

**STATEMENT OF DR. THE HONOURABLE KEITH ROWLEY,
PRIME MINISTER OF THE REPUBLIC OF TRINIDAD AND
TOBAGO**

CLICO REPORT OF SIR ANTHONY DAVID COLMAN, QC

Madame Speaker, by Instrument dated the 17th day of November, 2010, Sir Anthony Colman QC, was appointed the sole Commissioner “to enquire into the failure of CL Financial Limited, Colonial Life Insurance Company (Trinidad) Limited, CLICO Investment Bank Limited, British American Insurance Company (Trinidad) Limited, Caribbean Money Market Brokers Limited and the Hindu Credit Union Cooperative Society Limited with a view to ascertaining why such events occurred and to make such findings, observations and recommendations arising out of its deliberations as the Commission may deem appropriate.”

The hearings of the Commission were divided into two parts with the Hindu Credit Union (“HCU”) being separated from the hearings into CLF/ CLICO. The Commission heard evidence and submissions for 85 days, over a period from June 2011 to May 2013. Following the completion of the hearings the Commission issued “Salmon Letters” to a number of individuals warning them that they might be the subject of adverse criticism in the Report and inviting responses to the proposed matters of criticism.

Counsel to the Commission, instructed by the then Attorney General, Anand Ramlogan, were Peter Carter QC, Edwin Glasgow QC, Marion Smith Mc Gregor QC, Gerald Ramdeen, Shankar Bidaisee, Varun Debideen and Celeste Jules (who left in 2012 for personal reasons).

Additionally, IsraelKhan SC, Wayne Sturge and Lemuel Murphy were also retained to pursue matters in the Magistrate's Court related to the non-appearance of witnesses at the Commission of Enquiry (with the maximum fine for any such individual being \$2,000.00 – an issue that I address later.

Madame Speaker, as at May 2016, the total costs to the taxpayers of Trinidad and Tobago, of the Commissioner and the Attorneys who were retained to assist the Commission, was \$78,488,943.30.

The fee breakdown, as at May 2016, is as follows:

SHANKAR BIDAISEE \$7,192,000.00

GERALD RAMDEEN \$5,855,468.00

VARUN DEBIDEEN \$4,955,000.00

CELESTE JULES \$2,155,500.00

IARAE B. KHAN SC \$989,000.00

WAYNE STURGE \$567,600.00

LEMUEL MURPHY \$250,000.00

SIR ANTHONY COLMAN QC \$9,130,618.02

PETER CARTER QC \$23,393,808.54

INTERNATIONAL LIMITED \$2,712,213.48

EDWIN GLASGOW QC \$12,147,007.20

IAN MARSHALL \$827,239.73

MARION SMITH MC GREGOR QC \$8,313,488.40

The Commissioner delivered his first report which was on HCU on July 16th, 2014. The Commissioner delivered his second report which was on CLF/ CLICO to His Excellency the President on June 22nd, 2016. His Excellency sent a hard copy and an electronic copy of the CLICO Report, under sealed confidential cover, to me as Prime Minister, on the afternoon of the same day, June 22nd, 2016. The Cabinet was apprised the next morning, on June 23rd, of the receipt of the Report and decided that the sealed electronic copy should remain sealed and be sent to the Director of Public Prosecutions for his “consideration and comments or advice on the time on which this document should be made public in its entirety or partially.”

This was expressed to the DPP accompanied by a letter, which was hand delivered to him, along with the still sealed electronic copy of the report, at 4:47 p.m. on Thursday, June 23rd, 2016. It is to be noted that by Friday, the day after the DPP received the report on the instructions of the Cabinet, with the utmost despatch, my colleagues on the other side were already spirited in their condemnation, invoking the spectre of conspiracy and cover up on the part of the Government. Clearly, mistakenly, this Government was being judged by the standards of unacceptable conduct of others well known to us.

This country should rest comfortably in the knowledge that the Government of Trinidad and Tobago, which I have the honour and responsibility to lead will do nothing to impede the flow of justice in this or any other matter and will do everything within its duty and authority to facilitate the holding to account any and all persons who may have been found to have questions to

answer. Like every other citizen it is our expectation that as rights to fair treatment are protected, justice must also take its course, swiftly, under the probing of the long arm of the law.

My letter to the DPP also requested that, given the sensitive nature, and I might now add, the widespread public interest and anticipation, in this CLICO saga and this Report of The Coleman Commission, the DPP, give should give the matter his urgent attention.

Having perused the Report myself, I can advise the population that it contains very serious allegations of criminal misconduct on the part of a handful of privileged individuals who were associated with the CLICO/ CLF group of companies.

Accordingly, these findings of the Report, must of necessity, require the attention of law enforcement through the office of the DPP and therefore pending the receipt of the specific advice that has been requested of the DPP, it would be wholly irresponsible of this Government to publish or provide copies of the Report, at this stage. It has been sent to the DPP and we shall await the receipt of his guidance and advice.

Of course, we recognise, that this Commission of Enquiry was of great public interest, not least of all because the Government was required to intervene, and bail out the CLF/ CLICO group in 2009, to the tune of many billions of dollars.

Whilst in the last five year administration, the management of CLICO, CLF and the associated companies was shrouded in secrecy by the UNC administration, this PNM Government has no intention of operating in a like manner. This Government will operate in an open, transparent and accountable manner, as it has been doing, and once the Minister of Finance has completed his on-going audit, he will come to Parliament and tell the citizens of Trinidad and Tobago the exact

amount of money expended by the Government with respect to the bailout. This will include the costs incurred for lawyers, accountants and other professionals.

Furthermore, any and all disposals of assets from the group will be announced to the public in an open and transparent manner as well.

There are a number of findings of Commissioner Colman that we believe can be shared

at this stage, without harm and I do so, as follows.:-

It was found, inter alia, that:-

- A number of executives acted in conflict of interest positions;
- There was over leveraging and unacceptable, inter-company transactions that seriously, negatively, affected CLICO, CIB and BAT;
- CLF paid high premium prices in acquiring various assets – thereby resulting in overall prices being more than originally anticipated;
- CLF’s auditors expressed disquiet in the course of 2008 at the rapidity with which the Group was acquiring new companies such as Green Island and Lascelles de Mercado (“LdM”), at the growth of inter-company balances, particularly the indebtedness of CLF to CLICO and CIB, as well as the limited ability of CLF management to operate a much enlarged group and recommended that there be no further acquisitions until the Group had consolidated its new holdings and paid down the unsecured part of its indebtedness to CLICO;
- That recommendation was ignored in as much as CLF management proceeded to go ahead with what can be described as a reckless manner.

- The underlying causes of the collapse of all of the companies were the defective business model of the CLF Group and the failure of senior management to act to change it and the methods of corporate governance in accordance with the requirements of the Central Bank of Trinidad and Tobago (“CBTT”) and the recommendations of their external auditors. Those were the predominant causes of collapse although there were other contributory causes. Neither taken alone, nor in combination, would the contributory causes have destroyed these companies’ ability to continue to trade, had it not been for the two predominant causes I have just referred to.
- The business model which ultimately crippled the entire CLF Group involved as its central feature, the deployment by CLF, either directly or through subsidiaries, of funds originating in monies deposited by external depositors as well as by CLICO and BAT in CIB, and also funds originating in policy premium income and investment dividends belonging to CLICO and BAT, for the purpose of making investments in equities and real estate and latterly for the payment of the operating expenses of CLF itself and other Group companies;
- In essence therefore the insurance companies were treated as the means of funding the investments made by or directed by CLF;
- The fundamental defects in this business model were first that, once funds had been transferred out of CLICO, CIB and BAT, and invested by CLF and/ or other Group component companies in real estate and equities, those assets lost the key attribute of liquidity which was essential to the safe conduct of the business of both CIB and the insurance companies, CLICO and BAT. Consequently, those companies lost the ability

to respond to the requirements of external policyholders and depositors for money payments as and when they fell due;

- The second major cause of the collapse was the continuing failure of senior management to adopt and give effect to the requirements of CBTT and the recommendations of the external auditors; There was thus a continuing failure of senior management to deal adequately, or at all, with two of the fundamental weaknesses of the CLF business model, namely excessive related-party transactions and the pervasive asset liability imbalance; and
- The Commission found that if during the period from 2004 to 2008 CLICO, BAT and CLF had made any real effort to act with urgency to rebalance the Group's business model in accordance with the requirements of CBTT and the recommendations of the external auditors, it is probable that the collapse would have been avoided.

These are some of the salient findings of the Commission that provide an explanation for the failure of the CLF/ CLICO Group. It is noteworthy that there was no adverse finding and/ or comment, whatsoever, with respect to the Honourable Attorney General, Mr. Faris Al-Rawi who had served very briefly on the board of CIB and who was not even called before the Commission. I place that squarely on the record.

As I mentioned before, a number of adverse findings of criminal misconduct of a kleptocratic nature were found and recommendations made which would be for the DPP to consider. I make no further comment with respect to these areas.

The Commissioner made a number of recommendations with respect to legislation and/ or legislative amendments that the Government will study and consider adopting in short order.

Two areas that Commissioner Colman focused on are, the Insurance legislation and the Commission of Enquires Act.

The Minister of Finance, as promised, has today laid in Parliament a new Insurance Act, that was the product of the previous Parliament's work, including, the work of Joint Select Committees. The Government hopes that this will be speedily passed and result in much needed changes in the Insurance industry.

Another area identified by the Commissioner for reform is with respect to the enforcement of evidential orders and the attendance of witnesses at Commissions of Enquiry. As it stands those who fail to attend face a maximum penalty on conviction of \$2,000.00, which is highly impractical. The existing penalty hardly persuades anyone to cooperate with a national need for information which they might possess. I have instructed the Ministry of the Attorney General and Legal Affairs to study these recommendations and to advise the Cabinet on an appropriate way forward and in particular to consider how legislation may assist in ensuring the attendance of witnesses and the provision of documents in a more pragmatic and effective manner than currently exists.

Commissions of Enquiry are very expensive. They are probably necessary and cathartic, if only they can be executed in a reasonable time frame and more importantly, if the enquiry results in people being held to account and lessons learnt can be put to use for future benefit.

Once again we have had an enquiry which has been hugely expensive and time consuming. It is my hope that its findings are quickly acted upon to the satisfaction of a long suffering people who have borne the agony of what got us here and whose fervent hope is that this experience

does not further contribute to the cynicism which is associated with these things and that this effort does not gather dust on some obscure shelf.

Madam Speaker, colleagues, I thank you.