

separate jurisdictions and, to the extent necessary, the SEC Receivership, referred to in paragraph 16 below. Thus, it is in the interests of all parties (including the liquidators of IGS, the provisional liquidators of IWG, and creditors of, and investors with claims against assets held by, IWG and IGS) to seek to cooperate in the conduct of the insolvency proceedings for IWG and IGS with a view to:

- (i) minimizing the total costs incurred by the liquidators of IGS ("Cayman Liquidators") and the liquidators of IWG ("English Provisional Liquidators") in protecting investors' and creditors' interests, in particular by avoiding unnecessary duplication between the tasks carried out by the Cayman Liquidators and the English Provisional Liquidators and unnecessary litigation or court applications;
- (ii) avoiding any potential conflict between the insolvency proceedings in the different jurisdictions;
- (iii) ensuring transparency and accountability in the conduct of the proceedings in the United States, the Cayman Islands, and the England and receiving input from, and involvement of, investors in a forum which is convenient for them; and
- (iv) providing a framework for protecting the interests of and maximizing returns to investors.

With these goals in mind, the parties enter into this stipulation.

BACKGROUND

I. The Parties.

A. IWG Services, Ltd.

1. IWG is an English-registered subsidiary of IWG Holdings, Ltd. ("IWG Holdings"), also an English-registered corporation. IWG was created to provide investment management and financial services and act as a financial intermediary for investors outside of the United States, particularly for investors based in Mexico and Latin America.

B. IG Services, Ltd.

2. IGS is a Cayman Islands-registered corporation providing investment management and financial services and acting as a financial intermediary for investors outside of the United States, particularly for investors based in Mexico and Latin America. IGS is also owned by IWG Holdings.

C. The United States Companies.

3. InverWorld Holding, Inc. ("Holding") is a United States-registered company which owned certain operating United States-registered companies (the "InverWorld Companies"), including InverWorld Securities, Inc. ("InverWorld Securities") and InverWorld, Inc. The InverWorld Companies are all based in San Antonio, Texas, and comprise companies incorporated and operating in the United States and Latin America. The InverWorld Companies provided services to IGS, which include investment consulting,

trade execution, data processing, and client and accounting support. Though providing services both to IWG and IGS, the InverWorld Companies are not directly owned or operated by either IWG or IGS. Ultimate beneficial ownership of the InverWorld Companies, IWG, and IGS, however, is the same.

4. InverWorld Securities is a registered broker/dealer operating as custodian of funds for various United States and Mexican investors. InverWorld Securities maintains counterparty accounts bearing IGS's name. InverWorld, Inc. operates a computer that generates the customer account data for IWG and IGS.

II. Relationship Between the Foreign Companies and the United States Companies.

A. Services Agreement Between IWG and IGS.

5. IWG and IGS entered into the Administrative Services and Assistance Agreement dated December 31, 1996 ("Services Agreement"), which authorized IGS to furnish IWG assistance with respect to general management and accounting, financial, legal, reporting, general management communications with customers, and computer technology related to the management of accounts of customers relating to the securities and investment business. The stated purpose of the Services Agreement is to have IGS assist IWG in general administration and management of accounts of customers relating to the securities and investment business of IWG. The Services Agreement provides that IGS is the investment manager for IWG and is to perform all functions relative to IWG's relationships with clients and account brokerages.

B. Consulting Agreement Between IGS and InverWorld, Inc.

6. To facilitate management of IGS's and subsequently IWG's operations, IGS retained InverWorld, Inc. to perform consulting services pursuant to an agreement dated July 1, 1993 ("Consulting Agreement"). The Consulting Agreement provided that IGS engage InverWorld, Inc. to provide technical support services to IGS. These services included (a) maintaining all records with respect to the purchase, sale, and settlement of portfolio securities, (b) monitoring, expediting, and recording the collection of all income due IGS or its client, (c) summarizing, posting, recording, and reconciling all items of cash receipts and disbursements, (d) recording all transactions to the account of IGS for its clients, (e) preparing and issuing monthly reports to IGS and providing all necessary information for the preparation and filing of any and all tax returns and reports to governmental agencies by IGS, (f) preparing information for monthly statements for clients of IGS, and (g) such other statistical, record keeping, or administrative services as may have been agreed upon from time to time between InverWorld, Inc. and IGS.

7. In consideration for those consulting services, InverWorld, Inc. was to receive a monthly fee of the percentage of assets managed by InverWorld, Inc. As a result of the Consulting Agreement, InverWorld, Inc. has accumulated data and records relating to IWG's and IGS's clients that are valuable to the liquidation of IWG and IGS.

III. FOREIGN PROCEEDINGS

A. Commencement of IGS's Insolvency Proceeding in the Grand Court of the Cayman Islands.

8. The directors of IGS met on July 1, 1999, and concluded that IGS was unable to continue as a going concern. The sole shareholder of IGS (namely IWG Holdings) passed a resolution on July 2, 1999, for the voluntary winding up of IGS ("Cayman Proceedings"). On the same day, an Order ("Cayman Court Order") was entered by the Grand Court of the Cayman Island ("Cayman Court") for court supervision of the liquidation of IGS. Len B. Blackwell, of PwC Dallas, and Christopher D. Johnson, of PwC Cayman Islands, were appointed as liquidators. At the time of the initiation of the Cayman Proceedings, IGS had seven employees in the Cayman Islands.

B. Commencement of IWG's Insolvency Proceeding in the High Court of Justice Chancery Division Companies Court.

9. On July 6, 1999, by written resolution of IWG Holdings, as sole shareholder of IWG, Mark Novak, as sole director of IWG, was authorized to present a petition in the name of IWG for compulsory winding up under the Insolvency Act of 1986 ("English Proceedings"). On July 7, 1999, through counsel, Mr. Novak presented to the High Court of Justice, Chancery Division Companies Court, in England ("English Court") a Winding Up Petition and an application for the appointment of provisional liquidators of IWG. On that same day, the English Court ordered the appointment of Christopher John Hughes and Andrew Mark Homan, both of PwC, Plumtree Court, London EC4A 4HT, as Joint Provisional Liquidators

of IWG until the final determination of the Winding Up Petition or further order of the English Court. The English Court initially set a date for the hearing of IWG's winding up petition for August 11, 1999, which hearing has been adjourned until November 11, 1999. At the time of the commencement of the English Proceedings, IWG had no employees in England, was believed to have no assets in England, and no place of business in the United Kingdom, aside from a registered office (Baker Street address).

IV. United States Proceedings

A. State Court Actions

10. IGS has assets in a number of jurisdictions, including assets that are currently being held in the United States, which include, among other things, books and records related to customer accounts and cash and securities being held by United States-registered banks and brokerages.

11. Two actions were filed in Bexar County, Texas, styled *Cesar Garcia Mendez v. IWG, Ltd., et al.*, No. 1999-CI-09400, and *Nocando Mem Holdings Limited, et al. v. IWG Services Ltd., et al.*, No. 1999-CI-09738 ("State Court Actions"). These State Court Actions could have resulted in judgments against the IGS and/or IWG or companies related to IGS and/or IWG.

B. The Section 304 Proceedings

12. To facilitate the foreign court supervised liquidation and provisional liquidation proceedings and to prevent entry of judgments against IWG and/or IGS, on July 13, 1999,

Len B. Blackwell on behalf of IGS filed a petition for relief under section 304 of the Bankruptcy Code with the United States Bankruptcy Court for the Western District of Texas, San Antonio Division ("US Bankruptcy Court").

13. On July 14, 1999, Christopher J. Hughes on behalf of IWG filed a petition for relief under section 304 of the Bankruptcy Code with the US Bankruptcy Court. The two section 304 proceedings are collectively referred to as the "304 Proceedings." In the 304 proceedings, the US Bankruptcy court entered orders staying all proceedings against IWG and IGS.

C. Involuntary Chapter 7 Petitions Against IGS and IWG

14. On July 13, 1999, involuntary petitions ("Involuntary Proceedings") were filed under chapter 7 of the Bankruptcy Code against IGS and IWG in the US Bankruptcy Court. The 304 Proceedings and the Involuntary Proceedings are referred to as the "US Proceedings."

15. The State Court Actions were removed to the US Bankruptcy Court.

D. The SEC Enforcement Action

16. On Wednesday, August 4, 1999, the United States Securities & Exchange Commission ("SEC") commenced an action ("SEC Proceedings") against InverWorld, Inc., InverWorld Securities, Inc., IGS, IWG, George H. Fahey, and Jose P. Zollino in the United States District Court for the Western District of Texas, San Antonio Division ("US District Court"). J. Robert Medlin and Len B. Blackwell of PwC have been appointed as receivers

of InverWorld, Inc. and InverWorld Securities, Inc. ("SEC Receivers"). They were also appointed receivers for the "Relief Defendant LHH Partnership, Ltd." Although IGS and IWG are named as defendants, they are not currently under an SEC receivership. The US District Court has entered orders freezing the assets of the defendants and requiring a repatriation of funds to the US. An order has been obtained modifying the freezing order so as not to prevent the foreign liquidators of IWG and IGS from performing their duties and obligations.

PURPOSE OF STIPULATION

17. The English Provisional Liquidators and the Cayman Liquidators (collectively referred to as the "Liquidators") contemplate that all (a) of the business and assets of every nature, tangible and intangible, arising from or relating to IGS ("IGS Assets") and (b) of the business and assets of every nature, tangible and intangible, arising from or relating to IWG ("IWG Assets"), will be protected and, to the extent considered necessary, liquidated [and/or distributed in specie] as appropriate in accordance with the applicable law.

18. A framework of general principles should be agreed upon to address, among other things, issues that are likely to arise in connection with the cross-border insolvency proceedings of IGS and IWG, including, without limitation, (a) the recovery and/or securing and the potential liquidation and/or disposition of IGS Assets; (b) the recovery and/or securing and the potential liquidation and/or disposition of IWG Assets; (c) the holding and/or disposition of the proceeds of the IGS Assets and the IWG Assets (together, the "Assets");

(d) the determination of claims asserted against IGS and IWG, and the allowance and priority status of such claims; and (e) general administrative matters. An agreement upon such matters is essential to the orderly and efficient administration of these cross-border cases.

19. The purpose of the protocol proposed in this Stipulation is to protect the interests of all creditors of IGS and IWG wherever located and to protect the integrity of the process by which the SEC Proceedings, US Bankruptcy Proceedings, Cayman Proceedings, and English Proceedings are administered. There is a need for such a protocol to provide a framework for cooperation between the various jurisdictions and to provide input by counsel representing a significant portion of the creditors of IGS and IWG and to further promote a cost-effective mechanism to minimize duplication.

NOW THEREFORE the SEC Receivers, Cayman Liquidators, and English Provisional Liquidators, hereby stipulate and agree, subject to US District Court, US Bankruptcy Court, Cayman Court, and English Court approval, as follows:

1. The SEC Receivers, the Cayman Liquidators, and the English Provisional Liquidators will (i) cooperate in good faith with each other to the extent permitted by the applicable law when taking action in the US District Court, US Bankruptcy Court, Cayman Court, and the English Court, subject to the restrictions of their respective appointing courts and (ii) take steps to coordinate their respective administrations in then Cayman islands, the US and England and shall coordinate any court action brought in the context of those administrations where possible and subject to any applicable law.

2. One Ad Hoc Committee consisting of counsel who represent investors shall be formed to participate in the US District Court, US Bankruptcy Proceedings, Cayman Proceedings, and the English Proceedings ("Committee"). Initially, the Committee will be composed of Cox & Smith Incorporated, Hughes & Luce, L.L.P., Jackson Walker, L.L.P., Jenkins & Gilchrist, P.C., Pope Shoemake Kerr & Hendershot, P.C., and Piper & Marbury LLP. Following approval of this protocol by the respective Courts, the SEC Receivers, the Cayman Liquidators and the English Provisional Liquidators will discuss with a view to agreeing the most practicable and effective method for giving all other investors or creditors of IWG and IGS notice of the existence and current membership of the Ad Hoc Committee and the opportunity to be represented on the Committee as additional members if this is considered appropriate by either the English Court, Cayman Court or US Bankruptcy Court, giving due regard to the value of the claim of such investor or creditor against IWG or IGS. Without submitting to the jurisdiction of any Court, the members of the Committee shall file contemporaneously with each Court a Statement of Counsel informing the Courts of the investors (by account number) which they represent. The members of the Committee (a) reserve the right to seek official status in any Court and (b) shall have the right to seek reimbursement for fees and expenses, including, without limitation, under §503 of the Bankruptcy Code and similar provisions in the English and Cayman Proceedings. Any action and/or position taken by the Committee shall be authorized if approved by a majority of the members of the Committee. The US District Court, US Bankruptcy Court, Cayman Court,

and English Court shall each have jurisdiction to alter the composition of the Committee upon request of a third party other than the Liquidators.

3. This stipulation will govern "Phase I" of the insolvency proceedings. Phase I shall consist of two discrete subparts. Subpart A of Phase I will govern the investigation, freezing, protection, collection, recovery, and possible liquidation and/or disposition of assets other than causes of action against related and/or third parties. Subpart B of Phase I shall be the investigation, analysis, and prosecution of causes of action against related and/or third parties to the extent possible and appropriate. All parties, including the Liquidators, agree that both subparts of Phase I should proceed simultaneously, provided that this agreement is subject to the entry of any orders staying, freezing, or abating any of the proceedings.

4. Phase II shall consist of the process of filing claims, the assessment, investigation, allowance and disallowance of claims, including any proprietary claims, and the distribution of assets. All parties have agreed that Phase II will not be addressed in this stipulation. All parties agree to work in good faith to present a stipulation governing Phase II. The parties agree to request the respective courts to suspend to the extent necessary or permissible the application of any rules, statutes, procedures, or orders relating to the filing of claims, the allowance and disallowance of claims, and the distribution of assets.

5. Assets will be categorized for purposes of reference as Counterparty Accounts, Material Assets and Non-Material Assets.

- (i) Counterparty Accounts are the custodian accounts that contain fixed-income and equity securities from issuers other than IWG, IGS or InverWorld-related entities. These securities are sometimes referred to as External Products.
- (ii) Material Assets are those assets outside of Counterparty Accounts that have a gross estimated market value of \$1,000,000.00 (US) or more.
- (iii) The Non-Material Assets are those assets outside of Counterparty accounts that have a gross estimated market value of less than \$1,000,000.00 (US).

6. In regards to Non-Material Assets, the Liquidators may seek entry of orders from the applicable courts authorizing the disposition of Non-Material Assets in a fashion that would not require obtaining court approval for each and every disposition.

7. With respect to Material Assets located in the Caymans, the Liquidators shall be entitled to seek all necessary instructions from the Cayman Court and shall not be required to seek any approvals from the US Bankruptcy Court. With respect to Material Assets located in the US, Liquidators shall be entitled to seek all necessary instructions from the US Bankruptcy Court and shall not be required to seek approval from the Cayman Court. With respect to Material Assets located in neither the Caymans nor the United States other than Counterparty Accounts appropriate approvals from the US Bankruptcy Court and the Cayman Court (in addition to such other approvals or directions of such other courts as the

Liquidators consider to be necessary or convenient) and will not move forward with respect to such assets unless the necessary approvals are received from both courts.

8. With respect to Counterparty Accounts located in the Caymans, the Liquidators shall be entitled to seek all necessary instructions from the Cayman Court and shall not be required to seek any approvals from the US Bankruptcy Court. With respect to Counterparty Accounts located in the United States, Liquidators shall be entitled to seek all necessary instructions from the US Bankruptcy Court and shall not be required to seek approval from the Cayman Court. With respect to Counterparty Accounts located in neither the Caymans nor the United States, the Liquidators shall seek appropriate approvals from the US Bankruptcy Court and the Cayman Court (in addition to such other approvals or directions of such other courts as the Liquidators consider to be necessary or convenient) and will not move forward with respect to such assets unless the necessary approvals are received from the appropriate courts, provided that, if the Investment Advisor referred to in paragraph 9 below advises that there is a threat of immediate dissipation of value, the Liquidators shall not be required to seek such approvals. With respect to any required hearing relating to the liquidation and/or disposition of assets, there will be at least five business days' notice to the members of the Committee absent an emergency.

9. With respect to the Counterparty Accounts, the Liquidators shall seek the appointment of an investment advisor (the "Investment Advisor") whose appointment will be approved jointly by the Cayman Court and US Bankruptcy Court, subject to the Joint

Protocol and the Orders authorizing retention and defining the scope of the authority of the Investment Advisor (the "Investment Advisor's Retention Order"). Subsequently, the Liquidators will initiate the liquidation and/or disposition in specie of the Counterparty Accounts to the extent they have obtained authorization from the appropriate court(s).

10. The disposition of any asset governed by this Joint Protocol shall not prejudice an investor's or any other third party's right or ability to assert a claim against such specific asset or the proceeds from the disposition of such asset. The Liquidators shall be required to maintain books and records which will individually account for the disposition of assets from the inception of the proceedings.

11. The Liquidators shall use their best efforts, on or before the 25th day of each month, to file monthly status reports with the US Bankruptcy Court, the Cayman, and the English Court setting forth the status of their efforts for the prior month. A copy of such report shall be served on the members of the Committee. The Liquidators shall use their best efforts to ensure that a representative of the Liquidators shall also be available for weekly conference calls with the Committee at which time the Liquidators or their representatives will fully apprise and inform the Committee of the status of their efforts, subject to appropriate confidentiality arrangements, the dictates of governmental agencies, and all privileges under the applicable rules of evidence.

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Sent by: NELIGAN & AVERCH, L.L.P.

12. Subject to the provisions herein and the prior orders of the appropriate courts, the SEC Receivers and the Liquidators are hereby authorized to coordinate with the Committee:

- (i) the identification, preservation, collection, and realization of, if necessary, the relevant assets of IGS and IWG, including evaluation of causes of action for recovery of avoidable transfers and damages;
- (ii) all investigation and analysis necessary to establish the financial position of IWG and IGS;
- (iii) analysis of the type, nature and amount of Investor claims (and the Committee agrees to work cooperatively with the Liquidators to develop a methodology for claims assessment and, ultimately, the claims adjudication process);
- (iv) the investigation of the extent and cause of any shortfall to investors;
- (v) the review of whether Investors have any proprietary rights (and whether they are advantaged by maintaining them);
- (vi) the making of proposals regarding the next steps or further action to be taken in order to realize or distribute assets including an asset realization strategy, suggestions for the procedure to be used to effect a distribution of assets to Investors (e.g., schemes of arrangement or plans of liquidation);

- (vii) the taking of any action necessary for the Cayman Liquidators to fulfill their duties and obligations as Liquidators under Cayman law;
- (viii) the taking of any action necessary for the English Liquidators to fulfill their duties and obligations under English law;
- (ix) the taking of any action necessary for the SEC Receivers to fulfill their duties and obligation in administering and overseeing the SEC Receivership;
- (x) the allocation of particular tasks to the Cayman Liquidators, the SEC Receivers, or the English Provisional Liquidators so as to efficiently, effectively and economically promote the objectives set forth herein, and specifically considering which individual(s) are best placed to carry out the tasks on a cost effective basis. It is currently anticipated that the Cayman Liquidators will take the lead in locating and seizing assets and the Liquidators and the SEC Receivers, in close cooperation and in full consultation with the Committee and having sought its view in this matter, and any official representative that may be appointed by the US Bankruptcy Court or the US District Court, will take the lead in the investigation, analysis, and prosecution of causes of action against related and/or third parties and shall have authority to conduct

discovery in all jurisdictions, including without limitation pursuant to § 304 of the Bankruptcy Code; ^ and

- (xi) providing for cooperation with, and assistance to, governmental agencies.

13. Pursuant to the order dated August 23, 1999 ("Order") of the US District Court, the SEC Receivers and Liquidators recognize their responsibilities to be observant for and to preserve third party causes of action belonging to the SEC Receivers or Liquidators which ultimately might benefit Investors of the entities referred to in the Order. To this end, the SEC Receivers and the Liquidators will use their best efforts to work with the Department of Justice or other governmental authorities to assist the Committee in obtaining access to documents (as defined in Fed. R. Civ. P. 34(a)) and other forms of discovery, so long as such assistance does not threaten the integrity of any criminal investigation.

14. The Cayman Liquidators, the English Provisional Liquidators, and the SEC Receivers and any other official representative that may be appointed by the US District Court, the US Bankruptcy Court, Cayman Court, or the English Court, shall receive and give notice of all proceedings in accordance with the practices of the respective Courts and have the right to appear in all proceedings in any forum.

15. For the avoidance of doubt, the Cayman Liquidators shall be permitted to act in a manner consistent with the terms of the Cayman Court Orders and shall be permitted to act in a manner consistent with the laws governing the US Proceedings and the Cayman

Proceedings, provided that, (a) prior notice of any transaction concerning the use, sale, or lease of Material Assets not located in the United States and (b) prior notice of those actions proposed to be taken in either the US Proceedings and the Cayman Proceedings, where notice of such action is required to be given under the applicable laws of procedures of the governing forum, shall be provided (the "IGS Notice Procedures") by overnight mail, overnight delivery service, or facsimile to the members of the Committee and all persons appearing on the request for service list as reflected on the docket in the US Proceedings and the Cayman Proceedings (the "IGS Specified Parties"). Nothing in this stipulation requires the Cayman Liquidators to take any action that violates any provision of Cayman Law or any order of any Cayman Court or any other applicable law.

16. For the avoidance of doubt, the English Provisional Liquidators shall be permitted to act in a manner consistent with the terms of the English Court Orders and shall be permitted to act in a manner consistent with the laws governing the English Proceedings, provided that, prior notice of those actions proposed to be taken in either the U.S. Proceedings and the English Proceedings where notice of such action is required to be given under the applicable laws of procedures of the governing forum, shall be provided (the "IWG Notice Procedures") by overnight mail, overnight delivery service, or facsimile to members of the Committee and all persons appearing on the request for service list as reflected on the docket in the US Proceedings and the English Proceedings (the "IWG Specified Parties"). Nothing in this stipulation shall require the English Provisional Liquidators to take any action

that violates any provision of English Law or any order of any English Court or any other applicable law.

17. All creditors of IGS and IWG shall have the right to appear in any forum to the same extent as creditors of the forum state, regardless of whether they have filed claims in that particular forum. All creditors shall have the opportunity to file a request for service with the Clerk of the US Bankruptcy Court, or to participate in the case or proceedings in the Cayman Court or the English Court, provided, however, absent the filing of a claim, filing of a request for service or participation shall not subject such creditor to personal jurisdiction in the Court in which the notice or appearance is filed or made.

18. Notice and requirements for approval and authorization of any transactions regarding disposition, liquidation or distribution in specie of assets shall be in accordance with applicable law and the Notice Procedures and shall be provided by the SEC Receivers, any chapter 7 or chapter 11 trustee ("Bankruptcy Representative"), Cayman Liquidators and the English Provisional Liquidators, as the case may be, to the Specified Parties.

19. Where considered necessary or appropriate, the Liquidators will seek orders from the US Court, the Cayman Court and the English Court authorizing and directing that all cash in the possession of the Liquidators and proceeds from the liquidation of assets shall be maintained by IGS and IWG in a fiduciary account(s) in an appropriate banking institution(s) located in any jurisdiction the Liquidators, with the consent of the Committee, shall agree upon, and all three courts shall approve. Such account(s) shall be specifically

designated for deposit of the proceeds from the disposition of assets and the funding of court approved expenses (the "Account"). In the absence of the obtaining of such orders from all three courts, the proceeds from the sale or disposition of assets shall remain in the jurisdiction in which those assets were situated.

20. Except as specifically provided herein, the Cayman Court shall have sole jurisdiction and power over the Cayman Liquidators, as to their tenure in office, the conduct of the liquidation proceedings under Cayman law, the retention of the Cayman Liquidators and other Cayman professionals, and the hearing and determination of matters arising in the liquidation proceedings under Cayman law. Subject to the budget process described below, the Cayman Liquidators shall be compensated for their services in accordance with Cayman principles under Cayman law.

21. Except as specifically provided herein, the English Court shall have sole jurisdiction and power over the English Provisional Liquidators as to their tenure in office, the conduct of the provisional liquidation under English law, the retention of the English Provisional Liquidators and other English professionals, and the hearing and determination of matters arising in the provisional liquidation proceedings under English law. Subject to the budget process described below, the English Provisional Liquidators shall be compensated for their services in accordance with English principles under English law.

22. Except as specifically provided herein, the US District Court shall have sole jurisdiction and power over the conduct of the SEC Proceedings, the compensation of the

professionals rendering services in the SEC Proceedings, and the hearing and determination of matters arising in the SEC Proceedings in accordance with principles under United States law.

23. The US Bankruptcy Court shall have sole jurisdiction and power over the conduct of the US Proceedings, the compensation of the professionals rendering services in the US Proceedings, and the hearing and determination of matters arising in the US Proceedings. The Cayman Liquidators, the English Provisional Liquidators, the SEC Receivers, and any trustee to be appointed under the Bankruptcy Code shall individually and jointly propose a quarterly budget to the Committee for anticipated fees and expenses. The initial fees and expense budget shall be submitted to the Committee on or before October 15, 1999, for the period October 1, 1999, to December 31, 1999. Subsequent quarterly budgets shall be submitted 30 days prior to the expiration of the preceding budget. The Committee shall have seven (7) business days to approve or object to the budget. If the Committee objects and an agreement on the budget cannot be reached, the matter will be submitted to Judge Leif Clark as a special master appointed by the US District Court for determination. The Liquidators will provide the Committee with monthly reports on fees and expenses incurred in the administration of the estates. If in any budget period, an individual Liquidators' budget exceeds anticipated fees and expenses by 20% or the collective budget of the Liquidators is exceeded by 15%, and the fees are to be paid out of assets located in the US, a fee application hearing will be held upon a request from the Committee before the

US Bankruptcy Court in addition to any approvals which are considered necessary from the English and Cayman Courts. Upon approval of a budget, the Liquidators can be paid on a monthly basis the lesser of the fees and expenses incurred in that month or the amount budgeted for that respective month. Within twenty days of the end of each budgetary quarter, so long as the fees and expenses are within the margins set forth above and a fee application hearing is not implicated, the Liquidators shall be paid any additional fees and expenses. If a fee application hearing is requested under the procedures set forth above, additional payments shall be subject to orders of the US Bankruptcy Court and, to the extent necessary, the English Court and the Cayman Court. In the event of a conflict between the different courts, the party applying for such fees shall receive the lowest amount allowed by the different courts and all parties shall work in good faith to resolve any such conflict.

24. Payment of fees and expenses by an estate under the process outlined above shall not be a final determination of liability of such costs to that estate. Such allocation efforts will be reviewed and approved by the Courts pursuant to Phase II.

25. The US Bankruptcy Court will be requested to hold monthly status conferences.

26. The US District Court, US Bankruptcy Court, the Cayman Court, and/or the English Courts may, to the extent permitted by practice and procedure, and with the prior consent (if available) of each court, conduct joint hearings or conferences with respect to any matter related to the conduct, administration, determination or

disposition of any aspect of the SEC Proceedings, Cayman Proceedings, English Proceedings, or US Bankruptcy Proceedings where considered by any two or more Courts to be necessary or advisable and in particular, without limiting the generality of the foregoing, to facilitate or coordinate the proper and efficient conduct of the SEC Proceedings, US Bankruptcy Proceedings, Cayman Proceedings, and English Proceedings. With respect to any such hearings or conferences, unless otherwise ordered, the following may be considered to be appropriate:

- (i) A telephone link may be established such that all participating Courts may be able to simultaneously hear the proceedings in the other Courts.
- (ii) Any party intending to rely upon any written evidentiary material in support of a submission shall file identical materials in advance of such hearing or conference with each Court, as reasonably possible and consistent with the procedural and evidentiary rules and requirements of each participating Court. Any party which does not wish to attend or consent to the jurisdiction of a particular Court, shall be entitled to file such materials without, by the sole act of filing anything other than a proof of claim, being deemed to have attended or consented to the jurisdiction of the Court in which such material is filed.

- (iii) The Judge of the Cayman Court, the Judge of the English Court, the Judge of the US District Court, and the Judge of the US Bankruptcy Court may, but are not required to, communicate with one another, without advance notice to counsel or counsel being present, for any purpose, including, without limitation, to establish guidelines for the orderly making of submissions and rendering of decisions to deal with any other procedural, administrative, or preliminary matters or for the purpose of determining whether consistent rulings can be made by the Cayman Court, the English Court, the US District Court, and/or the US Bankruptcy Court, and the terms upon which such rulings should be made, and to deal with any other procedural or non-substantive matter in relation to such applications.

27. Due to the complicated nature of this cross-border insolvency, however, the Liquidators have requested that the Committee (and the petitioning creditors) temporarily suspend the pending Involuntary Petitions until such time as the parties can decide on the optimal approach to coordinate the proceedings. As such, subject to further orders of the US Bankruptcy Court, the Involuntary Proceedings against IGS and IWG shall be temporarily suspended under 11 USC. § 305, until January 7, 2000. Any party in interest may request the US Bankruptcy Court to enter an order for relief in the involuntary proceedings upon applicable notice to the Liquidators, their counsel, the Committee, and other parties who

have filed a request for service with the US Bankruptcy Court. All of the parties reserve the right to seek entry of orders for relief in the Involuntary Proceedings prior to January 7, 2000, in the event an emergency arises after entry of this stipulation.

28. The parties agree to request the Cayman, English, and US District Court enter a Confidentiality Order similar in substance to the order entered by the US Bankruptcy Court providing for the confidentiality of the identities of investors. The Liquidators shall use their best efforts to keep confidential the identities of the investors. Parties in interest recognize that the Liquidators may be requested to comply with the demands of governmental agencies for disclosures.

29. This Stipulation shall be binding on and inure to the benefit of the parties hereto and their respective successors, assigns, representatives, heirs, executors, administrators, trustees (including any trustees under chapters 7 or 11 of the Bankruptcy Code), and receivers, receiver managers, or custodians appointed under US law, Cayman law, or English law, as the case may be.

30. This Stipulation may not be waived, amended, or modified orally or in any other way or manner except by a writing signed by the party to be bound, and such approval and authorization of the US District Court, US Bankruptcy Court, Cayman Court, or the English Court as may be necessary and appropriate in the circumstances. Notice of any proposed amendment or modification of the Stipulation shall be provided by the party providing such to the Specified Parties in accordance with the Notice Procedures. This Stipulation may be

supplemented from time to time by the parties hereto as circumstances require with any supplementing stipulations as approved by the US District Court, US Bankruptcy Court, Cayman Court, and the English Court.

31. Any request for the entry of an order which is contrary to the provisions of this Stipulation must be made on notice by the proponent of the order to the Specified Parties in accordance with the Notice Procedures.

32. Each party represents and warrants to the other that its execution, delivery, and performance of this Stipulation are within the power and authority of such party and have been duly authorized by such party, except that, with respect to the Cayman Liquidators and the English Liquidators, US District Court, US Bankruptcy Court, Cayman Court, and English Court approval is required.

33. This Stipulation may be signed in any number of counterparts, each of which shall be deemed an original and all of which together shall be deemed to be one and the same instrument, and may be signed by facsimile signature, which shall be deemed to constitute an original signature.

34. The US District Court, US Bankruptcy Court, Cayman Court, and the English Court shall retain jurisdiction over the parties for the purpose of enforcing the terms and provisions of this Stipulation or approving any amendments or modifications thereto.

35. The parties hereto are hereby authorized to take such actions and execute such documents as may be necessary and appropriate to implement and effectuate this Stipulation.

36. The Stipulation is not intended to otherwise circumvent, alter, or otherwise affect the rights, obligations, or laws of any jurisdiction and accordingly, if a party to the Stipulation is directed by its Court to act (or not act) with respect to a particular issue whether on his own application or otherwise, that party's obligation to follow its Court's direction should not be impaired or abridged by the Stipulation. To the extent any party's obligation to follow its Court's order conflicts with its obligations under the Stipulation, that party shall be relieved from its obligation under the Stipulation, but such party must notify in writing all other parties of the conflict between its Court's direction or order and the Stipulation. In all other material respects, the affected party will remain bound to the terms of the Stipulation.

37. This Stipulation shall be deemed effective upon its approval by the US District Court, US Bankruptcy Court, Cayman Court, and the English Court. This Stipulation shall have no binding or enforceable legal effect until approved by the US District Court, the US Bankruptcy Court, the Cayman Court, and the English Court.

IN WITNESS WHEREOF the parties hereto have caused this stipulation to be executed either individually or by their respective attorneys or representatives hereunto authorized.

Dated: October ____, 1999
San Antonio, Texas

By: _____
J. Robert Medlin, As Receiver For
InverWorld, Inc. and InverWorld Securities, Inc.

By: _____
Len B. Blackwell, As Receiver For
InverWorld, Inc. and InverWorld
Securities, Inc. and As Foreign
Representative For IG Services, Ltd.

By: _____
Christopher D. Johnson, As Foreign
Representative Of IG Services, Ltd.

By: _____
Christopher J. Hughes, As Foreign
Representative For IWG Services, Ltd.

By: _____
Andrew Mark Homan, As Foreign
Representative For IWG Services, Ltd.