

**From:** Natasha Bharratt Bukhari  
**Sent:** Sunday, May 17, 2009 1:55 PM  
**To:** Greg Mazur; Zeljko Ivic; Ronald Van Ballegooijen; Abdulrahman Alansari  
**Cc:** Ayman ;; Rabih Soukarieh  
**Subject:** FW: Millennium Finance Corporation & Millennium Private Equity  
**Importance:** High

Please see the comments of the meeting with the DFSA this morning.

We need to confirm/correct any of the facts outlined below.

Further, we need to provide documentation as requested.

Regards,  
Natasha

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**From:** Matthew Gamble [mailto:MGamble@dfsa.ae]  
**Sent:** Sunday, May 17, 2009 1:04 PM  
**To:** Natasha Bharratt Bukhari; Thomson, Warren  
**Cc:** Juha Rannisto; Stephen Albrecht; Simon Gray; Ali Hassan  
**Subject:** Millennium Finance Corporation & Millennium Private Equity

Natasha / Warren

Summary of meeting this morning.

In late April 2009 (around 21st), two major shareholders (DIB and UGB) became aware of "irregularities" in relation to a transaction of MFC.

The transaction is known as the **Let's Buy It dot com** transaction (LBIT). It is a comparison shopping website portal. <http://www.letsbuyit.co.uk/>

A subsidiary of MFC and another Authorised Firm, Millennium Private Equity Limited (MPE), a cat 3 fund administrator as the general partner of two funds made the investments in LBIT. The two funds that made the investments are Technology Media Telecommunications Fund (TMT Fund) and Global Energy Fund (Energy Fund).

Approximately 20 million Euros have been invested by the two funds via a Special Purpose Vehicle (Bagels) as follows:

4 million euros by TMT;

9 million euros by Energy Fund (but by way of a loan);

7 million euros by TMT but on behalf of MFC (which was a net off owed to MFC)

The aim was that the SPV Bagels would hold the investment on behalf of the two funds. Unclear whether investment was going to be long term.

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Around 21 April - internal auditors of DIB, UGB and KIPPCO commenced a review.

Internal auditors preliminary findings were that there were irregularities with these transactions in that they were not authorised by the board of MFC and by implication the board of MPE.

On 28 April 2009 - board of MFC met. Resolution of the board was to instruct Kebe Keinde (SEO of MFC), Izzet Guney (SEO of MPE) and Lachlan Davidson (CO/MLRO & General Counsel of MFC) to return the funds that were invested in LBIT with seven days.

Originally it was thought the funds were in an escrow (trust) account held with a Swiss Bank. It has now been discovered that the account is not an escrow account but held in the name of the counterparty to the LBIT transaction. Legal advice is that the funds in the account cannot be "frozen".

Needless to say the money was not returned.

MFC board then met on 10 May 2009 and decided:

1. Individuals most involved in LBIT transaction (KK, IG & LD and Alex Markorov (MD of MPE) to focus solely on this transaction.
2. The Iranian Telecom deal - KK and junior to be involved on this transaction.
3. Appointment of an oversight committee (two individuals Ayam Kamal (DIB) and Rabih Soukarieh (UGB)) to have the day to day management and control of operations for the interim.

Since 10 May 2009, the oversight committee of MFC has:

1. Sought to inform the DFSA of the issues (hence meeting today);
2. Running MFC.

#### **Matters arising:**

#### **LBIT Transaction**

MFC have sought three legal opinions on the LBIT transaction from Cleary Gottlieb, Herbert Smith and Suitor Howard (Swiss law firm). All three have said the best course of action would be to complete the transaction rather than seek to rescind. However these law firms have said that there are irregularities with transaction, namely:

- Share certificates - appear to be bogus
- Shareholders resolutions - unclear
- Appointment of board members
- Power of Attorney questionable.

Swiss legal advice is to remedy the irregularities and inform the counterparty that settlement is required to occur on 22 May 2009. Further the firm also advised that the

transaction may not meet the requirements under Swiss Law however the transaction needed to be completed by 22 May otherwise the counterparty may sue.

#### **Relocation**

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Late on Thursday 14 May, oversight committee decided to move KK, IG & LD and Alex Markorov (MD of MPE) to MPE premises and isolate them.

#### **Shareholder Dispute**

DFSA were advised that to remove KK then they would need 75% majority. Given that KK effectively controls 35% then this was problematic.

#### **Financial Position of MFC and MPE**

DFSA requested the Finance Officer to set out the financial positions of both MFC and MPE on a worst case scenario if the LBIT transaction does not proceed and the monies are not recovered. Further the FO was requested to provide the DFSA with an update as to who are the partners / unit holders of the two funds.

#### **Authorised Individuals**

DFSA requested that MFC / MPE advise the DFSA in writing who will be the interim SEO / CO/ MLRO for both firms. General discussion concerning AUT IND 3 withdrawals. Discussion as to appropriateness of Natasha Bukhari to be interim CO/MLRO - DFSA advised that application should be made and it will be considered.

#### **Update**

DFSA requested update on matter and if possible copies of internal audit reports. Rabih said he would respond latter on today.

#### **Contacts**

In the interim contact point will be Natasha Bukhari and Warren Thomson.

If I have missed or misrepresented any matter or point in the above diary note, please advise.

#### **Action points as a result of the meeting**

1. Please have the Finance Officer provide update on financial positions (including regulatory capital) of MFC, MPE and the two funds if the LBIT transactions does not proceed and the monies are lost (worst case scenario) and effect of Iranian telecom issue.
2. Please provide a list of the partners/unit holders of the two funds.
3. Please provide copies of all internal audit reports, legal opinions, director's minutes of both MFC & MPE and any other advice in relation to the LBIT transaction and the "relocation" of the four individuals.
4. Please advise who will be the interim SEO, CO & MLRO for MFC and MPE.
5. Please provide an update as to current position of the LBIT transaction.

Regards

**Matt Gamble**

Associate Director, Supervision & Head of Special Surveillance

6/23/2009

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