COMMISSION OF ENQUIRY

INTO THE COLLAPSE OF FINANCIAL INSTITUTIONS OF JAMAICA

IN THE 1990'S

THE JAMAICA PEGASUS HOTEL 81 KNUTSFORD BOULEVARD KINGSTON 5

WITNESS: DEBTOR 6

STATEMENT NUMBER - 1

EXHIBITS - 16

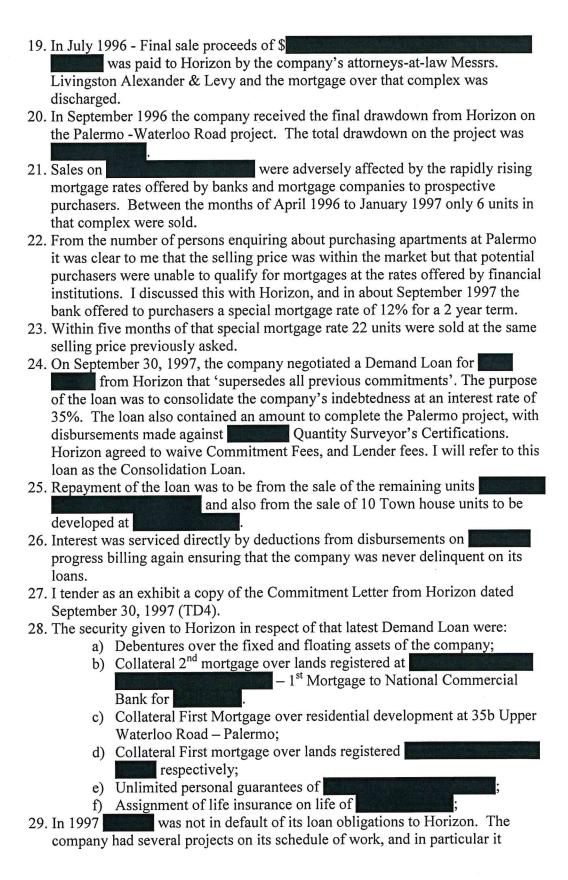
DATE MADE 1st December 2010

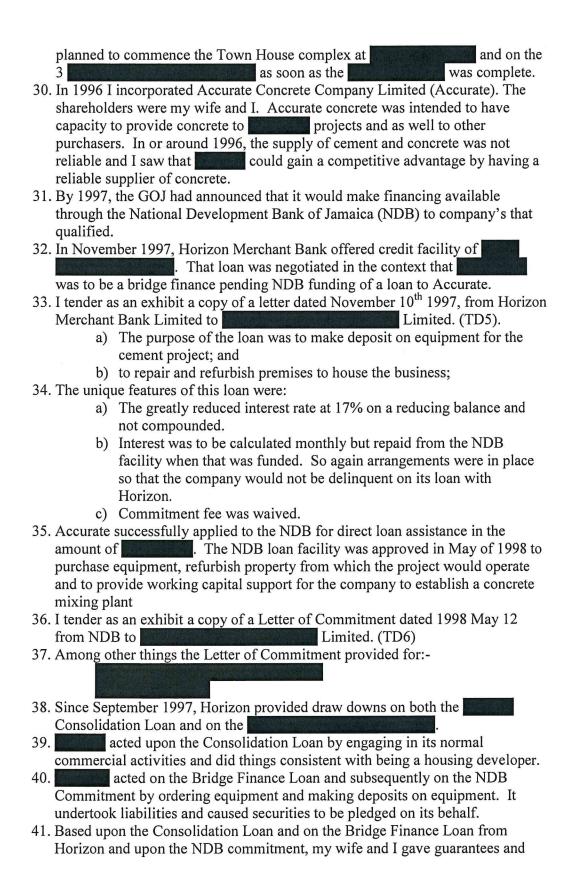
WITNESS STATEMENT OF

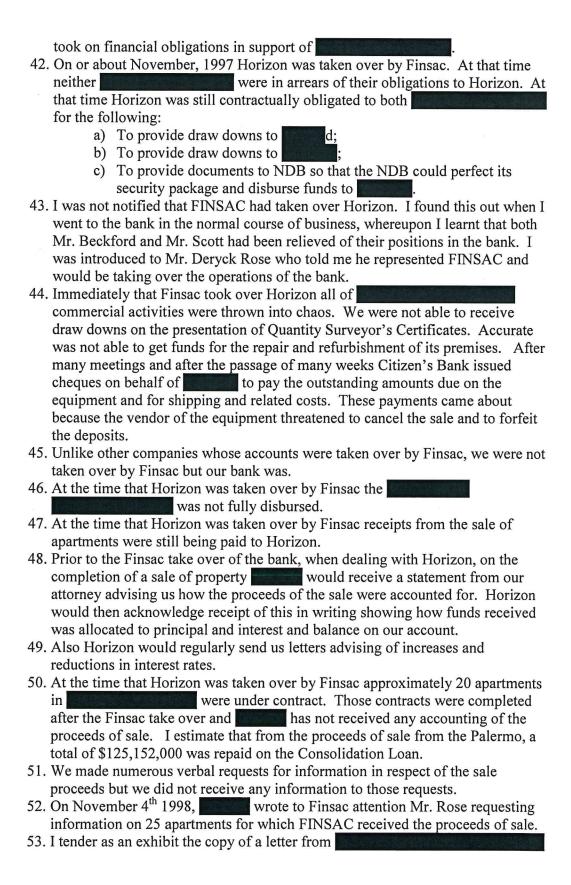
I DEBTOR 6 state as follows;

1. I reside at and have my permanent place of abode and postal address at
2. I am married to
3. I have been in the construction industry for over 25 years.
4. In December 1980 I incorporated Limited,
(hereafter referred to as or 'the company') that was owned and
operated by my wife and I.
5. That company was in the business of constructing housing developments. From
in or about the company successfully completed several projects
including the following:-
a) - apartment complex plus1 – 4 bedroom house;
b) - apartment complex plus 2 – 4 bedroom duplexes;
c) apartment complex;
d) apartment and townhouse complex;
e) apartment complex;
f) – apartment complex;
6. The company also developed a land bank for projects that included;
a) 1 acre - with approval for Town House complex
registered at title numbered services;
b) 3 acres – with approval for Town House
complex registered at titles numbered services;

	c) 10 ½ acres –at expression approval
	registered at titles numbered
	1 acre at a second of the seco
	warehouse complex registered at title numbered
7. I	n May 1994 took a demand loan facility from Horizon Merchant Bank
	and Horizon Building Society (hereafter referred to as Horizon) in the amount
	of
8. 7	he purpose of that loan was:
	a) \$ to assist in completing ;
	b) \$ to cover interest expenses during construction, legal and
	commitment fees;
	c) \$ for the 1 st and 2 nd deposit in the purchase of
	oan funds were disbursed on Progress billing certified by Quantity
	Surveyor. The terms of repayment of the Horizon Loan:-
	a) Lump sum payments to principal from sale proceeds.
	b) All outstanding was to be deducted from each loan disbursement.
	The method of servicing interest ensured that the company was never delinquent
	on its loans and that method was used throughout the relationship between
	and Horizon.
11.	I tender as an exhibit a copy of the Commitment Letter from Horizon dated
	May 4 th 1994 (TD1)
12.	On May 9 th 1995, took a Demand Loan from Horizon that 'supersedes
	all previous commitments'. The amount of the loan was \$87 million. The loan
	was to be repaid from the sale of apartment units at
	and from sales of units in the Provision was made for
	funds to be drawn down against the facility to cover interest. Essentially
	nterest was serviced directly from each disbursement, again ensuring that the company was never delinquent on its loan.
	tender as an exhibit a copy of the Commitment Letter from Horizon dated May
15.	oth 1995 (TD2).
14.	
	and the company received a first draw down from Horizon of
15	On September 29 th 1995, took a Demand Loan from Horizon that
	supersedes all previous commitments'. The amount of the loan was \$
	The loan was to be repaid from the sale of apartment units at the
	and from sales of units in the
16.	Provision was made for funds to be drawn down against the facility to cover
	nterest. Essentially interest was serviced directly from each disbursement,
	gain ensuring that the company was never delinquent on its loan.
	tender as an exhibit a copy of the Commitment Letter from Horizon dated
	September 29 th 1995 (TD3)
	By September 1995, the was far advanced, but interest rates
	were climbing and the company was paying as much as 60%. By the time the
	project was completed in late 1997 we were paying about 64%.







did not receive a reply to its letter of November 4th 1998. 55. Since November 4th 1998, until August 1999, I attended countless, meetings with representatives of Finsac and very often requested the information set out in our letter of November 4th 1998. I believe that we did write to Finsac during that period again requesting information but I do not have copies of those further letters. 56. I tender as an exhibit a copy of a letter dated August 29th 1999 from FINSAC attention Miss Suzette Campbell again requesting information on the sale proceeds of the same apartments mentioned in our letter of November 4th 1998, plus others. (TD8) 57. I tender as an exhibit a letter dated September 15th 1999 from Finsac to enclosing copies of 16 sales agreements. (TD9) 58. No other information was provided and no other response to our inquiries was ever received from Finsac. 59. Part of Horizon's obligation to was that the title for the Jacks Hill property was to be given to NDB along with a Bill of Sale over the equipment & a 2nd mortgage over the Montrose property to perfect the NDB security. 60. Under the management of FINSAC, Horizon breached its obligation to by failing to provide the said documents to the NDB. 61. In the many meetings that I had with Deryck Rose and or Audrey Robinson I made them aware of the NDB loan and the obligations that Horizon had to could take advantage of the NDB facility. 62. I warned them that the NDB facility was going to expire and that we would lose the facility if they did not provide the required security as agreed with Horizon. 63. I tender as an exhibit a copy of a letter dated 03 May 1999 from NDB to . (TD10) 64. By May 1999 Mr. Ewart Scott wrote to Finsac on behalf of . In that letter he sets out:a) Finsac's claim that we owed them \$ pointed out that an amount of \$ arose from our indebtedness to Century National Bank, in circumstances that we had never borrowed any money from Century National Bank. b) That we had assets appraised at \$ c) That we proposed a settlement of our indebtedness by way of FINSAC taking the assets of \$ and forgiving the remainder of approximately \$ 65. I tender as an exhibit a copy of a letter dated May 12 1999, from Ewart Scott to FINSAC attention Mrs. Audrey Robinson (TD11). 66. I tender as an exhibit a copy of a letter dated October 4th 1999, signed by Suzette Campbell Credit Manager rejecting the offer and informing us that they would take steps to protect their interest. (TD12). 67. What Mr. Scott's letter did not say is that it was FINSAC's actions alone that created the irretrievable financial problems for 68. After Finsac took over Horizon I tried desperately to make other banking arrangements for but Finsac held all the assets of those

Limited to Finsac Limited dated November 4th 1998. (TD7).

	companies plus the personal guarantees of me and my wife. Every proposal				
	made to F	Finsac was rejected or simply ignored.			
69.	Another p	proposal made to Finsac to liquidate our debts was through the			
		ent of the property at golden triangle) for 10 luxury			
		se units and 32 semi-detached town house			
		sac rejected the proposal, only to dispose of the			
		, less than half of its appraised value.			
70	Without h	panking facilities were unable to continue their			
,	husinesse	s. Our first mortgage with National Commercial Bank Limited over			
	the	went into arrears and that bank sold the			
	State of State and State a	under Powers of Sale in or about August 1999. It used the proceeds of			
		ear its mortgage and remitted the balance to Finsac.			
71		not received an accounting from Finsac as to how those monies were			
/1.		gainst the loan. We did receive a receipt from Refin Trust Limited			
		dging that an amount of was a receipt from Refin Trust Elimica			
		ial Bank Limited. Up to that point I had no knowledge of who Refin			
72		nited was, or why it was writing to me.			
12.		sale of the sale of the Bank, yet Denis Joslin Jamaica Limited would in 2002 make a			
		that indebtedness.			
72					
13.		ary, when Finsac took over Horizon, was a vibrant company involved in completing the			
	a)	. Finsac received the bulk of the sale proceeds of			
	1.1	approximately 30 units without giving any account therefore.			
	b)	was not in default of its financial obligations to Horizon;			
	c)	had an inventory of lands with approved sub-divisions, and			
	.17	so its future works was secure;			
	d)	Limited had a Loan Commitment from			
	- 1	the National Development Bank for			
	e)	Accurate awaited the provision by Finsac/Horizon of certain			
		securities to NDB. The provision of the securities was a contractual			
		obligation owed by Horizon to within Horizon's power and			
	0	capability to comply.			
	f)	Finsac having taken over Horizon, had within its power and			
		capability the means to fulfill Horizon's obligations owed to			
		By failing to provide the securities to NDB, Finsac caused			
		the NDB Loan Commitment to expire, and breached its contractual			
		obligation to			
	g)	Although Finsac advanced money on behalf, they did so			
		only to secure the importation of the equipment ordered by			
		and on which significant deposits had been paid.			
74.		Mr.Errol Campbell's evidence given to this Honourable Commission			
	and in particular the document entitled "WINDOW OF OPPORTUNITY				
		by him and tendered into evidence as Exhibit EC21A.			
75.	Interestin	gly the state of t			

They were both purchasers in the who benefitted from the Special Mortgage rate of 12% offered by Horizon.

76. I ask the commission to review the list of Write-offs and the amounts that were written off for many people. Part of the remit of this Commission is to determine if persons were treated fairly. In circumstances where FINSAC was the cause of the financial problems for both we tried so many times to negotiate a settlement of the resulting indebtedness, I do not think were treated fairly.

77. I bring the Commission's attention to a few examples on the exhibit EC21A as follows:

Page 1 76% write-off \$6,461,020 a) A. b) 82% write off \$44,600,000 c) 92% write off \$4,454,646 d) 88% write off \$94,439,008 e) 45% write off \$21,308,282 f) 67% write off \$25,986,000 60% write off \$11,553,041 g) h) 50% write off \$22,161,082Crescent 70% write off \$1,354,957 i) 42% write off \$12,580,000 97% write off \$112,908,374 j) k) 48% write off \$24,980,000 1) 100% write off \$942,000 75% write off \$20,857,080 m) n) 90% write off \$163,100 80% write off 262,130,000 0)

- 78. There are many others on the list who benefitted from more than 50% write offs. I was asking for a 8% write off and FINSAC rejected my proposal.
- 79. In fairness to my companies, to me my wife and my children I humbly ask this Commission to Summons the persons who received write offs of more than 30% so that they can explain what they did to qualify for the write-offs they got when so many of us did not.
- 80. Until hearing Mr. Green's evidence I was not aware of any WINDOW of OPPORTUNITY. No one wrote to us to inform us of an opportunity to negotiate a settlement.
- 81. In any event FINSAC could not say that I did not make many proposals to settle the indebtedness. See exhibit TD12.
- 82. Sometime in 2002, received a letter from ReFin Trust informing it that its account had been sold to Dennis Joslin Jamaica Inc. I cannot recall whether or not I received a similar letter in respect of
- 83. I tender as an exhibit a copy of a letter dated March 19th 2002 from Joslin Jamaica Limited addressed to (TD13).

- 84. That letter claimed that s indebtedness to Workers Saving and Loan Bank had been acquired by Jamaican Redevelopment Foundation Inc. To my certain knowledge has never borrowed any money from Workers Saving and Loan Bank. 85. I tender as an exhibit a copy of a letter dated March 27 2002 from Refin Trust Limited o informing me that the company's indebtedness had been sold to Jamaica Redevelopment Foundation Inc. 86. TD(14). 87. To my certain knowledge that company had no indebtedness, nor had it signed any guarantees for anyone or any entity. 88. I tender as exhibits copies of letters dated October 2 2002 from Dennis Joslin Jamaica Inc as follows: a) Limited claiming a total of accruing interest at per day. I believe that the loan numbered for is in relation to the alledged Century loan that knows nothing about. (TD 15a); b) claiming a total of per day. (TD 15 b); accruing interest at Limited claiming a total of c) accruing interest at per day. (TD 15 c); Roofing Ceiling & Floors Limited was not indebted to either Horizon or to National Commercial Bank Limited as that amount was paid off in February of 1996. i. I tender as exhibit TD15c(i) copy of a letter from Horizon dated February 26 1998 addressed to Limited: d) as guarantors for claiming a total of . This was the first time a demand was made on us as Guarantors in respect of debt. (TD15d) e) as guarantors for claiming a total of \$. This was the first time a demand was made on us as Guarantors in respect of (TD15e); f) Limited claiming a total of (TD15f) claiming a total of \$ accruing per day. (TD15g) interest at \$ claiming a total of \$ h) per day. (TD15h) interest at \$ 89. On or about March 2002 I had met with a representative of Dennis Joslin at which time I was given a document entitled Relationship "Roll Up Sheet" that purported to convert the Jamaican indebtedness to United States currency. The document set out meaningless numbers. I was asked agree the indebtedness but
- 90. I tender the 'Roll Up Sheet' as an exhibit. (TD16)

I refused.

STATEMENT OF TRUTH

DEBTOR 6 certify that the facts stated in this witness statement are tru	ıe
SIGNED:	
Debtor 6	