

# Annual Report | 2014

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## About RISA

Recovery and Insolvency Specialists Association (Cayman) Limited (RISA) is a growing association in the Cayman Islands and a chapter of INSOL International. It was established in March 2012 and its membership base has grown to 285 attorneys and restructuring professionals in 2014. RISA is focused on the development and representation of the insolvency and restructuring profession in the Cayman Islands as well as providing a great forum for networking and maintaining relationships within the profession.

RISA is seeing an increasing number of onshore practitioners and those interested in offshore insolvency joining as members, particularly to enjoy the benefit of the technical sessions and opportunities to meet and network with the local practitioners. RISA has led the expansion of the representation of offshore insolvency interests with the establishment of a seat on the INSOL board for offshore chapters. The RISA chapters in BVI and Channel Islands will share the seat with Cayman on a rotational basis, collaborating on a common position.

### Objective

The objective of RISA is to support and promote the interests of those engaged in the insolvency and restructuring industry in the Cayman Islands by providing training initiatives, assistance and information to members of RISA to encourage best practices in the industry. RISA aims to promote discussion and exchanges of views within the insolvency and restructuring industry, facilitate training opportunities, lobby for changes of law and regulation, and to provide networking opportunities for the benefit of members and other related professional and educational groups.

Further, RISA has expanded its role and support of judicial education in the Cayman Islands by providing its judiciary with the opportunity and financial support to participate in judicial education initiatives, both locally and internationally.

### Management

RISA is governed by a board of directors made up of four members, who also occupy the positions of the Chairman, the Deputy Chairman, the Secretary and the Treasurer. It carries out its activities under three Committees; the Education, Legal & Regulatory and Events committees.

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## Report from the Chairman



*Chair – Hugh Dickson*

RISA is pleased with the efforts and results the association has achieved this year and grateful to its committees and members for their efforts to produce and support education for local restructuring and insolvency professionals, and judicial education.

For some time we have been advocating an increase in representation for Cayman and other key offshore jurisdictions in INSOL, given the significant role offshore jurisdictions play in the development of modern practice and litigation. Our members also play a major role in INSOL's technical development activities, both in subject matter and member participation in INSOL events and sponsorship.

Whilst we continue to press for a full board position for Cayman, INSOL have now acknowledged the importance of offshore representation more generally by appointing a new board seat specifically for offshore jurisdictions. That post will be held *ex officio* by the Chair or designee of each of the 3 current RISA offshore chapters; BVI, Cayman and the Channel Islands. BVI as the oldest chapter go first, with Cayman taking office in Spring 2016 and the Channel Islands following in 2017. All 3 chapters are collaborating to ensure the current post holder represents a common position.

We are continuing our efforts to drive RISA Cayman's membership to a position where it can, additionally, secure a 3 year tenure on the Board in its own right. As Board membership directly impacts, *inter alia*, the public positions taken by INSOL on areas of interest, representations on major law and regulatory developments such as UNCITRAL, and the content of major INSOL conferences and papers, this is no small step to ensuring that Cayman's importance in the international insolvency and restructuring community is fully represented.

We have also been collaborating with our colleagues in the Bahamas and Bermuda, assisting them with their efforts to establish their own RISA chapters, and the options for collaboration and co-operation between the various RISA chapters.

RISA will continue to support the profession by facilitating commentary from the membership on changes and proposals affecting the laws, regulations and administration of the judicial system. We will be kicking off an initiative in 2015 to seek out input from members on some of the long awaited changes / modifications, and continue to press for the implementation of a list of lacuna, errata and general refinements in the Winding Up Rules and the Companies Law by raising these with representatives on the Rules Committee. The composition of the Financial Services Users Group is also up for discussion shortly, and we will be attempting to secure direct representation for RISA on that group.

Direct representation on the Insolvency Rules Committee is a longer term goal, which can only be achieved by a change to the Companies Law. In the meantime RISA will continue to make representations to the Rules Committee via the Law Society and CISPA representatives, and any members identifying errata or issues with the current Rules or Regulations are encouraged to bring them to the attention of the Legal and Regulatory Committee. In the meantime the committee is developing statements of good practice on areas where common practice would be helpful to the profession and Court, but where there is no prescribed guidance under the Rules. First up for consideration are remuneration agreements and Statement of Affairs, with fee approvals also being considered. The committee would be interested to receive suggestions on other areas where members think practice guidelines would be helpful.

In accordance with our wider objectives of maintaining and improving the standards of Cayman practice, RISA is a strong advocate for continuing professional education amongst all participants in the field. In recognition of the central role of the judiciary in that equation, and the importance of

projecting the best international image for Cayman, RISA was pleased to assist the judiciary to ensure that FSD judges attended both the INSOL San Francisco and INSOL Bermuda conferences.

Finally, the Education Committee will continue its efforts to keep the quarterly technical sessions topical and interesting, providing opportunities for both onshore and offshore leaders and experts to bring their knowledge and experience to the membership. Members with suggestions for quarterly presentations are welcome to raise them with the Education Committee directly.

## Activities during the year



*Deputy Chairman – Michael Pearson*

In 2014, RISA continued to be active in its efforts to organize and deliver the quarterly technical briefings, host a charity golf tournament and held the Christmas social. Further details of these events are described below.

The first Quarterly Technical Briefing of the year was held on January 30<sup>th</sup>, 2014. The presentation, Liquidator Conflicts: Appointment Issues and Considerations was well attended and featured a panel of speakers chaired by Stephen Alexander (Maples) including Matthew Goucke (Walkers), Nicholas Fox (Mourant), Ian Stokoe (PWC) and Rob McMahon (Ernst & Young).

The second Quarterly Technical Briefing was held on May 27<sup>th</sup>, 2014 where a panel of speakers chaired by Rebecca Hume (Kobre & Kim) discussed creditor claims and the issues in respect of determining who is a creditor, setting off, netting off and the practical issues arising with claims relating to contingent and future liabilities. The panel included presentations from Mark Goodman (Campbells), Penny Cassell (KRyS Global) and Sarah Bourke (Grant Thornton). The briefing was followed by a networking event at Abacus restaurant.

The last technical session of the year was held on November 25<sup>th</sup>, 2014 providing an insightful look at The Search for Knowledge – Section 103 and other ways to get information. The panel was chaired by Declan Magennis (BDO) and featured Shelley White (Walkers), David Butler (Harneys) and Mike Penner (Deloitte).

In September 2014, RISA held the second Annual RISA Charity Golf Tournament in aid of the Cayman Islands Cancer Society. Eighteen firms participated in this charity event, which helped raise nearly US\$6,000 for a very worthwhile cause.

Finally, RISA hosted its annual members only Christmas luncheon at George Town Yacht Club in December 2014 with representation from virtually all the professional firms with involvement in the restructuring and insolvency field on the Island, the luncheon was a successful networking event in that space.

### Website

Thanks to the interest and assistance of some of the members of the social and education committees, an initiative to update and enhance the RISA website was undertaken.

### Membership

RISA continues to see growth in its membership base with the number of members rising to 285, increased from the 214 members at December 2013. We expect the expansion in our membership to

continue in light of the high level of interest in the professional development and networking opportunities it provides.

RISA is now the 11th largest member of INSOL, and in that regard, RISA is looking to increase its membership to 300, at which point it will be the 10th largest member worldwide and afforded greater opportunity to participate in INSOL initiatives at the Board level.

## RISA Governance



*Secretary – Matthew Wright*

RISA is governed by its executive committee. All of the Board members and existing committees stood for re-nomination at the end of 2013 and appointments to the committee were affirmed at the annual general meeting in March 2014.

For members information the current committee members and nominees are set out below:

### **Executive Committee:**

Hugh Dickson – Chairman  
Michael Pearson – Deputy Chairman  
Matthew Wright – Secretary  
Margot MacInnis – Treasurer

### **Education Committee:**

Richard de Lacy QC – Ogier  
Fraser Hughes – Conyers Dill & Pearman  
Iain Gow – Zolfo Cooper  
Declan Magennis – BDO  
John Royle – Grant Thornton  
Nicholas Fox – Mourant Ozannes

### **Events Committee:**

Rebecca Hume – Kobre & Kim  
Claire Loebell – Ernst & Young  
Michael Mulligan – Conyers Dill & Pearman  
James Plowright – Kinetic Partners  
Jeremy Snead – Appleby  
Yvonne Lorimer - Deloitte

### **Legal & Regulatory Committee:**

Sam Dawson – Solomon Harris  
Niall Goodsir-Cullen – BDO  
Hadley Chilton – Baker Tilly  
Hector Robinson & Peter Hayden – Mourant Ozannes  
Rob McMahon – Ernst & Young  
Christopher Young – Forbes Hare

## Summary of Board and committee meetings

### Executive Committee

The Executive Committee has convened a total of 4 times during the past membership year: May 10, 2013, October 25, 2013, January 31, 2014 and May 27, 2014. These meetings have provided the opportunity for committee members to raise and discuss the following key topics:

- The role RISA can play alongside the CIPSA Insolvency Sub-Committee in drafting a model statement of affairs and remuneration agreement. This would be beneficial to the judiciary as it would act as a guideline for judges and form a statutory requirement to be used as a standardised form for remuneration applications;
- Through activities like the Judicial Colloquium held at the INSOL Conference in November 2013 and INSOL San Francisco in February 2015, the role RISA could play directly in the local jurisdiction in regards to the relationship with the judiciary and court systems;
- Alternative forms of access to petitions, orders, judgments, articles, memos and technical updates for practitioners;
- The maintenance and implementation of a fully operational website allowing members the opportunity to interact and collaborate; and
- Alternative forms of presenting Quarterly Technical Sessions, allowing membership to take a more proactive role and providing a medium for comments and discussion.

### Events Committee

The Events Committee have been successful in offering a number of informative and enjoyable events during the past membership year, convening a total of 6 times. This does not include informal meetings and calls which have taken place throughout the year between those committee members directly responsible for planning an event. In September 2014, RISA held the second Annual RISA Charity Golf Tournament in aid of the Cayman Islands Cancer Society. Eighteen firms participated in this charity event, which helped raise nearly US\$6,000 for a very worthwhile cause.

Finally, RISA hosted its annual member's only Christmas luncheon at George Town Yacht Club on December 10 2014. The event was attended by 128 members. With representation from virtually all the professional firms with involvement in the restructuring and insolvency field on the Island, the luncheon was a successful networking event in that space.

### Education Committee

The Education Committee have met in excess of ten times during the past membership year which included organising 3 quarterly events with at least 2 meetings in the run up to each event and once afterwards. This does not include informal correspondence between committee members in organizing these events. The quarterly events are discussed in more detail earlier in this report.

In addition to meeting and organising training events on a regular basis, the education committee has taken over responsibility for ensuring the RISA website is updated on a regular basis.

## **Legal and Regulatory Committee**

The Legal and Regulatory Committee have convened a total of 2 times during the past membership year. Key topics discussed at these meetings include the development of the model forms for remuneration agreements and statement of affairs, as well as considering amendments to the Companies Law, Companies Winding Up Rules, and the Insolvency Practitioners Regulations.

## Treasurer's Report



*Treasurer – Margot MacInnis*

RISA ended the year with \$33,901 in retained earnings incurring net income for the year of \$13,150. RISA's primary source of income is its membership fees, but there were two events which each generated a small profit. The technical events are generally designed to run at a break even position. RISA proudly sponsored the annual Cancer Society Golf fundraiser and made a donation on behalf of its membership of \$5,840.

Given the amount in retained earnings, RISA committed to sharing in the cost of a RISA/ABI sponsored barbeque which was held in early February 2015 in conjunction with the ABI annual Caribbean conference. In addition, RISA in support of its initiatives for judicial education, will sponsor the travel costs of two of the Cayman Islands judiciary to INSOL San Francisco and INSOL Bermuda respectively.

### **Income Statement**

The gross revenue for the period was \$14,302 which was made up of \$10,449 in membership fees and \$3,853 in net inflows from the five events that took place. At the end of the year there was net income of \$13,150 and RISA had approximately \$33,901 in retained earnings.

Other than the event related expenses which have been accounted for under each event, there was approximately \$1,000 in other expenses consisting of bank fees, website, and company registry fees.

Below is a summary discussion of the activities that contributed to the income over the period.

### **Membership**

The membership of RISA stands at 285 as at 30 April 2015. The membership fees provided revenue of US\$10,449 at the membership fee rate of US\$43 per member. During the year, an initiative was carried out to collect the outstanding subscription and event fees due. With Board approval, any remaining outstanding balances were written off at the end of December 2014 as they were deemed uncollectible.

## Events

### Statement of Financial Position as at December 31, 2014

RISA was holding assets of \$49,431 as at 31 December 2014 consisting of cash of \$44,128 and outstanding subscriptions and event attendance fees of \$5,303. RISA had liabilities of \$15,529 as at 31 December 2014 consisting of \$1,083 in subscription fees due to INSOL, venue costs associated with the December Christmas luncheon of \$13,897 and \$549 owing in respect of event related expenses. RISA closed the year with reserves of \$33,901.

<b>Assets</b>		<b>Amounts in US\$</b>
<b>Cash</b>		44,128
Receivables		
	RISA Q4 Technical Event	4,003
	RISA Memberships	1,300
<b>Total Assets</b>		<b>49,431</b>
<b>Liabilities</b>		
Payables	Due to George Town Yacht Club (Christmas Luncheon)	13,897
	Christmas Luncheon Reimbursement to Organizing Committee	549
	Due to Insol	1,084
<b>Total Liabilities</b>		<b>15,530</b>
<b>Retained Earnings</b>	13,566	20,751
<b>Adjustment to Retained Earnings</b>	7,184	
<b>Net assets (2014 Income)</b>		<b>13,150</b>
<b>Total Liabilities &amp; Net Assets</b>		<b>49,431</b>

## Income Statement for the period to 31 December 2014

Income	Amounts in US\$
RISA Member Fees	10,449
Q1 2014 Seminar	90
Q2 2014 Seminar	489
Q3 2014 Golf	314
Q4 2014 Seminar	1,276
Q4 Christmas Luncheon	1,684
<b>Total Income</b>	<b>14,302</b>
<b>Expenses</b>	
Bank fees	251
Registered Office Fees	706
Committee Meeting Expenses	134
Website	60
<b>Total Expenses</b>	<b>1,151</b>
<b>Net Income</b>	<b>13,150</b>

## Summary of Accounts for Events as at December 31, 2014

<b>Q1 2014 Seminar</b>	
<b><u>Inflows</u></b>	
Event Attendance Fees	4,669
<b><u>Outflows</u></b>	
Event Venue fees (Theatre)	671
Lighting (Lions Production)	1,165
Post- events reception (Abacus)	2,744
<b>Total Outflows</b>	<b>4,579</b>
<b>Net Inflow (Outflow)</b>	<b>90</b>

<b>Q2 2014 Seminar</b>	
<b><u>Inflows</u></b>	
Event Attendance Fees	4,973
<b><u>Outflows</u></b>	
Event Venue fees (Theatre)	604
Lighting (Lions Production)	1,177
Post- events reception (Abacus)	2,704
<b>Total Outflows</b>	<b>4,484</b>
<b>Net Inflow (Outflow)</b>	<b>489</b>

<b>Q3 - 2014 GOLF</b>	
<b><u>Inflows</u></b>	
Registration & Sponsorship	17,403
<b><u>Outflows</u></b>	
Event Venue fees (North Sound Club)	9,330
Post event reception & Food	1,634
Other (prize / trophy)	285
<b>Donations to the CI Cancer Society</b>	<b>5,840</b>
<b>Total Outflows</b>	<b>17,089</b>
<b>Net Inflow (Outflow)</b>	<b>314</b>

<b>Q4 Technical Session</b>	
<b><u>Inflows</u></b>	
Registration - Paid	325
<b>Registration Fees not yet cleared</b>	<b>4,003</b>
<b>Total Inflows</b>	<b>4,328</b>
<b><u>Outflows</u></b>	
Lights & Production cost	1,277
Venue cost - CB Cinema	604
Post event reception	1,171
<b>Total Outflows</b>	<b>3,052</b>
<b>Net Inflow (Outflow)</b>	<b>1,276</b>

**Q4 - RISA Christmas Luncheon****Inflows**

Registration Fee	16,587
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**Outflows**

Venue Charge - Geroge Town Yacht Club	13,897
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Trophy Prize	457
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Supplies (Foster's, supplies, certificates, menus)	549
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<b>Total Outflows</b>	<b>14,903</b>
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<b>Net Inflow (Outflow)</b>	<b>1,684</b>
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