

WITNESS STATEMENT OF [REDACTED]

1. My name is [REDACTED] and my postal address is [REDACTED]
[REDACTED]. Between 1989 and 2001 I was chairman of [REDACTED].
2. By way of a background, In the early 1990s [REDACTED]
[REDACTED] were the majority owners and operators of [REDACTED].
3. [REDACTED] was required [REDACTED] to divest 40% of its shareholding carrying voting rights to Jamaican nationals by way of a public offer.
4. When the company went public in 1995 several financial institutions namely Century national Bank, Horizon Merchant Bank Eagle Financial Services Corporate group and Caldon Finance were among the 1494 corporate entities and individuals that responded to the share offer.
5. With the collapse of the financial institutions FINSAC acquired the shares of the financial institutions in [REDACTED] and wrote to [REDACTED] stating that it wanted an representative (of [REDACTED]) on the board. We readily agreed and [REDACTED] was appointed to represent the interests of FINSAC.
6. [REDACTED] immersed himself with enthusiasm in the affairs of FINSAC so much so that when FINSAC suddenly and without reason indicated that it no longer required board representation, he was retained by us as a member of the board.
7. In addition to the shareholding, FINSAC acquired another interest in [REDACTED] in the form of loans which the company had with Workers Bank. The financial obligations of [REDACTED] as at December 31 1998 (when Workers Bank was taken over by FINSAC) were:
 - I. Overdraft facility of \$ [REDACTED] at an interest rate of **55% per annum**. Balance outstanding \$ [REDACTED].
 - II. Demand loan : Principal outstanding - \$ [REDACTED]
Interest outstanding - [REDACTED]
Total outstanding - [REDACTED]
Interest rate - **55% per**
8. At the time of the FINSAC takeover [REDACTED] engaged the services of a management consulting firm, Capital Options Limited to prepare a detailed

proposal for dealing with its outstanding financial obligations, Among the proposals was a restructuring of the loan and overdraft facilities calculated at the Treasury Bill rate, then **26.65% , plus 2%**. The proposal was submitted on the basis that the rate at which interest was being charged was too high and was therefore unsustainable.

9. It was proposed that the demand loan and overdraft facilities would be consolidated to a new demand loan of \$ [REDACTED] in **February, 1999**. This loan would attract an interest rate of **23.65%**. and would be retired over seven years. A six month moratorium was requested on the repayment of principal during the first few months of 1999, the early months of the year being a traditionally slow period for media. Only 50% of the interest would be paid during this period with the balance being paid during 2000. A compromise of 100% of total outstanding interest was also requested .
10. FINSAC advised [REDACTED] in writing that its credit committee had rejected [REDACTED] proposal. When we queried what aspect(s) of the proposal were found to be unacceptable we were informed that the credit committee rejected **all aspects of the proposal**.
11. In the meantime, [REDACTED] continued to make monthly payments of [REDACTED] to service these loans.
12. Having been informed that our said proposal had not been acceptable to its credit committee, we submitted the following alternative proposal to FINSAC.
 - a. \$ [REDACTED] for the shares in [REDACTED] held by FINSAC.
 - b. That the \$ [REDACTED] be paid off over five years. The grouping acquiring the shares would include members of staff who would be offered a bloc equivalent to 15% of the shareholding of the company which they would be able to pay for by way of salary deductions.
 - c. Any dividends earned by the bloc of shares formerly held by FINSAC would be paid to that institution to assist in liquidating the debt during the five year period.
 - d. The interest of \$ [REDACTED] owed to FINSAC be written off,

- e. That the principal of \$ [REDACTED] attract interest at the rate of 12% per annum and be liquidated over a period of eight years with monthly payments of \$ [REDACTED].
 - f. That interest be charged on the reducing balance.
 - g. That FINSAC take a charge over the fixed and floating assets of the company to secure the loan of \$ [REDACTED].
13. No response was forthcoming with respect to this proposal and FINSAC advised us that it would be divesting the shares it held in the company.
14. Despite our efforts to negotiate with FINSAC and while continuing to service the loans, FINSAC proceeded to advertise its shares in [REDACTED] for sale.
15. We ([REDACTED]) also met with the hon. Minister of finance Dr. Omar Davies to discuss our proposal.. At that meeting Dr. Davies told me that he was looking for a "deep pocket man " to acquire FINSAC's shareholding and was not prepared to wait for the money.
16. In or about March. 2001 , the shareholding and debt were disposed of to Wilmington Corporation for \$ [REDACTED]. Wilmington Corporation is 100% owned by Alston Stewart. See All Media Press Releases dated January 10, 2001 (EXHIBIT [REDACTED]"), letter dated January 12, 2001 from FINSAC Limited to [REDACTED] (EXHIBIT "[REDACTED]"), All media Press Release dated March 30, 2001. (EXHIBIT "[REDACTED]")
17. Wilmington Corporation paid \$ [REDACTED]. for [REDACTED] of the 78 million issued shares and \$ [REDACTED] for the total outstanding debt of approximately \$ [REDACTED].
18. It is my contention that there was a lack of probity and transparency in the entire transaction. Our interaction with the management of FINSAC was characterized by arrogance on their part which was most unbecoming of officers of a public institution.
19. It is my contention that in point of principle, [REDACTED] should have been given a real first opportunity to acquire FINSAC's shareholding having had the foresight to start the company and taken the initial risk to get it going.
20. [REDACTED]

[REDACTED]

22. We further contend that the sale of [REDACTED] was in keeping with a "master plan" concocted at the highest levels of the administration and that there was nothing that the group who had the original vision to create the station could have done to prevent this.

23. FINSAC made much of the fact that [REDACTED] had no accounts. The truth is that the company provided audited financial accounts for 1997, draft financial statements for 1998 and unaudited financial statements for 1999. The 1998 audit was not completed because FINSAC failed to provide the auditors, Price Waterhouse Coopers, with a loan agreement with [REDACTED] relative to the debt. In the absence of such an agreement the auditors said they would have to qualify the financial statements and this would have adverse implications for the status of the company as a going concern. No formal loan agreement has ever been put in place between [REDACTED] and FINSAC though FINSAC representative had been sitting on [REDACTED] board and was privy to all financial information, which was presented monthly. He tried relentlessly to have FINSAC come to some agreement with the Company, but to no avail.

24. Indeed, it was the absence of a loan agreement which prevented our auditors from producing final accounts. To say that our accounting records were poor was disingenuous.

25. Significantly, after the company was sold it was delisted by the Jamaica Stock Exchange in 2002. for failure to file returns.

26. Since the acquisition by Wilmington Corporation, other shareholders (apart from Wilmington) have never been informed of an annual general meeting and have received no information about the performance of the company which is a public company, despite its being delisted.

27.1 would also like to have the following questions addressed by FINSAC:

- In light of the fact that the company has been delisted what steps have been 1 will be taken to safeguard the rights of the over 1400 minority shareholders ?
- In divesting its shareholding to Wilmington Corporation, did FINSAC have as a condition of sale that the company remain public ?
- If not, why ?

- Was the then minister aware that a condition of the license issued to [REDACTED] in 1991 was that 40% of its shares carrying voting rights should be made available to Jamaican nationals by means of a public offer ?
- If the company is delisted, what steps would have been taken by the relevant minister to ensure that it complies with this condition of its license ?
- Was the then minister of finance aware that the former management of [REDACTED] had taken the 1998 audit to draft stage but were unable to finalize it because FINSAC would not provide a letter to explain how it proposed to treat with a loan owed by the company ?
- Can the then minister explain why the new management of [REDACTED] has failed to file the 1998 and subsequent audited financial statements ?

SIGNED BY :

T
[REDACTED] _____

THE

DAY OF

2011.

LIST OF EXHIBITS

EXHIBIT

"[REDACTED]"
"[REDACTED]"
"[REDACTED]"

All Media press Release dated January 10, 2001

Letter dated January 12, 2001 from FINSAC to [REDACTED]

All Media Press Release dated March 30, 2001.

FINSAC LIMITED
ALL MEDIA PRESS RELEASE
SALE OF [REDACTED] SHARES

FINSAC Limited *is pleased to announce the selection of a winning bid for the acquisition of the approximately 45% block of shares in [REDACTED] [REDACTED] held by a number of entities under its control.*

The bid process started early last year, with the receipt of thirteen expressions of interest after advertisements in the local media, out of which three offers for purchase were made.

The bids were opened on June 21, 2000 and were evaluated by FINSAC and a firm of professional business valuers, who had also conducted a valuation of the company on FINSAC's behalf. After making recommendations to the Cabinet, final approval for the transaction was given late last year, endorsing the recommendations made by FINSAC.

The successful bidder is Wilmington Corporation Limited, a Jamaican company whose principal is [REDACTED]. FINSAC and Wilmington Corporation have entered-into-a-Memorandum-of-Understanding in--order-to- permit the bidders to start the process of due diligence, Once the due diligence process is successfully concluded and all necessary pre-conditions have been met, it is expected that the parties will conclude an agreement for the sale of the shares and the acquisition of the debt now owed by the company to FINSAC, at which time a further announcement will be made.

January 10, 2001

*Contact:
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Email: rtpmcdoneldcfinsac.aorn*

FINSAC LIMITED

"Financial Sector Adjustment Co. Ltd"
76 KNUTSFORD BOULEVARD
P.O. BOX 54, KINGSTON 5
JAMAICA, W.I.

PHONE: (876) 906-1809-12

FAX: (876) 906-1822

2001 January, 12

The Managing Director

[REDACTED]

Attention: [REDACTED]

Dear Sirs:

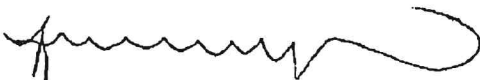
Re: [REDACTED]

Further to discussions with you ([REDACTED]/Patrick McDonald), this is to formally advise you that Wilmington Corporation Limited has been successful in its bid to purchase the approximate 45% of the shares in [REDACTED] which are presently under the control of Finsac Limited.

Representatives from Wilmington Corporation Limited will contact you regarding its due diligence exercise. Kindly extend your usual courtesies to these representatives and provide them with access to the books, records, facilities and personnel of the company.

Your usual co-operation is anticipated.

Yours faithfully
FINSAC LIMITED



PATRICK HYLTON
MANAGING DIRECTOR

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ALL MEDIA PRESS RELEASE

DIVESTMENT OF SHARES IN [REDACTED]

FINSAC Limited is pleased to announce the completion today of the sale of FINSAC's interest in [REDACTED] operators of [REDACTED], to Wilmington Corporation Limited.

For the benefit of the public, FINSAC wishes to reiterate the details of the bid process and to provide full details on the bids received.

Advertisements were placed in the print media inviting expressions of interest in acquiring these shares. Thirteen **expressions** of interest were received by FINSAC and *information packages were delivered to all thirteen persons, in which a deadline was given for the submission of bids.* FINSAC also advised these persons that the company had a debt to FINSAC and that the shares and the debt were being offered for sale as one package. FINSAC also outlined that while not ruling out any proposal regarding the treatment of the debt, it would **welcome proposals to either (a) purchase the debt outright or (b) assume the company's debt and make a lump sum payment immediately**, with an appropriate repayment plan for the remainder of the debt. In the interim, FINSAC commissioned its professional advisors to conduct a valuation of the company.

Three bids were received by FINSAC, details of which are as follows:

1. [REDACTED] - submitted a combined bid for \$4 million for the shares and the debt.

2. [REDACTED] - submitted two alternative bids.

The first bid involved:

the purchase of the shares for \$1.00
repayment of principal debt of [REDACTED] over three years

- write-off of all interest

FINSAC to give an undertaking to accept all liabilities of [REDACTED] existing on date on purchase and which had not been previously disclosed.

The second bid involved:

purchase of all of [REDACTED] assets for \$17 million

FINSAC to arrange the transfer of [REDACTED] to another company

- All outstanding debts of [REDACTED] at the date of purchase were to be retired by FINSAC.

3. **Wilmington Corporation Limited** - submitted a combined bid for \$[REDACTED] for the shares and the debt.

A proposal had been made during 1999 by the management of [REDACTED] on behalf of staff and a shareholder's investors group, and while this was not part of the formal bidding process, it was included for purposes of assessment of the bids. The details of this proposal are as follows:

\$7.4 million for the shares paid for over 5 years, with 15% of the shares reserved for staff payable by way of statutory deductions
write-off of all interest and loan to be amortised at 25%

FINSAC retained its professional advisors to assist in the evaluation of the bids received and this exercise took place in June 2000. At the end of the evaluation exercise, FINSAC's advisors expressed their opinions on the bids, in which the bid received by Wilmington Corporation Limited was regarded as the best offer, given FINSAC's requirement for a quick and final sale of the shares and the debt.

The bids received from both Wilmington and [REDACTED] proposed immediate cash payments for the shares and debt, subject to due diligence. The first proposal from [REDACTED] did not meet FINSAC's criteria. The second presented several hurdles for FINSAC and was therefore ruled out of consideration. The management offer also did not meet FINSAC's criteria and the company's ability to repay the FINSAC debt was also regarded as uncertain, even with the interest written off.

The Wilmington bid was more than 50% higher than [REDACTED] bid, which was the only other offer with an immediate cash payment and, on that basis, was regarded as the most favourable bid.

This recommendation was submitted by FINSAC for consideration by Cabinet, in keeping with the procedure. Owl was *autiinec to all persons-wl,o-responded to-tha advertisements. Cabinet accepted the recommendation and gave FINSAC the authorisation In late December 2000 to proceed to negotiate with Wilmington Corporation, in accordance with the recommendation made to it by FINSAC_

FINSAC LIMITED
March 30, 2001

Contact:
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