



## THE ANGUILLA HOUSE OF ASSEMBLY

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### QUESTION PAPER

TWENTY FIRST MEETING OF THE FIRST SESSION  
THE ELEVENTH ANGUILLA HOUSE OF ASSEMBLY  
Tuesday 26<sup>th</sup> April, 2016 at 10:00AM

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#### No. 1

*The Honourable Member for Island Harbour to ask the Honourable Member for Sandy Hill, the Minister for Home Affairs, the following questions:*

WHEREAS the Honourable Minister for Home Affairs, the member for Sandy Hill, is reported in The Anguillian dated 16th November 2016 as having said, in an Anguilla Government press conference on 10<sup>th</sup> November 2016, the following:

*"The recent resolution that they [the Eastern Caribbean Central Bank and other associated agencies] have come up with has indicated that they are willing, and are able, to secure deposits up to four million dollars in each account. This was initially up to two hundred thousand dollars per account. .... The proposal of the Central Bank is to protect up to four million dollars, so there is a big difference going the ECCB way and allowing our banks to close at this point in time."*

AND WHEREAS The Honourable Minister was further reported as having said at the same press conference that the situation was at a stage where the people of Anguilla were "now to make a decision".

AND WHEREAS those statements do not suggest a decision making process imposed unconditionally upon the government or people of Anguilla, and uninfluenced by the Government of Anguilla.

TO ASK The Honourable Minister for Home Affairs, the member for Sandy Hill:

1. Will she explain what part she and/or other members or officials of the Government of Anguilla played in influencing the level at which the depositors (a) in the two banks, and (b) in the subsidiaries of the two banks, will be protected, under the terms of the so-called resolution of the banking crisis, at the expense of the people of Anguilla?
2. Was the Honourable Minister involved in any considerations as to whether the ceiling decided upon for the protection of depositors' interests in the two banks and their subsidiaries was both equitable and affordable and, if so, what considerations did she take into account in supporting the maximum protection for depositors at the expense of the Anguilla people?

3. Whether she has or had any conflict of interest in connection with the purported resolution of the banking crisis, whether as a former director of National Bank of Anguilla, or otherwise, or both and, if so, what steps she took to ensure that she did not exercise any improper influence or advocate any resolution that could have been influenced by such conflict.
4. What steps she is taking and/or will take to recuse herself from any such conflict of interest in the future.

## ANSWER TO HONOURABLE MEMBER FOR ISLAND HARBOUR

### Question 1:

Will she explain what part she and/or other members or officials of the Government of Anguilla played in influencing the level at which the depositors (a) in the two banks, and (b) in the subsidiaries of the two banks, will be protected, under the terms of the so-called resolution of the banking crisis, at the expense of the people of Anguilla?

- I can only speak for myself in answering what part I played in relation to the level at which depositors are protected in the two banks. As the Member for Island Harbour is well aware, the two indigenous banks were under conservatorship of the Eastern Caribbean Central Bank since August 2013. Further, inasmuch as the Member for Island Harbour visited St. Kitts with members of this Government in November 2015, she is well aware that the players that have been involved with this resolution even before the April 2015 general elections have been primarily: the Eastern Caribbean Central Bank, the Caribbean Development Bank and the International Monetary Fund, the United Kingdom (FCO, DFID and Treasury) along with the Government of Anguilla. All decisions on the Bank Resolution Plan were taken on the basis of consensus decision making by Ex Co after the GoA having received technical advice from these regional and international organizations. In support of this position, I refer to a letter dated 5<sup>th</sup> December 2014 from James Duddridge MP, Minister for the Overseas Territories and The Honourable Hubert B. Hughes, then Chief Minister and Minister of Finance of Anguilla to Sir Dwight Venner, Governor of the Eastern Caribbean Central Bank. (Refer to Paragraphs 2 and 3 of said letter). I also rely on the Statement of Mr. Timothy Antoine, Governor of the Eastern Caribbean Central Bank which was issued on Friday 22<sup>nd</sup> April 2016. At Page 4, fourth paragraph he says ***"[I]t was the Monetary Council that resolved last February [2015] that there will be full protection of all depositors. I thank the Council members for their wisdom and solidarity."*** He continues: ***"I wish to recognize the efforts of the Government of Anguilla, the UK Government including Governor Scott, the International Monetary Fund (IMF), the World Bank and the Caribbean Development Bank and of course the Eastern Caribbean Central Bank. This international group has worked assiduously to ensure a successful outcome."***

In light of the above, the answer is that while I fully support the bank resolution and approved same both in Executive Council and in the House of Assembly, the level at which the depositors in the two banks will be protected was determined after months and years of consultation with the regional and international organizations as previously referred. The task of these experts

was to ensure that a system was put in place that protected all customer deposits 100%. The determination as to the ceiling for protection in the various entities in the resolution process is purely scientific and designed to ensure that it is both equitable and affordable without reference to personalities or specific interests.

- In relation to the subsidiaries of the two banks, the issues with the offshore subsidiaries of NBA and CCB are for the Financial Services Commission as the Regulator.

#### **Question 2:**

**Was the Honourable Minister involved in any considerations as to whether the ceiling decided upon for the protection of depositors' interests in the two banks and their subsidiaries was both equitable and affordable and, if so, what considerations did she take into account in supporting the maximum protection for depositors at the expense of the Anguilla people?**

- I refer to my response in Question 1. All decisions on the Bank Resolution Plan were taken on the basis of consensus decision making by Ex Co after the GoA having received technical advice on the Bank Resolution Plan from the Stakeholder Group comprising ECCB, IMF, World Bank, UKG (FCO, DfID and Treasury) and the CDB.

#### **Question 3:**

**Whether she has or had any conflict of interest in connection with the purported resolution of the banking crisis, whether as a former director of National Bank of Anguilla, or otherwise, or both and, if so, what steps she took to ensure that she did not exercise any improper influence or advocate any resolution that could have been influenced by such conflict.**

Again, as a result of the fact that (1) the banking resolution discussions had been ongoing prior to my being elected as a representative in April 2015, (2) the extent of technical expertise and advice from the regional and international organizations previously mentioned and (3) I would not have had day to day involvement because it did not fall within my Ministry, there is no conflict of interest that could have arisen in relation to this banking resolution.

What the Member for Island Harbour has failed to realize is that this banking situation was so large that it could only have been resolved by the various organizations coming together to help Anguilla arrive at a resolution. This was not a Mom and Pop shop issue. This had and continues to have major economic implications for Anguilla and the region, and therefore the fact that I became a director of the National Bank of Anguilla in 2007 when the worldwide economic downturn was beginning does not and cannot give rise to any conflict of interest.

But I will tell you what my interest is – I have two loans at the local bank, both of which I continue to pay on; I have an account in the local bank, as do my family members and many other people that live in my District and Anguilla as a whole. So I have an interest in seeing the local bank succeed. It would be interesting to know if the Member for Island Harbour can say the same.

**Question 4:**

**What steps she is taking and/or will take to recuse herself from any such conflict of interest in the future.**

There are no steps to take as there is no conflict of interest.