

# CHOICE BANK LIMITED – IN LIQUIDATION UPDATE

29 November 2019

## I. DISTRIBUTION AND ALTERNATIVE PAYOUT PROVIDERS

On 27 September 2019, Choice Bank Limited – In Liquidation (Choice) was informed by the correspondent bank of the 2 banks holding the accounts of the Liquidator that all partial payouts (to claimants) on behalf of the liquidation were being suspended subject to further review of the partial payouts that had been processed.

On 15 October 2019, the correspondent bank through which all transactions (payouts, payments for operational expenses and inflows from the marshalling and liquidation of assets) flowed, officially terminated its relationship with the Liquidator. Up to that point, 132 partial payouts for a cumulative value of nearly US \$7.6 million had been reported as fully executed.

On 24 October 2019, the Liquidator was asked to provide wire instructions to move the cash balances that were being held in the two subaccounts at this correspondent bank. The two subaccounts totaled approximately US \$56 million. This balance remains the same as of the date of this release.

Subsequently, the Liquidator managed to secure a small custodial arrangement with strict terms and conditions through a foreign agent. This account can only be used to facilitate payments for operational expenses that result from the provision of services by lawyers, IT service providers and other vendors located outside of Belize. Also, this account can only receive inflows from the sale of a specific loan asset.

The Liquidator has yet to secure alternative arrangements to allow for the movement of the cash balances from the subaccounts at the correspondent bank. The Liquidator has been in negotiations with escrow agents, payment agents, e-money providers and even card partners as possible alternative solutions to this significant challenge. (Negotiations with banks have not progressed beyond introductions.) The Liquidator has been prudent and cautious during these negotiations so as to ensure that a safe and efficient payment channel is secured for all. **Consequently, though the monies held by the Liquidator remain secure, payouts have been suspended.**

## II. SCHEDULE OF ACTIONS PROPOSED FOR THE WINDING-UP OF CHOICE

Central Bank's Standing Committee received a large number of *Objections*<sup>1</sup> after the **Schedule of the Actions Proposed for the Winding-up of Choice Bank Limited** was filed. Most of the *Objections* were from corporate clients who were part of a sophisticated card program named First Choice Pay (FCP Program) which was managed and operated by Choice and another card partner. The claims by these corporate clients were initially rejected pending verification. The Liquidator has since commissioned a full scale reconciliation project and all the claims from these corporate clients have now been determined. These claims will be accepted in full.

The second major task of the reconciliation project involves the determination of amounts not transferred by the card partner of the FCP Program to Choice *vis-à-vis* that card partner's claim. The Liquidator intends to do its best to settle this claim soonest. The final list of claimants will be published immediately after.

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<sup>1</sup> Section 113 of the Domestic Banks and Financial Institutions Act.