

**COMMISSION OF ENQUIRY
INTO THE COLLAPSE OF FINANCIAL INSTITUTIONS IN JAMAICA
IN THE 1990'S**

**THE JAMAICA PEGASUS HOTEL
81 KNUTSFORD BOULEVARD
KINGSTON 5**

SUBMISSION OF:-

NAME : DEBTOR 8

ADDRESS -

PROFESSION -

PU

RPOSE OF THIS SUBMISSION

In making this submission, I do so with the sole purpose of assisting the Commission in fulfilling its mandate which includes among other things, an assessment of the factors that caused the financial crisis and whether or not the debtors were fairly treated by FINSAC Limited and Jamaican Redevelopment Foundation, Inc(JRF).

I also do so with the intention of arriving at whether or not the debtors were equally treated by the said companies mentioned above.

It is my hope that the following areas will be fully investigated by this Commission:-

- Causes of the financial crisis
- How the banks calculated the debts that were transferred to FINSAC
- FINSAC'S calculation of the debt sold to JRF
- Who certified that these debts were accurate and truly reflected what was owed by the debtors
- *Who gave FINSAC and JRF the authority to treat these debts in the same manner as a commercial bank*
- What Act or Instrument gave that person or those persons the authority to do so and was this constitutional?
- Were all debtors treated fairly and most importantly, equally? If not, why?
- Were politicians or persons closely associated with the political parties singled out for special treatment (sweetheart deals)?
- Were certain debtors, to include certain politicians singled out for harsh treatment, and if so, why and by whom?

[REDACTED]

[REDACTED]

It is not my intention to use this Submission to simply highlight the problems I had in trying to settle the debts associated with me but to use

m

y experience to show the similarities which exist with other debtors who have appeared before this Commission.

REALITIES OF THE 1990s

In examining the factors that caused the financial crisis and whether the debtors were treated fairly and equally by FINSAC/JRF, it is important to take our minds back to the period of the early 1990's and try to recall the realities that were on the ground at that time.

The country's debt burden was heavy. The government was trying to have our debts forgiven by certain countries, to include the United States of America. There were certain conditions which these countries required.

Growth was minimal.

Exports were down.

imports were up.

Manufacturing was down.

Small and medium sized hotels were in trouble.

We needed to boost agriculture.

The NIR was almost non-existent,

The nation was called upon to 'produce' our way out of the problem

I distinctly remember that the banks were called upon to assist in this Production Drive.

Certain banks responded much more than others. For example -

- NCB,
- Workers,
- Century National

Loans were made available to many entrepreneurs who heeded the call for production, especially in the areas of tourism and agriculture.

Loans were made to parents to educate their children and to re-tool and multi-skill themselves.

Some banks became more caught up in the production drive and themselves, entered areas such as tourism and agriculture, also with a view to earning foreign exchange. I will not debate the wisdom of whether or not these banks ought to have ventured into these areas....) leave it to the historians.



Thus, an increased need for foreign exchange.

In 1991, the liberalization of the Foreign Exchange Market took place. There was now a high demand for the United States Dollar.

We had a lot of Jamaican dollars chasing after the US Dollar, and the speculators were out in full numbers.

The value of the Jamaican Dollar was tumbling.

Inflation was skyrocketing. The competition for the US Dollar by government, the private sector, or just the small entrepreneur who wanted to meet basic expenses was indeed very active.

Action was required.

HIGH INTEREST RATE REGIME

The government, [REDACTED], introduced a high interest rate policy which most of us will agree, is an effective tool to achieve certain objectives such as-

- Tightening liquidity to discourage currency speculators, thus protecting our exchange rate and controlling inflation.

The problem is, the government erred significantly in maintaining the high interest rate for much too long a period. This tool is best used for short periods followed by a period of assessment but certainly not for protracted periods of years,

If I may use an analogy, in a case where damage is done to a main artery in the limb of a person, it might become necessary to apply a tourniquet to stop the bleeding, however, if it's going to be for a prolonged period, it is essential to relax the tourniquet to allow some blood flow to reach the limb. Failure to do this would result in death of that part of the limb, distal to the tourniquet. So, what is a good and necessary procedure, could end up in the death of the limb.

So it was with the high interest policy. It was maintained for much too long a period. So, the situation that was created in the financial sector was the entrepreneurs who had well established business plans, to include a set interest rate of say between 18 and 20 percent, now found themselves being forced to repay their loans at an interest rate above 60 percent, in most cases. This was due to the fact that the government was offering somewhere between 50 and 60 percent on Government Paper. So, for the banks to compete as well as to make a profit for their shareholders and to cover the bank's expenses, they were forced to 'jack up' interest rates.

The desperate entrepreneurs, as well as fathers and mothers who had simply mortgaged their homes to cover their children's educational expenses as well as to cover health expenses, now found themselves in a real tsunami.

The desperate clients of the banks were offered overdrafts from which the bank managers would take loan payments. Like a drowning man clutching to a straw, they took up the offer which now saw them paying interest rates as high as 120 percent on overdraft. They were now paying back loans above 60% and trying to service an overdraft with an interest rate as high as 120%.

T

here is no way any legitimate business or persons on salary could service these loans. The government ought to have been aware of this situation. Not even the best of the illegal Ponzi scheme managers could maintain paying out 100% interest on funds they took in, so how on God's earth could anyone expect these clients of the banks to pay out above 60% interest on their loans and at the same time, service an overdraft at 120%? It must be clear to everyone that this was totally impossible.

I am standing on solid ground to say that any business that was able to service this type of loan, fell into the following categories:-

- Old money was introduced into the business;
- Assets of the business were sold off and downsizing took place;
- Unrelated assets were sold off

Or



So, the Problem on the around was very clear.

The clients of the banks were failing hence the bad debt portfolio was rising;

Deposits to the banks were decreasing;

And those banks that responded to the government's call for increased production and who would have had more of these entrepreneurs on their books and even themselves going into businesses which failed, those were the banks that found themselves in deep financial holes.

The situation in some banks was made worse by what became known as inter group transactions and other bad practices.

The banks that were very cautious and did not respond as much to the production drive, especially those that had to answer to their principals on foreign soil - they were able to survive.

We now found the financial sector heading into crisis, and thus the creation of FINSAC.

CR

EATION OF FINSAC

I believed then and I believe today that the creation of FINSAC was necessary. It was my understanding then that FINSAC'S role was to prevent the total collapse of the financial sector in Jamaica and to restore the sector to stability and growth.

FINSAC had two main approaches.

- 1. To deal with the Financial Sector and*
- 2. To deal with the debtors (Commercial and Individuals)*

The Financial Sector

- banks,
- insurance companies,
- credit unions and other financial institutions.

Not being privy to the internal workings of the financial institutions, and certainly not having the opportunity to examine their books in detail, I cannot truly comment on whether or not the treatment meted out to these banks was indeed the best possible approach available.

*My concern was that, having agreed that the National Commercial Bank was too big to fail, and removing its bad debt portfolio, this bank ought not to have been sold to any private individual or company unless there was no other option. it should have been offered to the workers and to the public by way of shares. It would have been very easy for **us** to change top management, if that **was** the problem, **and** improve on the monitoring **and** regulation of **the** financial-swSwrr. G a*

It is well known that this same bank with nearly all the same workers, in its first year of operation (after being sold), was able to achieve significant profits and contribute to paying the government, a portion of that which was owed to it.

I am in total agreement with the steps taken by FINSAC to protect the

- Insurance policyholders,
- The pensioners
- The small savers, and
- even the depositors

BUT, would certainly have placed a limit on how much the taxpayers of this country were called upon to bail out the large depositors.

Nobody can deny the positive outcomes in creating FINSAC as they relate to the Financial Sector, such as:-

- strengthening of the regulatory and legislative framework, and compliance issues.
- The ability to detect intergroup transactions early
- Increased participation of foreign institutions which would attract long term capital and skills.
- Restriction on cross section activities
- Retention of deposit insurance legislation
- Legislative power to supervise and demand full and timely disclosure
- Power to issue Cease and Desist directives to finally close
- Adopting more internationally accepted accounting practices
- Drafting of new insurance law and regulation
- Full reorganization of the Office of Superintendent of Insurance
- Development of a law to protect private pension funds

The Debtors (Commercial and Individuals)

[REDACTED]

Having put in place what the finance minister then said was -

A Committee whose responsibility it was to see how the government could help those commercial entities which could play a role in helping to restore the financial sector to growth

It is disappointing that we now hear of the difficulties these commercial entities had in trying to settle their debts and in some cases, assuming that the presentation made by these commercial entities is indeed correct, I would have to conclude that they were not treated properly.

I have no reason to doubt Dr. Omar Davies when he says that the members of the committee became fed up because all the debtors wanted was to have their debts written off and their assets returned to them.

In light of the testimony of many such persons before this Commission and the documents they presented to support their efforts to settle the debts of their commercial entity, as well as my own experiences, I would have to conclude that the explanation the Committee gave to the Minister, was indeed incorrect and unfortunate.

[REDACTED]

Minister Omar Davies also stated that **instructions were given that special considerations should be given to debtors where their primary residence was used as security for loans.**

I have not seen what these special considerations are. I have not been able to see them printed anywhere and I have no information as to who was given the responsibility to ensure that these debtors benefitted from considerations given to them by their government.

Again, based on the testimonies given to this Commission, and on my experience as it relates to my brother's debt, it is clear that these considerations were not given. Had they been, it would be unlikely to be

h

earing of the many sufferings driving some families into utter despair, having lost their primary residence as well as other business assets.

The case I recall most vividly, is the 81 year old lady who now finds herself living in a trailer, even after it is reported that she had made a deal with JRF, under the leadership of Joslin, to live in her house for the rest of her natural life.

BAD DEBTORS

So now, we have what some are calling the bad debtors. Who are these bad debtors?

- They are simply our entrepreneurs,
- Mothers and fathers borrowing money to assist children through school, and using their primary residence as security.
- Small hoteliers, borrowing money to improve and upgrade
- Farmers, borrowing money to increase production, and
- Individuals borrowing money for personal reasons, such as paying for health care.

They were good clients of the banks, meeting their obligations to the banks and other financial institutions, but met upon a high interest rate tsunami, which lasted **not** for the usual short period as a natural tsunami, but for years. These are our bad debtors.

I conclude and I believe all well thinking Jamaicans will conclude that absolutely no legitimate business could have survived this tsunami by repaying these high interest loans and servicing these ungodly high interest rate overdrafts, solely from the profits of business/ salaries.

Most persons are overlooking a 1 to 2 year period when the banks got the **o^pportunity of their lives** to compile the bad debtors list with a clear indication that the government/taxpayers would relieve them of this bad debt portfolio. This period and this request, opened the opportunity for abuse.

T

he banks then turned over the bad debt portfolio to FINSAC. The debtors were never given a chance to certify the accuracy of the debt.

I have the personal experience to know that where arrangements were in place prior to the debt being taken over by FINSAC, in some cases, the bank simply ignored those arrangements, and the loan sent over to FINSAC as a bad debt.

Where FINSAC erred as well as the government, [REDACTED] is in not monitoring the tabulation of these debts turned over to FINSAC. An accounting firm/s should have been in place to certify that the debts being turned over, truly reflected that which was owed by the debtors. This should also have been certified by the debtors. Where there was a dispute, the banks and their clients should have settled the matter before FINSAC took the debt.

INJUSTICE

The same injustice was done when the debt was to be sold to JRF. Debtors could not get a print out showing the interest rate charged and details of the statement of account for the period of time that the loan was with FINSAC. Don't forget that someone or some arm of government apparently gave FINSAC the authority to act as a commercial bank as it relates to these loans.

So what you would get, for example, is simply a letter stating

Dear Debtor,
Re: Liabilities with Refin Trust Limited (Subsidiary of FINSAC Limited),

Accounts in the name of debtor and it lists the debtor and the bank.
Principal \$, Interest \$ Total \$ per diem accruals
\$

No real statement of account to show how they arrived at such principal and interest, and this continued through the period the debts were with them, until sold to JRF.

*In one case that I know of, the debtor requested of FINSAC, **If you decide to sell my debt as well as any debt related to me, I reserve the right to make you an offer equal to that offer which you have received for the purchase of the debt.** No such was granted.*

The unkindest cut of all came when FINSAC sold the debt to JRF for some 17cents in the dollar and in some cases they did not have to even promise to pay for the debt unless they were able to sell the debt because these debts were placed in the category of 'hard to recover'.

MISTAKE

It was a mistake to have given JRF the right to act as a commercial bank where it relates to the charging of interest, especially since this company was not under control of:-

- The Minister/Ministry of Finance
- Financial Services Commission
- Banking Act
- Bank of Jamaica Act, and this company does not have the same obligations to the debtors as a bank would.

By so doing, this company was put in a position to abuse the debtors, with absolutely no recourse to the debtors but to beg for mercy, or take the matters to court.

There is no way the debtors could afford to pay the high profile lawyers for prolonged periods, to fight the case all the way to the Privy Council.

None of the debtors (to include myself) who believe we ought to challenge the constitutionality of anyone giving the right to this company to charge this type of interest rate as well as the right to act, in some respects as a commercial bank, can afford the legal expense to conclude this matter.

Thi

s is a grave injustice. The debtors were not treated fairly!

The testimonies before this Commission and certainly my own experience, clearly suggest, with proof, that offers far in excess of 17cents in the dollar were made by debtors for their debts.

[REDACTED]

So, for FINSAC to sell these debts for 17cents in the dollar without offering the debts to the debtors at a much higher rate, is contrary to this statement and is not in the best interest of the taxpayers. Having made the decision to sell, had FINSAC offered these debts in writing to the debtors for say 20 to 30cents in the dollar, and they refused, then no debtor would have a leg to stand on.

TREATMENT OF THE DEBTORS BY FINSAC/IRF

- Having listened to the testimonies before the Commission
- + Having seen in the media how debts of certain MPs/politicians were handled, with no denials;
- Having listened to the utterances across the Parliamentary floor

[REDACTED]

I am totally convinced that there appeared to have been more than one highway, leading to the clearing of one's debt. Unfortunately, because of what I know and see in the media, I am getting the impression that some politicians and some persons aligned to political parties, had a smoother highway on which to travel. Then, there were those of us who had to take the pothole riddled roads, with maior hurdles along the way, to try to clear our debts, and in most cases, we have still not reached our destinations.

CRUCIAL

It is very critical that John Public, the taxpayers of this country, have no doubt that the settling of these debts was done in a transparent manner, equal and fair to all debtors.

PERSONAL EXPERIENCE

I will not deal with my personal debt which was related to the purchase of [REDACTED] apartments. [REDACTED]

I will now use the instance of a debt related to my family, which I attempted to treat with, and show how it was dealt with by the bank, FINSAC and JRF.

Apparently, [REDACTED], my father, [REDACTED] (deceased) as well as my mother [REDACTED] (deceased), used their title to secure a loan of \$ [REDACTED] for [REDACTED].

The bank seems to have granted her three additional loans, thereafter, which, as explained to me some years later, the overdraft facilities which were used to service the first loans, and to operate a small business, were converted to loans, This also included a car loan of \$ [REDACTED].

By December 29, 1995, the overdraft was cleared from \$ [REDACTED] and account put in credit \$ [REDACTED].

By

January 2, 1996, the car loan was paid out.

On January 2, 1996, the loan for \$[REDACTED] was paid out.

On July 7, 1997, another loan for [REDACTED] was cleared. (This was the loan on which I was paying, but I cannot remember how it or the other loans came to be paid out.)

However, at the same time, I noticed that on January 2, 1996, the same date that other loans were cleared, a loan account was opened in [REDACTED] [REDACTED] name (our father) and was debited \$[REDACTED] for principal and interest of \$[REDACTED].

The only assumption I made, some years later, was that the bank, towards the end of 1995 and early 1996, was tidying up these accounts. Somehow, [REDACTED] [REDACTED] loans were cleared and [REDACTED] now had a new loan at 82 years of age. He would never have taken out this loan. The loan was apparently transferred to him and an account opened on the same day that [REDACTED] loans were closed, that is, January 2, 1996.

By August 21, 1996, a letter was addressed to [REDACTED] stating that, as of the close of business on August 19, 1996, his account reflected the balance and arrears quoted, and that he was to make an immediate deposit to clear.

Again, the banks must have been trying to tidy up their books. This certainly would have been a massive surprise to [REDACTED], had the letter reached him, but [REDACTED], in a letter dated August 27, 1996, informed the bank that she intercepted the letter and reprimanded them for showing what she described as callousness to a cardiac patient and requested that in future, all such documents relating to the loan should be referred to her, the borrower.

Apparently, she was unaware that the bank had somehow transferred the loan to [REDACTED]. Surprisingly, however, by March 9, 1998, the said loan was transferred to [REDACTED] and that refers to me. By March 11, 1998, a reversal takes place, and again, by April 9, 1998, by advice, an amount of \$[REDACTED] with interest, appeared on an account in my name, at NCB, now creating an overdraft in my name which showed a

figure of \$ [REDACTED]. Apparently, they now had an account with an overdraft to send to FINSAC and this became known as DEBTOR 8 National Commercial Bank Loan.

Let me be absolutely clear that the only thing I remember is that when the loans associated with [REDACTED] and secured by Father and Mother [REDACTED] stood at \$ [REDACTED], a letter threatening to sell my parents' house if the loan was not cleared, was sent to them. That would be somewhere towards the end of 1995 and January 1996. As the Lord would have it, the post office confused [REDACTED] with DEBTOR 8 and the letter came to me instead.

Being a [REDACTED] I was well aware of the damage that could be done to my aged and ailing parents, had they been surprised by this letter. This was the first time I knew about my parents using their primary residence to, secure a loan for [REDACTED].

I told my big brother, [REDACTED], and we both went to NCB, held discussions with the manager and verbally agreed to pay on this loan, which would be in the name of [REDACTED] and the security was changed from the residential property owned by my parents to commercial property on [REDACTED], owned by the family.

An arrangement was made to pay the loan for \$ [REDACTED] thus:-

- \$ [REDACTED] was to be paid from an account in the name of [REDACTED] [REDACTED]. The monthly payment was \$ [REDACTED], and
- \$ [REDACTED] was to be paid by me. The monthly payment of \$ [REDACTED] was to be debited to my current account.

The arrangement ran successfully until for some reason, the banks appeared to have had a better offer so the loans were first transferred to my father and ultimately to my name, and then passed on to FINSAC.

MY

DISCUSSIONS AND CORRESPONDENCE WITH FINSAC

I held discussions with FINSAC, explaining the nature of the loan and [REDACTED]
[REDACTED]
[REDACTED]

On January 5, 1999, I received a letter from [REDACTED] Credit Officer of FINSAC, saying they would be willing' to accept \$ [REDACTED] and giving me 30 days to conclude sale. I responded immediately, acknowledging discussions held and explained that the agreement was not that I should seek to get a Letter of Undertaking in respect of the property purchase, but a letter of intent to purchase the property.

I again responded to her on April 5, 1999, telling her that there is a draft agreement in place, but it was taking time to conclude the sale.

On January 12, 2000 I received a letter from [REDACTED] expressing concern in delay to settle debt and also stating they would be willing to accept cash and real estate. At this time, the debt was reported as being - Principal \$ [REDACTED] and Interest \$ [REDACTED]. Don't forget that this was the initial debt of \$ [REDACTED] made to [REDACTED]. [REDACTED] also expressed that he could consider some compromise on the interest.

On January 21, 2000, I replied to [REDACTED] explaining the nature of the loan and its origin. I was willing to surrender the properties to clear this debt, or simply await the conclusion of the sale to [REDACTED], and I would turn over sale proceeds to FINSAC.

Correspondence continued between myself and [REDACTED] [REDACTED], and by March 30, 2000, I received another letter stating that the debt was now at \$ [REDACTED] with a per diem accrual of \$ [REDACTED]. They also stated that they may accept \$ [REDACTED] being offered for the land as a partial payment on this loan, and that the matter between the [REDACTED] and myself, is private.

On April 3, 2000, I wrote them, still pleading with them to take the land and advising them that I thought it extremely unfair for [REDACTED] to be occupying the same lands used as security for this loan, refusing to give a fair price, refusing to pay lease/rental while in occupation, charging the vendors a fee for occupying, actually installing light and power as well as toilet facilities, tying my hands for sale to other interested persons, and at the same time, [REDACTED] FINSAC is holding the [REDACTED] land as security on a loan, [REDACTED]

[REDACTED]

By May 15, 2000, [REDACTED] wrote to say the offer was refused. At this time, [REDACTED]

[REDACTED]. Don't forget that a Valuation Report that I had obtained, quoted a value of \$14Million on this same parcel. The debt at that time, was \$ [REDACTED] +. [REDACTED]

DOES THIS SEEM LIKE A DEBTOR WHO JUST WANTED HIS DEBTS WRITTEN OFF AND HIS ASSETS RETURNED?

But this is what Dr. Davies is saying the Committee reported.

his debt was sold for 17cents in the dollar - approx \$ [REDACTED], and the value of the asset I was seeking for FINSAC to take, [REDACTED], was approximately \$21Million plus an additional \$7Million for compensation for occupying the land for 7 years, a total value of \$28Million.

On August 22, 2000, I wrote to [REDACTED], expressing how sorry I was that the board would not accept my offer and that I reserved the right to purchase the loan, if a decision to sell is made. I further expressed that I would offer that which the loan was being sold for at the time.

On March 26, 2001, I still continued to plead with [REDACTED] that the offer to take up the land or the \$8M be accepted.

On February 15, 2002, I received a letter from [REDACTED], Loan Recovery Manager for JRF, stating that this debt and other obligations have been acquired by JRF. Note, it was not until March 27, 2002, that I received a letter from FINSAC/Refin Trust Ltd., stating that the debt was sold to JRF Inc, from February 1, 2002, and that Joslin Jamaica Limited has been appointed by JRF Inc to service all such debts. Someone signed this letter for [REDACTED], General Manager for Asset Management and Divestment at i M . *So, this debt was sold for 27cents in the dollar and I had offered the land and was willing to forego* [REDACTED] *I felt strongly that a grave injustice was done here.*

MEETING WITH MR. DENNIS JOSLIN

[REDACTED]
[REDACTED] So, I decided to meet with Mr. Joslin. [REDACTED]
[REDACTED]

As the discussions developed, I became concerned that my debts as well as those relating to the rest of the family, were not going to be settled along

th
e same line offered to those persons who had encouraged me to go meet with
Joslin. All related debts, both principal and interest to date, had to be paid.

Armed with the information [REDACTED] I had to enquire why. The answer was unexpected and somewhat upsetting. He advised me as follows....

- *The **value** of your assets **being** held **as** security is much higher than the debt and **1** cannot **convince** my principals **to** write off any part of your debt, even the interest.*
- *Furthermore, I have **been** instructed that when it **comes** to any adjustments in your debts, the Ministry of **Finance as well as FINSAC** would **have to** agree.*

It was clear to me that I was to be treated differently and they would be in no hurry to settle the debts. Nevertheless, I had no choice but to proceed to negotiate in good faith.

On November 18, 2002, I wrote to Joslin Jamaica Limited, attention [REDACTED]
[REDACTED], advising that I will abide by the terms set out in a letter dated November 18, 2002.

To show I was serious, on November 25, 2002, I paid Joslin \$[REDACTED] via BNS cheque [REDACTED] and again, on December 15, 2002, I paid Joslin \$[REDACTED] via BNS Cheque [REDACTED] for other debts.

[REDACTED]

By December 10, 2002, Joslin wrote to me stating that he had a firm offer to sell both parcels of land on [REDACTED] This offer was made through a lawyer and the letter was shown, and he requested whether I would have any objections. I agreed immediately.

On December 13, 2002, I agreed to the sale of [REDACTED] and further asked that an unregistered lot for which we had a common law title, also be included since it was by way of [REDACTED] that it could be accessed.

On January 16, 2003, a letter was sent from Joslin to DEBTOR 8 requesting my agreement for his company exercising their right under the power of sale contained in the mortgages, to proceed.

On January 17, 2003 a letter was sent from DEBTOR 8 to Joslin stating my agreement and again asking that the third parcel of land be included. I also forwarded a pre-checked plan for all three parcels of land.

On January 21, 2003, I was advised of the relocation of Joslin's office

On January 24, 2003, Joslin wrote to DEBTOR 8 requesting titles for [REDACTED] to facilitate preparation of the agreement for sale, also stating the urgency to avoid abortion of sale.

On January 30, 2003, I wrote to [REDACTED], attorney-at-law, giving him the authority to proceed with sale of the said parcels of land in conjunction with Joslin and his lawyers, and stating how proceeds should be handled.

On February 3, 2003, DEBTOR 8 wrote Joslin advising that titles should be in his hand since NCB had both.

On February 2003 DEBTOR 8 wrote Joslin advising that I was ready to proceed with the sale and stated again how proceeds should be handled.

On February 12, 2003, Joslin wrote to DEBTOR 8 stating that in the interest of simplicity and expediency, I should proceed with sale of the lots through my attorney and he, Joslin, advised how the proceeds of sale should be handled. This was a total reversal of arrangement whereby he was to dispose of the lands at [REDACTED]. He then gave the name of the prospective purchaser as well as his attorney.

A

fter [REDACTED] started negotiations, it became very clear that this was not an open and shut deal, and ultimately, the deal fell through. I then understood why Joslin, on February 12, 2003, requested me to conclude the deal with my attorney.

On August 28, 2003, Joslin wrote DEBTOR 8, accusing me of lack of cooperation and failure to keep up with my agreement to him.

Note the steps taken to cooperate. The fault was certainly not mine nor that of my attorney. A conscious effort was made to ensure that there were no obstacles in the sale of these lands.

On September 1, 2003, I felt so drained for having tried so hard to dispose of this land [REDACTED], having not yet received a final yes or no, and also trying to close the deal sent me by Joslin, and to top it off, being accused of apparent lack of cooperation, so I simply advised Joslin that [REDACTED]
[REDACTED] I left it there, bein^g
fully convinced that these assets were no lon^ger ours, but would be taken over, at some stage, by Joslin/JRF when the value of the debt cau^ght up with the value of the property.

2004 to early 2005 - it appears JRF was changing the guards and Joslin was apparently leaving.

I took the opportunity to use this period to continue negotiations with the [REDACTED] but by the end of 2005, it was evident that the sale would not proceed and I had to take legal action [REDACTED] to vacate and pay compensation.

[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]

August 31, 2005 - This was the date of my next communication from JRF from [REDACTED] to DEBTOR 8, showing the debt at \$ [REDACTED] Principal, and Interest of \$ [REDACTED] with fees of \$ [REDACTED], a grand total of \$ [REDACTED]. Daily accrual \$ [REDACTED].

On September 10, 2005 [REDACTED]
[REDACTED]e, I got a call from [REDACTED]
advising that I was to receive a Demand Letter from JRF in the near future.

On Sunday, September 30, 2005, I wrote a strong letter to JRF. At that time, I was not aware who was in charge. I objected to the treatment of the debts and at the same time, pointing out what was told to me by Joslin concerning the treatment of my debts and the fact that Ministry of Finance as well as FINSAC had to agree on settlements. I spelt out all the loans I was attempting to settle. [REDACTED]

On October 10, 2005, a letter was written to me by [REDACTED] in essence stating that he took the effort to track down Joslin for a comment. The main point of the letter being...."I made special effort to track down Mr. Joslin and sought from him his specific confirmation that any such position had been conveyed to you and if so, who at FINSAC/Ministry of Finance had given such instructions?" I'm glad he knew where to find Mr. Joslin because most of us who were debtors and wanted him to confirm what arrangements were made with him to settle debts, could not find him.

[REDACTED]

[REDACTED]

I wonder if Mr. Joslin would have agreed to the many other things he said to me?

In early November 2005, a meeting was held between [REDACTED] of JRF, and myself.

[REDACTED]

[REDACTED]

[REDACTED]

From the testimonies given before this Commission, and from my own experience, this statement is as false as they come.

W

hen the Commissioners would have accessed this Debtors List with the appropriate information, they would be able to arrive at the truth. My concern runs very deep in light of the fact that I would be privy to discussions which took place, elsewhere, as it relates to the sale of these debts.

After receiving this letter from [REDACTED] I engaged the services of [REDACTED], attorney at law, to bring all debts related to me and the family to closure.

On July 17, 2006, an offer was made by me through [REDACTED] to [REDACTED] of JRF to settle.

On September 21, 2006, letter was sent from [REDACTED] to [REDACTED], thanking him for confirming acceptance of the offer and that DEBTOR 8 was to remit US\$ [REDACTED] by September 2006.

On October 4, 2006, DEBTOR 8 sent a BNS cheque [REDACTED] for the US\$ [REDACTED] to [REDACTED], attention [REDACTED], for initial deposit to JRF, and to await a document from JRF stating the conditions relating to the offer that was accepted. A serious misunderstanding arose with my lawyer and this matter was held up for a year and a half, resulting in the collapse of the agreement. NO FAULT OF MINE OR THE FAMILY.

Not giving up in trying to settle this matter, the family continued to seek sale for the said property held as security. We found a willing and capable purchaser and engaged [REDACTED], QC to deal with the sale of the property and [REDACTED], to negotiate with JRF. I wrote to [REDACTED] on January 28, 2008, stating that the family had received a purchase offer of \$40M for the 3 parcels of land on [REDACTED]. NOTE THE VALUE OF \$40M. We were advised 3 years prior, to sell for approximately \$13M.

I stated that we would like to accept this offer as well as I informed that [REDACTED]

W

ould be handling the sale, and that he would give an irrevocable undertaking to have sale proceeds for all 3 parcels of land placed in an interest bearing account under the joint control of JRF or its attorney and [REDACTED]. **No reply came.**

I sent another letter on Februa14, 2008, pleading for JRF to allow us to proceed because we would not like to lose the offer and pointing out that we had not received a reply to the letter of January 28, 2008.

On February 28, 2008, I wrote another letter saying there was no reply to the two previous letters...."I again beseech you to act on this matter urgently.....

Not getting anywhere, we took the matter to [REDACTED] and he wrote a letter to JRF on March 3, 2008, stating the urgency of disposing of the properties at this time and pleading ..."would you therefore authorise the sale of these properties and that proceeds of sale could be held in escrow in the joint names of attorneys at law acting for both parties, in an interest bearing account, pending settlement." **NO REPLY CAME.**

Lawyer [REDACTED], on Monday, September 15, 2008, sent an email to JRF attention [REDACTED] and or [REDACTED] stating again"our client Dr. DEBTOR 8 has received a good offer to purchase the holdings. We wish to proceed to contract. Kindly let us have a pay out figure to free the securities. Please regard this email as urgent. If you fail to respond we intend to ask a judge of the high court to intervene and give directions, concerning the sale and redemption of his securities." **NO REPLY CAME.**

On September 17, 2008 I wrote [REDACTED] again...."I again advise you that the family has found a buyer for [REDACTED] properties in [REDACTED], for which you are holding title deeds. We wish to redeem the security and pay out the amount owing in respect of the said property. Please let us have a payout figure in respect of these properties urgently." **NO REPLY CAME.**

SE

EKING HELP THROUGH THE COURT

We were now forced to put the matter in the hands of [REDACTED] of [REDACTED], who, on April 2, 2008 lodged a document in the Supreme Court, requesting the Court to order, direct, and approve sale of the properties, subject to application.

In the meantime, on November 18, 2009, he wrote to JRF stating essentially that there was an offer on the table. We suggested to them that we think it reasonable that they accept US\$ [REDACTED] which was the offer made a few years ago, since there was a decline in the value of real estate along [REDACTED], at that time.

For the first time after nearly three years, we got a reply from [REDACTED] attorney at law for JRF stating that she was instructed to advise that the offer was not accepted.

50. AFTER THREE YEARS OF PLEADING FOR PERMISSION TO SELL;
THREE YEARS IN WHICH THEY HAVE CHARGED \$ [REDACTED] DAILY,
WE HAVE GOT A TWO SENTENCE LETTER REJECTING THE OFFER.

So, we must now look to The Court for permission.

This 3-year time lapse COST ME (365 DAYS X 3 = 1,095 DAYS X \$11,006.54 IN DAILY ACCRUALS =\$12,051,000.57) and still rising!

Is this **justice?**

Is there **any resemblance to fairness?**

Does this **seem like a company which has a desire to settle?**

Or

Is it **that the value of the debt has not yet reached the value of the property pledged as security?**

CONCLUSION:

One can only conclude that the company appears to have no desire to settle.

The truth in this matter goes to a critical point in the terms of reference of the Commission. That is, whether or not the debtors were treated fairly by FINSAC and JRF, and by extension, whether they were treated equally.

It must be properly examined to see whether or not the debts of the politicians or those aligned to political parties were treated differently or in a more favourable manner than the debts of others, especially those who testified before this Commission.

To find the truth, it is not necessary for This Commission to take the word of DEBTOR 8, Dr. Davies or Mr. Joslin, or other individuals. This truth is easily obtained.

The Commission should have access to the Debtors List which would include those Cabinet Members and if not, it is easy to obtain this list, not just from FINSAC and JRF but from the final moments in the banks, before the debt was sent to FINSAC.

Look at the value of the debt , look at the value of the asset securing the debt, examine the write off, and the terms of repayment and conclude from this whether they were treated the same as those debtors who testified before you (including me)

[REDACTED]

Is there one Cabinet Minister, one Member of Parliament, or even persons closely affiliated to both parties, being asked to pay principal in full, the interest in full, fees in full, and daily accruals in full?

if it is proven that the debt of those who testified before this Commission and other debtors, as well as my debt and that of my family was treated differently, the question is why, and who so directed it?

Clearly, it was not in the interest of FINSAC or JRF to rush to settle the debt of persons whose assets valued more than their debts because the longer they remain on the books, the more money they would stand to gain because of the daily accruals.

Is the government being paid 17cents in the dollar as of the date the debt was acquired by JRF or is the government being paid 17cents in the dollar on that which JRF collects from the debtor? THIS QUESTION MUST BE ANSWERED.

The government should have had a mechanism in place to protect the debtors against this type of penalty in terms of the daily accruals and interest, especially in light of the fact that this company is not under the control of the

- Minister/Ministry of Finance
- Banking Act
- Bank of Jamaica Act.

Let the country judge. (THE END)

