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AJW Master Fund, Ltd., AJW Offshore II, Ltd., and AJW Master Fund II, Ltd.*

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

<p>In re:</p> <p>AJW OFFSHORE, LTD.,</p> <p>Debtor in a Foreign Proceeding.</p>
<p>In re:</p> <p>AJW MASTER FUND, LTD.,</p> <p>Debtor in a Foreign Proceeding.</p>
<p>In re:</p> <p>AJW OFFSHORE II, LTD.,</p> <p>Debtor in a Foreign Proceeding.</p>
<p>In re:</p> <p>AJW MASTER FUND II, LTD.,</p> <p>Debtor in a Foreign Proceeding.</p>

Chapter 15
Case No. 13- _____

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**VERIFIED PETITION OF FOREIGN REPRESENTATIVES
IAN STOKOE AND DAVID WALKER IN SUPPORT OF
APPLICATIONS FOR RECOGNITION OF FOREIGN MAIN PROCEEDINGS
PURSUANT TO 11 U.S.C. § 1517 AND ADDITIONAL RELIEF**

Petitioners Ian Stokoe and David Walker, of PwC Corporate Finance & Recovery (Cayman) Limited (the “**Joint Official Liquidators**” or “**Petitioners**”), are the foreign representatives of AJW Offshore Ltd. (“**Offshore I**”), AJW Master Fund, Ltd. (“**Master Fund I**”), AJW Offshore II, Ltd. (“**Offshore II**”), and AJW Master Fund II, Ltd. (“**Master Fund II**”) (collectively the “**Offshore Funds**”), as defined in section 101(24) of title 11 of the United States Code (the “**Bankruptcy Code**”), The Offshore Funds are each debtors in foreign proceedings (the “**Cayman Islands Proceedings**”) that are pending before the Grand Court of the Cayman Islands, Financial Services Division (the “**Cayman Islands Grand Court**”), as defined in Bankruptcy Code section 101(23).

Petitioners, by and through their attorneys Reid Collins & Tsai LLP, submit this verified petition (the “**Verified Petition**”) pursuant to sections 1515 and 1517 of the Bankruptcy Code, seeking recognition of the Cayman Islands Proceedings as foreign main proceedings and additional relief under sections 1520 and 1521. As set forth below, this application is based upon Petitioners’ extensive review of documents and financial records, including third-party pleadings and records; the books and records of the Offshore Funds and Onshore Funds (as defined below); the work Petitioners have performed in their role as liquidators; communications and dealings with the investment manager of the Offshore and Onshore Funds and with the U.S. Securities and Exchange Commission (the “**SEC**”); and the personal knowledge of the Petitioners.

PRELIMINARY STATEMENT

1. Petitioners, as the duly appointed foreign representatives of the Offshore Funds, have commenced these Chapter 15 cases under section 1504 of the Bankruptcy Code by filing

this Verified Petition, accompanied by all certifications, statements, lists and documents required pursuant to section 1515 of the Bankruptcy Code and Rules 1007(a)(4) and 1008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”). *See* paragraph 75 below.

2. The Offshore Funds were incorporated as exempted limited liability companies under the Cayman Island Companies Law. Offshore I and Offshore II were organized as feeder funds that owned interests in Master Fund I and Master Fund II, respectively.

3. The registered offices of the Offshore Funds are in the Cayman Island, where the Offshore Funds are based. As described more fully below, prior to and since the commencement of the Cayman Islands Proceedings, the business of the Offshore Funds has taken place in the Cayman Islands.

4. Prior to the commencement of the Cayman Island Proceedings, the Offshore Funds retained a company in the Caymans Islands called Admiral Administration Ltd. (“**Admiral**”) to perform and oversee a wide range of day-to-day operational functions. Admiral essentially acted as the administrator, registrar, and transfer agent for the Offshore Funds. In this capacity, Admiral maintained the corporate books and records of the Offshore Funds in the Cayman Islands. It also handled communications with the shareholders of the funds, processed subscriptions and redemptions, and provided clerical services. In addition, Admiral ensured that all filings were timely made with the Cayman Islands authorities.

5. In addition to using a Cayman company as their administrator, registrar, and transfer agent, the Offshore Funds used a Cayman firm as their auditor. The Offshore Funds were audited by Marcum & Kliegman (Cayman).

6. Furthermore, the offering memorandum that was issued in conjunction with the creation of the Offshore Funds identified and explained the fact that the funds were Cayman Islands entities.

7. The investment manager of the Offshore Funds was a company called First Street Manager II LLC (“**First Street**”), which was responsible for identifying and executing investments. First Street is a New York limited liability company that is solely owned and managed by the N.I.R. Group, LLC (“**NIR**”), an unregistered investment advisor located in Roslyn, New York. Corey Ribotsky (“**Ribotsky**”) is the manager and principal owner of NIR, through which he controlled the operations of First Street. Acting through NIR and First Street, Ribotsky employed a PIPE investment strategy on behalf of the Offshore Funds, whereby the Offshore Funds provided financing to micro-cap distressed, emerging growth, and start-up companies in exchange for convertible debentures. The strategy was ultimately not successful and Ribotsky, First Street, and NIR appear to have turned to increasingly desperate and improper stratagems even as concerns arose concerning their conduct. Ultimately, the SEC began an investigation of Ribotsky and NIR that led, on September 28, 2011, to the SEC’s filing a complaint against Ribotsky and NIR in the United States District Court for the Eastern District of New York (as amended on August 17, 2012, “**SEC Complaint**”).¹ In sum, the SEC alleged that Ribotsky and NIR engaged in fraud and other wrongdoing as the investment manager of the Offshore Funds.

8. During 2010 and 2011, while the SEC investigation was on-going and as it became clear that Ribotsky’s execution of a PIPE strategy was a failure, the Offshore Funds were placed into liquidation proceedings in the Cayman Islands Grand Court. The location of the

¹ The complaint is Case No. 2:11-cv-04723-JFB-GRM. It is annexed to the Declaration of Ian Stokoe (the “**Stokoe Declaration**”) as Exhibit F.

liquidation proceedings was consistent with the notice to investors in the Offshore Funds' offering memorandum that, because the Offshore Funds were Cayman-based entities, they could be subject to winding-up proceedings in the Cayman Islands.

9. The Cayman Islands Grand Court appointed Petitioners as Joint Official Liquidators over the Offshore Funds in five orders (collectively, the "**Winding-Up Orders**").² Since the initiation of the Cayman Islands Proceedings over a year ago, Petitioners have worked diligently to administer and manage the Offshore Funds in the Cayman Islands. Petitioners have collected and maintained books and records, identified assets, coordinated with creditors and investors, and taken steps to realize assets. They have hired various professionals to assist. They have also established a liquidation committee that consists of the Offshore Funds' creditors and investors. All these activities have taken place in the Cayman Islands.

10. Petitioners have worked diligently on behalf of the creditors and investors of the Offshore Funds in the Cayman Islands. Now they seek recognition in the United States to further their efforts on behalf of creditors and investors.

11. Petitioners, as duly appointed foreign representatives of the Offshore Funds, are entitled to petition this Court directly under section 1509 of the Bankruptcy Code for recognition of the Cayman Islands Proceedings. Petitioners seek recognition to (i) gain access to any information and/or records maintained in the United States necessary to identify, evaluate, maximize, and preserve the value of the Offshore Funds' assets; (ii) secure the unchallenged right to appear on behalf of the Offshore Funds and, where appropriate, either pursue or defend claims to which the Offshore Funds may be a party; and (iii) assist in assembling and efficiently administering the Offshore Funds' assets in one proceeding so as to prevent a piecemeal

² The Winding-Up Orders are dated April 6, 2011 for Offshore II, April 5, 2011 and May 30, 2011 for Master Fund II, December 20, 2011 for Offshore I, and December 20, 2011 for Master Fund I. The Winding-Up Orders are annexed hereto as **Exhibit A**.

disposition or degradation of assets that would undermine the Cayman Islands Proceedings and harm the Offshore Funds and their creditors.

12. Petitioners satisfy the requirements for recognition of the Cayman Islands Proceedings as main proceedings, as defined in section 1502(4) of the Bankruptcy Code, because the center of main interest—or “COMI”—of the Offshore Funds is the Cayman Islands. Petitioners have also met the requirements of 1515 and 1517 of the Bankruptcy Code. Recognition of the Cayman Islands Proceedings as main proceedings is not contrary to the public policy of the United States. Rather, recognition would further the goals of Chapter 15 by creating one forum for claims administration and asset recovery, maximizing the value of the estate, and encouraging cooperation between courts.

13. The relief requested is necessary to effectively protect, administer, and realize the value of the Offshore Funds’ assets for the benefit of all creditors and investors. Accordingly, Petitioners respectfully request that the Court (i) recognize the Cayman Islands Proceedings as foreign main proceedings, and (ii) grant the additional relief requested herein.

JURISDICTION AND VENUE

14. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and section 1501 of the Bankruptcy Code. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(P). Venue is proper pursuant to 28 U.S.C. § 1410. The statutory predicates for the relief requested herein are sections 108, 1504, 1507, 1509, 1515, 1516, 1517, 1520, and 1521 of the Bankruptcy Code and Bankruptcy Rule 1007.

BACKGROUND

15. The Court is respectfully referred to the accompanying Stokoe Declaration and the Declaration of Christopher Russell (the “**Russell Declaration**”), which set forth the relevant facts in greater detail.

16. Petitioners submit the information in this Verified Petition and the accompanying declarations are based upon the information that is presently available to them. Upon information and belief, Ribotsky, NIR, and First Street possess numerous records and documents belonging to the Offshore Funds that have not been turned over to Petitioners yet. Despite numerous requests to date, Petitioners have received only limited cooperation from Ribotsky, NIR, and First Street. Therefore, except as where otherwise indicated, the facts upon which this application is based are drawn from the pleadings filed in the Cayman Islands Proceedings, the SEC Complaint, the books and records of the Offshore Funds that were in the possession of Admiral and which have been provided to Petitioners, and such other documents as the Petitioners have been able to identify, collect, and review.

A. Offshore I and Master Fund I

17. Offshore I was incorporated as an exempted limited liability company under the Cayman Islands Companies Law in 2001. It was designed primarily to accommodate eligible non-U.S. investors. A copy of Offshore I’s Certificate of Incorporation is annexed to the Stokoe Declaration as Exhibit A. At the time of incorporation, Offshore I was called AJW/New Millennium Offshore, Ltd. That name was later changed on November 18, 2002 to AJW Offshore, Ltd. A copy of the Certificate of Incorporation on Change of Name is annexed to the Stokoe Declaration as Exhibit B.

18. Master Fund I was incorporated as an exempted limited liability company under the Cayman Islands Companies Law in 2007. A copy of Master Fund I's Certificate of Incorporation is annexed to the Stokoe Declaration as Exhibit C. Since they were incorporated, the registered offices of Offshore I and Master Fund I have always been in the Cayman Islands. (After being appointed as liquidators, the Petitioners changed the registered offices of the Offshore Funds to PricewaterhouseCoopers, P.O. Box 258, Strathvale House, Grand Cayman, KY1-1104, Cayman Islands.)

19. NIR was the sole owner of First Street, which owned 100% of Offshore I's voting shares. Offshore I, in turn, owned approximately 70% of Master Fund I. Given that First Street was the investment manager of Offshore I and owned all of its voting shares, and that Offshore I owned approximately 70% of Master Fund I's shares, First Street indirectly held the power to vote 70% of the shares of Master Fund I. Added to those facts, NIR controlled the investment manager entity of the only other shareholder of Master Fund I, AJW Qualified Partners I, LLC ("**Qualified Partners I**"). Consequently, NIR indirectly held the power to vote all the shares of Master Fund I through its control of the entities that acted as investment managers.

20. Offshore I represented to investors that it was managed by its directors, Ribotsky and Martin Lang ("**Lang**"), the latter of whom was a resident of the Cayman Islands. Lang was appointed a director on February 19, 2001 and resigned on September 23, 2011. Master Fund I's original directors were Ribotsky, Lang, and Susan Bjuro ("**Bjuro**"), who was also a Cayman Islands resident. On May 16, 2007, Bjuro resigned as director of Master Fund I. On September 23, 2011, Lang resigned as director of Master Fund I and was replaced by Robert M. Cohen, a former employee of NIR.

21. A private placement memorandum for Offshore I was provided to potential investors in connection with the investment by Offshore I in Master Fund I. The private placement memorandum described the funds as exempted companies incorporated under the laws of the Cayman Islands and instructed investors to contact the Cayman-based administrator of the funds for subscription information. The memorandum also informed investors that, as Cayman entities, Offshore I and Master Fund I could be subject to winding-up proceedings in the Cayman Islands.

22. Offshore I and Master Fund I retained Admiral in the Cayman Islands to act as administrator, registrar, and transfer agent. Admiral was responsible for maintaining the Offshore Funds' corporate books and records, communicating with shareholders, ensuring that all filings were timely made with Cayman Islands authorities, processing subscriptions and redemptions, and providing clerical services in connection with the day-to-day administration of the Offshore Funds.

23. The Offshore Funds were audited by a Cayman company. Marcum & Kliegman (Cayman) was Offshore I's and Master Fund I's auditor.

24. In addition to his involvement with the Offshore Funds and Qualified Partners I, Ribotsky also managed two other AJW funds that were based in the United States: New Millennium Capital Partners II, LLC ("**New Millennium Capital Partners II**") and AJW Partners, LLC ("**AJW Partners I**"). While the U.S.-based funds had similar PIPE investment strategies as the Offshore Funds, they were not directly related to the feeder/master fund structure of the Offshore Funds.

B. Offshore II and Master Fund II

25. In November 2008, Ribotsky restructured the AJW fund entities, which essentially consisted of setting up new funds that were a mirror-image of the old funds, but with “II” or “III” added to their names. To restructure Offshore I and Master Fund I, Ribotsky formed Offshore II (again, designed principally to accommodate eligible non-U.S. investors), AJW Qualified Partners II, LLC (“**Qualified Partners II**”), and Master Fund II. The ownership structure of Master Fund II also mirrored the ownership structure for Master Fund I. The sole shareholders and feeder funds of Master Fund II were Offshore II and Qualified Partners II, just as Offshore I and Qualified Partners I were the sole shareholders of Master Fund I.

26. In October 2008 Offshore I wrote to investors advising that it intended to “restructure their investments.” Investors were required to elect one of three different options regarding their shareholding, which basically consisted of either:

1. Option 1 an exchange of shares in Offshore I for Class A shares in Offshore II with a lock-up period of 3 years and payment cap of 12.5% of Offshore II’s available cash (as defined), with quarterly redemptions to resume after the expiry of the lock up period on 120 days’ notice and a reduced Investment Management fee of 15%;
2. Option 2 an exchange of shares in Offshore I for Class B shares in Offshore II with no lock-up period and 90 days’ notice for redemptions, but subject to a redemption cap of 12.5% of the aggregate NAV of the investor’s shares per redemption period, with requests in excess of the 12.5% redemption cap to be redeemable on the future redemption dates. However, this was subject to a payment cap of 12.5% of Offshore II’s available cash (as defined). This option provided for Investment Management fees being reduced to 17.5%. Importantly, the letter stated that “full redemption requests will generally be satisfied over eight (8) quarters.”; or

3. Option 3 no exchange of shares held on Offshore I with a wind down of positions over time by compulsory redemptions on a pro rata basis. Again, reference was made to the time in which an investor could exit their investment, namely “it is generally expected to take approximately 36 months or longer to successfully sell the securities of all of the portfolio companies held by the Company.”

27. Petitioners believe that a similar offer was made to investors in Qualified I.

28. It appears that most investors in Offshore I and Qualified Partners I elected to exchange their shares for shares in Offshore II and Qualified Partners II.

29. Based on the information available at this time, Petitioners understand that the restructuring transferred a “vertical slice” of the assets from the old funds—*i.e.* a pro rata share of each entity’s securities and cash equivalent to the NAV of the shares held by investors electing to exchange—to the new funds.

30. Offshore II and Master Fund II were incorporated as exempted limited liability companies under the Cayman Islands Companies Law. Copies of Offshore II’s and Master Fund II’s Certificates of Incorporation are annexed to the Stokoe Declaration as Exhibit D. On incorporation, Master Fund II was called AJW Special Assets Fund, Ltd. On October 22, 2008, its name was changed to AJW Master Fund II, Ltd. A copy of the Certificate of Incorporation on Change of Name is annexed to the Stokoe Declaration as Exhibit E. Offshore II and Master Fund II are based in the Cayman Islands. Their registered offices have always been in the Cayman Islands. (As noted earlier, Petitioners moved the registered office address within Cayman after their appointment.)

31. Offshore II and Master Fund II also retained Admiral in the Cayman Islands as their administrator, registrar, and transfer agent. Admiral fulfilled the same role as with respect to Offshore I and Master Fund I: maintaining the corporate books and records, communicating with shareholders, ensuring that all filings were timely made with Cayman Islands authorities,

processing subscriptions and redemptions, and providing clerical services in connection with the day-to-day administration of the Offshore Funds.

32. Petitioners believe Offshore II and Master Fund II also retained Marcum & Kliegman (Cayman) as their auditor.

33. The private placement memoranda for Offshore II that was provided to potential investors in connection with the investment of Offshore II in Master Fund II described the funds as exempted companies incorporated under the laws of the Cayman Islands. They also instructed investors to direct inquiries concerning subscription information to the Cayman-based Administrator. The private placement memoranda also indicated that, as Cayman entities, Offshore II and Master Fund II could be subject to winding-up proceedings in the Cayman Islands.

34. First Street was the investment manager of Offshore II and Master Fund II. As had been the case with Offshore I, First Street owned 100% of the voting shares of Offshore II. Offshore II, in turn, owned the majority of Master Fund II. As a result, because First Street owned all of the voting shares of Offshore II and was the fund's investment manager, and given that Offshore II owned a majority of Master Fund II's shares, First Street also indirectly held the power to vote the shares of Master Fund II. In addition to its ownership and control of First Street, NIR controlled the investment manager entity of Qualified Partners II, which was the only other shareholder of Master Fund II. Consequently, through its ownership and control of the investment managers, NIR indirectly held the power to vote all the shares of Master Fund II.

35. After Petitioners were appointed over the Offshore Funds, First Street and NIR's ability to vote on behalf of, and otherwise manage and control, the Offshore Funds transferred to Petitioners.

36. As of the date Petitioners were appointed, Corey Ribotsky and Sarah Kelly, a resident of the Cayman Islands, were the directors Offshore II and Master Fund II. Offshore II's founding shareholders were Corey Ribotsky and Cayman residents Ann-Marie Cathro, Emilie Cameron, and Martin Lang.

C. The Investment Strategy of the Offshore Funds

37. All of the Offshore Funds appear to have pursued the same type of investment strategy. Each was a type of fund that is generally referred to as a PIPE fund, meaning they made private investments in public equities. PIPE funds trade across the whole market spectrum, providing funding to public companies with a wide range of financial strength. Petitioners understand that the Offshore Funds traded at the distressed end of the market, predominantly providing funding to businesses that could not obtain financing from more traditional sources. Petitioners also understand that some AJW Funds provided funding to start-up companies.

38. The Offshore Funds purchased notes from public companies (“**Issuers**”) pursuant to sale and purchase agreements between the Offshore Funds and the Issuers, whereby the Offshore Funds would lend funds to the Issuer subject to agreed interest and repayment terms in the form of convertible debentures. The convertible debentures allowed the Offshore Funds to convert their debt to stock at a predetermined, and usually significant, discount to market price. This conversion mechanism was the primary mode of repayment by the Issuers. The idea was that the Offshore Funds would turn around and sell the stock for a price in excess of the conversion price.

D. Events Leading to Liquidation

39. From what Petitioners have been able to ascertain, by mid-to-late 2007, Ribotsky's PIPE investment strategy began to fail. Many of the companies that received

financing from the Offshore Funds were struggling, on the verge of bankruptcy, or defunct. Many defaulted on their loan and conversion obligations to the Offshore Funds.

40. Rather than disclose these facts to investors and write down the fair value of the Offshore Funds, Ribotsky chose to “restructure” the outstanding debt by issuing new debentures to the same delinquent and nonperforming companies. Ribotsky rolled the outstanding principal, interest, and default penalties into new debentures which provided even greater conversion discounts for the Issuer’s shares. In reality, though, these greater conversion discounts were an illusory benefit at best. While the restructuring strategy contractually entitled the Offshore Funds to a greater number of shares, for many of the Issuers, there was little, if any, trading volume for their stock by late 2007. As such, the assets of the Offshore Funds consisted largely of conversion rights and ownership stakes in illiquid and failing companies.

41. As the investments failed, Ribotsky’s strategies became more questionable. Upon information and belief, some investors began to raise questions as information began to leak out, including through the reaction of the Offshore Funds to requests for information from investors and its failure to meet redemption requests. Some investors may also have obtained information, albeit in an incomplete or misleading manner, via their own review of the securities held by the fund or general word of mouth.

42. Eventually, the SEC instituted an investigation into Ribotsky’s and NIR’s investment management of the Offshore Funds and certain U.S.-based funds with similar investment strategies: Qualified Partners I, Qualified Partners II, AJW Partners I, AJW Partners II, LLC, New Millennium Capital Partners II, and New Millennium Capital Partners III, LLC (collectively, the “**Onshore Funds**” and with the Offshore Funds, the “**AJW Funds**”). On September 28, 2011, the SEC initiated a lawsuit against Ribotsky and NIR. The SEC Complaint

contains serious allegations of wrongdoing on the part of Ribotsky and NIR, specifically in connection with their roles managing the investments of the Offshore Funds, including (i) artificially inflating the apparent financial performance of the AJW Funds to justify performance fees based on Ribotsky's calculation of AJW Funds' assets under management and unrealized gains; (ii) impermissibly transferring money from certain Offshore Funds to other funds to satisfy redemption requests; and (iii) failing to conduct due diligence regarding a sale of \$43.2 million worth of AJW Funds' assets to U.S. persons (*i.e.*, the Fairhills Promissory Notes (as defined below)) that has yielded no return for the funds.

43. The factual allegations in the SEC Complaint could also form the basis for claims by the Offshore Funds against various entities located in the United States, including Ribotsky, NIR, First Street, and other parties. As pleaded in the SEC Complaint, Ribotsky engaged in fraud and self-dealing through NIR and First Street, causing the AJW Funds, including the Offshore Funds, millions of dollars in losses. Among other things, the debt-instrument restructuring in 2008 allowed Ribotsky to record more unrealized gains for investments and to avoid disclosing what otherwise would have been an ever-growing number of defaulted loans held by the AJW Funds. Ribotsky used this pattern of restructuring defaults to justify artificially high unrealized gains and asset values, which increased his management and performance fees.

44. Ribotsky thus created a scheme to keep up the appearance that the investments made by the AJW Funds were successful when, in fact, they were not. Ribotsky's incentive for the scheme was to generate inflated management fees for the investment managers that were under his ownership and control because their management fees were based, in substantial part, on Ribotsky's calculation of the value of each fund's assets under management and unrealized gains. Ribotsky earned management fees equal to 2% of the AJW Funds' assets and

performance fees equal to 20% of the AJW Funds' supposed annual profits, which consisted of realized and unrealized gains.

45. Master Fund I's creation, as set forth in the SEC Complaint, was also intended to perpetuate Ribotsky's scheme. At the time Master Fund I was created, Qualified Investors I was facing investor redemption requests totaling \$39 million that were payable in June and September 2007, but had only \$13 million in actual cash. At the same time, Offshore I had \$124 million in cash on hand and was facing relatively modest investor redemption requests of only \$28 million. Given the lack of cash available in Qualified Partner I to pay its investor redemption requests, Ribotsky used the cash in Offshore I, a separate fund, to pay the outstanding redemption requests of investors in Qualified Partners I. Upon information and belief, the payments were made by transferring the money through Master Fund I.

46. In the SEC Complaint, the SEC also sets forth allegations that could serve as the basis for causes of action by the Offshore Funds against other parties. For example, the SEC alleges that Ribotsky caused the AJW Funds to enter into a series of nine transactions during the fourth quarter of 2008 in which the AJW Funds sold convertible PIPE debentures that NIR valued at \$43.2 million to certain entities controlled by Edward Bronson (such entities are hereafter collectively referred to as "**Fairhills**"). Fairhills did not pay cash for these convertible debentures, though. Instead, Ribotsky agreed to accept, as full payment for the purchase of the debentures, promissory notes from Fairhills that were payable three to six months after the transactions closed (the "**Fairhills Promissory Notes**"). Bronson also executed personal guarantees that obligated him to pay the full purchase price for the debentures in the event that Fairhills could not or did not pay. By recording the transaction involving the debentures as "sales," despite the fact that the Funds did not actually receive any money, Ribotsky and his

entities recorded \$18 million in net realized gains in 2008 and NIR received performance fees on these gains.

47. Petitioners do not believe Ribotsky and NIR conducted any meaningful due diligence on Bronson or Fairhills prior to entering into the transactions. When payment on the debentures came due, Fairhills and Bronson defaulted on their repayment and guarantee obligations.

E. Appointment of Joint Official Liquidators

48. On September 13, 2010, ThreeAM SPC, Ltd., a creditor of Offshore II, filed a petition seeking the winding up of Offshore II. Acting through First Street, Ribotsky initially opposed Offshore II's winding up. The petition was heard by the Cayman Islands Grand Court and, on April 6, 2012, the court ordered Offshore II to be wound up and appointed Petitioners as Joint Official Liquidators.

49. On March 30, 2011, Ribotsky sought to put Master Fund II into a voluntary liquidation by signing a resolution on behalf of Offshore II and Qualified Partners II (the only shareholders of Master Fund II). Messrs. Simon Whicker and Kris Beighton of KPMG were appointed Joint Voluntary Liquidators of the Master Fund. On April 5, 2011, the Cayman Island Grand Court (without a hearing) ordered Master Fund II to proceed under a court supervised liquidation and appointed Simon Whicker and Kris Beighton of KPMG as the Joint Official Liquidators. Petitioners thereafter applied for an order removing KPMG as Joint Official Liquidators of Master Fund II and appointing Petitioners, based on the fact that they had already been appointed as Joint Official Liquidators of Offshore II. The Cayman Islands Grand Court issued that order on May 30, 2011.

50. Shortly after their appointment over Offshore II and Master Fund II, Petitioners learned that neither fund held significant tangible assets in its own name. Rather, the funds held beneficial interests in assets held by other AJW Funds.

51. To establish control of Offshore II's and Master Fund II's assets, Petitioners negotiated an agreement, the Portfolio Control Agreement ("PCA"), with First Street. In basic terms, the PCA provided that First Street could conduct sales only with Petitioners' consent. No such sales proved possible during October 2011.

52. At or about the same time, NIR requested permission and agreed to withdraw its entities from acting as investment managers of the AJW Funds and asked that Petitioners be appointed as liquidators over every AJW Fund, including the Onshore Funds.

53. Accordingly, on October 31, 2011, Petitioners were appointed as Joint Voluntary Liquidators of Offshore I and Master Fund I.³ Thereafter, because those funds were unable to pay their debts with interest for the next 12 months, on December 20, 2011, the Cayman Islands Grand Court ordered that Offshore I's and Master Fund I's liquidation come under the court's supervision and appointed Petitioners as Joint Official Liquidators.

54. Subsequently, on January 9, 2012, the investment managers of the Onshore Funds signed resolutions in which they resigned as managers and appointed Petitioners as joint liquidators of the Onshore Funds. From what Petitioners understand, the SEC was informed of this in advance and did not oppose.

³ Shortly after Petitioners were appointed as Joint Voluntary Liquidators, Offshore I's and Master Fund I's directors informed Petitioners that the funds would not be able to provide declarations of solvency, meaning that the funds could not pay their debts plus interest within a 12-month period. As a result, under section 124 of the Cayman Islands Companies Law, Petitioners were required to apply to the Cayman Islands Grand Court for an order for the liquidations of Offshore I and Master Fund I to proceed under the Cayman Islands Grand Court's supervision.

55. Following Petitioners' appointment as liquidators over every AJW Fund and the resignation of the NIR entities, the NIR entities' authority over the AJW Funds was effectively revoked. The PCA was therefore no longer required and it was terminated on January 17, 2012.

F. History of the Liquidation

56. As of the initiation of the Cayman Islands Proceedings, the assets of the Offshore Funds' assets fall primarily into four categories. First, the Offshore Funds held approximately \$427,000 in cash in bank and brokerage accounts that, prior to the liquidation, were located in the U.S. and Cayman Islands. Second, the Offshore Funds hold callable secured convertible notes and warrants issued largely by U.S. entities for which Uniform Commercial Code filings are required to perfect securities interests over the assets of the Issuers. Third, the Offshore Funds have causes of action against various Issuers. Fourth, the Offshore Funds have potential claims against Ribotsky, First Street, NIR, Fairhills, and the Offshore Funds' former professionals, almost all of whom are located in the U.S.

57. As of today, Petitioners are in the midst of a lengthy and complex liquidation process for which they are the sole persons authorized to act on behalf of the Offshore Funds. Petitioners have conducted a substantial amount of work on behalf of the Offshore Funds' estates and creditors. Petitioners have hired various professionals, including Cayman Islands and United States counsel. Some highlights of the work Petitioners have performed on behalf of the Offshore Funds' estates are as follows:

1. Creditor and Investor Coordination

58. Cayman Islands law requires that when a company is wound up, the joint official liquidators must hold meetings of creditors and investors and provide those parties with the opportunity to form a liquidation committee to assist the joint liquidators in their functions.

59. Petitioners sought direction from the Cayman Islands Grand Court to avoid duplication of effort between the Offshore Funds' separate liquidation proceedings. The Cayman Islands Grand Court ordered the formation of one liquidation committee to cover all of the Offshore Funds.

60. The members of the Offshore Funds' liquidation committee (the "**Liquidation Committee**") are Field Nominees Ltd A/C 1365335, Citco Global Custody NV Ref BBH LUX Peak Partners, Nobilis Inc, KDTC acting as nominee for Theta Multistar Mid Volatility Fund, Kas Trust Bewaarder Finless, Coolectief Beheer Fonds B.V., and AJW Manager, LLC ("**AJW Manager**"). Because AJW Manager is related to Ribotsky, Petitioners are seeking the entity's removal as a member of the Liquidation Committee pursuant to the direction of the Cayman Islands Grand Court.

61. The role of the Liquidation Committee is to act as representatives for the general body of creditors and investors. The Liquidation Committee has met on multiple occasions to agree on a strategy for asset realization, appoint third parties to assist Petitioners in this process, and evaluate potential causes of action.

62. One of the Liquidation Committee's functions is to review and, where appropriate, approve Petitioners' fees before the fees are submitted for approval to the Cayman Islands Grand Court. Indeed, the Liquidation Committee has reviewed and approved Petitioners' fees from the period of appointment through August 31, 2012.

63. Petitioners are in frequent communication with the Liquidation Committee.

Petitioners use the Liquidation Committee as a confidential sounding board regarding issues that may arise in the liquidations. Petitioners have also held multiple meetings with the Offshore Funds' general creditors and investors, most recently on August 14, 2012.

64. Petitioners have also issued the following reports and letters to creditors and investors, in accordance with the Winding-Up Orders:

- AJW Offshore II Ltd. (In Official Liquidation) First Report to Creditors and Contributories, May 21, 2011;
- AJW Offshore II Ltd. (In Official Liquidation) report to Court for the period 6 April 2011 to 31 May 2011, June 29, 2011;
- Update Letter regarding AJW Offshore II, Ltd. & AJW Master Fund II, Ltd., December 15, 2011;
- AJW Offshore, Ltd. & AJW Master Fund Ltd. (Both In Official Liquidation) First Report to Creditors and Contributories, February 1, 2012;
- AJW Group (In Liquidation) Report to Creditors and Investors, February 10, 2012;
- AJW Group (In Liquidation) Brief Update to Creditors and Investors, May 4, 2012; and
- AJW Group (In Liquidation) Report to Creditors and Investors, August 9, 2012.

2. Asset Realization

65. Petitioners, in conjunction with the Liquidation Committee, retained Hull Capital Management, LLC and Gemini Strategies LLC, Inc. (collectively, "**Hull/Gemini**") to assist Petitioners in asset realization.

66. Hull/Gemini has carried out an extensive review of the AJW Funds' portfolio and assisted Petitioners with a strategy for generating value from the portfolio. The Offshore Funds were supposed to have received repayment of debt from Issuers principally via the conversion of

debt to equity at a predetermined, and usually significant, discount to market price, followed by the immediate sale of the stock at a price in excess of the conversion price. Given the very low trading prices and trading volumes of the majority of the surviving Issuers, this strategy would require many years—in some cases, hundreds of years, if ever—to fully convert and trade all the outstanding debt. Accordingly, Petitioners are seeking to negotiate settlements with Issuers, where appropriate, and have already consummated some settlements.

67. In addition to generating value from the portfolio, Petitioners and the Liquidation Committee have been evaluating causes of action against former management and professionals as well as other third parties. Considering that the allegations in the SEC Complaint predate 2007, Petitioners are cognizant of the fact that the statutes of limitations on potentially valuable causes of action may have imminent expiry dates. Petitioners, therefore, seek to promptly preserve these potential causes of action.

3. Books and Records

68. Petitioners have acquired the Offshore Funds' books and records from Admiral located in the Cayman Islands. A significant portion of the Offshore Funds' investment and accounting records, however, are held by NIR.

69. Although NIR has produced some documents, including some financial information, NIR has not been fully cooperative and many requests for records remain outstanding, including without limitation, bank statements, invoices paid or owed by the Offshore Funds, historic debenture schedules, engagement letters with service providers, and details and calculations to support investment manager fees.

RELIEF REQUESTED

70. Petitioners, as duly organized foreign representatives of the Offshore Funds, seek recognition of the Cayman Islands Proceedings as foreign main proceedings (or alternatively as foreign nonmain proceedings) pursuant to sections 1504, 1507, 1509, 1515, and 1517, and seek relief as of right under section 1520 and certain additional relief available under sections 108, 1519, and 1521.

71. Specifically, Petitioners seek entry of an order substantially in the form annexed hereto as **Exhibit B** granting the following relief as necessary to best advance the winding-up of the Offshore Funds in the Cayman Islands Proceedings:

- a. recognizing the Cayman Islands Proceedings as foreign main proceedings as defined in section 1502(4);
- b. granting relief as of right upon recognition of a foreign main proceeding pursuant to sections 108 and 1520;
- c. granting additional relief as authorized by section 1521, including, without limitation:
 - staying the commencement or continuation of any action or proceeding concerning the assets, rights, obligations or liabilities of the Offshore Funds, to the extent not stayed by section 1520(a);
 - staying execution against the assets of the Offshore Funds to the extent not stayed by section 1520(a);
 - authorizing Petitioners to issue subpoenas, examine witnesses, take 2004 examination, take evidence, seek production of documents, and deliver information concerning the assets, affairs, rights, obligations or liabilities of the

Offshore Funds for the purposes of locating and analyzing the Offshore Funds' assets and liabilities, and obtaining recovery of the Offshore Funds' books and records;

- entrusting Petitioners with the administration and realization of all of the Offshore Funds' assets that are located within the territorial jurisdiction of the United States, including, without limitation, any and all claims and causes of action belonging to the Offshore Funds (including avoidance actions under Cayman Islands law);
- extending relief granted under section 1519(a); and
- awarding Petitioners such other and further relief as this Court may deem just and proper.

BASIS FOR SUCH RELIEF

A. Petitioners Have Satisfied the Requirements for Recognition

72. As set forth in the accompanying Memorandum of Law, the Cayman Islands Proceedings are entitled to recognition under section 1517 of the Bankruptcy Code because:

- a. the Cayman Islands Proceedings are (i) foreign proceedings within the meaning of section 101(23) of the Bankruptcy Code; (ii) foreign main proceedings within the meaning of section 1502(4) of the Bankruptcy Code because the Cayman Islands Proceedings are being conducted in the location of the Offshore Funds' COMI; and (iii) in the alternative, foreign nonmain proceedings because they are pending in a location of the Offshore Funds' establishment;
- b. Petitioners are foreign representatives within the meaning of section 101(24) of the Bankruptcy Code; and

c. the Offshore Funds' Chapter 15 petitions meet the requirements of section 1515 of the Bankruptcy Code.

73. Moreover, recognizing the Cayman Islands Proceedings would not be manifestly contrary to the public policy of the United States under section 1506 of the Bankruptcy Code. In fact, granting recognition would further the stated policy goals of Chapter 15 by promoting cooperation between courts, allowing for the fair and efficient administration of cross-border insolvencies, and facilitating the protection and maximization of the Offshore Funds' assets.

74. Indeed, Chapter 15 recognition will enhance and facilitate the ability of the Joint Official Liquidators to fulfill their duties to investigate the affairs of the Offshore Funds and realize and distribute the Offshore Funds' assets in accordance with Cayman Islands insolvency law. Specifically, Chapter 15 recognition will allow the Joint Official Liquidators to (i) identify, evaluate, maximize, and preserve the value of the Offshore Funds' assets; (ii) provide Petitioners with the unequivocal right to appear on behalf of the Offshore Funds and, where appropriate, either pursue or defend claims that the Offshore Funds may be a party to; and (iii) assist Petitioners in assembling and efficiently administering the Offshore Funds' assets in one proceeding so as to prevent a piecemeal disposition or degradation of assets that would undermine the Cayman Islands Proceedings and harm the Offshore Funds and their creditors.

75. The following documents are annexed hereto in support of this Verified Petition, as required by section 1515 and Bankruptcy Rules 1007 and 1008:

a. pursuant to section 1515(b), a certified copy of the Winding-Up Orders of the Cayman Islands Grand Court appointing Petitioners as Joint Official Liquidators for the Offshore Funds, annexed as **Exhibit A**;

b. pursuant to 11 U.S.C. § 1515(c), a statement certifying, among other things, that no foreign proceeding with respect to the Offshore Funds are known to the Petitioners, annexed as **Exhibit C**;

c. pursuant to Bankruptcy Rule 1007(a)(4), annexed hereto as **Exhibit D** is:

- a corporate ownership statement containing the information described in Bankruptcy Rule 7007.1;
- a list containing the names and addresses of all persons or bodies authorized to administer foreign proceedings of the Offshore Funds;
- a list of all known parties to litigation and/or arbitration pending in the United States in which the Offshore Funds are a party at the time of the filing of the Petitions; and
- a list of all entities against whom provisional relief is being sought pursuant to section 1519;

d. pursuant to 28 U.S.C. § 1746, a verification by Petitioners regarding this Verified Petition, annexed hereto as **Exhibit E**.

76. Because (i) the Cayman Islands Proceedings are foreign proceedings under section 101(23), (ii) Petitioners are foreign representatives under section 101(24), (iii) the Offshore Funds' COMI lies in the Cayman Islands, (iv) Petitioners have complied with all requirements of 11 U.S.C. § 1515 and Bankruptcy Rule 1007(a)(4), and (v) recognition of the Cayman Islands Proceedings would not be contrary to public policy under 11 U.S.C. § 1506, Petitioners are entitled to entry of an order recognizing the Cayman Islands Proceedings as foreign main proceedings.

77. Alternatively, in the event the Court determines that the Cayman Islands Proceedings are not eligible to be recognized as foreign main proceedings as Petitioners believe they should, the Cayman Islands Proceedings should be recognized as foreign nonmain proceedings as defined in 11 U.S.C. § 1502(5) because, as set forth in the supporting

Memorandum of Law, the Offshore Funds at minimum maintain an establishment in the Cayman Islands where nontransitory economic activity takes place.

B. Recognition of the Cayman Islands Proceedings and the Additional Relief Requested will Benefit All Creditors

78. The Cayman Islands Proceedings provide for a centralized process to assert and resolve claims against the Offshore Funds' estates, and to make distributions to the Offshore Funds' creditors. Relief and recognition are requested to protect the Offshore Funds' assets and maintain, as well as maximize, value for the Offshore Funds' creditors. Central administration of these assets is critical to any meaningful realization of their value. Specifically, Petitioners must assess and analyze the Offshore Funds' ownership stake in various entities and ability to enforce the conversion provisions of various debentures. Petitioners also believe, based on their own investigation to date and the SEC's numerous allegations, that the Offshore Funds have valuable causes of action against Ribotsky, NIR, First Street, Fairhills, and the Offshore Funds' former professionals.

79. During their tenure, Petitioners have requested various documents from Ribotsky and his entities. Although some documents have been produced, it appears significant critical documents have not yet been turned over. Petitioners also believe the Offshore Funds' former professionals, namely U.S. law firms, hold important records belonging to the Offshore Funds. For Petitioners to effectively administer the Offshore Funds, Petitioners require access to those books and records, as well as those persons

80. The Cayman Islands Proceedings and the relief requested herein will protect the Offshore Funds' assets, provide Petitioners with access to information necessary to assemble the assets and claims of the Offshore Funds for administration, enforce and protect the Offshore

Funds' rights against third parties with respect to such assets, and maximize the value of the Offshore Funds' assets for the benefit of their creditors.

81. Thus, Petitioners now seek recognition of the Cayman Islands Proceedings as foreign main proceedings in order to garner and administer the Offshore Funds' assets that may be located and held in the United States for the benefit of all of the Offshore Funds' creditors.

82. Petitioners also seek additional relief so that they may conduct discovery and bring causes of action in order to ensure the identification of all of the Offshore Funds' assets and efficient administration of those assets to the Offshore Funds' creditors, thereby preventing piecemeal disposition or degradation of assets that would undermine the Cayman Islands Proceedings and harm the Offshore Funds and their creditors. This relief should be granted on a permanent and provisional basis (as described in the Motion for Provisional Relief Pursuant to Section 1519 Pending Recognition of Foreign Main Proceeding) so that Petitioners can gain access to critical information quickly and ensure that applicable limitations periods do not expire.

CONCLUSION

83. WHEREFORE, Petitioners respectfully request that this Court enter and order recognizing the Cayman Islands Proceedings as foreign main proceedings, granting additional relief upon recognition substantially in the form annexed hereto as Exhibit B, and granting such other and further relief as to the Court appears just and proper.

Dated: January 7, 2013
New York, New York

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and AJW Master Fund II, Ltd.*

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re:

AJW OFFSHORE, LTD.,

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 13- _____

In re:

AJW MASTER FUND, LTD.,

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 13- _____

In re:

AJW OFFSHORE II, LTD.,

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 13- _____

In re:

AJW MASTER FUND II, LTD.,

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 13- _____

**ORDER GRANTING RECOGNITION
OF A FOREIGN MAIN PROCEEDING**

Petitioners Ian Stokoe and David Walker, both of PwC Corporate Finance & Recovery (Cayman) Limited (the “Petitioners”), in their capacity as duly appointed foreign representatives, as defined in section 101(24) of title 11 of the United States Code (the “Bankruptcy Code”), of AJW Offshore Ltd. (“Offshore I”), AJW Master Fund, Ltd. (“Master Fund I”), AJW Offshore II, Ltd. (“Offshore II”), and AJW Master Fund II, Ltd. (“Master Fund II”) (collectively the “Offshore Funds”) debtors in foreign proceedings (the “Cayman Islands Proceedings”), as

defined in Bankruptcy Code section 101(23), pending before the Grand Court of the Cayman Islands, Financial Services Division (the “Cayman Islands Grand Court”), by and through their attorneys Reid Collins & Tsai LLP, having filed the (i) Official Form B1 Chapter 15 petitions for each of the Offshore Funds commencing these Chapter 15 cases (the “Petitions”); (ii) Verified Petition of Foreign Representatives Ian Stokoe and David Walker in Support of Applications for Recognition of Foreign Main Proceedings Pursuant to 11 U.S.C. § 1517 and Additional Relief (the “Verified Petition”) along with the exhibits thereto; (iii) Declaration of Ian Stokoe (the “Stokoe Declaration”) along with the exhibits thereto; (iv) Declaration of Christopher Russell (the “Russell Declaration”); and (v) Memorandum of Law in Support of Verified Petition and Motion for Provisional Relief (the “Memorandum of Law,” together with the Verified Petition, Stokoe Declaration, Russell Declaration, the “Chapter 15 Pleadings”); and the Court having reviewed and considered the Chapter 15 Pleadings; and due and timely notice of the filing of the Chapter 15 Pleadings having been given; and no objections or other responses having been filed and have not been overruled, withdrawn or otherwise resolved; and after due deliberation and sufficient cause appearing therefore, the Court makes the following findings of fact and conclusions of law:

- a. This Court has jurisdiction over these Chapter 15 cases pursuant to 28 U.S.C. §§ 157 and 1334 and section 1501 of the Bankruptcy Code.
- b. Venue of these Chapter 15 cases is proper in this judicial district pursuant to 28 U.S.C. § 1410(1) and § 1410(2).
- c. The consideration of the Chapter 15 Pleadings and the relief requested therein is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

d. These Chapter 15 cases were properly commenced in compliance with and pursuant to sections 1504, 1515, and 1517 of the Bankruptcy Code.

e. The Chapter 15 Pleadings meet the requirements of section 1515 of the Bankruptcy Code and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

f. The Cayman Islands Proceedings are entitled to recognition by this Court pursuant to section 1517(a) of the Bankruptcy Code.

g. The Cayman Islands Proceedings are foreign proceedings within the meaning of section 101(23) of the Bankruptcy Code.

h. The Cayman Islands Proceedings are pending in the Cayman Islands, which is the location of the Offshore Funds’ “center of main interests,” and as such the Cayman Islands Proceedings are entitled to recognition as foreign main proceedings pursuant to sections 1502(4) and 1517(b)(1) of the Bankruptcy Code.

i. Petitioners are “persons” within the definition of section 101(41) of the Bankruptcy Code and are the duly appointed “foreign representatives” of the Offshore Funds within the meaning of section 101(24) of the Bankruptcy Code, and, as such, are entitled to directly petition the Court for recognition of the Cayman Islands Proceedings under section 1509 of the Bankruptcy Code.

j. Petitioners are entitled to all relief provided pursuant to section 1520 of the Bankruptcy Code without limitation.

k. Petitioners are entitled to relief provided pursuant to section 108 of the Bankruptcy Code.

1. Petitioners are further entitled to the additional relief as set forth herein under section 1521 of the Bankruptcy Code.

m. The relief granted hereby is necessary and appropriate to effectuate the purposes of Chapter 15 of the Bankruptcy Code, is in the interests of public policy and international comity, is not manifestly contrary to the public policy of the United States, and is warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Cayman Islands Proceedings are granted recognition as foreign main proceedings, as defined in section 1502(4) of the Bankruptcy Code, pursuant to section 1517 of the Bankruptcy Code.

2. All effects of recognition of the Cayman Islands Proceedings as foreign main proceedings as set forth in section 1520 of the Bankruptcy Code shall apply.

3. Petitioners are and shall be recognized as the foreign representatives of the Offshore Funds for which they were duly appointed as Joint Official Liquidators in the Cayman Islands Proceedings.

4. Petitioners are authorized to operate the Offshore Funds' businesses and may exercise the powers of a trustee under and to the extent provided by sections 363 and 552 of the Bankruptcy Code.

5. Petitioners are authorized to control, manage, use, and administer the Offshore Funds' assets under the Cayman Islands Proceedings, and are entrusted with the administration and realization of all of the Offshore Funds' assets that are located within the territorial jurisdiction of the United States, including, without limitation, any and all claims and causes of action belonging to the Offshore Funds (including avoidance actions under Cayman Islands law).

6. The protections of sections 361 and 362 of the Bankruptcy Code shall apply to the Offshore Funds and their assets in the United States.

7. The statutory tolling and extensions provided for in section 108 of the Bankruptcy Code apply for the Offshore Funds from the date of the filing of the Chapter 15 Pleadings.

8. Upon entry of this Order, all persons (other than the Petitioners in their capacity as foreign representatives of the Offshore Funds) are automatically enjoined from:

- (i) commencing or continuing any judicial, administrative, or other action or proceeding in the United States against the Petitioners, the Offshore Funds or the Offshore Funds' property or assets, to the extent not stayed automatically under section 1520(a) of the Bankruptcy Code;
- (ii) executing against, transferring, encumbering, interfering or otherwise disposing of any of the Offshore Funds' property, assets or agreements, to the extent not stayed automatically under section 1520(a) of the Bankruptcy Code;
- (iii) enforcing, against the Petitioners, the Offshore Funds, or the Offshore Fund's property or assets in the United States, any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or arbitration award against the Offshore Funds or the Offshore Funds' property or assets;
- (iv) taking any action to (a) obtain possession of the Offshore Funds' property or assets in the United States, (b) interfere with any agreements to which the Offshore Funds are a part or a beneficiary, or (c) exercise control over the Offshore Funds' property or assets in the United States, except as otherwise expressly authorized (1) by an order of the Cayman Islands Grand Court or this Court permitting such action or (2) by the express written consent of Petitioners;
- (v) taking any action to create, perfect or enforce any lien against the Offshore Funds' property or assets in the United States;
- (vi) taking any action to collect, assess or recover a claim against the Offshore Funds in the United States or in respect of the Offshore Funds' property or assets in the United States; or
- (vii) transferring, encumbering or otherwise disposing of or interfering with any property, assets, agreements or rights of the Offshore

Funds, except as otherwise expressly authorized (a) by an order of the Cayman Islands Grand Court or this Court permitting such action or (b) by the express written consent of Petitioners.

9. Petitioners are authorized to conduct discovery, issue subpoenas, examine witnesses, take 2004 examinations, take evidence, and receive documents and information pursuant to applicable provisions of the Bankruptcy Code, the Bankruptcy Rules or the Local Rules of the Bankruptcy Court of the Eastern District of New York concerning, *inter alia*, the Offshore Funds' assets, affairs, right, obligation or liabilities.

10. Petitioners are authorized to commence or continue any action within the United States in furtherance of their activities as the foreign representatives of the Offshore Funds and take any actions necessary to effectuate the relief granted pursuant to the Order.

11. Service of this Order shall be given to (i) the U.S. Trustee, (ii) the United States Securities and Exchange Commission, (iii) all persons or bodies authorized to administer the foreign proceedings of the Offshore Funds, (iv) all entities against whom provisional relief is sought under section 1519, and (v) all parties to litigation pending in the United States in which the Offshore Funds are a party at the time of the filing of the petition at their last known addresses, in accordance with Bankruptcy Rules 2002(q) and 7004(a) and (b).

12. Such service shall be good and sufficient service and adequate notice of this Order for all purposes.

13. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

14. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any requests for additional relief or any adversary proceeding brought in and through these Chapter 15 cases, and any request by any person or entity for relief from the provisions of this Order.

Dated: Central Islip, New York
February _____, 2013

United States Bankruptcy Judge