



CAREY OLSEN

## Guernsey Royal Court grants regulator's protective Providence Global's applications

Service area / [Dispute Resolution and Litigation](#)

Location / [Guernsey](#)

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Carey Olsen's dispute resolution practice has successfully secured orders on two separate applications under Guernsey's Protection of Investors and Company Law legislation to place two regulated entities into administration and one company into compulsory liquidation.

Advocate John Greenfield, and senior associate, Tim Bamford, acted for the Guernsey Financial Services Commission (the "Commission") on both applications.

### Background

The three companies which were the subject of the applications are part of the Providence investment group. The Commission held concerns about the operation and financial position of the Providence group, including in relation to investor funds placed into a locally based investment fund in the group. The Commission instructed Carey Olsen to present the two applications to secure urgent protection for investors and the wider public under the relevant statutory regimes.

### The applications

The first application was brought under the Protection of Investors (Administration and Intervention) (Bailiwick of Guernsey) Ordinance, 2008 (the "2008 Ordinance") which empowers the Commission to apply to the Royal Court to place regulated entities into administration where it considers there is an undue risk to investors.

The Royal Court granted the order sought and placed Providence Investment Funds PCC Limited and Providence Investment Management International Limited into administration, appointing Andrew Isham, Alexander Adam and Philip Bowers of Deloitte LLP as joint administration managers.

The second application was brought under the Companies (Guernsey) Law, 2008, as amended (the "Companies Law"), to place the parent company of the Providence group into compulsory winding-up to protect the public and the reputation of the Bailiwick of Guernsey.

The application was considered necessary by the Commission following evidence uncovered about the operational and financial position of the group which necessitated the urgent appointment of liquidators to its parent company. It was necessary to give the Commission the legal status to those funds that may have passed through the company on behalf of investors. The Royal Court granted the order, and appointed Messrs Isham, Adam and Bowers as joint liquidators.

### Comment

The first application is one of only a handful of similar applications which have ever been brought under the 2008 Ordinance. As such, it is a notable case in demonstrating the powers available to the Commission and the Royal Court to act to protect investors in critical situations.

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The second application is of a type which is also brought extremely rarely, and there are believed to be no reported decisions of the same type under the current Companies Law. It is therefore a significant case of note to highlight the power of Guernsey's regulator and the Royal Court to intervene in appropriate situations to protect investors and the wider public, as well as the reputation of the island. This case also serves to illustrate the extensive statutory powers of the Commission to wind-up a non-regulated company in circumstances where the normal applicants for such an order (directors, shareholders, creditors) have no interest in pursuing such an application – indeed many certainly oppose it.



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