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Dear Michael and Hilda:

Re: Residents' Concerns about Damages filing in the Turks and Caicos Islands

We understand that Elliott Residents may have some questions and concerns regarding an email message from Fred Elliott titled 'Damages filing in Turks and Caicos Islands. We write to explain briefly what this is and to allay some concerns residents may have that they may be liable to pay the ridiculous figure of \$17 million dollars created in the minds of Fred and Derek Elliott.

In order to have attained the restraining order (injunction) in the Turks and Caicos Islands, the plaintiffs had to give an undertaking to the court to compensate the defendants for any actual loss the defendants may suffer as a result of the injunction. As the TCI injunction was discharged by the court, this entitled the defendants to ask the court to enforce the undertaking and to direct that an inquiry be conducted to determine if the defendants suffered damage as a result of the injunction and if so how much. The court has ordered that an inquiry be conducted to determine how much if any damage the defendant has suffered.

In order for the defendant to recover compensation, the defendants would have to prove not only that they suffered damage, but that the damage was caused by the injunction and nothing else.

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Also, for the defendants to be awarded damages it must have been foreseen at the time the injunction was applied for that they would have sustained the damages that they did.

Where fraud or bad conduct is alleged against a defendant, the court should not order the undertaking to be enforced, but should leave this issue to be decided at or after the trial. We have therefore appealed the judge's order as we say his order to enforce the undertaking was premature. Our appeal is to set aside this order and to replace it with an order that the issue as to whether the defendants can enforce the undertaking be held over until after the trial at which time the judge having seen evidence of the defendants fraudulent conduct can decide not to enforce the undertaking. Therefore if we are successful at trial it is highly unlikely that the defendants will get anything in the way of damages let alone \$17 million dollars as it would be inequitable for them to receive any compensation in the face of such egregious conduct.

In the interim, we have applied to the Supreme Court to stay or postpone the inquiry pending our appeal, which should be heard sometime in July or August this year. We are confident that we will be successful on the appeal. We will advise of the date for our application for a stay as soon as one is fixed by the Supreme Court.

Even if the inquiry were to proceed, we are confident after reviewing the same that most of the defendants' claims for damages are hopeless and that any likely loss or damage that they may have suffered as a result of the injunction does not come remotely close to the figures alleged. Given the most recent depositions and the general tendencies presented in the recently filed business plan, no issue as to damages seems to have surfaced.

Moreover, the defendants admit that the general global market downturn has resulted in substantial lack of sales and banking trepidation. Notwithstanding, both of these issues are being blamed on the injunction proceedings. Clearly, we are of the opinion that it is highly untenable for the defendants to succeed on these points. As we are all aware, the downturn was evidenced far earlier as the Elliott's attempted to modify their buying programmes to fit the change in the economic conditions. For these reasons and as stated above, the defendants would have the additional burden of proving that their alleged losses of sales or losses of loan advances were as a result of the injunction as opposed to any other number of reasons such sales or loans may have been lost.

Yours faithfully,
KARAM & MISSICK


George C. Missick