



Applicant
H Jonathan Kahlberg
First
November 2002

IN THE GRAND COURT OF THE CAYMAN ISLANDS

In the matter of THE COMPANIES LAW (2002 REVISION)

And in the matter of Velox Venture Capital

AFFIDAVIT OF H. JONATHAN KAHLBERG

I, H. Jonathan Kahlberg, chartered accountant and forensic services director of Forensic Services at E & Y Restructuring Limited of 4th Floor Bermuda House, British American Centre, Dr. Roy's Drive, George Town, Grand Cayman, MAKE OATH and say as follows:

1. I am one of the Joint Official Liquidators of Trade & Commerce Bank ("the Bank"). I was appointed along with G. James Cleaver on 29 August 2002, having previously been Joint Provisional Liquidators, appointed on 5 July, 2002. I am authorised by Mr. Cleaver to make this affidavit and save where otherwise stated, the matters to which I depose are within my own knowledge and I believe them to be true.
2. I make this affidavit in support of the Winding-up Petition issued against Velox Venture Capital a copy of which is now produced and shown to me and marked "HJK 1". I verify that the contents of this are true to the best of my knowledge and belief.

3. There is now produced and shown to me marked "HJK 2" a copy of a letter from Campbells, attorneys-at-law for the Joint Official Liquidators of Trade & Commerce Bank, to Velox Venture Capital serving a statutory demand, claiming the sum of US\$3,268,702.74. This was served at the registered office of the company on 3rd September 2002. No response and no payment has been received from the company in response to that demand.
4. Velox Venture Capital and Trade & Commerce Bank are part of a large group of companies that, until recently, was owned and managed by members of the South American, Peirano family. The Group comprised a number of banks in South America, including Trade & Commerce Bank and interests in supermarket retail chains in South America. As indicated above, Trade & Commerce Bank is in official liquidation. The interests in the supermarket retail operations effectively no longer comprise part of the Group, as they had been pledged as security for debts due to third parties.
5. The liquidation of Trade & Commerce Bank is proving difficult and time consuming. Much of the accounting records are having to be re-created and there is serious doubt as to whether the true financial position of Trade & Commerce Bank was ever made known to customers, the Cayman Islands Monetary Authority or its auditors. Initial investigations carried out by the Joint Official Liquidators of Trade & Commerce Bank indicate that much of its assets were paid out to members of the Peirano family either personally or through corporate vehicles registered in the Cayman Islands and elsewhere.
6. The amount shown in the statutory demand of US\$3,268,702.74 is the sum shown in the accounting records for Trade & Commerce Bank as being due and owing to it from Velox Venture Capital.

7. On 22nd October 2002, an Order was made appointing Mr Cleaver and I as Joint Provisional Liquidators of Velox Capital Markets Inc. A copy of my affidavit sworn in support of that application and a copy of the Order itself are now produced and shown to me marked "HJK 3" and "HJK 4" respectively. The basis upon which the application was made in relation to Velox Capital Markets Inc was that it was believed that the company owned or controlled an asset in the form of an investment in a Cayman Islands limited partnership, Pegasus Venture Capital Partners I L.P. Fund (the "Pegasus Fund").

8. Now produced and shown to me marked "HJK 5" are a copy of a letter from Walkers, attorneys at law for the Pegasus Fund. In their letter they confirm that the interest in the Pegasus Fund had, in fact, been transferred by Velox Capital Markets Inc. to Velox Venture Capital in March 2001. A copy of the letter to the Pegasus Fund confirming this is also at "HJK 5".

9. Trade and Commerce Bank has issued civil proceedings in the Grand Court against Mr Juan Peirano and Mr Dante Peirano seeking the repayment of sums which are owed by them to the bank. Those sums are approximately \$14 million and \$200,000 respectively. Proceedings have also been instituted by Velox International Investments (a company of which Mr Cleaver and I are also Joint official Liquidators) against Mr Jorge Peirano Facio seeking the recovery of a shareholder's loan of approximately \$40 million. In the actions against Mr Juan Peirano and Mr Jorge Peirano Facio, this Court granted Mareva injunctions. On Tuesday, 29th October 2002, this Court found both of those defendants to be in contempt of Court for failing to comply with the terms of the injunctions in failing to disclose details of their assets as required. I am advised by Mr Walters of Campbells, attorneys for the Plaintiffs in those actions, that the defendants were required to comply forthwith but have still failed to do so and remain in contempt of this Court.

10. The managers of the Pegasus Fund are in Argentina and I believe that it is very likely that they are coming under considerable pressure from the Peirano family to pay over to them any investment held in the Pegasus Fund so as to place it beyond the reach of Trade and Commerce Bank and any other creditors of Velox Venture Capital. In the circumstances, I believe that there is a high risk that any assets that Velox Venture Capital may own may be dissipated unless an urgent order is made appointing Provisional Liquidators over the company.

Sworn this ^{5th} day of November, 2002)

at George Town, Grand Cayman)

Before me)



NOTARY PUBLIC)


H. JONATHAN KAHLBERG

This Affidavit is filed by Campbells, attorneys-at-law for the Applicants, whose address for service is 4th Floor, Scotiabank Building, P.O. Box 884, George Town Grand Cayman (Ref AJW)