



Guernsey case establishes principles for liquidators to get decisions blessed by the Royal Court

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The Guernsey Royal Court recently handed down judgment which brought to an end an important chapter in a long-running dispute regarding control of the exploration and exploitation of the oil and gas reserves of Georgia. The case involved a rare blessing application under section 426 of the Companies Law in an insolvency context, enabling the liquidator to get their decision blessed by the Royal Court.

Advocate Mathew Newman acted for the First Respondent (MND) in the proceedings, which supported the Joint Liquidators' application made pursuant to section 426 of the Companies (Guernsey) Law, 2008 for the Court's approval of an agreement made between the Company, the Joint Liquidators and MND that MND would purchase certain assets of the Company.

The application was supported by two joint venture companies owned jointly by the Company and MND which also were creditors of the Company. Conversely, the application was vehemently opposed by two other creditors of the Company, namely Acheranar Assets AG and Acheranar Partners Limited.

LB Marshall's 28-page judgment approved the application, and commented that the vehemence with which Archernar opposed the application suggested that it had a wider interest in the outcome than simply improving prospects for the recovery of its claimed debt.

LB Marshall concluded her judgment by setting out some general principles which came under consideration in the case, including the use of Section 426 of the Companies Law to enable a liquidator to apply for court approval of an intended course of action.

Read the full briefing [here](#).

Mathew Newman said: "While 'blessing' applications made by trustees (known colloquially as Public Trustee & Cooper applications) are well trodden territory in Guernsey and further afield, LB Marshall's judgment in CanArgo, and in particular her commentary on the general principles

relating to analogous applications made pursuant to section 426 of the Companies Law in an insolvency context, should prove to be helpful guidance for both lawyers and insolvency practitioners when contemplating engaging the Court's jurisdiction in this way."

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Key Contacts



[Mathew Newman](#)

Partner

[Guernsey](#)

E: mathew.newman@ogier.com

T: [+44 1481 752253](tel:+441481752253)

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