

1                                Tuesday, 20th January 2009

2 (10.34 am)

3        HONOURABLE DEPUTY PREMIER FLOYD HALL (continued)

4                Cross-examination by MR MILNE (continued)

5 SIR ROBIN AULD: Good morning, everybody. I apologise for

6        my lateness. Yes, Mr Milne.

7 MR MILNE: May it please you, sir.

8                Mr Deputy Premier, we are going to be coming in

9        a few minutes to the documents which were disclosed to

10       the Tribunal last night, to the Inquiry last night.

11       Before we do so, can I just pick up on one or two small

12       points from yesterday which I think may need to be

13       clarified.

14                At one point during the questioning, the issue was

15       raised as to payments that you had received personally,

16       and you said your understanding was that the letters to

17       the Tribunal had mentioned a political donation of

18       \$150,000 made to you.

19                I think it is now accepted that in fact that was not

20       referred to in any of the letters sent through.

21 A. That is correct.

22 Q. Also, again there may have been some misunderstanding

23       here, you said at one point that as far as the PNP

24       accounts or account was concerned, you were a signatory.

25       There was a second signatory who was a lady called

1 Arabella Smith and I think you said or at least we  
2 understood you to be saying that you were the only two  
3 signatories.

4 A. That is not correct.

5 Q. I think you wanted to correct that today because it is  
6 certainly on the transcript it appears you were saying  
7 two signatories. How many signatories were there in  
8 fact?

9 A. What I was actually saying is that two signatories are  
10 required on all cheques, on all withdrawals to  
11 the party's account. There are actually three  
12 signatories on the account of which either two can sign.  
13 The three signatories are Arabella Smith, Michael Misick  
14 and myself.

15 Q. So as party leader, not surprisingly, he has the power  
16 to sign cheques on behalf of the party?

17 A. Correct.

18 Q. One other point and again this may have been my  
19 misunderstanding, but I had asked you about the fact  
20 that the Premier told us he received a salary from  
21 the party. Your evidence was that you were aware of  
22 an agreement that he receive a salary prior to  
23 the election?

24 A. Yes.

25 Q. I think you said he wasn't a Member of Parliament then.

1 A. Correct.

2 Q. He was a Member of Parliament?

3 A. He was not.

4 Q. Our understanding is that he was a member of the House  
5 of Assembly a while before he became party leader?

6 A. But at that time he wasn't. During that time he was not  
7 an elected member of party. He was the party leader but  
8 not elected.

9 Q. I see, so leader but outside the -- it was the  
10 Legislative Council, I think at that stage, is that  
11 right?

12 A. Correct. I also wish to clarify that notwithstanding  
13 the fact that he did not receive a salary, he still  
14 receives stipends from the party, assistance from  
15 the party on a regular basis as did all other  
16 candidates.

17 Q. We are going to come to that. You should have, I hope,  
18 a new bundle before you this morning which is -- we have  
19 marked it as Deputy Premier Floyd Hall, volume 2. Do  
20 you have that?

21 A. Yes, I do.

22 Q. A slimmer volume. My learned friend, on behalf of the  
23 Premier is waiting for a copy. That is also coming.

24 SIR ROBIN AULD: You and I are in the same boat, are we?

25 MR GOMEZ: Unfortunately, yes.

1 SIR ROBIN AULD: Mr Gomez, I am told that your and my copy  
2 are being copied now and being brought over and I have  
3 just asked for a few more because there may be other  
4 interested parties. I think what we will ask Mr Milne  
5 to do is to continue, take it slowly and if either of us  
6 is inconvenienced, we can ask him to go back.

7 MR GOMEZ: I discussed with my learned friend over  
8 the course over the last evening and this morning that  
9 my client has not seen these documents yet.

10 SIR ROBIN AULD: That is only because they were produced in  
11 the circumstances you know yesterday.

12 MR GOMEZ: I know the circumstances. I am not being  
13 critical of the Commission in any way. But it does put  
14 us at some disadvantage when it comes to examining this  
15 witness.

16 SIR ROBIN AULD: What I suggest, Mr Gomez, is, if you are at  
17 such a disadvantage and I am sure you will be, you  
18 reserve your cross-examination until you have had  
19 a chance to deal with the matter.

20 MR GOMEZ: I am obliged.

21 SIR ROBIN AULD: You will just have to pay close attention  
22 to anything that is coming up in case you think you  
23 would like to object to it or need to object to it, so  
24 that that can be dealt with later too.

25 MR GOMEZ: I am obliged.

1 SIR ROBIN AULD: I hope that you and I are better informed  
2 as the morning proceeds.

3 MR GOMEZ: What we can do, my Lord, instead of me objecting  
4 at that point is it could go in de bene esse, and if we  
5 have any real objection to it, we will raise it at the  
6 appropriate time.

7 SIR ROBIN AULD: Let's see how it goes. If you feel you  
8 need to reserve cross-examination, just say so. That  
9 applies to anybody else who may feel interested in this  
10 morning's cross-examination.

11 MR GOMEZ: My junior felt that I had not made it  
12 sufficiently clear that Mr Hoffman has not been in  
13 direct contact with Misick & Stanbrook and that in fact  
14 they were in contact with his attorneys in  
15 Turks & Caicos. I thought I had said that, but for  
16 the sake of the record and to make it abundantly clear,  
17 our instructing attorneys are not in fact being  
18 obstructive in any way and they have attempted to  
19 co-operate as best as they can with the Commission.

20 SIR ROBIN AULD: In relation to Mr Hoffman?

21 MR GOMEZ: In relation to Mr Hoffman.

22 SIR ROBIN AULD: I am sure and I am grateful to you for  
23 making that clear.

24 MR MILNE: Sir, I am going to take this relatively slowly  
25 and I will deal with generalities first. My

1 understanding of your evidence at least to begin with  
2 yesterday was that there was one account for the PNP and  
3 that was held with the  
4 First Caribbean International Bank.  
5 A. I indicated there was one account at  
6 First Caribbean International Bank, and when Sir Robin  
7 asked me if that was the only account, I told him that  
8 there was a loan account at Belize Bank.  
9 Q. Are there any other accounts apart from those two?  
10 A. There is a current account that is affiliated with the  
11 loan account at Belize Bank.  
12 SIR ROBIN AULD: Is the answer to that no?  
13 A. Only those two accounts to my knowledge.  
14 MR MILNE: That immediately, I am afraid, rather begs the  
15 question that the statements that we have received, and  
16 I appreciate that these were printed out at the request  
17 of the Commission. If you go to the tab 2 within this  
18 bundle.  
19 SIR ROBIN AULD: What shall we call this bundle?  
20 MR MILNE: Deputy Premier 2.  
21 SIR ROBIN AULD: Tab?  
22 MR MILNE: Tab 2.  
23 A. If I may comment?  
24 Q. Yes.  
25 A. Because I indicated to you that there is a loan account

1 and there is a current account that is affiliated with  
2 the loan account. So if you are asking me if there are  
3 two accounts at Belize Bank, that will be the answer,  
4 correct.

5 SIR ROBIN AULD: Two at the Belize Bank.

6 A. It is a loan account and a current account.

7 MR MILNE: You see what we have, certainly -- leave  
8 the first page for the minute, I will come back to that  
9 in a moment. The second page within that tab, it says,  
10 heading, "Progressive National Party Current Account".  
11 From which we take it this is the current account, which  
12 you have just mentioned.

13 A. Correct.

14 Q. Indeed, the statements appear to then reflect a current  
15 account. Are you saying, please take a moment to look  
16 through this because I realise that you may not have  
17 seen this for a while or indeed at all. Are any of  
18 these statements that we see before us the loan account?

19 A. If any of these statements is a loan account?

20 Q. Yes.

21 A. There will have to be the statement in the front there.  
22 The statement that has the name Jeffrey Hall, Floyd Hall  
23 and Michael Misick, that will be the loan account that  
24 we as members of the party took out in respect of the  
25 party.

1 Q. So will there be further statements from this single

2 statement?

3 A. There will be further -- this loan account was actually

4 established on 19th September 2008. So the activity

5 that you see on this page is all of the activity and

6 this was created to transfer the overdraft balance from

7 the current account to the loan account.

8 Q. So you took out a loan on behalf of the PNP?

9 A. Correct.

10 (10.45 am)

11 Q. It doesn't, with respect, mention the PNP, does it?

12 A. No, it doesn't.

13 Q. It is apparently a joint account between yourself, your

14 cousin, the Honourable Jeffrey Hall, who is obviously

15 a Cabinet minister as well, and the Premier?

16 A. Yes.

17 Q. So leaving aside what we know about this, on the face of

18 it, it is a joint personal account, presumably with

19 the three of you as signatories upon it?

20 A. Correct.

21 Q. But an account designed specifically to run a loan?

22 A. Yes.

23 Q. And that loan, the party appears to have borrowed

24 \$1.5 million?

25 A. Correct.



1 Q. Indeed, looking at this brief statement, because it  
2 does, as you say, only cover a short period,  
3 19th September 2008, that loan is creeping up.  
4 A. Correct.  
5 Q. What is the total facility on this?  
6 A. The total facility at present is 1,629,708.  
7 Q. Forgive me, I am probably not making myself clear. As  
8 of 1st January this year, the bank account stood in  
9 deficit to the tune of 1,629,708. So you had borrowed  
10 to that extent, but clearly you had borrowed an initial  
11 large sum and then further sums on top. How far can you  
12 go? Do you have a facility to 2 million, 3 million, 5?  
13 A. No.  
14 Q. What is the limit?  
15 A. I don't know the limit. The limit is basically the loan  
16 at present is accruing interest as you can see.  
17 Q. Yes.  
18 A. There is no limit.  
19 SIR ROBIN AULD: But before we get there, why does  
20 the drawing suddenly reduce the amount to draw from  
21 1.6 million to 419, with no entries indicating how  
22 the drawings to reduce it to that sum.  
23 A. I believe that is an error, or it is probably  
24 an internal record. I think the spending balance on  
25 this account is 1.6 million.

1 SIR ROBIN AULD: Still?

2 A. Yes.

3 SIR ROBIN AULD: So what are these figures, 419, 514, in

4 what seems to be the final balance account, suddenly

5 becoming minus 52913?

6 A. I don't know, because I would have to check and get

7 clarification from the bank. But to the best of my

8 knowledge, I think the balance ought to still stand in

9 the vicinity of 1.6 million.

10 SIR ROBIN AULD: But on the face of it the document suggests

11 on 19th September 2008, the three of you had been loaned

12 this large sum but a very precise sum of 1.576794.64 and

13 as of 1st January, the final balance was nil. You don't

14 owe anything.

15 A. Sir Robin, I do not think that is indeed the case. As

16 I say, I will have to check with the bank to get

17 clarification on this because to the best of my

18 knowledge, the loan account still has a large sum still

19 on it.

20 SIR ROBIN AULD: Why was the initial advance in such an odd

21 figure? Why not a round sum?

22 A. Because it was actually transferring -- if you were to

23 look at page 61 --

24 SIR ROBIN AULD: It has come from the current account

25 over --

1 A. Yes.

2 SIR ROBIN AULD: Yes, I see. So this is transfer from  
3 current account overdraft. So where are the repayments  
4 reducing it to nil now?

5 A. I don't believe it is a nil balance. As I said, this  
6 probably is an internal error with the bank. I will  
7 have to check with them or the Commission could check  
8 with them because I don't think that it is a nil  
9 balance.

10 MR MILNE: Essentially, we will come to it in a few minutes  
11 in a little more detail, the PNP opened, at some stage  
12 prior to January 2004, an account with the Belize Bank,  
13 and that account clearly had an overdraft facility upon  
14 it.

15 A. Yes.

16 Q. Back in 2004, so shortly after the initial election of  
17 the party to power, that was running at -- running  
18 in overdraft but running in fairly modest sums, would  
19 you agree, \$3,000, \$5,000 overdrawn. I am looking at  
20 page 2 here. As cheques were written out on it, it went  
21 up to \$10,000 and continued throughout 2004 at that sort  
22 of level. I think a payment in in April of \$75,000 was  
23 made and that brought it back into the black,  
24 into credit.

25 Then again cheques drawn, cheques drawn, cheques

1 drawn, back into overdraft, throughout that year.

2 Correct?

3 A. Correct.

4 Q. By the end of the year, the overdraft was topping

5 \$100,000, up to 134,000 but again a credit comes in,

6 100,000 paid in, another 24963 paid in. It goes on in

7 that fashion with payments out, payments in but mostly

8 operating in overdraft.

9 Yes?

10 A. Yes.

11 Q. Over the years, that goes up and indeed up and up until

12 eventually, and here it appears to -- the tipping point

13 came, one suspects, in the lead-up to the last election.

14 You went past the million dollar mark on your overdraft?

15 SIR ROBIN AULD: Page?

16 MR MILNE: That is page 41, sir. Within tab 2 of this

17 volume. Since the election, it has just kept on getting

18 bigger. Is that a fair assessment?

19 A. That is correct.

20 Q. Because in fact, since the election, forgive me, I am

21 not familiar with the precise date of the election in

22 2007 but when was that?

23 A. February 9th.

24 Q. So if we look at page 41, in fact that is February of

25 2007, where by the end of that month you were just over

1 \$1 million overdrawn, 1,095,000. From that point  
2 forwards, going through 2007, you are not facing  
3 an election and curiously nobody wants to give you money  
4 into this account because there are no further credits  
5 into the account.

6 A. Correct.

7 Q. There are, however, drawings and of course interest  
8 excess, the interest is racking up at the rate of some  
9 \$14,000 a month, roughly, bringing as to September of  
10 last year, 18 months on, where it is half a million more  
11 drawn since the election. That is the pattern of that  
12 account?

13 A. It appears so, yes.

14 Q. We have no ledger for this account, we have a ledger for  
15 the First Caribbean Bank, but no statements. We have  
16 statements for the Belize Bank but no ledger; is there  
17 a separate ledger for this account?

18 A. There is not a separate ledger for this account.

19 Q. Why is that?

20 A. To my understanding it wasn't supposed to be a primary  
21 operating account; it was supposed to be simply  
22 an account that facilitated the transfers from  
23 Belize Bank to the First Caribbean Bank account.

24 There should be statements for  
25 the First Caribbean Bank account.

1 Q. I am sure they exist.

2 A. You would have been provided with them yesterday.

3 Q. We have not been provided. We have what appears to be  
4 a ledger but I don't think we have any statements to  
5 these?

6 A. I provided statements as well.

7 Q. I will check on that because I have been working from  
8 the ledger. I understood that that was all that we had.

9 A. What I indicated to Mr O'Dea is that the ledger probably  
10 would have been a very straightforward process but in  
11 the yellow folder that he got yesterday also had  
12 statements and reconciliation reports.

13 SIR ROBIN AULD: Are you talking about the Belize Bank  
14 account now?

15 A. No, the First Caribbean bank account.

16 SIR ROBIN AULD: There must be a ledger in some sort of --  
17 or some form, however crude, for the Belize Bank  
18 entries?

19 A. No, unfortunately not.

20 SIR ROBIN AULD: Who was responsible for operating that  
21 account?

22 A. It would be myself and the Premier, but I didn't have  
23 access to the all the information at the time to create  
24 a proper ledger for it.

25 SIR ROBIN AULD: What would happen? Give us a for instance.

1     Somebody would say they want to draw something on the  
2     account and you would say: yes, here is a cheque; or  
3     what?

4     A. Sometimes the chequebook was in my possession but most  
5     times it was not.

6     SIR ROBIN AULD: Sometimes a cheque was what?

7     A. Was in my possession but most times it was held by  
8     the Premier for the Belize Bank account.

9     SIR ROBIN AULD: If it could be drawn to somebody in  
10    particular, if it were drawn to somebody in particular  
11    you would know that?

12    A. Not all times.

13    SIR ROBIN AULD: Did you sign cheques in blank on the PNP  
14    account.

15    A. Sometimes I did.

16    SIR ROBIN AULD: Why?

17    A. To facilitate a situation if I am not present or  
18    the other signatory were not present for matters to be  
19    dealt with.

20    SIR ROBIN AULD: Were sometimes those cheques signed in  
21    blank?

22    A. Sometimes they were.

23    SIR ROBIN AULD: So what record did the PNP keep of the  
24    cheque when ultimately filled out and used as payment?

25    A. For the Belize Bank account?

1 SIR ROBIN AULD: Yes.

2 A. I didn't keep a proper record of that account.

3 SIR ROBIN AULD: Did anybody?

4 A. I don't think so because most of the statements,  
5 the statements came -- didn't come in a systematic way.

6 SIR ROBIN AULD: But you are the Treasurer.

7 A. I am the Treasurer.

8 SIR ROBIN AULD: Throughout?

9 A. Throughout the party.

10 MR MILNE: If I can just be clear about it, this is  
11 an account upon which you have over the period of about  
12 four to five years run up 1.5 million in overdraft which  
13 is now converted to loan.

14 There are many payments out from this account, of  
15 course many interest payments taken but also cheques.  
16 Are we to understand then from your evidence that there  
17 is simply no independent record as to whom those cheques  
18 were made payable?

19 A. No.

20 Q. And no attempt was made to reconcile or to --

21 A. I made -- I have made attempts to reconcile it but at  
22 the end of the day I didn't have all the details  
23 available to me to pursue a proper reconciliation of the  
24 account.

25 SIR ROBIN AULD: What were in these accounts in the locked



1 room, in the PNP headquarters? What accounts were they?

2 A. The only thing I could think of that could be there

3 probably would have been minutes of meetings, if they

4 were ever kept, and probably a petty cash account.

5 SIR ROBIN AULD: How large sums were dealt with in the petty

6 cash account?

7 A. None.

8 SIR ROBIN AULD: None?

9 A. Funds would have gone there, but I think the largest sum

10 that probably would have gone there would average about

11 \$500, \$500 to \$1,000, I would say.

12 SIR ROBIN AULD: Has the key been found to that room now?

13 A. I was not involved in that process, sir.

14 SIR ROBIN AULD: Have you not taken steps to see that it

15 could be found and recovered?

16 A. No, I have not, because I don't know of that process.

17 SIR ROBIN AULD: You are on speaking terms with those in

18 the PNP office, are you?

19 A. Most of them, yes. But I didn't know how that situation

20 evolved, Sir Robin. Yesterday was somewhat enlightening

21 to me.

22 SIR ROBIN AULD: There are some accounts there, petty

23 account cash and some other things of which you have no

24 knowledge?

25 A. No.

1 SIR ROBIN AULD: The key hasn't been found yet, Mr Gomez,

2 has it?

3 MR GOMEZ: Sorry?

4 MR EDWARDS: I think that should be -- I think you need to

5 direct that at myself. Mr Gomez wasn't here last week.

6 As I understand it and speaking to my colleague

7 Akierra Missick, the actual office holder is a lady

8 called Terry Clare who is very ill at the moment and she

9 is in Miami. Due to her condition, her family are

10 unwilling to allow us any kind of access to her, even to

11 speak to her to find out where the key is.

12 SIR ROBIN AULD: You have a locksmith in this Territory, do

13 you? Do you have a locksmith here? I raised this last

14 week.

15 A. I presume so.

16 SIR ROBIN AULD: You could kick the door down if need be.

17 MR EDWARDS: I am sure I am strong enough to do that.

18 SIR ROBIN AULD: Could you make enquiries to see if

19 a locksmith could be engaged to unlock the door and for

20 some officer of the PNP to oversee that and to bring to

21 the Commission what's in there.

22 MR EDWARDS: Okay. I will do. I will pass your remarks on.

23 SIR ROBIN AULD: I am sorry, Mr Milne.

24 MR MILNE: Not at all, sir.

25 Mr Deputy Premier, I am just going to invite you to

1 stroll with me through the pages of this account so we  
2 get some sort of feel for it. If you go to page 9 in  
3 that section, behind tab 2. Do you have that?

4 A. Yes.

5 Q. A series of cheques written out on this account. We are  
6 going back to 2004 but one of them is for \$20,000. Do  
7 you agree?

8 A. Yes.

9 Q. Two pages on, page 11, there have been various small  
10 cheques around that. When I say small, I mean \$5,000,  
11 \$15,000, we get another 20,000, a \$55,000 pay-out on  
12 that occasion. Going forward to page 14, \$30,000 on one  
13 cheque, \$150,000 on another cheque of party funds being  
14 written out. You told us that there were three  
15 signatories. These cheques therefore would have been  
16 signed by at least two of those three signatories, yes?

17 A. I would imagine, yes.

18 (11.00 am)

19 Q. Lest be there any confusion, back in 2004/2005, were  
20 there any other signatories?

21 A. No.

22 Q. Just the three of you there?

23 A. Just the three of us.

24 Q. Moving on from there, \$25,000, on page 25. Page 27,  
25 \$60,000 cheque, debit memo of \$50,095, another \$50,010.

1 I hope the point is made but it carries on right  
2 the way through. This is not a petty cash account, is  
3 it? This is substantial large cheques being written  
4 out?  
5 A. Correct.  
6 Q. Not -- well, forgive me, I have not counted. One would  
7 have thought over the space of five years there would be  
8 a number of chequebooks but on any given month,  
9 probably, half a dozen, seven, eight, at the most  
10 cheques, perhaps more back in July 2004 but not large  
11 numbers of cheques. But large amounts of money, party  
12 money, donors' money, money that has been donated by  
13 those who are supporting your party, and it has been  
14 written out and written out and written out and you are  
15 telling us that there is no record of what this went on?  
16 A. No. What I can say about most of these large  
17 transactions to the best of my knowledge is that  
18 the large sums that would have been written out would  
19 have been in most cases transferred to  
20 the First Caribbean Bank account.  
21 Q. Why were you drawing on this account and not simply  
22 getting a facility on the First Caribbean account?  
23 A. Repeat that?  
24 Q. Why did you get a facility on this account, that is  
25 the Belize Bank, and not on the First Caribbean Bank, if

1 the First Caribbean Bank is your operating account?

2 A. We had security with Belize Bank that we could have

3 utilised in order to get a facility with Belize Bank.

4 Q. What was that security?

5 A. Real estate, private real estate that was used as

6 security.

7 Q. Which private real estate?

8 A. Private real estate in North Caicos.

9 Q. Belonging to whom?

10 A. Belonging to a member of the party.

11 Q. Was it one of the Cabinet?

12 A. No.

13 Q. Are we allowed to know who the private member was?

14 A. I guess, Royal Robinson.

15 Q. So Royal Robinson put up his property in North Caicos,

16 is that right?

17 A. Yes.

18 Q. As security for the Belize Bank. But I come back to the

19 point, why not put that security up for

20 First Caribbean International? Why have a second

21 account?

22 A. The second account as I indicated, we had donors for

23 the party who preferred utilising Belize Bank as opposed

24 to First Caribbean Bank.

25 SIR ROBIN AULD: I didn't hear that, forgive me.

1 A. We had donors to the party who would have preferred  
2 utilising Belize Bank as opposed to  
3 First Caribbean Bank.

4 SIR ROBIN AULD: Do you know why that was?

5 A. Some have preference with respect to confidentiality,  
6 with respect to ease of transfers and ease of  
7 processing.

8 MR MILNE: Did those people have personal links to the  
9 Belize Bank?

10 A. I am not -- in some cases -- I am not sure. Most of our  
11 donors -- I cannot say that an affiliate of Belize Bank  
12 would not have made a contribution to our party and in  
13 that case it would be one of the individuals. But we  
14 had other donors that utilised Belize Bank for its  
15 transactions. It had a reputation for expediting  
16 transactions, and I think in some cases people found  
17 difficulty in fact in transfers through other banks.

18 Q. Why not simply transfer all your banking to  
19 the Belize Bank in that case, if it was a more efficient  
20 bank than First Caribbean International.

21 A. In this country you have companies, organisations, all  
22 that have in some cases bank accounts with every bank  
23 here. It is the norm to have multiple bank accounts.

24 Q. I am sorry, I just fail to understand what the advantage  
25 is to you. I take on board the answer that you have

1 already given us that some people prefer one bank to  
2 another, but if they are donating to the PNP, and maybe  
3 it takes a couple of days more with one bank than with  
4 another, but surely they can't pick and choose which  
5 account you put it into, can they?

6 A. Well, the other thing you should know about Belize Bank  
7 is that they do not handle cash. First Caribbean Bank  
8 is a fully operational commercial bank that handles cash  
9 and cheques. Belize Bank deals specifically with  
10 non-cash transactions.

11 Q. Into the First Caribbean International Bank, I think on  
12 at least one occasion, there was \$100,000 in cash paid,  
13 is that right?

14 A. Could have been.

15 Q. So you were receiving cash payments into your account,  
16 the First Caribbean Bank account?

17 A. There was a cash deposit of 100,000.

18 SIR ROBIN AULD: Can you readily identify that, Mr Milne?

19 MR MILNE: There was a cash deposit and I will provide that  
20 in a few minutes, sir, because that is in fact flagged  
21 up in one of these. We have identified one cash payment  
22 in that appeared to be in the sum of 100,000. Would  
23 that have been a normal transaction for you to have to  
24 deal with?

25 A. No. Not necessarily a normal transaction.

1 SIR ROBIN AULD: Mr Floyd Hall doesn't have a copy of this,

2 does he?

3 Q. He does not, no. This emerged overnight and this has

4 not been copied so far. I can if need be pass over

5 the original, dated 6/02/07, which is in fact

6 February 6th.

7 SIR ROBIN AULD: Of what year?

8 MR MILNE: Of 2007.

9 SIR ROBIN AULD: How much?

10 MR MILNE: \$100,000. Cash amount, 100,000. Cheques amount

11 nil.

12 So it is not cash being used as a generic phrase

13 for payment of money, but actually cash as cash, and,

14 sir, if I can hand -- I am afraid we don't have this

15 copied yet. I am happy for the Deputy Premier to see

16 the original. I should make clear there doesn't appear

17 to be a name on that or indeed a collection of names.

18 SIR ROBIN AULD: That was election time, was it?

19 MR MILNE: That would have been within a matter of days,

20 three days, I think, before the election. If I recall

21 correctly, 9th February. So very shortly before then.

22 That is to the First Caribbean International Bank.

23 A. Yes.

24 Q. Does that ring any bells at all?

25 A. No, it doesn't. What I could state, it would be common



1 for deposits to go to the party's account and I don't  
2 have any knowledge of who is the individual or  
3 corporation that is depositing it.

4 Q. But \$100,000 is not an everyday event, is it?

5 A. I agree.

6 Q. Your party, certainly on the other account, on  
7 the Belize Bank account, was up around \$1 million  
8 overdraft mark at this stage.

9 A. Yes.

10 Q. So you were clearly going to be very pleased that  
11 somebody came up with \$100,000?

12 A. Of course.

13 Q. So was there not any comment, any discussion at the  
14 time? You just had 100,000 in dollar bills, or 50s, or  
15 100-dollar bills?

16 A. I don't recall this transaction. I would need more  
17 information. Perhaps the bank could probably provide  
18 additional information on this, because as I indicated,  
19 I see where they state that it is a cash amount.  
20 I could only assume that it is cash that has been  
21 deposited, but there is no breakdown to show that it was  
22 100-dollar bills, 20-dollar bills or what have you.  
23 I don't know if cash was just used generically to make  
24 this deposit. I would assume that if this amount went  
25 into the bank, somebody would have to walk into the bank

1 and deposit it, but I cannot tell from this slip.

2 SIR ROBIN AULD: Forgive me for coming back to this:

3 somebody must have told the party that they had had

4 \$100,000 in that day and somewhere in some document or

5 other, that must have been recorded.

6 A. Yes. What I can say, Sir Robin, I can speak very, very

7 firmly with respect to the First Caribbean Bank account

8 because I performed the reconciliations on that account.

9 Not every deposit that goes into

10 the First Caribbean Bank I am aware of at the time of

11 depositing. In most cases I will only get knowledge of

12 that when I am performing the reconciliation, and

13 I would look and see that there is a deposit of 100,000

14 or any amount going into the account and then I would

15 have to, at that time it would be too late for me to

16 ascertain who is the actual depositor. I have on

17 numerous occasions requested of First Caribbean Bank in

18 retrospect after I got information to me to ascertain

19 who depositors were or who would have been -- what

20 cheques and to whom they were paid to on the account.

21 It has been difficult getting information from them

22 because they claim that their staff are too busy doing

23 other things and they would have to go through

24 the entries in order to get them.

25 SIR ROBIN AULD: Conventionally there is a credit slip in

1 addition to the form in which the money is paid and that  
2 would be part of the bank's records, identifying  
3 the payor. Did you have an assistant or a clerk,  
4 because you are a busy man as Treasurer, did you have  
5 somebody assisting you or reporting to you on these  
6 matters?

7 A. No.

8 SIR ROBIN AULD: It was all in your hands?

9 A. It was all in my hands.

10 MR MILNE: Do you have chequebooks or cheque stubs from  
11 the Belize Bank account?

12 A. I probably can find one or two but not many.

13 Q. What happened to the rest?

14 A. It could have either been in the possession of the  
15 Premier, or I would say it is in the possession of the  
16 Premier.

17 Q. You would say they are in the possession of the Premier?

18 A. Yes.

19 Q. So he would have the chequebooks, he would keep  
20 the chequebooks for the Belize Bank account?

21 A. He had them most of the time.

22 Q. Why?

23 A. Because I think he is more aware of the activity on  
24 the Belize Bank account than I was at the time.

25 Q. But you are the Treasurer, sir?

1 A. Yes, I am.

2 Q. Didn't you ask for them back?

3 A. I would have asked him for it at least on a couple of

4 occasions, but then it would be occasions whereby he

5 would need to have access to the chequebook.

6 Q. The questions I am asking you are in relation to a wide

7 period. The accounts in fairness cover a wide period

8 from -- essentially between the last two elections. Did

9 you ask him on only a couple of occasions over that

10 period of four years, five years up until recently for

11 the chequebooks?

12 A. Yes, I would have asked him for the chequebooks because

13 I was concerned about doing a proper reconciliation on

14 the account.

15 Q. Five years on, none has been done?

16 A. No.

17 Q. So he has the chequebooks, but of course they wouldn't

18 be a lot of use to him unless somebody else

19 countersigned?

20 A. I would say so.

21 Q. Because it requires two signatures on every cheque?

22 A. Yes.

23 Q. Did you ever speak to Arabella Smith and say, tell me if

24 you countersign a cheque to the Premier?

25 A. I may have had occasion. I would not say it is on

1 a regular basis.

2 Q. Because there is a lot of money has gone into that

3 account?

4 A. Yes.

5 Q. It may have been transferred across but who transferred

6 it across?

7 A. It could have been transferred across to

8 the First Caribbean Bank on my instructions, together

9 with the Premier.

10 Q. How would you do that because we don't see transfers, we

11 see cheques?

12 A. At times there would be cheques, at times there would be

13 transfers, a letter requesting a transfer.

14 Q. Right. So the Premier had the chequebook, the Premier

15 could write out cheques if he thought fit. He would not

16 need to check with you first, he would just write out

17 a cheque but he would need somebody's countersignature?

18 A. Yes.

19 Q. Was there ever a time when you refused to provide

20 a countersignature?

21 A. I don't recall refusing to provide a countersignature,

22 but there would be times I think when cheques got

23 written without a countersignature.

24 (11.15 am)

25 Q. Did you ever say to him: get me a receipt.

1 A. I would say to him, I would ask him information about  
2 the cheque that was written, if at the end of the day,  
3 the bank called me and insisted on getting  
4 a countersignature on the cheque. Barclays, sometimes  
5 cheques went to that account with one signature on it  
6 and so I would get -- I would only know of the situation  
7 after the fact.

8 Q. Right.

9 SIR ROBIN AULD: When they asked for a second signature?

10 A. When they asked for a second signature.

11 SIR ROBIN AULD: They always did, did they?

12 A. Most times they did, but I think you would find  
13 transactions that have gone there with only one  
14 signature.

15 SIR ROBIN AULD: We are talking about First Caribbean Bank,  
16 are we?

17 A. No, Belize Bank.

18 SIR ROBIN AULD: Sometimes Belize Bank would process  
19 a cheque with only one of the two required signatures?

20 A. Yes.

21 SIR ROBIN AULD: Each one of you would be entitled to have  
22 a chequebook, but there was only one chequebook in issue  
23 at any time?

24 A. Yes.

25 SIR ROBIN AULD: Have I misunderstood you, that was mostly

1 held by the Premier?

2 A. I would say it was shared, but I think in most times he

3 had it.

4 SIR ROBIN AULD: On occasion when a cheque was processed on

5 one signature only, on whose signature was that likely

6 to be or was it?

7 A. It was likely to be the Premier's.

8 MR MILNE: Mr Deputy Premier, whilst there are some examples

9 of a cheque coming out of the Belize Bank account and

10 going into the FCIB account, they are to our check so

11 far, to our attempt to reconcile, there's not many. So

12 there are cheques going out to other places, aren't

13 there?

14 A. I would assume that there were cheques going to other

15 places.

16 Q. And there is no independent record --

17 A. I don't have an independent record.

18 Q. Leaving aside the possibility that First Caribbean Bank

19 might still have the returned cheques from 2004 or 2005

20 or 2006 and I don't think we should hold our breath on

21 that --

22 A. First Caribbean Bank?

23 Q. I beg your pardon, Belize Bank. There would be no way

24 of knowing where this money went?

25 A. I don't know. Perhaps the bank may still have some

1 permanent record of it, but I don't know.

2 Q. But you don't?

3 A. I don't.

4 Q. And it is your party's account?

5 A. Yes.

6 Q. Would you accept that statement 1, the loan account,

7 which is a bank account, in your name together with the

8 Honourable Jeffrey Hall and the Honourable

9 Michael Misick, is not an account that was ever

10 disclosed to the Commission or mentioned in any of your

11 letters?

12 A. No. I don't think it was disclosed.

13 Q. Not that you would know this, but this is the very first

14 time that we have become aware of this in relation to

15 the Premier.

16 A. Perhaps. But I would also state the reason for my

17 non-disclosure of it, and I believe it would be the same

18 in the case of the Honourable Jeffrey Hall and

19 the Premier, I was of the impression that the loan

20 account was actually in the name of the

21 Progressive National Party and upon looking at the

22 statements, I am now clear that that is information that

23 should have been disclosed because it is actually in my

24 personal name.

25 SIR ROBIN AULD: You must have known that from the very



1 first statement, mustn't you?

2 A. Yes, and this is the very first statement here that I am  
3 receiving.

4 SIR ROBIN AULD: You say you have never received a statement  
5 before?

6 A. Never received a statement on that account.

7 SIR ROBIN AULD: Never asked for one?

8 A. It was only set up in September and I know that it was  
9 set up -- the loan was set up in September to transfer  
10 the overdraft balance for  
11 the Progressive National Party, and that's why I assumed  
12 it was the Progressive National Party's account.

13 SIR ROBIN AULD: But you would have had to sign a mandate to  
14 authorise you to be a signatory to the cheque.

15 A. Correct.

16 SIR ROBIN AULD: So you must have known that this was  
17 a joint account in your name as well as that of the  
18 other two when set up?

19 A. I am not surprised in seeing it in that fashion, but  
20 I am just stating that it only occurred to me after  
21 I actually saw the statement that that was indeed what  
22 happened.

23 SIR ROBIN AULD: Thank you.

24 MR MILNE: The Premier has stated to us that he has on many  
25 occasions apparently used his own money for the benefit

1 of the party and accordingly he is entitled to

2 reimbursement.

3 Have there been occasions when he has come to you  
4 and said: I want to be reimbursed for something specific  
5 that I have spent on behalf of the party. Are you aware  
6 of that?

7 A. I can't say specifically he came to me and stated that,  
8 but I am aware that he would have spent monies, personal  
9 monies that he would have had and indeed other members  
10 of the party would have spent personal monies on behalf  
11 of the party and at some stage, if the party were in  
12 funds, we would reimburse them or make disbursements to  
13 them.

14 Q. In fact, the Premier, it is now clear, had access to,  
15 was a signatory to, indeed possessed the chequebooks for  
16 the party so that rather than loading down his own  
17 account or his own credit card, he could simply write  
18 a cheque on behalf of the party or direct a bank  
19 transfer on behalf of the party from this account, is  
20 that right?

21 A. I am not saying that he did, but if he wanted to, he  
22 could.

23 SIR ROBIN AULD: You would have no record of the payee.

24 A. No, I would have no record if it were done that way.

25 MR MILNE: Unless he gave you a record?

1 A. Yes.

2 Q. Indeed he would have the same power over  
3 the First Caribbean International Bank account, so  
4 whichever bank account was available, whichever was  
5 the more in funds at the time, either of those could be  
6 used for the big expenditure, the big items, yes?

7 A. That's possible.

8 Q. Therefore, whilst there might be small amounts that he  
9 would perhaps pay out himself, let me think of  
10 an example, sir. Perhaps there was a visiting dignitary  
11 that he wanted to entertain on behalf of the PNP; he  
12 might take that person to dinner. He might obviously  
13 wish to spend quite a bit on him. So there may be  
14 a bill running to hundreds of dollars, maybe \$1,000 or  
15 more, and it would be perfectly reasonable, one  
16 suspects, for him to come back to you and say:  
17 Mr Deputy Premier, I have just spent \$1,000 entertaining  
18 this dignitary. Here is the receipt, tip, everything,  
19 can you please transfer this money back to my account.  
20 No doubt you would have said yes and you would have  
21 countersigned a cheque and it would have gone through.

22 A. Correct, yes.

23 Q. Possibly in extreme situations, if he felt he had to act  
24 quickly, he might have put something on to a credit card  
25 and then told you: I need \$5,000, \$10,000 back because

1 my credit card bill is coming in in a week and I have

2 spent that money on behalf of the PNP, and again, here

3 is a receipt --

4 SIR ROBIN AULD: I know Mr Edwards wants to --

5 MR EDWARDS: With all due respect to Mr Milne, he is asking

6 the witness here to comment on the activities of

7 the Premier; surely these are questions he should have

8 put to the Premier?

9 SIR ROBIN AULD: He is asking about possibilities in

10 the light of the discovery yesterday and today of the

11 extremely lax way in which the PNP's accounts appear to

12 have been operated. He is asking about, as I understand

13 it, possibilities, given that laxity.

14 MR EDWARDS: With all due respect, we have been caught very,

15 very short here because we have never had a chance to

16 take instructions on this material.

17 SIR ROBIN AULD: Nor have we.

18 MR EDWARDS: So we can't at this moment in time contradict

19 anything that is being said here in our client's

20 defence.

21 SIR ROBIN AULD: Mr Edwards, you will have plenty of

22 opportunity to do that as I made plain to Mr Gomez. You

23 will have an opportunity to cross-examine Mr Floyd Hall

24 and of course you will have an opportunity to recall

25 the Premier for him to deal with the matter.

1       So if you feel taken by surprise, I am sorry. It is  
2       the shortness of the disclosure to us, but it will be  
3       remedied in both those ways, if you require it.  
4       MR EDWARDS: Yes, thank you.  
5       MR GOMEZ: I thought I had covered that when I had suggested  
6       that it go in de bene esse and if we had objections we  
7       would raise them at the appropriate time.  
8       SIR ROBIN AULD: Of course if you have objections, you can  
9       raise them and Mr Edwards has raised it.  
10      MR GOMEZ: No, I meant they can go in de bene esse and later  
11      on after we have reviewed all of the material, we could  
12      raise the objections after that had happened. I thought  
13      we had agreed --  
14      SIR ROBIN AULD: I think that is what I just said.  
15      MR GOMEZ: I am just making sure we are all on the same  
16      page.  
17      SIR ROBIN AULD: If you have any concerns about the need to  
18      cross-examine Mr Floyd Hall or to recall the Premier to  
19      deal with matters that are being canvassed now, you will  
20      be given that opportunity.  
21      MR GOMEZ: I am obliged.  
22      SIR ROBIN AULD: I hope that is clear. I think, just to go  
23      back to Mr Edwards' objection, all that Mr Milne is  
24      doing at the moment is examining with the Treasurer of  
25      the party the possibilities, given the laxity of the

1 financial arrangements over which he seems to have been  
2 the Treasurer.

3 MR GOMEZ: Obligated, my Lord. My Lord, earlier you had  
4 addressed initially me and then my learned friend  
5 Mr Edwards on the subject of the records at the party  
6 headquarters. Mr Saunders is here on behalf of the PNP  
7 and while we will do what we can to assist, I believe it  
8 may be useful to address the same comments to him.

9 SIR ROBIN AULD: Thank you for informing me. We will deal  
10 with that just before the short adjournment. Mr Milne,  
11 would you like to continue and put your question again,  
12 please.

13 MR MILNE: Certainly, sir. The issue I am getting at,  
14 Mr Deputy Premier, is this, that the Premier would on  
15 occasions use his access to the two accounts to pay  
16 monies on behalf of the PNP, which is clearly the policy  
17 that the PNP had adopted, that he would have access to  
18 those accounts to use them, to sign cheques and make  
19 payments out.

20 A. Correct.

21 Q. That I think we are all clear with. I am asking you  
22 about situations in which he might have had to make  
23 personal payments, to get reimbursement; if he had paid  
24 money out already, would you, did you ask for receipts?

25 A. I would have enquired, I have enquired about certain

1 disbursements.

2 Q. If he didn't have a receipt, would you make a written

3 record of what he told you at the time?

4 A. No, I did not.

5 Q. Can we assume that you would have been looking for

6 an explanation consistent with party use?

7 A. That's the explanation I would be looking for.

8 Q. Did you always get an explanation consistent with party

9 use?

10 A. Not always.

11 SIR ROBIN AULD: Did you always ask for one?

12 A. Most times I did.

13 MR MILNE: What sort of explanations did you get which were

14 not consistent with party use?

15 A. I can't think of anything specific, but I wouldn't say

16 every time he answered me I was satisfied with

17 the answer.

18 Q. Did you not push it further with him, did you not ask

19 further questions.

20 A. I decided not to press the issue.

21 Q. Mr Deputy Premier, did you draw the conclusion that he

22 was using party funds for personal purposes on

23 occasions?

24 A. If he did, at the end of the day, I didn't think

25 anything of it, if it were a specific situation for

1 example, that he told me that he was being reimbursed  
2 for something that he did or funds were transferred to  
3 the party's account for which a portion related to him.  
4 As to whether or not he used it on personal endeavours,  
5 I would not know. I could cite an example. The fact  
6 that a transfer would have been made to any place as  
7 a result of his instructions, I didn't necessarily  
8 conclude that it would have been personal because it  
9 could have been for party purposes.

10 Q. But the bigger the outlay, the more likely there is  
11 going to be documentation behind it.

12 A. I would say, yes.

13 Q. If he bought lunch he might have forgotten to bring  
14 the bill. If he bought a vehicle he would have  
15 a receipt?

16 A. Yes.

17 Q. That is two examples. When we look at the cheques that  
18 have been written out here, and I am going to take  
19 examples, let's take -- going back to 2004, page 7.  
20 17th June. Cheque for \$6,000. 22nd June, \$2,000.  
21 24th June, \$2,000. Three small ones that month, 28th,  
22 29th, 30th. 500, 600, 500. Over the page again. Sums  
23 of 500 repeatedly and at the end of the month, that is  
24 July, this is page 8, 22nd July, \$10,000. 23rd July,  
25 \$10,000. 26th July, \$10,000. Again and again, round



1 sums. With respect, sir, they don't appear to be  
2 reimbursement, they don't appear to be transfers because  
3 one would simply make a single transfer across. What  
4 else was this fund being used for if round lump sums of  
5 \$10,000 at a time were going out?

6 A. It is conceivable that this account could have also been  
7 used to fund other candidates or to provide assistance  
8 in our campaigning efforts.

9 (11.30 am)

10 Q. It is conceivable but many, many things are conceivable.  
11 Is your answer in short, with respect, you don't know,  
12 you don't remember and you have no way of finding out?

13 A. I guess that's the situation because I won't have that  
14 information. But what I can say, I do recall funds  
15 being utilised from this account for legitimate party  
16 activity, which would be to either host rallies or to  
17 pay other candidates in the fostering of our political  
18 efforts.

19 Q. But why would you use this account to do it since you  
20 are clearly doing the same thing on the other account,  
21 on the First Caribbean Bank account for which we have  
22 a ledger and for which there are many -- that ledger  
23 contains many obvious political items. I give you some  
24 examples, I don't need to take you to the page,  
25 promotion, advertising banners, PNP song, even, there is

1 a payment out for. Air travel, which one would suspect  
2 is for travelling between islands whilst campaigning.  
3 Matters of that nature. This is clearly the working  
4 account.

5 A. Yes.

6 Q. Why would you need to use the other account to make  
7 payments of large, round, lump sums? Why not put it all  
8 through one account where you have the ledger, where you  
9 have the control?

10 A. Ideally that would have been the thing to do and I agree  
11 with you that it probably should have gone -- that it  
12 should have gone through the account that has the ledger  
13 as you correctly just cited, but it could have been  
14 a situation where it was convenient to utilise  
15 the Belize Bank account at that time for a transaction.  
16 It could be a situation where we -- just to draw  
17 an example where we didn't have cheques available on the  
18 First Caribbean Bank account at that time or the funds  
19 were not available on that account.

20 Q. You see, Mr Deputy Premier, I don't want to harp on  
21 about it. You have given your answer.

22 But do you understand that the appearance of these  
23 documents is that we have a very detailed register,  
24 a very detailed ledger in relation to all the small  
25 amounts that are going out. But your evidence is that

1 there was effectively no financial control to speak of,  
2 certainly no financial record at all, in relation  
3 to \$1.5 million on the other account.

4 In fairness, sir, actually far more than 1.5 million  
5 because there were large lump sums paid into that  
6 account and then transferred across. The final result  
7 was 1.5 million overdrawn, 1.6 million overdrawn.

8 So far more than that, we can do a tally later on,  
9 has gone through that account and there is not  
10 a footprint in the sand other than the bank statement.  
11 There is not a trace which would allow us to say where  
12 that money went.

13 A. Correct.

14 Q. We were led to this in the first place purely because we  
15 have independent banking records from  
16 the Bank of America which indicate that over \$100,000  
17 was paid over to the stylist of the Premier's wife. But  
18 if I follow your evidence correctly, you have no records  
19 at all that would allow you to reconcile that with money  
20 paid out by the Premier?

21 A. Correct.

22 Q. No recollection of him making those payments on this  
23 account to his wife's stylist?

24 A. Correct.

25 Q. No receipts?

1 A. Correct.

2 Q. And no way of knowing if he just decided to dip into  
3 the funds, with respect.

4 A. Correct.

5 Q. Do you not regard that as being a significant failure of  
6 duty with respect, sir?

7 A. Perhaps.

8 SIR ROBIN AULD: Sorry, I didn't hear your answer.

9 A. I said perhaps. I would have liked for that account to  
10 have been treated (inaudible).

11 MR MILNE: Let's turn, if we can then, please --

12 SIR ROBIN AULD: Are you leaving that for the moment?

13 MR MILNE: I am leaving that account and moving to the  
14 other.

15 SIR ROBIN AULD: Just to follow up this last answer of the  
16 deputy minister.

17 You are a certified accountant?

18 A. Correct.

19 SIR ROBIN AULD: You are the minister of finance of this  
20 country?

21 A. Correct.

22 SIR ROBIN AULD: You are the steward of its finances?

23 A. Yes.

24 SIR ROBIN AULD: And you are the Treasurer and have been for  
25 some time of the PNP?

1 A. Correct.

2 SIR ROBIN AULD: And you are the steward of its finances?

3 A. Correct.

4 SIR ROBIN AULD: Now why is it that you have fallen down so

5 badly on your own account, in your stewardship of your

6 party's finances?

7 A. That is regrettable, sir, but at the end of the day

8 I have very little management of that particular

9 account.

10 SIR ROBIN AULD: That is what I want to explore with you for

11 a moment. Why? Why were you so out of control in your

12 obligation as steward of the party's finances?

13 A. I deferred to the Premier on many matters as it related

14 to that account.

15 SIR ROBIN AULD: You deferred to the Premier?

16 A. Yes.

17 SIR ROBIN AULD: On many matters in the operation of that

18 account?

19 A. Yes.

20 SIR ROBIN AULD: Why?

21 A. He is the leader of our party and he was the main

22 fundraiser for the party so I felt obliged to give him

23 the latitude.

24 SIR ROBIN AULD: And to disregard your own professional

25 instinct, I imagine, as well as training, in the way in

1 which you did your job?

2 A. That is regrettable, but I have to say yes, and

3 the process of doing that is regrettable.

4 SIR ROBIN AULD: To what extent has that been so in your

5 stewardship of the country's finances?

6 A. That has not been the case with the country's finances.

7 The country's finances has a formidable team in the

8 ministry of finance. The budget operations for the

9 ministry of finance and the consolidated funds for

10 the entire country operates on a different basis

11 completely. My responsibility as minister of finance is

12 for the consolidated fund and for the preparation of the

13 budget for the various departments and statutory bodies

14 that operate in this country.

15 Once allocations are made in the House of Assembly

16 for the respective ministries, including the statutory

17 bodies, the minister of finance and indeed the ministry

18 of finance have very little control over how expenditure

19 is undertaken. It is then left up to the permanent

20 secretaries of the respective departments to manage

21 the accounts of that particular ministry. They are

22 the accounting officers and indeed in my ministry we had

23 sought legal advice from the Attorney General's chambers

24 as it relates to the operations of the country's

25 finances as it relates to statutory bodies. It was

1 pointed out in that opinion that once funds were  
2 released from the government's account and go to the  
3 statutory bodies, that the ministry of finance had no  
4 control over it.

5 Now, yes, this country has indeed seen budgets that  
6 have been in excess and we have indeed incurred deficit  
7 positions over the years. What I can say for my  
8 ministry is that at all times my ministry was managed  
9 properly and when other ministries go over budget, my  
10 ministry of finance and my permanent secretary and staff  
11 was quickly on top of the situation and dealt with it.

12 Now, there are situations when bills are incurred  
13 without the ministry knowing on behalf of the  
14 government. We have no way of policing that once  
15 the bill is incurred. We expect for ministries and we  
16 expect for departments to operate within the framework  
17 of the financing audit ordinance, and when they do not  
18 they get the pressure that needs to get from the  
19 ministry of finance.

20 What I would also say, there is a pitfall, I would  
21 say, within the entire government structure and that we  
22 don't have -- what I would say an internal audit  
23 department. That would help in properly managing and  
24 correcting situations before they get out of control.

25 I think, as a result of going through this process,

1 it could become very clear that the internal auditor

2 function needs to be implemented.

3 SIR ROBIN AULD: Just returning briefly, and then I will

4 leave it to Mr Milne, to the party. You suggested that

5 on occasions you queried with the Premier the purpose of

6 payments that he made on the Belize Bank account.

7 A. Yes.

8 SIR ROBIN AULD: But that you didn't press him.

9 A. I did not.

10 SIR ROBIN AULD: Was there ever an occasion when you took

11 a stand, objecting to the way in which he was appearing

12 to spend money on that account?

13 A. I would not say I took a stand but there had been

14 occasions when I discussed it with my other colleagues

15 and expressed concern about it.

16 SIR ROBIN AULD: But nevertheless his will overbore you, is

17 that what you are saying?

18 A. I would say.

19 SIR ROBIN AULD: Mr Milne, I see it is 11.45. I may have

20 broken an important line of thought for which

21 I apologise.

22 MR MILNE: Not at all sir. In fact I am moving to

23 a different aspect of the same matter and I will be

24 taking the Deputy Premier through a report. If you

25 would prefer to break at this stage, sir, that might be



1 a good time.

2 SIR ROBIN AULD: Mr Norman Saunders is here and may want to  
3 say something before we rise. Mr Gomez suggested that  
4 you were here, Mr Saunders, and I can see you and that  
5 you may have something you wish to say about the PNP  
6 accounts at the PNP office.

7 MR SAUNDERS: Sir, I have very little instructions and my  
8 understanding is there has been a request for the PNP  
9 accounts at the PNP's office.

10 SIR ROBIN AULD: There was yesterday and there is today, and  
11 there was a few days ago.

12 MR SAUNDERS: My understanding from the Deputy Premier is  
13 that the nature of the accounts at the PNP office are in  
14 the matter of petty cash?

15 A. Correct.

16 MR SAUNDERS: Maybe in the matter of petty cash,  
17 transcripts, I would need to take instructions in  
18 relation to those items, but I don't have instructions  
19 suggesting that there is any objection to that.

20 SIR ROBIN AULD: I am glad to hear that. This is the third  
21 time of asking, but in your absence I think this morning  
22 I indicated that the door should be opened in some  
23 manner or other, preferably by a locksmith, and that  
24 the contents of the room insofar as they relate to PNP  
25 accounts over the last four years should be removed and

1 brought here, as were the figures from Mr Floyd Hall's  
2 home yesterday. The Deputy Premier, Mr Floyd Hall,  
3 doesn't know what form of accounts there are at PNP  
4 headquarters, but he believes that there are some. We  
5 would like to see them.

6 If the door is locked it should be unlocked very,  
7 very quickly anyhow. I made that plain to Mr Gomez and  
8 to Mr Edwards and we expect to see what is in there  
9 today. We will rise now for a minute.

10 MR MILNE: Sir, before we do rise, can I just raise one  
11 matter. In relation to the last point that you touched  
12 upon, I am sure the Commission will if need be pay for  
13 the locksmith to deal with the door, but it may be  
14 appropriate that Mr O'Dea from the Commission be present  
15 when that room is opened.

16 SIR ROBIN AULD: Yes, possibly with an officer.

17 MR MILNE: Sir, the other matter is this and I will raise it  
18 with Mr Saunders directly during the brief break. There  
19 is an issue that touches on an argument he raised  
20 yesterday, and I will discuss it in confidence with  
21 Mr Saunders. If need be, if we do require to address  
22 you, sir, in camera, it may be that we may ask that  
23 the room reconvene without the public presence.  
24 I thought I should flag that now so that people don't  
25 feel they are being excluded inappropriately.

1 SIR ROBIN AULD: Thank you for that mention.

2 MR SAUNDERS: Sir, can I also request that the records in  
3 the PNP headquarters be dealt with in the same manner  
4 that we suggested yesterday in relation to the records  
5 that Mr Honourable Hall has.

6 SIR ROBIN AULD: I think you better talk to Mr Gomez and  
7 Mr Edwards. We have discussed that this morning.  
8 Anything that we discussed yesterday about the records  
9 of the PNP, wherever they come from, will be dealt with  
10 in the same way.

11 MR SAUNDERS: Thank you, sir.

12 (11.44 am)

13 (A short break)

14 (11.58 am)

15 SIR ROBIN AULD: Yes, Mr Milne.

16 MR MILNE: May it please you sir. Mr Deputy Premier, before  
17 we turn to the First Caribbean Bank account. Just one  
18 matter we touched upon earlier and perhaps I should have  
19 sought a little more clarification. I am looking at  
20 page 1 of the second section. That is the loan account  
21 as you have described it, the account upon which  
22 \$1.6 million was taken.

23 Of course, noted that that is in three names. Were  
24 you invited to go down and sign for that account?

25 A. Yes.

1 Q. So you would have been provided with banking  
2 documentation in relation to that account?  
3 A. Yes, I have.  
4 Q. You would have appreciated that you and the Honourable  
5 Jeffrey Hall and the Honourable Michael Misick were all  
6 three signatures on the account?  
7 A. Yes.  
8 Q. Why was Jeffrey Hall added as a signature on that  
9 account, why not Arabella Smith who was the other  
10 signatory?  
11 A. On the loan account.  
12 Q. Yes.  
13 A. He agreed to share in the liability of the situation.  
14 It was the three of us who initially were able to source  
15 funding for the party in 2003, I believe and because of  
16 that, the three of us ended up being involved with any  
17 liability associated with --  
18 Q. So you regarded yourself as potentially liable, maybe in  
19 partners with your Cabinet colleagues but potentially  
20 liable for whatever bank overdraft was racked up on this  
21 loan?  
22 A. Yes.  
23 Q. Were you required to put forward any personal security,  
24 did you sign over any of your properties?  
25 A. No. I provided a guarantee.

- 1 Q. Similarly so with your Cabinet colleagues,  
2 the Honourable Jeffrey Hall?
- 3 A. Yes.
- 4 Q. And with the Premier?
- 5 A. Correct.
- 6 (12 noon)
- 7 Q. Why did you not invite, was it Royal Robinson?
- 8 A. Yes.
- 9 Q. The provider of the land to also be a signatory on this?
- 10 A. We didn't think it was necessary.
- 11 Q. Did you ask him if he thought it was necessary?
- 12 A. No. I don't think he thought it would be necessary to  
13 be a signatory to a loan. It is not a signatory as it  
14 is to a current account. It is a signatory on a loan  
15 account.
- 16 Q. Presumably there will be a security document that  
17 the bank would have wanted a very formal guarantee, they  
18 were funding the party by means of loans to the tune of  
19 \$1.5 million?
- 20 A. There is a formal guarantee.
- 21 Q. Do you have a copy of that?
- 22 A. I don't have it in my possession but I think it can be  
23 easily obtainable from the bank.
- 24 Q. Do you know who would have a copy of it?
- 25 A. Belize Bank would have a company of it.

1 Q. No doubt, but you as borrowers no doubt wish to keep

2 a copy?

3 A. I probably have a copy at home.

4 Q. Would the PNP not wish to keep a copy because the PNP's

5 reputation would be on the line here, wouldn't it?

6 A. Of course.

7 Q. You can't say whether they have a copy, you might have

8 a copy?

9 A. I might have a copy, yes.

10 Q. Turning, if we might, please, to

11 the First Caribbean Bank account. I am going to take

12 a moment just to outline the nature of the papers with

13 which we have been provided, papers with which we are

14 concerned today.

15 The first group of pages, indeed the first 49 pages,

16 are a computer-prepared ledger essentially. Money in,

17 money out. Based upon that account, is that correct?

18 A. Correct.

19 Q. This appears to cover the period from the middle of

20 2004. The ledger is filled in in such a way that it is

21 chronological order, date order, with each entry

22 recording a contribution or a debit, which might be in

23 the form of a cheque, bank charge, matters of that

24 nature. The banks obviously do charge small sums. I am

25 not going to concern myself with those.

1 Many of the transactions, indeed the payments out,  
2 have been rendered on the ledger as "misc" for  
3 miscellaneous. We have been given an explanation, tell  
4 me if this is your explanation though, that there was  
5 a computer error that deleted some, and in fairness some  
6 of the old transactions? We are not talking about  
7 massive sums, small sums that were paid out but  
8 the computer record appears to have glitched in some way  
9 and deleted the detail on that?

10 A. Yes.

11 Q. The computer's default position appears to be simply to  
12 put "miscellaneous" in?

13 A. Yes.

14 Q. This account, or the ledger, should, one assumes,  
15 reflect the bank account, the workings of the bank  
16 account?

17 A. Correct.

18 Q. Does it reflect anything apart from the bank account?

19 A. It should not.

20 Q. This bank account appears to be run, certainly from  
21 2004, in credit. But, again, we are not talking massive  
22 riches here. The figure is in the 10 to 20 to 30,000  
23 figure at any one stage, going up on occasions, coming  
24 down on occasions. Is that a fair assessment?

25 A. That is a fair assessment.

1 Q. There are names, and I am not proposing to read them  
2 out, individual contributors who appear to have given  
3 donations to the party and they get -- in some cases  
4 they are named, in some cases they are not?

5 A. Right.

6 Q. There are some contributions where no name is recorded.  
7 Is there a particular reason for that?

8 A. Those would be situations that I have no personal  
9 knowledge of who the contributor is. As I indicated  
10 before, some contributors happen to be anonymous.

11 Q. Some want to be anonymous but these are not public  
12 documents, are they?

13 A. No.

14 Q. You have told us already that the PNP doesn't publish  
15 accounts. It certainly doesn't publish its ledger.  
16 There would be no reason internally as to why you would  
17 not be able to identify a contributor?

18 A. No. Only if a transaction, a credit was made to the  
19 party's account and at the time the person made  
20 the credit to the account, I was not provided with any  
21 information on it. So it would be a situation where  
22 I would then, in the process of doing a reconciliation  
23 of the party's account, have to contact the bank to find  
24 out who the depositor would have been. As I indicated  
25 earlier, that information wasn't always forthcoming



1 because the bank staff usually ended up being very busy  
2 and sometimes they could not provide the information.

3 Q. So in fact in some cases there are entries for  
4 significant amounts, where there is no name against it?

5 A. Correct. But the fact that that is the situation  
6 doesn't impute anything improper. It is simply that  
7 I couldn't get the information from the bank at the time  
8 and had I been able to get it, it certainly would have  
9 been recorded in the record.

10 Q. When the party received a contribution, let's say a big  
11 cheque, who would be the first person who would be  
12 notified that you had received that cheque?

13 A. It would have been the Premier or it could be myself or  
14 it could be any member of the party. But usually, it  
15 would probably be the Premier or myself.

16 Q. Who would physically pay the cheques into the bank?

17 A. Sometimes I did, sometimes he did and sometimes it would  
18 be an inward transfer.

19 Q. So you may get a bank transfer but presumably if you got  
20 a bank transfer, you would get a notification, some form  
21 of correspondence from the bank saying we have received  
22 this from the account of and the name given, for  
23 the benefit of the PNP?

24 A. That would usually be the case. If it were to go in  
25 the mailing system, sometimes I would not get it but

1 I could assure you, whenever I did get that information,

2 I would endeavour to record it properly in the account.

3 Q. Because with any big contribution, particularly big

4 contributions, you would want to acknowledge them,

5 wouldn't you?

6 A. Yes.

7 Q. Who would do the acknowledging?

8 A. Sometimes I would. I mean, it has not been a normal

9 practice to acknowledge. I think I only did it once

10 after an election. Because sometimes I just got so busy

11 to do that and it would probably be a phone call

12 acknowledging and saying thanks or it would be a call to

13 me indicating that -- or the Premier, indicating that

14 funds had been transferred in.

15 Q. But I can understand if there's, say, somebody living

16 out on South Caicos wants to send \$50 because they

17 believe in the party, it could be that they would get

18 a telephone call from one of the secretaries in

19 the office. But if you got \$100,000 or more, surely

20 that would call for a letter from the Treasurer or

21 a letter from the Premier?

22 A. That has not usually been the case.

23 Q. No?

24 A. No.

25 Q. If they don't get a thank-you letter, are they going to

1 give you money next time round?

2 A. That has not been the case.

3 Q. It has not been a problem. The document that you have

4 been discussing, the ledger, running as it does from

5 2004, appears to take us through in fact to the end of

6 last year. 29th December 2008 is the last chronological

7 entry. I am going to ask you to move forward a few

8 pages, though, to a document that begins at page 59,

9 again, in the first section of your number 2 volume. I

10 am sorry, the cover sheet is the previous page.

11 Page 58. This is entitled

12 "The Progressive National Party Treasurer's Report",

13 30th annual convention on Grand Turk.

14 That was 30th September 2006. So a matter of a few

15 months before the most recent election. The Treasurer's

16 report -- let me just clarify it. I have learnt not to

17 assume things as regards the way the party may work.

18 This is described as an annual convention. Is it

19 annual? Do you have an annual convention?

20 A. We try to. There are times when we don't have

21 a convention.

22 Q. So there may be -- clearly it may take more than a year,

23 just like companies sometimes take more than 12 months

24 between AGMs, but presumably there would be meetings for

25 the party faithful most years, would there not?

- 1 A. Yes.
- 2 Q. Would part of that annual convention not be an attempt  
3 to produce a Treasurer's report each year?
- 4 A. Yes.
- 5 Q. Did you produce Treasurer's reports previous years?
- 6 A. Not at every convention.
- 7 Q. It is the curious thing about this report, because  
8 an annual convention suggests you are reviewing the last  
9 year, looking forward to the next year, but  
10 the Treasurer's report covers the period from  
11 January 2001 through to September 2006. So a period of  
12 close on seven years.
- 13 A. January 2001 -- that is September 2006.
- 14 Q. Yes.
- 15 A. That would be five years, six years maybe.
- 16 Q. Six and a half. Five and a half?
- 17 A. Five-and-a-half years.
- 18 Q. But a long period. Not an annual report. There had  
19 been no earlier Treasurer's report? Had there been no  
20 report in the previous five-and-a-half years?
- 21 A. Perhaps there were reports.
- 22 Q. Why did you cover that period again if it had been  
23 covered in the previous report?
- 24 A. You are saying in this report?
- 25 Q. Yes.

1 A. Perhaps there was not a report. That is the only reason  
2 why it would be covered.

3 Q. When did you become Treasurer of the PNP?

4 A. I believe it was late in the 1990s. I would have to  
5 check. Probably around 1999 or 1998.

6 Q. Had you ever produced an annual report? Had you ever  
7 produced a Treasurer's report for the party before?

8 A. I believe I did.

9 Q. Can you say when?

10 A. The first year, I think a report would have been  
11 produced in either 1999 or 2000.

12 Q. Were you not asked in the intervening five years: so  
13 what is it with the accounts, where do we stand?

14 A. As I said, the political structure that we operate  
15 around here is very loose. I have to admit to that.  
16 I was always willing to present a report but it was not  
17 always required. It was a loosely held political  
18 structure, and if you were to ask me if there is scope  
19 or a reason for improvement in this area, I would  
20 certainly say that there is.

21 Also, if I may refer to the UK, it is my  
22 understanding that only in recent years parties have  
23 been required to have proper political structures.  
24 I believe it is as recent as 2002. We are a young  
25 democracy here in the Turks & Caicos. We certainly have

1 our pitfalls. This is obviously a manifestation of  
2 that, and at the end of the day I think it is an area  
3 that certainly needs to be tidied up.

4 Q. Mr Deputy Premier, it is not my task or my wish to snipe  
5 at the running of your party, but you are not answering  
6 as Treasurer to the party to me or to the Commission but  
7 rather to your members, and it seems strange to those of  
8 us looking from outside that the party, the Chairman,  
9 indeed the party leader at no stage asked for a report  
10 on the financial status of your party. Is that your  
11 evidence, that they never asked for it?

12 A. That is my evidence. That is indeed the case.

13 Q. They didn't ask for it and you didn't volunteer it --

14 A. I volunteered it, yes.

15 Q. Why was this one created then?

16 A. Because I thought it was necessary for me to brief  
17 the party on some of the activities financially.

18 Q. You produced the report and I am turning over, please,  
19 to page 60. It says:

20 "The Treasurer's report covers the period from 1st  
21 January 2001 to 30th September 2006. The financial  
22 reports have been presented in two sections to show  
23 the financial position of the performance of the party  
24 for the period leading up to the elections..."

25 By that we assume you mean the previous elections,

1 that is 2003:  
2 "... and the post-election activities of the party.  
3 As a result, 1st January 2001 to December 2003 deals  
4 with finances of the elections in April and August 2003  
5 and 1st January 2004 to 30th September 2006 covers  
6 the post-election fundraising and expenditure activity  
7 of the party. It would become immediately apparent from  
8 the income section of the profit and loss statement that  
9 the party continues to rely heavily on contributions  
10 from the public to fund its activities."

11 This report appears to be derived from the FCIB  
12 statements, from the ledger, is that correct?

13 A. That is correct.

14 Q. It does not refer, it doesn't mention even,  
15 the Belize Bank account, does it?

16 A. That is correct.

17 Q. It doesn't draw any figures from the Belize Bank  
18 account?

19 A. That is correct.

20 (12.15 pm)

21 Q. Or reflect the use of that bank account at that stage?

22 A. That is correct.

23 Q. But in fact if we take that particular date,  
24 30th September 2006, on the day that this report was  
25 being signed off, your Belize Bank account was \$389,000

1 in the red?

2 A. Correct.

3 Q. The report makes not a word mention of it?

4 A. No it doesn't.

5 Q. So what possible value can there be in a report that

6 fails to mention we have got a whacking great overdraft

7 in another account that we are not telling anybody

8 about?

9 A. I already indicated that that account was not properly

10 kept by myself. Also I can state that the Chairman of

11 the party was aware of the account and some of the

12 trustees as well were aware of that fact, likewise

13 the Premier. I wanted it to be reflected in the report

14 but it was decided that at that time that it should not

15 be reflected.

16 Q. Who decided that, sir?

17 A. With the group that I spoke with, the Chairman,

18 the Premier and myself and other trustees.

19 Q. What possible value could there be in a Treasurer's

20 report which completely and deliberately failed to

21 mention a massive overdraft on another account?

22 A. As I indicated, it is improper. I don't like the fact

23 that that is indeed the case, but the situation obtains

24 that that was the result.

25 Q. What was the purpose of this report --



1 MR SMITH: I think the question has been put two or three  
2 times and my client has answered it as best as he could.  
3 I am not sure what exactly there is a need to ask  
4 the same question, even though in different words to my  
5 client when he has answered as best he could.

6 SIR ROBIN AULD: The answer has been that it was improper  
7 and the question now is what was the purpose of it?

8 A. The purpose of the report was to report on the  
9 First Caribbean Bank account as you indicated.

10 SIR ROBIN AULD: I am sorry?

11 A. To report on the First Caribbean Bank account.

12 SIR ROBIN AULD: The question of Mr Milne was what was  
13 the purpose of not including the Belize Bank account  
14 statements.

15 A. I indicated to him that we didn't have -- I didn't have  
16 the proper information that account and as a result of  
17 it, it was not included in the in the report.

18 MR MILNE: Mr Deputy Premier, this report does not  
19 specifically say this is a report on the  
20 First Caribbean International Bank, does it? It says it  
21 is a report on the PNP finances.

22 A. I agree with you.

23 Q. For whose eyes was this report?

24 A. It was for the entire convention.

25 Q. For the entire?

1 A. Convention.

2 Q. It was a report for the party members?

3 A. Not only the party members, but other persons who would

4 have attended the convention.

5 Q. So for party members, convention attendees, guests of

6 the party, yes?

7 A. Yes, and some information we considered not to be privy

8 to that entire convention. Hence the reason why that

9 information was not included in a report.

10 Q. What was the justification given -- maybe you have

11 answered this and I apologise if you have but I don't

12 think I have quite grasped this. What was

13 the justification given for not telling the party

14 members about that overdraft?

15 A. I indicated that not all persons within the party is

16 privy to all the finances of the party. The executive

17 of the party was aware of the situation and that is my

18 position. The executive was aware. We didn't deem it

19 appropriate for the entire convention to be abreast of

20 that situation.

21 Q. Sir, would you accept that the executive set about

22 misleading the party members who were not privy to that

23 information?

24 A. I don't accept that. Because some information happened

25 to be privileged to the executive and the executive

1 alone.

2 SIR ROBIN AULD: But why did you not want the whole

3 membership of the party to know that you had that amount

4 of debt --

5 A. Some of it we considered it to be a confidential matter.

6 SIR ROBIN AULD: But the total figures were not

7 confidential. If the party owed, what was it,

8 340,000/350,000 --

9 A. Perhaps looking at it in hindsight, Sir Robin --

10 SIR ROBIN AULD: I am not looking at it in hindsight. I am

11 asking you to say why it was that you distinguished

12 between some members of the party faithful than others

13 in telling them what the true account of their party

14 finances were?

15 A. I am saying I am looking at it in hindsight and stating

16 that perhaps I erred in judgment in terms of not

17 disclosing that, but I brought it the to attention of

18 the executive, and it was decided at that time that it

19 would not be appropriate at that time to reveal it.

20 SIR ROBIN AULD: Who were the members of the executive who

21 decided that it should not be disclosed?

22 A. It would have been the Chairman, myself and other

23 trustees.

24 SIR ROBIN AULD: Who was the Chairman?

25 A. The Chairman at that time, I believe is now deceased,

1 Ruda Dalton(?), I believe.

2 SIR ROBIN AULD: Who else was on the executive? Was  
3 the Premier on the executive?

4 A. The Premier was on the executive. Myself. It would  
5 have been the Secretary General.

6 SIR ROBIN AULD: Who is that?

7 A. It would be Don-Hue Gardiner.

8 SIR ROBIN AULD: Who is now the Chairman, isn't he?

9 A. He is now the Chairman.

10 SIR ROBIN AULD: Are you saying effectively it was their  
11 decision that this should not be disclosed and that you  
12 went along with it?

13 A. Yes.

14 MR MILNE: Because the figures -- the report goes on to  
15 provide profit and loss accounts, doesn't it? And  
16 indeed balance sheets for various different periods.  
17 Yes?

18 A. Yes.

19 Q. But those figures are meaningless in isolation, because  
20 there is another bank account spending other money,  
21 earning other money, that is not reflected in these  
22 figures. Is that right?

23 MR SMITH: I think we established that. I mean, there comes  
24 a point when we are basically badgering the witness.  
25 I think we have established that -- I think we have

1 established that it was not (inaudible) probably, his  
2 reason for not doing that. I don't see what can be  
3 gained from this continued line of questioning.

4 SIR ROBIN AULD: I think Mr Smith is right. It is plain  
5 enough to me that the accounts here are not  
6 representative of the party's affairs and were not  
7 intended to be.

8 MR MILNE: In fairness this is mentioned in the report, I am  
9 not suggesting this was kept secret, but the balance  
10 sheets don't make any reference to capital assets, do  
11 they?

12 A. No.

13 Q. And there were capital assets as is referenced in the  
14 report?

15 A. I think so.

16 Q. By capital assets, I mean buildings?

17 A. We didn't have the building at that time. I think  
18 the building would have been represented once it begun  
19 construction.

20 Q. You presented a series of, as I say, profit and loss  
21 accounts and balance sheets for individual years during  
22 the period that that report was referencing. That is  
23 from 2001 to 2006. September 2006. It is clear from  
24 those documents that there are liabilities and in some  
25 cases apparent losses. Is that correct?

1 A. Which reports are you referring to now?

2 Q. I am looking here, as we turn on from the report at

3 page 61, there is a balance sheet for the period to

4 December 2003. So it is a year basically. It takes

5 a year.

6 A. Yes.

7 Q. A balance sheet, of course, is a snapshot at the end of

8 the year. What is the current position? Total assets

9 of the PNP in December 2003 was some \$4,000, according

10 to this. Yes?

11 A. Yes.

12 Q. And the total liabilities, some \$69,000. So a debt

13 effectively of \$65,000 was being carried forward at that

14 point on this account. Yes?

15 A. Yes.

16 Q. Over the page we see a profit and loss statement which

17 takes the period up to the end of 2003. So this covers

18 the year in which the first -- I think there were two

19 elections in 2003, were there not?

20 A. It was elections in April 2003 and then by-elections in

21 August 2003.

22 Q. This shows the income and outgoings of the party, but

23 overall, total income was about three-quarters of

24 a million, 745,000 in contributions, fundraising,

25 whatever, and total expenses 808,000, which is why we

1 come back to the \$65,000 loss for the year.

2 So not catastrophic, but it was carrying forward  
3 a loss from there on.

4 Another balance sheet for 2004. 3,751 in assets.

5 Liabilities 3,000. It was a quiet year because of

6 course 2004 was not an election year, was it?

7 A. No.

8 Q. Presumably party activity steps down somewhat. There

9 would be less need to campaign because you are not

10 expecting to face an election immediately. The profit

11 and loss for the following year, 2004, we are looking at

12 page 66, total income 283,000, total expenditure,

13 217,000. I come to this document because it is clear

14 that there are ongoing expenses and they are categorised

15 in these reports as being stipend. Candidate's stipend,

16 is that right?

17 A. Correct.

18 Q. What is a stipend?

19 A. Okay, candidates would get a stipend if they have

20 a major activity coming up. For example, if it is

21 an election or if it is a convention or if the party has

22 come into funds and is in funds, I would say, and was

23 able to provide additional stipend to the candidate.

24 Sometimes that would happen during Christmas time or it

25 could happen at any time during the course of the year,

1 if some major event came about.

2 Q. What is it to be spent on?

3 A. Repeat, please?

4 Q. What would you expect a candidate to spend their stipend

5 on?

6 A. They could spend it on a variety of things, but I would

7 imagine that they would spend it on the constituency, in

8 the pursuit of their political endeavours.

9 Q. Would you ask them to account for it?

10 A. No.

11 Q. Would you ask for a report back on it?

12 A. No.

13 Q. They are given \$2,000 or \$3,000. I am picking that

14 figure from page 66. The candidate stipend for

15 yourself, and indeed each of your Cabinet colleagues,

16 the Honourable Williams, Jeffrey Hall, Karen Delancey

17 who was then a member of the Cabinet in 2004, isn't that

18 right?

19 A. Perhaps, yes.

20 Q. I know she was at one stage?

21 A. Yes, she was probably.

22 Q. The Honourable Lillian Boyce, the Honourable McAllister

23 Hanchell, and indeed the Honourable Norman Saunders,

24 each of you received for that period, that is 2004,

25 a stipend of \$2,500. It is not a mass sum. It is



1 a modest amount. But there would be no request for  
2 receipts or reconciliation or any sort of report back on  
3 how it had been disposed?

4 A. No.

5 Q. No doubt there are a number of political ways one could  
6 use that money. Some examples, perhaps throwing parties  
7 for children at Christmas or that sort of thing. Is  
8 that the sort of political expenditure we are talking  
9 about?

10 A. Yes. That is the sort of it and as I indicated earlier,  
11 they could range from a variety of things: from  
12 assistance to individuals within the country, parties,  
13 campaign rallies, a whole array of things could happen.

14 Q. Any big rallies, though, would be funded presumably by  
15 the party centrally?

16 A. In some cases it would be and in some cases if  
17 the individual wants to have a bigger rally, they would  
18 pay for it themselves. It could come through  
19 an additional stipend to that individual or that  
20 candidate.

21 Q. Anyway for that year each of you received 2,500. There  
22 is no stipend on that account for the Premier, is there?

23 A. No, I don't think --

24 Q. There is, however, an entry that says Mike Misick,  
25 salary, and that is \$5,000. So it is twice the level of

1 stipend but it is a \$5,000 salary?

2 A. Yes.

3 Q. You told us yesterday that you didn't think he received

4 a salary after the election. This is the period

5 following 2003. It is the entire year after the 2003

6 election. Do you want to revise that answer, sir?

7 A. What I would say to it, I told you that he did get

8 a salary prior to us being elected. Now, the elections

9 obviously took place and we got into the House of

10 Assembly in August of 2003. I did not say categorically

11 that he did not get a salary after that year. Also it

12 could be a situation where the amount was misposted. It

13 could indeed have been posted to a stipend. I didn't

14 rigidly adhere to postings for the Premier as salary or

15 stipend.

16 MR MILNE: This is not a highly complex profit and loss

17 statement, is it? There are only a couple of dozen

18 items in it. Surely the party would have kept, because

19 you are keeping a ledger, the party would have known,

20 are we paying him a stipend, are we paying one-off

21 payments or a salary which suggests to most of us at

22 least a regular payment, perhaps monthly or

23 three-monthly, how was he being paid?

24 A. I indicated to you that the Premier got substantial

25 funds from the party, as did other candidates. I would

1 not read too much into the fact that because he  
2 has \$5,000 a month listed here as a salary in this  
3 particular report to suggest that he is having a salary  
4 throughout.

5 (12.30 pm)

6 Q. Let's go back if we could, please, to page 50.

7 The documents we have been discussing which were  
8 contained within the report, this is the report into  
9 the FCIB account. You gave a series of balance sheets  
10 and profit and loss statements reflecting individual  
11 years, 2003/2004 and so on.

12 That is normal practice in accounting. You would  
13 know, sir, because you are a certified public  
14 accountant. It is normal to take an accounting period  
15 for an organisation for a company and do it year by  
16 year, would you agree?

17 A. Yes, I agree.

18 Q. There's a different approach taken with page 50. I am  
19 not criticising it but we need to be clear about  
20 the distinction here. Presumably based upon the earlier  
21 documents, there has been a profit and loss statement  
22 for a much wider period. This is profit and loss for  
23 the PNP between December 2003 to December 2008. Yes?

24 A. Yes.

25 Q. So covering the years 2004, 2005, 2006, 2007 and 2008.

1 A five-year period. So the figures are much higher but  
2 they cover quite a big period.

3 If we look at the very bottom of that page, very  
4 bottom, one of the expenditure items mentioned is  
5 the Michael Misick salary and again it is \$5,000. Now,  
6 that \$5,000 presumably reflects the \$5,000 he got which  
7 we looked at a minute ago?

8 A. Correct.

9 Q. So in fact the only salary that he received during  
10 the period of those five years, that is the five years  
11 up until last month, was 5,000?

12 A. Right.

13 Q. We do see, however, that there are within  
14 the expenditure many items and some big items. Now,  
15 there are obvious items here and I am going to take them  
16 in the middle. There is accommodation, something called  
17 awards to stalwarts. I am not quite sure what awards to  
18 stalwarts are, can you assist us with that?

19 A. We recognise the stalwarts of our party. That is  
20 the old flag carriers of our party. We presented them  
21 with awards.

22 Q. It is a nominal sum, it is \$4,000 which is probably only  
23 a few hundred dollars per person. It is a thank-you  
24 present?

25 A. It would probably be a medallion or something.

1 Q. So it is a nominal thing in a sense. Sorry, I missed  
2 a line. Advertisements, ads, 74,365, so advertising  
3 revenue, advertising expenditure, I should say, yes?  
4 A. Yes.  
5 Q. Bank charges, campaign material. Campaign material,  
6 understandably, is likely to be quite a big sum because  
7 this incorporates the 2007 election, doesn't it?  
8 A. Correct.  
9 Q. You spent some \$376,000 over the years, but likely much  
10 of that just before the election, 376,276?  
11 A. Correct.  
12 Q. Indeed, 7,500 on a campaign song. We will come back to  
13 the next item in a moment. But there are figures for  
14 cleaning, consultancy, whatever. Conventions. You paid  
15 out for conventions in 2004 and 2008, and indeed there  
16 are figures for 2006, they are not in date order, but  
17 total convention for 2006, which would have been  
18 the pre-election convention was about half a million,  
19 wasn't it? In fact 588,000, close to \$600,000, yes?  
20 A. Yes.  
21 Q. What is financial assistance, which is \$1 million?  
22 A. Those will be payments that would have been made by  
23 the party to individual supporters of the party. It  
24 could be a wide range of individuals. Assistance to  
25 the needy, the elderly, the sick, the poor. Everybody.

1 Q. Over the page we have various miscellaneous items, rally  
2 activities, promotions, political consultants,  
3 the things one would expect a political party to spend  
4 its money on.

5 Travel was a big item, \$800,000, and wages 49,500  
6 presumably that would be the party's regular employees.  
7 It is not a lot of money over five years, is it, though?

8 A. No.

9 Q. How many regular employees did you have?

10 A. Usually a lot of the work was provided by volunteers.  
11 So hence the reason why you don't see a big payment item  
12 for that.

13 Q. We come back to a question of candidate's stipend which  
14 is a figure you mentioned before. Again I add the rider  
15 that this is a figure that reflects a five-year period.  
16 We see within that list essentially the names of I think  
17 most if not all of the present Cabinet and people who  
18 had previously been members of the Cabinet and  
19 the amount that they got over a period of five years.  
20 Yes?

21 A. Yes.

22 Q. Over that five-year period, let us take a couple of  
23 examples, the Honourable Galmo Williams received  
24 \$63,500?

25 A. Correct.

1 Q. Others, there are names such as Amanda Gardiner, Arthur  
2 Lightbourne, 30,000, 74,000. The figures go up  
3 slightly. The Honourable Lillian Boyce received 72,500  
4 over the five-year period. McAllister Hanchell 90,534  
5 over that period. You as Deputy Premier over that  
6 period received \$355,000.

7 A. Correct.

8 Q. That is over five years?

9 A. Correct.

10 Q. That is substantially more than your colleagues?

11 A. Yes.

12 Q. The Premier received \$901,040?

13 A. Correct.

14 Q. So close on \$200,000 a year?

15 A. That is correct.

16 SIR ROBIN AULD: I have forgotten, was Mr Floyd Hall's

17 stipend declared in his terms?

18 MR MILNE: No, it was not, sir.

19 A. No.

20 SIR ROBIN AULD: In your returns of interest, you didn't

21 declare any of the stipends?

22 A. I didn't declare any stipends.

23 MR MILNE: These figures are not declared to the Register of

24 Interests, are they?

25 A. No.

1 Q. They are not declared in the documents that we had

2 previously received in the Commission of Inquiry?

3 A. No.

4 Q. So a third of 1 million dropped off the edge?

5 A. No. It has been disclosed now.

6 Q. It has been disclosed now as of last night.

7 A. I guess you can say that.

8 Q. As of last night for the first time we have the figure

9 that is quoted there for the Premier of \$901,000. This

10 of course, because it doesn't take account of the

11 Belize Bank account, wouldn't even include the 100,000

12 we know about on the Youlanda Scott payments, would it?

13 A. It wouldn't include that.

14 Q. So of the 1.5 million that went out from the Belize Bank

15 account, or more than 1.5 million, because money went in

16 there and came out, we can identify 100,000 of it there

17 but there may be more, there may be much, much more that

18 we will never be able to firmly identify?

19 A. That is correct.

20 Q. The party was paying for conventions because it is in

21 the statements, wasn't it?

22 A. Yes.

23 Q. The party was paying for travel because it is in your

24 profit and loss statement?

25 A. Correct.



1 Q. It pays for advertising, it pays for campaigns, it even  
2 pays for the campaign song. What did the Premier  
3 require \$900,000 for?

4 A. I cannot speak for the Premier in that respect but what  
5 I can say is that in addition to the party paying for  
6 activities, you mentioned advertising, you mentioned  
7 the campaign song and you mentioned other items.  
8 I indicated to you earlier that candidates are unique in  
9 their various constituencies and would require other  
10 expenditures that the party perhaps would not cover.

11 So the reason for stipends going directly to the  
12 candidate is to facilitate his political advancement  
13 within his particular constituency or in other  
14 constituencies in which he believed that he can help  
15 another colleague or candidate.

16 SIR ROBIN AULD: Who authorised the payment of the stipend  
17 shown here to the Premier?

18 A. In most cases it would have been a situation where if  
19 monies were available, they were authorised or in some  
20 cases I indicated earlier that if the Premier were  
21 instrumental in generating -- let's take for argument's  
22 sake, a contribution to the party of \$100,000,  
23 the person making that sponsorship may say to him or any  
24 other candidate for that matter that some of the funds  
25 could be used for that individual or that candidate

1 importantly and hence you would see situations  
2 sometimes -- situations reflected with the Premier and  
3 in my case as well where funds came to the party, but  
4 a certain amount would have been earmarked specifically  
5 for my purpose or his purpose.

6 SIR ROBIN AULD: So in your case too, which was, what are we  
7 talking about, \$385,000-odd --

8 A. 355, sir.

9 SIR ROBIN AULD: I am sorry. The payments were  
10 self-authorised in the sense that they were monies which  
11 were aimed at you by contributors for a particular  
12 purpose?

13 A. Correct.

14 SIR ROBIN AULD: You would decide how much you would take by  
15 way of stipend with that in mind?

16 A. Not necessarily. Well, it was left up -- as I stated,  
17 the signatories to the account were pretty much left to  
18 administer the account and that has always been the case  
19 within the PNP together with advice sometimes from the  
20 Chairman. So I think that it could be an accurate  
21 reflection of the events as you just categorised them.

22 SIR ROBIN AULD: Just remind me who the signatories to this  
23 account were?

24 A. The same signatories to the other accounts.

25 SIR ROBIN AULD: The same three?

1 A. Yes.

2 SIR ROBIN AULD: So there would be a decision between  
3 the three of you as to how much respective stipend each  
4 of you would receive?

5 A. Yes.

6 MR MILNE: So he decided how much he got?

7 A. He was and is the leader of our party and he would have  
8 a considerable amount of influence as to how much he  
9 would get.

10 Q. Did you ever say no?

11 A. If the party didn't have any funds, I would say no.

12 Q. The party appears not to have any funds, with respect,  
13 Mr Deputy Premier. You are 1.5 million overdrawn in  
14 Belize Bank. I know it is not mentioned in this. It is  
15 quietly left to one side. But surely you can see there  
16 might be some link between the Premier spending \$900,000  
17 on stipend and you having a great big overdraft in  
18 another account?

19 A. I agree, but as I said, I think I addressed that  
20 situation when I stated that the account that has  
21 the overdraft in it was not properly managed and was not  
22 properly dealt with. The situation with the Premier  
23 account, with the First Caribbean Bank, is a separate  
24 account. We consider them independent of each other.

25 Q. If the signatories to the accounts were the people who

1 made the decisions, what check was there on how  
2 the money was spent? Was there any form of accounting  
3 required?  
4 A. For the First Caribbean Bank account?  
5 Q. I am dealing specifically here with the stipend  
6 payments. What accounting was required? At what point  
7 did anybody say, Premier, please tell us where did that  
8 money go to?  
9 A. He was not required to do so.  
10 Q. So he could spend it as he wished, when he wished, on  
11 what he wished?  
12 A. No candidate was required to report back as to where  
13 the money went.  
14 Q. If, let me pick an example at random, well, you, sir, if  
15 you wanted to spend an additional \$600,000 of party  
16 money because you thought it might boost your election  
17 prospects, could you have done so without challenge?  
18 MR SMITH: I don't think that is a fair question.  
19 MR MILNE: I am seeking, sir, to establish whether  
20 the Premier was given a privileged position that was not  
21 enjoyed by the others.  
22 (12.45 pm)  
23 MR SMITH: It is based on what I think is an unfair  
24 hypothetical because what Mr Milne should appreciate is  
25 that this amount of money, this 900,000 and 355,000 in

1 relation to my client was over a five-year period. So  
2 to put a particular question of \$600,000 as a lump sum,  
3 one, I think it is an unfair question and to ask -- to  
4 keep repeating to ask him about the receipts and stuff  
5 like that, I think is just, I would say,  
6 over-questioning because he repeatedly indicated to you  
7 that there is no accounting method once the money is  
8 given over. I think in the interests of judicial  
9 economy, speed this Commission along in a more efficient  
10 manner, I think you should just move on -- the New Year  
11 has arrived -- to new questions.

12 SIR ROBIN AULD: Put your question again, Mr Milne, and take  
13 any other figure you like.

14 MR MILNE: Let's take another example. The Honourable Karen  
15 Delancey was obviously in the Cabinet for just a short  
16 period. 32,500 was paid to her by way of stipend.

17 If she had come to you and said: I think by spending  
18 an extra \$100,000, \$200,000, \$500,000, I could guarantee  
19 my election next time around, would you have said yes or  
20 would you have said no?

21 A. It depends on the amount that was asked. If she had  
22 indicated a figure that I thought that I could safely  
23 disburse, I would have granted it to her.

24 Q. How could you tell what figures could safely be  
25 disbursed?

1 A. Well, I used my discretion in that respect, but as  
2 I stated, you are talking about the leader of the party.  
3 The leader of the party who was responsible for --  
4 the primary person responsible for generating campaign  
5 donations. By virtue of my position, I would defer to  
6 him on some of these matters.

7 Q. You see, for those of us who come to this afresh, one  
8 could be forgiven for thinking that this was acting as  
9 if it was a one man party, as if it was the Michael  
10 Misick party, because he appears to have had a central  
11 part.

12 SIR ROBIN AULD: I think that is a matter for a closing  
13 speech, Mr Milne, rather than a question.

14 MR SAUNDERS: Sir, if I may. I have listened to the vast  
15 majority of the questions that have been put to  
16 the Deputy Premier, and there are one or two things that  
17 go to the thrust of this Commission in relation to the  
18 \$5,000 salary of the Premier, \$900,000 that the Premier  
19 has taken, but the 95 per cent of the questions, I don't  
20 understand how they assist the Commission. They deal  
21 with rummaging through the party's accounts. I don't  
22 see the point in 95 per cent of the questions that are  
23 raised, and I am sitting down anxiously waiting for  
24 the punch. It doesn't seem to be getting at the issue  
25 of corruption. It is getting at the issue of the

1 management of the party, whether the party is  
2 efficiently managed and those issues. They don't seem  
3 to be going to the heart of what we are here for and  
4 I wonder whether or not the questioning can be more  
5 focused towards what it is we are actually here for and  
6 rather than how the party is managed, whether it is  
7 efficiently managed, whether the account is  
8 representative of the party's true debt. That does not  
9 seem to be actually furthering the issues. It seems to  
10 be dealing more with the party's issues.

11 SIR ROBIN AULD: I think, Mr Saunders, the facts that  
12 Mr Milne is eliciting are that there was scope within  
13 the way in which the party's funds were organised or not  
14 organised for certain members of it, including  
15 the Premier, to misuse funds for their own private  
16 purposes.  
17 That's the burden of the questioning. Whenever  
18 Mr Milne gets anywhere near a particular figure to which  
19 he doesn't know the answer, very often Mr Smith jumps up  
20 and says it is a hypothetical question.

21 The problem is that if you have the means to misuse  
22 funds, and the identity of these -- ultimate outcome of  
23 those funds is not apparent from the documents, that is  
24 a matter of interest for the Commission.

25 It goes to the very heart of its first term of

1 reference.

2 MR SAUNDERS: Sir, I think I got that 45 minutes ago. It is  
3 very, very clear immediately that the Premier has gotten  
4 a salary of \$5,000; he has gotten payments of \$900,000;  
5 there is no posting as to what they are used for and  
6 that there is no record of that. The conclusion was --  
7 the point was made 45 minutes ago but we are badgering  
8 the point over and over unnecessarily.

9 MR SMITH: I hope the Commission is not saying I am not in  
10 my right to get up and object?

11 SIR ROBIN AULD: No, you take the point when you don't like  
12 a question which has a particular focus, sometimes  
13 rightly, sometimes wrongly, to get up here and do your  
14 best for your client.

15 MR SMITH: Much obliged.

16 SIR ROBIN AULD: Yes, Mr Milne.

17 MR MILNE: Mr Deputy Premier, we are focusing in  
18 the Commission on the question of corruption. I would  
19 suggest to you that corruption does not limit itself  
20 necessarily to the expenditure of government funds but  
21 may extend equally to the expenditure of party funds,  
22 which ultimately are provided by the men and women of  
23 the Turks & Caicos Islands who have placed their trust  
24 in your party.

25 I am suggesting to you, lest there be any doubt,



1 that you have no means, no way of knowing whether these  
2 massive, massive sums of money have been properly  
3 dispersed or spent on behalf of the party because you  
4 don't ask questions.

5 MR SMITH: There are two suggestions here. I want to make  
6 sure which one he is putting first.

7 SIR ROBIN AULD: I think they are both apparent, Mr Smith.  
8 If I can just put this at its clearest.

9 If the organisation or disorganisation of the PNP  
10 accounts is such that people may use it -- may use it as  
11 a vehicle for corrupting ministers to spend money for  
12 their own ends, then it is worthy of examination by  
13 the Commission. And that is what this line of  
14 questioning is about. That is why we were so anxious to  
15 see these accounts and those that will follow, I trust,  
16 from the PNP's premises today.

17 MR MILNE: If there is any aspect, sir, any aspect of the  
18 running of your party, the disposal of the funds,  
19 the administration of the accounts that you have not  
20 brought to our attention, which might provide some form  
21 of reassurance, I would like to give you the opportunity  
22 to tell us about it now.

23 A. I don't have that information, sir.

24 SIR ROBIN AULD: Did you say you don't or you --

25 A. I don't have it.

1 SIR ROBIN AULD: Mr Milne, would that be a convenient  
2 moment?

3 MR MILNE: I am about to move on to a different subject,  
4 sir, and it might be the best time to break.

5 SIR ROBIN AULD: Do we know what arrangements have been made  
6 now for the obtaining of the accounts held by the PNP in  
7 their office, Mr Saunders?

8 MR SAUNDERS: Sir, I have not had an opportunity to take  
9 instructions but there is a locksmith on the island that  
10 I am sure can be contacted in short order.

11 SIR ROBIN AULD: You have not contacted anybody yet or had  
12 them contacted?

13 MR SAUNDERS: No, sir, I think I got the instructions  
14 while -- I just got the instructions.

15 SIR ROBIN AULD: Well, when do you intend to pass them on to  
16 whoever is responsible in the PNP?

17 MR SAUNDERS: As soon as we adjourn, sir.

18 SIR ROBIN AULD: Mr Edwards may be able to help.

19 MR EDWARDS: Sorry, I have made a phone call to the Chairman  
20 in the short adjournment and we have put some wheels in  
21 motion. I am going to make another phone call now over  
22 lunch and hopefully I will have some definite plans for  
23 you.

24 SIR ROBIN AULD: I would have hoped that would have been  
25 done already, but if you are going to do that, I am

1 grateful. Are you and Mr Saunders liaising over this?

2 Your interest is Mr Misick, his interest is the party.

3 MR EDWARDS: I never had an opportunity to speak to

4 Mr Saunders --

5 SIR ROBIN AULD: Don't you think you should? We are looking

6 now for the party's records. You appear for Mr Misick

7 and have an interest but a less direct one than

8 Mr Saunders has in it.

9 MR EDWARDS: In light of your comments directed at me,

10 I thought I would take the initiative.

11 SIR ROBIN AULD: Yes, thank you very much.

12 Are you content with that, Mr Saunders, with what

13 Mr Edwards proposes?

14 MR SAUNDERS: Yes, sir.

15 SIR ROBIN AULD: 2 o'clock.

16 (12.54 pm)

17 (The short adjournment)

18 (2.00 pm)

19 MR MILNE: Mr Deputy Premier, we were dealing this morning

20 with the use of the FCIB account on behalf of the PNP

21 and one aspect I just need to come back to briefly is

22 this, the Quickzoom report, as it is called, at page 53.

23 Do you have that sir?

24 A. Yes.

25 Q. That document sets out, reduces into one piece of paper,

1 the stipend which you received from the PNP over  
2 a period of -- I think the original document covers from  
3 December 2003 to 2008, but in fact the monies that you  
4 have received all appear to reflect the period from  
5 15th August 2005 and the last payment being  
6 November 2008. Is that right?

7 A. Yes.

8 Q. The final entry appears to be out of order. That is  
9 a January 2007 payment, which in fact I think is  
10 a reversal of some sort.

11 A. Yes.

12 Q. Be that as it may, we are talking about the period from  
13 2005 to 2008?

14 A. That would have been the stipend I received,  
15 the suspense item you referred to earlier this morning  
16 of \$2,500.

17 Q. 2,500?

18 A. Yes, the amount at the bottom for 2004 that you are  
19 looking at.

20 Q. In any event \$355,000 over a period of some three years.

21 It is not insubstantial amounts, but can you tell us how  
22 would you have dispersed that money?

23 A. Some of it would have gone to my personal current  
24 account and would be dispersed out of either my  
25 Bank of Nova Scotia current account that is in

1 Grand Turk and some in Providenciales, and some would  
2 have gone to my First Caribbean Bank personal account.  
3 It would have been dispersed there as well. Other  
4 payments would have gone to, where they have Hallmark  
5 Trusts, would have gone to my Horizon credit card.

6 Q. The purpose of those payments, to promote your political  
7 activities?

8 A. Correct.

9 Q. It is clear that the election taking place in  
10 February 2007, one of those payments which is for a sum  
11 of, I think, \$3,000 was in fact made on 14th February.  
12 So just immediately after the election. We then have  
13 a series of payments, 25, 25, 20, 20,000, 5,000, 20, 20,  
14 30 and 2,500, although I think you say that is  
15 the reversal, all of those payments are made to you  
16 after the election.

17 What was the nature of political activity after you  
18 had already won the election?

19 A. Well, we would have had conventions that were mentioned  
20 earlier. We would have Christmas activity when we would  
21 have the various parties for adults as well as children.  
22 We would also have events when or times when we would  
23 have assisted persons in the various constituencies. In  
24 my case, we would have assisted the elderly or those in  
25 need. As I indicated to you earlier in the week, there

1 would have been times when I would have been called upon  
2 to assist people with small amounts. In some cases they  
3 refer to them as loans or in some cases they just  
4 indicated that they needed some financial assistance  
5 from me and if I had funds available at the time, they  
6 would be utilised for that purpose.

7 Q. I think we have already asked how you would know about  
8 funds available. The figures we are dealing with here,  
9 post-election, from February 2007 to the end of last  
10 year, a period of about 18 months, you spent what would  
11 appear to be \$165,000. That is a lot of Christmas  
12 parties, wouldn't you agree?

13 A. Well, if you were listening correctly, I didn't only  
14 talk about Christmas parties. I indicated that there is  
15 an assortment of things that we as candidates do in this  
16 jurisdiction and in the Caribbean, that probably don't  
17 obtain in your country but certainly obtains in  
18 the Caribbean whereby candidates provide assistance in  
19 the fashion in which I have described.

20 Q. We are talking about loans that are never returned.

21 A. Yes. I made that clear too: that in the process of  
22 dealing with some of that, I knew for a fact at the  
23 outset that persons may not have been able to repay it  
24 because of their financial predicament.

25 Q. What happened if they did repay you?

1 A. It would be a rare occasion if it ever got repaid, sir.

2 Q. What would happen to the money? If somebody came back

3 and said: thank you for lending me that \$1,000, here it

4 is back again, what would you do with it?

5 A. Perhaps it would have gone back into my bank account and

6 be recycled.

7 Q. So it would simply go back to your personal bank

8 account?

9 A. Yes.

10 Q. These are payments to you?

11 A. Of course, yes.

12 Q. Therefore, they are indistinguishable from salary in one

13 sense. I obviously take on board what you tell us about

14 the use that you might be expected to put them to, but

15 it is a fund to splash about really, isn't it? It is to

16 spend on people?

17 MR SMITH: I do not think that is a fair assessment.

18 I think he gave a specific detail as to what his fund is

19 about. It is not a fund to splash about. He detailed

20 it maybe three or four times.

21 SIR ROBIN AULD: He can say no to that.

22 A. No.

23 MR MILNE: Because, again, you, like your colleagues, I have

24 asked you about your colleagues, but you are not

25 required to account to anybody either for the money that

1 you spend.

2 A. No.

3 Q. Or to present any form of record or analysis and if you  
4 want to spend it on personal items, then you could do  
5 so?

6 A. I have to control myself, yes, and realise the purpose  
7 for which these funds are being utilised.

8 But let me say something here though because I don't  
9 want you to get the impression that we here in the Turks  
10 & Caicos Islands just simply are reckless with campaign  
11 contributions. This is a situation that is symptomatic  
12 throughout the world and you would know that in London,  
13 for example, proper campaign finance laws to even  
14 control bribery, state-sponsored bribery, has only come  
15 about in as recent as 2002. Also the situation in  
16 London is that parties never had to account for their  
17 campaign funding until recently.

18 So this situation is nothing from what obtains in  
19 even modern countries where they just recently  
20 implemented campaign finance laws and here in the  
21 Turks & Caicos, I am stating to you that I do accept  
22 that the practice needs to be improved and I am willing  
23 to look at that.

24 Q. Well, Mr Deputy Premier, I am not going to get into  
25 a debate with you about the status of electoral laws in



1 other countries. But your point, if I follow you  
2 correctly, is there is no law here, there is no control,  
3 there is no accounting to any public body?  
4 A. Correct.  
5 Q. And therefore essentially we should not be surprised,  
6 we, the Commission, should not be surprised that no  
7 record is kept. Is that what it comes down to?  
8 A. At least the records are being kept because if no  
9 records were being kept, you would not have this  
10 documentation in front of you today.  
11 Q. Well, you have already accepted that there is no ledger  
12 in relation to the Belize Bank account?  
13 A. But you have a ledger in respect of the  
14 First Caribbean Bank.  
15 Q. Therefore we should just forget about the Belize Bank  
16 account?  
17 A. I never stated that.  
18 Q. Let's go back to the Belize Bank account because we have  
19 done a very quick tally in relation to that bank account  
20 over the period that has been disclosed to us. Unless  
21 anybody thinks it is the lesser of the two, \$6 million  
22 went into that account and \$6 million came out of it, in  
23 round figures over the period with which we are  
24 concerned?  
25 SIR ROBIN AULD: Over what period is that?

1 MR MILNE: That is the period, it starts from January 2004,  
2 2nd January 2004, and it runs through to September 2008,  
3 when a loan was taken out for 1.576 million to offset  
4 the overdraft. Of course the money in includes that  
5 overdraft fund.

6 A. And it would also include some interparty transactions.

7 Q. There are clearly some inter-account movements, you  
8 acknowledge that?

9 A. Correct.

10 Q. But actually very few, sir.

11 A. I don't believe they are very few. I believe it is  
12 quite a few from my recollection.

13 Q. We have the advantage here of having your ledger and  
14 the Belize Bank account and money out of one,  
15 registering the other, should be very easy to identify,  
16 shouldn't it?

17 A. It should be, yes.

18 Q. We will try and give you a more precise figure, but our  
19 initial checks on this reveal very few. Let me take you  
20 to another aspect, though, because a moment ago we were  
21 dealing with your personal stipend, as it is called, at  
22 page 53 in the first section. Your evidence to us, as  
23 I understand it, is this: that money would have been  
24 taken from this, from these stipend payments and would  
25 have gone into your First Caribbean Bank, that is your

1 personal bank account, or into your Belize Bank account.

2 Yes?

3 A. Yes.

4 Q. One or the other?

5 A. Yes.

6 Q. Would they have gone into any other account?

7 A. Those are the only two accounts that -- there would be

8 one of possibly three accounts, Bank of Nova Scotia

9 account in Grand Turk, First Caribbean Bank account in

10 Providenciales, or Bank of Nova Scotia account in

11 Providenciales, or, as I indicated, Hallmark Trust where

12 the Horizon bank card is.

13 (2.15 pm)

14 Q. Again, it has had to be a relatively quick analysis, but

15 in your main bundle, we will come to it in a minute

16 because we are going to come back to it, you will recall

17 that there is a schedule of all the payments into

18 the accounts you have declared to us, every payment into

19 it over the period available.

20 We have identified in that schedule any payments

21 that are from obvious sources, for instance, your

22 government salary, your wife's salary, other payments

23 that are marked on the bank statements as, for instance,

24 loan. I think term deposit where money is put into

25 a savings account and then moved back again.

1        There are many payments into that account which we  
2        say cannot be identified. Comparing these payments that  
3        you say you received a stipend and our schedule of those  
4        which we have not yet identified, there are only two  
5        possibilities here, totalling \$70,000, that show up in  
6        those accounts. Do you have any other accounts, sir,  
7        into which these would have been paid?

8        A. I do not have any other accounts. I don't think that  
9        would be the case. I probably could help you in that  
10       regard.

11      Q. It may be that you will -- as I anticipate, it may be  
12      necessary for you to return tomorrow morning. Clearly  
13      you will have the opportunity to look at this later on  
14      if need be.

15      We see, however, and this wouldn't show up in  
16      an account, within your Quickzoom report at page 53,  
17      25th June 2007, so some months after the election has  
18      taken place, cash, "FBH", your initials, \$25,000.

19      The memo says "reimbursement -- SU". It clearly has  
20      been cut off. The spreadsheet has not printed the full  
21      word. Would that be reimbursement supporters?

22      A. Correct.

23      Q. So you were given \$25,000 in cash for reimbursement of  
24      supporters?

25      A. That is possible.

1 Q. That aside, and it may assist if I be very specific  
2 about this, and I will be corrected if there are others,  
3 I welcome your clarification, but on 23rd January 2007  
4 assistance for supporters, presumably, \$60,000. Does  
5 that appear in one of your accounts? And 8th February  
6 2007, candidate stipend, no other mention, \$10,000.  
7 Again, that appears to be reflected.

8 So those may well be payments. But that aside,  
9 I would suggest that these payments are not showing up  
10 in your accounts?

11 A. I stand to correct you that they indeed do show up in my  
12 accounts, and I have the information here to reflect  
13 that.

14 Q. Well, no doubt you will be able to provide us with  
15 a list of those in due course. Let's turn, if we can,  
16 then, to your accounts, because we have a series of bank  
17 accounts which you have opened and we have touched upon  
18 those bank accounts already. I am going to ask you just  
19 a few questions and seek your clarification. What  
20 I would first ask you to do, please, is to look in  
21 volume 1 at page 195, particularly after section 6.

22 A. Repeat that reference?

23 Q. Page 195. Do you have that?

24 A. Yes, I do.

25 Q. The account that we are looking at here is your

1 First Caribbean Bank account, page 195. It reflects  
2 the period around June 2007.

3 About halfway down the list of entries, there is  
4 a reference on June 27th to what appears to be a bank  
5 transfer. It is certainly a debit and it is to account  
6 10247915, \$3,000 debited.

7 Now, that is simply one entry, sir, but that bank  
8 account number, transfers to and transfers from, appears  
9 on a series of pages?

10 A. Okay. I don't follow you.

11 Q. Can you assist us?

12 A. Could you repeat that. On June 27th there is an amount  
13 of what?

14 Q. \$3,000?

15 A. A deposit or --

16 Q. That is a debit.

17 A. Yes.

18 SIR ROBIN AULD: We are on page 195, are we?

19 MR MILNE: Page 195. 27th June. I can take you to them if  
20 you wish.

21 A. Yes.

22 Q. It may assist if I simply summarise. Similar entries to  
23 that occur on a number of occasions. I don't need to  
24 take you to them because it says very much the same as  
25 this each time, but if you accept my summary, it goes as

1 follows. There is a payment in from that account in  
2 December 2007 of \$300 and then payments out on  
3 7th December 2007 for 3,000; 31st December, a further  
4 1,000; 7th January, a further 3,000; 7th February,  
5 a further 4,000; and finally 16th June, \$30,303.19.

6 16th June is page 175. Perhaps we could go there.

7 These statements are in reverse order.

8 A. They are one for 30,000, which date?

9 Q. It is page 175. This is slightly different. It says to  
10 close account 1024791, \$30,303.19.

11 The reason I ask, not because these are massive  
12 amounts of money but because that account is not one  
13 that has been identified to us in any formal fashion.

14 Are you able to identify it, sir?

15 A. Yes. That account exists because prior to the activity  
16 on this particular account, we had two banks here. You  
17 had First Caribbean Bank -- not First Caribbean Bank,  
18 Canadian Imperial Bank, you had Barclays Bank and we had  
19 accounts at both banks.

20 Then, when the banks merged, we ended up with two  
21 accounts at the same merged bank. One of the accounts  
22 was being used, the one that you are referring to, to  
23 service our mortgage. So whenever funds came into this  
24 particular operating account for us, we transferred  
25 monthly amounts over to that other account, just enough

1 to service our mortgage and our other loans, so that is

2 the reason for that situation.

3 Q. So that is a separate account into which you make

4 periodic payments?

5 A. Yes, and that account, I believe, is now closed.

6 Q. It was not disclosed to the Commission, was it?

7 A. No, because at the time it was closed, and I didn't

8 remember it, frankly, because it was an insignificant

9 account, it was only used to service our loans.

10 Q. Quite a lot of money goes into it?

11 MR SMITH: I am not sure if he was asked to disclose closed

12 accounts.

13 MR MILNE: I beg your pardon?

14 MR SMITH: I don't think he was asked to disclose closed

15 accounts.

16 SIR ROBIN AULD: He didn't know what accounts he had; he

17 didn't disclose this, we've found it; we have now been

18 given an explanation.

19 MR SMITH: I understand that, but the implication from the

20 question is that -- I read all his documents that were

21 supplied and the questions that were asked --

22 SIR ROBIN AULD: If the period of the account ran over

23 the period of the Commission's interest, whether it is

24 now closed is really irrelevant to that part of the

25 period.



1 MR SMITH: I don't think so. I think if the account was  
2 closed, and he made a specific request for open and  
3 closed accounts, then that is fine.

4 SIR ROBIN AULD: We made requests for proper declarations  
5 for the period covered by his obligations to make  
6 returns.

7 MR SMITH: Very well.

8 SIR ROBIN AULD: If the account was closed since then, then  
9 that is the answer to the query.

10 MR MILNE: You had a mortgage with  
11 the Canadian Imperial Bank.

12 A. It would have been with Barclays Bank and those two  
13 banks merged. Barclays and Canadian Imperial merged and  
14 created First Caribbean Bank here in the Turks & Caicos.

15 Q. So which was the account you took out the mortgage with,  
16 Barclays?

17 A. Barclays, yes.

18 Q. This account was only closed in June of last year?

19 A. Could have been.

20 Q. That is what it says in the statement?

21 A. I didn't handle that particular account. I believe that  
22 it was.

23 Q. If you look at 175, it was closed in June 2008. So it  
24 was open until then, but you have told us you didn't  
25 think that you needed to disclose that?

1 A. Frankly I didn't remember I had that account because as  
2 I indicated to you, it was purely used to service my  
3 loan accounts.

4 Q. Thank you. If we turn to another one please, page 190.

5 SIR ROBIN AULD: Which section are you in?

6 MR MILNE: It is the same section, sir, and this goes back  
7 slightly.

8 SIR ROBIN AULD: What is this?

9 MR MILNE: Page 190. Again, First Caribbean International  
10 account. Payment in. This identifies an account that  
11 is making a payment to you. I am simply asking whether  
12 you are aware of this account, if you know what it is.

13 It is account 10386656, about halfway down the page.

14 We see a payment in of \$12,000 to your account. Are you  
15 able to say what that account is, please?

16 A. That was my wife's salary from her employer.

17 Q. Are you able to say which account it is? That is her  
18 employer's account?

19 A. Her employer's account.

20 Q. Which employer?

21 A. Present employer, she works for TT Holdings.

22 Q. You have told us, sir, that she in fact received \$6,700  
23 a month and we have that appearing in the schedule of  
24 payments in?

25 A. I can easily explain that.

1 Q. Please go ahead.

2 A. When my wife initially started working for TT Holdings,  
3 the economy was a lot stronger. It was a company that  
4 was going to be engaged in real estate activity in terms  
5 of developing real estate. Since then she got involved  
6 with Remax, which is the entity that -- the real estate  
7 entity that we spoke about earlier. TT Holdings decided  
8 to reduce the time because they don't need her full-time  
9 to deal with the developments that they were pursuing in  
10 the country because the economy had gone bad. So her  
11 salary from TT Holdings then was reduced to \$6,700.  
12 Hence the reason for the difference in salary.

13 Q. So she got a pay cut, is that it?

14 A. Yes.

15 Q. Effectively?

16 A. Yes.

17 Q. You recognise that bank account number as being  
18 the TT Holdings bank account?

19 A. It is.

20 Q. Other than those figures, what would be the source of  
21 any income to your bank account?

22 A. As I indicated, campaign contributions.

23 Q. Well, you had not declared campaign contributions?

24 A. Yes, but I am indicating to you that I would have  
25 campaign contributions coming to my account.

1 Q. You have not given us a list of campaign contributions,

2 with respect, sir, have you?

3 A. No, I have not.

4 Q. You have mentioned a figure of \$150,000 which had not

5 previously been raised. When do you say that 150,000

6 came in?

7 A. That came in just before the elections of 2007.

8 Q. So that would have been the early part of 2007?

9 A. Correct.

10 Q. Mr Deputy Premier, if we go to your page 1017. Do you

11 have that?

12 A. Yes, I do.

13 Q. This document sets out the payments into your bank

14 accounts. That is your Belize Bank, your

15 Washington Mutual account -- there is not a lot that

16 goes into that -- your First Caribbean International

17 account, so that is two on the Turks & Caicos Islands.

18 It also covers payments into your Nova Scotia Bank in

19 Providenciales and a similar branch in Grand Turk, your

20 company Paradigm Limited and the HSBC account that you

21 hold in Miami.

22 If we look over the page to 1018, we see a sum was

23 paid into your Paradigm account of \$150,000 on

24 8th February 2007, which would be the day before

25 the election?

1 A. Yes.

2 Q. Are you saying that is the political contribution?

3 A. Yes.

4 (2.30 pm)

5 Q. Are there any other political contributions that you

6 wish to point to?

7 A. No, I think that is the main political contribution.

8 Q. Well, what we have done with this schedule is we have

9 edited out as carefully as we can, and indeed you have

10 a fresh version this morning because we have edited out

11 in light of your explanations everything that appears to

12 be your wife's salary, that appears to be your salary,

13 that appears to be loans identified as such and what we

14 have left is unexplained payments into your bank

15 account.

16 The unexplained payments into your bank account

17 which are not covered by what you have told us so far,

18 and I accept this figure includes the 150,000, so we

19 should reduce it by 150,000, but the figure is still

20 \$12,136,649.95.

21 I am going to ask you about a very specific aspect

22 of those funds. Then we will come back and perhaps you

23 can explain what goes on in your bank account.

24 Turn over the page, if you would, to 1020.

25 Do you have that?

1 A. Yes, I do.

2 Q. Into your Paradigm account, into your Scotia Grand Turk

3 account, into your Scotia Providenciales account, are

4 paid this series of sums of money. I am going to take

5 some examples. We will start at the beginning.

6 9th February 2006, into your Paradigm account which to

7 that point had something in the order of \$400 in it,

8 \$249,990 was paid. The following day, \$244,925 was

9 withdrawn.

10 8th September, a few months later, into the Scotia

11 Grand Turk, 328,313 was paid. The same day 320,216 came

12 out.

13 A. I probably can help you.

14 Q. Please do.

15 A. Before you get carried away with it. If you want to

16 look very closely at the Scotia account statements, you

17 will realise that every month or periodically they would

18 have totals and subtotals, the banks subtotal your

19 statement. Really register a total for that period.

20 What I can say to you is that -- and it is a running

21 total I may add. So the Scotia Grand Turk account,

22 where you would see from the time that account was

23 opened, it had a running total of 328,000 and will total

24 the same on the debits as well. So you would see that

25 total for debits and credits.

1        So these figures that you are looking at and taking  
2        them to be deposits are actually subtotals. As it goes  
3        down, all right, you will see that the subtotals get  
4        bigger and bigger and bigger and it is an accumulated  
5        total. It is not deposits that are being made to my  
6        account. With the Paradigm figures, I am happy to  
7        explain, and with the deposits that you just mentioned,  
8        I am happy to explain that as well.

9        Q. Let's take examples if we could, please. I am going to  
10       look at 246 for an example.

11       SIR ROBIN AULD: What are we looking at?

12       MR MILNE: This is Scotia, Grand Turk. 246.

13       SIR ROBIN AULD: Section 6, is it?

14       A. Correct. You would see on 8 --

15       SIR ROBIN AULD: Just a memo, please. It seems to jump from

16       164M to 256A. We are in section 6 of this volume, are

17       we?

18       MR MILNE: Section 6, sir, yes. Page 246.

19       SIR ROBIN AULD: I start with 164M and then I don't resume

20       until 256A. Whose numbering is this? (Pause)

21       Don't delay, Mr Milne, you carry on.

22       MR MILNE: You have page 246.

23       A. Yes, I do.

24       Q. 8th February, passbook net debit is put in and passbook

25       net credit the same day.

1 A. Yes.

2 Q. These are not the same figures, obviously? There is a  
3 difference between them?

4 A. It is not the same figures, but it is the subtotal for  
5 that day. Why would -- why is it do you believe that on  
6 8th February you would have a passbook net debit of  
7 \$820,000 as a withdrawal and also on that same day you  
8 would have a net credit of \$816,000?

9 MR MILNE: That is what I am asking you, sir.

10 A. It can be easily be verified by any person who has  
11 a Scotiabank checking account. They would tell you that  
12 periodically these subtotals are put into the account  
13 and that is all it is. It is not a deposit nor  
14 a withdrawal by myself.

15 Q. For no other reason than that you say it simply appears  
16 in the account as the total that has ever been put into  
17 your account and the total that has ever been taken out?

18 A. Correct.

19 Q. So these payments are not other people's money coming in  
20 and out of your account?

21 A. Not at all.

22 Q. No doubt you will be able to provide information from  
23 the bank to confirm that?

24 A. I can. On both accounts.

25 SIR ROBIN AULD: Does the same system work for the Paradigm?



1 A. No, Paradigm is different. For the record, that figure,  
2 at the end of the day, on the Scotia accounts that you  
3 are talking about, account for some \$6 million. Of  
4 total, probably more.

5 MR MILNE: Let's deal with the Paradigm account then in  
6 isolation, if you wish.

7 A. Okay, let's do that.

8 Q. 9th February 2006 on the Paradigm account?

9 A. Which page are you on now?

10 Q. The Paradigm account, 9th February, which is page 256Z.

11 We have added some figures in there. Some letters in.

12 That would be the new pages.

13 SIR ROBIN AULD: Thank you.

14 MR MILNE: \$249,990 goes in, 244,925 comes out the following  
15 day. Can you please tell us what that represented?

16 A. Yes. Probably we could look at the two credits in  
17 tandem. One of the credits is on the 10th of the second  
18 month for \$249,990 and the next one is on 15th February  
19 for 124,000.

20 Q. That is a further credit --

21 A. Further credit, yes. I got this as a result of  
22 a finder's fee in respect of Oceanpoint. I met  
23 the developer of Oceanpoint before I actually came into  
24 government. Before I got elected into government --  
25 I got elected in government April 2003. I referred him

1 to a particular property that he was interested in in  
2 Providenciales, the third total in property. He later  
3 purchased that property. He was impressed with my  
4 knowledge of the country and my knowledge about  
5 the situation in the Turks & Caicos, and I actually went  
6 on to provide further consulting work for him,  
7 freelancing of course. Those payments, these two  
8 payments is a result of a finder's fee in relation to  
9 that.

10 Q. Did you regard the fact that you put this through  
11 Paradigm -- this is not Paradigm's job, is it, being  
12 a finder of property?

13 A. Paradigm's job, as I stated, was a corporate management  
14 services that provided an array of services before I got  
15 into politics.

16 Q. So as far as Paradigm is concerned, this is an account  
17 that was bumping along with just a few dollars in it for  
18 several months and suddenly you perform a finder's fee  
19 or a finder's service to somebody and you put it into  
20 Paradigm?

21 A. Yes I did.

22 Q. But other than the fact that you had declared Paradigm,  
23 did you declare this on  
24 the Registration of Interests Ordinance?

25 A. No I did not.

1 Q. In terms of sources of income, you declared Paradigm as  
2 a company to the Inquiry but not identified this  
3 particular activity?

4 A. No, I did not.

5 Q. Which appears to be your activity rather than that of  
6 any company?

7 A. It was related to the company.

8 Q. The 125,000 that follows then, there is 249 and then  
9 125. Minus \$10 in each case?

10 A. It is supposed to be 375,000 in total.

11 Q. What happened to the money that came out of these two  
12 accounts, where did that go?

13 A. Some of the money went to pay for bills. Some of it  
14 also went to acquire property.

15 Q. Right. Which property, can you say?

16 A. I cannot say specifically off the bat because I would  
17 have probably transferred a portion of it to my  
18 attorney, to purchase property and I can't identify  
19 the specific piece of property that I would have  
20 purchased. I would also at this time state that  
21 a portion of it I gave to the Premier.

22 SIR ROBIN AULD: You gave to him?

23 A. Yes.

24 SIR ROBIN AULD: How much?

25 A. I gave to him roughly about half of it.

1 SIR ROBIN AULD: Half of what?

2 A. Half of the 375, because I considered it to be

3 a windfall, he was getting married at the time and this

4 is one area where I assisted him.

5 SIR ROBIN AULD: A sort of wedding present?

6 A. I would say so. I mean it was -- it was a windfall,

7 I was not expecting at this time to have gotten the

8 money.

9 MR MILNE: Half of the 375. Was that 150,000 or was it more

10 than 150,000?

11 A. It was just about 161, I would say. 165,000 or so.

12 SIR ROBIN AULD: Do you remember in what form you gave it to

13 him, how did you transfer it to him?

14 A. I gave it to him in a cheque.

15 Q. Yesterday I asked you about what he described as a loan

16 from you for 150,000, which was in May of 2006, and you

17 told us that you did not give him any loan but your

18 brother had?

19 A. That indeed was the case.

20 Q. Now you say you gave him a cheque for 165,000?

21 A. Thereabouts.

22 SIR ROBIN AULD: Did you say there are others?

23 A. Others?

24 SIR ROBIN AULD: Sorry?

25 A. I said thereabouts, when he said 165,000.

1 MR MILNE: That would have been when, in February?

2 A. It would have been around the same time. It would have

3 been on 10th February.

4 Q. Did he cash the cheque, pay it into his account?

5 A. No. My recollection tells me it was paid into

6 Chalmers & Co.

7 Q. Who was the cheque made payable to?

8 A. Chalmers & Co.

9 Q. Why?

10 A. Because it was -- I don't know, but it was paid to

11 Chalmers & Co.

12 Q. Who asked you to pay his wedding gift to his attorney?

13 A. Probably him.

14 SIR ROBIN AULD: He was the payee on the cheque, was he,

15 Chalmers & Co?

16 A. Chalmers & Co.

17 MR MILNE: So to give the Premier a wedding gift of

18 \$165,000, you wrote a cheque payable to the Premier's

19 brother and it was paid into an account held by

20 Chal Misick?

21 A. Correct.

22 SIR ROBIN AULD: And it derived from a finder's fee?

23 A. Yes.

24 Q. The finder's fee again was not one that was ever

25 declared at any stage?

1 A. Sorry?

2 Q. Right. Let's look at some other payments you may be  
3 able to help us with: staying with the Paradigm account,  
4 30th August 2007. Here I am going to ask you to turn,  
5 if you would, to page 264, on 30th August 2007. Some  
6 \$1,285,000 was paid into your account and the following  
7 day 932,000 of that was paid out. Can you tell us now  
8 what that was for?

9 A. Okay, let's look at that also in conjunction with -- you  
10 had referred me to a page that you had done a summary  
11 on?

12 (2.45 pm)

13 Q. It is on page 1021, if that helps you.

14 A. No, the page I am looking for is probably 1017. It is  
15 page 1018. This can probably clear up the situation at  
16 once.

17 You will see where a deposit is going into my  
18 Belize Bank personal account of \$1,285,000.

19 SIR ROBIN AULD: Put a date on it, please? Where is  
20 the date?

21 A. The date is 31st August 2007.

22 MR MILNE: On 31st August 2007, the same sum, 1,285,000 --

23 A. Right. In Paradigm's account you see on 30th August  
24 2007 a similar figure, 1,285,000. The one that has gone  
25 into the Belize Bank account should be struck because

1 that went into the account there and you will see on the

2 Belize Bank account that it went in and it was reversed.

3 Q. That is correct. It was a debit and a credit on

4 the same amount?

5 A. So that amount was reversed because it went in in error.

6 But the one that goes into the Paradigm account relates

7 to a loan that was taken out by me with Palm Ridge. You

8 may remember the Palm Ridge loan.

9 Q. Yes?

10 A. On which it is stated I am bearing significant risk as

11 a joint guarantor with Harold Charles.

12 The funds that you see here is a result of some of

13 the proceeds of that loan which is in this case

14 \$1,285,000.

15 MR MILNE: Why did that money come to you, because you were

16 not supposed to be the recipient, you were supposed to

17 be the guarantor of that firm, is that correct?

18 A. Also I am party, I am a shareholder, one of the major

19 shareholders in the company that drew down the loan.

20 In fact, I probably need to back up a little bit

21 here. Because this loan was taken out a little bit

22 ahead, in my personally, myself and Harold Charles' name

23 personally before we actually drew down on the

24 Palm Ridge loan. It was taken out jointly between us.

25 The proceeds from this loan of \$932,000, I think

1 I have information that will show how these funds were  
2 dispersed.

3 Q. Forgive me, before you go any further, I need to be  
4 clear about this. You said this was drawn down before  
5 the Palm Ridge loan, so it is not the Palm Ridge loan  
6 itself?

7 A. It is not the Palm Ridge loan itself.

8 Q. So from where did it come?

9 A. It came from a loan that we took up with Belize Bank  
10 under our personal names, under Floyd Hall and  
11 Harold Charles. The Palm Ridge loan later paid off some  
12 of that.

13 Q. Do you have the paperwork for that earlier loan?

14 A. Yes.

15 MR SMITH: If you look in the Palm Ridge loan on page 158,

16 you will see a caption there under section 12.4 that

17 says:

18 "Repay existing debt."

19 That is the \$1.5 million bought previously. That is

20 what my client just referred to. So everything was

21 wrapped up in the subsequent Palm Ridge loan.

22 A. You found that?

23 MR MILNE: Mr Deputy Premier, this may refer to earlier

24 debt, but there must be separate paperwork for the

25 earlier debt, presumably.



1 A. There will be separate paperwork, I can easily get that,  
2 but I thought that the information provided in this  
3 would have sufficed and explained the situation, but if  
4 you need separate paperwork, I can easily obtain that.  
5 SIR ROBIN AULD: I am running a bit behind here. From whom  
6 was the earlier loan taken?  
7 A. Sorry, sir?  
8 SIR ROBIN AULD: From whom was the earlier loan taken?  
9 A. Belize Bank.  
10 SIR ROBIN AULD: Do I find anything like that on page 158?  
11 A. Yes, on page 158, if you look at the description of the  
12 loan proceeds here, you would see at the bottom of the  
13 page, item 1.2.4, you would see:  
14 "Repay existing debt 1,500,000."  
15 SIR ROBIN AULD: There is nothing like that on my page 158.  
16 I think I have had the gremlins in my bundle. Don't  
17 worry.  
18 MR MILNE: Sir, I think the problem is this, that it is 158  
19 within section 8 of that bundle. These were documents  
20 served on 12th December in a separate bundle by  
21 the attorneys for --  
22 SIR ROBIN AULD: Section 8 then, I will find it there, thank  
23 you.  
24 MR MILNE: 158, for clarification, is part of the terms of  
25 the loan agreement of 9th October 2007. Yes?

1 A. Yes.

2 Q. Which makes reference, albeit perhaps obliquely, to

3 repaying existing debt and identifies existing debt as

4 1.5 million without saying whose existing debt it was

5 since the new borrowers are a variety of parties, not

6 including yourself, although you are a guarantor,

7 the second guarantor?

8 A. And a shareholder, sir.

9 Q. And a shareholder in Palm Ridge Limited?

10 A. Yes.

11 Q. The items that we are dealing with here in fact pre-date

12 this by two months because this money is around August

13 of 2007 as opposed to 9th October 2007?

14 A. This is where the repayment of the existing loan comes

15 in. The 1.2 million was taken out two months prior to

16 this loan.

17 Q. What was done with the -- it is not 1.2, it is nearly

18 1.3 but 1.285?

19 A. Yes.

20 Q. What was done with that money?

21 A. I purchased properties and I said also it was a joint

22 loan between myself and Harold Charles, so

23 Harold Charles would have gotten about half of it.

24 SIR ROBIN AULD: Are they already disclosed properties?

25 A. Yes, they are already disclosed properties. All

1 the properties that I have purchased with those loans

2 are disclosed.

3 MR MILNE: Since we have no specific paperwork in relation

4 to that earlier loan, perhaps you can help clarify a few

5 points here.

6 The loan on this is identified as 1.5 million?

7 A. Yes.

8 Q. So you borrowed 1.5 million but we only see

9 1.285 million. What happened to the other \$215,000?

10 A. It was on the basis that the loan was going to be

11 repaid. It was -- the loan was granted over a period of

12 a year and it had interest wrapped up in it, so

13 the interest was imputed in the 1.5 million.

14 The principal sum that was made available was 1.285

15 and 115,000 would be utilised to service the interest

16 component on it until the loan was re-financed or

17 repaid.

18 Q. 115,000 would be used for interest?

19 A. Interest, yes.

20 Q. What about the other 100,000?

21 A. Probably 215,000.

22 Q. So 215,000?

23 A. That would be correct.

24 Q. We would, as you appreciate, be assisted by

25 the documentation. No doubt that can be provided?

1 A. Yes, that can be substantiated.

2 Q. So you get a cheque for 1.285 million. You pay it into

3 your Belize Bank account and think wrong account, take

4 it out of your Belize Bank account and pay it into your

5 Paradigm account?

6 A. No, I didn't pay it into the wrong -- it was an error of

7 the Belize Bank by paying it into that account.

8 Q. So Paradigm, of course, in fairness is a Belize Bank

9 account?

10 A. Yes, it is.

11 Q. So they have credited one account of yours and you have

12 said no, not that, put it into Paradigm, so they have

13 transferred it across?

14 A. Right.

15 Q. You then pay out 932,454 of it the same day,

16 30th August?

17 A. Yes.

18 Q. What is that going to?

19 A. Just give me a minute and I will tell you. (Pause)

20 I just want to be precise and tell you. Actually it

21 is in the documentation here. It should be in this

22 bundle.

23 SIR ROBIN AULD: Mr Smith, if you think you can help

24 the Deputy Premier, do on this, finding the document.

25 A. He just assisted me. If you want to refer to

1 page 1009, you will get that information sir.

2 There is a debt that is at the top.

3 MR MILNE: It appears to be an advice for debits. It is not

4 particularly clear but it appears \$432,500 --

5 A. I can call off the information.

6 Q. Please do.

7 A. At the top line, Harold Charles received \$432,500.

8 Morris Cottingham Corporate Services received \$400,000.

9 Lisa Hall received \$50,000. Derek Hall received

10 \$50,000. At the voucher below, you will see dated

11 31st August would be the deposit from the bank which

12 they received from Harold Charles and Floyd Hall the sum

13 of 1,285,000 to repay the loan that we had there.

14 Q. Why does that say from Harold Charles and Floyd Hall,

15 because in fact it was coming from the Belize Bank,

16 wasn't it?

17 A. Yes.

18 Q. So why would it name you as paying the money in?

19 A. Because the proceeds -- some of the proceeds of the

20 Palm Ridge loan was personally for my benefit and

21 Harold's benefit.

22 Q. What it is going to be spent on is neither here nor

23 there. Why does it say it is coming from you rather

24 than coming from the Belize Bank?

25 A. No, because this account is at the Belize Bank to

1 actually pay off a loan that is in the name of Floyd and  
2 Harold Charles.

3 Q. So you have a loan with the bank?  
4 A. Yes.

5 Q. This is the proceeds of that loan, the initial loan?  
6 A. Correct.

7 Q. You receive a cheque -- you receive a transfer from  
8 the Belize Bank of 1.285 million. Rather than saying it  
9 is from the Belize Bank, it says it is from you, into  
10 your account?  
11 A. Yes.

12 Q. You then pay out some to your colleague, some to your  
13 wife, some to Derek Taylor, a relative?  
14 A. Not Derek Taylor. Was that deliberate?  
15 Q. It wasn't, I beg your pardon.  
16 A. Derek Hall, my brother.  
17 Q. A relative then?  
18 A. A relative.

19 Q. \$400,000, is it to --  
20 A. To Morris Cottingham.  
21 Q. Which is a firm of accountants?  
22 A. Firm of accountants as well as corporate managers.  
23 Q. What was the purpose of that payment?  
24 A. The purpose of that was to provide assistance to  
25 a gentleman by the name of Irving Welsh.

- 1 Q. Irving Welsh?
- 2 A. He is part of the Palm Ridge situation.
- 3 Q. Is he related to you?
- 4 A. He is a second cousin.
- 5 Q. It was to assist him that you took out this loan?
- 6 A. Yes. Some of it. That portion was to assist him.
- 7 Q. Forgive me, assist him in relation to this deal or
- 8 assist him in relation to something else?
- 9 A. He was a part of the whole deal. The whole situation
- 10 with the Palm Ridge, the Cedar Palms and Amoire loan.
- 11 If you look at the loan agreement, the loan agreement
- 12 will make reference to those three companies. So he is
- 13 a shareholder in that situation.
- 14 Q. I am aware of that but is it to assist him in promoting
- 15 this deal or is it something unrelated?
- 16 A. It is to assist him in his personal capacity.
- 17 Q. You are making him a personal loan?
- 18 A. Yes, of which we will be repaid.
- 19 Q. Have you been repaid yet?
- 20 A. No. It is not due yet.
- 21 (3.00 pm)
- 22 SIR ROBIN AULD: When was this? 30th August 2007.
- 23 MR MILNE: A few weeks after that, page 266, behind divider
- 24 6, a further \$353,000 goes into your Paradigm account.
- 25 A. That would be in respect of the substantive loan that

1 was drawn on in respect of the loan agreement, and if  
2 I may, I have to explain that a little bit as well.  
3 The reason for that, if you look at the figure here on  
4 page 159 of the loan agreement, that is in section 8,  
5 you would see here where they state funding term  
6 deposit. They had -- the bank actually computing  
7 the term deposit provision that would be required. They  
8 had over-charged us in this area in the amount of  
9 \$600,000.

10 So that had to be reimbursed to me and \$300,000 of  
11 that came to me and the other 300,000 went to  
12 Harold Charles.

13 Q. But, sir, forgive me, surely this loan, which is a very  
14 big loan, it is a very big loan indeed. We are talking  
15 millions and millions of dollars for a construction  
16 project yes? For a development project?

17 A. For a development project.

18 Q. But it appears that you are taking swathes of cash out  
19 of it, \$300,000 here, \$350,000, surely all of this money  
20 should be going straight back into the development  
21 project, is that not what it is for?

22 A. That is not what it is for. It is my cash and it is  
23 jointly my cash and Harold's cash and we had  
24 the opportunity to utilise it for our personal benefit.  
25 As I indicated, the development is actively being



1 pursued by Mr Charles and there is every expectation  
2 that the development will come to fruition. Some of the  
3 proceeds is being used for that but it didn't specify  
4 that it had to be used in that fashion.

5 Q. So if you want to take out personal spending money, and  
6 I don't mean that in an pejorative sense, but if you  
7 want to take it out and spend it on whatever you like,  
8 then you would do that?

9 A. Not necessarily on whatever I like because at the end of  
10 the day we have to plan, and as I indicated to you  
11 earlier, this is a three-year term loan, without  
12 interest being paid on it -- not without interest,  
13 without the principal payment being made.

14 So we have to be careful and ensure that whatever  
15 funds that are utilised are utilised in such a fashion  
16 to ensure that the principal will be repaid when  
17 the loan comes due.

18 SIR ROBIN AULD: What were these funds used for? What were  
19 these funds used for on this drawing?

20 A. The funds that I had was used for purchasing real  
21 estate, other properties, private properties that  
22 I figured would appreciate in value. Obviously  
23 the market has taken a downturn.

24 SIR ROBIN AULD: These again are properties that you have  
25 just disclosed.

1 A. Yes, all of these properties have been disclosed. While  
2 you are at it, on the big sums that you see there,  
3 I think there were two -- if I may go to that same  
4 section that you referred me to earlier. You would see  
5 where a amount of 353,000 and 116,000 all relate to  
6 the same transaction in dealing with the same matter.

7 Q. I am sorry, which page are you referring to here?

8 A. I am trying to find it as I speak to you. It probably  
9 is going to be -- it is going to be 2567Z. (Pause)

10 Q. If it assists you, the payment I was looking at before  
11 was 266.

12 A. Yes, I am close to it now. Let's go on page 266. I was  
13 saying you spoke about the 300,000.

14 Q. Yes.

15 A. You spoke about the 1,285,000 which was on the previous  
16 page, and now I want to refer you to \$353,091 because it  
17 is all part of the same transaction.

18 Q. So you had essentially, we can re-cap this and take it  
19 in chronological order, 30th August, albeit wrongly  
20 attributed, it goes -- 1.285 million goes into your  
21 Belize Bank account in the name of Paradigm?

22 A. Yes.

23 Q. You pay out 932,000 of that. So you are retaining  
24 something in the order of 300,000, a little more than  
25 \$300,000?

- 1 A. About 350.
- 2 Q. That is in August. The following October, 24th October,
- 3 you are credited with a further \$353,091?
- 4 A. Yes.
- 5 Q. The following November you get 300,000?
- 6 A. Correct.
- 7 Q. The 300,000 you say is as a result of an error by
- 8 the bank?
- 9 A. Yes.
- 10 Q. Whereby you were owed more money and the 600,000 is
- 11 split equally between yourself and Mr Charles?
- 12 A. Right.
- 13 Q. The 353 though, where does that come from?
- 14 A. The 353 came from the actual principal of the loan.
- 15 Finally, on page 269, it is a sum of 116,000, all
- 16 related to the same transaction, which was a portion of
- 17 the monies that it got back from Morris Cottingham.
- 18 Q. So that is a loan repayment to you?
- 19 A. No -- a subsequent payment was made to Morris Cottingham
- 20 and then the balance of it came back.
- 21 Q. Because that money is still outstanding?
- 22 A. Yes.
- 23 Q. That is a liability?
- 24 A. It is outstanding in the sense that it is outstanding in
- 25 the bigger picture of the full loan for the companies,

1 and it all will be paid out in the wash.

2 So essentially, when I add it up, it should be about

3 1,169,000 that would have gone to the Paradigm account

4 as a result of this transaction, which would have been

5 made available to me.

6 Q. In the midst of all of this, of course, is this

7 connected, the 300,000 appears in your Belize Bank

8 account on 21st September?

9 A. Yes, that is connected.

10 Q. How is that connected?

11 A. It was transferred from Paradigm to Belize Bank, to the

12 Belize account.

13 Q. Putting those aside for one moment, let's go back to the

14 schedules that we have prepared at the very back of the

15 bundle.

16 Schedules of credits. There are two points here and

17 I will make them, I hope, relatively shortly.

18 With what we have termed unexplained credits --

19 A. Which schedule?

20 Q. It is the schedule that starts at page 1018 and runs

21 through in fact to page 1019A.

22 We will disregard if we might, then, the figure that

23 you say can be explained by simply running totals

24 appearing as credits and debits.

25 A. Okay.

1 Q. The figure I gave before, 12 million, unexplained. You  
2 say that 9.7 million of that, which is the figures that  
3 go in and come out, can be explained simply by figures  
4 that should not be in the accounts?

5 A. Correct.

6 Q. That would still leave, I would suggest,  
7 Mr Deputy Premier, approximately \$2.5 million  
8 unaccounted for.

9 A. I would not say it is unaccounted for. Let's go through  
10 the process and I probably can help.

11 Q. What I am going to invite you to do is this. I am going  
12 to invite you to work through this later on. We have  
13 put certain matters to you --

14 MR SMITH: He has already worked through it. He is in  
15 a position to explain right now if you wish. There is  
16 no need to go overnight if you don't have to.

17 MR MILNE: Sir, I will attempt to do this but it will take a  
18 long time because we will be going through it line by  
19 line.

20 SIR ROBIN AULD: If the Deputy Premier can give it to us in  
21 a nice neat little schedule documented by reference to  
22 any supporting documents, will that save time?

23 MR MILNE: I hope it would, sir, yes.

24 SIR ROBIN AULD: How long do you think you might be  
25 traipsing through it with him?

1 MR MILNE: Probably 45 minutes or more.

2 SIR ROBIN AULD: How soon can you produce a schedule, or you  
3 have already got a schedule, have you?

4 A. I have a schedule, albeit it is written in pencil.  
5 I have a schedule. If he wants to go through it line by  
6 line, I have nothing to hide with this.

7 SIR ROBIN AULD: If you have done that, I think it might be  
8 better to have this put into typescript and produced as  
9 soon as possible at the end of the day or early tomorrow  
10 morning so that Mr Milne can have a look at it and not  
11 waste time, if it would be wasting time, going through  
12 the schedule with you.

13 MR SMITH: If the Commission proposes, we could put it in  
14 a format and deliver it tomorrow.

15 SIR ROBIN AULD: I can't hear you I am sorry.

16 MR SMITH: If the Commission proposes, we could put it in  
17 a more legible format.

18 SIR ROBIN AULD: That is just what I have said.

19 MR SMITH: Very well.

20 SIR ROBIN AULD: If it could be put in a typescript form,  
21 preferably later tonight so that Mr Milne has time to  
22 look at it before we come in tomorrow, or early tomorrow  
23 morning. That will save us 45 minutes of traipsing  
24 through the bundles.

25 MR SMITH: That is fine.

1 A. I was just wondering if he has it in an electronic  
2 format already, then I can --

3 MR SMITH: Yes, my client makes a good point. If he has it  
4 in electronic format, he can email it to me and I can  
5 forward it to my client and he can make annotations on  
6 that.

7 SIR ROBIN AULD: I didn't hear any of that.

8 MR MILNE: If it is in electronic format, it could be  
9 emailed. Mr Smith has my e-mail address within  
10 the Inquiry. We can send it on.

11 SIR ROBIN AULD: Just e-mail it as soon as you have it  
12 ready. That is a very helpful suggestion.

13 MR SMITH: What I am asking is they could e-mail me their  
14 electronic format because the way my client has  
15 paginated and done, he has notes alongside of each  
16 so-called unexplained, and if he e-mails me that, he  
17 could fill it in and send it back to me.

18 MR MILNE: That is a matter of a few minutes' work. That  
19 can be done easily, sir, and I am happy to do that as  
20 soon as the Inquiry rises this evening.

21 SIR ROBIN AULD: That is a good suggestion. Thank you very  
22 much, and we can move on to the next topic, can we?

23 MR MILNE: It is related and I would invite the same process  
24 to be carried out here, because if we go to page 1022 at  
25 the end of the bundle, the Commission has, over

1 the course of its enquiries, invited you to submit your  
2 credit card accounts. We have credit card accounts  
3 covering the period from December 2006 through to  
4 September 2008. So a little shy of two years.  
5 Page 1022.

6 A. I don't see that.

7 SIR ROBIN AULD: Nor do I. Do we have copies of that?

8 MR MILNE: It should have been provided this morning sir.

9 (Pause)

10 A. I don't see it here. It is not filed in sequence.

11 MR MILNE: Sir, I can copy this quite easily over the break.

12 SIR ROBIN AULD: Yes, we are near the break. Let's look at

13 it again after the short break. Would that be a good

14 time to break?

15 MR MILNE: Yes, sir, it would allow us to copy it.

16 SIR ROBIN AULD: You might want to talk to Mr Smith about

17 exchanging whatever you have to exchange for tomorrow.

18 We will rise for five or ten minutes.

19 (3.13 pm)

20 (A short break)

21 (3.23 pm)

22 SIR ROBIN AULD: Yes Mr Milne.

23 MR MILNE: May it please you, sir, before we broke,

24 Mr Deputy Premier we were dealing with page 1022 and

25 I am given to understand you have a copy of that now?



1 A. Yes, I do.

2 Q. Essentially we carried out the same exercise as had been

3 carried out in relation to others which is that we

4 looked at the payments made against credit cards. That

5 is the credits to them, sums paid to pay off the bill.

6 This schedule covers the period December 2006 through to

7 December 2008, at pages 1022 and 1023.

8 You were operating throughout the relevant period

9 two credit cards?

10 A. Yes.

11 Q. One with the Horizon Bank, one with the Belize Bank?

12 A. Correct.

13 Q. I think, lest be there be any doubt, no American

14 Centurion cards appear to crop up here?

15 A. No.

16 Q. But these two credit cards are paid on a number of

17 occasions, and indeed on a number of occasions we have

18 been able to identify whether funds have come out of one

19 of your declared accounts. That is your Nova Scotia

20 Grand Turk branch, First Caribbean Bank, on occasions

21 even the Paradigm account is used to pay them and once

22 or twice the Scotia Providenciales branch is used to

23 pay.

24 However, we have also on many occasions been unable

25 to identify the source of the funds that go to pay off

1 the credit card. They do not appear to be reflected in  
2 your accounts. In fact, throughout that period, which  
3 is, as I say, about 20 months, 22 months, \$249,000 is  
4 paid off which is not traceable to your accounts.

5 Now, there is, I think, no point my asking you line  
6 by line to explain where that money came from, but  
7 I would invite you to do the same exercise and we will  
8 provide you with this schedule, tell us if there is some  
9 source of these funds of which we know nothing.

10 So the situation is simply this: we are asking for  
11 clarification in relation to unexplained funds going  
12 into your bank account, unexplained funds going into  
13 the credit card accounts and it would be our submission  
14 to you that the funds that we have touched upon earlier  
15 in the day, the stipend amounts also do not register as  
16 credits to your account or the declared account. We  
17 would invite you to explain those as well?

18 A. What I can say from the schedule that I have, that they  
19 certainly do register as payments into the account and  
20 I was able to get information from the bank on most of  
21 them, not entirely on all of them.

22 However, I will try my best to see if I can get  
23 the information that you sought.

24 Q. Thank you very much. I am going to ask you to put those  
25 aside. We are going to leave figures for the moment, at

1 least figures for money.

2 I would like you to assist me in a different area  
3 which is simply this: the other day when the Premier  
4 gave evidence, he was questioned about his personal  
5 intervention in the scholarship fund. That is  
6 the granting of scholarships to individuals within  
7 the Turks & Caicos Islands who wish to study abroad and  
8 who wish to be funded by the government in doing that  
9 study.

10 You would agree, no doubt, that there has been for  
11 some time, although it is suspended as we stand here  
12 today, a scholarship fund which is run by the ministry  
13 of education and there is a stipulated, a regulated  
14 system for application and grant of scholarships; is  
15 that correct?

16 A. That is correct.

17 Q. You would also be aware, I believe, sir, that in  
18 an audit report, and here I am looking at the red bundle  
19 to your left. It is the red bundle marked 3. If you  
20 have that bundle, sir -- there are a number of tabs and  
21 it is tab 5 in that bundle.

22 That is an audit report, a special audit report on  
23 the scholarships programme dated 12 October 2006.

24 Now, the criticisms made by the auditor in that  
25 report included the complaint that there was a pattern

1 of intervention on the part of individual ministers  
2 basically getting round the system of application, that  
3 individual ministers stepped in and granted scholarships  
4 with total disregard for the process that should be  
5 adopted. Were you aware that you received that  
6 criticism because it was suggested that you were one of  
7 those ministers?

8 A. Correct.

9 (3.30 pm)

10 Q. If we look at page 8 of 34, the numbering is in  
11 the bottom left-hand corner, it is very small but it is  
12 there.

13 In the middle of that page, this is where it is  
14 detailed, the auditor says at letter C, paragraph C:

15 "In addition to letters found on individual student  
16 files, there were a number of memos/letters from various  
17 ministers such as the Premier, the Deputy Premier and  
18 the minister of education, instructing the ministry to  
19 award the scholarships for particular named students."

20 It then goes on to cite some examples. I am going  
21 to take the numbers from within the following list which  
22 relate to yourself. Memo 9th May 2005 from yourself to  
23 the ministry of education, the names of six students.

24 7, a letter from you, 24th July 2006, instructs the  
25 ministry to issue scholarship awards to four named

1 persons. 8, you instruct six persons be given  
2 scholarships. 9, you say five further persons. 10, you  
3 say a further six people who get them. Finally, 12, you  
4 say that a further one person should get them.

5 Why was it that you felt the need to override the  
6 ministry of education in its task to allocate student  
7 scholarships?

8 A. In this situation I don't think it was a case where  
9 I overrode the authority of the ministry of education.  
10 It was a situation -- what year this audit would have  
11 been? 2006?

12 Q. The report is dated 2006 and it is dealing with --  
13 the period that we have discussed has been essentially  
14 from May 2005 through to August 2006.

15 A. Yes. Okay, our country at the time was doing very well  
16 and when we got into office, our PNP administration,  
17 during the campaign, we preached about ensuring that all  
18 Turks & Caicos Islanders who have the ability to get  
19 access into college, that they should get a scholarship.  
20 There were persons who felt as if their application  
21 wasn't given due consideration in the process, and they  
22 had written to my office asking for my assistance in  
23 that respect and I would have written to the ministry of  
24 education irrespective of the person's political  
25 situation, asking them -- requesting the ministry to see

1 if they could provide some assistance, either in the  
2 form of a full scholarship or in the form of  
3 an scholarship grant.

4 That has been the situation. We saw this as  
5 fulfilling our mandate to empower as many Turks & Caicos  
6 Islanders as possible with the ability of having  
7 a tertiary education.

8 Q. But with respect, sir, this is not a case of you  
9 inviting them to consider these students because there  
10 is a -- presumably anybody who wishes to study abroad,  
11 one would think, would be capable of writing their own  
12 letter to the ministry of education saying: please may  
13 I have a scholarship to study; these are my  
14 qualifications; this is the course I wish to undertake;  
15 this is my present financial situation, can I have some  
16 money for that. Why would they need to come to you as  
17 minister of finance, as Deputy Premier, why not simply  
18 go to your colleague whose job it is to deal with this?

19 A. Well, some people have -- feel as if they have a special  
20 rapport, a special comfort zone with a particular  
21 politician, and I have been canvassed from time to time  
22 throughout the country by persons who wish to have  
23 gotten some assistance from government, and so it could  
24 be a case where the individual felt comfortable coming  
25 to me, or it could be a case where the individual had

1 written to me or written to the ministry of education  
2 and cc'd the letter to myself. In addressing  
3 the correspondence that came to me, I would have written  
4 to the ministry of education requesting that  
5 the individual be considered.

6 Q. I accept that you were in many cases writing on behalf  
7 of a group of people, but you could not possibly have  
8 taken the -- you would not have had the time to sit down  
9 and consider their individual applications and make  
10 a determination as to whether they were worthy of the  
11 grant or not, would you?

12 A. No, I would not have had that time.

13 Q. So, the letter that you forwarded, are you saying that  
14 that would simply have been an invitation for the  
15 ministry to consider them?

16 A. Even if it were an invitation for the ministry to  
17 consider it, I think the ministry would have inferred by  
18 the fact that I have written to them that I probably was  
19 exerting my influence in inviting them to issue it. So  
20 I can't sit here and comfortably say that it didn't  
21 influence them to issue the scholarship, even if it only  
22 had consideration should be given. Some of the letters  
23 were written requesting that consideration be given and  
24 some of the letters were written asking the ministry to  
25 see if they could accommodate them.

1 Q. You see, the issues that are raised here by the auditor,  
2 auditors, as I am sure you know from your professional  
3 experience, tend to be rather precise in these matters.  
4 She says that in each case the letter that is found on  
5 the file instructs --

6 A. I cannot -- I am not in a position to criticise that.  
7 It is quite possible that that is indeed the case. I am  
8 not running away from the situation to say that it is  
9 not. But what I am saying is that some of the letters  
10 would have been inviting consideration and some of them  
11 would have perhaps been instructing, but in either case,  
12 regardless of whether it was consideration or  
13 instructing, I believe that the ministry of finance  
14 would have felt obliged to see how best they could  
15 accommodate my request.

16 Q. Given that there is a limited pool of money, even in  
17 the best run economies, even in the most affluent  
18 economies there is not an endless supply of money for  
19 scholarships. You would agree there was a budget for  
20 scholarships?

21 A. I agree.

22 Q. Is there not a danger that you would recognise that by  
23 simply stepping in and saying this person should have  
24 a scholarship, that it may prove to be the case that  
25 a much better qualified student later who meets



1 the qualification but simply applies late in the year,  
2 is excluded?  
3 A. That could very well be the case. The year 2005/2006  
4 happened to have been a very good year for  
5 the Turks & Caicos Islands, and whilst this would have  
6 been in contravention of the financing audit ordinance  
7 and our budgeting guidelines, at the end of the day --  
8 I do not think it is in contravention of the financial  
9 audit ordinance, let me correct that statement, but it  
10 certainly would have been in contravention of our  
11 scholarship policy.

12 At the end of the day, however, I think all  
13 ministers concluded that if there's going to be an area  
14 of over-expenditure, the best areas to have that would  
15 perhaps be in education and in health, where we think  
16 that our people will benefit directly from it. We went  
17 into office with a mandate of trying to improve  
18 the quality of education for our people and I must say  
19 that it is now paying rich dividends for the country  
20 because we have hundreds of students returning and  
21 taking their rightful place in the Turks & Caicos.

22 Q. Was there a problem in the ministry of education at the  
23 time?

24 A. Problem in the sense of overspending in its budget?

25 Q. No, a problem in the administration in the ministry of

1 education?

2 A. I cannot accurately state that.

3 Q. The Premier suggested that he only stepped in because

4 the education ministry was effectively in a state of

5 chaos and he had to help out. Was that your

6 understanding at the time?

7 A. I would not say that. I can't speak for the Premier, he

8 is the Premier and he probably assessed that situation

9 for himself, but my intervention certainly didn't come

10 as a result of a chaotic state of the ministry of

11 education.

12 SIR ROBIN AULD: It looks as if the ordinary criteria,

13 though, were bypassed if this report is accurate. Would

14 you look at the second page under the heading,

15 "Management Response", page 9.

16 It gives in (iv) aspects of the lack of proper

17 control:

18 "(i) Recipients of scholarships were awarded outside

19 the Committee's scrutiny.

20 "(ii) Not all awards meet the predetermined

21 criteria.

22 "(iii) In most cases the awards don't focus on

23 priority areas and were not based on merit.

24 "(iv) There are no reasons for the awards on file

25 except for letters written by ministers instructing

1 the persons be granted a scholarship."

2 Do you recognise that as a fair summary?

3 A. I think that could be a fair summary of the situation.

4 MR MILNE: I am going to leave that topic and move on to

5 a slightly different one, Mr Deputy Premier. Government

6 aeroplanes. Did you use a government aeroplane on any

7 occasion?

8 A. I think in order to answer that question I would have to

9 make a distinction. I believe it is two aeroplanes in

10 question. One is the King Air, that is based there in

11 the Turks & Caicos Islands. A King Air 200, that is

12 based in the Turks & Caicos Islands, which we use for

13 local travel and sometimes regional travel. I have used

14 that aeroplane on a number of occasions to travel

15 between Grand Turk and Providenciales and may at one

16 time used it to go as far as the Bahamas.

17 As it relates to any other aeroplane that may be

18 under discussion, I have never used any other government

19 aeroplane.

20 MR MILNE: We have been told that the Premier examined and

21 considered purchasing a Gulf Stream aircraft priced at

22 \$6 million, the registration number being N165G.

23 Were you aware of that aircraft at all?

24 A. I am aware of it.

25 Q. That aircraft appears to have been registered in

1 the name of Indigo Transportation, which is a company  
2 based in Florida. You are no doubt aware of that as  
3 well?

4 A. It rings a bell in the sense that -- but I have no  
5 reason to know of the company personally.

6 Q. That aircraft -- the company Indigo Transportation is  
7 apparently managed by a man called Jeffrey Watson. Do  
8 you know Jeffrey Watson?

9 A. I do know Jeffrey Watson.

10 Q. In what context have you met him?

11 A. I have met him through the Premier.

12 Q. Have you met him in professional context, a political  
13 context, how?

14 A. I probably -- I met him as a person who was, I think,  
15 a key figure at the time in -- a lobbyist probably in  
16 the Clinton administration and in the context that he  
17 could have provided some sort of consultancy services  
18 for us in Washington representing the Turks & Caicos.

19 Q. Did he provide those services to the best of your  
20 knowledge?

21 A. I believe he provided services. Yes, in fact I can say  
22 that I utilised his services during the visit I had to  
23 Capitol Hill. He had organised meetings for me with  
24 the Ways and Means committee of the IRS.

25 Q. Did you utilise him as a individual or a company that he

1 worked for?

2 A. I utilised him -- the Premier was aware that I was going

3 to make a business trip to Washington, and he told me

4 that I should get Jeffrey Watson to coordinate it for

5 me, because he has been retained in that capacity to

6 organise situations of that sort.

7 Q. Was Jeffrey Watson paid as an individual by

8 the government of the Turks & Caicos Islands?

9 A. I think he was retained as a consultant and therefore

10 would have been paid as an individual.

11 Q. If you would take bundle 6, the red bundle to your

12 right-hand side. Do you have that?

13 A. Yes.

14 Q. Page 120 of the first section within that. Do you have

15 that?

16 A. Yes, I do.

17 Q. That is a Cabinet minute. This particular Cabinet

18 meeting took place at the end of July 2007. I think it

19 was the 27th is the precise date, and on that occasion

20 you were -- I think you were in fact Acting Premier.

21 The Premier, I believe, was not present at least.

22 A. No, I would not have been Acting Premier. I do remember

23 this.

24 Q. You do remember it?

25 A. Yes.

1 Q. On that occasion was Mr Misick with you, was the Premier

2 present?

3 A. Yes, he was.

4 SIR ROBIN AULD: The date of this Cabinet meeting is?

5 Q. 27th July, I think is the precise date.

6 SIR ROBIN AULD: Thank you.

7 MR MILNE: This is an oral mention. There was no supporting

8 paper.

9 A. There would have been supporting paper even though it

10 was an oral mention.

11 Q. If there was a supporting paper would the Cabinet minute

12 not reflect that fact?

13 A. Not necessarily, but I do recall there being supporting

14 documentation.

15 Q. Could it be there had been a supporting document on

16 an earlier occasion that was carried over?

17 A. No.

18 (3.45 pm)

19 Q. Would you still have a copy of the supporting paper or

20 access to it?

21 A. I wouldn't because -- what I can say, even though it

22 might have been a supporting document at the time,

23 I don't know for sure, I don't recall correctly as to

24 whether or not the document was copied and given to all

25 members of Cabinet. But the clerk to Cabinet perhaps

1 should have a copy of the documentation.

2 SIR ROBIN AULD: Are you talking of a numbered Cabinet  
3 paper? Because normally -- we have been through these  
4 minutes over a number of years. Sometimes there is  
5 a Cabinet paper with a number, mostly, but in a number  
6 of other instances there is a reference to oral mention  
7 and no sign of a paper.

8 A. But oral mentions could come in in various forms. It  
9 can come purely orally, without any supporting  
10 documentation, or it can come in the form of a late  
11 paper, which is still an oral mention.

12 So what I am saying with this particular situation,  
13 in order for a decision to have been made on this,  
14 documentation would have had to be presented to Cabinet  
15 showing where the commitment of \$165,000 per month was  
16 obligated to in order for the Treasury to effect  
17 payment. So I believe that some form of documentation  
18 would have been presented to Cabinet and the clerk  
19 perhaps could have a copy of it. I am not sure.

20 MR MILNE: The memo on this occasion said that you raised  
21 this matter, advising Cabinet that Indigo Transporting  
22 Partners Limited -- this is in fact  
23 Indigo Transportation, it may be that it has been  
24 mistranscribed:  
25 "This company is usually the aircraft used by

1 the Premier for international travel when travelling

2 with the delegation."

3 You advised that:

4 "The TCIG had purchased 400 hours of block time for

5 the year pro rata at \$165,000 per month. He noted that

6 there was an amount owing to Indigo for the months of

7 June and July and requested that the amount be paid and

8 Cabinet advised that it approved for DEPS..."

9 A. That is the department of economic planning and

10 statistics.

11 Q. "... to pay the outstanding amount of 330,000 to Indigo

12 Transporting Partners for the months June and July and

13 for ensuing months at pro rata ... \$165,000 per month.

14 These amounts will be invoiced to the government."

15 Why would the department of planning and statistics

16 be paying for international transport?

17 A. Okay, in this case, it would have been a situation where

18 the charges would not be sent to the recurrent section

19 of expenditure of the budget and the department of

20 economics, planning and statistics is responsible for

21 the capital expenditure section of the budget.

22 So given that this wasn't taken into consideration

23 in the budget allocations that would have been for that

24 fiscal year, which would have been the fiscal year

25 2007/2008, I believe, the payment would have been sent



1 to the department of economic planning and statistics  
2 for it to be treated as capital expenditure, because  
3 the capital expenditure section of the budget was  
4 treated more or less like a global expenditure section  
5 as opposed to a line-by-line item. Even though  
6 expenditure is dispersed in a line-by-line item format.

7 SIR ROBIN AULD: I don't understand that. Was this capital  
8 expenditure or not?

9 A. It was treated as capital expenditure.

10 SIR ROBIN AULD: In proper accounting terms, was it capital  
11 expenditure?

12 A. In proper accounting terms, because of the recurrent  
13 nature of it, it would be recurring expenditure. But  
14 I stated the reason for it being treated as capital  
15 expenditure was because this was being incurred after  
16 the budget allocation would have been made for travel.

17 So the intention would have been to have DEPS pay  
18 during the balance of that particular fiscal year which  
19 was 2007, and then have it converted to a recurrent  
20 expenditure in the next fiscal year.

21 SIR ROBIN AULD: Putting aside budget allocation, was this  
22 properly, in accounting terms, capital expenditure?

23 A. No.

24 MR MILNE: As a line item, it was a very big expenditure,  
25 wasn't it?

- 1 A. It is.
- 2 Q. \$165,000 a month pro rata is, on my quick tally,
- 3 1.95 million a year, just short of \$2 million a year?
- 4 A. Correct.
- 5 Q. For the Premier to travel overseas?
- 6 A. As I am thinking about this, I mean, it might have been
- 7 and I am not sure, I will have to check my records, but
- 8 I think it might have been some provision in the capital
- 9 expenditure section of the budget for \$2 million
- 10 expenditure on the aircraft.
- 11 Q. You think there might have been that item already?
- 12 A. Yes.
- 13 Q. Because in fact a matter of weeks before that, on
- 14 30th May, and this is page 114, just shortly before
- 15 then, 30th May 2007, you had already decided to buy
- 16 an aircraft which I think is the one referred to
- 17 previously. The 1976 King Air 200?
- 18 A. That is correct.
- 19 Q. N884PG. That was purchased for a little over
- 20 \$1 million?
- 21 A. Yes.
- 22 Q. That was purchased from a company called TCI Export?
- 23 A. Yes.
- 24 Q. Who were TCI Export?
- 25 A. I have no idea.

1 Q. It is a US firm isn't it, US company?

2 A. I really do not have any knowledge of this company,

3 I just see the name. I don't know the shareholders or

4 the persons behind this company.

5 Q. It is curious this is a North American company, it is

6 not Florida or anything like that, it is further away.

7 We can give the precise address, I am sure, but it is

8 somewhere in the continental USA. Did it strike you as

9 odd at this time given you had this minute that

10 the company that was using TCI in its title were selling

11 goods to you? Did you not say who is this TCI, are

12 these islanders?

13 A. Not necessarily. I would not be alarmed by the fact

14 that it had TCI in its name.

15 Q. Who was it who first suggested to you that

16 the Turks & Caicos government should shell out \$165,000

17 a month for the use of Indigo Transportation's aircraft?

18 A. The Premier.

19 Q. Did you query it with him at the time?

20 A. I was never in favour of that aircraft.

21 Q. You were never in favour of it?

22 A. No.

23 Q. But you appear to have raised the matter and put

24 the recommendation to the Cabinet?

25 A. I brought the issue to Cabinet, yes, but I brought it to

1 Cabinet after I was asked by the Premier to take  
2 the matter up in Cabinet. He was at Cabinet that day.  
3 SIR ROBIN AULD: He was there too, was he, at that meeting?  
4 A. Yes, he was. Because I had very little information on  
5 this. I don't know the details of it.  
6 Q. If it is the Premier's idea, why are you putting it  
7 before the Cabinet?  
8 A. Because it was a matter of finance at the time, and he  
9 had asked me to take up the issue in Cabinet and it was  
10 my intention to take up the issue in Cabinet and to have  
11 the matter discussed.  
12 Q. You don't appear to have said, or at least it is not  
13 minuted that you said: I am against this.  
14 A. No, I did not say that in Cabinet.  
15 Q. Why not?  
16 A. Because I think at the time the \$165,000 was already  
17 committed to and at the end of the day, to prevent  
18 the government from any embarrassment, I figured that we  
19 had to go forward and make the payments.  
20 Q. There are two issues there, Mr Deputy Premier.  
21 The government had committed hitherto and you are  
22 saying: please pay the outstanding sum, because we have  
23 been spending this already for the last two months. So  
24 you have perhaps a liability that can't be avoided in  
25 relation to June and July; this discussion had taken

1 place at the end of July, but surely it was within your  
2 scope to say: I think we should bring this arrangement  
3 to an end, it is extravagant and unnecessary, you don't  
4 need to pay in future?

5 A. It is certainly within my scope to have said that.

6 I did not, but I was not supportive of this particular  
7 idea.

8 Q. Do you agree it was extravagant?

9 A. I thought the cost was high.

10 Q. Did you agree it was appropriate for the Premier of your  
11 country to be flying around in a private jet?

12 A. I guess it is a matter of his choice, but I don't think  
13 that at the time it was affordable for the country.

14 Q. You did not think it was affordable?

15 A. No.

16 Q. So you didn't think the country could afford it?

17 A. No.

18 Q. But you did not formally object?

19 A. No, I did not, not in Cabinet.

20 SIR ROBIN AULD: Had you been involved in the initial  
21 purchase of 400 hours of block time?

22 A. No.

23 SIR ROBIN AULD: Had that been brought to Cabinet in any  
24 form before?

25 A. Not before, no.

1 SIR ROBIN AULD: Who did it? It was the Premier, was it?

2 A. It would have had to have been the Premier, I would

3 imagine.

4 SIR ROBIN AULD: That commitment was made without reference

5 to you?

6 A. Without reference to me.

7 MR MILNE: So is it the case that this was a done deal, your

8 hands were tied?

9 A. I think essentially it was a done deal.

10 Q. No reference had been made presumably, apart from no

11 reference to yourself, no reference to your department

12 prior to that commitment being made on behalf of the TCI

13 government?

14 A. That is correct.

15 Q. It has been suggested to us that the Premier in fact is

16 the true beneficial owner of this aircraft; do you know

17 anything about that?

18 A. I have no way of knowing that.

19 Q. Other than in the context of this Inquiry, have you

20 heard that suggested by other persons yourself?

21 A. I only heard it after this Inquiry got started.

22 Q. Have you ever raised that issue as to who the true

23 beneficial owner is with the Premier?

24 A. I never had reason to because as I stated, I didn't

25 believe that it was him. So I never was interested in

1 the aircraft.

2 Q. The aircraft that was purchased by the government, as

3 the price would suggest, is a much smaller, more locally

4 appropriate aircraft, is that right?

5 A. That is correct.

6 Q. And that one, which we have made reference to, cost

7 a little over \$1 million as opposed to the 6 million for

8 the Gulf Stream?

9 A. Correct.

10 Q. That aircraft presumably is available to any government

11 minister who needs it?

12 A. Yes, and I believe all ministers utilise it.

13 Q. How far will it take you?

14 A. It can take you to Florida. It can probably take you

15 from Turks & Caicos to as far as probably Atlanta.

16 Q. So it would reach the continental USA?

17 A. It certainly can.

18 Q. And presumably places within the Caribbean?

19 A. Certainly.

20 Q. How long did the government go on paying for services of

21 Indigo Transportation?

22 A. I don't know exactly. I think we are still under

23 contract, if my memory serves me correctly.

24 Q. Are you paying under contract?

25 A. I would imagine that we are.

1 Q. At \$165,000 a month?

2 A. That would be the contracted amount.

3 SIR ROBIN AULD: Do you know the duration of the contract?

4 Is there a fixed minimum term?

5 A. I think if my memory serves me correctly, it would have

6 been two years.

7 SIR ROBIN AULD: Two-year minimum term?

8 A. Yes.

9 MR MILNE: This was being approved in July 2007, although it

10 was backdated to some extent to June and July 2007, so

11 the contract on that basis, one would assume, would run

12 until about the middle of the coming year.

13 A. Correct.

14 Q. I am going to ask you about a totally different subject

15 and it is a short and simple question. You will be

16 familiar with the discussions that have taken place in

17 Cabinet on Salt Cay?

18 A. Yes.

19 Q. Were you aware when the Premier came to the Cabinet,

20 with the discussion on the golf course at Salt Cay, that

21 his brother was a 50 per cent owner of the shares in

22 that golf course?

23 A. I was not aware.

24 Q. When did you first become aware of it?

25 A. As a result of the Commission.



1 Q. So prior to the hearings of this Commission last week,  
2 had you never been told that Chal Misick was a 50  
3 per cent owner of the golf course?

4 A. I was never told.

5 Q. Were you aware the Premier had taken out a loan which  
6 was secured against the shares in that golf course?

7 A. I was not aware.

8 (4.00 pm)

9 Q. Do you personally have many meetings with  
10 Mr Mario Hoffman?

11 A. I have met Mario Hoffman. In fact I have actually  
12 visited Slovakia with Mario.

13 Q. When was that?

14 A. It could have been in 2007 or probably early 2008.

15 Q. What was the purpose of that meeting?

16 A. The purpose of the meeting was to get familiar with his  
17 operations because he was to be a permanent developer in  
18 the Turks & Caicos Islands and the Premier had invited  
19 me along with him to see his operations in Slovakia, and  
20 to also go to Dubai and see some of the car racing that  
21 he was associated with, Mario Hoffman by way of  
22 a friend, a car race that was taking place in Dubai.

23 Q. Can you tell us who paid for that trip?

24 A. I would have paid for my portion of the trip.

25 The government would have paid for my portion of the

1 trip to Slovakia. We travelled by private plane from  
2 Slovakia to Dubai and the government paid for my portion  
3 of the trip back from Dubai to Turks & Caicos.

4 SIR ROBIN AULD: Who was we, apart from you and the Premier?

5 A. It was the Premier, myself and Honourable  
6 McAllister Hanchell.

7 SIR ROBIN AULD: Nobody else?

8 A. There could have been others, I don't recall. It could  
9 have been the Premier's personal assistant. I am not  
10 absolutely sure. There would have been other persons in  
11 the party, I am sure.

12 SIR ROBIN AULD: I am sorry to have interrupted, Mr Milne.

13 MR MILNE: Not at all sir. The trip between Slovakia and  
14 Dubai, who paid for the private plane in between?

15 A. I travelled on one of Mr Mario Hoffman's planes.

16 Q. So that was a flight provided by him?

17 A. Yes.

18 Q. That, of course, is international travel provided by  
19 a party outside government but on semi-official  
20 business?

21 A. Yes.

22 Q. Do you agree that that is something that should have  
23 been declared to the Register of Interests?

24 A. No, because I said I believe that the Register of  
25 Interests refers to trips that are made in my capacity

1 as a member of legislature. This was a trip that was  
2 made in my executive capacity as minister of finance.

3 SIR ROBIN AULD: That is a distinction you could draw just  
4 about every time you take a governmental journey, isn't  
5 it? When you visit one of the out islands or one of the  
6 islands, I should not call them out islands, you go as  
7 a minister but you also go as a member of the  
8 legislature, don't you?

9 A. It probably was my misinterpretation of that particular  
10 aspect of the ordinance, but I must say at the time, in  
11 reading that section of the declaration, I took it to be  
12 that.

13 SIR ROBIN AULD: Were you introduced to any potential  
14 business propositions in Dubai?

15 A. Yes.

16 SIR ROBIN AULD: Would you like to tell us about those,  
17 please?

18 A. Well, we met, I think, it was -- it could have been  
19 the prince of -- one of the princes of Dubai, and we  
20 spoke about him possibly coming to the Turks & Caicos  
21 Islands to transact business. Then it was also  
22 a gentleman who was involved with car racing. It was  
23 NASCAR racing. He was interested in looking at business  
24 prospects in the Turks & Caicos, not NASCAR racing but  
25 prospects as it relates to property development.

1 SIR ROBIN AULD: Were any deals struck in Dubai?

2 A. Not to my knowledge, but I left Dubai before the rest of

3 the team.

4 SIR ROBIN AULD: Any bank accounts opened?

5 A. I never went to open a bank account.

6 SIR ROBIN AULD: Not you, but were there any bank accounts

7 --

8 A. I am not aware of anyone opening a bank account, but

9 I left before the other members of my party left.

10 SIR ROBIN AULD: You left before them.

11 A. Yes, and I came back via London(?).

12 Q. Are you aware of the Premier making any arrangements for

13 building a property in Dubai?

14 A. No.

15 Q. Investments in Dubai?

16 A. No.

17 Q. The government finances of the Turks & Caicos Islands

18 have obviously been affected, as have many national

19 finances, by the downturn in the financial market in the

20 last few months. I am sure you are probably better

21 aware of that than most of us in this room?

22 A. I am.

23 Q. Is it not the case, however, that there has been

24 a process of overspend that has been going on for some

25 time in the government of the Turks & Caicos Islands?

1 A. Yes.

2 Q. I am looking, and I would invite you, since you have  
3 the bundle open to turn to page 127 in our Cabinet  
4 minutes. I think on that day, which was  
5 29th August 2007, at Cabinet, you brought along a team,  
6 a budget team essentially who addressed the Cabinet, one  
7 of them being the chief economist at the time, Mr Delton  
8 Jones, is that right?

9 A. That is correct.

10 Q. I think since that time Mr Delton Jones in fact has  
11 changed position. He is now permanent secretary within  
12 your ministry?

13 A. That is correct.

14 Q. So if anything he is in fact closer to the runnings of  
15 TCI economy.

16 His advice -- and I am going to take this relatively  
17 shortly but if there is any point you wish to raise,  
18 please do. He advised on this date, 29th August, that  
19 the deficit at that time -- this is about six lines down  
20 in the minute -- was \$20.7 million in the government  
21 budget. And there was discussion as to the likely  
22 solutions that might be put forward. But let's take it  
23 very shortly. The reason I mention that is because we  
24 turn on to page 135 in the bundle.

25 SIR ROBIN AULD: I am sure you gave a date and I missed it.

1 MR MILNE: The first one was 29th August, sir, that is 2007,  
2 at page 127. There was a further presentation, some  
3 three months later on 7th November. That is at  
4 page 135. Mr Jones, this is the penultimate paragraph,  
5 stated -- it reads slightly oddly but I think  
6 the meaning becomes clear:

7 "The position at the time of the stabilisation  
8 programme, there was a deficit of \$17 million. Of  
9 October 31st 2007, the deficit had reached some  
10 \$30 million."

11 So the deficit had increased by a further 10 million  
12 between August and November.

13 We move on again to page 142.

14 I am going to jump that and go to page 152. There  
15 was a meeting of 8th April 2008, so a further four  
16 months now. On this occasion Mr Jones was welcomed in,  
17 in fact I think in his new role as permanent secretary,  
18 ministry of finance.

19 At this stage Mr Jones in the second paragraph noted  
20 that following the team's informal presentation to  
21 the Cabinet several days ago, much work was done on both  
22 revenue and expenditure. The deficit for the finance  
23 year 2007 to 2008 was now, and I think this again is  
24 a slight mistyping, but it says \$35,000, which you would  
25 have probably been laughing if it was 35. I suspect

1 that means 35 million?

2 A. I would have been very happy, yes.

3 Q. By this stage it was \$35 million. The current deficit,  
4 28.8, development fund deficit \$6.8 million, and there  
5 were discussions that went on at this point.

6 So again, essentially we have three dates there,  
7 where civil servants were coming back to the Cabinet  
8 saying it is 20, it is 30, it is now \$37 million over  
9 a period of months.

10 It seems that after that, there were further  
11 meetings at which there were discussions about  
12 cost-cutting measures; do you remember those  
13 discussions?

14 A. Yes.

15 Q. I think on 11th June at page 162 and 173, there was some  
16 discussion as to reduction in expenditure. Page 163,  
17 the discussion listed a number of possibilities:  
18 improving measures in a stabilisation plan; (2),  
19 a one-year moratorium on the rental of new buildings;  
20 (3) it approved, with the exception of members of  
21 Cabinet, a moratorium on business or first-class travel  
22 where the flight time is less than two hours. In  
23 addition, only permanent secretaries to fly business  
24 class and all of the public servants to fly economy.  
25 It went on to approve the review of social welfare

1 programmes. It agreed that it would pay subventions to  
2 statutory bodies on a monthly basis. It deferred all  
3 new programmes introduced in the new budget for six  
4 months and it approved the scaling back of film  
5 festivals for the year. It also agreed the review  
6 and scale-back of operations of TCI New Media, and it  
7 cancelled subsidies to airlines.

8 So a series of trimming measures to try to cut  
9 expenditure, indeed, cutting expenditure on scholarships  
10 by 3 million whilst there was an overhaul.

11 It goes on. I don't need to go through every one  
12 but all of them, measures to try to reduce expenditure.  
13 By 22nd October 2008 at page 186, there was a further  
14 review of the half year performance and matters appear  
15 to be getting more urgent towards the bottom of the  
16 page. It is decided by this stage, the ministry of  
17 finance:

18 "Have departments inform the ministry of finance of  
19 plans to undertake major commitments. Arrange a payment  
20 plan to honour outstanding medical referral costs,  
21 freeze recruitment."

22 By this stage you are placing a moratorium on new  
23 scholarships, you are cancelling the film festival and  
24 Christmas parties, limiting overseas travel to essential  
25 meetings, limiting overseas training to essential



1 meetings, reviewing the operations of TCI New Media and  
2 cancelling the Christmas works programme. You are  
3 reviewing all the road cleaning contracts, cancelling  
4 all development fund warrants. So things are getting  
5 steeper, aren't they?

6 A. Yes.

7 Q. Finally in November, 6th November, page 190?

8 SIR ROBIN AULD: Do you mean 6th November or December?

9 MR MILNE: It is 6th November.

10 SIR ROBIN AULD: I thought we were just looking at  
11 22nd November.

12 MR MILNE: No, we were looking at 22nd October. This is  
13 6th November.

14 SIR ROBIN AULD: I am sorry.

15 MR MILNE: "All medical treatment abroad frozen. All new  
16 scholarships frozen. Moratorium on new hiring in  
17 the public service. The vehicle policy must be strictly  
18 adhered to. Domestic and international travel permitted  
19 only in cases of absolute necessity. Car rentals  
20 frozen."

21 There had been signals coming a very long time, had  
22 there not?

23 A. Yes.

24 Q. I pick as one example, nowhere in those minutes does it  
25 say, we had better cancel the \$165,000 a month we spend

1 on the Premier flying abroad. That is not raised, is

2 it?

3 A. I agree that it was not raised, not in the minutes.

4 Q. As far as you could see, how was the tourist budget

5 doing?

6 A. Not well.

7 Q. What was it being spent on?

8 A. I don't know the details to any serious degree or

9 specificity, but what I can say is that I believe that

10 some of the expenditure would be in the area of

11 promotions, consultants, and probably travel and

12 promotions.

13 SIR ROBIN AULD: In Mr Milne's question to you, one or two

14 ago, there was no reference he put in the minutes to

15 the Premier's travelling expenses. You said no, not in

16 the minutes. Was there other expression of concern

17 among you or your colleagues about that?

18 A. Yes, the PS finance always raised that issue to me and

19 I raised it that --

20 SIR ROBIN AULD: PS finance?

21 A. Yes, always raised the issue about the cancellation of

22 the festivals as well as cancellation of the aeroplane.

23 (4.15 pm)

24 SIR ROBIN AULD: What did you do about that?

25 A. I raised the issue.

1 SIR ROBIN AULD: With whom and where and when?

2 A. With the Premier, but it has always been stated that it  
3 is a contractual obligation that we were into for  
4 a two-year period, and even if we were to proceed with  
5 the cancellation of the contract, you would have to pay  
6 the balance of the contract period: so hence the reason  
7 why that could not have been cancelled.

8 MR MILNE: As far as you could see, did the Premier curb his  
9 spending?

10 A. He made an effort to.

11 Q. In what field?

12 A. I have seen evidence of him trying to curb expenditure  
13 as a result of the economic situation. It would be  
14 probably a global situation within the ministry -- his  
15 ministry or within the tourist board but the nature of  
16 the offences of the tourist board is such that so much  
17 has already been committed that even with curbing  
18 expenditure at this time is like after the horse is out  
19 of the gate.

20 Q. Did anybody within Cabinet try to stop him spending?

21 A. Well, I would say that we had discussions all the time,  
22 with respect to expenditure and trying to rein  
23 expenditure in, but also the situation too is that by  
24 the nature of statutory bodies as I discussed earlier in  
25 the day, it is difficult to know what has been incurred

1 by them until it is actually manifested in the  
2 expenditure actually being written out, because I am  
3 aware that the ministry of finance would have made funds  
4 available to the tourist board for particular  
5 outstanding items and at the end of the day, the funds  
6 would have ended up being spent on something other than  
7 the items for which we had made the funds available for  
8 --

9 SIR ROBIN AULD: What -- forgive me, finish.

10 A. Again, that is because of the legal structure of  
11 statutory bodies as it relates to the ministry of  
12 finance in government. Once the funds are released to  
13 the statutory bodies, the ministry of finance doesn't  
14 have any control over how those funds are actually  
15 spent.

16 SIR ROBIN AULD: Was one of the problems that the Premier  
17 committed the government to expenditure on tourism  
18 projects which went beyond the tourist board's own  
19 budget?

20 A. That would be a fair assessment.

21 SIR ROBIN AULD: So that the tourist board was presented  
22 with undertakings which he had made supposedly on its  
23 behalf which it was then required to honour.

24 A. That is conceivable.

25 MR MILNE: The tenor of much of the information we have is

1 that the Premier enjoys flying around the world in  
2 private jets and first class and that by dint of simply  
3 characterising that as I am representing the Turks &  
4 Caicos Islands, that expenditure falls back on the TCI  
5 government. Do you think that that is a fair  
6 assessment?

7 A. I cannot say. Probably that is a loaded sort of  
8 statement.

9 Q. It is, with respect, sir, I think a fair assessment of  
10 the views of many and I am not picking out any  
11 individual, but many who have approached the Commission  
12 and many who have expressed concerns. You, again, with  
13 respect, are a colleague, you are a longstanding  
14 colleague of the Premier and you are a man who is very  
15 politically aware within these islands; you cannot fail  
16 to know that that is the view of many people, I would  
17 suggest?

18 A. That indeed is the view of many and they might have  
19 their justifications for that indeed. That is the view.

20 SIR ROBIN AULD: I think Mr Milne may be going to ask you  
21 about this but you have been party to a letter in  
22 October 2007 and much more recently criticising  
23 the Premier in a number of respects?

24 A. In October 2007?

25 MR MILNE: Forgive me, sir, in fact that letter, although

1 signed by senior members of the PNP and copied to  
2 the Honourable Floyd Hall, was not signed by Floyd Hall.

3 SIR ROBIN AULD: I am so sorry. I will leave you to it.

4 A. If I could say just one thing in his defence, I know  
5 that the Premier, through his travel, has been able to  
6 attract considerable investment to the Turks & Caicos  
7 Islands and so in being critical he has attracted quite  
8 a few investors to the Turks & Caicos Islands.

9 MR MILNE: You were aware of the criticism raised by  
10 a series of senior members within your own party, as  
11 the Commissioner has mentioned, back in October 2007,  
12 where the Premier was personally criticised by those  
13 people, amongst them the Chairman, the Deputy Chairman,  
14 the Secretary General, the party whip and indeed the PR  
15 officer for the party.

16 MR SMITH: Is that a part of the core bundle because I have  
17 not seen a copy yet?

18 MR MILNE: I am sorry, I didn't hear.

19 MR SMITH: Is that a part of any of the core bundles because  
20 I have not --

21 MR MILNE: It is not and I can provide a copy but it is  
22 a document that is well known.

23 A. I am aware of the document. I am aware of the document  
24 and it is a document that I think party members are  
25 fully aware of.

1 Q. They criticise the absentee Premier, saying that:

2 "It was the general belief and feeling among the  
3 people of the TCI the Premier doesn't reside here but  
4 instead lives in California and requesting that he be  
5 made more visible."

6 There is criticism of the government information  
7 service and the cabinet's mandate, saying that your  
8 government seems to be side tracked.

9 MR SMITH: Is there a question coming?

10 MR MILNE: There is. There was criticism made clear on  
11 the financial position, the guests of the Premier and  
12 the First Lady, the use of the nation's capital in  
13 Grand Turk, public functions, appointments of civil  
14 servants and government contracts which it was felt were  
15 going to basically Americans. As you are well aware,  
16 there was widespread criticism of the Premier's personal  
17 life. Was that letter discussed at any stage in  
18 Cabinet?

19 A. The letter was not discussed in Cabinet. This was  
20 considered to be a party issue and it was discussed at  
21 the party level.

22 Q. Did you have personal discussions with the Premier about  
23 that?

24 A. I was not at that particular meeting but in Cabinet --  
25 in pre-Cabinet we always had discussions concerning

1 various issues that had been raised in that  
2 communication.

3 Q. At that time did you consider any of those issues to be  
4 justified; the criticisms that were being raised?

5 A. Some of the criticisms were indeed valid.

6 Q. Did you make that point to the Premier yourself?

7 A. I have made, on numerous occasions, my expressions to  
8 the Premier with respect to certain things.

9 Q. Did you make the point that this was a letter that was  
10 justified at least on some points, and I am not going to  
11 ask you to stipulate precisely which?

12 A. I never actually discussed that specific letter with him  
13 but some of the things that came up in the letter were  
14 discussed.

15 Q. More recently, that is within the last two weeks, you  
16 have added your name, I think, to a press release, is  
17 that correct?

18 A. That is correct.

19 Q. In that press release it followed the Premier's address  
20 to the nation. The Premier having said -- the words  
21 that were quoted were that:

22 "Due to jealousy and greed, there are some who have  
23 plotted to stop our country's progress. There are  
24 enemies that are using us and turning us against each  
25 other, using the old age [the precise phrase] strategy



1 of divide and conquer."

2 Your press release criticised that as being untrue,  
3 divisive and entirely disingenuous.

4 A. I don't know if that press release came from me. I may  
5 not have been party to that particular press release.

6 That may have been a press release from some of the  
7 other candidates.

8 Q. It is attributed to a number of candidates and on the  
9 version that has been distributed and indeed that we  
10 have seen, your name is one of the group.

11 A. But I don't think I had signed that. Is my signature  
12 there?

13 Q. This is not a signed copy.

14 A. No, I think that letter was since amended and my name  
15 was taken out of it.

16 Q. Right. Were you aware that copies had circulated with  
17 your name on?

18 A. I was not aware that it had my name on it.

19 Q. Because this appears to be fairly widely distributed.  
20 Did you read it before it went out?

21 A. I know of that release and I know at the time it was  
22 decided that I would not be party to that. But, again,  
23 those were the expressions of members who felt that  
24 those indiscretions were being exercised and also it was  
25 felt that the statements that were edited(?) in the

1 previous press release were unfounded and had to be

2 rebuked.

3 Q. Indeed, you might have had some difficulty because it is

4 suggested within the body of this that the government's

5 finances are in total disarray. Would you agree or

6 disagree with that assessment?

7 A. I would disagree with that assessment.

8 Q. It took issue with the Premier's decision to charter

9 a jet to fly to Paris on a shopping spree at the expense

10 of the government.

11 A. I would have no knowledge of that.

12 Q. You have no knowledge of that?

13 A. No.

14 Q. You have not heard of it?

15 A. I heard of it but I cannot confirm it.

16 Q. Given the cut-backs we have been discussing, it would

17 have been wildly inappropriate for the government to

18 have funded that sort of trip, would it not?

19 A. It would have been inappropriate.

20 Q. But presumably the jet is still available, since it is

21 being paid for?

22 A. Presumably.

23 Q. You would seek to distance yourself from this document?

24 A. I would seek to distance myself from that.

25 SIR ROBIN AULD: Can I just go back a little in the history,

1 which is something of interest to me.

2 In the letter of October of last year from various  
3 members of the party to the Premier, they set out  
4 a number of complaints. We have looked very briefly at  
5 some of them. But it also contained, if I remember  
6 rightly, an indication that, if he didn't buck up, the  
7 members of the party would be coming back to him very  
8 soon. Was there any follow up on that letter as 2007  
9 gave way to 2008 and the summer approached?

10 A. Perhaps -- you may be aware that -- yes, I am aware that  
11 some members were disgruntled and were willing to take  
12 measures to try and correct the situation.

13 SIR ROBIN AULD: And approached him saying so?

14 A. Yes.

15 SIR ROBIN AULD: Would some of these members have included  
16 your fellow ministerial colleagues?

17 A. It would have included myself and another ministerial  
18 colleague.

19 SIR ROBIN AULD: So you did approach him?

20 A. Yes, I did.

21 SIR ROBIN AULD: And say: Why haven't you bucked up or  
22 words to that effect? Is that right?

23 A. I approached him. I would rather keep that aspect of it  
24 private.

25 SIR ROBIN AULD: I think I am going to ask you, you can tell

1 me -- did your conversation with him have any  
2 significant effect?  
3 A. I think it has.  
4 SIR ROBIN AULD: When was this?  
5 A. This was as recent as December.  
6 SIR ROBIN AULD: December of this year?  
7 A. Last year.  
8 SIR ROBIN AULD: Quite a long time after the October letter?  
9 A. Right.  
10 SIR ROBIN AULD: But there had been no such conversation  
11 before then?  
12 A. No. I would not say no such conversation, but not as  
13 strong as what was expressed in December.  
14 SIR ROBIN AULD: So the group didn't go back and say we had  
15 written to you in October, we said you have got to buck  
16 up, what about it?  
17 A. No.  
18 SIR ROBIN AULD: There was not that sort the collegiate  
19 approach?  
20 A. No.  
21 MR MILNE: Can you simply clarify this, were you amongst  
22 the group who approached the Governor and indicated that  
23 you no longer had confidence in the Premier?  
24 A. Yes.  
25 MR MILNE: So you no longer place your confidence in him as

1 leader of your party or leader of the Turks & Caicos?

2 A. That is correct.

3 Q. Do you accept any responsibility for what has happened  
4 that has brought the country to the position it is in  
5 now?

6 A. Yes, I do. I feel as if I could have acted sooner but,  
7 given the circumstances and the nature of things that  
8 were prevailing at the time, I deemed it prudent at the  
9 time to give our leader the latitude that he needed in  
10 order to bring about his vision for the country and in  
11 hindsight one may say, yes, I should have acted sooner.

12 Q. You would accept that, since the present administration  
13 came to power in 2003, you have been Deputy Premier for  
14 every day of that administration?

15 A. I do accept that.

16 Q. And you have worked side by side with the Premier?

17 A. Yes.

18 Q. And as we have been told on occasions, collective  
19 Cabinet responsibility still prevails?

20 A. Correct.

21 Q. So would it not be fair to assume that, at the end of  
22 the day, whatever has gone wrong, if anything has gone  
23 wrong, should be laid at the door of the Cabinet as  
24 a whole?

25 A. I think it should be laid at the door of the Cabinet as

1 a whole, including the Governor.

2 Q. I have no further questions at this stage.

3 SIR ROBIN AULD: Did you say at this stage or of this  
4 witness?

5 MR MILNE: I believe it is now 4.30 and I will consider  
6 overnight but it may well be that Mr Smith or indeed  
7 the other counsel will have their opportunity to come  
8 back tomorrow morning.

9 SIR ROBIN AULD: Mr Floyd Hall, I am afraid we are going to  
10 have to ask you to come back tomorrow. I hope that is  
11 convenient to you.

12 A. That is.

13 SIR ROBIN AULD: Before we rise, I should ask Mr Edwards or  
14 Mr Gomez or Mr Saunders what arrangements have been made  
15 for the production of the PNP accounts in the PNP  
16 office.

17 MR SAUNDERS: Sir, I can speak to that. I believe  
18 the accounts have already been provided and you have  
19 them.

20 SIR ROBIN AULD: The accounts have been provided this  
21 afternoon?

22 MR SAUNDERS: Yes, sir. My apologies --

23 SIR ROBIN AULD: Thank you very much for your assistance in  
24 securing that, Mr Saunders.

25 MR SAUNDERS: My pleasure.

1 SIR ROBIN AULD: Thank you. 10.30 tomorrow.

2 (4.30 pm)

3 (The court adjourned until 10.30 am

4 on Wednesday, 21st January 2009)

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