

Article 17.7.1 of the Annex to the PAK Law: Explanation of all the issues that delay the closure of the liquidation

CHALLENGES FACING PSP AND PAK IN COMPLETING THE LIQUIDATION PROCESS

• Sale/Disposal of Assets

1. Required increased activity / results from Commission for the review of specific assets.
2. Cadastral Issues to be resolved before any sale can occur.
3. Assets to be sold in the remaining SOE's not yet placed in liquidation.
4. There remain many assets such as cemeteries, roads, etc. that need to be disclaimed.
5. Many of the large Agricultural SOE's have expropriation and land adjustment (consolidation) issues to be resolved by the relevant institutions before the land can be dealt with by PAK.

• LIQUIDATION MATTERS

1. The remaining SOEs are not yet approved for liquidation by the Agency. It is necessary that these SOE's are put into liquidation as soon as possible, in order to allow the LA to work on and finalize all claims in these SOE's. The timing for processing the claims on these SOE's will depend on the appointment dates. Based on our experience to date, it will take approximately five to seven months from the appointment date to process all claims for each SOE.
2. There are more than 300 SOE's (already in liquidation or/and the ones not yet approved for liquidation) which have unsold assets. In order to let the process move forward quicker is necessary that the unsold assets are sold by PAK as soon as possible.

• SCSCK

1. Very slow in processing complaints filed against LC/LA decisions. We are particularly concerned about the time it will take to process complaints against decisions concerning property claims.
2. Very slow in providing confirmation to the LA of no remaining complaints against an SOE whose claims have all been processed by the LA. Confirmation is required in order for LA to prepare Final Distribution Reports. As a result, the LA will be preparing two reports instead of one, (an Interim and Final Distribution Report) for many of the SOE's. The Final Distribution Reports need approval and payment to claimants before Final Reports can be prepared and SOE's closed.
3. Very slow in resolving temporary injunctions.
4. Should there be complaints against decisions of the LA in the remaining SOE's not yet placed in liquidation, there will be a further delay in the process.

- **MUNICIPAL COURTS**

We have many cases before the courts for unpaid rent and accounts receivable (there will be more filed). It appears these cases won't be resolved for some years and this will be an issue when the LA is otherwise ready to close liquidation proceedings. This would be a particular problem for those SOE's where there are insufficient funds to fully satisfy approved claims. For SOE's where sufficient funds are available to fully satisfy creditors, funds available from successful Court actions would go to the Government. In those cases, withdrawal of the lawsuits or transferring them to the Government would allow the LA to close the SOE.