

**PUBLIC BANKRUPTCY REPORT**  
in the bankruptcy of

The limited liability company IIG Trade Opportunities Fund N.V.  
("TOF")  
(CUR201900079 and CUR2019H00104)

Report number: 3

Date: March 17, 2021.

Bankruptcy number : CUR201900079 and CUR2019H00104  
Date of court order : 3 September 2019  
Trustee : Ms. V.P. Maria, LL.M  
Supervisory judge : Ms. U.I.D. Luydens, LL.M

Activities of the organization : Investment institution. The bankrupt is an offshore company.  
Turnover data : See first public report.  
Average number of personnel :  
Balance at end of report period : USD 218,521.51  
Report period : July 23, 2020 – March 17, 2021  
Hours spent in report period : Maria 202.1 /Tromp 70.5  
Total hours spent : Maria 655.7 / Tromp 142.8

**1. Inventory**

1.1 Management and : See first public report.  
1.2 organization :  
Profit and Loss  
1.3 Balance total :  
1.4 Ongoing procedures : The existing stay for the Arbitration Procedure Girobank v IIG TOF et al has been extended to and including June 4<sup>th</sup>, 2021, based on the status of related insolvency proceedings.

1.5 Insurances :

1.6 Lease :  
1.7 Cause of bankruptcy : The trustee informed in her second public report about the charges that have been filed by the Acting United States Attorney for the Southern District of New York

against David Hu, co-founder, managing partner, chief investment officer and 50% co-owner of IIG, for adviser fraud, securities fraud, and wire fraud offenses (U.S. v David Hu).

Recently, on January 28, 2021, Audrey Strauss, United States Attorney for the Southern District of New York, announced that David Hu pled guilty before the U.S. District Judge Alvin K. Hellerstein to investment adviser fraud, securities fraud, and wire fraud offenses in connection with an over USD 100 million scheme to defraud IIG's investment advisory fund clients and investors. In connection with his plea agreement, Hu has also agreed to forfeit more than USD 129 million representing proceeds traceable to the commission of the offenses.

According to the press release the U.S. Attorney Audrey Strauss said: "Today, David Hu admitted to shirking his fiduciary responsibilities and defrauding IIG funds and investors for more than a decade, causing millions of dollars of losses. Hu mismarked millions of dollars of loan assets, falsified paperwork to create fake loans, sold overvalued and fake loans and used the proceeds from those sales to pay off earlier investors, and falsified paperwork to deceive auditors and avoid scrutiny. He now faces a serious term of imprisonment."

David Hu "pled guilty to one count of conspiracy to commit investment adviser fraud, securities fraud, and wire fraud, which carries a maximum sentence of five years in prison; one count of securities fraud, which carries a maximum sentence of 20 years in prison; and one count of wire fraud, which carries a maximum sentence of 20 years in prison. Sentencing before Judge Hellerstein has been scheduled for June 17, 2021, at 9:00 a.m."

## 2. Work force

- 2.1 Number of personnel at the time of bankruptcy :
- 2.2 Number of personnel in the year preceding bankruptcy :
- 2.3 Date of dismissal notice :  
Activities :

## 3. Assets

### *IMMOVABLE PROPERTIES*

- 3.1 Description : According to David Hu, TOF is the ultimate beneficiary owner of a property in the city of Mafra in Brazil. All the official documents mention IIG Capital as the legal owner of the property. The alleged ownership of TOF is in investigation. IIG Capital has not paid the Property Tax (IPTU) relating to this property and owes to the City of Mafra a total of approximately BRL 90,000.00 (approximately USD 16,000.00), which includes the tax related to the fiscal years of 2015, 2016, 2017, 2018, 2019 and 2020.

Based on the information provided to the trustee by the lawyer's office in Brazil, the transaction documents regarding the above-mentioned property do not state that IIG Capital LLC was acting as agent of a fund. Instead, all the documents, including the title record certificates of the property, only mention IIG Capital LLC as the beneficiary.

Furthermore the attorney-in-fact appointed by IIG, is not willing to continue to represent fiscally the entity of IIG Capital LLC as she was not remunerated for the past year for such services in Brazil.

- 3.2 Sales proceeds :
- 3.3 Amount of mortgage :
- 3.4 Estate contribution :

Activities : The lawyer's office in Brazil has contacted David Hu's lawyers regarding this issue. The trustee is awaiting information regarding the development of

this case to decide which actions TOF can take regarding this property.

#### *COMPANY ASSETS*

- 3.5 Description :
- 3.6 Sales revenue :
- 3.7 Estate contribution :
- 3.8 Right of seizure tax authorities :
- Activities :

#### *STOCK/WORK IN PROGRESS*

- 3.9 Description :
- 3.10 Sales revenue :
- 3.11 Estate contribution :
- Activities :

#### *OTHER ASSETS*

- 3.12 Description : The trustee is in the process of selling one of the subsidiaries of TOF. To avoid that the sales process is negatively impacted, information about the sale will not be shared in a public report until the sale has taken place. The creditor's committee of TOF and the supervisory judge are being informed and consulted about the developments.
- 3.13 Sales revenue :
- Activities :

#### **4. Debtors**

- 4.1 Number of debtors : Under investigation by the trustee.
- 4.2 Revenue :
- 4.3 Asset contribution :
- Activities :

#### **5. Bank/Securities**

- 5.1 Bank Claims : The trustee mentioned the custody agreement between TOF and BNY Mellon in New York in the first public report. The custody agreement between the bankrupt and BNY Mellon in New York has been terminated as of June 11, 2020. The trustee has received the documents that were in custody on July 10, 2020 and went through most of the documents.
- 5.2 Lease contracts :
- 5.3 Description of sureties :

5.4	Secured creditors	:
5.5	Asset contributions	:
5.6	Conditional ownership	:
5.7	Right of recovery	:
5.8	Liens	:
	Activities	:

## 6. Company reorganization/continuation

### *CONTINUATION*

6.1	Exploitation/securities	:
6.2	Financial reporting	:
	Activities	:

### *REORGANIZATION*

6.3	Description	:
6.4	Accountability	:
6.5	Revenues	:
6.6	Asset contribution	:
	Activities	:

## 7. Legitimacy

7.1	Accounting obligation	:	The trustee is of the opinion that the fact that David Hu pled guilty is enough indication that TOF, due to the unlawful acts of among others IIG and David Hu, did not comply with its accounting obligation as stipulated by the laws of Curaçao. Therefore, the trustee cannot base the liquidation of TOF on information provided in audited annual accounts or any other financial statement with the aim to inform the investors and other interested parties about the financial rights and obligations of TOF.
7.2	Annual accounts deposit	:	
7.3	Auditors' report	:	
7.4	Liability to pay-in capital shares	:	
7.5	Mismanagement	:	The bankruptcy trustee concludes that TOF has been mismanaged and that, pursuant to article 16, paragraphs 1, 2 and 9 of the Bankruptcy Code, the actual directors of TOF (IIG, Martin Silver and David Hu) are responsible for the shortfall, being the amount of the debts insofar as these are not settled by the liquidation.
7.6	Fraudulent actions	:	The trustee refers to the information provided in paragraph 1.7 of this report.
	Activities	:	The trustee has been invited by the United States Attorney to advise if TOF and other entities

represented by the trustee were victims of the crimes to which David Hu has pleaded guilty, and to advise the United States Attorney of the amount of any losses with specific support for the loss calculation. This information has to be provided to the United States Attorney on May 17<sup>th</sup>, 2021, at the latest.

The trustee has approached TOF's counsel in the U.S. to advise the trustee on the best way to approach this matter. After receiving this advice, the trustee will discuss this matter with the creditors' committee of TOF.

## 8. Creditors

- |     |                                       |   |  |
|-----|---------------------------------------|---|--|
| 8.1 | Claims on the estate                  | : | Trustee's salary and disbursements (P.M.).<br>BNY Mellon: USD 10.500,00.<br>Trident Trust: (p.m.)        |
| 8.2 | Preferential claim tax authorities    | : | See first public report. The claim of the Internal Revenue service of NAf. 101,505.00 has to be checked. |
| 8.3 | Preferred claim SVB                   | : |  |
| 8.4 | Other preferred creditors             | : |  |
| 8.5 | Number of ordinary creditors          | : | There are a total of 52 unsecured creditors, including 36 redemption investors.                          |
| 8.6 | Amount outstanding ordinary creditors | : | USD 151,031,768.17 plus p.m. The claims have not been verified by the trustee yet. <sup>1</sup>          |
| 8.7 | Expected bankruptcy settlement method | : |  |
|     | Activities                            | : |  |

## 9. Procedures

- |     |                        |   |  |
|-----|------------------------|---|--|
| 9.1 | Name counterparty(ies) | : | IIG Global Trade Finance Fund Ltd (GTFF) and IIG Structured Trade Finance Fund Ltd (STFF).   |
| 9.2 | Type of procedure      | : | Civil Case based on the law of New York, filed with the Supreme Court of The State of New York County of New York: Commercial Division on December 27, 2019. According to their "Memorandum of law in Support of Plaintiffs' motion for summary judgment in lieu of Complaint Pursuant to CPLR 3213", Plaintiffs requested the Court an order: " <i>1) granting summary judgment in favor of Plaintiffs against Defendant in the amount of USD 14,339,479.97, plus (i) default interest accruing at eleven percent</i> |

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<sup>1</sup> A creditors' list is attached to the second report as Appendix C.

*per annum (11 p.a.) from the date of Guarantor’s failure to pay under the Nonpayment Notice, i.e., December 13, 2019, until the date such obligations are paid in full and (ii) together with all costs and expenses incurred in collecting such past due amounts, consistent with the terms of the Guarantee, the Note and the Security Agreement, including attorneys’ fees and costs, on the grounds that this action is based upon an instrument for the payment of money only and Defendant cannot raise any triable issue of fact, and (2) awarding Plaintiffs such other and further relief as this Court deems just and proper.”*

- 9.3 Current stage in the procedure : This procedure has been preliminary stayed by a Court Order of March 5, 2020 in which the Court granted the Provisional Relief as requested by the trustee. The stay continued under the Order of the Court granting recognition and other relief in aid of a foreign main proceeding dated April 3, 2020 (for more info see 9.4 – 9.6).
- 9.4 Name counterparty(ies)
- 9.5 Type of procedure : Order Authorizing the Foreign Representative to transfer remaining funds credited to IIG TOF’s Account at Bank Leumi USA for distribution in the Curaçao Liquidation.
- 9.6 Current stage in the procedure : The Court ruled in favor of the trustee in its “Order Authorizing the foreign representative to transfer remaining funds credited to IIG TOF’s account at Bank Leumi USA for distribution in the Curaçao Liquidation” dated December 29, 2020.
- 9.7 Name counterparty(ies)
- 9.8 Type of procedure : Civil Procedure filed with the First Hall of the Civil Court in Malta on or about February 20, 2020
- 9.9 Current stage in the procedure : The Civil Court of Malta granted the request of the trustee to recognize the bankruptcy of TOF in Malta by its final judgment dated January 7, 2021.

## 10. Various

- 10.1 Term for completion bankruptcy proceedings : Unknown
- 10.2 Plan of action :
- 10.3 Next bankruptcy report due in : September 2021

Activities

: It has become clear and/or confirmed that TOF has been mismanaged. David Hu has agreed, in connection with his plea, to forfeit more than USD 129 million. Therefore it is very important that TOF can file an advise with the United States Attorney regarding the loss it has incurred due to the fraudulent acts of David Hu.