

1 MR. BRAHAM: The notes at the bottom.

2 A Yes, they are.

3 COMM BOGLE: What was...

4 A Except of course, in relation to Note

5 #1, will now tell you that we give you

6 a different figure for these three

7 entities since that figure now includes

8 interest. Those are the only three that

9 have changed.

10 Q It says:

11 *"This was the aggregate amounts paid to*

12 *depositors of the failed financial*

13 *institutions"*

14 A Okay, that's question #3. Spreadsheet,

15 left-hand corner of question #3.

16 Q Yes.

17 A Okay.

18 Q You want to take us through the

19 spreadsheet?

20 A Sure.

21 Q The notes are different, aren't they?

22 A The notes here are a little different,

23 yes.

24 Q Okay.

25 A There are 15 entities listed here again,

1 we give you the date of the intervention for  
2 each; the date of financial statements where  
3 applicable, and the date of three  
4 deposit-listings. The figures for Buck  
5 Securities, Caldon Finance and Caribbean  
6 Trust are the full amount outstanding that  
7 was paid out to them no, sorry, in the  
8 case of Caldon it was a lower amount. In the  
9 case of Caribbean Trust this figure was taken  
10 from FINSAC's financial statements as the  
11 amount that was paid out to them. Let me run  
12 through the notes.

13 Note #1:

14 *"The figures shown for amounts paid to*  
15 *depositors in Caldon Finance and*  
16 *Caribbean Trust were extracted from*  
17 *FINSAC's financial statements".*

18 And you will notice that these are slightly  
19 different from the figures on the previous  
20 page. Not so sure why they are different but  
21 we always compare the figures to see what  
22 FINSAC advanced for each entity and in  
23 FINSAC's accounts it says: "These are the  
24 amounts that we  
25

1 advanced to repay depositors".

2 Note #2:

3 *"Depositors of Blaise Financial Entities*  
4 *were paid 900 of the principal in interest*  
5 *as at the date of*

6 *intervention".*

7 And this payment was made through FIS-  
8 Financial Institution Services. Cheques  
9 were actually drawn for those payments. And  
10 the idea was that each depositor would get  
11 a 50 percent payment initially and then the  
12 second 50 percent would be paid over eighteen  
13 months where they got equal amounts at  
14 six-monthly intervals with interest at six  
15 percent. We still have a balance of roughly  
16 12.5 million outstanding to these  
17 depositors.

18 And the final note, Note #3:

19 *"The depositors in the Century financial*  
20 *entities were paid 1000 of their principal*  
21 *and interest as at the date of intervention".*

22 This payment was made through NCB and each  
23 depositor was expected to open an account  
24 at NCB and the moment the

25

1 account is opened sixty-five percent of  
2 the balance would be credited to the  
3 account and six months later the other  
4 thirty-five percent would be credited.  
5 For the Century entities we still have  
6 an amount of 151 million outstanding to  
7 depositors who haven't made a claim yet.  
8 So the total amount of deposits that  
9 were paid out to depositors was 20.6  
10 billion.

11 MR. GRAHAM: Could you tell us the aggregate amount  
12 due to...

13 COMM BOGLE: Just one second. When you say 151  
14 million remains unpaid, is it that this  
15 151 million is with FINSAC or with NCB?

16 A Well, FIS actually.

17 Q So FIS now has approximately 151 million  
18 which has not yet been paid to Century's  
19 depositors?

20 A That's right. And if you add the two  
21 it's one hundred and sixty odd million  
22 because Blaise and Century were FIS, so  
23 these figures would be reflected in the  
24 FIS accounts.

1 MR. BRAHAM: Yes sir, could you tell us what was the  
2 aggregate of the amount due to the  
3 failed institutions by delinquent  
4 borrowers at the time of the  
5 intervention.

6 A I have submitted a spreadsheet to the  
7 Commission and at the top left-hand  
8 corner, question #4, lists fifteen  
9 entities and the date of the  
10 intervention, date of the financial  
11 statements, and the amount outstanding  
12 to each entity. Now you will notice  
13 that there are some blank spaces. I was  
14 not able to find financial statements  
15 for each one of the entities, so our  
16 research continues in that regard.

17 CHAIRMAN: You see the amount due from debtors not  
18 the depositors?

19 A Yes, but this figure would have to be  
20 extracted from the financial statement.

21 CHAIRMAN: What I am saying, the heading says  
22 "Depositors".

23 A Yes, my apologies. Thanks for the  
24 correction, Mr. Chairman, I was so into  
25 depositors that I copied that across.

1 CHAIRMAN: There is some difference?

2 A Absolutely.

3 MR. BRAHAM: You have some notes on this one as well,  
4 you would like to refer the notes to us?

5 A Note #1:  
6 Where balances are not available at the  
7 date of the intervention the figures  
8 from the financial statements are used.  
9 And other than the case of Buck you will  
10 notice that all the other figures are  
11 figures as at the date of the financial  
12 statements. So in the case of Buck that  
13 58 million was at the date of the  
14 intervention but the others were as the  
15 date of the financial statements.

16 COMM BOGLE: What would have been the source for  
17 Buck?

18 A (No answer)

19 COMM BOGLE: Source of the information?

20 A I am really not sure, Mr. Commissioner,  
21 I had asked my Accounting Department to  
22 research for me and they gave me this  
23 information; must have been from a list  
24 that was prepared by the intervening  
25 managers at the time and that's the same

1 list -- not the same list, but the same  
2 source from which I got the actual  
3 deposit-listing.

4 Note #2...

5 CHAIRMAN: Excuse me.

6 So that I don't misunderstand you, Mr.  
7 Campbell, the spreadsheet with regard to  
8 question #4, Note 2 states:

9 *"We were unable to locate financial*  
10 *statements for all the entities from*  
11 *which to extract loan balances" and you*  
12 *say, "efforts continue in this regard".*

13 Those were the loans sold to JRF and  
14 other people, weren't they?

15 A No, not in all cases, Mr. Chairman.

16 CHAIRMAN: But in some?

17 A It would have been included in the list  
18 sold to JRF, yes.

19 CHAIRMAN: Yes. Sorry, just let me complete my  
20 thought process, if I may. So in a  
21 sense you didn't know what you are  
22 selling in some cases? Am I mistaken?

23 A I don't know why you would say that, Mr.  
24 Chairman.

25 CHAIRMAN: Well, you can't locate the files but





1 So at no time did FINSAC receive a list  
2 from the financial institutions?

3 A I am saying yes, we did. I was not able  
4 to find the list and that's part of what  
5 we are continuing to search to find.

6 Q So of these institutions so as far, one  
7 to fifteen, we haven't found any list at  
8 all, the only one we saw was for Buck,  
9 Buck Securities. The others...but for  
10 Buck Securities, you are saying they  
11 gave you the figure but you didn't say  
12 what source it was. You are saying you  
13 do not know what is the source? If the  
14 source is the list then that's the  
15 source. But my question to you was: The  
16 source of the 58.4, and you said that  
17 figure was given to you but you...

18 A When I say given to me by my Accounts  
19 Department which assisted in preparing  
20 this, I didn't specifically ask them  
21 whether that was a signed document  
22 presented by former managers of Buck.

23 Q Did you received list to support the  
24 58.4?

25 A I didn't specifically asked that, Mr.

1 Commissioner, I was presented with a  
2 figure so I could compile the  
3 spreadsheet to give to you.

4 COMM BOGLE: In which case what you said awhile ago  
5 was incorrect, because you said that the  
6 only one that you might have gotten a  
7 list for was the Buck Securities, the  
8 others you did not?

9 A Yes, sir. I don't know that that is  
10 necessarily incorrect.

11 CHAIRMAN: Not necessarily.

12 COMM BOGLE: You did not see a list, so you do not  
13 know if there is a list for Buck  
14 Securities existing?

15 A I did not see a list, that's correct.

16 COMM BOGLE: So you don't know if one exists?

17 A Right.

18 COMM BOGLE: The other one that is here, amounts were  
19 taken from the financial statements?

20 A That's right, but at the same time,  
21 again, you do not know if there is a  
22 list existing at the time? What I am  
23 trying to find out is that, FINSAC has  
24 taken over some debts here, 22.7, and  
25 the question is: What do they have to

1                   substantiate this amount of debt that  
2                   they have acquired? And that is what I  
3                   am trying to -- apart from a financial  
4                   statement which could be right or it  
5                   could be wrong, I am trying to figure  
6                   out what did FINSAC do to agree to this  
7                   figure; what did they see? So that is  
8                   what am I trying to get at.

9                   A           Other than the financial statements and in  
10                   some cases a spreadsheet that would have  
11                   been submitted to FINSAC by the  
12                   institutions, there is really nothing else,  
13                   because remember, the sales basically  
14                   involved -- or the purchases, whichever,  
15                   involved the institutions  
16                   preparing a list  
of those bad loans that  
17                   they are selling to FINSAC and that list  
18                   is the same one we relied on. I know you  
19                   asked me earlier, or maybe its one of  
20                   the questions to come, whether FINSAC  
21                   had verified those balances. FINSAC  
22                   really did not; they relied on the  
23                   information that was presented to them  
24                   on those spreadsheets.

25                  Q           Therefore one can presume that you could

1 have gotten loans on this or names and  
2 loans on this list for which you did  
3 not receive a file or which was  
4 unsubstantiated?

5 A That's very possible.

6 CHAIRMAN: Thank you.

7 MR. BRAHAM: Sir, when FINSAC sold loans of  
8 delinquent borrowers to other  
9 institutions at a discount, were such  
10 institutions entitled to charge interest  
11 on the loans acquired, and at what rate  
12 or whether simple or compound interest?

13 A I will just read to you the response I  
14 have here.

15 "These loans *would* all have been *charged*  
16 *interest* as they were loans *originated*  
17 *in financial institutions in the normal*  
18 *course of business*. When these *loans*  
19 *are sold to other institutions* they  
20 *would be bound by the terms of the*  
21 *existing agreements between debtors and*  
22 *the former institutions*. These  
23 *institutions can however negotiate new*  
24 *terms with these debtors if they see fit*  
25 *but adverse changes cannot be*

1 2 unilaterally -- I go on further to say, when  
3 4 FINSAC acquired the non-performing loans  
5 6 from various entities a decision was taken  
7 8 at FINSAC to reduce the interest rates to 30  
9 percent per annum for the JAD loan and 15  
10 percent per annum for the USD loans unless  
11 of course, other more favourable rates were  
12 in existence in which case those rates were  
13 applied. That was done to  
14 facilitate debtors and if they wished they  
could have taken advantage of this reduced  
rate and repaid their debt. In fact we looked  
at it as a "gift" to all  
15 the debtors but  
only a few accepted it.

16 These rates could not therefore be  
17 imposed on other institutions to which  
18 FINSAC sold loans.

19 CHAIRMAN: What about the compound...

20 COMM BOGLE: What about compound or simple interest?

21 A At FINSAC we did not compound interest.  
22 In fact we didn't charge any interest on  
23 the interest -- well, that's what  
24 compounding is. We didn't charge any  
25 interest on the interest, yes, we only

1 charged interest on the principal  
2 balances and that is then added to the  
3 interest.

4 And importantly, whenever payments were  
5 received at FINSAC the payments were  
6 applied to reduce the principal  
7 balances first so that the loan in  
8 essence would then be accruing at a  
9 slower rate.

10 MR. BRAHAM: We are talking about the purchaser.

11 COMM ROSS: Mr. Campbell, these loans were sold to  
12 non-financial institutions. Does that  
13 entitle them to continue charging  
14 interest whether at the 30 percent or  
15 any other rate?

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1 MR. CAMPBELL: The existing arrangements with the  
2 debtors would govern how that is  
3 treated. The debtors would have signed  
4 an agreement which says they charge  
5 30/40 percent; so that agreement would  
6 carry over to the institution that buys  
7 the debt. If it is that they cannot  
8 charge the rate above a particular  
9 figure then I suppose they seek to get  
10 exemptions under whatever laws that  
11 exist.

12 COMM ROSS: Is there any reason why FINSAC didn't  
13 opt for a collection approach rather  
14 than this sort of open-ended disposal?  
15 In other words, seek to appoint  
16 collection agencies rather than just  
17 passing on the loan itself?

18 A: I don't know if there is any particular  
19 reason for that, Mr. Chairman, maybe  
20 that question is better addressed to  
21 some of more senior former persons  
22 within FINSAC. My understanding is that  
23 - maybe I should leave that,  
24 Mr. Commissioner. I don't know the  
25 reasons that govern that particular

1 decision.

2 MR. BRAHAM: Of course, the purchasers would also be  
3 entitled to do compounding as well,  
4 although FINSAC didn't do compounding?

5 A: Entitled wouldn't be a word, unless  
6 there is a clause in their agreement  
7 that can speak to that, but I don't  
8 know.

9 Q: Well, the banks as far as you know  
10 compounded?

11 A: Yes.

12 Q: But you are not aware whether the  
13 purchasers did that?

14 A: Or are doing that.

15 Q: Okay. Alright. Was there verification  
16 by FINSAC with respective failed  
17 institutions to determine the accuracy  
18 of the amounts due by the delinquent  
19 borrowers to that institution? If so,  
20 what was the procedure?

21 A: I will read the response that I have  
22 here. "There was no whole scale  
verification by FINSAC of balances received from the various  
institutions but in cases where there were

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1 2 challenges, the officers at FINSAC reviewed  
3 4 each file and statements, where available,  
5 6 recalculated the account and discussed  
7 8 findings with the debtor. In some instances,  
9 contact was also made with the institution  
10 for which the loan was acquired. Legal  
11 Q: advice would thereafter be sought, if  
12 necessary, as to whether to pursue the debtor  
13 or offer compromise.

14 A: Were all the loans that were sold or sold  
15 at a discount verified with the failed  
16 institution prior to same?

17 When loans were acquired by FINSAC from  
18 various institutions, the institution  
19 provided a listing of balances and the  
20 credit and security files for each, where  
21 available. FINSAC accepted the balances as  
22 accurate, but as previously advised, if a  
23 debtor challenged the accuracy of a  
24 balance, the files would be reviewed based  
25 on information on the file and sometimes  
recalculated.

In any event, verification of the  
balances in circumstances where an

1 institution has merged or dismantled or the  
2 staff displaced or laid off, would have  
3 been difficult, if not impossible. FINSAC  
4 therefore relied on the balances provided.  
5 And if I may just add here quickly, you saw  
6 the list of debts that were written off or  
7 approved for write off under the 'Window  
8 of Opportunity'. That is a  
9 classic example, where FINSAC under the  
10 circumstances, say you have a balance of \$10  
11 million, probably you only have security of  
12 2 million, I will gladly accept 1.5 as  
13 settlement and a portion is written off. So  
14 even though interest was accruing, it  
15 wasn't a case where FINSAC is saying I want  
16 to collect all of this debt.  
17 What was the procedure that FINSAC used for  
18 the sale?

19 Q: This matter is extensive and I just want to  
20 go through it so the record would reflect.

21 A: As mentioned previously FINSAC sold debts  
22 to four institutions really, there are two  
23 building societies, and  
24  
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1                   there were some select loans that were sold  
2                   to NIBJ, and the remaining portfolio was sold  
3                   to Jamaica Redevelopment Foundation and  
4                   those are all either mortgages, overdrafts,  
5                   credit cards or loans. So let me deal with  
6                   the sale to the building societies first.  
7                   FINSAC acquired the mortgage portfolios of  
8                   four institutions, namely, Citizens'  
9                   Building Society, Eagle Permanent Building  
10                  Society, Capital Assurance Building Society  
11                  -- and for the benefit of the Commission,  
12                  Capital Assurance Building Society was  
13                  formerly within the Workers Bank group and  
14                  Jamaica Mutual Life Assurance Society. These  
15                  were mostly performing mortgages on which  
16                  debtors were making their regular monthly  
17                  payments. FINSAC therefore decided at an  
18                  early stage that it would off-load these  
19                  mortgages as soon as possible to facilitate  
20                  continued payment by the mortgagors.  
21                  Jamaica National Building Society and  
22                  Victoria Mutual Building Society, who as  
23  
24  
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1 2 we all know are well established building  
3 4 societies, were identified as prospective  
5 6 purchasers and so we therefore invited them  
7 8 to submit proposals to purchase the  
9 portfolio. Following due diligence  
10 exercises conducted by both building  
11 societies, they submitted proposals and it  
12 was agreed that the Mutual Life and some of  
13 Eagle Permanent Building Society  
14 portfolios would be sold to Jamaica  
15 National, while the Capital Assurance  
16 Building portfolio, Capital Assurance  
17 Building Society and the Citizens Building  
18 Society and some of the Eagle Permanent  
19 Building Society portfolios would be sold  
20 to Victoria Mutual Building Society, and  
21 a sale price of 97 cents in the dollar was  
22 agreed with both entities.

23 In relation to the sale to NIBJ: Among the  
24 debts that were acquired by FINSAC from the  
25 failed institutions were loans for seven  
companies in which National Investment Bank  
of Jamaica had

1 investments. Following a meeting between  
2 the representatives of FINSAC and NIBJ to  
3 discuss these matters, NIBJ submitted a  
4 proposal to purchase these loans from  
5 FINSAC. These companies were in the  
6 productive sector and if FINSAC were to sell  
7 the assets to recover its debts, NIBJ faced  
8 the prospect of a potential loss, something  
9 in the region of a 107 million J dollars.  
10 These companies selected, while facing  
11 severe financial difficulties, are  
12 productive companies which it was felt could  
13 be rehabilitated with radical financial  
14 restructuring. This could be achieved if a  
15 concession was granted by FINSAC with  
16 respect to the debt and thus facilitate the  
17 restoration of the companies to viability.  
18 The offer was based on NIBJ's assessment of  
19 each company's projected cash flow and  
20 realizable values of the securities held.  
21 Further, it was felt that if FINSAC sold  
22 these loans to another entity which  
23 subsequently sold the  
24  
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1 productive assets at a profit, both FINSAC  
2 and NIBJ would have lost value. The offer  
3 was made at a time when FINSAC advertised its  
4 loan portfolio for sale. Taking all these  
5 factors into account, the Board approved  
6 the sale of these seven loans to NIBJ at a  
7 price of about 18 cents in the dollar, and  
8 this is the principal and interest combined.  
9 And in relation to the residual sale...  
10 Mr. Campbell, could you let us know whether  
11 COMM ROSS: there was a valuation which determined this  
12 price to NIBJ, or what was the basis for  
13 it?  
14 No, there wasn't a valuation of those  
15 A: assets; the basis was the security value that  
16 existed.  
17 To determine the value of security you must  
18 have a valuation.  
19 COMM ROSS: A current valuation was not used in this  
20 particular case; it was based on a historic  
21 valuation and bearing in mind NIBJ also  
22 advanced funds to these companies as well,  
23 it was felt that it would be incurring  
24 additional cost of  
25

1 doing a valuation because at the end of day  
2 it was felt that, as we said  
3 earlier, some amount of compromise would have  
4 to be granted in order to seek to resuscitate  
5 the companies involved. In relation to the  
6 sale of the greater portion of the  
7 non-performing loan portfolio, approval was  
8 granted by Cabinet in March 2000, for FINSAC  
9 to sell the non-performing loans, and just  
10 to remind you, this non-performing loan  
11 portfolio comprised loans, mortgages,  
12 credit cards and overdrafts. As a result,  
13 FINSAC retained the services of an American  
14 consulting firm, the name is OCWEN, to  
15 prepare the portfolio for sale. A database  
16 with details of the loan name, the account  
17 number, the principal and interest balances,  
18 collateral and payment history, was created.  
19 The loans were segmented and packaged into  
20 Pools, example, over 15 million -- and 15  
21 million there is the principal balance -- 5  
22 million to 15 million and under 5 million.  
23 This

1 was to facilitate sale of each Pool to  
2 different purchasers if sale of the  
3 entire portfolio to one purchaser could  
4 not be achieved. In this process the  
5 real estate securing loans were valued  
6 by the FINSAC approved valutors.

7 COMM ROSS: Is that prior to the sale of the loans  
8 or after?

9 A: Prior to the sale of loans and that  
10 information as I mentioned earlier is in  
11 an OCWEN listing.

12 Q: This would be for all the securities  
13 attached to those loans?

14 A: Securities for government-related loans  
15 such as the Sugar Company of Jamaica and  
16 Ciboney were excluded from this  
17 exercise,; those loans were exempted from  
the sale. The values obtained were used by the valuer in conjunction  
18 with FINSAC to arrive at an indicative  
19 value for the loan portfolio.  
20 The consultant assisted with marketing the  
21 portfolio in the local and overseas media,  
22 by:

- 23 • advertising in business and trade

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1 periodicals including the Wall Street  
2 Journal and Gleaner in March and April  
3 2001;

- 4 • by sending out notices to potential  
5 investors;
- 6 • by promoting transactions at various  
7 trade conferences; and
- 8 • conducting targeted telephone campaign to  
9 establish players.

10 This exercise yielded a total of 20  
11 registered and qualified bidders  
12 (including, and I have listed ten names here:  
13 Goldman Sachs, Merrill Lynch, Lone Star US  
14 Acquisitions, Cargill Financial, First City  
15 Financial, Beal Bank, Lehman Brothers,  
16 Joslin Jamaica Company, KPMG and George and  
17 Branday.) In May 2001, the consultant sent  
18 a bid package to all of these qualified  
19 bidders. The

20 package contained a summary of portfolio and  
21 a complete explanation of the  
22 bidding process, which was split into two  
23 bidding phases, one, indicative bid and two,  
24 final bid.

25 Bidders were requested to submit a

1 non-binding indicative bid along with a  
2 refundable deposit. Only two responded  
3 with bids, that is, Beal Bank and a  
4 partnership comprising Cargill and First  
5 City.

6 Following careful analysis of these bids,  
7 Beal Bank's bid was rejected and Cargill and  
8 First City was invited to submit a binding  
9 bid. This was done and in July, 2001 the  
10 parties signed an agreement indicating  
11 conditions and timing for the final due  
12 diligence phase, after which FINSAC was  
13 expected to receive a final bid. In late July  
14 2001, some of us may recall, violence erupted  
15 in West Kingston and as a result  
16 Cargill/First City withdrew from this  
17 transaction.

18 Given the damaging blow to Jamaica's  
19 reputation at the time and the limited  
20 number of bids received during the  
21 competitive process, FINSAC decided to  
22 offer the portfolio to select bidders on an  
23 exclusive basis.

24 GOWEN contacted Goldman Sachs, a well-  
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1 2 established buyer that had previously  
3 4 expressed considerable interest in  
5 6 acquiring the portfolio. The firm  
7 8 submitted a proposal that was later  
9 rejected because of the very onerous  
10 conditions. My understanding is they  
11 actually wanted FINSAC to pay them to take  
12 the portfolio, to manage the portfolio.  
13 OCWEN then contacted Merrill Lynch, Lehman  
14 Brothers and Lone Star, all of which had  
15 previously expressed an interest in  
16 acquiring the portfolio. Only Lone Star  
17 expressed an interest in bidding and in early  
18 September 2001 signed an agreement with  
19 FTNSAC which indicated the conditions and  
20 the timing of the transaction. And some of  
21 us again will recall, that with the terror  
22 attack in New York and Washington on  
23 September 11, 2001, Lone Star decided to pull  
24 CHAIRMAN: out, citing concerns with stability in the  
25 A: global markets.

It's either violence here or there.  
OCWEN then contacted Dennis Joslin

1 Company of Texas, a lesser-known  
2 distressed loan buyer. This company had  
3 previously expressed an interest in the  
4 portfolio and welcomed the opportunity to  
5 participate on an exclusive basis. In  
6 October 2001, the company submitted its  
7 proposal to purchase the portfolio.  
8 Representatives were subsequently invited  
9 to Jamaica to conduct due diligence.  
10 Following negotiations and agreement of terms  
11 with Dennis Joslin, he advised that Beal Bank  
12 is providing the finance and it would be  
13 preferable for Beal Bank to purchase the  
14 debts and his company will act as servicer.  
15 Beal Bank then formed Jamaican Redevelopment  
16 Foundation to acquire the portfolio.  
17 Following due diligence of Beal Bank and its  
18 executive, Andrew Beal and t Dennis Joslin  
19 and his related individuals and companies,  
20 approval was granted by the FINSAC Board and  
21 ultimately Cabinet, of the terms and  
22 conditions of the sale to JRF, and the sale  
23 was consmmated on  
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1 January 30, 2002. An initial payment  
2 equivalent to 5.8 percent of the  
3 principal balance was made and FINSAC  
4 benefits on a tiered basis from all the  
5 future collections.

6 Q: When loans were sold, were securities  
7 also sold and what was the mechanism for  
8 sale with respect to the securities?

9 A: When the loans were sold, the securities  
10 had to be transferred with the loan  
11 balances. It could not have been done  
12 any other way.

13 Q: Were there any other particular  
14 mechanisms in relation to the  
15 securities, sale of securities?

16 HER LADYSHIP: I think legal advisors could know of  
17 other way.

18 Q: I didn't hear that, Mr. Chairman.

19 HER LADYSHIP: You said it could not have been done any  
20 other way, I take it they got advice,  
21 legal advice, both would have gotten  
22 legal advice, so I want to know if you  
23 got legal advice or you just tossed a  
24 coin?

25 A: The securities are what go along with

1 the loans, you are selling a loan balance the  
2 loan balance is secured, so you transfer the  
3 security with the loan balance. So it could  
4 have been one of the clauses in .

5 6 CHAIRMAN: I know it sounds  
6 logical but I am just  
7 asking you.

8 A: So to the extent that an attorney would  
9 have prepared the loan/sale agreement,  
10 it would have captured that matter after  
11 the fact that the security would have  
12 been transferred along with the loan  
13 balances on file.

14 CHAIRMAN: Doctors differ.

15 MR. BRAHAM: And patients live. Now, was it a policy  
16 of FINSAC that where directors/  
17 shareholders had deposits in failed  
18 institutions, they were not entitled to  
19 repayment of those deposits although  
20 other depositors were refunded? If so,  
21 what was the reason for the difference?

22 A: It is my understanding that where  
23 directors and shareholders of failed  
24 institutions had deposits in the said  
25 institution and they were also involved

1 in the management of those institutions,  
2 it was felt that these individuals  
3 should not be refunded from the public  
4 purse as it was perceived that they  
5 could be absolved from responsibility  
6 for the failure of the said institutions.  
7 CHAIRMAN: They could not be absolved.  
8 A: They could not be absolved. Did I not  
9 say not?  
10 HIS LORDSHIP: No. You may have thought of it but...  
11 A: I have written it though, they could not  
12 be absolved. And if you allow me to  
13 take you back to spreadsheet for  
14 question #3, and I can speak because I  
15 had some personal involvement in this  
particular matter. Item #13, Intercontinental Merchant Bank, if you  
16 look also on spreadsheet number two,  
17 spreadsheet for question number two, I want  
18 you to look at two and three.  
19 21 A: Yes. You have  
20 them, Mr. Chairman?  
21 CHAIRMAN: Yes, certainly. Go ahead.  
22 A: Intercontinental Merchant Bank, the  
23 total principal and interest due to  
24 depositors was almost 103 million  
25

1 dollars but the total paid out was 100  
2 million, and I am aware there was at least  
3 one person who was involved in the  
4 management that the decision was taken  
5 would not be refunded, so that is why that  
6 figure is less.

7 Q: What are the annual operational expenses of  
8 FINSAC, FIS, Refin Trust and Recon Trust?

9 Okay, I have provided the Commission a  
10 A: spreadsheet here, on the top left-hand  
11 corner it says Question if 11, and there is  
12 also an addendum.

13 Yes.

14 I am not so sure what format you want me to  
15 Q: run through this with here.

16 A: Well, you can take us...

17 You want me to give you year by year or just  
18 Q: give you the total of each institution?

19 A: The total for the moment for each  
20 institution to date, Chairman?

21 Yes.

22 Q: Okay, for FINSAC over the period 1998 to  
23 2006, the total expenditure in round

24 CHAIRMAN:

25 A:



1 figures, 2.3 billion dollars. For FIS  
2 for the same period, total expenditure,  
3 round figures, 1.4 billion dollars. For  
4 Refin Trust for the period 1998 to 2001,  
5 the figure is 1.1 billion dollars.

6 MR. ROBINSON: 2002.

7 A: Sorry, 2002, my apologies, thank you.  
8 1.1 billion dollars; and for Recon Trust  
9 for the period of 1998 to 2001, the  
10 total is 5.5 million; so everything else  
11 is billion, this one is million.  
12 Now, I need to offer a clarification,  
13 Mr. Chairman. When I was last before  
14 the Commission I was asked this question  
15 but the question stopped at 2002, so I  
16 was asked what was the cost incurred to  
17 2002? If you look at figures the total  
18 when you add them up is 3.8 billion.  
19 The impression was being conveyed that  
20 FINSAC spent 3.8 billion dollars to  
21 collect debts for which we had collected  
22 5.9 billion. So I just want to correct  
23 the position now that FINSAC and FIS  
24 really weren't directly involved in the  
25 collection of the debts and the debts

1 were owned by Recon Trust and Refin Trust.  
2 So in effect the total spent on collecting  
3 the debts were really the amounts here for  
4 Refin and Recon which is just roughly 1.1  
5 billion dollars. So the better position is,  
6 just for clarification, that 1.1 billion was  
7 spent to collect 5.9 billion, and to that we  
8 were adding the FINSAC figures. FINSAC, just  
9 to reiterate, had a wider mandate, so there  
10 were a lot of other things that FINSAC dealt  
11 with. Its

12 13 just Refin and  
13 Recon that dealt with the  
14 loans directly. So I hope I have  
15 managed to set that matter clear.

16 MR. ROBINSON:

17 Maybe Mr. Campbell could be asked to  
18 clarify what was involved in the FINSAC  
19 and FIS expenses.

20 A:

21 The addendum I have here to Question 11  
22 lists 12 items basically, that are  
23 captured in all the expenses for the  
24 entities. It's legal, audit and other  
25 professional fees, this professional  
fees could include the valuations.

There is rent and maintainance of

1 buildings; there are utilities, there is  
2 the bad and doubtful debt provisions;  
3 motor vehicle expenses; security costs;  
4 stationery and other office supplies;  
5 computer-related expenses; staff-related  
6 costs; there is insurance, there is  
7 depreciation and other sundry  
8 administrative expenses. These overall  
9 are the items that make up the total  
10 expenses for running the operations.

11 COMM. BOGIE: Mr. Campbell, you say that Refin and  
12 Recon were the two companies that were  
13 responsible and involved in the  
14 collection of debts?

15 A: That's correct, they were the ones that  
16 owned the debt.

17 Q: Yes, but they were the ones that owned  
18 the debt. There was FINSAC and FIS and  
19 their staff and board took in no part in  
20 collection of debt?

21 A: None, they were the ones that did the  
22 approvals for whatever compromise,  
23 whatever matters that needed to be dealt  
24 with in relation to the loans.

25 Q: So how is it that they are not involved

1 in collection of debt if they have to  
2 approve it?

3 A: Well, to that extent...

4 Q: You might have clerks or individuals who  
5 6 will call up to people and do some  
7 negotiation but surely FINSAC Board and  
8 FINSAC management must have been involved  
9 A: in the collection of debt? If you want to  
10 Q: stretch it...  
11 No, I am not stretching it. Were they  
12 A: involved or they weren't?  
13 They were the ones who dealt with the  
14 approval of whatever compromises or  
15 whatever actions were to be taken on the  
16 Q: debt, so I suspect they were.  
17 Therefore they were involved in collection  
18 of debt and therefore part of their cost  
19 would have been involved in the collection  
20 A: of debt?  
21 Yes, but certainly it is not the  
22 Q: 2.3 billion that we have here.  
23 We are not saying it's the 2.3 billion.  
24 Further, since 2003 we still have  
collection of debts?  
25 A: No, we don't, not in that sense. The

1 loan sale agreement with Jamaica  
2 Redevelopment Foundation requires that  
3 FINSAC gets a portion of the money that  
4 is collected on a daily basis.  
5 Collections are lodged into a collection  
6 account at one of the commercial banks  
7 and the bank periodically disburses  
8 payments, so FINSAC gets a cheque which  
9 is lodge into an account.

10 COMM. BOGLE: Alright. The previous list, your last  
11 time here you said that FINSAC had an  
12 employee in JRF to ensure or to protect  
13 FINSAC's interest?

14 A: Yes.

15 Q:: That person would be paid by FINSAC?  
16 Paid by FINSAC.

17 Q: Now, apart from that, therefore, since  
18 2003 to now, what is FINSAC's  
19 involvement in collection from JRF,  
20 nothing, apart from that?

21 A: In the early days like within the first  
22 year of operation - they took over in  
23 January 2002, so let's say within a year  
29 after that, they were what were referred  
25 to as the top 226 loans that were sold

1 to JRF, and that is top 226 in terms of  
2 balance sold. The agreement required that  
3 if JRF was accepting anything less than 60  
4 percent of the principal balances in  
5 settlement of those loans they were to get  
6 FINSAC's prior approval. So there would have  
7 been some of those cases that were submitted  
8 to FINSAC, to that extent they would have  
9 been involved. As I said that was just within  
10 the first year thereafter nothing else, we  
11 just wait to be credited with the funds.  
12 I am now sort of trying to understand what  
13 exactly the 172 million, the 116, the 115  
14 Q: and the 105 million for '03, '04, '05 and  
15 '06 for FINSAC would be for, if they are  
16 not involved in collection what are the  
17 other things that they would have been  
18 involved in that would require this level  
19 of administrative expenses?

20 I brought with me a copy of the Financial  
21 Statement for FINSAC, if you don't mind  
22 I will just take a look at

23 A:

24

25

1 it.

2 CHAIRMAN: Refresh your memory.

3 Perhaps we can pause Mr. Campbell and  
4 you could use the lunch hour to refresh  
5 yourself and your memory. We will  
6 return at 2 o'clock.

7 MR. CAMPBELL: Thank you Mr. Chairman.

8 CHAIRMAN: You are welcome.

9 LUNCHEON ADJOURNMENT TAKEN 12:36 P.M.

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2 CHAIRMAN: We are now resumed. Mr. Campbell, you

3 are still under oath.

4 A Yes, sir.

5 CHAIRMAN: Thank you.

6 MRS. WONG: Afternoon, Mr. Campbell, I think we were

7 at question 11 when Commissioner Bogle

8 had asked you a question and you were

9 elaborating; would you like to continue

10 from there?

11 A I think he was about to ask a question

12 in relation to the exhibit.

13 COMM BOGLE: No, I had asked a question and you were

14 looking up the information. Do you

15 remember the question?

16 A I would really appreciate if you could

17 repeat it, Commissioner.

18 Q I was saying that when I look at your

19 schedule at question #11 from 2003 to

20 2006, you mentioned that FINSAC and FIS

21 had very little to do with collections,

22 and I am wondering what could have cost,

23 could have allowed the cost to be a

24 \$172M, a \$116M and \$115M for these

25 years? What were -- I mean if it was



1 just administrative expenses that caused  
2 that?

3 A Thank you for repeating that question  
4 for me. Let me just clarify a little  
5 however, you mentioned in particular  
6 that between 2003 and 2006, FIS and  
7 FINSAC had nothing much to do with  
8 collection; they never did have anything  
9 to do with it from day one, it was just  
10 REFIN and RECON. But over the last  
11 couple of years, and happily you would  
12 notice the trend at that time, expenses  
13 for FINSAC are in fact reducing. I had  
14 presented the Commission just before we  
15 broke for lunch with a copy of the  
16 financial statements for FINSAC and FIS,  
17 and a photocopy was made for  
18 distribution. If we turn to the second  
19 to last or the third to last page on the  
20 FINSAC Financial Statement, it gives  
21 details of the general and  
22 administrative expenses for the year  
23 ending March 31 for 2005 and 2006.

24 MR. ROBINSON: That is the last page?

25 A Third to last.



1 if you want me to highlight anything in  
2 particular but you get a general - well  
3 not a general but a clear idea as to  
4 what costs are incurred.  
5 If you look at the FIS accounts as well,  
6 again, if you turn to in that case it is  
7 the last page.

8 COMM BOGLE: Last page of the same document?

9 A No, the FIS now, the other one, the last  
10 page. It gives you in detail again all  
11 the costs that are incurred there. Now  
12 I should just remind the Commissioners  
13 that FIS is the entity that was used for  
14 the intervention in Blaise and Century  
15 National Bank, these financial entities  
16 and the Century financial entities;  
17 whereas FINSAC is the entity that  
18 dealt with all the other entities that  
19 were intervened. So these accounts for  
20 FIS relate to activities in relation to  
21 former Century and former Blaise.

22 COMM BOGLE: Blaise settlement of claims under FIS,  
23 what are the claims by, can you speak to  
24 that?

25 A That was one legal issue that FIS had to

1 pay out on.

2 Q The impairment of loss provision would  
3 be regarding which property now?

4 A Properties in particular, these are  
5 properties, most of them are properties  
6 owned by FTS related - by former Century  
7 entities that were taken over by FIS.  
8 These are properties -- Enchanted  
9 Gardens in Ocho Rios -- they were in the  
10 Balance Sheet originally at a higher  
11 figure, because the property has  
12 deteriorated especially since the  
13 passage of Hurricane Ivan in 2004 we  
14 have had to reduce the value in the  
15 Balance Sheet, so most of that figure  
16 relates to that.

17 CHAIRMAN: These are high.

18 A They are high yes, sir; I would agree,  
19 Mr. Chairman.

20 CHAIRMAN: Any reason why?

21 A There are a lot of litigation issues so  
22 we have had to engage attorneys.

23 CHAIRMAN: They are the fat cats.

24 A Those are your words, sir.

25 CHAIRMAN: No, not my words at all, it is what is

1 in the papers.

2 COMM BOGLE: Mr. Campbell, would you be able to say  
3 just where FINSAC is going, because I  
4 understand that FINSAC is winding down,  
5 about how many properties FINSAC still  
6 has to dispose of?

7 A I didn't check the number but I think it  
8 is in the region of 10, between 10 and 15;  
9 it is not more than that. The main ones, if  
10 I could just mention those, we have about six  
11 lots in total in Drax Hall, there are four  
12 half acre lots and one that is 10 acres, and  
13 there is one that is 27 acres and change. We  
14 have advertised them recently and we are  
15 hoping to get some offers on those. There is  
16 a property which is like about 16 acres in  
17 Westmoreland, this is owned by Ciboney, but  
18 then FINSAC controls 72% of Ciboney. There  
19 is a property at Osbourne Road, it was  
20 formerly owned by Mutual Life; that is  
21 something we are looking to sell as well. In  
22 the mean time we manage it, so we rent out  
23 some of the shops until we get buyers.  
24  
25

1 MR. ROBINSON: Widcombe?

2 A Widcombe, well Widcombe is another one but  
3 we have a sale agreement in relation to  
4 Widcombe; we are just trying to finalise that  
5 into a splintering of that property so we can  
6 transfer the substantive portion to the  
7 purchaser. I really can't think of any more  
8 off the top of my head but those are the main  
9 ones. Oh, I am sorry, and there are some  
10 properties in Enchanted Gardens; Enchanted  
11 Gardens have like about seven to eight units  
12 in all, between apartments and townhouses,  
13 and all the  
14  
15 entities that FINSAC have intervened in,  
16 owned probably about 50% of it or little  
17 less than 50% of it.

18 COMM BOGLE: Question: Hypothetically, should  
19 tomorrow all these properties are sold  
20 where does FINSAC's continuation stand  
21 vis-a--vis the situation with JRF?

22 A If all the properties are sold tomorrow  
23 we also have the litigation issues, so  
24 those would need to be addressed. There

25 is a clause I believe in the agreement

1 2 with JRF which allows the government to  
3 4 appoint another agency to collect that  
5 portion of the money that is being paid over  
6 to FINSAC. FINSAC can do it or maybe a  
7 department or something like that in the  
8 Ministry of Finance. In fact, my chairman has  
9 been mandated to try to wind up FINSAC in the  
10 shortest possible time, but it is just a  
11 process, and I would like to say it has  
12 started really since 2002 because we are  
13 winding down, we are down to about 12 staff  
14 now. In 2006 these accounts we  
15 have here, at that  
16 time we were 24, 25  
17 staff, so it is a process.

16 CHAIRMAN: Thank you.

17 COMM ROSS: Mr. Campbell, just looking at page 16 of  
18 the FIS accounts: Accounts receivable  
19 and prepayments, it appears that a large  
20 part of the expected receivables from  
21 JRF/DENNIS JOSLIN which were initially  
22 estimated at \$679M, a lot of -- well  
23 \$562M of that has been written off. I  
24 am suggesting that the expectation now  
25 is that FIS could collect, if all goes

1 well, \$156M.

2 Could you just -- am I right in  
3 understanding it that way? Is that what  
4 these accounts are saying to us, that  
5 the expectation now, well I suppose the  
6 realistic expectation of the auditors is  
7 about \$156M out there to be collected  
8 for JRF on the FIS portfolio that issold  
9 to them?

10 A Yes, that is correct.

11 Q So what percentage would that represent  
12 of the initial lot that was sold by FIS  
13 to JRF?

14 A I really haven't done that analysis,  
15 Commissioner, I am not in a position to  
16 answer that. I could probably make some  
17 checks. What I could say however, just  
18 to expand on the point, I was trying to  
19 find a related figure in the FINSAC  
20 accounts. This \$156M relates only to  
21 the Century National Bank portion of the  
22 debts, so the debts that were taken from  
23 the other institutions would be  
24 reflected in the FINSAC accounts. So  
25 the total expected collection from the



1 JRF still is much more than a \$156M; so  
2 this is just the Century related  
3 portion.

4 COMM ROSS: Would FIS be expecting to collect  
5 anything else other than this at this  
6 point in time, and this is 2006?

7 A The figures have reduced substantially  
8 since.

9 Q I was just coming to that. I mean,  
10 this is a \$156M here, FIS expenses would  
11 be running at about that level on an  
12 annual basis or a little bit less than  
13 that, which means that in a year or two  
14 FIS would spend more than it was  
15 expected to collect at the end of the  
16 day, at least on its loans that were  
17 sold to JRF?

18 A Well, bear in mind that the activities  
19 of FIS are not as it relates to the  
20 collection of the loans, so I wouldn't  
21 necessarily want to equate the income  
22 there with the expenses generated by  
23 FIS.

24 Q But what else is it doing?

25 A Some of the properties that we own,

1 that we are trying to sell are owned by FIS,  
2 like all the properties at Drax Hall, so we  
3 are paying up the property taxes and all the  
4 other things related there. Every now and  
5 then we have to get a Valuation Report and  
6 we are trying to sell the place, so those  
7 are some of the things that FIS is doing.

8 Is that a business-like -- -- that

9 CHAIRMAN:

10 sounds like business to you or a sort of  
11 oboeah? What is it, it doesn't seem to  
12 make much sense from this perspective? T  
13 mean I am not suggesting that you are  
14 responsible for policy but at any rate  
15 as a senior officer it must have struck  
16 you, for you to have some view on it.  
17 What do you think?

18 A I tell you until the final decision is  
19 made to liquidate the company,  
20 Mr. Chairman, we will continue to do  
21 what we have been mandated to do and we  
22 have the properties that we are managing  
23 so we have to continue that. There are  
24 some litigation issues outstanding we  
25 have to engage the attorneys and we have

1 to pay them.

2 CHAIRMAN: I know you are a centurion under orders:  
3 call, come, he cometh, go and he goeth,  
4 but you don't tender advise and point  
5 out this is hocus-pocus. I mean, look  
6 at it if you can, dispassionately, it  
7 makes sense to you? If that is business  
8 then --

9 Mr. Campbell, is it possible for us to  
10 get before this enquiry comes to an end  
11 up-to-date accounts? We are now in  
12 2010, 2009, would that be unreasonable?

13 A The 2007, 2008 and 2009 accounts have  
14 not yet been finalised, they are at a  
15 position where we are basically waiting  
16 on one matter in each case to be sorted  
17 out before we can...

18 CHAIRMAN: ...publish.

19 A ...publish them, yes.

20 COMM BOGLE: For the benefit of the record we should  
21 note that the year-end is March.

22 A Yes, it is, sir.

23 Q And so when we say 2009, it finishes  
24 2009 March, fear that anyone may believe  
25 that we are being unreasonable to you

1 thinking that the year-end is December,  
2 the year-end is March and therefore I  
3 don't think we are being unreasonable.

4 A I take the point, Commissioner. And  
5 just for clarification too, when I said  
6 there is one point in each case, there  
7 is one for FIS and one for FINSAC.

8 CHAIRMAN: Yes.

9 LAWYER: Mr. Campbell, can we just move onto the  
10 next question even though I see here  
11 where you said you answered it, could  
12 you just repeat where necessary. What  
13 was the extent...

14 CHAIRMAN: Sorry, these documents that we were  
15 looking at, did we put them in evidence  
16 already?

17 MRS. WONG: Entered as EC23 and EC24. EC23 would be  
18 FINSAC, Auditors Report and Financial  
19 Statement; and EC24, this would be  
20 Financial Institutions Services Limited.

21 CHAIRMAN: Yes, so admitted.

22 MRS. WONG: Yes Mr. Campbell, What was the extent of  
23 advertisement seeking to sell the  
24 delinquent loans locally and  
25 internationally? In what papers were

1 same advertised and for how long?

2 A I went through earlier in depth the sale  
3 process in relation to the loans; I can  
4 just pick out the relevant information  
5 in relation to the specific question.  
6 The loans were advertised in six  
7 business and trade periodicals including  
8 the Wall Street Journal and the Gleaner  
9 in March and April 2001.

10 CHAIRMAN: In the interest of completeness, it  
11 included the Observer? You said  
12 including the Gleaner, so I don't know  
13 how far down you are going, you know.

14 A The information that I found  
15 Mr. Chairman, it didn't mention any  
16 other entities, just those two.

17 MRS. WONG: What were the terms and conditions of  
18 the institution which was selected but  
19 withdrew because of conditions then  
20 prevailing?

21 A As mentioned earlier when I went through  
22 the whole matter of the sale of the loan  
23 portfolio, there were two entities that  
24 were selected for negotiation and  
25 possible sale of the loan portfolio and

1 both subsequently withdrew. When was the  
2 partnership between Cargill and First City  
3 and as a result of the July 2001 happenings  
4 in Kingston they withdrew. The other one  
5 was with Lone Star USA Acquisitions and in  
6 that case because of the 9/11 matter they  
7 withdrew. I did  
8 not find a copy of the  
9 related  
submission, the proposal and  
10 withdrawal for Cargill and Lone City,  
11 but I have submitted to the Commission a  
12 copy of the offer for Lone Star along  
13 with their letter subsequently  
14 withdrawing and a copy is attached here.  
15 CHAIRMAN: It is already an exhibit.  
16 MRS. WONG: What were the exchange rates of the JAD  
17 to USD between 1985 and 2007?  
18 A I have for the benefit of the  
19 Commission, printed from the Bank of  
20 Jamaica website a listing of the rates,  
21 so I provided a copy; it is a 56 page  
22 document, it is already in the exhibit.  
23 CHAIRMAN: Yes, 1 to 56, page 1 to 56. Interest  
24 in depreciation?  
25 A Yes, indeed.

1 MRS. WONG: Was it intended that at the expiration  
2 of five to seven years that FINSAC would  
3 have completed its mission?

4 A Yes, it was, the work was largely  
5 completed in that time frame and right  
6 now it is just residual work we have  
7 been doing since July 2002. And that is  
8 the first time when the staff, well  
9 that is the second actually, the first  
10 was when the loans were sold; there was  
11 a substantial reduction in staff and  
12 again at the end of June 2002 another  
13 substantial reduction. So we really  
14 have been doing residual work since.

15 Q Was it intended that FINSAC would  
16 recover from the delinquent borrowers  
17 sufficient to repay the debt that had  
18 been incurred by issue of FINSAC papers  
19 and/or Bonds?

20 A No, it was never anticipated that FINSAC  
21 would recover the full amount from  
22 delinquent borrowers to repay FINSAC  
23 loans. It was recognized that the  
24 majority of the loans were impaired so  
25 that full recovery was improbable. The

1 intention was to maximise recovery by  
2 firstly assessing each loan and the  
3 circumstances of each debtor to  
4 determine the amount that could  
5 reasonably be recovered.

6 COMM BOGLE: Was that last paragraph achieved, that  
7 last statement, "the intention was to"?

8 A Well, FINSAC only managed the loans for  
9 a very short period of time. I don't  
10 know if it would be fair to assess that  
11 overall position for just that period of  
12 time.

13 COMM BOGLE: But you say the intention was to  
14 maximize recovery by firstly assessing  
15 each loan and the circumstances of each  
16 debtor to determine the amount that  
17 could be resonably recovered. Was that  
18 done, was that achieved?

19 A During the time when FINSAC managed it,  
20 yes.

21 Q For each of the loans. So therefore for  
22 all the loans we have adequate  
23 information for all the loans that  
24 FINSAC took over?

25 A We wouldn't have adequate information on



1 all the loans, some we didn't get any  
2 information at all.

3 Q So therefore this really wasn't  
4 achieved?

5 A If you want to look at it that way, no,  
6 it wasn't achieved.

7 COMM ROSS: Mr. Campbell, could I just take you to  
8 Exhibit A, I think it is the last sheet  
9 in the Lone Star document; it is a  
10 breakdown of the loans and values.  
11 Exhibit A, the pages entitled Exhibit  
12 A. Does this summary include the loans  
13 which would have been take over from  
14 NCB?

15 A Yes, it does.

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2 MR. CAMPBELL: Yes, it does.

3 COMM. ROSS: So this is the entire loan portfolio of  
4 REFIN, RECON, FIS and FINSAC, is that  
5 correct?

6 A: Right. Excluding the few that would  
7 have been sold to the other  
8 institutions -- the NIBJ and the  
9 mortgages and the few government related  
10 ones that were held back.

11 CHAIRMAN: Just a minute. So essentially this is  
12 the total bad debt portfolio that was  
13 taken over by FINSAC and its related  
14 subsidiaries?

15 A: That's correct.

16 Q: It would have been just about 18 billion  
17 excluding the others that you mentioned,  
18 maybe about a billion or couple billion?

19 A: And this figure is just the principal  
20 balances though, but, yes.

21 Q: Okay. So in addition to these figures  
22 there would have been accrued interest  
23 that would have increased it.

24 A: That's right.

25 Q: But in terms of principal value, this

1 was the amount.

2 A: If you take a quick look on the last  
3 three items, e, f, and t and look at the  
4 number of accounts there -- those are  
5 primarily the unsecured ones and there  
6 may have been, not may, there would  
7 have been a few in the other categories  
8 as well. So when I said earlier it was  
9 21,000 unsecured, I mean that's a big  
10 portion of it.

11 Q: We are trying to figure how we move from  
12 18 billion to 140 billion in terms of  
13 the overall cost in the debenture. I  
14 guess that will come out along the way?

15 A: No, the loan portfolio was a small part  
16 of what FINSAC did, Mr. Commissioner,  
17 some amount of monies were paid for  
18 other things, so is not just loans.  
19 There were some liquidity support -- the  
20 fact that FINSAC bought preference  
21 shares in some of the entities and a  
22 breakdown of that information was  
23 provided in the -- when I was  
24 previously before the Commission in  
25 terms of how much was for loan and how

1 much was for the other things that  
2 FINSAC invested in.

3 Q: Do you have any idea as to the amount of  
4 accrued interest that would have been...

5 A: On this 18 billion?

6 Q: Yes.

7 A: It probably would have been another 12  
8 to 14 billion.

9 Q: Would have been a substantial amount?

10 A: It would have been. If you recall the  
11 commercial bank were compounding  
12 interest, so when the balances came to  
13 FINSAC there was already a substantial  
14 interest balance and FINSAC continued to  
15 accrue interest. Happily it wasn't on a  
16 compounded basis but nonetheless  
17 interest was accruing, so it would have  
18 substantially increased its figure.

19 CHAIRMAN: Thank you.

20 MRS. WONG: Mr. Chairman, that completes our  
21 questions for the moment.

22 CHAIRMAN: Thank you. We have this mass of  
23 documents here, what are these, have you  
24 seen them?

25 A: I can tell you what they are, Mr.

1 Chairman. I was asked to provide to the  
2 Commission evidence of the purchase of  
3 loans, so what I have provided there are  
4 copies of the loan sale agreement and  
5 copies of the assignment for the various  
6 debts from the institutions.

7 CHAIRMAN: I see. Can you let him identify them  
8 and we could...

9 MRS. WONG: Sure.

10 CHAIRMAN: It's a big stack. Has he got a list?  
11 What you can do is show him yours and  
12 let him identify them.

13 MRS. WONG: Mr. Campbell, a letter to the Commission  
14 dated February 1st, 2010, you attached  
15 Workers Savings and Loan Rank Vesting  
16 Order dated 1998 along with copies of  
17 document outlined in the attached  
18 spreadsheet, correct?

19 A: Yes, that's correct.

20 CHAIRMAN: What's the name of the document?

21 A: Documentation for loans  
22 purchased/acquired by FINSAC bodies from  
23 intervened entities and comprises two  
24 pages.

25 Q: All right, Mr. Campbell, the letter

1 attaches the vesting order as well as  
2 the spreadsheet, correct?

3 A: That's correct.

4 Q: So perhaps we could mark that EC25 and  
5 then you take us through the  
6 spreadsheet?

7 CHAIRMAN: Sorry, which is 25 now?

8 Q: The letter dated February 1st, 2010 and  
9 a letter attached to it -- a copy of The  
10 Workers Savings and Loan Bank Vesting  
11 Order 1998 as well as spreadsheet  
12 entitled documentation for loans  
13 purchased/acquired by FINSAC bodies from  
14 intervened entities EC25. And  
15 Mr. Campbell this spreadsheet assists in  
16 identifying other documents?

17 A: And they are in that order, yes.

18 Q: Okay?

19 A: If I could just pick an example.

20 Q: Sure?

21 CHAIRMAN: I'll tell you what -- list them.

22 MRS. WONG: We'll probably use the index as a guide  
23 to list A, B, C, D.

24 COMM. BOGLE: Yes and then we can match it back?

25 A: Mr. Chairman, the at the top of the list

1 is The National Commercial Bank and we  
2 have an agreement for sale and an  
3 assignment. So you could call both of  
4 those documents the A or what, in terms  
5 of how you want to number them.

6 COMM. BOGLE: Is that the master agreement for sale  
7 and purchase of the credit receivables?

8 A: Yes from NCB and it's dated the 1st of  
9 February, 1998 and the next item is the  
10 assignment that goes along with that. 11

12 That is dated the 8th of February, '99.  
13 That's both documents you call A. The  
14 next one is NCB Trust and Merchant Bank.  
15 There is an agreement for the sale of the  
16 asset and there is an assignment. Both of  
17 those also dated -- one is the 1st of  
18 February 1998 and the other is the 8th of  
19 February 1999. Third one... Mr. Campbell,  
20 The National Commercial  
21 Bank Limited, the master agreement for  
22 sale and purchase of credit receivables  
23 would be 25A, right, dated 1st February,  
24 1998?

24 A: That's right.

25 Q: Then 25B would be the assignment dated

1 8th of February, 1999, between RECON  
2 Trust Limited?  
3 A: And REFIN Trust Limited.  
4 Q: Correct, so that's 25B.  
5 A: That's right.  
6 Q: 25C is agreement dated the 1st of  
7 February, 1998 between NCB Trust and  
8 Merchant Bank Limited and RECON Trust  
9 Limited?  
10 A: That's correct.  
11 Q: 25D is the assignment?  
12 A: Yes.  
13 Q: Is the date on that the 30th January?  
14 MR. HENRIQUES: I have the 8th of February, that's 25D.  
15 Q: 1999?  
16 A: 1999.  
17 Q: Okay, could you identify E, please, 25E?  
18 A: 25E is the agreement with Citizens Bank,  
19 it's dated the 18th of June 1998 and  
20 then the assignment is dated the 12th of  
21 November 1998.  
22 Q: That would be 25F?  
23 A: F, yes. G -- Citizens Merchant Bank,  
24 agreement for sale, Citizens Merchant  
25 Bank and REFIN.



1 Q: That's dated the 18th of June 1998.

2 Q: That would be EC25G?

3 A : G, yes.

4 A: And then the assignment, that same

5 portfolio is dated the 12th of November,

6 1998. Citizens Merchant Bank, REFIN

7 Trust.

8 Q: Dated?

9 A: The 12th of November '98.

10 Q: By Citizens Building Society and REFIN

11 Trust?

12 A: No, Citizens Merchant Bank, we'll come

13 back to the Building Society.

14 Q: EC25H would be the assignment by

15 Citizens Merchant Bank Limited and REFIN

16 Trust Limited dated the 12th of

17 November, 1998?

18 A: That's correct, yes.

19 Q: Could you move to the next exhibit,

20 please? Will the next exhibit be the

21 master agreement for sale and purchase

22 of credit receivables between Citizens

23 Building Society and REFIN Trust

24 Limited, 18th June, 1998?

25 A: Right, that's exhibit I.

1 Q: And this will be followed by an  
2 assignment dated 12th November, 1998 by  
3 Citizens Building Society and REFIN  
4 Trust Limited?

5 A: That's correct.

6 Q: This will be EC25J?

7 A: Yes.

8 Q: The next exhibit will be the agreement  
9 of 10th February, 1999?

10 MR. HENRIQUES: The 30th, September Island Victoria  
11 Bank.

12 MRS. WONG: Agreement for sale and credit of  
13 purchase receivables -- Island Victoria  
14 Bank Limited and REFIN Trust?

15 A: That's right?

16 A: Dated 30th of September 1998?

17 A: Yes.

18 Q: That would be 25K?

19 A: Yes.

20 Q: And this will be followed by the  
21 assignment of the 30th of  
22 September 1998?

23 A: That's correct.  
24 By Island Victoria Bank Limited and  
25 REFIN Trust Limited?



1 CHAIRMAN: Persons engaged in conversation, could  
2 they modulate their tone, please, so  
3 that we can hear what is going on around  
4 here.

5 MRS. WONG: The next exhibit is EC25V which is the  
6 deed of assignment dated March 5th, 2002  
7 between Eagle Merchant Bank Jamaica  
8 Limited and REFIN Trust Limited?

9 A: Yes.

10 Q: Dated the 5th of March, 2002. This is  
11 EC25V. The next exhibit will be EC25W  
12 which is the deed of assignment for sale  
13 and purchase of loans dated March 11,  
14 2002 between Jamaica Mutual Life  
15 Assurance Society and REFIN Trust  
16 Limited?

17 A: Yes.

18 Q: It is followed by EC25X which is the  
19 option to purchase dated the 30th of  
20 November, 1998 Workers Savings and Loan  
21 Bank and REFIN Trust Limited followed by  
22 EC25Y, which is a deed of assignment  
23 made on the 30th January?

24 COMM. ROSS: There is an appendix to Workers Savings  
25 and Loan.

1           Q           There is an appendix which is to the  
2                           option to purchase dated the 30th of  
3                           November, 1998, this is to be EC25Y  
4                           followed by EC25Z which is the deed of  
5                           assignment dated January 30th, 2002?

6           A:           I don't have that; Island Life Merchant  
7                           Bank?

8           Q:           We actually have a correction -- EC25Z  
9                           is the deed of assignment dated the 6th  
10                          of November, 1998 between Island Life  
11                          Merchant Bank Limited and REFIN Trust  
12                          Limited. The assignment dated November  
13                          6th, 1998 between Island Life Merchant  
14                          Bank and REFIN Trust Limited and it's to  
15                          be EC25Z?

16   COMM. ROSS:        What's the appendix for Island Life  
17                          Merchant Bank facilities?

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1 CONT 'D

2 4:05 P.M.

3 MS. WONG: Okay, so Exhibit A(a) would be the Island

4 Life Merchant Bank spreadsheet. Where are

5 MR. HENRIQUES: we now?

6 MS. WONG: We are at EC-25(bb) which is the attested

7 copy of the Order in a matter of Century

8 National Bank Limited, **which reads:**

9 **Financial Services Limited and Century**

10 **National Bank --** this is (bb) now?

11 Should be (ab).

12 CHAIRMAN: (ab) ?

13 MS. WONG: 25 (ab) .

14 MR. HENRIQUES: Follow the alphabet.

15 CHAIRMAN: Is that the Vesting Order?

16 COMM ROSS: What's the date in the last Vesting

17 MR. HENRIQUES: Order, because we have three of them? One

18 is (ab), which one is that?

19 (Ab)?

20 MS. WONG: 'A' is for?

21 MR. HENRIQUES: (Ab) is in respect of Century National

22 MS. WONG: Bank.

23 No, what date? We have three of them for the

24 MR. HENRIQUES: 21st of October.

25

1    COMM ROSS:            One is Century National Merchant Bank?

2    MS. WONG:            One is Century National Bank and the

3                            other is Century National Building

4                            Society.

5    COMM ROSS:            And one is Century National?

6    MS. WONG:            Correct.

7    MR. HENRIQUES:       One is building society, one is Merchant

8                            Bank and one is Century National Bank?

9    MS. WONG:            And they are all dated the 21st of

10                          October 199...

11   MR. HENRIQUES:       Right, which one is this?

12   MS. WONG:            The first one EC-(ab)?

13   MR. HENRIQUES:       Yes.

14   MS. WONG:            Is in respect of Century National Bank

15                          Limited.

16   MR. HENRIQUES:       Right, okay.

17   MS. WONG:            EC-25(ac) is in respect of Century

18                          National Merchant Bank and Trust Company

19                          Limited.

20                          The third one; EC-25(ab)...

21   CHAIRMAN:            'p' for donkey.

22   MS. WONG:            ...is in relation to Century National

23                          Building Society.

24   MR. CAMPBELL:        Go back to page 1 now.

25   MS. WONG:            Okay, EC-25(ae) would be document headed

1 "Classified Debts and Delinquent  
2 Accounts as at September 30, 1997" and  
3 it would be related to National  
4 Commercial Bank although it's not stated  
5 here. That's EC-25(ae), "Classified  
6 Debts and Delinquent Accounts as at  
7 September 30,1997".  
8 Next exhibit would be EC-25(af) which is  
9 headed: Disclosure of Securities held  
10 made pursuant to clauses 7.1 K/R and  
11 7.2(b) of three master agreements for  
12 sale and purchase of credit receivables  
13 each dated 8th of June, 1998 between  
14 Refin Trust Limited and Citizens Bank  
15 Limited; Citizens Merchant Bank Limited  
16 and Citizens Building Society  
17 respectively.  
18 MR. HENRIQUES: This is?  
19 MS. WONG: This is EC-25(af).  
20 The next Exhibit is EC-25(ag), and it is  
21 headed: Schedule 1: Purchase of portion  
22 of non-performing loan portfolio by  
23 FINSAC Limited as at June 30, 2000. And  
24 it's in relation to Union Bank of  
25 Jamaica Limited.



1 MR. HENRIQUES: Which one is Union Bank Limited?

2 COMM ROSS: Loans by FINSAC Limited?

3 MS. WONG: It's headed: Purchase of portion of  
4 non-performing loan by FINSAC Limited;  
5 but if you look at the attachment you  
6 will see reference made to Union Bank  
7 Jamaica Limited.

8 CHAIRMAN: A what?

9 MR. HENRIQUES: EC-25(eg).

10 MS. WONG: EC-25(ah) is headed: Eagle Permanent  
11 Building Society special non-performing  
12 category month ending April 30, 1999.  
13 And this is followed by EC-25(ai) which  
14 is the Deed of Assignment dated 30th  
15 January 2002, by Financial Institutions  
16 Services Limited and Jamaica  
17 Redevelopment Foundation.

18 COMM ROSS: Which one is that?

19 A That is EC-25(ai), the Deed of  
20 Assignment dated January 30, 2002 by FIS  
21 Limited and Jamaica Redevelopment  
22 Foundation Inc. I think that concludes  
23 the Exhibits, Mr. Campbell?

24 MR. CAMPBELL: I am not sure, I see some other things  
25 listed here; I don't know if you didn't

1 CHAIRMAN: And his throat must be tired.

2 DR. MALCOLM: I notice he hasn't had much water.

3 CHAIRMAN: But you see, you weren't expressing any  
4 concerns for him. Unless somebody else  
5 is ready to go on. Anybody else willing  
6 to? Unless I suppose Mr. Garcia.

7 MR. GARCIA: Not at this time, sir.

8 CHAIRMAN: I don't want them to say I commit a  
9 breach.

10 Very well, we will take the adjournment  
11 now and we will resume tomorrow morning  
12 at 9:30. Mr. Campbell, we look forward  
13 to seeing you.

14 MR. CAMPBELL: Thank you sir, I could do well with the  
15 break.

16 CHAIRMAN: Maybe you can use your efforts to obtain  
17 information you promised or set in  
18 motion to get the information you said  
19 that you would obtain, perhaps you would  
20 issue instructions to your centurions  
21 let them march boldly and...

22 A There are no such persons, Mr. Chairman.

23 CHAIRMAN: Pardon me?

24 A There are no such persons.

25 (Laughter)

1 get them.

2 MS. WONG: No, these are the last things.

3 Mr. Chairman, those are the exhibits.

4 CHAIRMAN: Thank you. That completes your

5 question?

6 MS. WONG: At this time.

7 CHAIRMAN: Thank you. Mr. Malcolm?

8 DR. MALCOLM: May it please, you M'Lord.

9 I...

10 CHAIRMAN: I am not properly attired.

11 DR. MALCOLM: Chair, I was in fact speaking to

12 Mr. Robinson, a minute ago and I was

13 thinking that tomorrow morning maybe

14 would be a more convenient time.

15 CHAIRMAN: You are tired and you haven't started?

16 DR. MALCOLM: Not so much tired but just concerned for

17 the Chair and the other Commissioners.

18 (Laughter)

19 CHAIRMAN: We are rearing to go.

20 DR. MALCOLM: Indeed Chair, but I was suggesting that

21 there are...

22 CHAIRMAN: The person you should be concerned about

23 is poor Mr. Campbell, who has been

24 chatting away all the time.

25 DR. MALCOLM: He has been sir, he has been.

1 (Laughter)

2 It's an army of one.

3 CHAIRMAN: No, no, I thought you said you got help,  
4 the help was very temporary. Gnomes,  
5 you know, you have gnomes, people like  
6 that?

7 Very well, we take the adjournment.

8 A Thank you very much, sir. Much obliged. 9

10 **ADJOURNMENT TAKEN AT 4:20 P. M.**

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1 29th of June 1991 between IFCOL Leasing  
2 Limited and REFIN Trust Limited?

3 A: That's correct.

4 Q: EC25R would be the assignment made on  
5 the 8th of March 2001 between Union Bank  
6 of Jamaica Limited and REFIN Trust  
7 Limited?

8 A: That's correct?

9 A: EC25S would be the deed of assignment  
10 dated 31st March, 1999 between Capital  
11 Assurance Building Society and Workers  
12 Savings and Loan Bank, followed by EC25T  
13 which is the assignment dated March 31,  
14 1999 between Corporate Merchant Bank  
15 Limited and Workers Savings and Loan  
16 Bank.

17 A: That's correct.

18 Q: Followed by exhibit EC25U which is the  
19 deed of assignment for the sale and  
20 purchase of credit receivables dated  
21 June 29th, 1999 between Eagle Permanent  
22 Building Society and REFIN Trust  
23 Limited?

24 A: Yes.

25 Q: Followed by EC25V?