

# Smith & Williamson

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**TO ALL KNOWN MEMBERS AND CREDITORS**

26 May 2009

Our Ref:  
SRC/JEM/DM/PA785-12

Dear Sir/Madam

**Pacific Continental Securities (UK) Limited (in Creditors' Voluntary Liquidation) ("the Company")**


Further to my appointment as Joint Liquidator of the Company on 21 March 2008, please find enclosed formal notice of the annual meetings of the members and creditors of the Company, issued pursuant to Section 105 of the Insolvency Act 1986.

The meetings are to be held at the offices of Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY on 19 June 2009 at 10:00am and 10:15am respectively, for the purposes of receiving an account of the Joint Liquidators' acts and dealings and of the conduct of the winding-up to date. I enclose a copy of the report to be laid before the meetings.

Attendance at the meetings is not obligatory, as the enclosed report will be presented to the meetings. A form of proxy is enclosed for those creditors wishing to appoint a representative to attend in their place.

Please contact Daniel Moore of this office should you have any queries regarding the above.

Yours faithfully

  
Stephen Cork  
Joint Liquidator

Directors acting as insolvency practitioners contract without personal liability  
Stephen Cork is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association  
Joanne Milner is licensed to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

## Smith & Williamson Limited

Registered in England at 25 Moorgate, London, EC2R 6AY No. 4534022  
Regulated by the Institute of Chartered Accountants in England and Wales for a range of business activities  
Smith & Williamson Limited is a member of Nexia International, a worldwide network of independent accounting firms

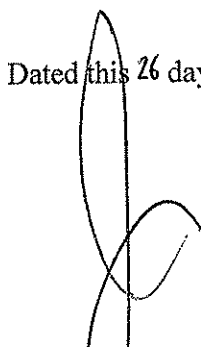


**NOTICE OF ANNUAL GENERAL MEETING**  
**PACIFIC CONTINENTAL SECURITIES (UK) LIMITED**  
**(IN CREDITORS' VOLUNTARY LIQUIDATION)**

NOTICE IS HEREBY GIVEN pursuant to Section 105 of the Insolvency Act 1986 that Annual General Meetings of members and creditors of the above-named Company will be held at offices of Smith & Williamson, 25 Moorgate, London EC2R 6AY on 19 June 2009 at 10:00am and 10:15am respectively, for the purposes of receiving an account of the Joint Liquidators' acts and dealings and of the conduct of the winding up during the preceding year.

Any member or creditor entitled to attend and vote at either of the above Meetings is entitled to appoint a proxy to attend and vote instead of him. Such proxy need not be a Member or Creditor of the Company. Proxies to be used at the Meetings must be lodged with the Joint Liquidators no later than 12.00 noon on the business day preceding the Meetings.

Dated this 26 day of May 2009

A handwritten signature in black ink, appearing to read 'Stephen Cork', written over a horizontal line.

Stephen Cork  
Joint Liquidator

Insolvency Act 1986 (Rule 8.1)  
Proxy (Creditors' Voluntary Winding Up)

**Pacific Continental Securities (UK) Limited**  
**(in Creditors' Voluntary Liquidation)**

Please give full name and address for communication

Name of Creditor/Member .....

Address .....

.....  
.....  
.....

Please insert name of person (who must be 18 or over) or the "Chairman of the meeting". Please note that if you nominate the Chairman of the meeting to be your proxy-holder, he will be the current Liquidator. If you wish to provide for alternative proxy-holders in the circumstance that your first choice is unavailable to attend, please state the name(s) of the alternatives as well.

**Name of proxy-holder**

1. ....

2. ....

3. ....

Please delete words in brackets if the proxy-holder is only to vote as directed (i.e. has no discretion).

I appoint the above person to be my proxy-holder at the meeting of creditors/members to be held on 19 June 2009 or at any adjournment of that meeting. The proxy-holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

**Voting instructions for resolutions**

This form must be signed

Signature ..... Date .....

Only to be completed if the creditor/member has not signed in person.

Name (in CAPITAL LETTERS) .....

Position with creditor/member or relationship to creditor/member or other authority for signature.

**Smith & Williamson**

**Joint Liquidators' Annual  
Report pursuant to Section  
105 of the Insolvency Act  
1986**

For the Period 21 March 2008 to 20 March  
2009

**PACIFIC CONTINENTAL SECURITIES  
(UK) LIMITED (IN CREDITORS'  
VOLUNTARY LIQUIDATION)**

26 MAY 2009

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## 1. Introduction

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As the first anniversary of the commencement of the Liquidation has recently passed, I am obliged to report to you on the progress of the Liquidation. I now set out below an account of my acts and dealings during the year.

## 2. Receipts and Payments

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Appendix I to this report is a summarised account of my receipts and payments for the period 21 March 2008 to 20 March 2009 upon which I comment below: -

### Receipts

A cash balance of £5,277 was received from Penson Financial Services Ltd ("Pensons") in respect of funds held by Pensons prior to the Company being placed into Administration.

A total of £91,725, representing the closing balance of the Administration bank account, was transferred to the Liquidation.

A total of £417 was received in gross bank interest. Interest of £61,009 has been received in respect of funds held in relation to Saxo clients. Commission of £20,875 has been received from Saxo in relation to client funds.

An amount of USD\$43,651 was received from Barclays Bank Plc New York in respect of funds held prior to the Company being placed into Administration. These funds were converted into Sterling resulting in a net receipt of £22,111.

### Payments

The funds expended in this matter have been principally used in the discharging of the costs and expenses of the Liquidation. Significant payments have been made in respect of Administrators' fees of £171,993 and IT Consultation fees of £8,470 and Irrecoverable VAT of £103,607.

## 3. Statutory Matters

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I have complied with my statutory duties in the year under review. There are no matters to which I should bring your attention in this instance.

## 4. Investigations

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I have reviewed the books and records of the Company and complied with my statutory duty to make enquiries into the formation, trading and demise of the Company, and the conduct of the directors. My findings, which are confidential, have been duly conveyed to the Secretary of State for Trade and Industry.

Following an investigation the former chief executive of the Company, Mr Steven Griggs, and its former finance director, Mr Charles Weston, have been banned and also fined £80,000 and £95,000 respectively for serious failures in the company which led to customers buying high risk shares without suitable advice.

Mr Griggs is banned from carrying out any significant influence functions while Mr Weston is banned from carrying out any regulated activities.

## 5. Creditors' and Investors' Claims

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### Ordinary Unsecured Creditors' claims

The directors' statement of affairs at 20 June 2007 showed that creditors who were not clients of the Company were estimated to be owed £1,041,674.95. The Joint Liquidators have not adjudicated any creditors' claims to date.

### Investors' claims

A total of 4,300 investor claims with an estimated value of £65,580,390 have been received by the Joint Liquidators since the Company was initially placed in Administration on 20 June 2007. Further information in relation to this matter is set out below.

## 6. Outstanding Matters

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### Sale of business

As advised in my previous reports, a large part of the Company's business and certain assets were sold on 27 June 2007 to a Company now known as Brooklands Securities Limited ("Brooklands"). Brooklands has failed to meet its payment obligations under the sale agreement, and under the powers contained in the floating charge granted to the Company on completion of the sale agreement, the Joint Liquidators have appointed Norman Cowan and Andrew Dix, of Wilder Coe Chartered Accountants as Joint Administrators of Brooklands on 9 March 2009. At present it is too early to state what level of recoveries will be made from this debtor.

### Shareholdings

At the date of Administration there were two shareholdings registered in the Company's name as follows:

Eicom Plc:	34,777,263
Infonic Plc:	4,458,200

Eicom Plc entered into a Company Voluntary Arrangement on 28 January 2009 whilst Infonic Plc was placed into Administration on 3 February 2009. I do not expect there to be any realisation from these shareholdings.

The Joint Liquidators believe there may have been holdings in certain shares that the Company was entitled to which were registered in the name of Pacific Continental Securities (UK) Nominees Limited ("Nominees"). However, it has not been possible for the Joint Liquidators to rely on the books and records of the Company, or indeed to reconcile the accounts of the Company so as to enable the Joint Liquidators investigate this matter further, for the reasons set out in the section *Client interests-Investor claims* below.

### Client interests- Investor claims

As advised in my report 30 January 2009, the Financial Services Compensation Scheme ("FSCS") declared the Company in default on 28 January 2009. Accordingly, clients may be eligible for a compensation payment from the FSCS.

The FSCS is an independent body set up under the Financial Services and Markets Act 2000 and protects deposits, insurance, investments and mortgage business. It can pay compensation for financial loss and its service is free to consumers.

Please note that the current limit for compensation payment from the FSCS is £48,000 (100% of the first £30,000 and 90% of the next £20,000), per claimant, per company. The FSCS in paying compensation, will generally require a full assignment of the claimant's claim against the Company.

As at 28 February 2009, the FSCS had paid compensation to investors in the region of £6,719,439. Investors who believe they have a claim and have not yet received a claim form from the FSCS should call 020 7892 7300, or e-mail [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk). Further information about the FSCS's work is available from its website at [www.fscs.org.uk](http://www.fscs.org.uk).

The Joint Liquidators have been unable to fully reconcile the movement of funds into and from the Company's client accounts or purchases and sales of shares carried out on behalf of clients. Significant discrepancies exist between the Company's records and client correspondence/claims and the Joint Liquidators have significant concerns regarding the accuracy and completeness of the Company's records and accounting procedures. The Joint Liquidators are unable at this stage to distribute to investors any cash balances or shares purchased by the Company on behalf of investors, as it is not possible to determine from the Company's records the true entitlement of each client. Additionally, it is apparent that the Company's terms and conditions of business were insufficient to convey title to investors in relation to shares held in Nominees.

The Joint Liquidators had considered making an application to court for directions in relation to the reconciliation and distribution of funds held in the client bank accounts of the Company and the shareholdings held in the name of Nominees. However, consideration of such an application has been put on hold since the FSCS declared the Company in default: given that the FSCS may ultimately become the sole or majority creditor in relation to such assets, the Joint Liquidators consider that it would be premature to pursue the application until the FSCS has progressed further in the process of adjudicating on claims and making compensation payments. At that stage the Joint Liquidators will reassess the necessity and cost effectiveness of a directions application in the light of the quantity of claims assigned to the FSCS.



### **Book and other debts**

The dispute surrounding an outstanding debt due from Pacific Continental Securities (IOM) Limited ("PCSIOM") has not been settled. This matter is continuing to be pursued and the Joint Liquidators are taking legal advice in this regard.

The dispute surrounding an outstanding debt due from Pacific Continental Securities (Australia) Limited ("PCSAL") remains ongoing. The Joint Liquidators are currently seeking legal advice.

## **7. Joint Liquidators' Analysis of Time Costs**

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Appendix II to this report is an analysis of that time, prepared in accordance with the requirements of Statement of Insolvency Practice 9 ("SIP 9").

A total of 1,953.10 hours, to a value of £388,472.01 had been expended on the administration of the Liquidation to 20 March 2009.

## **8. Meetings convened pursuant to Section 105 of the Insolvency Act 1986**

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I enclose notices of the meetings of members and creditors, which I am obliged to convene under the provisions of Section 105 of the Insolvency Act 1986. Attendance is not obligatory, and the report that will be provided is as outlined above.



**Stephen Cork**  
**Joint Liquidator**

Directors acting as insolvency practitioners contract without personal liability.

Stephen Cork is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association.

Joanne Milner is licensed by the Institute of Chartered Accountants in England and Wales.

## Appendix I      Joint Liquidators' Abstract of Receipts & Payments for the period 21 March 2008 to 20 March 2009

Statement of Affairs	From 21 March 2008 To 20 March 2009 £
<b>ASSET REALISATIONS</b>	
Cash on hand	5,277.17
Cash at bank	91,724.82
Transfer of VAT from Admin	106,658.83
Bank Interest Gross	417.05
Saxo Account Interest	61,009.41
Saxo Commission	20,874.67
USD Cash at bank	22,110.81
	<u>308,072.76</u>
<b>COST OF REALISATIONS</b>	
DTI Banking Fees	60.00
DTI BACS Fees	0.15
DTI Cheque Fees	0.80
Administrators' Fees	171,993.03
IT Consultation Fees	8,470.00
IT Consultation Expenses	1,023.40
Legal Fees	5,346.00
Legal Expenses	120.30
Irrecoverable VAT	103,607.08
Accountancy Fees	900.00
Consultancy Fees	3,250.00
Storage Costs	3,811.80
Postage & Redirection	74.75
Statutory Advertising	296.19
Rents Payable	5,831.36
Bank Charges	170.81
	<u>(304,955.67)</u>
<b>UNSECURED CREDITORS</b>	
Trade & Expense Creditors	855.08
	<u>(855.08)</u>
<b>BALANCE HELD</b>	
	<u>2,262.01</u>

## Appendix II                      Joint Liquidators' professional fees breakdown for the period 21 March 2008 to 20 March 2009

Classification of work function	Hours				Total hours	Time Cost £	Average hourly rate £
	Director	Manager	Other Senior Professionals	Assistants and Support Staff			
Administration and planning	6.00	30.10	122.70	15.15	173.95	43,387.75	249.43
Investigations	0.00	0.70	44.20	5.40	50.30	10,133.25	201.46
Realisation of Assets	0.00	19.50	97.75	1.85	119.10	28,627.50	240.37
Creditors	0.00	25.00	8.50	3.45	36.95	10,575.51	286.21
Clients	11.00	140.90	798.45	622.45	1,572.80	295,748.00	188.04
Total hours	17.00	216.20	1,071.60	648.30	1,953.10		
Total costs to date (£)						<u>388,472.01</u>	