

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, FEBRUARY 2, 2010

PRESENT WERE:

THE COMMISSION

The Hon. Mr. Justice Boyd Carey (Ret'd) - Chairman

Mr. Charles Ross - Member

Mr. Worrick Bogle - Member

COUNSEL TO 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 - Attorney - at - Law

REPRESENTING MR. ERROL CAMPBELL

Mr. Lackston Robinson

REPRESENTING MR. PATRICK HYLTON

Mr. Dave Garcia - Attorney-at-Law

REPRESENTING BANK OF JAMAICA

Miss Melissa Weston - Attorney-at-Law

REPRESENTING DEBTOR 19

Dr. Christopher Malcolm - Attorney-at-Law

GIVING EVIDENCE

Mr. Errol Campbell - Managing Director

Mr. Errol Campbell

1 **Tuesday, February 2, 2010**

2 Commencing at 9:43 a.m.

3 CHAIRMAN: Good morning, ladies and gentlemen.

4 A: Good morning.

5 CHAIRMAN: This enquiry is now in session.

6 MR. BRAHAM: Mr. Chairman, Mr. Campbell, Errol
7 Campbell is back with us. He is now
8 available to commence or re-commence
9 his...

10 CHAIRMAN: Welcome back, Mr. Campbell, I hope your
11 diligence has worked. Would you stand
12 please and read the oath for me, please?

13 (Mr. Campbell sworn)

14 MR. ROBINSON: Mr. Chairman, on the last occasion we
15 had given you an undertaking that we
16 would do our best to research and
17 prepare answers to the questions. We
18 sought and obtained permission to employ
19 an additional person; we had to seek
20 permission because of the prevailing
21 economic conditions. We got that
22 permission but nevertheless we got that
23 additional person to assist us with the

24

research. We cannot say that we are 100

25

percent but we are very near there, so

1 Yes. Are they the two letters dated the
2 29th of January to the Commission?

3 A: Yes, I submitted two letters.

4 Q: And these letters purport to address
5 questions that were delivered to you in
6 writing on behalf of the Commission?

7 A: Yes, that's correct.

8 Q: Mr. Chairman, may I ask that the, I am
9 not sure how to differentiate them, but
10 that the two letters be formally
11 admitted before you.

12 A: I could suggest that we classify one as
13 the new set of questions and the other
14 is additional answers to the first set
15 of questions.

16 Q: I see.

17 A: The ones that were submitted in
18 November.

19 Q: Of course, you could classify one as
20 slim and the other as fat.

21 CHAIRMAN: A and B might be more appropriate.

22 MR. BRAHAM: Indeed; A and B.

23 CHAIRMAN: A is the one which is the fat one.

24 MR. BRAHAM: A should be the slim one, sir, those
25 were the earlier questions.

1 CHAIRMAN: Very well. A is the one that covers
2 November 6?
3 A: Yes.
4 Q: And, B December 21.
5 CHAIRMAN: Are we tendering these?
6 A: Yes, sir.
7 CHAIRMAN: I will have to ask Mrs. Kelly Wong to
8 tell us where we are, this is Exhibit EC
9 something.
10 MR. BRAHAM: She is going to look up that and advise
11 you, sir. May I then take Mr. Campbell
12 through some of the questions. We are
13 starting with 'A', sir.
14 A: Okay.
15 Q: Question was put to you sir, as to the
16 valuers for each of the institutions
17 sold by FINSAC?
18 A: I have done some further research in
19 regard to that, Mr. Chairman, and I have
20 provided you a revised list adding in
21 the names of valuers for the
22 respective assets.
23 Q: Is that list attached to the set of
24 answers as well?
25 A: It is attached to the set of answers,

1 and at the top of it in the left hand
2 corner is says questions 4 and 6.

3 Q: I see.

4 A: There are really two sheets but there is
5 one that deals with the FINSAC-owned
6 controlled shares that were sold and
7 others that deal with FINSAC-owned
8 entities.

9 Q: Mr. Chairman, it's the first set of
10 documents attached to 'A', immediately
11 at the back.

12 CHAIRMAN: Yes.

13 Q: Yes, you were saying, sir?

14 CHAIRMAN: Just one minute. I am sorry Mr. Braham,
15 do proceed.

16 Q: Yes. Mr. Campbell, in relation to the
17 first question as to who was the
18 valuator for each institution sold by
19 FINSAC, you are saying that is the
20 document attached which says questions 4
21 and 6, am I right?

22 A: That's correct. The reason why it
23 says...

24 Q: And it also says "FINSAC Limited/
25 Financial InstitutionS Services Limited.

1 List of FINSAC-owned/controlled shares
2 sold"?

3 A: That's correct, sir. And there is a
4 second one which says "List of
5 FINSAC-owned entities sold" - two of
6 them.

7 Q: I see. Would you be able to identify
8 these valutors, what column would that
9 be?

10 A: The second one from the right,
11 Valuator/Financial Advisors.

12 MR. BRAHAM: Chairman, would you need the names to be
13 announced for the record?

14 CHAIRMAN: I think so.

15 Q: Very well. Would you take us through
16 the entity and then the valutors?

17 A: Sure. In relation to National
18 Commercial Bank the valuator was
19 Hongkong Shanghai Banking Corporation.

20 CHAIRMAN: Where are you starting from, we are not
21 sure where we are.

22 MR. BRAHAM: That is the second one.

23 CHAIRMAN: We have both; one of one and one of one,
24 so we don't know which is which.

25 A: Because I was asked to start with the

1 entities that's why I started with that.

2 CHAIRMAN: No, just so we are together, it's the
3 second sheet according to how it is. That

4 A: one is the second sheet.

5 CHAIRMAN: So you are going to start with that one
6 then, 'Sale of shares in NCB'?

7 A: Yes.

8 Q: Go ahead, sir.

9 A: Sale of shares in NCB, the valuation was
10 done by Hongkong Shanghai Banking
11 Corporation; our legal advisors in that
12 matter was the Attorney General Chambers.
13 Sale of shares in Union Bank of Jamaica,
14 the valuator was Pricewaterhouse, and the
15 attorneys were Myers Fletcher and Gordon.
16 Sale of shares in Island Life Insurance
17 Company, these were not valued because
18 they were sold in the Jamaica Stock
19 Exchange at the market value on the day
20 that they were sold, so there was no need
21 for valuator or legal advisor in the
22 matter; they were just sold across the
23 board. Sale of shares in Dyoll Group
24 Limited, the valuator was
25 Pricewaterhouse, and

1 the attorneys involved there were Myers
2 Fletcher and Gordon. Sales of shares in
3 Billy Craig Financial and Merchant Bank,
4 valuator here was KPMG and the attorneys
5 Hart Muirhead Fatta.

6 Q: KPMG?

7 A: That is the name, KPMG.

8 Q: Go ahead sir.

9 A: Sale of shares in Life of Jamaica, and

10 the valuator was Sutherland Capital
11 Management Limited and they are

12 actuaries and consultants, and the

13 attorneys involved were Hart Muirhead

14 Fatta. And in relation to Individual

15 Life and Pension Portfolios, the

16 valuation was done by Philip Cornes - I

17 am not sure how you pronounce that - and

18 the attorneys there were Myers Fletcher
19 and Gordon.

20 Q: Now, you have some further valutors in
21 the first sheet, these are valutors as
22 to what?

23 A: In retrospect, Mr. Chairman, I realize

24 that probably I should not have

25 separated the list at all because they

1 are in fact also shares in companies, so
2 they could really have been on one list;
3 because they were originally presented
4 this way, I retained that. So I will just
5 go through this now.

6 CHAIRMAN: Yes.

7 A: The sale of shares in Real Resorts
8 Limited, the valuator was
9 Pricewaterhouse, and this was just a
10 simple transfer so no legal advisor was
11 involved. Sale of Bank of Nova Scotia
12 shares, these were sold again on the
13 stock market, so no need for valuator.
14 Sale of shares in CIBC, unfortunately I
15 wasn't able to find any information in
16 the files in relation to that particular
17 one. I will have to do some further
18 research there. Sale of shares in
19 Caribbean Cement Company, the sale here
20 was handled on behalf of the Government
21 of Jamaica by NIBJ, National Investment
22 Bank of Jamaica, the government-owned
23 shares, and they were a few that were
24 owned by Eagle which FINSAC had taken
25 over. So NIBJ handled the entire

1 process on our behalf so we weren't
2 directly involved in it. The sale of
3 shares in Eagle Unit Trust, those were
4 valued by KPMG and this matter was handled
5 by our in-house attorneys. When we took
6 over Mutual Life, Mutual Life had a
7 portfolio of shares that were listed on
8 the Stock Exchange, so these were sold on
9 the Stock Exchange, again there was no
10 need for any valuator. The sale of shares
11 in Jamaica Unit Trust Services, these were
12 valued by KPMG and the attorneys there
13 were Myers Fletcher and Gordon. The sale
14 of shares in Lascelles de Mercado, these
15 were sold again on the Jamaica Stock
16 Exchange. The sale of shares in Edward
17 Gayle and Company, they were valued by
18 Pricewaterhouse Coopers, and the attorneys
19 were Myers Fletcher and Gordon. The sale
20 of shares in
21 Independent Radio Company Limited were
22 valued by Deloitte and Touche and again
23 this was a simple transfer, it was a
24 matter of signing the transfer and that

1 was it, there was no legal advisor
2 required.
3 Q: Thank you.
4 A: Oh, I have a note at the bottom, just to
5 advise for the benefit of us, that Real
6 Resorts is the company that owns Beaches
7 Negril.
8 Q: The document on the offer for sale of
9 each institution, could you tell us who
10 prepared those documentation?
11 A: Well, the answer to the question earlier
12 covers that, that's why I wrote
13 questions 4 and 6.
14 Q: I understand. So you are saying the
15 documentation would have been prepared
16 by the attorneys listed?
17 A: That's right.
18 Q: Could you tell us, sir, as to what was
19 the gross value of the securities
20 transferred from each failed institution
21 to FINSAC?
22 A: If I may just be allowed to read what I
23 have written here, Mr. Chairman?
24 CHAIRMAN: Yes.
25 A: When the loans were acquired by FINSAC

1 from the failed institutions, they
2 provided a listing of the balances along
3 with the credit and security files for
4 each loan where that is available. The
5 failed institutions did not provide a
6 list of all the gross value of
7 securities held and no list was prepared
8 within FINSAC with this information. We
9 mention, however, that since the loans
10 were acquired by FINSAC some debtors
11 would have settled their
12 accounts and their securities released to
13 them; some securities would have been
14 sold (and we have already provided the
15 Commission with a list of those real
16 estate loan related properties that were
17 sold) and some loans and mortgages were
18 sold and their securities transferred to
19 some institutions. So, really, we are not
20 able to provide you a list or a total of
21 securities that were taken over by these
22 institutions.

23 The final note I have here, in
24 preparation for the sale of the
25 remaining portfolio, OCWEN which is a

1 consultant from the US, was engaged to
2 value the loans and hence we could only
3 provide an estimate of the value of
4 securities but it would be at the point
5 of sale rather than at the point of
6 purchase. Another question is in item B
7 that speaks to that, so if you wish I
8 could address it then.

9 Q: In terms of the list, as I understand
10 it, you are not able to supply a list,
11 could you just sort of tell me again why
12 you are not in a position to supply a
13 list?

14 A: The institutions did not provide a
15 listing of the securities when we got
16 them and FINSAC did not prepare one.

17 Q: I see.

18 A: So what I am saying is, what we have is
19 an estimate prepared based on the
20 valuation that was done at the point of
21 sale.

22 Q: Well, as I understand it, some of the
23 debts were settled before you sold them?

24 A: That's right.

25 Q: And then having settled those remaining

1 were sold?

2 A: That's right.

3 Q: There was not a list done at that time

4 at the point of sale?

5 A: I was able to find a diskette with some

6 information based on the valuation that

7 was done and I am saying another

8 question further down speaks to that, so

9 I could address it at that time.

10 Q: What question are you referring to? It

11 A: would be in list of documents 9, I don't

12 remember exactly which question it is.

13 Okay, well, let's go to that and we will

14 Q: probably come back if it doesn't -- I

15 will continue for the moment.

16 I thought you said you wanted to go to

17 A: that question.

18 Okay, go ahead.

19 Q: I can't really find that question.

20 A: Let's continue and when you get there we

21 Q: will get back to that, but the question

22 has to do with the list and as I

23 understand it, even for those sold you

24 couldn't locate a list?

25

1 A: I was able to find some information on
2 the ones that were sold.

3 Q: I see; we will come to that. All right,
4 okay.

5 A: Yes.

6 Q: Now, are you able to tell us what was
7 the gross amount of the debts that were
8 forgiven and who were the persons whose
9 debts were forgiven?

10 A: Let me just read what I have responded
11 here to tell you, Mr. Chairman. We have
12 conducted a research and have not located
13 any one document which provides a
14 comprehensive list of all the debts that
15 were forgiven and persons whose debts
16 they were. We were, however, able to
17 identify a summary of the list of loans
18 submitted to FINSAC board for compromise
19 under the Window of Opportunity in
20 March/April 2001.

21 For your information, I will explain,
22 what the Window of Opportunity is before
23 I go further.

24 Just prior to the commencement of
25 advertisement for the sale of the loan

1 portfolio, March 2001, the Government
2 announced that FINSAC would provide a
3 final "Window of Opportunity" for debtors
4 to seek to arrange compromises for
5 settlement of their debts. A more
6 favourable position was adopted by FINSAC
7 with a view to benefiting debtors before
8 the loans were sold. These
9 compromises could have been settled by
10 transfer of properties or payment of cash
11 in full and final settlement of the debt.
12 The report that I have found doesn't
13 state how many proposals were received
14 by FINSAC but it shows that over 220
15 were approved for compromise. Most had
16 proposed settlements within three
17 months, with a few extending up to six
18 months and beyond. This was another
19 golden opportunity for some debtors to
20 finalize "deals" with FINSAC so that
21 even if the accounts were not settled
22 prior to sale of the portfolio, the
23 purchaser of the portfolio would be
24 bound to honor these agreements as long

1 as debtors maintain their payments. In
2 summary, the total balances of the loans
3 approved for partial forgiveness was 4.1
4 billion Jamaican dollars with 2.5 billion
5 of that to be written off and a payment
6 of 1.6 billion to be made to FINSAC in
7 settlement of the debts, the various
8 debts. Sadly, by the beginning of
9 December 2001, when the report was done,
10 FINSAC had received only 305 million, a
11 mere 18 percent of the proposed
12 settlement amounts. If full payment was
13 not received within the stipulated time-
14 frame and no extension was granted the
15 loan would revert to its original position
16 and sold to JRF."

17 T have provided a list of the 220-odd
18 names and it's entitled the "Window of
19 Opportunity", and it gives you the
20 individual debtors who submitted
21 proposals; it gives you their balances,
22 the amounts that were approved for
23 settlements, the amounts that were
24 written off and the payments made up to
25

1 payment under this Window of Opportunity
2 as they were awaiting - and I am quoting
3 here now from the information I see on
4 the file- as they were awaiting the
5 much-publicized sale of the portfolio in
6 anticipation of a better deal when
7 negotiating with the new owners."

8 CHAIRMAN: That is assignees, new assignees?

9 A: Right, so the debtors stopped paying
10 expecting that they would...

11 CHAIRMAN: Hope springs eternal.

12 Q: Would you tell us, sir, the valuator of
13 each of non-financial institution sold
14 by...

15 CHAIRMAN: One moment, please.

16 COMM. ROSS: Mr. Campbell, could you explain to us a
17 little bit about what the figures on
18 this table 'Window of Opportunity'
19 means? You have here original balance,
20 approved amount, written-off amounts,
21 payments. How do we know which of these
22 were settled and which were not? What,
23 for example, does 'approved amount'
24 mean?

25 A: If I take the first institution, A.

1 King Burger - I am not so sure if I
2 should call names - If I take the first
3 debtor on here, their original balance
4 means that's the total of their debt at
5 that time to FINSAC was roughly 000000 J.
6 dollars. FINSAC agreed to accept 000000in
7 full and final settlement, so we would be
8 writing off 000000. If you look further
9 across under 'Balance on Account', it
10 says 000000. It means at that point they
11 hadn't paid it yet. Sorry, but back track
12 a little, there is a column which says
13 'Payments to Date'; in their case 'LOU --
14 Letter of Undertaking- received. So an
15 undertaking would have been received for
16 the payment, and in this case, if you
17 look in the final column it says 'Value
18 of Property/Shares to be Transferred'.

19 The value of property
20 there is 000000 roughly, so it means the
21 000000, would have been cash. So he gave
22 us 000000 cash and a property for 000000.
23 So that is what comprises the 000000.

1 account had been at FINSAC over the last
2 two years prior to that, and on that
3 basis the decision was made.

4 COMM. ROSS: I just wondered because there are some
5 pretty large write-offs, also some very
6 small ones.

7 A: Well, I don't know all the individual
8 circumstances, Mr. Commissioner, but as I
9 suggested, it was really a 'Window of
10 Opportunity' and a time when persons were
11 really given that chance to settle their
12 accounts whether in cash or by the
13 transfer of a property or properties. If
14 CHAIRMAN: you go down your list you will see what I
15 would regard as a significant write-off.
16 Would you go down the list, please?
17 Sir, they are not numbered.

18 A: Well, it's significant, it stands out.

19 CHAIRMAN: The original balance was a 000000. Okay,
20 COMM. ROSS: I can explain that one.

21 A: Yes.

22 CHAIRMAN: May counsel have a copy of the document
23 MR. GARCIA: to which the witness is making
24 reference?
25

1 CHAIRMAN: We will have to procure them.

2 MR. GARCIA: Thank you, sir.

3 CHAIRMAN: I am afraid we are minus our Secretary,
4 he is required to prepare a budget or we
5 will all go home.

6 MR. BRAHAM: We got them this morning anyhow.

7 CHAIRMAN: And these we only got this morning, it
8 would be difficult to have them copied.

9 MR. BRAHAM: Mr. Chairman, we will arrange it, sir,
10 but we are not in a position to do it
11 immediately.

12 CHAIRMAN: Maybe Mr. Garcia can assist you, he is a
13 young man he can run up and down. But as
14 MR. BRAHAM: soon as we have - I am not in a position
15 to release this one at this time.
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1

2 MR. CAMPBELL: In relation to that particular account,
3 it is one of those that were actually
4 included in the sale to the National
5 Investment Bank of Jamaica. This is a
6 company in which NIBJ had investments
7 and they figured to save the company and
8 I think the productive sector wanted to
9 ensure that...

10 CHAIRMAN: Too big to fail.

11 A: I wouldn't quite say that, sir, but only
12 to assist them because if they didn't
13 help here it could be that they would
14 have lost other investments overall in
15 this and the other companies that they
16 bought so that is why this sort of
17 position was agreed; and the important
18 thing there also they would have looked
19 at the overall value of the security
20 that was being held, because interest
21 was just accruing on these debts, so at
22 some point the value of the security
23 would have been less than the amount of
24 the debt and that was taken into account
25 when compromises are agreed.

25 CHAIRMAN:

But of course, if it was written off

1 there would be some minutes which would
2 perhaps explain it, so maybe you could
3 get your new employees to look through
4 the minute and see.

5 A: No Mr. Chairman, the decision would have
6 made at the point there when the
7 approval was granted for the write-off,
8 so it would be in those minutes. I don't
9 know whether they would be any
10 particular -- because they would be
11 dealing with a number of these accounts
12 at each sitting, but I will check from
13 the Minutes.

14 CHAIRMAN: Fair enough. The reason why I asked
15 you is because it was applied with
16 Minutes and that sort of thing and I am
17 certain I read in some of these
18 documents a kind of recommendation by
19 the - a recommendation by somebody to
20 the Board.

21 A: Okay.
22 CHAIRMAN: And I would expect that that document
23 ought to be in your archives. Perhaps
24 you would be good enough to look you
25 will see because this is very

1 significant and I don't think anyone
2 could not see it.

3 MR. BRAHAM: There are others that are not that
4 significant.

5 CHAIRMAN: I see another one too. Look at page 3.
6 \$000000 was the original balance and
7 \$000000 written off. Everybody would have
8 loved that.

9 A: Mr. Chairman, I am not so sure what the
10 position is but it says 'debt to be
11 reverted' in the final column. So it
12 means they didn't pay at the time.

13 CHAIRMAN: To be reverted at time?

14 A: To be reverted it means it was not
15 settled. It was approved for payment but
16 it wasn't paid, so I would just double
17 check and advise you whether this was in
18 fact sold to Jamaica Redevelopment
19 Foundation because in that case it would
20 have been sold at the \$000000 odd.

21 CHAIRMAN: Figures of consequence.

22 MR. ROBINSON: Chairman, can we number the pages and
23 see how many pages we have here. Seven
24 pages, so we can number it 1 to 7.

25 A: Mr. Chairman, I just wish to point out

1 that these are the total balances for
2 each particular debtor. Remember in a
3 lot of cases a significant interest
4 balance was already included in what was
5 transferred from the institutions. So
6 it may well be, for instance, that you
7 have a principal of \$000000but the
8 interest could be well over \$000000.

9 CHAIRMAN: This sounds fantastic.

10 A: It is the reality though, Mr. Chairman.

11 CHAIRMAN: It is a grim reality, that is why people
12 are distressed and they are here
13 complaining.

14 COMM. BOGLE: This one on page 4 which says the
15 original was \$000000, amount approved
\$4M,

16 which means the amount which was
17 forgiven was \$000000. Hard to believe
that
18 \$000000 would have accrued any interest
19 nearing that.

20 A: No, not necessarily, but it could be
21 that there was a bigger principal
22 portion since the debt came to FINSAC
23 the money had been paid and when FINSAC

24 got payments the amounts were applied to
25 reduce the principal first. So it

1 could have been, for instance, he had a
2 principal of \$000000/\$000000and he had
been
3 paying since he came to FINSAC so it was
4 reduced now to this figure of \$000000.
5 CHAIRMAN: There is a figure in Greek mythology, I
6 think it is called a Sisyphus- is that
7 the man - who can roll this thing up the
8 mountain top and every time it reached
9 the mountain top it rolled back down.
10 Is that what these people were doing?
11 Paying, paying, paying and when it gets
12 to the mountain top and say ah, I have
13 paid off. Miss, you fool -you know the
14 old Jamaican saying.
15 A: With respect, Mr. Chairman, I would
16 submit that that was not the case with
17 FINSAC.
18 CHAIRMAN: Very well. Yes.
19 MR. BRAHAM: The question then, sir, who was the
20 valuator for each of the non-financial
21 institutions sold by FINSAC? I am at
22 page 4, question 24. And of course the
23 next one follows: Who prepared the
24 documentation on the offer for sale of

each institution?

1 A: Let me just read the response that I
2 have here: FINSAC intervened in some
3 financial institutions and among their
4 assets acquired by FINSAC were
5 non-performing loans, real estate which
6 were being held as investment properties
7 and non-financial subsidiaries. FINSAC
8 never sold any of these non-financial
9 institutions and over the years there
10 had been debts that were being
11 liquidated. We have already provided
12 the Commission with a list of these
13 FINSAC owned/controlled investment
14 properties that have been sold but did
15 not locate a document that provides
16 details of who did the valuations or who
17 prepared the documentation on the offers
18 for sale. There are 350 such properties
19 and in order to provide this information
20 some additional time would be required
21 for each sale file to be reviewed and
22 the required information compiled.

23 CHAIRMAN: Well, hopefully your new clerk can busy
24 himself in that regard.

25 A: Yes, sir.

1 MR. BRAHAM: Who was the valuator of each of the
2 properties sold by FINSAC?

3 A: This particular question came under the
4 section that dealt with the loans, so it
5 is really the loan related properties
6 that were sold as opposed to the
7 investment properties that I mentioned
8 earlier. So we had provided you with a
9 list and it is at the left hand corner,
10 question number 30, pages 1 to 7; it is
11 the legal sheets.

12 Q: The last stapled set of documents?

13 A: That is correct.

14 Q: If we look at that document and question
15 number 30: list of the loan-related
16 properties sold prior to loan sale to
17 JRF, that is it?

18 A: That is correct.

19 Q: I see. Mr. Chairman, I seek your
20 guidance, sir: Would you wish me to
21 take you through this list?

22 CHAIRMAN: Since we haven't seen it ourselves, we
23 could have a look/see; Mr. Campbell
24 perhaps could go through it.
25 With respect to REFIN and RECON, have we

1 got any list with regard to those
2 institutions? This list you are
3 referring to speaks to FINSAC and FIS.
4 A: Mr. Chairman, I must confess you did in
5 fact ask me to separate them; I must
6 have forgotten. As I mentioned
7 previously however, the loans were never
8 really owned by FINSAC; the loans were
9 either owned by REFIN, Workers Bank or
10 FIS; FIS had taken the one from Century,
11 Workers Bank acting in it's own right,
12 and REFIN owned all the others. So I
13 should have made a change there;
14 anything that is not Workers or FIS is
15 really REFIN. I should really have made
16 a change; my apologies, Mr. Chairman. So
17 in other words, as I mentioned earlier
18 RECON Trust bought the loans from NCB
19 but they were subsequently transferred
20 to REFIN Trust. So even though we said
21 the entity was NCB this was a loan that
22 was acquired by REFIN so we should have
23 had REFIN here instead of NCB but it
24 originated from NCB.
25 CHAIRMAN: What you want us to do with this?

1 that at some other point. There is
2 however, some points we will make about
3 DEBTOR 18 later on when that comes
4 up.

5 COMM. BOGLE: Was there a special reason why it was
6 left off?

7 A: No, there is no reason. At the time I
8 didn't know it was excluded; this is a
9 list that I had seen on the database
10 that we have so I just printed it and
11 submitted it.

12 CHAIRMAN: So for all you know the others...

13 A: May well be, sir.

14 CHAIRMAN: Very fantastic situation. Yes. Very
15 well.

16 MR. BRAHAM: Questions, I will just read them for you
17 sir and I am going to ask you, as you
18 have done, to probably address them in a
19 group.

20 Who prepared the documentation on the
21 offer for sale of each property?

22 Who reviewed the responses to the offer
23 for sale for the property?

24 Who selected the persons with whom
25 negotiations should be done in respect

1 of each property?

2 Who made recommendations on the price

3 and terms of sale of each property?

4 Who approved the price and terms of sale

5 of each property?

6 A: In attempting to answer these questions

7 Mr. Chairman, I decided that I would

8 advise the Commission of the procedure

9 involved in the sale, so probably it

10 would help to guide the Commission and

11 hopefully answer the particular

12 questions asked. So if you would allow

13 me I will just read through the

14 information I have here.

15 Procedures for sales of loan related

16 properties are stated here in detailed

17 for information purposes: And I will go

18 through them as I have them.

19 (a) Demand is made on debtor who is in

20 default giving him 14 days to settle the

21 debt (or make arrangements so to do):

22 (b) If satisfactory response is not

23 received, Statutory Notice of Sale is

24 then issued to the debtor by registered

25 mail. The notice states debtors name

1 and address, details of the outstanding
2 debt and the property charged, gives 30
3 days to settle the debt or make
4 arrangements so to do and advises that
5 sale will commence if response is not
6 received within 30 days.

7 (c) Upon expiration of Statutory Notice,
8 if no response is received, a valuation
9 is obtained from one of the approved
10 valuers. The forced sale value which
11 could be as low as 80% of market value is
12 used as the reserve price.

13 (d) Property is then placed with an
14 auctioneer (also from FINSAC approved
15 list) for sale by public auction.

16 (e) If an offer equal to or above the
17 reserve price is obtained, the
18 auctioneer provides copy of bill sheet
19 and details of the prospective purchaser
20 to the Assest Disposal Unit at FINSAC.

21 (f) A submission is made to the Managing
22 Director for approval and subsequently
23 sent to the board for ratification.

24 (g) After approval by the Managing
25 Director, the in-house attorney prepares

1 agreement for sale and the sale proceeds
2 normally.

3 (h) If the reserve price is not
4 obtained at the auction, property is
5 withdrawn and FINSAC is advised and sent
6 a copy of the bid sheet.

7 (i) The particulars of the property,
8 with the market value - and I am
9 stressing the market value - are sent to
10 all the approved brokers with
11 instructions to sell by private treaty.

12 (j) Broker then secures purchasers by
13 whatever means, whether they want to
14 advertise it or or other means, whether
15 by negotiating a price bearing in mind
16 the market value.

17 (k) The broker sends all reasoable
18 offers received to the Assest Disposal
19 Unit and if the offer is within the "ball
20 park" figure, a submission is made again
21 to the Managing Director for approval
22 (which is then sent to the board for
23 ratification), or sent
24 directly to the board for approval,
25 depending on the property value.

1 (1) If approved, the in-house attorney
2 prepares the agreement for sale and the
3 sale proceeds as normal.

4 (m) External attorneys were engaged to
5 prepare agreements for sale the larger
6 properties, which require closer
7 scrutiny -- there may be some special
8 requirements, you may want a particular
9 clause in the agreement and things like
10 that.

11 (n) If not approved by the managing
12 director or the board, or if the figure
13 was too low to start, with the broker is
14 advised to seek an improved offer.

15 (o) The list of properties available for
16 sale is reviewed periodically to remove
17 the ones that have been sold and the
18 revised list again sent to all the
19 approved brokers.

20 We should just also mention that the
21 Real Estate Brokers would become
22 approved by applying to be added to the
23 list. The requirements were that they
24 should be licensed and in good standing
25 with the Real Estate Board, provide

25

attorney, the agreement for sale -- is

1 that it?

2 A: That is correct.

3 Q: But that approval to proceed with the

4 sale would come from the managing

5 director and/or the board.

6 That is correct.

7 Q: It if there is no sale at the auction

8 then you say it is listed with brokers?

9 A: That is correct.

10 Q: And they would try to find a purchaser,

11 using you said, the market value.

12 The market value; we would advise them

13 on the market value.

14 Would there not be occasions when the

15 property would be sold at less than the

16 market value?

17 Absolutely, absolutely. The reserve

18 price is the minimum that would be

19 accepted in most cases, but in sending

20 information to the brokers we give them

21 the market value, so they are trying to

22 get an offer as close to that as they

23 can get.

24 Q: Do you ever have occasion when

25 properties were sold less than the

1 reserve price?

2 A: I would really need to check. I am
3 actually looking through the list I have
4 here to see if there are any such - at
5 a glance however, I see where there were
6 properties which were sold above the
7 market value.

8 Q. Above the market value?

9 A: Yes.

10 Q: But you would have to check to see if
11 there are properties sold below the
12 reserve price.

13 Chairman: Of course, this is an
14 incomplete list anyway; the list is
15 incomplete.

16 A: I see, for instance, one here where the
17 market value was \$000000 and it was sold
18 for \$000000.

19 Rock rock rock: which list are you
20 looking at?

21 A: Page 2, item 28 - sorry, it is the list
22 of loan related properties sold prior
23 to loan sale to JRF - that is question
24 30. Page 2, item number 28, and I am
25 sure there are others like that.

1 Q: And the forced sale value referred to in
2 the document, that is equivalent to which
3 one of the prices?

4 A: The forced sale value is in most cases
5 looks like 80 percent of the market
6 value.

7 Q: Would that be the market price, reserve
8 price- which one of them would that be?

9 A: No, the forced sale price is eighty
10 percent of the market value and we use
11 the forced sale price as the reserve
12 price when we have to auction.

13 Q: Now it would take some time for
14 properties to be sold -- like once a
15 year in some ways cases?

16 A: Well, there are properly a few that
17 would take years probably a few that
18 would take years, yes, but most of them
19 would probably just take months.

20 Q: I see. Was there any sort of policy as
21 to when there would be a revaluation in
22 terms of, and if so, in what
23 circumstances?

24 A: My understanding in relation to that
25 is, it is usually after six to nine

1 months, if the property is not yet sold
2 a new valuation is obtained.

3 Q: And you don't know whether any of that
4 was done in these cases?

5 A: The figures we gave you here are the
6 latest valuations in relation to them. I
7 didn't look at all the valuations but
8 some I glanced at and the valuations
9 definitely ranged from up to a 9-month
10 period but not beyond that, and it
11 depends on the date of the valuation.

12 Q: So you are saying on each occasion in
13 your view the valuation was current
14 according to your definition.

15 A: Current, without a doubt.

16 Q: Mr Campbell, going back to your point
17 about the use of licensed real estate
18 brokers, would this apply also to the
19 sale of investment properties?

20 A: Yes, it did.

21 Q: So one would not expect an unlicensed
22 broker to be used to value a property?

23 A: Definitely not. The only little
24 generalisation I would add there, there
25 might have been a few where FINSAC sold

1 the property directly so it didn't go
2 through a broker at all, but whenever
3 we are using a broker it is definitely a
4 licensed broker who is registered with
5 the Real Estate Board.

6 COMM. ROSS: Are you saying that FINSAC might have
7 sold property without using a valuator?

8 A: No, I didn't say that. We got a
9 valuation but I'm saying we didn't use
10 a broker.

11 Q: I was really referring to a valuator in
12 particular.

13 A: All of them are licensed real estate
14 brokers.

15 COMM. BOGLE: Mr. Campbell, would you be able to say
16 what would cause a property to be sold
17 at approximately 50 percent of its
18 forced sale value?

19 MR. ROBINSON: What number is that.

20 Q: Number 91,6 of 7,91.

21 A: I don't know, Mr. Commissioner, I would
22 need to check that file in particular,
23 and I will advise you.

24 Q: Okay, thank you.

25 MR. BRAHAM: Well, let me go along, Mr Campbell:

1 Transfer of debts and securities to JRF.

2 and others.

3 A: Okay. What is the question, sir?

4 Q: That is the one which -- when you are
5 dealing with question .

6 A: Four or six, somewhere there.

7 Q: Okay. What was the gross value of
8 securities pledged by debtors whose
9 debts and securities were transferred
10 tomorrow JRF and each other party; and
11 if so, who was the valuator and what
12 value was placed on the securities?

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2 MR. CAMPBELL: It was in fact question 18 earlier ----

3 what's the gross value of securities

4 transferred from each failed

5 institution?

6 MR. BRAHAM: Yes.

7 A: So this is now the value at the point it
8 is sold.

9 Q: So you are saying that question 18 will
10 also be addressed under this?

11 A: Right.

12 Q: Very well, go ahead, sir.

13 A: As mentioned previously, FINSAC sold

14 debts to 4 institutions, namely, Jamaica

15 National Building Society, Victoria

16 Mutual Building Society, National

17 Investment Bank of Jamaica and Jamaican

18 Redevelopment Foundation. In relation

19 to the sale to the Building Societies,

20 we do not locate a list for the gross

21 value of the securities for the loans

22 sold to the Building Societies.

23 However, bearing in mind that (a) sorry,

24 (1) loans granted by Building Societies

25 are usually fully secured, (2) the sale

1 price agreed between those two
2 institutions and FINSAC was just about
3 \$0.97 cents in the dollar, (3) these
4 mortgages would have been granted
5 sometime earlier and (4) that the total
6 balances sold to the Building Societies
7 was about 645 million -- this was the
8 loan balances. I am estimating that the
9 value of those securities would have been
10 in the region of 710 million. I basically
11 just grossed up the figure a little. In
12 relation to the sale to NIBJ the file
13 indicates that 7 loans with combined
14 principal and interest balances totalling
15 320 million were sold to NIBJ, and I must
16 pause here to mention, when I was last
17 before the Commission this particular
18 question came up as to the loans that
19 were sold to various institutions. My
20 spreadsheet at that time had a figure of
21 J\$187 million for NIBJ sale and US\$2.9
22 million and it was sold for a price of 53
23 million. Inadvertently in answering the
24 question I omitted mentioning the US\$
25 figure so I

1 just want to correct that. I don't
2 remember which exhibit it is, but the
3 spreadsheet actually has the correct
4 information; is just that when I was
5 asked I left out the US figure. So the US
6 figure is 187 million. Sorry, the J\$
7 figure is 187 million, the US was 2.9.
8 When you convert that US and add it to
9 the 187 that's how we now arrive at this
10 320 million, so just for clarification.
11 The file states that the combined
12 security value was 162 million and that
13 FINSAC held second mortgages in some
14 cases and in one case the mortgage ranked
15 pari passu with mortgages granted by NIBJ.
16 The file was not clear whether this 162
17 million was the total value of properties
18 or whether it was FINSAC's security value.
19 Interestingly, however, of this 162
20 million there was one debt with a balance
21 of only 1.2 million that had security of
22 22 million. Now, in relation to the sale
23 to Jamaican Redevelopment Foundation as
24 mentioned previously OCWEN was engaged by
FINSAC

1 the figure that I had mentioned in
2 previous communication to the
3 Commission.

4 Q: The sales of delinquent borrowers'
5 property by way -- was that by way of
6 public auction and probably you would
7 say you have answered it already, but
8 would you just...

9 CHAIRMAN: One moment please. We have to unravel
10 this response, it's a bit of a mystery.

11 COMM. ROSS: *Mr.* Campbell, could you please explain
12 the last paragraph in particular, I am
13 really not following what was happening
14 here?

15 A: Okay, Mr. Commissioner.

16 Q: You started by saying OCWEN placed a
17 value of \$215 million on the loans --
18 but you are saying this was incorrect,
19 could you explain that please?

20 A: I was just saying, when I was last
21 before the Commission I was asked what
22 was the value placed by OCWEN because
23 OCWEN is the company that had done the
24 valuation. I was asked what was the
25 value that was arrived at and I had told

1 value that was arrived at and I had told
2 the Commission then that the figure was
3 US\$215 million. I am saying that that
4 figure was incorrect. I have now found
5 this diskette which shows that the
6 figure is 103 million that was the value
7 that OCWEN had placed on it.

8 Q: So you are saying that OCWEN placed a
9 value of US103 million?

10 A: On the loan portfolio, yes.

11 Q: But you also said that you got -- the
12 projected collection was 170 million?

13 A: That's correct. So you value it for a
14 103 but they are saying you should be
15 able to collect 170.

16 Q: So if you are able to collect 170 why
17 is the value 103? It's a pretty good
18 investment, is it not?

19 A: No, maybe not. The value probably is
20 based on a value if they were to sell it
21 as of today. The collection would be
22 over a period of time.

23 Q: Four year period?

24 A: Three or four years, yes. So you know
25 about net present value,

1 Mr. Commissioner.

2 Q: Yes, that's why I am saying it's a
3 pretty good investment?

4 CHAIRMAN: Yes, Mr.?

5 COMM. BOGLE: Just a minute. Going back to paragraph
6 C -- OCWEN back at May, 2001 -- OCWEN
7 said the value of the loan was
8 approximately \$18.6 billion?

9 A: No, sir, the principal balance on the
10 loan was 18.6 billion.

11 Q: And that is at May, 2001?

12 A: Right.

13 Q: Collateral was 11 billion. The next
14 paragraph figure should have been 4.7
15 billion. This 4.7 billion is dealing
16 with what as compared to the 18.6
17 billion?

18 A: The principal balances of the loan was
19 18.6 billion. The value of it was 4.7
20 billion.

21 Q: But the collateral remained at 11
22 billion?

23 A: Yes.

24 Q: So the collateral remained at 11 billion
25 but they expect to collect 4.7 billion

1 or a value of 4.7 billion?

2 A: That's right. I would have expected the
3 value to be anywhere in the region of
4 about 80% of the collateral but not less
5 than 50% of the collateral. Some
6 mathematical error because it really, I
7 mean, as I said, Mr. Campbell you are a
8 banker -- normally the loan might be
9 about say 80 to 70% percent of your
10 collateral, am I right?

11 A: Yes.

12 Q: But then we are seeing here that the
13 value of 4.7 is placed against
14 collateral of 11, doesn't that look a
15 little bit odd to you as a banker?

16 A: No, not necessarily, and the case in
17 point is the last paragraph under B
18 where there is one loan with a balance
19 of 1.2 million but the collateral is 24
20 million.

21 Q: So you are saying that that is a sort of
22 normal thing running through?

23 A: I wouldn't say it is normal, but I am
24 saying it could be that a lot of them...

25 Q: We are looking at 1.2 million to 24

1 million, we are looking at 11 billion
2 to 4.7 billion. We would have to have
3 quite a number of loans in that
4 category?

5 CHAIRMAN: It's odd isn't it, curious?

6 A: Maybe it is, Mr. Chairman.

7 CHAIRMAN: No, no. I want your honest opinion.

8 A: I don't know what were all the factors
9 that drove the decision to arrive at
10 that position, but this is what I
11 researched from the file.

12 CHAIRMAN: Right, that's why we are asking your
13 opinion.

14 COMM. BOGLE: Do you have any documentation on all of
15 this outside of the diskette? Do you
16 have any documentation?

17 A: No, I didn't see a written, signed
18 report at all.

19 Q: So the diskette is all that you have
20 indicating all of this?

21 A: That's all I saw. I don't want to say
22 nothing else exists. I would crave your
23 indulgence to go and look for files to
24 see in there is any written report.

25 Q: We would appreciate that?

1 COMM. ROSS: Mr. Campbell, do you see anywhere, an
2 indication of a discount rate that was
3 used arriving at the valuation?

4 A: I didn't look for that particular
5 information, I just jumped quickly to
6 the bottom of the report.

7 Q: That would be very interesting for us to
8 note?

9 A: Discount rate.

10 CHAIRMAN: Well perhaps this is an appropriate time
11 to take a break. Well be back in
12 fifteen minutes.

13 BREAK TAKEN AT 11:00 a.m.

14 ON RESUMPTION AT 11:15 a.m.

15 CHAIRMAN: We are now in session.

16 MR. BRAHAM: So the question, sir, the sales of the
17 delinquent borrowers' property, if they
18 were by public auction, and if so, how
19 many by public auction and how many by
20 private treaty? I am sure you will find
21 that fairly easy to deal with.

22 A: What I'll tell you is that I cannot tell
23 you a figure.

24 Q: I see.

25 A: I did go through, however, the process

1 of making the demand, doing the
2 valuation, submitting it to auction.
3 If no purchaser is achieved there you go
4 to private treaty. So it would involve
5 us going through the individual files to
6 compile a list, so is one of the things
7 that we seek to complete after.

8 Q: The -- do you know how many delinquent
9 borrowers there were with secured debts
10 and how many delinquent borrowers there
11 were with unsecured debts?

12 A: From our search we were unable to locate
13 a list of the secured and unsecured
14 debts or debtors. However in reviewing
15 that same OCWEN diskette, it contained
16 information

17
18 the OCWEN diskette that had information
19 on evaluation it helped us to arrive at
an estimate of 21,000 unsecured loans

and roughly 2,000 secured loans, which is the total of
21 23,000 that were sold to Jamaica
22 Redevelopment Foundation.

23 CHAIRMAN: Can we get the diskette?

24 A: Sure, I will give you a copy.

25 CHAIRMAN: Sorry, who prepared the diskette?

1 A: OCWEN. That's the American consulting
2 firm that did the valuation.
3 COMM. ROSS: Mr. Campbell are you sure about those
4 breakdown? It's only 2,000 secured and
5 21,000 unsecured?
6 A: Yes, sir. A lot of the unsecured ones
7 were either overdrafts or credit cards
8 that we would have gotten from the
9 institutions.
10 Q: I thought that we had gotten a much
11 larger figure from you initially in
12 terms of the debts sold to JRF?
13 A: It was about 23,000 loans sold to JRF.
14 Q: I thought the unsecured were further
15 sold to IAB?
16 A: Yes, but it was JRF that sold it, not
17 us. JRF had sold it to them -- to
18 International Asset Services.
19 Q: Very well. Could you give us a value of
20 the two categories? The value of the
21 unsecured and the value of the secured?
22 A: I am sorry, I didn't look at that
23 information when I was looking through
24 the diskette, but sometime I could
25 provide it.

1 MR. BRAHAM: Were there any...

2 CHAIRMAN: Just one moment, please.

3 COMM. BOGLE: Mr. Campbell?

4 A: Yes, sir?

5 Q: Can you relate your response to 82, to
6 the paragraph C under 41. The 11
7 billion of security, paragraph C, that
8 11 billion of security, should we
9 therefore say that most of that
10 security, if not all would be for the
11 2,000 secured?

12 A: That's correct.

13 CHAIRMAN: Thank you.

14 MR. BRAHAM: Were any lawsuits brought to recover
15 debts and if so how much was recovered,
16 consequent of such litigation?

17 A: I was not able to compile a complete
18 list of the suits that were brought by
19 FINSAC. Let me just read what I have
20 here, Mr. Chairman. The response I have
21 here -- some lawsuits were brought by
22 FINSAC to attempt to recover debts.
23 From the research I did not locate a
24 file containing a list of such cases and
25 from my recollection FINSAC did not

1 2 maintain a list suits commenced against
3 4 debtors in any event. Since I wrote this
5 6 actually, I was able to find a list --
7 8 this is about 40 names of some cases that
9 were commenced at FINSAC. Most, if not
10 all of these have since been sold to
11 Jamaican Redevelopment Foundation and
12 they will be the ones to assess whether
13 they want to continue them or not. So we
14 are not in a position to give you a
15 status report on them. However I'll just
16 mention for what it is worth the final
17 case on the list. Case number 40 is one
18 that is still before FINSAC and the
19 matter is at the Courts. In fact, the
20 case with DEBTOR 18 should also have been
21 included on this list here, so as I said,
22 I need to just continue research to
23 compile a complete list so that I can
24 provide information on the ones that are
25 still within FINSAC and provide it to the
Commission. The important thing we need
to mention here is the fact that the
question related to litigation to

1 **recover** debts. The debts have been
2 sold, so any litigation that remains
3 with FINSAC -- it would be for matters
4 other than the straight debt per se.
5 COMM. ROSS: Sorry, do you mean that FINSAC is suing
6 for reasons other than debt recovery or
7 is it that FINSAC is being sued?
8 A: Is being sued.
9 Q: So this list is a list of claims against
10 FINSAC, is that correct?
11 A: It's a combination of both.
12 Q: A list of claims against FINSAC as well
13 as claims by FINSAC?
14 A: Yes. In my further research I will
15 separate the list so we can **see clearly**
16 which ones are in fact debt related,
17 yes, sir.
18 CHAIRMAN: That would be helpful.
19 MR. BRAHAM: Mr. Chairman, we -- at the beginning we
20 were trying to locate the number for the
21 exhibits.
22 CHAIRMAN: Indeed.
23 MR. BRAHAM: So this first document with **reference** to
24 the Commission the letter of 6th of
25 November, sorry and it's dated the 29th

1 of the 10th -- the 29th of January, would
2 be exhibit EC21A -- the other and I
3 suppose, sir, we probably should give
4 this new document a new name.

5 CHAIRMAN: We have to. Finish up this one.

6 MR. BRAHAM: Along with the...

7 CHAIRMAN: It's 21A and 21B then?

8 MR. BRAHAM: Yes. And the other one, sir...

9 CHAIRMAN: The 21st of December.

10 Q: You would have the 21st of December?

11 MR. BRAHAM: That refers to all the letters. The
12 latter refers to all letters, the
13 letter of the Commissioner, the letter
14 of the 21st of December.

15 CHAIRMAN: That will be 21B.

16 A: Mr. Chairman on the previous occasion
17 you had listed each item as an exhibit.
18 You are just combining everything.

19 Q: That's what my intention was. The
20 letter and the attachments as one?

21 A: Okay.

22 Q: The documents entitled list of names of
23 accounts and which debtors have filed
24 suit or counterclaim that I will call,
25 Mr. Chairman, 22.

1 CHAIRMAN: EC22?

2 Q: Yes.

3 CHAIRMAN: And this one is to be helped.

4 MR. BRAHAM: He indicated that he will provide an
5 update.

6 CHAIRMAN: He wil separate them so we know which is
7 for as to which is against.

8 A: Yes, sir.

9 CHAIRMAN: Very well.

10 MR. BRAHAM: So, Mr. Campbell, we will proceed now
11 to the other list of questions.
12 Question -- what was the aggregate due
13 from the failed financial institutions
14 to the depositors principal at the time
15 of intervention and you are referring us
16 to a document there, sir?

17 A: Yes, I have submitted a spreadsheet of
18 principal balances due to depositors at
19 the time of intervention and at the head
20 of left hand corner it says question
21 one.

22 Q: I see. Could you give us a summary of
23 what the spreadsheet says?

24 A: It is headed FINSAC Limited/Financial
25 Institution Services Limited principal

1 due to depositors at the time of
2 intervention and it lists fifteen
3 entities, the date of the intervention
4 in each, the date of some of the
5 financial statements, the date of a
6 deposit listing and the amounts that
7 were outstanding.

8 Q: What was the amount?

9 A: The combined figure is 20.8 billion
10 dollars.

11 Q: So this is the sum that was due from the
12 institutions to depositors?

13 A: That's correct.

14 Q: I see. What was then the aggregate...
15 CHAIRMAN: Sorry, what is 14 and 15 there for?

16 A: Oh, my apologies. There are some notes
17 to this spreadsheet, sir -- if you allow
18 me I'll just run through them.

19

20

21

22

23

24

25

1 10:30 a.m. (CONT'D)

2 A Note 41, it says:

3 MS WONG: "The figures for Bucks Securities,
4 Caldon Finance Merchant Bank and
5 Caribbean Trust and Merchant Bank were
6 extracted from a deposit-listing...",
7 And they relate to principal only. And
8 if you look at the column, they have a
9 separate heading for deposit-listing and
10 a separate heading for the date of paid
11 financial statement.

12 MR. ROBINSON: I think Mr. Campbell should be asked
13 to explain the headings.

14 MR. BRAHAM: Sure. The headings that you are
15 referring to, what are those headings?
16 Is it under 'A', 'B, 'C' and 'D?' Those
17 are the headings?

18 A That's correct.

19 Q Okay.

20 A 'B' is the list of entities that were
21 intervened.

22 'C' is the date of the intervention into
23 the different entities.

24 'D' is the date of financial statements.

25 'B' is the...

1 CHAIRMAN: What's the financial statement?

2 A Financial statements, the accounting

3 record for the various institutions.

4 COMM BOGLE: There is no list for these?

5 A We weren't able to find a list for

6 those, yes, and so we used the

7 information, the extracted information

8 from the closest financial statement

9 that was available to the date of

10 intervention.

11 'E' is the deposit-listing.

12 And then 'F' would be the amounts for

13 the various institutions that were

14 listed.

15 CHAIRMAN: Sorry, you said deposit-listing?

16 A This depositing-listing is a list of

17 names of individuals and entities and

18 companies who had deposits with these

19 three institutions. So you could see

20 Errol Campbell had a balance of 10,000,

21 John Brown had a balance of 50,000 and

22 the combined total for these three

23 institutions are the figures reflected

24 here. We weren't able to find a similar

25 kind of list for the other entities and

1 hence, we had to extract the deposit
2 figure from the financial statements.

3 You have anything, Mr. Chairman?

4 CHAIRMAN: Yes. Well, I had asked the question
5 about numbers 14 and 15.

6 A Right.

7 CHAIRMAN: You are going down the list, I take it?

8 A Yes, sir, I was just pausing to explain.

9 CHAIRMAN: Yes, go ahead.

10 A So there are four Notes:

11 One is, "The figures for Bucks
12 Securities, Caldon Finance and Caribbean
13 Trust were extracted from the
14 deposit-listing".

15 So it was an individual list of the
16 persons who had deposited their monies.

17 So that's an actual figure.

18 And Note 2:

19 *"We were unable to locate*
20 *deposit-listings for the other entities*
21 *and thus these figures were taken from*
22 *in-house financial statements closest to*
23 *the date of intervention.*

24 *Further, we are unable to state whether*
25 *these figures include principal only or*

1 figures here are simply figures picked
2 from the financial statements but which
3 we can't attest to whether or not they
4 are true or not, we just accept them,
5 that's what we have so far?

6 A Yes.

7 Note #3:

8 *"For Intercontinental Merchant Bank,*
9 *neither a deposit-listing nor financial*
10 *statements was located and thus this*
11 *figure was taken from FSNSAC financial*
12 *statements".*

13 And in FINSAC's financial statements it
14 has an amount that is stated as an
15 advance to Intercontinental Merchant
16 Bank being the amount to repay
17 depositors. That's the best we could
18 get at in terms of a figure for
19 Intercontinental.

20 COMM BOGLE: So this figure here, would it be
21 principal and interest or principal, or
22 what?

23 A I really don't know; it just says: "An
24 amount to repay depositors", so we are
25 not sure if it includes interest.

1 Q And you are therefore saying in FINSAC
2 there are no records indicating in
3 detail what this 102,709 was for. I
4 mean, in total, yes, it was on the
5 financial statement of FINSAC but there
6 is no record in FINSAC detailing how
7 they arrived at this 102?

8 A I am not staying that, Mr. Commissioner.
9 I would need to look to see if there are
10 records that show them.

11 Q We would therefore ask that in your
12 continuing search...

13 A Yes, sir.
14 In relation to the final two items:
15 Horizon Merchant Bank and Workers Bank,
16 we weren't able to find either a listing
17 or the financial statements. Again, we
18 are continuing to search in relation to
19 that so we will provide that information
20 to the Commission in due course.

21 COMM BOGLE: So therefore, under these last two here,
22 14 and 15, we can assume that no amounts
23 were paid to the depositors?

24 A I don't want you to jump to that
25 conclusion, Mr. Commissioner.

1 CHAIRMAN: We are not jumping.

2 COMM BOGLE: I am just asking.

3 A No man, don't assume that, amounts were
4 paid. These entities, deposits were
5 actually passed on to Citizens Bank.
6 Horizon Merchant Bank, their depositors
7 were merged with Citizens and also
8 Workers Bank, to form Union....

9 CHAIRMAN: To form Union?

10 A Yes, these were two of the entities that
11 went into Union Bank.

12 COMM BOGLE: Therefore FINSAC would not have paid any
13 money directly to any of the depositors?

14 A That's correct. But in cases where --
15 just so that you understand- in cases
16 where deposits for some institutions,
17 like in this case Horizon, were placed
18 into Citizens Bank, FINSAC had to give
19 Citizens Bank a FINSAC note to cover the
20 liability. So there was no direct
21 payment, and all the depositors got a
22 hundred percent.

23 CHAIRMAN: I mean, I know there was Horizon
24 Merchant Bank but they were not under
25 any supervision, or were they supervised

1 by the Bank of Jamaica?

2 A I don't remember which is the entity
3 that does the supervision for the
4 merchant banks, maybe the Financial
5 Services Commission, I am not sure.

6 Q But didn't these banks therefore submit
7 report monthly?

8 A Or quarterly, yes.
9 CHAIRMAN: Quarterly?

10 A Let me just say, your question seems to
11 be one that I need to explain a little,
12 Mr. Commissioner, not the Chairman, Mr.
13 Bogle: It seems to me that you are
14 suggesting that these figures here are
15 amounts that FINSAC would have paid out
16 directly to depositors. Isn't that what
17 you are asking?

18 COMM BOGLE: No.

19 A Oh, that's wasn't what you are asking?

20 COMM BOGLE: No. The question here now, Horizon and
21 Workers Bank I would assume or should I
22 assume that FINSAC would have gotten
23 some financial statements from these
24 institutions in order to have the merger
25 into Union Bank?

1 A Yes, I am sure we did. It's just that
2 with the limited human resources we
3 weren't able to do all the search. So
4 that's why I am saying we are continuing
5 with our effort to find financial
6 statements.

7 COMM BOGLE: Thank you.

8 MR. BRAHAM: Could you tell us the average amount
9 that was due to depositors as principal
10 and interest at the time of
11 intervention?

12 A Now that is the second spreadsheet as
13 attached at the top of question #2. The
14 figure is just slightly different and
15 the reason for that is really, as I said
16 earlier, there were only three of these
17 that we had actually listing for and the
18 three of them are the three ones at the
19 top and it was just a slight difference
20 in the interest balance. So just about
21 six million in the difference in the two
22 figures.

23 COMM BOGLE: The notes are the same as in the first
24 document?

25 MR. ROBINSON: The notes at the bottom.