

From: Mary Simon
To: "Schroeder, Richard";
cc: John Goldsworth; Claude Burrell; gsanchez@csb-llp.com; Stella Rudon;
Olivia Gilharry;
Subject: RE: status update
Date: Saturday, December 05, 2009 11:11:00 AM

Richard, the critical language in the Jan 2009 resolution re the advisory board role is two fold:

1. It's a negative power, not a positive power. In British common law cases regarding trusts, this is important. It does not give the negative power holder the role of the fiduciary. I have asked John Goldsworth to write something on this and send on Monday/Tuesday, if he has time. This is a British common law trust situation with Belize and John is an expert on these matters.
2. Second, a very critical, the advisory role veto power does not exist in the event they are being "ordered, forced, compelled, or threatened by any third party or legal action whatsoever".

Clearly we have no role as an advisory board or even any veto power if under the above conditions. How could we possibly accept service or process – that's a legal action.

Compass Trust could resign as Trustee – and another Trustee company could be named. That would throw a monkey wrench at them! I would hate for Compass to have to do this – but they do have other contacts in Belize that could act as Trustee. The Protector of the Trust has the right to remove and name new Trustees. Compass SA could do this and in fact Compass SA could name a new Protector to serve in this role too. Just a thought for you in case. Compass Trust still has the funds and can hold those to pay legal fees...it would just be a new Trustee for the LCY Trust and a new Protector.

I've copied everyone at Compass Trust on this – as Claude and Giacomo will send a letter confirming that we have no power or authority as an advisory board – again, if they have time Monday. Also I have put the idea out about the change of Trustee and Protector is we need to do this.

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Date: 11-10
M.L.C.
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Hope this helps Richard,

Many thanks

Mary

Mary Simon

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From: Schroeder, Richard [mailto:RickSchroeder@DWT.COM]
Sent: Friday, December 04, 2009 5:38 PM
To: Mary Simon
Subject: RE: status update

Mary,

I do not see that you would need to attend. The judge won't take testimony on the motions calendar.

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Attached are copies of 4 Minutes I received from Stella.

I sent a copy of the October 10, 2008 Minutes to Bush Strout to support the argument that you were not current directors. It appears I will have to go in to the history a bit more in the filings with the Court.

The July 10, 2008 Minutes should probably be provided because it establishes a termination of your roles with the Compass entities.

On the August 4, 2008 Minutes, I am not sure what Passive Directors means, but the scope of authority was limited to signing as instructed. Anything you have to say by way of background would be helpful.

The January 29, 2009 Minutes cover termination of Passive Directors, which strikes me as a good thing for purposes of authority to accept. But, the Minutes also refer to appointment to the Advisory Board with full veto power over the Board. Since I don't know what the Advisory Board is or does, this looks to me like a significant influence such that the Ch. 7 Trustee can argue that an Advisory Board member should be considered an "officer, a managing or general agent, or other agent authorized by appointment or by law to receive service of process". I have to research the scope of the language used in the rule, but would appreciate any background or comment you have on the role of the Advisory Board.

Thanks,

rick

From: Mary Simon [mailto:mary.simon@vigalsimon.com]

Sent: Friday, December 04, 2009 4:59 PM

To: Schroeder, Richard

Subject: RE: status update

Thanks Rick, I know you have been busy,
We'll wait to hear from you next week.

We have never been served on this motion. Not personally or by mail.
Will we have to attend on the 18th?
thanks

008095

92-3

Mary

Mary Simon

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From: Schroeder, Richard [mailto:RickSchroeder@DWT.COM]
Sent: Friday, December 04, 2009 4:55 PM
To: Mary Simon
Subject: RE: status update

Mary,

I will be prepare declarations for you and William, but have been out of the office most of this week and will not have drafts until Monday. The response is due on Friday.

Regards,

Rick

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