided to us. We have not independently verified or audited that information. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 ATTACHMENTS

The following documents are attached to this report:

Appendix 1: Notice to Creditors regarding extension of dates for submission of claims.

Appendix 2: Notice to Creditors regarding Establishment of Temporary Offices.

4 CURRENT STATUS OF THE LIQUIDATION

Cathedral Core Services LP (In Liquidation)

We are currently still receiving claims by account holders and unsecured creditors. As at the date of this report we currently have a total of 154 Claims by account holders and creditors only. This is currently below the total amount of desired claims since the information we have points to a

likely total of 352 creditors affected by this liquidation. This number has been revised from the 327 initial creditors we had.

The Liquidator has ordered the establishment of temporary contact offices in key locations where creditors could voice their concerns or ask for help regarding the process in coordination with the management team ascribed to those regions. In this context the Liquidator is taking all efforts to be as inclusive as possible with all possible creditors involved in this liquidation, but the response which we are receiving from creditors has not resulted as planned and there are at least another 198 creditors that have not yet subscribed to the liquidation. As a result the liquidator is looking to reach out to those creditors to include them into the liquidation prior to moving forward.

Agreement reached by and between Cathedral Core Services and CIB Americas Bank Incorporated / Cathedral Investment Bank (“The Bank”).

After extensive and lengthy negotiations between the Liquidator and the Bank, the parties have reached a preliminary agreement in which the Bank will pay the total value of all the affected accounts at the time of liquidation. The negotiations with the Bank are ongoing.

Extension of submission timeframes

The Liquidator has continued to extend the dates on or before which the entities’ creditors are to submit their claims as a result of Creditors officially requesting this and due to the fact that the number of expected Creditors has not yet been reached.

Records and Financial details of the Partnership

The Liquidator’s investigations into the books, records and affairs of the Partnership remain ongoing.

Closure of Offices & Employees

We have currently closed most offices used by the Partnership. Most office equipment was leased and thus there are no assets to liquidate. One office had a direct contract with the owners of the building and three others were sub-leased offices. Personnel involved in such offices will need to submit a claim with the Liquidator and employees are to submit their claims to establish any priority their claims may have under Section 312 of the Companies Act 1993 before the time submission limit for such claims has elapsed.

Temporary Support Offices

The Liquidator has ordered the establishment of temporary contact offices in key locations where creditors can voice their concerns or ask for help regarding the process in coordination with the management team ascribed to those regions. In house personnel will be supervising the activities of such offices and details of those locations have already been forwarded to related personnel based in their location.

In order to keep the costs of this liquidation low we request that you approach temporary offices only when it is truly required. If you have a simple question or you would like to confirm specific information you are advised to approach the liquidation team directly. Approaching the temporary offices could produce more costs that will ultimately affect all creditors.

Various Matters

When the Partnership was placed in liquidation a series of investigations were taking place by the former administration regarding a group of suppliers, employees and ex-employees in Latin America that allegedly illegally obtained documentation and paperwork. The Liquidator is continuing to investigate these matters and investigations are ongoing.

The Liquidator is also investigating two companies and an individual who are also in Latin America that allegedly were involved in illegally raising money from third parties and relating to which an internal investigation of money laundering was already underway by the Partnership when the liquidation was started.

5 STATEMENT OF AFFAIRS

A percentage of the claims received are above what is reported within the system. In most cases this is due to the total amounts being in any other currency other than USD. Claims that fall in this category will be revised with the creditor directly or when not possible they will be converted into USD amounts using the exchange rate as at the date of liquidation.

According to recently acquired information we estimate that the final number of creditors affected by this liquidation will be about 352 individuals in both Europe and Latin America.

6 ASSETS AND PROPOSALS FOR CONDUCTING THE LIQUIDATION

The investigation into the books, records and affairs of the partnership remain ongoing. There were no assets found during the physical visits at the offices. All equipment found was leased and thus there are no assets to liquidate. Investigation of the assets remains ongoing but as of now we have not discovered any other physical assets.

Concerning the calculation of liabilities derived from balances for Account Holder/Clients, the liquidator is in the process of taking into consideration creditor requests concerning trading of some of the funds currently being liquidated. The liquidator is investigating all held positions and Assets that the partnership held.

7 LIABILITIES AND CREDITOR CLAIMS

Creditors

7.1 Preferential Creditors

According to available information as of now there are no preferential creditors who have come forward. Although there are employees with preferential claims these claims have not yet been submitted to the Liquidator and we are aware of no other preferential creditors. No distribution has been paid to date to this class of creditor.

7.2 Unsecured Creditors

As at the date of preparing this report 154 unsecured creditor claims have been received. In the interests of minimising liquidators' fees, the Liquidator will not attend to the formality of

accepting or rejecting creditors' claims until such time as we are in a position to pay an amount to satisfy those claims.

Liabilities

The valuation of liabilities at this stage is in excess of US \$55,000,000.00. The liquidator is investigating all trading positions and Assets that the partnership held.

8 ESTIMATED DATE OF COMPLETION

It is currently too early to estimate a date of completion for the liquidation.

9 CONTACT DETAILS

Further enquiries should be directed to the Liquidator by email to info.liquidation@cathedralcore.com or written communications forwarded to:

Cathedral Core Services LP (in Liquidation)

c/- McDonald Vague Limited
Level 10, 52 Swanson Street, Auckland 1010, New Zealand
P O Box 6092, Wellesley Street, Auckland 1141, New Zealand
Attention: Maria Escudero

All communications sent to the NZ Address will be forwarded to the liquidator for response. c/- McDonald Vague Limited will not be liable for the result of this liquidation or any actions of the undersigned executing the liquidation.



Maria Escudero Martinez.
LIQUIDATOR

DATED this 22th day of March 2017

c/-
McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

PO Box 6092
Wellesley Street
AUCKLAND 1141

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
Website: www.mvp.co.nz

Cathedral Core Services LP (In Liquidation)

**Notice to all Creditors Regarding Further Extension of Dates for
Submission of Claims and Authorized Formats**

Notice to all Creditors Regarding Extension of Dates for Submission of Claims and Authorized Formats

Notice is hereby given that the undersigned, the liquidator of Cathedral Core Services LP (In Liquidation) ("the entity"), does hereby extend the day for submission of claims to Friday the 31th of March 2017, as the day on or before which the entities' creditors are to submit their claims, and to establish any priority their claims may have under Section 312 of the Companies Act 1993.

Creditors not having made a claim by this date may be excluded from any distribution made.

If you had an account with Cathedral Core Services LP (In Liquidation) you will need to fill in and submit an Account Claim using an ACF. If your relationship with Cathedral Core Services LP (In Liquidation) was as a client then you are likely to be an account holder/client and not a secured creditor.

Account holders/clients and creditors should note that no claims filed in a format different from the Account Claim Standardised Format will be accepted and no alternative procedure will be authorised.

Account holders/clients and creditors not having made a claim by Friday the 31th of March 2017 using the Account Claim Standardised Format may be excluded from any distribution made.

The liquidator is seeking not to extend this date further.

If you have already submitted your claim no action on your part is required.



Maria Escudero Martinez.
LIQUIDATOR

DATED this 10th day of March 2017

c/-
McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

PO Box 6092
Wellesley Street
AUCKLAND 1141

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
Website: www.mvp.co.nz

Cathedral Core Services LP (In Liquidation)

**Notice to Creditors regarding the Establishment of Temporary
Contact Offices**

Notice to Creditors regarding the Establishment of Temporary Contact Offices

Notice is hereby given that the undersigned, the liquidator of Cathedral Core Services LP (In Liquidation) ("the Entity"), has ordered the establishment of temporary contact offices in key locations where creditors are expected to be located.

These temporary offices are set up to allow creditors to obtain support, request any help regarding the liquidation process and voice any concerns they may have. They are not a legal representation of the Entity or of the liquidator or the liquidation itself. All documentation that is intended for the liquidator or for the Entity should be sent to the official address in New Zealand. No documentation will be received locally in any of the temporary offices.

Management of such temporary offices will be performed in coordination with the former management team in place in those regions. Directors are obligated by law as described in section 248(1)(b) of the Companies Act 1993 to remain in office but cease to have powers, functions, or duties other than those required or permitted to be exercised by the liquidation and those permitted by applicable law. All directors have assisted and will continue to assist on all related matters. Our in house personnel assisting the liquidator will be supervising the activities of such temporary offices personally.

If you have further questions or you require additional information please contact us at info.liquidation@cathedralcore.com



Maria Escudero Martinez.
LIQUIDATOR

DATED this 6th day of March 2017

c/-
McDonald Vague Limited
Level 10, 52 Swanson Street
Auckland 1010

PO Box 6092
Wellesley Street
AUCKLAND 1141

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
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