

VERBATIM NOTES
OF
COMMISSION OF ENQUIRY INTO CIRCUMSTANCES
THAT LED TO THE COLLAPSE OF THE FINANCIAL INSTITUTIONS
IN THE 1990s

HELD AT
THE JAMAICA PEGASUS HOTEL
81 KNUTSFORD BOULEVARD, KINGSTON 5

ON
TUESDAY, 8TH DECEMBER, 2009

PRESENT WERE:

TUES. DEC 8, 2009

COMMISSIONER

The Hon. Mr. Justice Boyd Carey (Reed) MEMBERS

Mr. Charles Ross
Mr. Worrick Bogle

COUNSEL FOR THE COMMISSION

Hon. R.N.A. Henriques OJ, QC, LL.M

SECRETARY TO THE COMMISSION

Mr. Fernando DePeralto

MARSHALLING THE EVIDENCE

Mr. Ransford Braham - Attorney-at-law
Mrs. Kelley Wong-Henry - Attorney-at-law

REPRESENTING BANK OF JAMAICA Hon.

Mr. Michael Hylton, Queen's Counsel

REPRESENTING JAMAICA REDEVELOPMENT FOUNDATION

Mrs. Sandra Minott-Phillips - Attorney-at-law

REPRESENTING DEBTOR

Melissa Cunningham - Attorney-at-law

REPRESENTING DEBTOR

Mr. Anthony Levy - Attorney-at-law

REPRESENTING MR. ERROL CAMPBELL/FINSAC

Mr. Lackston Robinson - Attorney-at-law
Mrs. Mitchell Shand-Forbes - Attorney-at-law

REPRESENTING DEBTOR

Dr. Christopher P. Malcolm - Attorney-at-law

GIVING EVIDENCE:

Mr. Errol Campbell - General Manager -- FINSAC

1 FINSAC Enquiry

2 Tuesday, December 08, 2009.

3 Starting at approximately 9:45 A.M.

4 CHAIRMAN: Good morning, ladies and gentlemen,
5 could we make a start? This Commission
6 of Enquiry is now in session. Mr.
7 Braham?

8 MR. BRAHAM: Mr. Chairman, and members, this morning
9 the witness scheduled to be called is
10 Mr. Campbell, Mr. Errol Campbell,
11 General Manager of FINSAC. He is
12 represented Mr. Chairman, by Mr.
13 Lackston Robinson and with him is
14 Mrs. Michelle Shand-Forbes. In addition
15 to that sir, we have today Mr.
16 Christopher Malcolm and he is
17 representing Mr. Paul Hurlock, who is a
18 person interested in these proceedings.
19 Otherwise, the representation remains
20 the same.

21 CHAIRMAN: Yes, for the purposes of the Shorthand
22 Writer, would you repeat them please if
23 you don't mind.

24 MR. BRAHAM: FINSAC and Mr. Campbell, those 2 are
25 represented this morning by Mr. Lackston

1 Robinson and Mrs. Michelle Shand-Forbes
2 and they are the Attorney General's
3 Department. Mr. Paul Hurlock, a person
4 who is interested in these proceedings
5 is represented by Mr. Christopher
6 Malcolm, attorney-at-law. Anyhow. Sir,
7 I understand that Mr. Robinson has an
8 application that he wish to make at this
9 time.

10 CHAIRMAN: Yes, Mr. Robinson.

11 MR. ROBINSON: May it please you, Mr. Chairman.

12 MR. BRAHAM: Beg you pardon sir, crave your
13 indulgence. There is just one
14 additional bit of information, sir.
15 First of all, who I referred to as Mr.
16 Christopher Malcolm, is actually
17 Dr. Christopher Malcolm and Mr. Garcia,
18 he is representing Mr. Patrick Hylton.
19 That is Mr. Garcia, he is representing
20 Mr. Patrick Hylton. Subject to that sir,
21 then Mr. Robinson should be able to
22 address you.

23 CHAIRMAN: Yes, thank you. Go ahead Mr. Robinson.

24 MR. BRAHAM: We note the presence of Mrs. Phillips.

25 MRS. PHILLIPS: Obligated.

1 MR. ROBINSON: Yes, may it please you, Mr. Chairman and
2 Commissioners. I was asked to be here
3 this morning to represent Mr. Errol
4 Campbell, the General Manager, FINSAC
5 Limited.

6 CHAIRMAN: You represent who, Mister...?

7 MR. ROBINSON: Mr. Errol Campbell General Manager,
8 FINSAC Limited.

9 CHAIRMAN: You appear for FINSAC?

10 MR. ROBINSON: Yes. This morning it's Mr. Mister Errol
11 Campbell, who is scheduled to give
12 evidence. Mr. Chairman, I received...

13 CHAIRMAN: The reason why I made that comment is
14 because we have had situations where we
15 write CEOs or Heads of these
16 organizations and they tell us that they
17 have their personal lawyer.

18 MR. ROBINSON: Oh!

19 CHAIRMAN: Although they are CEOs so I don't know.
20 What is the position sir, let us get it
21 quite clear. Mr. Campbell is FINSAC for
22 the morning?

23 MR. ROBINSON: For the morning. What I want to say Mr.
24 Chairman, is that I received
25 instructions from Mr. Campbell, on

1 Friday, of last week. I have not had the
2 opportunity of reading those
3 instructions...

4 CHAIRMAN: From when?

5 MR. ROBINSON: On Friday.

6 CHAIRMAN: Which Friday now?

7 MR. ROBINSON: Friday last week. I think the documents
8 were sent to the office on the third, I
9 received them Friday, the fourth, I
10 have not had the opportunity of reading
11 those documents, I have not had the
12 opportunity of having any discussions
13 with Mr. Campbell, about the contents of
14 those documents. So I am not in a
15 position to assist the Commission this
16 morning or Mr. Campbell for that matter,
17 and I have indicated that to Mr.
18 Campbell. It is with regret Mr.
19 Chairman, that in the circumstances I
20 would sincerely ask for your indulgence
21 and that we be permitted an adjournment
22 until we are in a position to properly
23 prepare ourselves and be in a position
24 to assist you.

25 CHAIRMAN: Well, this is a most remarkably

1 2 situation because we provided Mister --
3 4 well FINSAC with questions to be
5 6 answered and the questions have been
7 8 answered by Mr. Campbell. So that Mr.
9 Campbell is ready seems to us which is
10 straightforward and obvious. It's
11 distressing that his lawyer is not ready.
12 We were accused of not using the Attorney
13 General's Office of that I am not quite
14 sure. We did invite the Attorney General,
15 to assist but we were told that they had
16 no staff. And it was being questioned why
17 we were incurring cost, I hope that has
18 been put to rest, no fault of ours. I
19 trust that it is appreciated that it is
20 taxpayer's money that is funding this
21 exercise. Its a colossal waste of time
22 to adjourn matters and have it prolonged
23 in this way. I don't quite follow why
24 FINSAC took so long to brief counsel
25 because we gave them ample notice. Just
one moment, please.

(Chairman confers with Secretary)

The first letter that we wrote to FINSAC

1 was on the 28th of May, so that FINSAC
2 was cognisant of these matters and ought
3 properly should have taken advice how it
4 intended to proceed. We have gotten
5 reply from FINSAC on the 18th of
6 November, we would have thought that
7 there would be ample time for counsel to
8 be retained and instructed and we regard
9 this as most distressing. The question
10 is what do we do? We have counsel here
11 who can marshall the evidence, Mr.
12 Campbell is ready, I won't hear
13 otherwise because I take it the answers
14 which we have are his. Sad to know that
15 he doesn't know what he has written. So
16 is there any reason Mr. Robinson, why
17 counsel marshalling the evidence can't
18 lead that evidence? You can advise him
19 as you choose.
20 MR. ROBINSON: Advise who?

21 CHAIRMAN: We are very loath to grant any
22 adjournment to delay the progress of
23 this Commission of Enquiry.

24 MR. ROBINSON: Advise Mr. Campbell as to...

25 CHAIRMAN: You think you should. But so far as the

1 questions we have asked he has answered
2 them or well, answers have been given.
3 We will assess those answers when he
4 goes in the witness box and gives
5 evidence. But we have here the responses
6 to the questions.

7 MR. ROBINSON: Well, I have indicated to Mr. Campbell,
8 that to the extent that he would need my
9 assistance I cannot assist him and I can
10 not assist you, Mr. Chairman, this
11 morning because as I have said, that I
12 have received this document. The
13 questions and the answers were sent
14 along with other documents on Friday and
15 there is no opportunity of reading them
16 and discussing them with Mr. Campbell.
17 So to that extent I cannot assist Mr.
18 Campbell this morning.

19 CHAIRMAN: So let me ask you this. When do you want
20 an adjournment to this afternoon?

21 MR. ROBINSON: This afternoon?

22 CHAIRMAN: Or tomorrow morning?

23 MR. ROBINSON: No, no...

24 CHAIRMAN: Because he is down to be heard next two
25 days. So two days will be wasted while

1 Rome burns. Yes?

2 A Let me speak with Mr. Campbell.

3 CHAIRMAN: Please.

4 (Mr. Robinson confers with Mr.

5 Campbell)

6 CHAIRMAN: Yes, Mr. Robinson.

7 MR. ROBINSON: Yes. Mr. Chairman, Mr. Campbell

8 apparently is willing to do what he can

9 to assist the Commission this morning.

10 CHAIRMAN: Well, we are grateful to Mr. Campbell.

11 Has he got his responses available?

12 MR. CAMPBELL: Yes.

13 CHAIRMAN: You are still his lawyer you know, so I

14 ask you.

15 MR. ROBINSON: He has the questions and the answers.

16 CHAIRMAN: Very well, thank you. Mr. Braham, will

17 you adduce the evidence, please.

18 (Witness sworn at 10:00 a.m.)

19 Please take a seat, Mr. Campbell.

20 (EXAMINED BY MR. BRAHAM).

21 MR. BRAHAM: Could you just state your full name,

22 sir?

23 A I am Errol Campbell.

24 Q And what is your current position?

25 A I am the General Manager of FINSAC and

1 Financial Institutions Services Limited.

2 Q General Manager?

3 A Of FINSAC and Financial Institutions

4 Services Limited.

5 Q And you have occupied this position

6 since when?

7 A January 2008.

8 Q I see. Do you have any particular

9 training in Finance, Economics or

10 anything like that, Mr. Campbell?

11 A I am a Banker by training. I have worked

12 with National Commercial Bank and I am a

13 member of the Association of Chartered

14 Institute of Bankers in London.

15 Q Very well. You were sent a number of

16 questions on behalf of the Commission.

17 You recall receiving some or all of

18 those questions?

19 A Yes, I do.

20 Q I see. Having come to FINSAC what do

21 you understand to be the current purpose

22 of FINSAC?

23 A At present FINSAC is doing primarily

24 residual operations having completed its

25 primary mandates some years ago.

1 Q What is the residual operation?

2 A There are a few properties being managed
3 with a view to sale ultimately and there
4 are still some litigation issues that
5 are outstanding.

6 Q So the purpose at this time is to sell
7 the properties and also to conclude
8 litigation?

9 A Yes. And there are also a few companies
10 that need to be liquidated. So those are
11 primarily the things that we do. And in
12 the process of doing that we incur bills
13 that we need to honour on a day-to-day
14 basis, yes.

15 Q FINSAC has subsidiary companies that are
16 in operation?

17 A Yes. There are two subsidiary companies.
18 CHAIRMAN: Vis?

19 MR. BRAHAM: These are?

20 A Refin Trust Limited and Recon Trust
21 Limited.

22 Q I see. Could you just give us a general
23 idea of the purpose of these two
24 companies?

25 A Both companies are the companies used to

1 by FINSAC to acquire the non-performing
2 loans from the various institutions so
3 they really not operating in the
4 strictest sense but the Sale Agreement
5 that we have with Jamaica Redevelopment
6 Foundation requires that a portion of
7 the sale proceeds come to FINSAC. So
8 these are the entities in essence that
9 collected on behalf of FINSAC.

10 Q Historically these two companies are the
11 only two subsidiaries, were there other
12 subsidiaries that have been closed and
13 no longer operational?

14 A Those are the only two subsidiaries.

15 Q Very well. You said that FINSAC had
16 completed its primary function. What did
17 you understand those primary functions
18 to be?

19 A As I understand it FINSAC was formed
20 some years ago to assist the ailing
21 financial sector and primarily there was
22 a three-pronged approach to its
23 operation which was: Intervention in
24 the financial sector, some
25 rehabilitation and then ultimately

1 divestment.

2 Q I see. There was a disbursement of
3 funds by FINSAC to the failed financial
4 institutions?

5 A (No answer).

6 Q Is that so?

7 A Will you please just clarify that when
8 you say disbursement of funds.

9 Q Okay, let's put it to him. What was the
10 gross amount disbursed by FINSAC to the
11 failed institutions?

12 A The information that I have is that the
13 figure is in the region of 94 billion
14 dollars.

15 Q And that is as at what date?

16 A March 2002.

17 Q Okay. Could you advise us as to the
18 specific purposes and to which
19 institutions -- well, let's start with
20 one of them at a time. The specific
21 purposes for which the disbursement was
22 made and then thereafter you could
23 indicate to which institution and what
24 amount?

25 A The disbursements were made to various

1 institutions. There were disbursed in the
2 form of cash or local registered stock,
3 loans that were bought from the financial
4 institutions and some amount of ordinary
5 shares and preference shares
6 were also acquired.

7 Q Could you tell us the institutions?

8 A There was Billy Craig Finance & Merchant
9 Bank; Buck Securities Merchant Bank.

10 Q Do you have the information as to how
11 much was disbursed to each?

12 A Yes, I do.

13 Q Would you give that to us as well as you
14 go along starting with Billy Craig
15 Finance & Merchant Bank?

16 A Sure. Billy Craig Finance & Merchant
17 Bank the total disburse was, in round
18 figures one hundred and forty-eight
19 million. Buck Securities Merchant Bank,
20 38 million, Caribbean Trust and Merchant
21 Bank, 24 million, Caldon Finance
22 Merchant Bank, 100 million, Citizens
23 Bank Limited 2.7 billion, Crown Eagle
24 Life Insurance, 14 billion, Citizens
25 Financial Insurance Agency 19 million,

1 Eagle Group 2.7 billion, Dyoll Group,
2 800 million, Fidelity Finance Merchant
3 Bank 77 million, Island Life Insurance
4 Company, 1.4 billion, Horizon Merchant
5 Bank 4.6 billion, Intercontinental
6 Merchant Bank, 100 million, Jamaica
7 Mutual Life Assurance Society 17
8 billion, National Commercial Bank, 20.9
9 billion, Life of Jamaica, 1.9 billion,
10 Island Victoria Bank 817 million,
11 Victoria Mutual Building society, 1.3
12 billion, Union Bank of Jamaica, 8.7
13 billion, Corporate Group, 9.6 billion,
14 Partners Merchant Bank, 19 million,
15 Century National Bank 5.5 billion, and
16 Blaize Trust & Merchant Bank, 943
17 million.

18 Q And these funds were used to purchase
19 shares, how were they actually
20 disbursed?

21 A As mentioned earlier some of these
22 moneys were advanced in the form of cash
23 or local registered stock or to purchase
24 loans or to purchase ordinary shares.

25 Q Would you wish that I say the amount for

1 the different institutions, is that what
2 you are asking?

3 Q We can move long.
4 CHAIRMAN: Yes, I don't think that is necessary.

5 MR. BRAHAM: Very well. Are you aware whether the
6 institutions were -- all of the
7 institutions or some of them were
8 restructured?

9 A Some of them were restructured; very
10 few.

11 Q Could you explain to us the form that
12 the restructuring took?

13 A From the shares that were acquired, the
14 ordinary and preference shares - the
15 preference shares in particular, gave
16 FINSAC the right to convert some of
17 these to ordinary shares and the
18 ordinary shares that were also acquired
19 FINSAC got majority controlling interest

20 in some of these companies and with that
21 they were to able sell later on.

22 Q The companies that were sold, could you
23 tell us which companies these were?

24 A Citizens Bank and some other commercial
25 banks were merged into Union Bank and

1 Union Bank was one of those entities
2 that was sold.

3 Q And that comprised Citizens Bank...

4 A Workers Bank, Horizon Merchant, Eagle
5 Commercial and Island Victoria Bank.

6 Q I see.

7 Q And National Commercial Bank is another
8 entity that was sold.

9 Q It was sold? But you didn't list the
10 National Commercial Bank as one of the
11 institutions that received assistance?
12 Yes.

13 Q He did? Yes, I am sorry. Beg you
14 pardon?

15 CHAIRMAN: It got twenty (20) billion.

16 MR. BRAHAM: Now sir, before these institutions were
17 restructured and sold, were there
18 valuations carried out of the
19 institutions?

20 CHAIRMAN: Are you omitting three?

21 MR. BRAHAM: I see.

22 CHAIRMAN: Question three.

23 MR. BRAHAM: Let's go back to question three, so the
24 amount that was received net and gross
25 from the sale of restructured

1 institutions.

2 A Yes. I only have the information on the
3 gross amount that was received from the
4 sale amount of these institutions. From
5 the sale of shares in National
6 Commercial Bank the figure was a little
7 over 6 billion dollars, from the sale of
8 shares in Union Bank the figure was 1.6
9 billion, the sale of shares in Island
10 Life Insurance Company, 350 million,
11 sale of shares in Dyoll group 145, sale
12 of shares in Billy Craig Finance &
13 Merchant Bank, 23 million, sale of
14 shares in Life of Jamaica, 41.2 million
15 US. The other figures previously were JA
16 dollar figures. And sale of the
17 individual life and pension portfolios
18 its 425 million JA dollars.

19 Q Yes, sir. So we take the question about
20 whether the entities or the shares were
21 valued and if so, the value it was?

22 A In researching the file I wasn't able to
23 find copies of valuation for all the
24 shares but generally the shares are
25 valued before they are sold.

1 Q But in researching the files you were
2 able to find some valuation, is that
3 what you are saying?

4 A Yes.

5 Q I see.

6 COMM BOGLE: Which one is that?

7 MR. BRAHAM: Well, could you indicate which ones?

8 A National Commercial Bank was valued by
9 Hong Kong Shanghai Banking Corporation.
10 The Island Life shares were sold on the
11 Stock Market and were just sold at
12 market price on on the day so no
13 valuation was done there. The shares in
14 Dyoll Group were valued by KPMG and --
15 sorry PriceWaterHouse, my apologies and
16 shares in Billy Craig Finance & Merchant
17 Bank were valued by KPMG.

18 Q That's it?

19 A From what I was able to find.

20 Q The valuator, were they licensed
21 valuator?

22 A Yes, they were.

23 Q The documentations done in relation to
24 the offer for sale for each institution,
25 do you know who prepared them and who

1 reviewed them if they were reviewed?

2 A I am not aware of who prepared those

3 documents or who reviewed them.

4 Q The persons who...

5 CHAIRMAN: Sorry. Why is that? The record is not

6 available to you or what? Or you didn't

7 look?

8 A In researching the files that I was able

9 to look through I didn't find any

10 specific information that addressed

11 that.

12 CHAIRMAN: I see.

13 Q The persons who did the negotiations on

14 behalf of the institutions, do you know

15 who selected those persons?

16 A No, I am not aware of that.

17 Q Do you know who made the recommendations

18 in relation to price and the terms of

19 the sale for each institution?

20 A No, I am not aware.

21 Q What about who approved the price and

22 the terms of sale for each institution?

23 A That too I cannot speak to.

24 Q Are you in a better position to say in

25 relation to the approval of the sale

1 contract for each institution?

2 A I cannot speak to that either.

3 Q I see. The gross amount of debts
4 transferred from each institution to
5 FINSAC, do you know that?

6 A Yes, I have a listing of that
7 information, the total figure is in the
8 region of \$36 billion I believe.

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1 addressed?

2 A I am not aware if all the challenges
3 were addressed but what I understand
4 from the files I was able to review is
5 that in some cases compromises were
6 agreed as a means of addressing the
7 situation.

8 Q Do you know the general nature of the
9 concerns raised by the debtors? Maybe
10 if you look at item thirteen in your
11 response you might find some assistance?

12 A Thank you. Most of the times the
13 challenges were in relation to the
14 balances that were transferred partly
15 because of the high interest rate that
16 was being charged by the institutions
17 and the compounding of interest over
18 time and invariably you had some
19 customers who stated that deposits were
20 made to their accounts but were not
21 reflected in the balances or in their
22 accounts.

23 Q So you are saying there were compromises
24 in some cases in terms of addressing
25 these challenges, there were

1 file and the statements if there were
2 any that were presented from the
3 institutions and there are occasions in
4 which the accounts are re-calculated
5 based on the information that is
6 available from the file.

7 Q There were no interviews with the
8 debtors?

9 A Oh, yes, certainly.

10 Q I see. The gross value of the
11 securities transferred from each failed
12 institution to FINSAC, do you know what
13 that is?

14 A No, I do not, I am not aware that this
15 sort of information was captured
16 routinely.

17 Q What was the amount collected from the
18 debtors up to the point that the debts
19 were transferred to JRF or other
20 parties?

21 A Roughly \$5.9B.

22 Q That is prior to the debts being
23 transferred?

24 A Yes.

25 Q Are you able to say what was the gross

1 amount of debts forgiven?

2 A No, I am not able to give you that
3 information, I am not aware that it was
4 information that was collated.

5 Q Do you know the criteria that were
6 applied in determining the debtors or
7 the debts to be forgiven?

8 A I am not fully aware of those, the most
9 I was able to identify were some
10 policies that were included in the
11 financial statements for FINSAC.

12 Q And could you give us a summary of what
13 you are aware of as the policies
14 applied?

15 A FINSAC having acquired debts from
16 various commercial banks, various
17 financial institutions, it was realized
18 early that there were a lot of common
19 debtors throughout the institutions so
20 part of what was done, there was some
21 amount of uniformity and what you would
22 find is that the officers at FINSAC
23 would be given similar accounts for each
24 particular debtor so that a unified
25 approach could be taken to seek to

1 resolve their debt, so there was some
2 amount of debt consolidation in that
3 regard.

4 In terms of any approval for any
5 compromise or write-off of any balances,
6 those were matters that had to be
7 referred to the Board which would give
8 the approval as they see fit depending
9 on the circumstances, and part of what
10 FINSAC also did was to charge a standard
11 interest rate across the board which was
12 30% for J Dollar facilities and 15% for
13 US Dollar facilities and unless cases
14 existed where there was a contracted
15 rate, there was a contract for a lower
16 rate in which case that rate would
17 apply.

18 Q Did you not find any sort of general
19 policy documents in relation to these
20 issues in the records?

21 A I wasn't able to find any general policy
22 document.

23 Q Okay. The document entitled FINSAC
24 Standard Policies for Non-performing
25 Loan Workouts, was that of any

1 assistance or you don't regard that as
2 a...

3 A Well, that is what I just read from.

4 Q On, I see, okay. Could you tell us who
5 were the persons whose debts were
6 forgiven?

7 A I do not have that information, I wasn't
8 able to find a list with that.

9 Q I see. What was the gross and net
10 amount recovered from the sale of
11 securities...

12 CHAIRMAN: Excuse me, the FINSAC Board meetings
13 would have minutes, would they not?

14 A Yes, they do.

15 CHAIRMAN: And those minutes would record that sort
16 of situation, would it not?

17 A I imagine so.

18 CHAIRMAN: I don't want you to imagine, have you
19 looked at the minutes?

20 A I have not been through all of them.

21 CHAIRMAN: Well, the question you are asked is
22 about forgiveness, so I assume that you
23 would be looking through the minutes in
24 that regard, would you not Mr. Campbell?
25 The question presumably asks, who were

1 the persons forgiven, and I would assume
2 that you would look to the minutes since
3 you say you can't find the list or you
4 instruct somebody to look through the
5 minutes to see who were the persons and
6 the answer which I have here is that I
7 can't recall, that can't be an answer,
8 maybe a reaction but not an answer, it's
9 not a question of recalling, if you were
10 not there you can't recall it, but you
11 have officers in there who you can give
12 orders, go and find this, it is there,
13 it is in the record, the minutes are not
14 lost, the minutes are available?

15 A The minutes are available.

16 CHAIRMAN: You have officers who can check it? You
17 see, Mr. Campbell, when the Commissioner
18 ask for an answer, an answer "I can't
19 recall" is hardly acceptable; in fact if
20 I can go back into my history when some
21 people in court don't want to tell
22 untruth, they say I cannot recall and I
23 am sure -- I know that that's not your
24 situation, but I cannot recall can't be
25 accepted.

1 comprehensive list existed for this
2 information.

3 Q Very well.

4 CHAIRMAN: You don't want me to tell you to go and
5 prepare one. You see this is not a cold
6 supper shop, you know, Mr. Campbell, you
7 are a responsible organization,
8 obviously if a list is required you have
9 to prepare a list.

10 Q Maybe Mr. Campbell can refer to his
11 answer, it may provide him with some
12 assistance.

13 CHAIRMAN: Do remind him.

14 Q 23.

15 A We have provided you with a list of some
16 information that we were able to find
17 that cover some of the sales, I am not
18 aware that that is the total picture.

19 CHAIRMAN: May I suggest to you, Mr. Campbell, that
20 you give instructions to your people to
21 prepare a list for the assistance of the
22 Commission because records exist, unless
23 they have suddenly disappeared. Would
24 you undertake that task?

25 A I will endeavour so to do.

1 Q Now sir, could you tell us...
2 CHAIRMAN: I didn't hear the answer.

3 Q He said he will endeavour so to do.
4 CHAIRMAN: Thank you.

5 Q Question, who was the valuator of each
6 of the non-financial institutions sold
7 by FINSAC?

8 A From my research I wasn't able to
9 ascertain all the names of the valutors
10 in this particular matter.

11 Q The documentation prepared on the offer
12 for sale of these institutions, do you
13 know who prepared those documentations?

14 A No, I am not aware of who prepared those
15 documentations.

16 COMM. ROSS: In answer to the previous question,
17 referral is made to a spread sheet with
18 some closed sale (sic) values listed in
19 it, do you have that information there.

20 A Yes, I have that spread sheet but the
21 valutors are not on there.

22 Q Is that question 23, sir?

23 COMM. ROSS: 24, there is a list attached that refers
24 to a 23 as well.

25 Q I did draw his attention to the answer,

1 sir.

2 CHAIRMAN: If it exist could we hear or see it.

3 Brokers are not valuator's? Are brokers

4 valuator's? There is a list here of

5 broker's, but is that your list of

6 valuator's?

7 A Property valuator's, yes.

8 CHAIRMAN: Did you say approved list of broker's, I

9 want to know if those are valuator's?

10 A Yes, they are.

11 MR. HYLTON: Mr. Chairman, whilst those issues are

12 being resolved, could I ask a question

13 for clarification, is this a document

14 sir, that is treated in evidence, I am

15 not sure what document it is.

16 CHAIRMAN: He has the document, you know.

17 MR. HYLTON: Yes, but is it a document in evidence, I

18 am asking because -- well....

19 CHAIRMAN: It may go into evidence, he can speak to

20 it, can't he?

21 MR. HYLTON: I am not objecting, I am just enquiring

22 so it is not in evidence?

23 CHAIRMAN: That is why you have not got it maybe.

24 MR. HYLTON: Well, I don't have a lot of things. I

25 CHAIRMAN: can't speak to that.

1 MR. HYLTON: Well it's not in evidence, thank you.

2 MR. BRAHAM: Can I proceed sir?

3 CHAIRMAN: Yes, perhaps you want to put the
4 document in evidence.

5 MR. BRAHAM: The practice I have developed, sir, is
6 after taking the questions, I bring the
7 document to the attention of the
8 witness....

9 CHAIRMAN: Very well, very well. Please continue.

10 Q Now, do you know, sir, who prepared the
11 documentation on the offer for sale for
12 each institution?

13 A No, I do not.

14 Q Do you know who reviewed the responses
15 to the offer for sale for each
16 institution?

17 A No, I do not.

18 Q And who selected the persons with whom
19 negotiations should be done in respect
20 of each institution?

21 A No, I do not.

22 Q I see.

23 CHAIRMAN: This information is not recoverable?

24 A I do not know, I don't imagine that
25 information is readily available on a

1 file, unless somebody speak with a
2 prospective purchaser, but in looking at
3 it I wasn't able to find any
4 information.

5 Q Do you know who made the recommendations
6 on the price and terms of sale for each
7 institution?

8 A No, I do not.

9 Q And who approved the price and terms of
10 sale for each institution?

11 A I am aware that submissions are usually
12 made to the FINSAC Board and the FIS
13 Board and depending on the amount, maybe
14 thereafter it is submitted to Cabinet
15 also for approval.

16 Q The properties...
17 CHAIRMAN: Mr. Campbell, have you checked the

18 minutes of these board meetings, I take
19 it that's where these things are
20 discussed because unless you have done
21 so you won't be able to answer the
22 question, would you? Mr. Campbell, tell
23 us the procedure when matters of this
24 type come before the Board for a
25 decision, some recommendations must be

1 put before the Board for consideration,
2 that would be in writing, would it not?

3 A Yes, it would be in writing, so a
4 submission is prepared and submitted to
5 the Board and the Board deliberates on
6 it and makes a decision.

7 CHAIRMAN: The submission would contain
8 recommendations, would it not?

9 A In most cases, there are have been times
10 when the matters are just submitted to
11 the Board and the Board is asked to give
12 a directive.

13 CHAIRMAN: Yes, but there are times when a
14 recommendation is made, and your posture
15 is, not available from the files, but
16 perhaps you would care to revisit that.
17 Yes, I don't know what your response is,
18 I can't hear it.

19 A I am not so sure what it is you are
20 asking me to do.

21 CHAIRMAN: You say the information is not available
22 from the files, that is what I
23 understand your general posture is in
24 regard to these questions, that is why I
25 asked you to give us some idea of the

1 procedure that is adopted by the Board
2 and I thought perhaps a recommendation
3 is made or submission as you call it, is
4 made to the Board often with a
5 recommendation sometimes, and therefore
6 something ought to be in the files?
7 A So is the question asking me to say who
8 prepared that submission to the Board, I
9 am not so sure that is what the question
10 was.
11 CHAIRMAN: Yes, Mr. Braham.
12 Q Just before I go on to the next
13 question...
14 CHAIRMAN: Repeat the question for him.
15 A I am asking if the question is who
16 prepared the submission to the Board.
17 COMM. ROSS: Can you repeat questions 28 and 29?
18 Q Who made recommendations on the price
19 and terms of sale of each institution,
20 and who approved the price and terms of
21 sale of each institution?
22 CHAIRMAN: Those are the questions which you were
23 asked and your response was not
24 available and I am testing it to see if
25 that can be so.

1 A These documents invariably are not
2 signed, it's just a submission.

3 CHAIRMAN: From whom, I mean a submission is a
4 memo, I know it has from, to, or
5 something, from whom, from Mr. X, from
6 what?

7 A The practice of preparing those doesn't
8 have that information, no, it might be
9 just a matter for Board consideration
10 and this is the matter and these are the
11 background and the surrounding

12 circumstances and a directive is sought.
13 CHAIRMAN: I don't have a MBA so that maybe the

14 problem. How can the Board get
15 something and all it has is a piece of
16 paper? Somebody can come from outside
17 and put it before the Board. How the
18 Board know it's authentic coming from
19 within it's internal part if there is
20 nothing saying anything, from nobody to
21 nobody. If that is your answer, that is
22 your answer. Yes.

23 Q Prior to you becoming General Manager in
24 January two thousand ..

25 CHAIRMAN: I am sorry, that practice continues?

1 Recon Trust.

2 Q What would you call more recent times?

3 A Within the last five years perhaps.

4 Continued....

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- 2 MR. BRAHAM: I was asking whether it would have been
3 from about 2002 or before?
4 A: It would be around about 2002 or
5 sometime after, I cannot remember the
6 exact date.
- 7 Q: I see. So that by virtue of your
8 position as a Director of Administration
9 you said, from '99?
- 10 A: I was the manager for Administration.
11 Q: Manager, I am sorry, and subsequently a
12 director of some of the FINSAC entities.
13 You would be well aware of the practice
14 and custom that develop in the entities
15 at least since '99, wouldn't you?
- 16 A: Some of the practices.
- 17 Q: I think there are some complaints about
18 people not being able to hear what is
19 happening, I gather that you are the
20 chief offender.
21 CHAIRMAN: Well, I am the Chief. Oh, I terribly
22 sorry, I thought I was making a loud
23 noise.
- 24 MR. BRAHAM: The question sir: Who was the valuator
25 for each of the property sold by FINSAC,

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A:

are you in a position to answer that question sir?
Not definitively, what I have suggested is that FINSAC had a list of valuers through brokers and I provided the list to the Commission, they are close to fifty or in excess of fifty names so persons are selected from that list from time to time to undertake various valuations, so in terms of finding any particular valuation, it would be an intense search to find the actual valuation to see who did it.

Q:

The documentations on the offer for sale for each property, you know who prepared those?

A:

CHAIRMAN:

No, I do not.
Just one moment please, can't pass these things over like that. The valuation to anybody's property that is going to be part presumably, of a forced sale is a matter of importance. Is it a fact that the valuator is stated no where in the office of FINSAC for each sale, it is lost forever?

1 A: I am not suggesting that.
2 CHAIRMAN: Very well, so I will interpret that to
3 mean that there is some record somewhere
4 in the intestines of FINSAC, would that
5 not be so?

6 A: There would be some information
7 available, yes.

8 CHAIRMAN: Well, this Commission requires the
9 information if it is to deligently
10 enquire and we propose to deligently
11 enquire. We are asking you,
12 Mr. Campbell, to arrange to have proper
13 investigations made so that we have this
14 submission from you in that regard. So
15 may we look forward to receiving them
16 from you?

17 A: That would take some amount of research.
18 CHAIRMAN: Good, but is that remarkable? You have a
19 research department?

20 A: I am afraid I don't.
21 CHAIRMAN: Very well, get somebody, volunteer
22 somebody and let them look, information
23 is required, send someone, send some
24 persons, press button A on your laptop
25 or whatever, we require the information

1 and it would be good enough if you let
2 us have it. Thank you.

3 Q: The documentation on the offer for sale
4 of each property, do you know who
5 prepare those documents?

6 A: No, I do not.

7 CHAIRMAN: Pourquoi?

8 MR. BRAHAM: Mr. Chairman, as you are aware there are
9 several answers which are similar.

10 CHAIRMAN: I am holding on to the first. Pourquoi?
11 Why, is the question? The questions
12 were asked to enable people to be able
13 to answer and we thought we had given
14 you adequate time to prepare, if we go
15 along at this pace, boy, we will be as
16 old as Methuselah. So Mr. Campbell, we
17 really find it unacceptable to really
18 have no answers along those lines,
19 somebody has to go and search, since you
20 are the man in charge or the man, would
21 you be good enough to give the necessary
22 instructions to have these enquiries
23 performed and carried out and let us
24 have the results. It cannot be said
25 that FINSAC is incompetent, inefficient,

1 disorganized, no. I am sure you don't
2 want to have that reputation noised
3 abroad, so would you be good enough to
4 get your people active.

5 MR. BRAHAM: The responses to the offer for sale for
6 each property would you be able to say
7 who review those responses?

8 A: That would fall in the same category
9 which I am being asked to do some
10 research on.

11 Q: I see. Who selected the persons with
12 whom negotiations should be done...

13 A: That too.

14 Q: With respect of each property. The
15 persons who made the recommendation on
16 the price and the terms of sale do you
17 know?

18 A: Again, I would say a submission is made
19 to the Board and the Board would review
20 it and give a decision.

21 Q: In your capacity as manager for
22 Administration, did you make such
23 recommendations?

24 A: My job did not require that, no.

25 Q: The persons who approved the price and

1 the terms of sale for each property, do
2 you know that?

3 A: No, I do not know that information.

4 CHAIRMAN: This falls under the same category of
5 you will look for it, does it?

6 A: I will endeavour so to do.

7 CHAIRMAN: Thank you. We only can ask you to do
8 your best.

9 Q: You may wish to have a look at your
10 answer to 35.

11 A: I mentioned that earlier, the fact that
12 the submissions are made to the Board.

13 Q: What was the gross amount of debts
14 transferred by FINSAC to JRF?

15 CHAIRMAN: Just one moment please. I am not quite
16 clear what that answer is. Submissions
17 are made to the Board by some person,
18 query, we don't know who. Board
19 approves or Cabinet approves that is the
20 situation from your answer, in some
21 cases Board, in some cases it requires
22 Cabinet's approval, is that so?

23 A: That's correct.

24 MR. BRAHAM: The gross amount of the debts
25 transferred by FINSAC to JRF and/or

1

other parties, do you know?

2 A:

Yes, I have that information.

3 Q:

Could you tell the Commission. I take that understand JRF to be Jamaica Re-development Foundation?

4

5 A:

Yes, I do.

6 Q:

7 8 9

Some Mutual Life mortgages were sold to Jamaica National Building Society and the sale price on these was \$166M. Some Eagle Permanent Building Society mortgages were sold also to Jamaica National Building Society and the sale price on that is roughly \$105M.

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14 CHAIRMAN:

15 A:

A list is there?

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Yes, a list is there. Some Eagle Permanent Building Society mortgages were sold to -- I am sorry, second batch, were sold to Jamaica National Building Society and the purchase price there was almost \$94M and some other mortgages from Capital Assurance Building Society, Citizens Building Society and some residual ones from Eagle Permanent Building Society were sold to Victoria Mutual Building Society, the sale price

1 there was \$266M. A few loans were sold
2 by FINSAC to National Investment Bank of
3 Jamaica, the sale price there is J\$53M;
4 and finally the non-performing loans
5 were sold to Jamaica Re-development
6 Foundation, the gross amount was J\$12.9B
7 and US\$107M.

8 Q: These were sold to various financial
9 institutions?

10 A: That's right.

11 Q: What about anything sold to JRF?

12 A: I didn't mention JRF, the last one,
13 Jamaica Re-development Foundation, the
14 non-performing loans. The gross amount
15 was J\$12.9B and US\$107M.

16 Q: The information that you are giving
17 include Recon and Refin or just FINSAC?

18 A: It includes Recon and Refin, the loans
19 were never really in FINSAC's name
20 because it is those entities that
21 acquired them on behalf of Finsac.

22 CHAIRMAN: Very well. The sale price, he gave the
23 sale price?

24 MR. BRAHAM: He gave those as he went along.

25 CHAIRMAN: Those are values, we are talking about

1 sale price.

2 A: My apologies Your Honour. I actually
3 gave you a sale price, I didn't give you
4 the gross amount of the loans for the
5 other institution, so if you wish I
6 could probably just go back through
7 them. Should I?

8 CHAIRMAN: Yes.

9 MRS. PHILLIPS: Sorry, what we just got was the sale
10 price?

11 A: Yes, it was, my apologies.

12 MR. BOGLE:
13 Was the amount for Jamaica Re-
14 development, the figures you gave,
15 those were the sale price?
16 A: That was the initial payment, yes.
17 Sorry, the 12 billion and so that is the
18 value of the loans.
19 Q: Oh.
20 A: My apologies. For the avoidance of
21 doubt, let me just go back through the
22 list.
23 CHAIRMAN:
24 A: Yes.
25 So mortgages, Jamaica Mutual Life
mortgages with a value of \$169M was sold
to Jamaica National Building Society for

1 \$166M. Some Eagle Permanaent Building
2 Society mortgages with a value of \$107M
3 were sold to Jamaica National Building
4 Society for \$104M. Batch number two:
5 Eagle Permanent Building Society
6 mortgages with a value of \$96M was sold to
7 Jamaica National Building Society for 93
8 million; and the risidual mortgages from
9 Capital Assurance Building Society,
10 Citizens Building Society, Eagle
11 Permanent Building Society with a value
12 of 272M were sold to Victoria Mutual
Building Society for 266M.

14 that have a value of, or rear balance of
15 J\$188M were sold to National Investment
16 Bank of Jamaica for a value of J\$53M and
17 non-performing loans with gross balances
18 of J\$12.9B and US\$107M were sold to
19 Jamaica Re-development Foundation, the
20 initial payment price there was US\$23M
21 and the sale agreement required that
22 FZNSAC gets a portion of the receivables
23 on a tiered basis over time.

24 MR. BRAHAM:

25 Was there an indepent valuation of these
debts undertaken by a competent

1

valuator?

2 A:

3

I wasn't able to find any valuation

4

there, my understanding in relation to

5

at the mortgages, it was just the

6

principal balances that were sold and

7

they were sold at a discount of I think,

8

of like 3 percent. In relation to the

9

loans that were sold to the Jamaica Re-

10

development Foundation they were valued

11

by an external company, Ocwen, some

12 Q:

consultant from the United States. Can

13 A:

you repeat the name please.

14 Q:

Cowen, O-c-w-e--n.

15

Do you know what was the value placed on

16 A:

the debts by this entity, Ocwen?

17

I would need to do some further research

18 Q:

to find that information.

19

Now, what was the gross value of the

20

securities pledged by debtors whose debts

21

and securities were transferred to JRF

22 A:

and each other party?

23

That information is not something that is

24

available, a comprehensive listing of

25

security wasn't prepared routinely by

FINSAC.

1 MRS. PHILLIPS: I don't understand the question
2 Mr. Chairman, gross value, what does
3 this value here that we got represents?
4 MR. BOGLE: Debt value, this is debt value and we
5 are talking about the securities value.
6 This here would have been the value of
7 the loans at that time.
8 MRS. PHILLIPS: But then the question could be probably
9 asked appropriately so we can understand
10 what value.
11 CHAIRMAN: Mr. Campbell seems to be understanding.
12 Are you under any doubt as to what you
13 are being asked?
14 A: I understood that question, Mr.
15 Chairman.
16 MRS. PHILLIPS: He is not the only one that needs to
17 understand.
18 CHAIRMAN: Well, he has to understand the question
19 to answer it and his answer is to be
20 taken by anybody who is here until it is
21 altered in anyway.
22 Q: You told us about this entity, Ocwen,
23 and I was asking you what was the value
24 placed on the securities by this entity?
25 A: I wasn't able to find that information,

1 I need to do some further research.

2 Q: Now, sir, what was the percentage of the
3 value of debts transferred to JRF, the
4 payment by JRF of US\$23M represent?

5 A: The payment of 23M by JRF...

6 CHAIRMAN: Can we pause. We will take a 15 minute
7 break.

8 On resumption at 11:25.

9 CHAIRMAN: May we resume. Mr. Campbell, you are
10 still under oath.

11 MR. BRAHAM: In the mean time while we were
12 proceeding sir, another attorney joined
13 the ranks, Mr. J. Anthony Levy and he is
14 representing Thermo Plastics and
15 Plaspak.

16 CHAIRMAN: Thank you.

17 Q: Before I continue sir, I want to take
18 the witness back to a document, well
19 some of his answers in relation to
20 question 36.

21 CHAIRMAN: Yes.

22 Q: At the bottom of that particular paper
23 there are three notes, could you take us
24 through them.

25 A: Sure. Question 36 is the one that deals

1 with the sale of loans to the various
2 institutions. The notes I have state that
3 the loans transferred to the building
4 societies were principal and interest
5 balances combined in all cases, whereas
6 the figure stated for the balance of the
7 loans to Jamaica Re-development
8 Foundation is just the principal balance.
9 And of course there is the loan to NIBJ,
10 Q: I am sorry, transfer done to NIBJ that
11 included principal and interest?
12
13 A: Principal and interest, sorry.

14 MRS. PHILLIPS: Sorry, Mr. Chairman. I got that the
15 transfer of the loans to NIBJ was 185...

16 CHAIRMAN: Use the mike please.

17 MRS. PHILLIPS: Just by a way of clarification through
18 you, Mr. Chairman. I understood the
19 witness said that the loans to NIBJ were
20 of the value of a 185M and sold for 53M,
21 that was the note that got from what he
22 said.

23 A: I hope I didn't say value, that was the
24 principal and interest balances
25 combined.

1 MRS. PHILLIPS: Okay, so the 185M...

2 A: It's actually the 187.

3 MRS. PHILLIPS: The 187.

4 A: Yes, principal and interest balances
5 combined.

6 MRS. PHILLIPS: Sold for 53?

7 A: Yes.

8 MRS. PHILLIPS: Thank you.

9 CHAIRMAN: Thank you for the emphasis.

10 MR. BRAHAM: What percentage of the value of the
11 debts transferred to JRF did the payment
12 of JRF of US23M represents?

13 MRS. PHILLIPS: The initial payment. The evidence was
14 it was the initial payment.

15 MR. BRAHAM: Well, this is my question.

16 CHAIRMAN: Please, let us get on. Mrs. Phillips,
17 it is the witness who is being asked the
18 question, if he can't answer so be it.

19 MRS. PHILLIPS: Mr. Chairman, I am making an objection.

20 CHAIRMAN: What objection to what?

21 MRS. PHILLIPS: The evidence that the witness gave was
22 that the 23M was the initial payment.
23 The question asked is: What is the
24 value of payment? That is not the
25 evidence. If the question is what is

1 the value of the initial payment I don't
2 have a difficulty.

3 CHAIRMAN: Well, I have a difficulty. Let's get on.

4 A: JRF made an initial payment of US\$23M,
5 this figure represented 5.87% of the
6 principal balance of the debts
7 transferred to JRF.

8 Q: Why was the title to the debts and
9 securities transferred to JRF when the
10 payment by JRF was not payment in full?

11 A: This is one of the terms of the
12 agreement and a debenture was taken by
13 FINSAC to secure its position in
14 relation to the unpaid balance.

15 Q: What was the rationale for entering into
16 a sale agreement with JRF?

17 A: I believe the Minister probably spoke on
18 this matter and I suspect Mr. Hylton when
19 he comes before you will speak on the
20 matter as well, but from information I
21 was able to gather, this was done
22 primarily to -- if I may just look back
23 at my responses -- this was done
24 primarily to remove the factor of moral
25 hazard which primarily is a situation

1 where it could possibly create a problem
2 in the economy whereby compromises are
3 being agreed for some debtors and who
4 would satisfy that position and yet
5 FINSAC would be continued to be operated
6 and then financed by the tax payers. In
7 addition there were some multilateral
8 lending agency requirements that asked
9 that these loans be sold. These are some
10 of the responses, I believe
11 Mr. Hylton would speak more fulsomely to
12 this matter when he is brought before the
13 Commission.

14 Q: What was your estimated...

15 CHAIRMAN:

16 Just one moment. Excuse me. What was
17 your status at the time of the
18 A: agreement?

19 CHAIRMAN: I was the manager of Administration.

20 Oh, I see. And you weren't just acting
21 as a low level officer were you, you
22 A: were a person of consequence?

23 I was going to clarify further to say my
24 position was primarily as I said earlier
25 to do with administrative work as it
relates to the loans, so I wasn't the

1 overall administrative person at FINSAC,
2 so this was primarily to do with the
3 loans but I wasn't involved in any of the
4 negotiations with the sale or things like
5 that.

6 CHAIRMAN: Thank you.

7 Q: What was estimated to be the amount that
8 JRF would recover from the debts and
9 securities transferred to JRF?

10 A: The estimate, there was US\$215M.

11 Q: What was estimated to be the amount that
12 Finsac GOJ, government of Jamaica, would
13 recover from the debts and securities
14 transferred to JRF?

15 A: \$90.5M.

16 CHAIRMAN: \$90.5M, you are talking about Jamaican
17 dollars or US dollars?

18
19 Continued...

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2 MR. CAMPBELL: US dollars.

3 MR. BRAHAM: Now, were the depositors in each of the
4 failed institutions treated similarly?
5 For example, did each depositor receive
6 a similar percentage of their deposits
7 plus interest?

8 A: I am not aware of the precise position
9 with regards to these depositors.

10 Q: And this is following along the same
11 lines that can be discovered, is this
12 information which can be discovered or
13 it cannot be?

14 A: I have some information. I suppose
15 it's one of the questions further down
16 that speaks to Blaise and Century
17 National Bank. Those depositors I can
18 speak to definitively and my
19 understanding is in relation to the
20 Commercial Banks that FINSAC intervened
21 in; all those persons got all their
22 monies as well, but I wasn't able to
23 find any information as it relates to
24 the Merchant Banks.

25 Q: I see. So in terms of Blaise, what was

1 the position?

2 A: Blaise -- the depositors were paid 90%
3 of their deposits and for Century
4 National Bank it was 100% of their
5 deposits.

6 Q: I see and you are saying that you
7 understand that ..

8 CHAIRMAN: They were paid interest -- could you be
9 more accurate?

10 A: The interest would be up to the point of
11 the intervention and the payment was
12 made on a phase basis in each case.

13 Q: So what did you now say about the
14 interest?

15 A: No, the Chairman was asking if they were
16 paid interest as well. I am just
17 clarifying that interest was paid up to
18 the point of intervention...

19 Q: I see.

20 A: ...and not beyond.

21 Q: And you say you don't have information
22 as to the other commercial banks?

23 A: The merchant banks.

24 Q: The merchant banks.

25 A: Right. I am saying with the commercial

1 banks they got a hundred percent of
2 their deposits because the commercial
3 banks -- some were merging to Union Bank
4 so they got a hundred percent of their
5 deposits and NCB remained. They also
6 got a hundred percent of their deposits.
7 Just the merchant banks I don't know
8 about.

9 Q: Were the depositors in all the failed
10 institutions, I'm sorry. Were the
11 depositors in all the failed
12 institutions treated similarly? For
13 example, did each depositor in each
14 failed institution receive a similar
15 percentage of their deposit plus
16 interest?

17 A: I supposed I preempted that with my
18 answer earlier.

19 Q: With your answer earlier. Is that
20 satisfactory, Chairman?

21 CHAIRMAN: Yes, yes, so far.

22 MR. BRAHAM: And there were no differences between
23 the institution as to how the depositors
24 were treated -- do you know?

25 A: Each depositor in each institution would

1 were they refunded?

2 A: I am not aware of the treatment of these

3 credit balances.

4 Q: You are not aware of the treatment?

5 A: No, I am not aware.

6 CHAIRMAN: Because why? I mean, I am not aware,

7 yes, but why are you not aware?

8 A: I wasn't able to find any information on

9 it and I wasn't involved in the matter

10 at the time, so I couldn't have some

11 personal knowledge on it.

12 CHAIRMAN: This is information not ascertainable

13 from records, your presence

14 notwithstanding?

15 A: I could possibly check to see if there

16 is any information that could be

17 obtained.

18 COMM. BOGLE: Mr. Campbell?

19 A: Yes, sir.

20 Q: FINSAC took over loans, these loans from

21 the failed institutions. Doesn't FINSAC

22 have any record of what they took over?

23 A: You mean the loan balances?

24 Q: Yes, loans. Each customer had an

25 account. Let's say a customer has an

1 account with NCB. Would we have a list
2 of all the loans that we took over from
3 NCB and what those accounts represent,
4 loans and or credit balances?

5 A: The information that was provided to us
6 was a spreadsheet of the loan balances,
7 debit balances, there was no...

8 Q: In other words, FINSAC did not take over
9 any credit balances?

10 A: I do not know whether that was done. I
11 am saying from the information I have,
12 from the information I have seen, the
13 spreadsheets that we got were just the
14 loan balances.

15 Q: You mentioned earlier that in some cases
16 there were discrepancies or debtors came
17 forward and questioned about their loans
18 and amounts that they had in accounts at
19 the bank and you said that FINSAC...

20 A: You are not quoting me when you say
21 that, though? I don't recall that I
22 said that. It was just in relation to
23 the loan balances that they were
24 questioning not amounts they had in the
25 bank.

- 1 Q: So then no debtor came forward to say
2 that well I had some money in the bank
3 at the time when the loans were taken
4 over by FINSAC?
- 5 A: I am not aware whether anyone came
6 forward, I do not know.
- 7 Q: But one thing you are sure of is that
8 as far as the record show FINSAC did not
9 take over any credit balances?
- 10 A: I am not saying that either, sir. I do
11 not know.
- 12 Q: Can you ascertain for us from the
13 records of FINSAC if FINSAC took over
14 any credit balances?
- 15 A: I could check. I don't see why FINSAC
16 would take credit balances because
17 chances are the loan was bad the bank
18 would have applied the credit balances
19 to reduce the loan before it got to the
20 stage where it was bad so that it would
21 be a residual figure that comes to
22 FINSAC.
- 23 Q: Fine, but can you just confirm that from
24 your records for me?
- 25 A: Okay.

1 MR. BRAHAM: Now were the shareholders in all the
2 failed institutions treated similarly?

3 A: I am afraid I cannot speak to that. I
4 really do not know.

5 CHAIRMAN: We are not asking you to perform magic
6 but certainly this is something that can
7 be ascertained from your records, can
8 they not?

9 A: I will check Mr. Chairman.

10 CHAIRMAN: Thank you.

11 MR. BRAHAM: Were there any agency agreement between
12 FINSAC and the Government that supported
13 the activities that were undertaken by
14 that institution, meaning FINSAC?

15 A: I am not aware that any agency agreement
16 existed between FINSAC and the
17 Government of Jamaica.

18 Q: The titles to the debt and the
19 underlying securities, were they as far
20 as you know vested in FINSAC?

21 A: No, they were not. FINSAC had found, as
22 I mentioned earlier, two subsidiaries to
23 deal with the loans, so it would have
24 been Recon Trust or Refin Trust.

25 Q: The titles for the debt and the

1 underlying security were vested in
2 either Recon Trust or Refin trust?

3 A: That is correct.

4 Q: Do you know under what instrument of
5 authority were the activities of FINSAC
6 undertaken?

7 A: No, I do not.

8 Q: Chairman, I think that the purpose for
9 which FINSAC was incorporated, we dealt
10 with that at the beginning?

11 CHAIRMAN: Yes. Yes, he did.

12 MR. BRAHAM: The policy of FINSAC in dealing with the
13 failed institutions, commercial banks,
14 merchant banks and insurance companies
15 was there first of all a written policy,
16 and let's start there?

17 A: I am not aware if there was. Maybe this
18 is a question for the Managing Director
19 at the time.

20 Q: And who was that?

21 A: Mr. Patrick Hylton.

22 Q: I see. Do you know what was the...

23 CHAIRMAN: Policy would be a matter of record,
24 would it not?

25 A: Perhaps, yes.

1 CHAIRMAN: So stories begin. Perhaps, perhaps
2 not. Anyway I would suggest to you that
3 policy is not a figment of anybody's
4 imagination. FINSAC would have it
5 documented. This is a -- so can you
6 find that out, Mister -- I guess we can
7 ask Mr. Hylton but we are asking you
8 now, you see, since you are here.

9 A: Well I will check to see what exists.

10 CHAIRMAN: Thank you very much, sir?

11 A: Mr. Chairman.

12 CHAIRMAN: You could ask -- for you it will be no
13 less.

14 A: Sure.

15 CHAIRMAN: Thank you.

16 MR. BRAHAM: What criteria did FINSAC use to
17 determine whether an institution was
18 insolvent or had liquidity problems?

19 A: You want me to add this to my list of
20 matters to check on?

21 CHAIRMAN: You may add it Mister -- I don't think
22 you need our permission to do that.

23 A: I do actually.

24 CHAIRMAN: Very well, you have it?

25 A: Thank you.

1 CHAIRMAN: Very well. We are at one.

2 MR. BRAHAM: Did FINSAC rehabilitate any of the
3 failed institution and if yes, which
4 one?

5 Q: Yes. A number of the institutions were
6 rehabilitated. There was National
7 Commercial Bank, Citizens Bank/Union
8 Bank, Life of Jamaica, Island Life
9 Insurance Company, Dyoll Group, Jamaica
10 Mutual Life, Crown Eagle Life Insurance,
11 Dyoll Life and Horizon Life.
12 Rehabilitated in the sense that the
13 individual life portfolio from those
14 insurance companies and the pension
15 portfolio from those insurance companies
16 were sold to Guardian Life?

17 CHAIRMAN: That's your special meaning given to
18 rehabilitation, is that a technical
19 term? I am not being facetious, don't
20 think that for a moment. I just want to
21 be sure that is a technical meaning of
22 rehabilitate in banking circles?

23 A: No, it's not a technical meaning. The
24 fact that the institution themselves
25 didn't survive, if I ever use that word

1 rather loosely. The operations remained
2 and clearly I would submit that that must
3 be some amount of rehabilitation. Just
4 CHAIRMAN: let me digest this for a moment.

5 Maybe the question was unfair. If these
6 are failed institutions -- you see, we
7 are having all kind of technical
8 phrases, you know. We have failed
9 institutions, we have intervened
10 institutions, I don't know where...

11 A: Perhaps, Mr. Chairman, I could withdraw
12 the comment then and see that those ---
13 if you have a difficulty with it then I
14 could say that those weren't among the
15 ones...

16 CHAIRMAN: I have to take your answer. I am trying
17 to understand it though and I have a
18 slight problem at the moment. Hold on,
19 please. You see, let me tell you why we
20 are looking at this carefully. Our
21 terms of reference referred to failed
22 institutions. I think it was the Bank
23 of Jamaica that gave us lists of failed
24 institution, of intervened institutions,
25 would that be right Mr. Hylton.

1 MR. HYLTON: Yes. Can I just comment, sir.

2 CHAIRMAN: Yes.

3 Q: There is a list that the Bank of Jamaica
4 tentatively submit to the Commission it
5 was a list of intervened institutions?

6 CHAIRMAN: Yes.

7 MR. HYLTON: Meaning institutions that received
8 assistance.

9 CHAIRMAN: That's bailout, yes.

10 MR. HYLTON: I don't know that the bank would have
11 used the word failed. I think they
12 prefer to use the word intervened.

13 CHAIRMAN: Obviously, it depends on who is
14 speaking.

15 MR. HYLTON: Well, except sir, that that is a
16 definable phrase. People will have
17 different definitions of what failed
18 means.

19 CHAIRMAN: For instance NCB was a failed
20 institution from one point of view, but
21 it is still alive, today.

22 MR. HYLTON: Exactly.

23 CHAIRMAN: But there are others that have failed
24 that are 'as dead as a doornail', now.

25 MR. HYLTON: Which is why sir, a more precise word is

1 to FINSAC. Finsac was a healing
2 institution. So what, Jamaica Mutual was
3 healed? We heard healed. I think that
4 that was the term used by the Minister,
5 former Minister.

6 A: Mr. Chairman, the point I was making in
7 relation to Mutual Life and the other
8 insurance companies is that the
9 individual life portfolio was saved and
10 it was sold to another institution. So
11 to that extent those policyholders and
12 pensioners benefited.

13 CHAIRMAN: Well, so far as the institution is
14 concerned I do not know what use of
15 English one can use to say it hasn't
16 gone about its business -- dead. The
17 company wasn't in being. It had joined
18 Lazarus before he was -- if you remember
19 Lazarus wasn't healed. All right that
20 was a very interesting diversion. Yes,
21 Mister...

22 Q: Will you then take us sir, in your
23 answers you have a list of how they were
24 rehabilitated and would you then take us
25 through each of them and indicate

1 generally, starting with the National
2 Commercial Bank?

3 A: FINSAC initially acquired ordinary and
4 preference shares as well as
5 non-performing loans in National
6 Commercial Bank. The preference shares
7 were converted to ordinary loans, sorry,
8 ordinary shares in NCB Group Limited
9 which was the parent company giving
10 FINSAC a majority shareholder in the
11 group. Sometime thereafter a scheme of
12 arrangement was approved for FINSAC to
13 acquire the group with its
14 significant non-core assets, non-core
15 real estate, sorry, leaving the bank to
16 continue its core business of banking.
17 Thereafter NCB was sold to AIC.

18 CHAIRMAN: So that is rehabilitation properly so
19 called?

20 A: I will take that.

21 Q: And AIC is?

22 A: AIC.

23 Q: That's the name?

24 A: That's the name that we have, yes. AIC
25 Limited or AIC Barbados Limited, but AIC

1 is the name.

2 Q: Can we move to the next entity?

3 A: Yes. In relation to Citizens Bank/Union
4 Bank. Initially FINSAC acquired ordinary
5 and preference shares and non-performing
6 loans also in Citizens Bank and this
7 included Life of Jamaica's ordinary
8 shareholdings in Citizens Bank.

9 Following FINSAC's acquisition of some
10 other banks a decision was made to merge
11 six of these entities and the name was
12 later changed to Union Bank which has
13 since been sold to RBTT Holdings. RBTT
14 is an acronym for Royal Bank of Trinidad
15 and Tobago.

16 Q: Life of Jamaica?

17 CHAIRMAN: That is not rehabilitation properly so
18 called?

19 A: I didn't hear the point.

20 CHAIRMAN: That would not amount to rehabilitation
21 properly so called? In other words is
22 not a rehabilitation in the sense that
23 NCB was. Anyway, you have no comment?

24 A: If that's the case then probably NCB is
25 the only one that was rehabilitated then

1 if that is your -- my understanding is a
2 little different from yours.

3 CHAIRMAN: Is not mine, you know, I ask you and you
4 agree that -- could be called a
5 rehabilitation, properly so called. So
6 when you came to this one which didn't
7 seem to me, a mere layman and I have to
8 bow to your expert knowledge, it didn't
9 seem to be similar, so I said this is
10 not rehabilitation properly so called.
11 That seems to be logical, no?

12 A: I can't say I necessarily agree with you
13 Mr. Chairman.

14 CHAIRMAN: That's all right, we have disagreements.

15 A: In relation to Life of Jamaica, FINSAC
16 acquired ordinary and preference shares
17 and this included just ordinary and
18 preference shares in Life of Jamaica and
19 this included Life of Jamaica
20 shareholdings in both Citizens Bank and
21 CIBC Jamaica Limited. Preference shares
22 were later converted to ordinary shares
23 giving FINSAC a majority position in
24 Life of Jamaica which was later sold to
25 Barbados Mutual Life Assurance Society.

1 Q: Island Life, sir?

2 A: In relation to Island Life, FINSAC
3 acquired ordinary and preference shares
4 in that company and provided further
5 assistance two years thereafter with the
6 majority shareholder again Barbados
7 Mutual life which was charged to
8 reorganize and improve the financial
9 condition of that company so that it
10 could continue operating as an insurance
11 company. The operations of island Life
12 were later merged with Life of Jamaica
13 because the majority shareholder of
14 Island Life was the same Barbados Mutual
15 Life Assurance Society. After that merger
16 FINSAC's Island Life shares were
17 converted to Life of Jamaica shares and
18 those were sold on the open market
19 through the stock exchange. In relation
20 to Dyoll Group, FINSAC acquired ordinary
21 shares in Dyoll Group purchased
22 preference shares in Dyoll Life Limited
23 which is a Life Insurance Company and it
24 granted a loan to Dyoll Insurance Company
which is a general insurance

1 company. The loan to the general
2 insurance company was repaid by that
3 company. The individual policies were
4 sold along with others to Guardian Life
5 and in 2003 Dyoll Group Limited
6 repurchased its ordinary shares from
7 FINSAC and the final one is in relation
8 to those. Life policies I mentioned
9 earlier which -- life policies and group
10 pension policies which were sold to
11 Guardian Life.

12 Q: Did FINSAC inject cash in any of these
13 failed institutions?

14 CHAIRMAN: All these companies were foreign
15 companies?

16 A: I didn't hear the question.

17 CHAIRMAN: All these companies to which these
18 shares were sold, interest were served
19 were foreign companies, foreign in a
20 sense, not Jamaican?

21 A: You are talking about the Barbados
22 Mutual Life?

23 CHAIRMAN: Barbados, Trinidad, RBTT JMLAS, Guardian
24 these were all...?

25 A: Yes, they were foreign companies.

1 Q: The question now is whether FINSAC
2 injected cash in any of the failed
3 institutions and if so, which ones?

4 CHAIRMAN: ATC was not Jamaican either? Yes, it
5 was Canadian.

6 A: The information that I was able to get
7 from the files didn't separate cash and
8 local registered stock. So I am not
9 entirely sure whether cash or how much
10 cash was invested in these companies but
11 if I combine them with local registered
12 stock there were six or seven companies
13 that FINSAC injected funds in.

14 Q: When you are referring to local
15 registered stocks you are talking about
16 acquiring the shares, is that what you
17 are talking about? The next question is
18 whether FINSAC took shares or acquired
19 shares in any of these institutions?

20 A: **And** the answer to that is, yes. As I
21 mentioned earlier FINSAC bought both
22 preference and ordinary shares in some
23 companies. No, but local registered
24 stock is, it is cash for the purposes of
25 the liquid assets of a commercial bank

1 they can include it as such, so it would
2 be important for a commercial bank to
3 have -- if they don't have cash then
4 they would have local registered stock.

5 Q: Could you tell us the quantum of funds
6 that FINSAC injected into the failed
7 institutions?

8 A: The initial figure was as was mentioned
9 earlier \$94B, but with interest because
10 FINSAC didn't have the cash at the time
11 to pay the interest on these. The
12 total figure is \$146B.

13 Q: The depositors in these institutions
14 were they repaid 100% of their capital
15 plus interest to the date of the
16 payment?

17 A: I am not aware whether all depositors
18 were paid 100% of their deposits, but
19 my understanding is that any interest
20 payment made to depositors was to the
21 date of intervention not to the date of
22 repayment?

23 Q: What was the source of the money to make
24 the above repayment to the depositors?

25 A: I am not aware where the initial funds

1 were garnered from, but over time with
2 the sale of assets that FINSAC was able
3 to achieve some funds were used from
4 that source to pay some of the
5 depositors.

6 Q: In cases where Directors or
7 shareholders?

8 CHAIRMAN: Just one moment, please. This is
9 extrapolation this is not -- can you get
10 that information, Mr. Campbell. I mean
11 your response is based on your
12 extrapolation and understanding and all
13 that, but can you get definitive
14 information.

15 A: I really am not sure, Mr. Chairman.

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Continued...

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