REPORT ON EXAMINATION

GLOBAL LIBERTY INSURANCE COMPANY OF NEW YORK

INCREASE IN CAPITAL

AS OF

NOVEMBER 8, 2007

DATE OF REPORT

NOVEMBER 8, 2007

EXAMINER

MOSES EGBON
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November 8, 2007

Honorable Eric Dinallo  
Superintendent of Insurance  
State of New York  
Albany, New York 12257

Sir:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 22687, dated October 24, 2007 attached hereto, I have made an examination into the capital increase as of November 8, 2007 of the Global Liberty Insurance Company of New York, and submit the following report thereon.

Wherever the designation “the Company” appears herein without qualification, it should be understood to indicate Global Liberty Insurance Company of New York.

Wherever the term “Department” appears herein without qualification, it should be understood to mean the New York Insurance Department.

The examination was conducted at the Company’s administrative office located at 131 East Ames Court, Plainview, New York, New York 11803.
1. **AUTHORIZATION**

By written consent dated June 28, 2007 of the sole shareholder and director of Anchor Holdings Group, Inc. (“AHG”), Hossni Elhelbawi, AHG resolved to make a capital and surplus contribution to the Company in the amount of $250,000 on or before June 30, 2007 by purchasing 200,000 shares of $1 par value per share common stock of the Company at the price of $1.25 per share. The purpose of the capital and surplus contribution was to meet the minimum capital stock requirements for licensing in the state of New Jersey. The funds were deposited in the Company’s investment account on June 29, 2007 and a stock certificate for 200,000 shares was issued to AHG on that date.

2. **INSURANCE DEPARTMENT APPROVAL**

By letter dated May 31, 2007, the Company requested permission to issue 500,000 shares of its common stock to its parent at a purchase price of $2 per share; the Department non-disapproved this transaction pursuant to Section 1505(d) of the New York Insurance Law on June 5, 2007. On August 2, 2007, the Company advised the Department that it had modified the capital and surplus contribution from $1 million down to $250,000.

Pursuant to its charter, the Company has 2 million authorized shares, of which only 1 million shares were issued prior to the capital increase; therefore, no charter amendment was necessary to issue the 200,000 additional shares.

3. **INCREASED CAPITALIZATION**

On June 29, 2007, the Company completed the sale of 200,000 shares of capital stock to its parent, Anchor Holdings Group Inc. Examiner’s review of the stock register revealed that the Company issued stock certificate No.8, representing 200,000 shares of the Company’s stock with a par value of $1 per share, to Anchor Holdings Group Inc. On June 29, 2007, Anchor Holdings
Group Inc. transferred $250,000 from its Citibank account to the Company’s account in Citigroup Global Markets Inc. (Smith Barney), Garden City, New York. The said amount was subsequently invested in money market fund.

The following is a comparison of the capital of the Company prior to, and subsequent to, the stock sale:

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<tr>
<td>Paid In Capital</td>
<td>$1,000,000</td>
<td>$200,000</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Gross paid-in and</td>
<td>$2,063,844</td>
<td>$50,000</td>
<td>$2,113,844</td>
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<tr>
<td>contributed surplus</td>
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4. **AFFIDAVIT**

As required by Section 1206(c) of the New York Insurance Law, Hossni Elhelbawi and Angela Osan, the President and Secretary respectively, of the Company, have executed an affidavit to the effect that the amount of $250,000 was received by Citigroup Global Markets Inc. (Smith Barney), Garden City, New York on June 29, 2007, being the property, solely and wholly of Global Liberty Insurance Company of New York and representing $200,000 of paid-in capital and $50,000 of paid-in surplus.

5. **CONCLUSION**

As a result of this examination, I hereby certify that the Company’s paid-in capital was increased from $1,000,000 consisting of 1,000,000 shares of $1 par value per share common stock, to $1,200,000 consisting of 1,200,000 shares of $1 par value per share common stock and its paid in and contributed surplus was increased by $50,000, and that consideration of $250,000 was received in connection with the issuance of the 200,000 additional shares.
AFFIDAVIT

STATE OF NEW YORK)

) ss.

COUNTY OF Nassau )

Hossni Elhelbawi and Angela Osan being duly sworn depose and say:

1. That they are respectively the President and Secretary of Global Liberty Insurance Company of New York (the “Company”).

2. Pursuant to affirmative vote of all of the directors of Anchor Holdings Group, Inc., by written consent in lieu of a meeting dated June 28, 2007; and by affirmative vote of the Company’s Board of Directors on June 4, 2007, the Company was authorized to issue up to 500,000 of the remaining 1,000,000 shares of authorized and outstanding common capital stock of the Company, on or before June 30, 2007.

3. That on June 29, 2007, Anchor Holdings Group, Inc., the Company’s parent, contributed capital of $250,000 to the Company. The aforementioned $250,000 was deposited to the Company’s investment custodial account at Citigroup Global Markets Inc. (Smith Barney), Garden City, New York.

4. On June 29, 2007, the Company issued to Anchor Holdings Group, Inc., its parent company, 200,000 shares of $1 par value common stock, representing the aforementioned increase in the Company’s capital stock for a purchase price of $250,000 at $1.25 per share.

5. That said transaction was genuine and bona-fide.

6. That no part of said proceeds has been loaned or advanced to said stockholders and there was and is no agreement or understanding, expressed or implied, to repurchase all or part
of the said shares.

7. That the proceeds have been and will continue to be appropriated and used solely to further the lawful and proper purpose of the Company.

8. That there was no agreement, arrangement of understanding, either expressed or implied, whereby any part of said transaction is to be withdrawn or pledged for the accommodation or use, whether directly or indirectly, or any officer or stockholder of the Company or any other person or persons.

9. That neither the Company nor any of its officers or directors are in any way pledged or committed to make any investment or loan or other disposition of any part of said proceeds which is not in all respects in strict conformity with law.

10. That the Company is under no obligation with respect to the said transaction, either expressed or implied, whereby any part of the Company's assets, credit, or its financial guarantee has been pledged or committed with the said transaction.

Hossni Elhelbawi
President

Angela Asan
Secretary

Sworn to before me this
day of November 2007.

Dwight Geddes
Notary Public, State of New York
01GE6166753
Qualified in New York County
Commission Expires May 21, 2010
Respectfully submitted,

/S/
Moses Egbon, CFE
Senior Insurance Examiner

STATE OF NEW YORK )
)SS:
COUNTY OF NEW YORK )

MOSES EGBON, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

/S/
Moses Egbon, CFE

Subscribed and sworn to before me

this_______ day of______________, 2008.
STATE OF NEW YORK
INSURANCE DEPARTMENT

I. Eric R. Dinallo, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

Moses Egbon

as proper person to examine into the affairs of the

GLOBAL LIBERTY INSURANCE COMPANY OF NEW YORK

and to make a report to me in writing of the condition of the said

Company

with such other information as she shall deem requisite.

In Witness Whereof, I have hereunto subscribed by the
name and affixed the official Seal of this Department, at
the City of New York,

this 24th day of October, 2007

ERIC R. DINALLO
Superintendent of Insurance