

02-1961-REB-OES

Exhibits A and B inclusive
To

REPLY IN SUPPORT OF LLOYD'S (1) MOTION TO DISMISS COUNTERCLAIMS BASED ON IMPROPER VENUE AND (2) MOTION FOR ENTRY OF JUDGMENT

Exhibit A — General Undertaking, 2 pages

Exhibit B — Declaration of Nick Demery, 4 pages
with attached Exhibits 1, 2, 3 and 4, 4 pages



LLOYDS OF LONDON



0538393

GENERAL UNDERTAKING

18668N

This Undertaking is made the 1 JAN 1987 day of _____, 19____
between:

- (1) The Society of Lloyd's incorporated by Lloyd's Act 1871 ("Lloyd's" (which expression shall include any officer or employee of Lloyd's, any person in or to whom whether individually or collectively any powers or functions are vested or delegated by or pursuant to Lloyd's Acts 1871-1982)) and
- (2) RAYMOND CHARLESWORTH LEE (the "Member") on behalf of himself and his legal and personal representatives and successors.

WHEREAS:-

- (A) The Lloyd's Acts 1871-1982 conferred powers on the Council of Lloyd's (the "Council") to make byelaws for the purposes provided in such Acts.
- (B) Pursuant thereto the Council duly made the Membership Byelaw (No. 9 of 1984) on 12th November, 1984 (the "Byelaw") prescribing inter alia requirements to be satisfied or complied with as a continuing condition of membership of, and of underwriting insurance business at, Lloyd's.
- (C) The Member is or, as the case may be, is to become a member of Lloyd's.
- (D) Pursuant to the provisions of the Byelaw and in consideration of the Member's admission to membership of, and/or of underwriting insurance business at, Lloyd's or, as the case may be, continuing membership of, and/or of underwriting insurance at, Lloyd's, the Member and Lloyd's consider that it is in their respective interests to become parties to this Undertaking.

NOW THEREFORE IT IS AGREED as follows:-

- 1. Throughout the period of his membership of Lloyd's the Member shall comply with the provisions of Lloyd's Acts 1871-1982, any subordinate legislation made or to be made thereunder and any direction given or provision or requirement made or imposed by the Council or any person(s) or body acting on its behalf pursuant to such legislative authority and shall become a party to, and perform and observe all the terms and provisions of, any agreements or other instruments as may be prescribed and notified to the Member or his underwriting agent by or under the authority of the Council.
- 2.1 The rights and obligations of the parties arising out of or relating to the Member's membership of, and/or underwriting of insurance business at, Lloyd's and any other matter referred to in this Undertaking shall be governed by and construed in accordance with the laws of England.
- 2.2 Each party hereto irrevocably agrees that the courts of England shall have exclusive jurisdiction to settle any dispute and/or controversy of whatsoever nature arising out of or relating to the Member's membership of, and/or underwriting of insurance business at, Lloyd's and that accordingly any suit, action or proceeding (together in this Clause 2 referred to as "Proceedings") arising out of or relating to such matters shall be brought in such courts and, to this end, each party hereto irrevocably agrees to submit to the jurisdiction of the courts of England and irrevocably waives any objection which it may have now or hereafter to (a) any Proceedings being brought in any such court as is referred to in this Clause 2 and (b) any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon each party and may be enforced in the courts of any other jurisdiction.

- 2.3 The choice of law and jurisdiction referred to in this Clause 2 shall continue in full force and effect in respect of any dispute and/or controversy of whatsoever nature arising out of or relating to any of the matters referred to in this Undertaking notwithstanding that the Member ceases, for any reason, to be a Member of, or to underwrite insurance business at, Lloyd's.

- 3. If any term of this Undertaking shall to any extent be invalid or unenforceable, the remainder of the Undertaking shall not be affected thereby and each term of this Undertaking shall be valid and be enforceable to the fullest extent permitted by law and a substitute provision shall be negotiated by the parties hereto to preserve as nearly as possible the original intent of this Undertaking.

IN WITNESS whereby the parties hereto have caused this Undertaking to be duly executed on the date first written above.

SOCIETY OF LLOYD'S

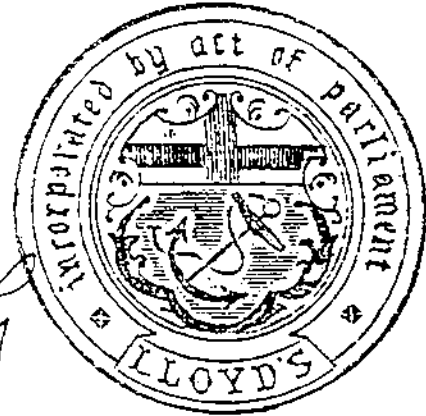
By:

Authorised Signatory



By:

Member's Signature



IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 02-1961-REB-OES
(Consolidated with Civil Action Nos. 02-1962-REB-OES, 02-1963-REB-OES,
02-1979-REB-OES)

THE SOCIETY OF LLOYD'S,

Plaintiff,

v.

JOHN HENRI SILVERSMITH,

Defendant.

DECLARATION OF NICHOLAS P. DEMERY, ESQ.

I, Nicholas P. Demery, a solicitor, hereby declare and state as following under penalty of perjury under the laws of the United States of America:

1. I am a solicitor employed by plaintiff, the Society of Lloyd's ("Lloyd's") since 1983. In that capacity, my responsibilities have included seeking enforcement of various judgments entered by the English Courts against "Names" relating to their liability for payment of certain reinsurance premiums known as the "Equitas" premiums. Those responsibilities have included enforcing the judgments for such premiums entered by the English Courts against the defendants in this case (hereafter the "English Judgments").

2. My responsibilities also include ensuring that any assets credited to the defendants' accounts are set off against the English Judgments.

3. Additionally, as part of my training as a solicitor and in connection with my responsibilities to enforce the judgments entered against various "Names" relating to

the Equitas premiums, I have become familiar with English law and the rate of interest applicable to judgments under English law.

4. Under English law, a judgment creditor in a case like this is entitled to judgment interest at a rate of 8% *per annum* simple from the date of the judgment, but under the English law of limitations arrears of interest cannot be recovered after the expiration of 6 years from the date on which the interest became due. I understand that it is possible to collect judgment interest under Colorado law for longer periods. Because the judgments at issue here are governed by English law, however, Lloyd's has voluntarily limited its claim for interest prior to the time this Court enters judgment for Lloyd's as provided by the English law of limitations set out above.

5. The documents attached hereto as Exhibits 1, 2, 3 and 4 respectively are copies of records kept by Lloyd's in the ordinary course of its business, and set forth the amount of the judgments entered against each of the defendants by the English courts, interest thereon recoverable under English law, subject to the English law of limitations, and all credits which each of those defendants has received against the English Judgments.

6. As of July 19, 2005, and as set forth on Exhibit 1, the net amount of the judgment owing against defendant Raymond Charlesworth Lee, including all credits thereto and interest as provided by English law, was £84,892.60. Interest under English law will continue to accrue on that judgment at the rate of £11.31 per day until judgment is entered by this Court.

7. If any additional credits are received for application to the outstanding English judgment against Mr. Lee prior to entry of judgment by this Court, I will supplement

this Declaration to provide an updated amount for the total outstanding judgment balance and an updated *per diem* rate after application of those credits.

8. As of July 19, 2005, and as set forth on Exhibit 2, the net amount of the judgment owing by defendant Clarence Grant Wilkins, including all credits thereto and interest as provided by English law as set out above, was £733,247.44. Under the English law of limitations the arrears of interest more than 6 years old are not recoverable and are therefore not included. Interest is continuing to accrue on the judgment at the rate of £108.59 per day but this is effectively cancelled out by the fact that every day one more day's interest becomes irrecoverable under the English law of limitations. Subject to there being any more credits the total interest owing has effectively crystallised at £237,809.98.

9. If additional credits are received for application to the outstanding English judgment against Mr. Wilkins prior to entry of judgment by this Court, I will supplement this Declaration to provide an updated amount for the total outstanding judgment balance after application of those credits.

10. As of July 19, 2005, and as set forth on Exhibit 3, the net amount of the judgment owing against defendant Robert Wayne Ruder, including all credits thereto and interest as provided by English law as set out above, was £435,319.62. On the same basis as set out above in the case of Mr Wilkins interest continues to accrue at the rate of £64.46 but subject to any further credits the total interest owing has effectively crystallised at £141,198.68


11. If any more credits are received for application to the outstanding English judgment against Mr. Ruder prior to entry of judgment by this Court, I will supplement

this Declaration to provide an updated amount for the total outstanding judgment balance after application of those credits.

12. As of July 19, 2005, and as set forth on Exhibit 4, the net amount of the judgment owing against defendant Joseph Henri Silversmith, Jr., including all credits thereto and interest as provided by English law as set out above, was £305,589.35. On the same basis as set out above in the cases of Mr Wilkins and Mr Ruder interest continues to accrue at the rate of £45.26 per day but subject to any further credits the total interest owing has effectively crystallised at £99,110.06.

13. If any more credits are received for application to the outstanding English judgment against Mr. Silversmith prior to entry of judgment by this Court, I will supplement this Declaration to provide an updated amount for the total outstanding judgment balance after application of those credits.

Executed this 20th day of July, 2005.



Nicholas P. Demery

WILKINS CG

Judgment Amount
 Judgment Interest
 Total Judgment Debt

026743Z

£443,500.00
 £53,329.00
 £496,829.00

Judgment Date
 Statement Date

11-Mar-98
 19-Jul-05

Start date	End date	No of days	Interest rate	Credit Type	Credits Received	Outstanding Balance for Interest Calculation	Daily Rate	Interest accrued
11-Mar-98	18-Aug-98	161	0.00%		£1.23	£496,829.00	£0.00	£0.00
19-Aug-98	18-Aug-98	0	0.00%	0820 - 1992 and prior Interest on Surpluses (US\$)	£244.12	£496,827.77	£0.00	£0.00
19-Aug-98	18-Aug-98	0	0.00%	0820 - 1992 and prior Interest on Surpluses (US\$)	£6.49	£496,833.65	£0.00	£0.00
19-Aug-98	18-Aug-98	0	0.00%	0860 - Interest on Various Releasable Assets (US\$)	£1,079.50	£495,497.66	£0.00	£0.00
19-Aug-98	07-Sep-98	20	0.00%	0993 - Interest on Various Releasable Assets (£)	£3.48	£495,494.18	£0.00	£0.00
08-Sep-98	07-Sep-98	0	0.00%	0860 - Interest on Various Releasable Assets (US\$)	£56.72	£495,437.46	£0.00	£0.00
08-Sep-98	19-Jul-99	315	0.00%	0993 - Interest on Various Releasable Assets (£)	£0.00	£495,437.46	£108.59	£237,809.98
20-Jul-99	18-Jul-05	2190	8.00%	Interest Stopper		£495,437.46		£237,809.98
19-Jul-05								

Outstanding Judgment Principal
 Interest

£495,437.46
 £237,809.98
£733,247.44

TOTAL OUTSTANDING DEBT

RUDER RW

031597E

Judgment Amount
 Judgment Interest
 Total Judgment Debt

Judgment Date
 Statement Date

£278,096.00
 £16,213.38
 £294,309.38

24-Jun-97
 19-Jul-05

Start date	End date	No. of days	Interest rate	Credit Type	Credits Received	Outstanding Balance for Interest Calculation	Daily Rate	Interest accrued
24-Jun-97	31-Aug-97	69	0.00%			£294,309.38	£0.00	£0.00
01-Sep-97	31-Aug-97	0	0.00%	0200 - Transfers from PRF (£)	£4.60	£294,304.78	£0.00	£0.00
01-Sep-97	18-Aug-98	352	0.00%	0820 - 1992 and prior Interest on Surpluses (US\$)	£81.34	£294,223.44	£0.00	£0.00
19-Aug-98	18-Aug-98	0	0.00%	0860 - Interest on Various Releasable Assets (US\$)	£1.13	£294,222.31	£0.00	£0.00
19-Aug-98	07-Sep-98	20	0.00%	0993 - Interest on Various Releasable Assets (£)	£4.63	£294,217.68	£0.00	£0.00
08-Sep-98	07-Sep-98	0	0.00%	0860 - Interest on Various Releasable Assets (US\$)	£0.02	£294,217.66	£0.00	£0.00
08-Sep-98	19-Jul-99	374	8.00%	0993 - Interest on Various Releasable Assets (£)	£0.23	£294,217.43	£0.00	£0.00
20-Jul-99	27-Jul-00	374	8.00%	Interest Stopper	£0.00	£294,217.43	£64.49	£24,118.26
28-Jul-00	14-Jul-04	1448	8.00%	0570 - New Money (£)	£0.07	£294,222.24	£64.49	£93,377.27
15-Jul-04	13-Oct-04	91	8.00%	0270 - New Money	£4,327.91	£289,889.77	£63.54	£5,781.91
14-Oct-04	18-Jul-05	278	8.00%	0570 - New Money (£)	£96.72	£294,120.94	£64.46	£17,921.23
19-Jul-05						£294,120.94		£141,198.68

Outstanding Judgment Principal
 Interest

£294,120.94
 £141,198.68

TOTAL OUTSTANDING DEBT

£435,319.62

SILVERSMITH JH

036991B

Judgment Amount	£190,503.00	Judgment Date	11-Mar-98
Judgment Interest	£19,801.00	Statement Date	19-Jul-05
Total Judgment Debt	<u>£210,304.00</u>		

Start date	End date	No of days	Interest rate	Credit Type	Credits Received	Outstanding Balance for Interest Calculation	Daily Rate	Interest accrued
11-Mar-98	18-Aug-98	160	0.00%			£210,304.00	£0.00	£0.00
19-Aug-98	07-Sep-98	19	0.00%	0993 - Interest on Various Releasable Assets (£)	£3,641.32	£206,662.68	£0.00	£0.00
08-Sep-98	19-Jul-99	314	0.00%	0993 - Interest on Various Releasable Assets (£)	£183.39	£206,479.29	£0.00	£0.00
20-Jul-99	18-Jul-05	2190	8.00%	Interest stopper	£0.00	£206,479.29	£43.26	£99,110.06
19-Jul-05						£206,479.29		£99,110.06

Outstanding Judgment Principal	£206,479.29
Interest	£99,110.06

TOTAL OUTSTANDING DEBT

£305,589.35