IN THE GRAND COURT OF THE CAYMAN ISLANDS **CAUSE NO. 496 of 2002**

In the matter of THE COMPANIES LAW (2002 REVISION)

And in the matter of Trade & Commerce Bank

SUMMONS

LET ALL PARTIES attend before the Judge in Chambers at the Law Courts, George Town, Grand Cayman on Tuesday the 30th day of July 2002 at 9.30 o'clock in the forenoon on the hearing of an Application by the creditors named on the attached list pursuant to Section 107 of the Companies Law (2002 Revision) to remove G. James Cleaver and H. Jonathan Kahlberg of E & Y Restructuring, Ltd., P.O. Box 1102 GT, 4th Floor, Bermuda House, British American Centre, Dr. Roy's Drive, George Town, Grand Cayman be as Joint Provisional Liquidators of the Company and that they be replaced by Christopher Johnson and Nicholas Freeland of PriceWaterhouseCoopers, Strathvale House, North Church Street, George Town, Grand Cayman and that such further directions and orders be given and made as the Court considers appropriate.

Dated this 23rd day of July 2002

Quin & Hampson
Attorneys-at-Law for the Applicants

CLERK OF COURT
JUL 23 2002
CAYMAN ISLANDS GOVERNMENT

To: The Clerk of the Court

And to: Campbells
Attorneys-at-Law for the
Provisional Liquidators

GRAND COURT
CAYMAN ISLANDS

This SUMMONS is filed by Quin & Hampson, attorneys-at-law for and on behalf of the Applicants whose address for services is that of their attorneys-at-law, 3rd Floor, Harbour Centre, Grand Cayman.

TRADE & COMMERCE BANK DEPOSITORS

Name	Amount Owing
Felino Amarilla Goitia	US$365,662.68
Carlos Mateu &/or Monica Mateu	US$108,680.21
Carlos Mateu &/or Monica Mateu de Guillen	US$275,347.22
Atilio Mercado &/or Adriana Romanach	US$27,011.11
Elena Vallejo &/or Atilio Mercado	US$58,111.56
Elena Vallejo &/or Atilio Mercado	US$25,781.25
Nestor Santa Cruz Mendoza &/or Ruth Jara Genes	US$328,713.91
Nestor Santa Cruz Mendoza &/or Ruth Jara Genes	US$465,866.09
Nestor Santa Cruz Mendoza &/or Elza Melo Paulo	US$313,650.00
Adelaida Zarza de Paredes	US$109,790.28
Efrain Eguez Balseca Galo	US$364,155.56
Jorge Ocampos Velazquez	US$103,519.44
Alberto Alejandro Ureta	US$39,193.09
Gregorio Alcaraz Meza	US$28,554.20
Jorge Parini Colombo Celso	US$692,468.45
Jorge Parini Colombo Celso	US$47,023.00
Maria Jose Candia	US$367,062.50
Celia Acosta	US$26,591.18
Subtotal	**US$3,747,181.73**

Agnes Margret		US$5,699,256.00
Eduardo Gustain		US$627,000.00
Eduardo Gustale		US$200,000
		US$6,526,256
Juan Alberto Egea		US$1,006,768.23
Andres Gustavo Egea		US$188,022.74
Rogelio Javier Egea		US$113,308.10
Rogelio Javier Egea		US$382,260.05
Rogelio Javier Egea		US$164,273.43
Rogelio Javier Egea		US$421,969.63
	Subtotal	US$2,276,602.18
	TOTAL	US$12,550,039.91

THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. 496 OF 2002

In the matter of the Companies Law (2001 Second Revision)

And in the matter of Trade & Commerce Bank (the "Company")

ORDER

UPON the Application by the creditors named on the attached list ("the Creditors") made by their Summons dated 23 July 2002 coming on for hearing and the Court having read the affidavits on the Court file

UPON HEARING Counsel for both the Creditors and for the Joint Provisional Liquidators and, with the leave of the Court, Counsel for Banco de Montevideo S.A. (intervened by Central Bank of Uruguay), Banco Aleman Paraguayo S.A. (intervened by Central Bank of Paraguay) and the Cayman Islands Monetary Authority.

IT IS ORDERED THAT:

1. Mr. Christopher Johnson of PricewaterhouseCoopers, Strathvale House, North Church Street, George Town be appointed as a third Joint Provisional Liquidator ("the Third Provisional Liquidator") of the Company.

2. The role of the Third Provisional Liquidator be limited to conducting an investigation into whether the Company has any claims against its former auditors in the Cayman Islands and in Argentina and if so to prosecuting such claims against those auditors.

The scope of any further work to be carried out by the Third Provisional Liquidator to be agreed between the Joint Provisional Liquidators and in default of agreement there be liberty to any party to apply to the Court for further directions on this issue.

4. The Third Provisional Liquidator be at liberty to employ agents, attorneys, counsel and professional advisors whether in the Cayman Islands or elsewhere as he may consider necessary to advise him in performance of his duties and on such terms, as he may think fit.

5. The fees and expenses of any such agents, attorneys, counsel or professional advisors employed by the Third Provisional Liquidator be paid out of the Company's assets.

6. The Third Provisional Liquidator and his staff be remunerated at the expense of the Company at such reasonable rates as may be approved by this Honourable Court from time to time, such rates currently being:

Chairman	US$450/Hour
Director	US$385/Hour
Assistant Director	US$330/Hour
Senior Executive	US$280/Hour
Executive	US$185/Hour
Staff Accountant	US$125/Hour
Part Qualified Accountant and Others	US$95/Hour

7. The Third Provisional Liquidator is authorised to seek payment out of the assets of the Company for any invoices rendered in respect of their fees and

bursements as and when these invoices become payable provided that this Honourable Court's approval of the payment of the fees and expenses will be required on a quarterly basis and, in any event that any such invoice or part of an invoice is not ratified by the Court, the Provisional Liquidators will refund the full amount relating to that invoice or part of an invoice within 7 days of the Court's determination.

8. The Third Provisional Liquidator shall provide to the Governor in Council (by way of the Cayman Islands Monetary Authority) copies of reports filed with this Court and/or sent to creditors or contributories of the Company.

9. The Third Provisional Liquidator shall serve on the Governor in Council (by way of the Cayman Islands Monetary Authority) copies of all applications made to this Court for directions or other relief any evidence in support thereof, such service to be within a reasonable time of the hearing of any such applications.

10. There be no order as to costs.

Dated this 2 day of August, 2002

Filed this 2 day of August, 2002

Levers J

The Honourable Mrs Justice Levers

NOTE

[illegible]mmerce Bank
[illegible]t, 2002

[illegible]Honourable Mrs. Justice Levers

[illegible]pearances:

[illegible]editors - Antonio Bueno, Q.C. and Charles Quin instructed by Quin & Hampson

Creditor and Provisional Liquidator – Ernst & Young, Ross McDonough, Campbells

Banco de Montevideo – Cherry Bridges, Ritch & Conolly

Banco Aleman and Central Bank of Paraguay – Jonathan Tarboton of Hunter & Hunter

Cayman Islands Monetary Authority – Simone Tomkins

AB described the litigation history to date. He described in very general terms the Peirano Group and Velox Group of which Banco Aleman, Banco Velox, Banco de Montevideo and TCB formed a part.

AB reviewed the history of Trade & Commerce indicating that it was a Cayman bank, holding a Class 'B' Licence since March 1988. From draft/proceedings prepared by Campbells on behalf of the Provisional Liquidators, the suggestion was that it was treated as the private fiefdom of the Peirano family against whom arrest warrants have been issued. It was said that there had been approximately $350 million in deposits. The Bank had issued financial statements including auditors' reports as an inducement to investors to place deposits. In fact they had conducted imaginative banking and TCB seems to have been treated as the piggy bank of the Peirano family for its own benefit or that of its Group.

The Provisional Liquidators were alleging that loans were made without any security or at least security that was informal in the extreme. The ultimate losers are the depositors in various jurisdictions. The three Central Banks have put in Intervenors, namely, in Argentina, Uruguay and Paraguay. At least Banco de Montevideo granted facilities to TCB. TCB hold promissory notes which have failed. AB explained the serious conflict in the fact that Arthur Andersen were the auditors of TCB for a number of years and their sole partner in Cayman was Michael Wright who signed off on the audits. When AA split up, Michael Wright joined forces with Ernst & Young and is a salaried partner of that firm. AA employees also joined and the existing practices were apparently

also mentioned that Morris Brankin had taken over for the periods after the preparation of financial statements for 1999, although the precise position was not yet clear. AB said it is fair that PWC may have some difficulties in Paraguay where Coopers & Lybrand merged with Waterhouse to form a local firm in Paraguay and Coopers & Lybrand were the former auditors of Banco Aleman for a time. However, AB confirmed that PWC was unconnected with TCB in this jurisdiction. As Michael Wright was now employed by Ernst & Young and it was clear that the role of the auditors had to be considered with great care, that is a function that Ernst & Young could not possibly undertake. AB also said that there was an *Ex Parte* Application filed by Campbells to issue proceedings against the directors. This material showed that all the accounting records and computer discs have been removed from the jurisdiction and that the directors and former management were not co-operating with the Provisional Liquidators. It was alleged that there had been very serious breaches of fiduciary duty, and trust, and negligence which had resulted in very substantial sums being diverted from the Bank.

When the new Third Liquidator examines banking transactions, they have obviously to examine the roles of the auditors and the directors. In Cayman there is strict regulatory control and therefore CIMA and depositors rely heavily on the auditors. An examination of the roles of the directors will involve the close scrutiny of the role of the auditors.

It had been suggested that TCB had an inexhaustible supply of note paper and that it effectively operated off-shore of the Cayman Islands in Paraguay and perhaps elsewhere.

Unfortunately the situation regarding AA was a matter which should have been disclosed at the outset when the original application for the appointment of Provisional Liquidator had been made. There had not been any such disclosure.

AB said a large number of individual creditors have all expressed grave anxiety and wish to have Ernst & Young removed. The intervenors of the three South American banks were also troubled by the conflict but wished to explore a solution which did not involve removal of E & Y, provided that there was no unnecessary or avoidable duplication of work. AB said that Banco de Montevideo was a creditor for approximately US$170 million and they had expressed some anxiety regarding the joint roles and the mechanism to be adopted. AB said it was a different structure to allow the third provisional liquidator to investigate the role of the auditors although he could not see how that could

one without examining the role of the directors, which was something that Simone Tomkins of CIMA would address because he understood that they shared the same anxiety expressed by the Creditors who had brought the Application to remove Ernst & Young. All Creditors and, it was believed, CIMA, are extremely anxious that there is no unnecessary duplication of costs.

However, for today's purposes, but subject to the express approval of the Court, an Order has been agreed and AB went through the Order. AB drew the Court's attention to paragraph 3, which provides that Chris Johnson and Jim Cleaver will meet to discuss a workable formula and report back to the Court as to the housekeeping. This will be either on 28 August 2002, when the winding-up Petition is due to be heard, or sooner it there was a situation which needed to be addressed immediately.

Simone Tomkins on behalf of CIMA spoke next and said that CIMA supports this agreement and will continue to do so only so far as the agreement remains workable and that the Creditors do not have to bear too many costs. If it becomes unworkable then CIMA will support the removal of Ernst & Young as Provisional Liquidators and the appointment of PriceWaterhouseCoopers in their place, on the basis that a clear conflict exists.

Cherry Bridges asked the Court for it to be noted that they take on board what Mr. Bueno said regarding the overlap of proceedings against the directors and indicated (on behalf of Banco de Montevideo) that she agreed with him. The scope of the mandate may have to be increased for the Third Liquidator and that is something which should be decided before or at the winding-up hearing set down for 28 August, and perhaps a preliminary report could be provided by that time. She also said that it was important that a committee of creditors be set up as quickly as possible.

Jonathan Tarboton said that Banco Aleman was happy with the Order.

Ross McDonough said that they are not agreed that there is any tie-up on the investigations but will keep an open mind as far as the Court is concerned. There may be areas where there is a perception of conflict that does not need to be widened any further at this stage. He indicated that the Application by the Provisional Liquidators for security for costs in respect of the summons to replace them was to be dismissed with no order as to costs.

AB came back and said that it would be wise if the draft proceedings, which had been prepared in a hurry, against the directors could be considered by the Third Liquidator when he has had time to do so in a measured way. Those matters should be adjourned generally with liberty to apply. This was agreed.

The Judge said that it would be helpful if she was apprised (or whichever judge is here on 28 could be apprised) as to what the situation then was. She stressed that liquidators are officers of the Court, adding that justice had both to be done and also had to appear to have been done. She noted that in Cayman there were concerns about the level of liquidators' fees, but approved PWC's proposed fees, which were at the same levels as those of Ernst & Young which had already been approved.

AB stressed to the Judge that whilst it was hoped that Ernst & Young and CJ could and would, as sensible and experienced liquidators, work out the scope of the work to be undertaken by the Third Liquidator, if there remained differences, or if it became apparent that the whole concept of a Third Liquidator was not workable, then the removal of Ernst & Young would have to be looked at afresh. Ross McDonough queried this, but the Judge again stressed that the Liquidators were officers of the Court which retained jurisdiction to do what was necessary in the interests of justice.

6th August 2002

Quin & Hampson