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Ons verw: PAUL D. KRUGER
U verw:
Datum: 21 JANUARY 2011

Dear Investors

CLAIM AGAINST SPITSKOP VILLAGE PROPERTIES LIMITED IN LIQUIDATION AND CIRCULAR FROM THYS CRONJE INCORPORATED

A circular to Investors in Spitskop emanating from Thys Cronje Incorporated had come the attention of the Liquidators, although a copy of that was not served on the Liquidators.

Certain aspects of that circular need to be addressed and we wish to clarify the following:

1. The Court Order:

Contrary to a rumour doing the rounds, the Order in terms whereof the Spitskop Scheme was declared illegal was not declared null and void. The original Order was substituted (with the consent and on the suggestion of the Liquidators) with the following Order:

- "2. *That the Order of this Court under Case Number 63649/09 which Order was made on 15 October 2009 declaring a Syndication Scheme conducted in Spitskop Village (Pty) Limited unlawful is rescinded and set aside.*

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3. *That a Rule Nisi is issued returnable on the 9th of February 2011 calling upon any party to show the cause why the following Order should not be made final:*

3.1 *That the Syndication Scheme conducted in the name of Spitskop Village (Pty) Limited is hereby declared illegal in terms of the provisions of the Bank Act, No 94 of 1990 and in terms of Regulations issued of a Harmful Business Practices Act No. 71 1988;*

3.2 *That all agreements of whatsoever nature pursuant to a Syndication Scheme known as Spitskop Village (Pty) Limited are hereby declared nul and void ab ignitio such agreements to include:*

3.2.1 *Agreements in terms of which investors made investments in the Scheme;*

3.2.2 *The Trust Deed of the Steelpoort Debenture Trust which was registered in terms of the Trust Property Control Act, Act 57 of 1998 by the 9th Respondent with Registration Number IT7939/07;*

3.2.3 *The Mortgage Bond over the property of Spitskop Village (Pty) Limited in favour of this Steelpoort Debenture Trust."*

2 In layman's language the abovementioned indicates that the original Order was substituted by a *Rule Nisi* (a provisional Order) in terms whereof any interested party can argue before Court why the Syndication Scheme should

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not be finally declared illegal, thereby giving parties that felt aggrieved because they had no input when the matter was heard by Court initially and the original Order was made, the opportunity on the 9th of February to approach Court and advise why it should not be made final. The Liquidators intend applying for a final Order on that day.

- 3 From the foregoing it is therefore clear that the one Order was merely substituted by the other Order but that presently the Scheme is still illegal until the Court can be persuaded otherwise by any possible interested part.
- 4 The problem that now faces the Investors and the Liquidators is the fact that in the present situation the Scheme is still illegal and objections will still be made at this point in time if a claim is lodged otherwise than making provision for such illegality.
5. Before Mr Cronje indicated that he was appointed as Trustee of the Steelport Debenture Trust a meeting to prove claims was already scheduled for the 1st of February 2011 before the Master of the High Court of Pretoria. That meeting will be continued with and all claims submitted will obviously be presented at that day for acceptance on condition that such claims are properly completed, in terms of the prevailing legal situation.
6. The reason why the Liquidators are anxious to have claims proven is clearly so that the Liquidators can make at least a partial distribution of available funds amongst proven Creditors, an aspect which was promised by the Liquidators during the various road shows held in 2010. To conform to the status quo regarding the legality or not of the Spitskop Syndication Scheme, the Liquidators must insist that the claims be lodged according to the *de facto* or the present legal standing i.e. that the scheme is legal.

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7. Return day and defence of Application:

Mr Cronje in his circular has indicated that he intends opposing confirmation of the Rule Nisi "about the Scheme being illegal at least in so far as the Debenture Trust and mortgage are concerned." The problem with that attitude is that the Scheme cannot be legal in certain aspects and illegal in another aspect. It is either illegal or not. To defend and oppose the Rule Nisi Mr Cronje made it clear in his circular that he needs to be placed in funds and such funds will obviously be Investor's funds, the authority to obtain same, which he will seek a future meeting of Creditors. A Power of Attorney annexed to his circular he states to following:

- “1. *The Agent is instructed to vote in favour of Creditor, Resolution directing the Liquidators to pay from Estate Funds, the Agent's reasonable costs and disbursements will the performance of his duties (whether under the Steelpoort Debenture Trust Deed or Powers of Attorney) such as informing Investors studying relevant documents, quantifying claims, repairing and proving Investor claims, updating incorrect information and amending claims and generally act in what he believes to be the best interest of the Investors. Such direction will include paying the cost of the previous Debenture Trustee and his agent for work relating to the proof of Investor claims at the November 2009 Creditors meeting;*

2. *The Agent is instructed to vote for the approval of his reasonable fees based on the official party and party scale applicable to attorneys for legal work with its professional time being charged at R400.00 per quarter hour or part thereof;*

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3. *The Agent is authorised to oppose the confirmation of the Rule Nisi of the Scheme being illegal at least in so far as the Debenture Trust and Mortgage are concerned and to ask that his cost be paid by the Trustees whether he succeeds or not."*
8. What Investors are required is to ultimately vote for is a resolution where their money will be utilised by an Agent to be appointed by them (in this case Mr Thys Cronje) who was appointed by The Master (without prior consultation with the Investors in general or proven Creditors specifically) to defend the legality or otherwise of the Scheme and whether they win or lose, the Investors must pay their costs.
9. Your Liquidators can never advise you to vote in favour of such a Resolution, specifically bearing in mind the *de facto* situation that the Scheme is presently illegal and had already been declared on a previous occasion by the same Court to be illegal.
10. Investors are also invited to note that in the circular from Thys Cronje Incorporated he states that he addresses that letter in his capacity as the appointed Trustees of the Steelpoort Debenture Trust.
11. However, the final paragraph states that even if the Scheme is declared illegal on the 9th of February 2011 and the Steelpoort Debenture Trust is then finally declared to be illegal, he will still be able to represent you, obviously not in his representative capacity as Trustee, but one must assume in his capacity as Attorney.
12. His invitation to you to vote for him in his capacity as an Attorney is touting and is prohibited by the Rules of the Law Society. The letter of Mr Cronje indicating that he invites you to vote for him in his capacity as an Attorney will be place before the Law Society.

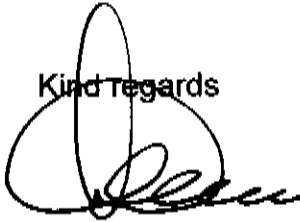


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13. The Liquidators are bombarded with side issues like the present which is costing the Estate a vast amount of money and which is an orchestrated attempt to slow the Liquidation process down and also to put the Liquidators in a situation where they cannot properly function and administer the Estate due to the continuous harassment that is constantly directed at the Liquidators. The circular of Mr Cronje is again indicative of such harassment in as much as Investors are required to respond to a questionnaire indicating whether Investors are satisfied with the actions of Liquidators.

10. The Liquidators intend taking all necessary steps in future to put a stop to this kind of action.

Kind regards

A handwritten signature in black ink, appearing to read 'Paul D. Kruger', written over the typed name.

PAUL D. KRÜGER

JOINT LIQUIDATOR