

PUBLIC BANKRUPTCY REPORT
in the bankruptcy of

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

Report number: 4

Date: January 27th, 2022.

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 101.242,38
Report period : March 18, 2021 – January 26, 2022
Hours spent in report period : Maria 116.50 /Tromp 74.80
Total hours spent : Maria 772.20 / Tromp 217.60

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 3th, 2022, 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 and third 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, and the fact that David Hu pled guilty before 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.

Originally, sentencing before Judge Hellerstein was scheduled for June 17, 2021, at 9:00 a.m., however, this has been postponed various times. The new sentencing date is February 24th, 2022, however, there is no guarantee that this will be the last postponement of the sentencing.

On April 13th, 2021, the aforementioned United States Attorney for the Southern District of New York, Audrey Strauss, announced that Martin Silver, the other co-founder, managing partner and 50% co-owner of IIG, also pleaded guilty to 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.

According to the press release the U.S. Attorney Audrey Strauss said: "Today, Martin Silver admitted to participating in a sophisticated, decade-long scheme to defraud IIG funds and investors, abandoning his fiduciary responsibilities to IIG's clients, and causing millions of dollars of losses."

The sentencing control date of Martin Silver before judge Hellerstein has been scheduled for November 16th 2021 at 11:00 a.m. On November 15, 2021, the United States Attorney requested Judge Hellerstein to adjourn the sentencing control date by approximately six months.

Also the SEC charged Martin Silver with fraud. According to the litigation release

of the SEC of April 15th, 2021, SEC has “partially settled charges against Martin Silver in connection with a fraudulent scheme to overvalue assets held in a hedge fund offered by his investment advisory firm, International Investment Group (IIG). (...)”

“According to the SEC's complaint, from October 2013 to at least July 2018, Silver, the co-founder and chief operating officer of IIG, a formerly registered investment adviser, defrauded IIG's investment advisory clients by, among other things, grossly overvaluing the assets in IIG's flagship hedge fund. As alleged, the overvaluation of these assets resulted in the fund paying inflated fees to IIG, some of which went to Silver. The complaint further alleges that Silver falsely reported to investors that certain fake and overvalued loan assets that IIG sold between funds it advised were legitimate assets and were fairly valued.”

“Silver, who is cooperating with the SEC, consented to a bifurcated settlement, agreeing to be permanently enjoined from violations of the charged provisions, with monetary relief in an amount to be determined by the court at a later date upon motion of the Commission.”

Also important to notice is that according to the SEC litigation release; “the SEC instituted settled administrative proceedings on July 22, 2020, against Carlos Cano, a former IIG employee, for aiding and abetting IIG and Hu's violations. The settled order against Cano imposed a cease-and-desist order, an associational bar, and a \$300,000 civil penalty.”

“According to the SEC's order, since at least 2014, Cano played a key role in perpetrating various frauds on IIG's investment advisory clients to hide heavy losses in the flagship fund that IIG advised. The order finds that Cano participated in the scheme by assisting in the acquisition and creation of shell companies to act as nominal borrowers of

fake trade finance loans, obtaining fraudulent promissory notes purporting to memorialize the loans, and presenting forged loan documentation to advisory clients.”

Cano was an executive director of International Investment Group, LLC (IIG).

According to the litigation release of the SEC of December 22, 2020 the SEC charged Charles Samel, a former IIG consultant “for his role in an alleged fraud conducted by IIG to cover up tens of millions of dollars in investor losses and bad bets in order to keep its investment advisory business afloat.”

“As alleged in SEC’s complaint, Samel assisted IIG’s principals in concealing the fraudulent nature of a loan asset in the [TOF’s: addition trustee] fund’s portfolio. The complaint alleges that when auditors asked questions about the prospects that the fake loan would be repaid, Samel helped prepare a sham agreement falsely documenting the sale of the fake loan by the fund. The sham agreement was allegedly provided to the auditors to resolve their concerns about the loan, and as a result, no issues about the loan were raised in the audit report that was sent to the fund investors.”

“On August 23, 2021 a final judgment was entered by consent against Samel permanently enjoining him from future violations of Section 206(1) and 206 (2) of the Advisers Act in the civil action entitled Securities and Exchange Commission v. Charles Samel, 20 Civ. 10769 (DLC), in the United States District Court of the Southern District of New York.”

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) arising from 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 to above-mentioned property do not state that IIG Capital LLC was acting as agent of a fund, reason why all 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 Brazilian law firm, after consulting with the trustee, has engaged a real estate agent to find a buyer for the property. A sale requires a power of attorney from IIG Capital LLC. A request to that effect will be made.

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 : Proexpo, one of the subsidiaries of TOF, established in Ecuador, has been sold. The purchase price had to be paid to two investment funds that provided loans to Proexpo. The sale would not have been possible without repayment of these loans. The sale, under these circumstances, was also necessary for the liquidation of the estate and to avoid liability for the estate according to Ecuadorian law.

The trustee is in the process of selling another subsidiary 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 have 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 :
- 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 and Martin Silver pled guilty is enough indication that TOF, due to the unlawful acts of among others IIG, David Hu and Martin Silver, did not comply with the accounting obligation as stipulated by the laws of Curaçao. 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 liquidation.
- 7.6 Fraudulent actions : The trustee refers to the information provided under point 1.7 of this report and the accompanying documents.
- 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.

The trustee approached TOF’s counsel in the U.S. to advise the trustee on the best way to approach this matter. After receiving this advice, and discussing said advice with the creditors’ committee of TOF, the trustee decided to cooperate with the United States Attorney on this matter, after receiving the supervisory judge approval. The Attorneys of TOF have submitted the Victim Impact Statement on behalf of TOF to the United States Attorney on Friday, June 25th, 2021.

8. Creditors

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|-----|---------------------------------------|---|--|
| 8.1 | Claims on the estate | : | Trustee’s salary and disbursements (p.m.).
BNY Mellon: USD 10,500,00.
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 haven’t been verified by the trustee yet. ¹ |
| 8.7 | Expected bankruptcy settlement method | : | |
| | Activities | : | |

9. Procedures

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|-----|------------------------|---|---|
| 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>“I) 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 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</i> |

¹ A creditors’ list is attached to the second report as Appendix C.

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 enter into Assignment Agreement with TriLinc Global Impact Fund – Trade Finance, Ltd., and TriLinc Global Impact Fund.
- 9.6 Current stage in the procedure : The Court ruled in favor of the trustee in its “Order Authorizing the foreign representative to enter into assignment agreement “, dated June 2, 2021.
- 9.7 Name counterparty(ies)
- 9.8 Type of procedure :
- 9.9 Current stage in the procedure :

10. Various

- 10.1 Term for completion bankruptcy proceedings : Unknown
- 10.2 Plan of action :
- 10.3 Next bankruptcy report due in Activities : May 2022
- : It has become clear and/or confirmed that TOF has been mismanaged by David Hu and Martin Silver. It is therefore important to await the developments regarding the sentencing of Hu and Silver. Furthermore, the trustee will need to continue assisting the sale of the remaining TOF subsidiary as mentioned (for more info, see 3.12).

