



BOMBANI

Liquidators and Trustees of insolvent estates

5 April 2016

TO ALL KNOWN CREDITORS

CARMOL DISTRIBUTORS (PTY) LTD (IN LIQUIDATION)

MASTERS REFERENCE NUMBER G1023/2015

PROCESS OF WINDING-UP OF CARMOL DISTRIBUTORS (PTY) LTD AND THE WAY FORWARD

Good day

The purpose of the communication is to assist investors to inform you of the process of liquidation. It is not meant to be a comprehensive explanation of all issues and must be read with this in mind.

PROCESS TO LIQUIDATION

In regard to the process that led to the liquidation I refer you to my letter dated 20 February 2016.

WINDING-UP PROCESS

To assist investors, many of whom have not been involved in a winding-up process before, I will give a brief breakdown of the process as determined by the Insolvency, 24 of 1936 ("the Insolvency Act") as read with the Companies Act, 71 of 2008 ("the Companies Act").

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- Once a provisional or final order of liquidation has been granted by a court, the company in liquidation immediately vests in the hands of the Master of the High Court who in turn will appoint the provisional or final Liquidator. In cases such as Carmol, that appointment is based on Section 84(1A)(d) of the Banks Act. This section determines that the SARB nominates who should be appointed.
- The Master of the High Court appointed provisional liquidators on the 17th November 2015.
- A final order of Liquidation was issued by the Gauteng High Court on the 30th November 2015.
- The Master of the High Court convened the first meeting of creditors and it was held in Johannesburg before the Master of the High Court on the 5th April 2016. After the conclusion of this meeting the Masters office will appoint the final liquidator.

The liquidator of the company has many duties and responsibilities and the purpose of this letter is not to deal with all these duties and responsibilities but to highlight those which relate to you and the liquidation process:

- The liquidator is required to secure all the assets of the estate. This process has begun and will continue for a long time with specific emphasis on the recovery of assets paid for with funds from Carmol. In this regard seven court applications have already been filed in Durban High Court to recover fixed properties bought with investor funds. Further court actions will follow to recover funds for the benefit of creators.

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- The liquidator will investigate the affairs of the company with a view to recovering assets. This process has begun with the appointment of a forensic investigator to do a detailed analysis of the bank accounts of Carmol and the many related documents seized with a specific view to recovery of assets due to the company for the benefit of creditors.
- The liquidator has notified all potential creditors of the liquidation and calls on them to file claims as contemplated in Section 44 of the Insolvency Act. This was done based on the first notice dated 23 November 2015. The decision on whether to file a claim or not has no bearing at all on the liquidation process as determined by the courts. It is entirely the creditor's choice if he wishes to file a claim or not. **Creditors who don't submit claims will not receive dividends.** The cut-off date for proof of claims is 3 months after the statutory second meeting of creditors. A detailed report on Carmol and its assets and liabilities will be sent by me to all creditors before this meeting takes place.
- After that 3 month period has expired the liquidator can submit a liquidation and distribution account providing for **payments of dividends to creditors whose claims have been proved against the estate.** This account will also detail all expenses incurred by the liquidator. The account including the liquidator's fees is examined by the Master of the High Court. The account must also be advertised to lie open for public inspection for a period of 14 days at the places where the company did business. A notice will be sent to creditors in this regard when the time comes.
- If an objection is filed then the Master must deal with the objection first.

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- If no objection is filed he will confirm the account and then all creditors including the liquidators will be paid in terms of that account. Please note that no payments to creditors will be made until the estate accounts have been confirmed by the Master of the High Court.
- This process of accounts will be repeated until all recoveries have been completed.

Yours faithfully

M L Stewart

Joint Provisional Liquidator

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