

RIGA CITY VIDZEME DISTRICT COURT

Abrenes iela 3, Riga, LV-1356,

APPLICANT

Larry E. Cook

Personal data: USA citizen, passport No.: 133117758

Address: 14904 W 87th St Pkwy

#333 Lenexa KS 66215

Kansas, USA

Authorized representative: lawyer Debora Pāvila

Address: Office of Sworn Attorneys "Sorainen un Partneri",

Kr. Valdemāra iela 21, Riga, LV-1010,

in case with

DEFENDANT

Diversified Partners Limited (f/k/a Cedax Limited)

Registration No.: 87700

Address: Suite 2, Portland House

Glacis Road, Gibraltar

and

THIRD PARTY:

Joint Stock Company "VEF banka"

Uniform Registration No.: 50003063781

Legal address: Brīvības gatve 197, Riga, LV-1039,

APPLICATION

on the execution of a settlement approved by a foreign court

1. SUBJECT MATTER OF THE APPLICATION

This application is submitted in relation to recovery of illegally received investor's funds from the Defendant. These funds are held in a bank account opened on the Defendant's name at the joint stock company "VEF banka" ("VEF Bank"). The subject matter of this application is the execution of a settlement approved by the United States of America ("USA") District Court for the District of Kansas.

2. CIRCUMSTANCES UPON WHICH THE APPLICATION IS BASED

2.1. Factual circumstances

On 11 August 2005 the USA District Court for the District of Kansas issued an order confirming a settlement between the Applicant, acting as a court appointed Receiver¹,

¹ Please see Appendix No. 1 – Order of the USA District Court for the District of Kansas to appoint a receiver, issued on 4 May 2005.

and the Defendant (“**Order No. 1**”).² Order No. 1 includes the settlement text which among other things stipulates that the Defendant agrees to return to the Applicant the monetary funds not less than in the amount of USD 3,015,703, which are located at the VEF Bank in account No. LV05 VEFB NP30 0100 8197 0 opened on the Defendant’s name (“**VEF Bank Account**”), as well as any documentation in relation to the Defendant’s bank account.

On 9 May 2006 the Latvian Prosecutor’s Office for Investigation of Financial and Economic Crimes adopted a decision ordering release of the Defendant’s monetary funds held at the VEF Bank Account in favour of the Applicant.³ Furthermore, on 25 August 2006 the authorised representatives of the Applicant in Latvia met with the representatives of the VEF Bank in order to negotiate the issue of recovery of the monetary funds. The representatives of the VEF Bank agreed to cooperate but noted that the bank required a specific order to return to the Applicant the monetary funds held in the VEF Bank Account.

Therefore, taking into account the above-mentioned circumstances, on 4 October 2006 the USA District Court for the District of Kansas issued an order supplementing and clarifying Order No. 1 (“**Order No. 2**”).⁴ Order No. 2 specifies the Defendant’s obligation pursuant to the concluded settlement to immediately return to the Applicant the monetary funds, which are held in the Defendant’s bank account, stipulating that the Applicant should receive the following sums of money: AUD 41,399.23 (or LVL 17,304.88); CHF 2,932.83 (or LVL 1,290.45); EUR 729,209.98 (or LVL 512,491.69); GBP 20,934.13 (or LVL 21,959.90); LVL 461.86; SEK 2,000.00 (or LVL 155.20) and USD 2,134,661.78 (or LVL 1,142,044.05).⁵

Furthermore, in order to facilitate the performance of the Defendant’s obligations, Order No. 2 stipulates that the VEF Bank must immediately pay to the Applicant the above-mentioned monetary funds held in the VEF Bank Account, by transferring them to the authorized representatives of the Applicant in Latvia - Sorainen Law Offices (legal address: Krišjāņa Valdemāra iela 21, Riga, Latvia, Registration No. 000335589), by converting all sums, other than the USA Dollars, into USA Dollars and charging any reasonable bank fees. In its turn, Sorainen Law Offices has an obligation to transfer the monetary funds to the Applicant.

Moreover, Order No. 2 stipulates that the VEF Bank must hand over to the Applicant any documentation in relation to the VEF Bank Account.

2.2. Assessment of the factual circumstances in the light of applicable norms of law

In accordance with Section 636(1) of the Civil Procedure Law, settlements approved by foreign courts are recognized and executed in Latvia, except if any of the bases for non-recognition, as stipulated by Section 637(2) of the Civil Procedure Law, exist.

Since the Applicant is not aware of any circumstances which might serve as a basis for non-recognition of Order No. 1 and Order No. 2 in Latvia, the Applicant requests

² Order No. 1 is attached to this application as Appendix No. 2.

³ Please see Appendix No. 3.

⁴ Order No. 2 is attached to this application as Appendix No. 4.

⁵ For the purposes of converting the sums into Latvian lats, the currency exchange rate provided by the Bank of Latvia on the date of submission of the application has been used.

the court to recognize and execute the settlement concluded between the Applicant and the Defendant and approved by the USA District Court for the District of Kansas in the part concerning return of the monetary funds located in the VEF Bank Account and any documentation related to the VEF Bank Account to the Applicant pursuant to the procedure stipulated by Order No. 2.

All the documents required under Section 638(3)(1), (2), (4), (5), and (6) of the Civil Procedure Law have been attached to this application.⁶ The document indicated in Section 638(3)(3) of the Civil Procedure Law has not been attached to this application since the Orders have not been partially executed yet.

The application is submitted to the Riga City Vidzeme District Court in accordance with Section 638(1) of the Civil Procedure Law, which provides that an application for the recognition and execution of an adjudication of a foreign court must be submitted to a district (city) court on the basis of the place of execution of the adjudication. In this case the place of execution of the adjudication should be the place of location of the monetary funds and documentation – the legal address of the VEF Bank.

3. REQUESTS TO THE COURT

Taking into account all the above-mentioned and on the basis of Section 636(1) and Section 637 of the Civil Procedure Law, it is hereby requested to recognize the order issued by the USA District Court for the District of Kansas on 11 August 2005, approving the settlement between the Applicant and the Defendant, in the part concerning return of the monetary funds held at the VEF Bank in the bank account No. LV05 VEFB NP30 0100 8197 0, and of any documents regarding the aforementioned bank account, as well as to recognize and execute the order issued by the USA District Court for the District of Kansas on 4 October 2006, which supplements and clarifies the order of the same court as of 11 August 2005.

4. APPENDICES

The following appendices have been attached to this application:

- | | |
|----------------|--|
| Appendix No. 1 | Order of the USA District Court for the District of Kansas of 4 May 2005 to appoint a receiver (a notarial copy with a notarial translation into Latvian on 18 pages all together). |
| Appendix No. 2 | Order of the USA District Court for the District of Kansas of 11 August 2005 confirming the settlement between the Applicant, acting as a court appointed receiver, and the Defendant (a notarial copy with a notarial translation into Latvian on 16 pages all together). |

⁶ Please see the appendices to the application.

- Appendix No. 3 Decision of the Prosecutor's Office of Investigation of Financial and Economic Crimes of 9 May 2006 (copy on 1 page).
- Appendix No. 4 Order of the USA District Court for the District of Kansas of 4 October 2006 which supplements and specifies the order of the same court of 11 August 2005 (original with a notarial translation into Latvian on 13 pages all together).
- Appendix No. 5 Document issued by the USA District Court for the District of Kansas of 28 November 2006 which certifies that the orders of the same court of 11 August 2005 and 4 October 2006 have entered into legal force, are enforceable in the country of their issue, and that the defendants have been duly informed about the case hearing according to the USA laws (original with a notarial translation into Latvian on 7 pages all together).
- Appendix No. 6 Power of attorney (notarial copy with a notarial translation into Latvian on 9 pages all together).
- Appendix No. 7 Receipt certifying the payment of the state duty in the amount of LVL 10.00 (original on 1 page).

Riga, 18 December 2006

on behalf of Larry E. Cook:

Debora Pāvila
Authorized representative