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CHRISTIE BROCKBANK SHIPTON LTD

UNDERWRITING AGENTS AT LLOYD'S

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FACSIMILE MESSAGE

TO: R A Tropp Esq
FAX NO.: 001 202 331 0679

FROM: Gerald McMullen
DATE: 4 May 1999

No. of pages, including this page: 1

Dear Mr. Tropp,

Thank you for your faxed letter of 22nd April which I have only just seen.

I regret that there is nothing that we can do to prevent MSU taking the action on which they have given notice. Since the new Premium Trust Deeds were passed in October 1998, all funds held on your behalf are held by Lloyd's. We do not have any power as your members' agent to stop the trustees of the PTD withdrawing funds from your accounts held under that trust deed.

As the MSU letter states, we, as your members' agent, can and should deal with any queries on your account and to that extent we have examined our copy of the account sent to you. As far as we can judge, the costs shown are in accordance with the schedule of charges under the new "user pays" regime introduced this year. We are therefore not able to take any action to prevent this charge appearing on your account.

I am passing a copy of this letter and your fax to Financial Recovery Department as it may be a factor in the ISA negotiations with you.

G.P. McMullen



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FACSIMILE MESSAGE

TO: Mr. R.A. Tropp
FAX NO.: 001 202 331 0679

FROM: Gerald McMullen
DATE: 28 May 1999

No. of pages, including this page: 2

Dear Mr. Tropp,

I am now able to follow up my last fax to you on 13th May. I apologise for the delay but you know that I only work part time and we have anyway been unusually busy on the days when I have been in. I comment as follows on your lettered point:

- a) I attach a copy of the statement from Leopold Joseph which shows \$21,822.18 coming in to your account with Leopold Joseph and going out to Royal Bank of Scotland as part of the Equitas R & R settlement. A small amount of interest earned was paid to Lloyd's. Both these transactions are in line with the Member Funds Movement Report.
- b) For 1996 we did not control a collection and distribution account as this was consolidated within the Finality Statement that you were sent at the time of R & R.
- c) I believe that you may have got the impression that we established an escrow account for the proceeds of claims payments on your personal stop loss policy. I see from the file that we corresponded about this in November and December 1997. The broker was unable to pay out the claim until he received your Letter of Assignment. On receipt of it the proceeds would have been paid to Lloyd's for them to reduce your liabilities, probably by paying your loss making syndicates but I have no record of this nor would expect to have. All this assumes that you did complete and despatch the Letter of Assignment; I do not have any record of your doing so.

I reiterate that CBS has never had, or had control of, any of the funds paid under your stop loss policy. The wording of the policy directs all recoveries to the Premiums Trust Fund which is under Lloyd's control.

Gerald McMullen

G.P. McMullen