

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  
FRIDAY, JULY 8, 2011

PRESENT WERE:

COMMISSIONERS

Mr. Charles Ross  
Mr. Worrick Bogle

COUNSEL FOR THE COMMISSION

Hon. Justice Henderson Downer (Retired)

SECRETARY TO THE COMMISSION

Mr. Fernando DePeralto

MARSHALLING EVIDENCE FOR THE COMMISSION

Ms. Judith Clarke - Attorney -at-Law

REPRESENTING JAMAICAN REDEVELOPMENT FOUNDATION

Mr. Gavin Goffe- Attorney-at-Law

REPRESENTING MR PATRICK HYLTON

Mr. Dave Garcia - Attorney-at-Law

REPRESENTING FINSAC LIMITED

Mr. Brian Moodie - Attorney-at-Law  
Ms. Danielle Chai - Attorney-at-Law

REPRESENTING DEBTOR1 , DONOVAN CRAWFORD

Mr. Anthony Levy - Attorney-at-Law

GIVING EVIDENCE

Mr. Errol Campbell

1 **FRIDAY JULY 8, 2 011**

2 **COMMENCEMENT : 10 :15**

3 COMM BOGLE: Morning ladies and gentlemen. This  
4 Enquiry is now in session, and again we  
5 apologise for the late start.  
6 Thankfully, we have Commissioner Ross  
7 with us. For a while there we thought  
8 he might not have been with us for today  
9 but he is with us and we are thankful  
10 for that.

11 For the record may we have the names of  
12 the attorneys present?

13 MS. CHAT: Brian Moodie and Danielle Chai,  
14 appearing on behalf of FINSAC.

15 MR. GOFFE: Gavin Goffe instructed by Myers Fletcher  
16 and Gordon for Jamaican Redevelopment  
17 Foundation Incorporated.

18 MR. GARCIA: Dave Garcia appearing for Patrick  
19 Hylton.

20 MR. LEVY: Anthony Levy instructed by G. Anthony  
21 Levy and Company for DEBTOR1, DEBTOR1-  
22 COMPANY, Donovan Crawford and  
23 myself.

24 COMM BOGLE: Thank you very much. Today we are  
25 supposed to be having a submission from

1 Errol Campbell regarding some FINSAC  
2 transactions and so I'll turn over to  
3 him. Could you swear him.

4 **Mr. Errol Campbell Sworn**

5 MR. MOODIE: Chairman, before we get into our  
6 substantive response today which is  
7 really a response from FINSAC to the  
8 debtors who appeared before this  
9 Commission and gave evidence, we wish to  
10 follow up on the evidence given by  
11 Mr. Campbell on Monday of this week in  
12 relation to Mr. Crawford. The  
13 Commission had asked for certain  
14 documents to be provided and so I wish  
15 to formally tender some of those  
16 documents.  
17 Under cover of letter dated July 5, we  
18 provided the Commission with valuations  
19 for certain properties. I think  
20 Mr. DePeralto has them with him so if we  
21 could just go through and enter those  
22 into evidence formally. The valuations  
23 are in respect of PROPERTY 1, St. Andrew  
24 PROPERTY 2, St. Andrew; PROPERTY 3, St.  
25 Andrew, PROPERTY 4

1 St. Elizabeth; PROPERTY 5, St.  
2 Ann; PROPERTY 6, St. Ann;  
3 PROPERTY 7, St. Ann; PROPERTY 8,  
4 St. Ann; PROPERTY 9, Kingston 8;  
5  
6  
7 PROPERTY 10, Kingston 6.  
8 Those were already provided to the  
9 Commission. I ask that they be given the  
10 appropriate exhibit numbers.  
11 We have some additional documents to  
12 submit but ..  
13 COMM ROSS: Mr. Moodie, your letter states  
14 PROPERTY 2, are you saying that this  
15 description is  
16 incorrect?  
17 MR. MOODIE: Yes, it is. It is in relation to  
18 St. Ann, both items 5 and 6  
19 Strata Lot X and Y; they are not in  
20 relation to St. Andrew but in  
21 relation to the FP apartments in  
22 St. Ann which, were I think, in  
23 exhibit EC 7/11(a) on the last occasion.  
24 MR. LEVY: Mr. Moodie, 5 and 6?  
25 MR. MOODIE: Yes. The list was also provided to my

1 friend Mr. Levy, so he is able to follow  
2 along.  
3 COMM BOGLE: Were you regarding item 14 on the  
4 EC8/11(a)?  
5 MR. MOODIE: In fact we have an extended list to  
6 submit this morning so that's what I  
7 intended to do.  
8 COMM BOGLE: Okay.  
9 MR. MOODIE: You will recall the Commission had asked  
10 for certain information to be included;  
11 the names of the valutors and the names  
12 of the purchasers.  
13 COMM BOGLE: I just mention that because you were  
14 trying to cover.  
15 MR. MOODIE: There is a valuation for that item but  
16 we will get there.  
17 The next document I would wish to put  
18 forward is the expanded list of assets  
19 owned by Donovan Crawford and connected  
20 parties and/or companies?  
21 COMM BOGLE: Just before you go on, would you like to  
22 mark these?  
23 MR. MOODIE: Certainly.  
24 COMM BOGLE: Mr. Moodie, if we take the letter as  
25 8/11 and then go a,b,c,d. The letter

1 will be 8/11(a) and so on to the end.

2 MR. MOODIE: The last one therefore, Chairman would  
3 be 8/11(k).

4 COMM BOGLE: You say the last one is?

5 MR. MOODIE: 8/11(k). There are 11 of them.

6 COMM BOGLE: I am getting (j).

7 MR. MOODIE: There are 11 of them.

8 COMM BOGLE: I am getting (j) as the vehicle, valuation  
9 for the vehicle.

10 MR. MOODIE: What I have, Chairman, is Strata Lot 10  
11 is 8/11(a); Strata Lot Z 8/11(b); #3  
12 8/11(c); #4 8/11(d), #5 8/11(e).

13 COMM BOGLE: Let us, as you have started, just  
14 identify. So (b) would be Lot 1.  
15 MR. MOODIE: Sterling Castle, St. Andrew.

16 COMM BOGLE: (c) would be PROPERTY 4, St. Elizabeth.

17 MR. MOODIE: Valuations for one and two would be  
18 together. So I guess we can call  
19 numbers 1 and 2, Strata Lot 10 and  
20 Strata Lot Z as (a) combined.

21 In terms of FP, St. Ann I think  
22 the two apartments may also share one  
23 valuation; so I think together Strata  
24 Lots X and Y FP, St. Ann would  
25 be 8/11(d). Are you with me, Chairman?

1    COMM BOGLE:            We had said that (a) and (a) would then  
2                            Strata Lots Z and W.

3    MR. MOODIE:            They would be 8/11(a).    So (b) would be  
4                            PROPERTY 4,    St. Elizabeth; (c)  
5                            PROPERTY 5, St. Ann; (d) would be  
6                            numbers 5 and 6 Strata Lots X and Y at  
7                            FP, St. Ann.

8    COMM BOGLE:            Let us go by the letter then.    And so C.  
9                            which is Lot W PROPERTY 3, St. Andrew.

10   MR. MOODIE:            1 and 2 would be (a).

11   COMM BOGLE:            Land at PROPERTY 4?

12   MR. MOODIE:            That would *be (b)*.

13   COMM BOGLE:            Land at PROPERTY 5, St. Ann?

14   MR. MOODIE:            (c)

15   COMM BOGLE:            Strata Lot X FP, St. Ann?

16   MR. MOODIE:            That in addition to Strata Lot Y at  
17                            FP, St. Ann,            would be (d).

18   COMM BOGLE:            PROPERTY 8?

19   MR. MOODIE:            Would be (e) Lot V, PROPERTY 2, St.  
20                            Andrew would be (f). Lot X, PROPERTY  
21                            1, St. Andrew    (g). PROPERTY 9, Kingston  
22                            8 (h), and PROPERTY 10, Kingston 6 (i).  
23                            The valuation of the 1931 Buick motor  
24                            car would therefore be (j).

25   COMM BOGLE:            Okay, fine.



1 MR. MOODIE: So, now Chairman we move to that  
2 expanded list of assets owned by Donovan  
3 Crawford and connected parties, those  
4 that have been sold, and you will note  
5 that this list includes purchasers'  
6 names, the date of the sales and the  
7 names of the valutors. So if we could  
8 give this document an exhibit number,  
9 there are additional valuations which we  
10 would wish to put in which were not  
11 included.

12 COMM BOGLE: So we will give the complete document  
13 9/11. EC 9/11 which comprises pages one  
14 to four.

15 MR. MOODIE: Yes, Chairman, and you will note,  
16 Chairman, that the valuations which you  
17 were previously provided with are items  
18 one to eleven on this new expanded list.

19 MR. LEVY: Through you Mr. Chairman, to Mr. Moodie.  
20 First page of EC 9/11, item 15...

21 COMM BOGLE: Mr. Levy, let us allow him to address  
22 the others since he has said that he has  
23 taken care of items one to twelve on  
24 that list so I take it that he is going  
25 on to give us details of the others so

1 let us see.

2 (Documents handed to Commission)

3 MR. LEVY: One is missing from this.

4 MR. MOODIE: Mr. Chairman, what you have been

5 presented with are additional valuations

6 of properties that now appear on this

7 expanded list. There is one copy of

8 each so for purposes of the records

9 could we just give them exhibit numbers

10 we don't intend to go through those

11 valuations but we provide them for the

12 Commission. Certainly if copies are

13 needed by Counsel I would ask

14 Mr. DePeralto.

15 MR. LEVY: I would need one.

16 COMM BOGLE: Twelve of them?

17 MR. MOODIE: Yes, Chairman.

18 COMM BOGLE: And 10/11 1-12. And for the record we

19 will just name them so it can be

20 recorded. So if you just state which

21 ones you are covering here, for instance

22 the first town house at Kingston 6.

23 MR. MOODIE: Certainly, Chairman. So EC 10/11(1)

24 would be appraisal report for townhouse,

25 PROPERTY 11, Kingston 6.

1 EC10/11(2)...

2 COMM BOGLE: The consensus is to say 10/11(a).

3 MR. GARCIA: So 10/11(b) would be valuation of  
4 PROPERTY 12 at FP, St. Ann 10/11(c);  
5 valuation  
6 report on land part of PROPERTY 13,  
7 St Elizabeth. (d) would be  
8 Appraisal Report, HWT Road, PROPERTY 14.  
9 (e) would be the Appraisal Report for  
10 PROPERTY 15. (f) would be lands part of  
11 The Point, St Ann, PROPERTY 16, registered  
12 at Volume/Folio; Volume/Folio  
13 and Volume/Folio.

14 COMM BOGLE: Hold on. In my bundle I see residential  
15 apartment Hope Road, PROPERTY 17.

16 MR. MOODIE: Sure, we could enter that one as (g).

17 COMM BOGLE: Let us put the (g) to be  
18 Hope Road.

19 MR. MOODIE: That would be (g). That's Hope Road.

20 COMM BOGLE: Right.

21 MR. MOODIE: Chairman - are you at Norman Manley  
22 Boulevard? There is one at Devon  
23 House East.

24 COMM BOGLE: That is the one I am at now.

25 MR. MOODIE: Certainly. So that would be (h).

1     COMM BOGLE:            Yes. 10/11(h).

2     MR. MOODIE:            I - Chairman, if you could guide me as to  
3                            your order.

4     COMM BOGLE:            My order Commercial/office units, Hope  
5                            Road, PROPERTY 18.

6     MR. MOODIE:            That would be (i).

7     COMM BOGLE:            The next one now would be in Negril PROPERTY  
8                            19.

9     MR. MOODIE:            That one would be (j) and the final one now  
10                            would be Waterloo Road, PROPERTY 20.

11    COMM BOGLE:            Yes, Waterloo Road.

12    MR. MOODIE:            That would be (k).

13    COMM BOGLE:            Then you have another one which is Land at  
14                            PROPERTY 21, St Catherine.

15                            I think I may have just provided the  
16    MR. MOODIE:            Commission with a copy, I don't have a copy  
17                            of that one before me. Appraisal Report for  
18                            PROPERTY 21, St. Catherine.

19                            That would be (l).

20                            We have also been able to secure Vendor's  
21    COMM BOGLE:            Statements of Account which I think would  
22    MR. MOODIE:            be useful for this Commission too in  
23                            relation to the  
24  
25

1 various properties.

2 There is one more valuation, Chairman,

3 too, that for Jamaica Grande. Do you

4 have a copy of that before you?

5 COMM BOGLE: No.

6 Okay, well EC/11(m) for Jamaica Grande.

7 MR. MOODIE: In relation to the statements of

8 account, certainly in a quest to provide

9 as much information as possible we

10 thought you may wish to have the vendors

11 statements of accounts in relation to

12 those properties which were sold.

13 COMM BOGLE: Okay. This will now be 11/11 and again

14 we will go the letter route. So the

15 first one will be (a).

16 MR. MOODIE: First one is PROPERTY 3.

17 COMM BOGLE: Right, and that will be (a).

18 MR. MOODIE: EC/11(11a)

19 (b) would be PROPERTY 1

20 .

21 COMM BOGLE: Which is Strata Plan 368?

22 MR. MOODIE: Yes, Volume/Folio (11), 11(11b).

23 (c) would be PROPERTY 4, St Elizabeth?

24 COMM BOGLE: Yes.

25 MR. MOODIE: (d ) lands at PROPERTY 5.

1     COMM BOGLE:            Yes.

2     MR. MOODIE:           (e) would be sale of Apartment X at

3                           PROPERTY 6.

4     COMM BOGLE:           Yes.

5     MR. MOODIE:           (f) would be Apartment Y at PROPERTY 7.

6

7     COMM BOGLE:           Yes.

8     MR. MOODIE:           (g) would be Apartment at PROPERTY 8

9                           (h) Lot 4, PROPERTY 2.

10    MR. MOODIE:           (i) PROPERTY 9. (j) would

11                           be PROPERTY 10(a).

12                           Just to point out I think the

13                           PROPERTY 10(a) and PROPERTY 10(b),

14                           that's one property - PROPERTY 10. They were

15                           sold together. There were two lots of land

16                           which together made up the property,

17                           which were sold separately which is why

18                           we have two separate statements of

19                           account. The last one would be (k),

20                           which is PROPERTY 10.

21    COMM BOGLE:           So you are saying that (j) and

22                           (k) comprise one sale?

23    MR. MOODIE:           They were separate sales but they

24                           comprised the same property.

25    MR. CAMPBELL:         Mr. Chairman, PROPERTY 10 was

1 made up of two titles. In the process  
2 of selling, each lot was sold to a  
3 different person that's why we have two  
4 statements.

5 COMM BOGLE: But on the list it would appear as  
6 probably PROPERTY 10?

7 A: That's right.

8 COMM BOGLE: So it would be (k); the last one would  
9 be 11(11k)

10 MR. MOODIE: Yes, Mr. Chairman.  
11 (1) PROPERTY 14.

12 COMM BOGLE: Yes.

13 MR. MOODIE: (m), the next one, would be lands at  
14 PROPERTY 15, Manchester.  
15 (n) would be Apartment, PROPERTY 17(a)  
16 (o) would be Apartment, PROPERTY 17 (b)  
17 (p) would be Studio, PROPERTY 17 (c)  
18 (q) Apartment, PROPERTY 17 (d)  
19 (r) Apartment, PROPERTY 17 (e).  
20 (s) Apartment, PROPERTY 17 (f).  
21 (t) would be Apartment, PROPERTY 17 (g) and  
22 (u) would be Apartment, PROPERTY 17 (h).  
23 That concludes the valuation which we  
24 put in along with EC 9/11.  
25 Perhaps, Chairman, I could ask

1 Mr. Campbell to comment on the total  
2 amount received from the sale of the  
3 properties as appears on EC 9/11.

4 MR. LEVY: Mr. Chairman, before we go there, could  
5 I be provided with copies of those  
6 valuations and those statements of  
7 accounts because none were provided.

8 COMM BOGLE: You will be provided.

9 MR. LEVY: Today?

10 COMM BOGLE: We will endeavour to do so. It is quite  
11 a number we have to copy but you will  
12 definitely get copies.

13 MR. MOODIE: Yes, Chairman to continue, I was asking  
14 Mr. Campbell to comment on the total  
15 sums received in relation to the sale of  
16 property owned by Donovan Crawford  
17 and/or connected parties to date.

18 COMM BOGLE: You were about to say.

19 MR. MOODIE: I was asking Mr. Campbell to give a  
20 comment on the sum received from the  
21 sale of assets owned by Donovan Crawford  
22 and/or connected parties; EC 9/11.

23 COMM BOGLE: Mr. Levy, do you have a copy of EC 9/11  
24 pages one to four?

25 MR. LEVY: Yes, I do.





1 any additional information.

2 COMM BOGLE: I think in fairness though, since the  
3 list is here we just want for the  
4 completion of it, in that it says rental  
5 property at numbers 9 & 10 and no  
6 further information. I am sure  
7 Mr. Campbell will have some additional  
8 information that he can give relative to  
9 this item.

10 MR. CAMPBELL: Yes, Mr. Chairman. Item number 15 which  
11 says, 'rental' is really primarily just  
12 to show that from rental of these two  
13 properties FINSAC has collected a total  
14 of roughly \$1.9 Million. This property  
15 listed at number 9 which is the  
16 townhouse at Sterling Castle and  
17 property number 10 which is 122 Constant  
18 Spring Road, so it is really just rental  
19 income, it is not a separate property.

20 MR. MOODIE: Thank you, Mr. Chairman.

21 A: Now, we have provided a sub-total on  
22 page 1 of EC 9/11 just so that we will  
23 recognise that it is in fact just a  
24 repeat of the information that was  
25 previously submitted at EC 7/11. That is

1 really the only reason we give it a  
2 subtotal here. That was what was  
3 submitted on Monday.  
4 On the following pages 2, 3 and 4  
5 additional properties as identified by  
6 Mr. Levy, belong to Crawford Connection.  
7 So, on page 4 of 4 under column, page, the  
8 total net proceeds from the JAD sales  
9 are roughly \$XXX  
10 Million Dollars. In addition there  
11 were the sales of Blue Cross Jamaica and  
12 Jamaica Grande. Now from the files we  
13 are not able to determine - we did not  
14 find the Vendor's Statements of Accounts  
15 to assist us in providing the net sales  
16 proceeds but we continue our search in  
17 this regard.

18 COMM. BOGLE: So you were not able to find any  
19 valuation either regarding the Blue  
20 Cross of Jamaica?

21 A: No Mr. Chairman, but we are continuing  
22 to search for that.

23 COMM. BOGLE: Mr. Levy, you seem anxious. Any  
24 question? We are dealing right now with  
25 9/11 1 to 4.

1 MR. LEVY: I would like to offer some assistance to  
2 where Mr. Campbell could find it if he  
3 does not find it among his file, sir.  
4 Whoever the buyer was, the lawyers would  
5 have those statements and should have  
6 the valuation as well. Maybe he can  
7 contact his lawyers and the lawyers who  
8 acted for the purchasers to assist him  
9 in getting the Statement Accounts and  
10 their valuations.

11 COMM. BOGLE: Okay, point noted.  
12 Mr. Campbell?

13 MR. CAMPBELL: In relation to Jamaica Grande we have  
14 actually made contact with the attorneys  
15 who represent Jamaica Grande and we  
16 expect to get that information, so when  
17 next I appear I will have it.

18 COMM. BOGLE: And you will apply the same efforts for  
19 Blue Cross.

20 A: Yes.

21 MR. MOODIE: Mr. Chairman, the next document we wish  
22 to put before the Commission are the  
23 Formal Orders obtained from the Supreme  
24 Court in relation to the sale of  
25 properties belonging to Mr. Crawford and

1 connected entities.

2 Mr. Chairman, the first Order would be

3 Order filed on February 2, 2006 between

4 Financial Institution Services Limited,

5 CNB, Century National Development,

6 Donovan Crawford and others consolidated

7 with Claim #1997C050; that first Claim

8 was C330 of 1996. That would be the

9 first order. If you could give that an

10 exhibit number.

11 COMM. BOGLE: EC 12/11.

12 MR. MOODIE: The second order filed on the same

13 date...

14 COMM. BOGLE: Just A minute. The second order...

15 MR. MOODIE: The second order filed - there is a

16 court stamp - February 2, 2006 in Claim

17 #CL1999F066 Financial Institution

18 Services Limited against Regardless

19 Limited?

20 COMM. BOGLE: That will be EC 13/11.

21 MR. MOODIE: The third one with the same date filed

22 February 2, 2006, Consolidated Claim of

23 CL1996C330 and 1997 C330.

24 COMM. BOGLE: You are going a bit fast.

25 MR. MOODIE: Just describing it, Chairman. That is

1 the one with 'C' marked in brackets at  
2 the top of it. So that will be EC 14...

3 A: That is EC 14/11.

4 MR. MOODIE: A 'Final Attachment of Debt Order', is  
5 the next document.

6 COMM. BOGLE: I am just trying to find out, I have  
7 read the document, what is the  
8 difference between 'A' and 'C', 'A' and  
9 'C' meaning 12, 11 and...

10 MR. MOODIE: One corrects an error in the Judgment.

11 COMM. BOGLE: 14/11 corrects an error then?

12 MR. MOODIE: Yes, it does. Which relates to the  
13 description of the property in the first  
14 Judgment.

15 COMM. BOGLE: 14/11 which you have 'C', you say it  
16 corrects the description.

17 MR. MOODIE: Yes, if you look at the back of the  
18 document it indicates.  
19 The next document, Chairman, will be the  
20 Final Attachment of Debts Order in that  
21 Consolidated claim filed on August 25,  
22 2006.

23 COMM. BOGLE: That would be 15/11.

24 MR. MOODIE: EC 15/11 is actually two separate Orders  
25 in relation to the same claim. So you







1 persons who appear and asking  
2 Mr. Campbell to give a response and based on  
3 the records of FINSAC and certainly while  
4 giving that response we will have some  
5 documents which we will wish to tender and  
6 put into evidence. So we will start, Mr.  
7 Chairman, with your leave, with the  
8 complaint made by DIRECTOR1 of DEBTORLB  
9 Limited. Specifically and transcribe  
10 reference is there on the table. The  
11 transcript would be from the transcript of  
12 the March 8, 2011 and there are page  
13 references there to assist the Commission  
14 certainly when doing your report.  
15 DIRECTOR1 alleged that he was treated  
16 unfairly by FINSAC and coerced into giving  
17 up his apartment after having repaid 75% of  
18 his debt and even after he sought to take  
19 advantage of the window of opportunity. He  
20 alleges that he only owed \$3X Million and  
21 that he was making payments as he was obliged  
22 to. He further alleges that his apartment was  
23 sold at a gross under value and that

1 FINSAC failed to account to him of how  
2 the proceeds of sale were applied in  
3 reduction of his debt.

4 Mr. Campbell, could you please indicate  
5 what FINSAC's records in relation to  
6 these allegations have revealed?

7 MR. CAMPBELL: Thank you. There is a memo on FINSAC's  
8 file which speaks to the fact that the  
9 total debt for DEBTORLB Limited was in the  
10 region of 4X Million Dollars  
11 and in fact, in June 1999, his attorney  
12 wrote to FINSAC to confirm that, that  
13 was his figure as well.

14 MR. MOODIE: May I pause to present a copy of that  
15 memo dated June 15, 1999 and we could  
16 perhaps enter it into evidence to the  
17 Commission.

18 There is a letter as Mr. Campbell just  
19 indicated, but first, Chairman, shall we  
20 give that memo an exhibit number?

21 COMM. BOGLE: EC17/11.

22 MR. MOODIE: We also have that letter dated June 25,  
23 1999 which confirms the amount of the  
24 debt which we wish to tender in evidence  
25 as well. So the second exhibit will be

1 the June 25, 1999 letter.

2 Mr. Campbell if I could just ask you to  
3 briefly go through that memo dated June  
4 15, 1999?

5 A: I will just read the memo. It is an  
6 inter-office memo from Kurtis Bray to  
7 Patrick Hylton regarding DEBTORLB Limited.  
8 'I don't have much to tell you regarding  
9 this loan, the borrower has not paid  
10 back any of the principal amount. He  
11 mentioned in his letter that he has paid  
12 \$8 million but we do not show any  
13 payments. This man has always had some  
14 excuse as to why he cannot pay but never  
15 offers any solution.  
16 The letter given to you by Tom outlines  
17 assets that he says he can sell to repay  
18 the loan. The valuations are his, not  
19 ours. According to people around the  
20 Head Office the values are inflated.  
21 I do not know if an auction will bring  
22 us much. I told him when we met with  
23 him last week that Mutual would consider  
24 a reduction of the balance to \$3X  
25 million if he opted to pay us off. His

1 balance is over \$4X million.

2 I suggest that we continue with the  
3 foreclosure or get him to sign over  
4 other assets in addition to this  
5 property so we can attempt to sell them  
6 ourselves.

7 This is Signed by Kurt Bray.

8 Q: Thank you and this is memo dated June  
9 15, 1999. Could I ask you now to read the  
10 content of letter dated June 25, 1999  
11 from DIRECTOR1's attorneys?

12 COMM. BOGLE: The letter of June 25 we will mark that EC  
13 18/11.

14 MR. MOODIE: Thank you, Chairman.

15 **URGENT & IMMEDIATE.**

16 June 25, 1999.

17 **Without Prejudice**

18 Mr. Curtis Bray.

19 Chief Executive Officer.

20 Jamaica Mutual Life Assurance Society

21 Head Office.

22 2 Oxford Road.

23 Kingston.

24 Dear Sir.

25 **RE: DEBTORLB Limited**

1 This is a letter from Chancellor &  
2 Company and it is signed by Walter B.  
3 Scott.

4 We act for and on behalf of DEBTORLB Limited  
5 and its Managing Director, DIRECTOR1 who  
6 have instructed us to write to you in  
7 connection with the indebtedness of  
8 DEBRTORLB Limited to Jamaica Mutual Life  
9 Assurance Society.

10 **THE BACKGROUND**

11 Our instructions are that our client is  
12 indebted to you in the amount of \$4X MILLION  
13 which sum is past due and that formal demand  
14 has been made on it for the repayment of the  
15 said sum. We are further instructed that the  
16 property, the subject of the mortgage  
17 granted by our client to you, to secure its  
18 indebtedness to you, had been put up for sale  
19 by public auction pursuant to the Powers of  
20 Sale contained in the said mortgage.

21 We are also instructed that, after  
22 discussions with our client's Managing  
23  
24  
25

1 Director, DIRECTOR1 you have agreed  
2 firstly, to accept the sum of \$3X MILLION  
3 in full and final settlement of our client's  
4 indebtedness to you and secondly, to  
5 withdraw the property from the auction  
6 "Block" for a period of fourteen (14) days  
7 commencing on June 14, 1999.

8 **Reality**

9 Our client and its Managing Director have  
10 neither cash nor any liquid assets however,  
11 both are asset rich. These assets consist  
12 entirely of real estate. We are instructed  
13 that, given the prevailing circumstances in  
14 the Tourism Industry our client's business  
15 cannot generate sufficient cash to either  
16 liquidate or make a meaningful reduction to  
17 this indebtedness to you.

18 **The Proposal.**

19 Our client's proposal for the  
20 elimination of its indebtedness to you is  
21 as follows:

22 1. Our client will sell in a public auction  
23 carried out by D.C. Tavares &  
24  
25

1 Finson Reality Limited the property at Main  
2 street Ocho Rios consisting of 4 bedroom, 4  
3 bathroom house and a 2 bedroom cottage on one  
4 and a half acres of land and being the lands  
5 registered at Volume 0000 Folio 000 and  
6 Volume 0001 Folio 001 of the Register Book of  
7 Titles (the said land).

8 2. The Certificate of Title for the said  
9 land will be deposited with you and upon  
10 completion of the sale the net proceeds of  
11 sale will be paid to you to liquidate the  
12 debt.

13 3. You will stay the forced sale of the  
14 mortgaged premises pending the sale by  
15 public auction of the said land.

16 4. You will confirm in writing that the  
17 "pay out" sum is \$3X million.

18 We are instructed by our client that the  
19 approximate value of the said land is \$3X  
20 MILLION. However, we have  
21 advised it and have as a result instructed  
22 D.C. Tavares Finson to do a current valuation  
23 of the said lands. As soon as this valuation  
24 is to hand it

1 will be forwarded to you. Further, as an  
2 act of good faith we have instructed D. C.  
3 Tavares Finson to immediately put the said  
4 land up for sale by public auction and we  
5 have instructed Mr. William Tavares-Finson  
6 of that firm to provide you with any  
7 information which you may require.

8 Our client does not wish to lose its business  
9 which it has spent the last thirty years  
10 developing. It is potentially the only  
11 source of income for our client and its  
12 principal. Our client's position is simply  
13 to dispose of one asset (using the same  
14 process and the same or a shorter time period  
15 that you wish to use as on forced sale of the  
16 mortgaged property) to liquidate its  
17 indebtedness to you thereby saving the  
18 mortgage premises.

19 If this proposal is acceptable to you we are  
20 in a position immediately upon the  
21 confirmation of same and in accordance with  
22 the proposal to forward the Certificate of  
23 Title for the said  
24  
25



1 land to you.

2 We look forward to hearing from you as  
3 soon as is possible. We are also  
4 prepared to meet with you at our mutual  
5 convenience to discuss this matter  
6 further if you deem it necessary.

7 Yours faithfully,

8 Chancellor & Company

9 Walter H. Scott'

10 Q: Mr. Campbell, was a valuation, in fact,  
11 obtained from D C Tavares and Finson?

12 A: Yes.

13 Q: In relation to the property that was  
14 sold was there a valuation obtained?

15 A: Yes, a valuation was obtained in  
16 relation to the property that was sold  
17 but it is a different property from the  
18 one mentioned in this letter.

19 Q: Could you indicate the valuation of the  
20 property that was sold and we will be  
21 exhibiting that valuation.

22 COMM. BOGLE: Just before you go on to that, was the  
23 offer or the suggestion or the proposal  
24 from Mr. Walter Scott, Chancellor &  
25 Company, did they follow through with



1           A:           Yes, is the one that he has the  
2                           allegation.

3           Q:           Is that lot 73 Fisherman Point?

4           A:           Yes.

5           Q:           Thank you.

6   MR. MOODIE:         Chairman, do you have a copy of that  
7                           valuation in front of you?

8   COMM. BOGLE:        Yes.

9   MR. MOODIE:         Could we give it an exhibit number  
10                        please?

11   COMM. BOGLE:        19/11.

12   MISS CLARKE:        Is this the letter dated 20th  
13                        October, 2003?

14   COMM. BOGLE:        Yes.

15   MISS CLARKE:        It is not a valuation. The question was  
16                        asked if the Chairman has a copy of the  
17                        valuation. Are we going to designate  
18                        it as such?

19   MR. MOODIE:         It is a letter dated the 5th. It is a  
20                        letter from D.C. Tavares & Finson  
21                        indicating the value. Is that acceptable  
22                        to Counsel?

23   MISS CLARKE:        It is a letter dated so and so.

24   MR. MOODIE:         'we valued this property...' the last  
25                        two paragraphs on the first page.

1     COMM. BOGLE:            I think the first paragraph explains it.  
2                                What they are saying is that in the near  
3                                future they will provide a full  
4                                Valuation Report. In the mean time the  
5                                urgency of the matter is set out here  
6                                for preliminary findings.  
7     MR. MOODIE:            Thank you, Chairman.

8     COMM. BOGLE:            This is the preliminary finding which  
9                                should have been backed up by a full  
10                               valuation.  
11    MR. MOODIE:            Thank you Chairman. Could we give that  
12                               an exhibit number?

13    COMM. BOGLE:            Yes, 19/11.  
14    MR. MOODIE:            Thank you, Chairman.

15    COMM. BOGLE:            Mr. Campbell, were you able to locate  
16                               the full valuation?

17            A:                Efforts were made Mr. Chairman. I  
18                               really didn't get an update from my  
19                               staff but because this quoted a figure  
20                               we rely on this, so we didn't pursue  
21                               much in terms of the valuation.  
22    COM. BOGLE:            I would imagine that before you would  
23                               obtain or you would have paid Mr.  
24                               Tavares Finson he would have submitted  
25                               one.



1 reflected in that valuation. I believe some  
2 effort should be made to find it because I  
3 am looking at this letter . 4

5 COMM. BOGLE: Miss Clarke, I think that Mr. Campbell  
6 has said that he will continue to make  
7 efforts to find it.

8 MISS CLARKE: So we are not accepting that?

9 COMM. BOGLE: We are excepting this exhibit but at the  
10 same time he will continue his efforts  
11 to find the full valuation.

12 MISS CLARKE: Thank you very much, sir.

13 MR. MOODIE: Mr. Chairman, can we move on.

14 COMM. BOGLE: Yes.

15 MR. MOODIE: There is one more document which we  
16 would wish to tender and that is  
17 FINSAC/FIS Limited matter for Board  
18 Decision, it is a Board Proposal dated  
19 October 2003 in relation to the property  
20 which we are speaking about which I ask  
21 Mr. Campbell to indicate the details of  
22 that Board Proposal and the  
23 recommendation to the Board therein.  
24 Mr. Campbell might I ask you to start  
25 with the background and then indicate

1 the offer in terms of the purchase and  
2 the recommendation. I would not ask you  
3 to go through that section marked  
4 'current situation' unless the Chairman  
5 wishes to?

6 A: This is the usual format of submissions  
7 to the Board seeking approval, Mr.  
8 Chairman.

9 Q: Have you seen this document before, Mr.  
10 Campbell?

11 A: I have seen it.

12 Q: And where did you find this document?

13 A: This was in FINSAC's files and we copied  
14 it for you.

15 Q: Grateful.  
16 Please go ahead.

17 A: This is a submission to the FINSAC Board  
18 seeking approval to sell apartment XX  
19 Fisherman's Point. In the background it  
20 mentions that FINSAC obtained ownership  
21 of this property as part of the debt  
22 swap between Mutual Life and its debtor,  
23 DIRECTOR1.

24 In 2001, Theo Dixon valued the property  
25 at \$3.5M and thus it was listed with our

1 Brokers at that price. Over the last  
2 month, leading up to October 2003 a  
3 prospective purchaser has submitted two  
4 offers to purchase this property; one  
5 for \$2M that was later revised to \$2.5M.  
6 She suggested that this property was  
7 infested with termites and required  
8 major repairs hence her low offer. We  
9 therefore decided to arrange a site  
10 visit to get a first hand view of the  
11 precise state of the apartment.

12 Q: The penultimate paragraph I will ask you  
13 to read in terms of, that paragraph  
14 beginning with, 'In the quest for a more  
15 objective...'?

16 A: 'In the quest for a more objective and  
17 up-to-date valuation, D. C. Tavares &  
18 Finson Realty Limited was commissioned  
19 to do an urgent report which revealed a  
20 market value of \$3M with a forced sale  
21 value of \$2.5M.

22 MISS CLARKE: Sorry, Mr. Chairman. May I request that  
23 the paragraph before that be read into  
24 the record as well?

25 COMM. BOGLE: I was thinking of it because it would



1                    seem that, that paragraph tends to put  
2                    it in prospective.

3        MR. MOODIE:                    Certainly, Chairman.

4                    A:                                    **Current** Situation.

5                    This apartment is the only one of its  
6                    kind in the complex, comprising two  
7                    bedrooms, a bathroom, kitchen, living  
8                    and dining combined, a loft and an  
9                    attic, which gives a commanding view of  
10                   the harbour and hills overlooking Ocho  
11                   Rios.

12                   Fixtures in the kitchen, some windows  
13                   and carpeting need to be repaired or  
14                   replaced, the walls need repainting and  
15                   some fixtures in the bathroom could also  
16                   be replaced. We thought the apartment  
17                   was in fair condition, having been  
18                   locked-up for almost three years and  
19                   there was no trace of termites.

20                   In the quest for a more objective and  
21                   up-to-date valuation, D.C. Tavares &  
22                   Finson Realty Limited was commissioned  
23                   to do an urgent report which revealed a  
24                   market value of \$3M with a forced sale  
25                   value of \$2.5M.

1 The prospective purchaser has again  
2 revised her offer as follows:

3 **Purchaser:** Sandra Samuels of United  
4 Realty Limited.

5 **Offer Price:** \$3.3M.

6 **Market Value:** \$3M.

7 **Forced Sale:** \$2.5M.

8 Recommendation.

9 We recommend acceptance of this offer  
10 based on the following:

- 11 1. Based on the most recent valuation,  
12 the offer is 110% of the market value.
- 13 2. The property has been on the market  
14 for over two years and this is the first  
15 serious offer, revised twice.
- 16 3. The apartment is on the third floor  
17 of the building and access is by stairs.  
18 Its location is therefore not very  
19 appealing to prospective purchasers.

20 Q: Would you therefore say Mr. Campbell  
21 that DIRECTOR1's allegation that his  
22 apartment was sold at a gross under  
23 value is not accurate as far as the  
24 records of FINSAC indicate?

25 A: That is definitely true.

1 Q: Thank you.

2 COMM. BOGLE: That will be Exhibit EC 20/11.

3 MR. MOODIE: Thank you. We move on now, Chairman, to  
4 DEBTOR5. The transcript  
5 reference is the transcript of February  
6 2, 2011. DEBTOR5 accused FINSAC of  
7 being unfair and fraudulent with him as  
8 regards X Million Dollars allegedly  
9 placed by him on fixed deposit at  
10 Corporate Merchant Bank. He alleges that  
11 FINSAC wrote to him confirming the  
12 deposit and alleges that he was told  
13 that the Board had decided he should be  
14 reimbursed.  
15 Mr. Campbell, could you kindly indicate  
16 FINSAC's records in relation to  
17 DEBTOR5 and his allegations?

18 A: There are two memoranda that are in  
19 FINSAC's file which were obtained from  
20 Citizens Bank/Corporate Merchant Bank,  
21 Citizens Bank/Corporate Merchant Bank  
22 and these suggest that there was in fact  
23 a commercial paper facility for  
24 DEBTOR5 at some point but it was  
25 encashed in September 1996.

1 Q: Could I refer you to internal memo  
2 dated August 30, 2000, from Miss Lorna  
3 Pryce to Mr. Linval Freeman.

4 A: You want me to read it.

5 Q: Yes, I will ask that as soon as the  
6 Commission has received a copy of the  
7 document.

8 Mr. Chairman, I am asking him to read  
9 that memorandum dated August 30, 2000  
10 and then I will ask that it be enter  
11 into evidence.

12 COMM. BOGLE: That is the one to Linval Freeman?

13 Q: Yes, it is.

14 Mr. Campbell could you.

15 A: 'memorandum to Linval Freeman, Audit  
16 Department and that was from Lorna  
17 Pryce, and this is dated August 30, 2000.  
18 Subject: Corporate Merchant Bank  
19 Commercial Paper in the name of DEBTOR5.

20

21 Q: Would this be an internal memorandum  
22 obtained from Corporate Merchant Bank?

23 A: That is correct.

24 Q: And this was another document among the  
25 files of FINSAC which you have seen

1 before?

2 A: Yes, sir.

3 Q: Thank you.

4 A: 'DEBTOR5 has made several  
5 visits to the bank in an effort to  
6 encash a Commercial Paper he purchased  
7 from the former, Corporate Merchant  
8 Bank, 1996. Below are the details:  
9 August 29, 1996 Commercial Paper  
10 purchased by DEBTOR5 in the  
11 amount J\$X MILLION.  
12 September 11, 1996 Commercial Paper was  
13 encashed. Request was made in writing.  
14 (You got a copy of this letter that it  
15 speaks to it).  
16 Details of payment Workers Bank cheque  
17 #2129 dated September 11, 1996 in the  
18 amount of \$X MILLION. And this is a  
19 breakdown in the principal and interest.  
20 The cheque was collected and signed for  
21 by DEBTOR5.  
22 His file was retrieved from FINSAC with  
23 all original documentation evidencing  
24 his request for encashment. A copy of  
25 his signature from his passport also

1 matches that on the file.

2 However DEBTOR5 is adamant that he  
3 made no such request, neither did he  
4 collect the cheque.

5 His final visit was on August 30, 2000,  
6 at this time the matter was referred to  
7 Mr. Loren Edwards. (He was a former  
8 executive at Citizen's Bank.)

9 We are seeking your assistance in  
10 resolving this matter.'

11 MR. MOODIE: Mr. Chairman, before we enter this one,  
12 I think, in addition to the next  
13 document we could perhaps enter them as  
14 one exhibit, 'A' and 'B' 12. So I will  
15 ask Mr. Campbell to go to the  
16 inter-office memorandum dated September  
17 18, 2000 from Linval Freeman to Loren  
18 Edwards referred to in that previous  
19 letter.

20 Could you read that memorandum please,  
21 Mr. Campbell?

22 Sure.

23 Inter-office memo.

24 **To:** Loren Edwards, General Manager,  
25 Banking Services.

1                   **From:** Linval Freeman, Senior Inspector  
2                   (Acting)

3                   **Date:** 18th September, 2000.

4                   **Subject:** Corporate Merchant Bank

5                   Commercial Paper in the name of DEBTOR5

6                   Further to memo dated August 30, 2000

7                   received from Lorna Pryce and also copied

8                   for your attention, a meeting was held on

9                   September 12, 2000 with DEBTOR5 and members

10                  of the Inspection Department. DEBTOR5 is

11                  refuting the encashment of his Commercial

12                  Paper on September 11, 1996 which was

13                  maintained at Corporate Merchant Bank. Our

14                  investigations revealed that DEBTOR5

15                  encashed his Commercial Paper and signed the

16                  letter acknowledging

17                  receipt of Workers Bank settlement

18                  cheque #2129 for the amount

19                  \$X MILLION on September 11, 1996.

20                  In our meeting on September 12, 2000

21                  DEBTOR5 was shown a copy of the letter on which

22                  he had acknowledged receipt of the cheque and

23                  he confirmed that the

1 2 signature was his. We then advised him there  
3 4 was no reason to conduct further  
5 6 investigations. In light of all this,  
7 8 DEBTOR5 was adamant that he still did not  
9 receive the cheque, although the signature  
10 acknowledging receipt of it was his.

11 Consequently, he requested that we provide  
12 him with a copy of the negotiated cheque. We  
13 advised him of the search time of  
14 approximately two working days and the  
15 charge of \$350 per hour to which he raised  
16 no objections. A copy of the cheque was  
17 obtained which indicated that it was  
18 negotiated on an account at National  
19 Commercial Bank, Oxford Place branch after  
20 being  
21 endorsed by DEBTOR5.

22 Contact was also made with Venice Miller,  
23 joint party to the account, and she advised  
24 that she has no knowledge of the encashment  
25 of these funds, neither did she benefit from  
the proceeds. DEBTOR5 contacted us on Friday,  
September 15, 2000 and was advised that he  
would have to pay search fees of



1                   \$X,000.00 before obtaining a copy of the  
2                   cheque. He refused to pay these search fees  
3                   claiming that he only wanted to see the  
4                   cheque. In an effort to have the matter  
5                   settled quickly, the cheque was shown to him.  
6                   He advised that the signature on the reverse  
7                   of the cheque (which was in keeping with  
8                   other documents signed on file) was not his.  
9                   He is also now refuting having signed any of  
10                  the documents on file, including one of his  
11                  hand written letters which he admitted to  
12                  have written during the meeting on September  
13                  12, 2000.

14                  Based on the evidence reviewed, we are of the  
15                  opinion that DEBTOR5 did in fact receive this  
16                  item and we request that he be officially  
17                  informed of this. We are however prepared to  
18                  refer the matter, on his behalf to the  
19                  Forensic Laboratory for further evaluation  
20                  and to provide him with a copy of the cheque  
21                  so that he can continue his own  
22                  investigations, if he so desires, and  
23                  providing he pays the outstanding  
24

1 research fees and the charge that would  
2 be levied by the Forensic Laboratory.  
3 You may also wish to advise him that he  
4 could refer the matter to the Fraud  
5 Squad.'

6 This is signed by Linval Freeman and  
7 copied to Mary Powell and Brent  
8 Cuirlino.

9 MR. MOODIE: Could we have an exhibit number and I  
10 ask that this be entered.

11 COMM. BOGLE: 21/11A would be for the first  
12 inter-office memorandum, and 21/11B for  
13 the other one.

14 MR. MOODIE: Thank you, Mr. Chairman.  
15 Might I also refer you, Mr. Campbell, to  
16 two further documents, FINSAC's Board  
17 Submission dated August 30, 2010 and  
18 FINSAC's Board Decision dated August 30,  
19 2010. Do you have copies of those  
20 documents with you?

21 A: Yes, I do.

22 Q: Have you seen those documents before?

23 A: Yes, I have.

24 Q: Were they amongst the Minutes of  
25 FINSAC's Board copies of which were

1 provided with the submission?

2 A: Yes, they were.

3 Q: Could I ask you to start with the Board  
4 Submission?

5 A: Certainly.

6 FINSAC/FIS LIMITED.

7 MATTER FOR BOARD DIRECTIVE.

8 AUGUST 30, 2010

9 **ISSUE: Claim by DEBTOR5**

10 **regarding funds owing**

11 **Background**

12 Over the last couple of years, DEBTOR5,  
13 who was a policeman up to  
14 1998, has been making claims to us on  
15 two matters, as follows:

16 1. Balance on a cheque of \$8XX,000 from  
17 NCB after repaying a loan.

18 2. Deposit of \$XM said to have been held  
19 at Corporate Merchant Bank in 1996.

20 The claim was broken down in Claim 1 and  
21 Claim 2.

22 **Claim 1**

23 DEBTOR5 has been making the

24 following claims that:

25 1. In or around 1995 he borrowed

1           \$3XX,000 from National Commercial Bank,  
2           Half Way Tree to assist with purchasing a  
3           truck;

4           2. as things weren't going as planned,  
5           within three months, he sold the truck for  
6           \$8XX,000 and took the cheque to the bank;

7           3. the bank should have repaid the loan and  
8           deposited the balance to his savings account;

9           4. he did not follow up with the bank to  
10          ensure that this was done and only became  
11          aware of the matter when he was contacted by  
12          Dennis Joslin Jamaica Limited and advised  
13          that he owed over \$X MILLION on a loan that  
14          was transferred from NCB; and

15          5. an officer reviewed the files with him  
16          and agreed that the funds were really owed  
17          and he should contact NCB for the money.

18          Having contacted NCB he is then referred to  
19          Finsac.

20          The Jamaican Redevelopment Foundation has  
21          since sold his loan to the

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1 International Asset Services Limited and we  
2 have obtained a copy of the NCB loan file,  
3 which indicates that two loans were obtained  
4 from the bank and the balances were  
5 \$1,XXX,000 at the time the \$8XX,000 cheque  
6 was presented. This cheque therefore reduced  
7 the balance to \$2XX,000 and an additional  
8 amount was granted for repairs to a bus,  
9 making a loan of \$3XX,000. This was not  
10 serviced and was later sold to Finsac.

11 He refutes this altogether, being  
12 adamant that it was only one loan of \$3XX,000  
13 that was borrowed and the sale proceeds of  
14 the truck should have repaid it, leaving a  
15 surplus, which he is now claiming.

16 **Claim 2**

17 Mr. Hendricks claims that in 1996 he placed  
18 on commercial paper with Corporate Merchant  
19 Bank an amount of \$XM. Because of problems  
20 with his common law spouse, a number of  
21 important documents were removed from his  
22 apartment at XXX, Kingston

1                   10. After he reported to the bank that  
2                   his receipt was stolen, he claims he  
3                   received a note written by someone he  
4                   says is a former staff on a letter head  
5                   which says the funds will not be  
6                   withdrawn without his authority.'

7           Q:           I think that document was submitted in  
8                   the report of DEBTOR5's evidence, a  
9                   handwritten note which was presented.  
10                  Please go ahead, Mr. Campbell.

11                  'This he says is the receipt.

12                  In researching the files, a Union Bank  
13                  of Jamaica internal memorandum seen  
14                  states that a \$XM facility was indeed  
15                  held but was encashed in 1996 by  
16                  DEBTOR5. As expected, he claims that  
17                  this is not the one, as he had placed  
18                  another \$XM sometime afterwards with  
19                  CMB.

20                  DEBTOR5 has written to the Bank of  
21                  Jamaica on both matters and the response  
22                  understandably does not please him. He  
23                  indicated that he has been to NCB's  
24                  Annual General Meetings and spoken with  
25                  Mr. Lee Chin who promised to have staff

1 look at the matter and again the result is  
2 not pleasing. He has also written to the  
3 Ministry of Finance without any success.

4 When one listens to DEBTOR5, one gets a  
5 tale of woes and more woes:

- 6 1. He was beaten up by the Police;
- 7 2. taken to Court by his spouse and the  
8 Court awarded her three properties he says  
9 he owns;
- 10 3. Judge with Policemen forced entry into  
11 his house and on seeing a tea cup in the sink,  
12 he was locked up for three months, as he was  
13 instructed not to go back to that house;
- 14 4. shares in listed companies sold and he  
15 did not get the proceeds;
- 16 5. and, of course, the two matters  
17 mentioned above.

18 Mr. Hendricks remains adamant that his funds  
19 were placed with CMB and he has not yet  
20 encashed them. We have advised him that  
21 FINSAC did not pay out commercial paper  
22 investors but still he maintains his claim.  
23  
24  
25

1 We are unable to offer any further  
2 assistance to DEBTOR5 and thus  
3 have decided to refer the matter to the  
4 Board for some directive.'

5 MR. MOODIE: Could we have an exhibit number, Mr.  
6 Chairman, and could that be entered?

7 COMM. BOGLE: 22/11.

8 MR. MOODIE: Could you now, Mr. Campbell, indicate  
9 the response of the Board by the  
10 submission dated August 30, 2010.

11 A: This is an extract from the:  
12 MINUTES OF THE MEETING OF BOARD OF  
13 DIRECTORS OF FINSAC LIMITED 7 FINANCIAL  
14 INSTITUTIONS SERVICES LIMITED HELD ON  
15 AUGUST 30, 2010 AT 10:00 A.M. AT THE FID  
16 BOARDROOM, 1 SHALIMAR AVENUE, KINGSTON 3  
17 Present were:

18 Mr. Robert Martin - Chairman  
19 Mr. Ainsley Mitchell - Director  
20 Mrs. Bridgett Wilks - Director  
21 Mr. Devon Rowe  
22 Mr. Errol Campbell

23

24

25



1 Apologies for Absence:

2 Apologies were tendered for Mrs. Viralee  
3 Latibeaudiere who was unavoidably absent  
4 as she was ill.

5 MATTERS FOR BOARD DECISION

6 **Claim by DEBTOR5**

7 The Board considered the claims by  
8 DEBTOR5 and directed that he be  
9 advised that our records do not support  
10 his claim that funds are due to be paid  
11 to him.

12 MR. MOODIE: I am going to ask that this document be  
13 entered into evidence, Mr. Chairman.

14 COMM. BOGLE: EC 23/11.

15 MR. MOODIE: Mr. Chairman in relation to the  
16 allegations these documents submitted  
17 speak for themselves, so I will not ask  
18 Mr. Campbell for any further comments  
19 unless you have any questions.

20 We move on now to complaint of

21 DEBTOR7. DEBTOR7 as the

22 transcript reference, Mr. Chairman, is

23 April 12, 2011. DEBTOR7 alleges that

24 he was treated unfairly by FINSAC and

25 that he was not given an opportunity to

1 negotiate with FINSAC and the details of  
2 his balance were incorrect.

3 Mr. Campbell, could you indicate what  
4 your search of the records of FINSAC  
5 have indicated in relation to the  
6 allegation of DEBTOR7?

7 A: I will, Mr. Moodie. The main item we  
8 wish to bring to the Commission's  
9 attention is an internal memorandum,  
10 well, before I say that, let me just  
11 remind the Commission, it was previously  
12 advised that when FINSAC acquired the  
13 loans and in particular the ones from  
14 National Commercial Bank, the loans with  
15 a principal balance below Five Million  
16 Dollars remained at NCB. They managed  
17 them for a period of time for FINSAC and  
18 the ones with principal balances in  
19 excess of Five Million were transferred  
20 to FINSAC and FINSAC dealt with those.  
21 His being one of those with principal  
22 balance below Five Million remained at  
23 NCB and NCB managed it on behalf of FINSAC.  
24 So in the process of NCB managing it, he  
25 would have been interfacing with them

1 and at a point he had a submission --  
2 he brought a proposal to NCB which NCB  
3 prepared and submitted to FINSAC for  
4 approval. So he did in fact get some  
5 sort of relief from FINSAC except, of  
6 course, the proposal having been  
7 approved, he never settled it so the  
8 loan was subsequently transferred to  
9 FINSAC.

10 The memo you have, I am not sure if it  
11 says October 2000 or 2001, but it should  
12 really be 2000.

13 COMM. BOGLE: Which one, I got two documents?

14 A: In this table that you have, Item No. 3  
15 under the section, 'FINSAC's Response',  
16 I am just saying the date of the  
17 transfer should be 2000.

18 MR. MOODIE: So, there is a correction in the fourth  
19 column of the Table, Debt Transferred to  
20 FINSAC in 2000 as opposed to 2001 which  
21 now appears.

22 A: Yes. So I am saying prior to that he  
23 would have gone into NCB with a  
24 proposal, NCB record it to FINSAC,  
25 FINSAC approved it. They were to pay





1 Collector, and remains in storage at  
2 Robinson and Company. So far a  
3 purchaser has not yet been found.  
4 DEBTOR7 has deposited \$1XX,000 from a refund  
5 of pension contributions which he received  
6 when he resigned from the CCC Limited. We are  
7 also in possession of a letter which confirms  
8 the intention of General Transport and  
9 Equipment Services Limited to contract  
10 DEBTOR7 to provide haulage services with an  
11 average remuneration of \$1XX,000 monthly.  
12 Debtor is proposing that we return the truck  
13 and that \$5X,000 monthly will be paid from  
14 the income the truck  
15 generates. At this rate, the principal debt  
16 will be retired in approximately ten months.

17 **RECOMMENDATION.**

18 Authorization is requested to accept  
19 debtor's proposal based on the  
20 following:

- 21 1. Since the truck was seized in September  
22 1997, no bids were made on it.

1                   2. Monthly storage fees of \$X,000 are  
2                   being made which are increasing the debt.

3                   3. DEBTOR7 has constantly been in dialogue  
4                   with the Bank and has shown his commitment by  
5                   depositing \$1XX,000 in May 1998 to reduce the  
6                   debt.

7                   4. We will still maintain a charge over the  
8                   truck. The debtor's wife is the owner of a  
9                   1989 Nissan Pick-up and is willing to give  
10                  us a charge over it. This will deepen the  
11                  commitment to retire the debt and to reduce  
12                  our exposure.

13                  However, if debtor fails to meet his  
14                  obligation, we will repossess the unit and  
15                  we are requesting authorization to pursue  
16                  legal action.

17                  This is signed by N.F. Marsh

18                  Assistant General Manager

19                  and

20                  Belinda Brown.

21                  Analyst.

22                  This was submitted and approved by FINSAC

23                  but because DEBTOR7 did not  
24  
25

1 service this while it was at NCB it was  
2 subsequently transferred to FINSAC and  
3 later sold to Jamaican Redevelopment  
4 Foundation.

5 MR. MOODIE: Thank you. Could we enter that  
6 memorandum dated October 13, 1998 into  
7 evidence, Chairman?

8 COMM. BOGLE: EC 24/11. Go ahead.

9 MR. MOODIE: We are about to move onto DEBTOR10.

10

11 COMM. BOGLE: There was another document that we got.

12 MR. MOODIE: That document, we are not putting into  
13 evidence, it's the same thing, its  
14 earlier in time and gives the same  
15 information and so we only wish to  
16 submit the joint memo dated October 13  
17 1998.

18 MS CLARKE: I am sorry. Mr. Chairman the document  
19 being at hand, you know, if there is one  
20 distinction between them which may have some  
21 significance is the date. I would like for  
22 it to be considered.

23 MR. MOODIE: We have no other document we are  
24 submitting before the Commission,  
25 Mr. Chairman.



1 MS CLARKE: It being at hand, I am sorry  
2 Mr. Chairman, it is a memo, Recon Trust  
3 Account dated June 9, 1989; Classified  
4 Debt - DEBTOR7.

5 COMM. BOGLE: Ms Clarke, FINSAC does not wish to  
6 present this, however, if in examination  
7 you wish to present you may, but FINSAC  
8 at this time does not wish to present  
9 it.

10 MS CLARKE: Very well.

11 MR. MOODIE: Thank you Mr. Chairman. DEBTOR10,  
12 the transcript reference is March  
13 8....

14 COMM. BOGLE: Just before you move on; therefore, the  
15 debt was sold to JRF and then to IAS so  
16 therefore FINSAC has no further  
17 interest.

18 A: That is correct.

19 MR. MOODIE: Yes, the transcript reference to  
20 DEBTOR10 March 8 2011, he  
21 alleges that FINSAC failed to correspond  
22 with him and rejected his offer to pay  
23 fifty percent of his debt during the  
24 window of opportunity. Have you got a  
25 chance to research the records as it

1 relates to DEBTOR10?

2 A: I have.

3 Q: Could you indicate what the records have  
4 revealed in relation to his allegation?

5 A: There were in fact a number of  
6 correspondences between FINSAC and  
7 DEBTOR10, some which he has already  
8 tendered into evidence.

9 Q: Would that be correspondence which  
10 appears in the list as correspondence  
11 dated June 6, 2000, August 13, 1999,  
12 July 28 1999, July 20, 1999 and March 16  
13 2000?

14 A: Yes indeed.

15 Q: Those letters, as the table indicates  
16 Chairman, were already tendered in  
17 evidence as exhibits when DEBTOR10 was  
18 giving evidence. Yes, could you please  
19 indicate what the records of FINSAC have  
20 shown in respect of the proposal by  
21 DEBTOR10 to reduce his debt?

22 A: The proposal was rejected and FINSAC  
23 offered to take principal plus fifty  
24 percent of interest in settlement of the  
25 debt provided it was paid within a six

1 month period but this was not paid.

2 Q: We wish to tender -- do you have with  
3 you Mr. Campbell a memorandum, inter-  
4 office memorandum from CREDIT OFFICER to  
5 Mr. Patrick Hylton dated June 15, 1999?

6 A: Yes, I do.

7 Q: Could you read that memorandum and then  
8 afterward Chairman, I ask that it be  
9 tendered, Chairman?

10 COMM. BOGLE: Could we have a copy of it.

11 MR. MOODIE: Mr. DePeralto has been given a copy.

12 A: Mr. Chairman...

13 Q: June 15 1999, memorandum to Mr. Patrick  
14 Hylton from CREDIT OFFICER, could  
15 you read that please?

16 A: Inter office memo to Patrick Hylton from  
17 CREDIT OFFICER dated June 15 1999  
18 regarding DEBTOR10 trading as CCs  
19 and that was a debtor with  
20 Citizens Bank, the debt originated at  
21 Citizens Bank.

22 **Captioned client's indebtedness totaled**

23 **\$X MILLION as at today's date and**

24 **broken down as follows:**

25 **Demand Loan - \$5XX,000.00**

1 Overdraft facility - \$5XX,000.00

2 In a meeting with client in December,

3 1998, client advised that an arrangement

4 was worked out at Citizens Bank for them

5 to pay \$1X,000.00 per month effective

6 October, 1998. However, there is

7 nothing on file to confirm this

8 arrangement. The client paid \$1X,000 in

9 October and November, 1998 and no

10 further payment on account to date. As

11 a result demand was made and Statutory

12 Notice reserved January 7, 1999.

13 Client advised that DEBTOR10 trading as CCs

14 was defunct and has been for quite a

15 while.

16 The property at Irish Town which is the

17 principal security was auctioned on June

18 10, 1999 but there were no takers.

19 Q: Could we give that one an exhibit number

20 and admit it into evidence, Chairman?

21 A: EC 25/11.

22 Q: The other two letters which I would ask

23 Mr. Campbell to read have already, as

24 far as I am able to ascertain, been

25 entered into evidence but I think it's

1 important in responding to the  
2 allegation to ask Mr. Campbell to go  
3 through those two particular letters.  
4 The first would be the letter dated July  
5 20, 1999 to DEBTOR10. Do you  
6 have that letter dated July 20 1999?

7 A: I do.

8 Q: And have you seen that letter before?

9 A: Yes, I have.

10 Q: That letter was also among the FINSAC  
11 files relating to DEBTOR10 and  
12 CCs?

13 A: That's correct.

14 Q: Please read the content of that letter?

15 A: **Letter dated July 20, 1999.**

16 **DEBTOR10 trading as CCs**

17

18 ,

19 ,

20 **St. Andrew**

21 **Dear DEBTOR10:**

22 **Re: Your indebtedness to FINSAC**

23 **Limited.**

24 **Thank you for your letter dated July 19,**  
25 **1999. The proposal as outlined therein**

1 is unacceptable to us as the sum offered  
2 in settlement is way too low.

3 The balance outstanding on the accounts  
4 as at July 20, 1999 totals \$X MILLION  
5 and is accruing interest daily at the  
6 rate of \$4XX.00.

7 Therefore, please let us have a new

8 proposal, one that will be to the  
9 benefit of both parties within seven  
10 days of the date hereof, failing which  
11 we will proceed to recover our exposure.

12 That is signed by CREDIT OFFICER and  
13 CREDIT MANAGER on behalf of the FINSAC.

14 Q: There is a document that is attached to  
15 that letter, could you identify that  
16 document?

17 A: This is a statement that was prepared  
18 and submitted to DEBTOR10 which shows  
19 how the balance of \$1,XXX,000 was

20 arrived and as mentioned ..

21 MS CLARKE:

22 Sorry, the witness has asserted that this is  
23 the statement that was prepared and  
24 submitted to DEBTOR10. I would have no  
25 difficulty with the assertion if there was  
some correspondence, if the



1 I take counsel's point but certainly I think  
2 that is a matter she can pursue at the  
3 appropriate time.

4 MS CLARKE:

5 Mr. Chairman, I am not testing the validity  
6 of the document, I am simply here seeking to  
7 establish the source of the assertion by the  
8 witness as to it is a document that was sent  
9 to

10 Mr. Campbell. All the witness has said, he  
11 has retrieved these documents from certain  
12 records. Now there is nothing here, as far  
13 as I am concerned, based upon which this  
14 witness can say assertively that this  
15 document was sent to DEBTOR10, so it is not  
16 the document per se that I am testing or  
17 having any difficulty with, it is actually  
18 the evidence that is now proceeding from the  
19 witness, so I am simply asking that he  
20 indicates, if he is able, on what basis he  
21 is now asserting that this is a document that  
22 was sent to DEBTOR10. If he is not able to  
23 say so assertively, perhaps he should so  
24 indicate, that is as to whether it was sent  
25 to DEBTOR10.





1 statement be admitted in evidence.

2 COMM. BOGLE: We will admit both documents, but on the  
3 proviso that there is no proof that it  
4 was sent to DEBTOR10.

5 MR. MOODIE: Certainly Chairman.

6 MS CLARKE: Are we admitting them as one document  
7 because they are stabled to each other  
8 as of now, or it ought to be, since this  
9 one is in evidence to admit the  
10 statement -- I am suggesting that we  
11 admit them as two separate documents.  
12 COMM. BOGLE: We can but in any case...

13 MS CLARKE: There is nothing to connect them to each  
14 other.

15 MR. MOODIE: I have no difficulty with that.

16 COMM. BOGLE: No problem with that, the letter itself  
17 will be 26/11 and the statement will  
18 then be 27/11.

19 MR. MOODIE: Could you move on, Mr. Campbell, to read  
20 the letter dated July 28, 1999?

21 A: **Letter dated July 28, 1999.**  
22 **Messrs DEBTOR10.1 & DEBTOR10**  
23 **Trading as CCs**  
24

1 St. Andrew

2 Dear Sirs,

3 Re: Your Indebtedness to Finsac Limited

4 Thank you for your letter dated July 23,  
5 1999, enclosing the revised proposal. This  
6 is to advise that it has not been accepted  
7 as it is insufficient to cover the principal  
8 and would also leave a balance of  
9 \$4XX,000.00 representing interest.

10 In light of your indication to settle this  
11 debt, if the principal outstanding is  
12 settled in full within thirty days, fifty  
13 percent of interest would be deferred and  
14 the balance payable over a six month period.

15 Please note that the deferral of fifty  
16 percent interest is conditional on  
17 receiving the principal payment within the  
18 thirty days.

19 The balance outstanding on the accounts as  
20 at July 28, 1999 totals \$1,XXX,000 and is  
21 accruing interest daily at the rate of  
22 \$4XX.00.

23 Therefore, please let us have  
24 confirmation of this proposal within  
25

1                   **seven days of the date hereof, failing**  
2                   **which we will proceed to recover our**  
3                   **exposure.**

4                   And that letter is signed on behalf of  
5                   FINSAC by CREDIT OFFICER and CREDIT  
6                   MANAGER

7           Q:           Let me ask that this letter be exhibited  
8                   again as .

9   COMM. BOGLE:       28/11.

10   MR. MOODIE:       Are you able to indicate, Mr. Campbell,  
11                   whether in fact that proposal was  
12                   accepted and complied with by DEBTOR10,  
13                   as far as your recollection from the  
14                   file?

15           A:           As far as my recollection from the file,  
16                   no, he did not settle the debt within  
17                   the time period granted, as a result the  
18                   loan was sold to Jamaican Redevelopment  
19                   Foundation.

20   MR. MOODIE:       Thank you.

21   COMM. BOGLE:       Just a minute.

22   COMM. ROSS:       Mr. Campbell, can you tell us a little  
23                   bit about the headings in the  
24                   attachment.

25   COMM. BOGLE:       That is EC 27/11?

1       COMM. ROSS:               First Interest in Arrears, Interests  
2                                   suspended (transferred) and interest  
3                                   suspended (accrued). Could you tell us  
4                                   something about that, what is it in  
5                                   comparison to the various columns?

6           A:                    I am aware that at FINSAC we basically  
7                                   had three interest categories, yes.  
8                                   Most accounts would have all three. I  
9                                   really don't recall which heading is  
10                                  which but I can tell the three  
11                                  categories generally. One would be the  
12                                  interest that accrues within a ninety  
13                                  day period just before the loan was  
14                                  classified as a bad debt, this is while  
15                                  it is still at the institution. The  
16                                  second one would be the interest that  
17                                  accrued after that ninety days up to the  
18                                  point when the loan is transferred to  
19                                  FINSAC and the third one would be the  
20                                  interest accrued since the loan was  
21                                  transferred to FINSAC. I really don't  
22                                  remember the headings for which but  
23                                  those are the three categories, so if  
24                                  you want me to say it again...

25       COMM. ROSS:               Say it again.



1                   that three months, the bank -- if they  
2                   had put it to profit, then they need to  
3                   reverse it from profit; that figure is  
4                   suspended. Having classified the  
5                   account as bad debt they continue to  
6                   accrue interest for however long  
7                   thereafter and at the point now when the  
8                   account is transferred to FINSAC you  
9                   have those two separate interest figures  
10                  and having transferred it to FINSAC,  
11                  FINSAC continues to accrue interest and  
12                  that figure is reflected separately. I  
13                  really don't remember the headings but  
14                  that is what the three interest figures  
15                  relate to.

16   COMM. ROSS:       Ladies and gentlemen, at this time, we  
17                      will have our lunch break and we will  
18                      resume at 1:30.

19                      L U N C H E O N A D J O U R N M E N T  
20                      O N R E S U M P T I O N

21   COMM. BOGLE:     Ladies and gentlemen, this enquiry is  
22                      now in session and Mr. Campbell, just to  
23                      remind you that you are still under oath

24   MR. CAMPBELL:    Yes, sir. My apologies, matter I had to  
25                      deal with so I was running late.





1 Limited and just about  
2 the same time DEBTOR3 submitted a  
3 proposal as well which he would have  
4 been fully aware by then that this was  
5 the intention of FINSAC. Now, one of  
6 the bids that was submitted was a bid  
7 for \$1x million from CT which DEBTOR3  
8 is alleging ought to have been  
9 considered since that would have been,  
10 in his estimation, the highest bid, but,  
11 as we have stated in here that bid was  
12 to purchase the entire asset portfolio  
13 of this company which FINSAC did not  
14 have control of, so as a result it could  
15 not have been accepted.

16 Q: Was a valuation of DEBTOR3IBS ever obtained?

17 A: A valuation was obtained, yes, and it  
18 shows that the value of the shares was  
19 nil.

20 Q: Could I ask that the Commission be given  
21 a copy of that valuation, valuation  
22 dated May 2000, Commissioners, do you  
23 have that valuation with you?

24 COMM. BOGLE: Yes.

25 Q: I would just ask you Mr. Campbell to

1                   turn to page 23, you have the document  
2                   there with you?

3           A:           Yes, I do.

4           Q:           Is that the valuation of which you  
5                   speak?

6           A:           Yes, it is.

7           Q:           And that valuation was among the FINSAC  
8                   files that you have seen before?

9           A:           That is correct, yes.

10          Q:           May I ask you, Mr. Campbell, just to  
11                   read the portion on page 23 which is  
12                   practically the last page of the  
13                   valuation which is highlighted in bold?

14          A:           The valuator's state that in their  
15                   opinion and subject to restrictions and  
16                   assumptions expressed elsewhere in this  
17                   report, there is no value attached to  
18                   the shares held in DEBTOR3IB Limited.

19  
20          Q:           Are you able to say who provided this  
21                   valuation?

22          A:           Sierra Associates. S-I-E-R-R-A  
23                   Associates.

24   COMM. BOGLE:       Can we hear a little about who are these  
25                   persons?