



Mr .Frank Daly
Chairman
National Assets Management Agency

RECEIVED

- 8 OCT 2015
Monday 5th October

NAMA

Mick Wallace

Dear Mr. Daly

I would appreciate if you could answer the following questions, which I have raised in the last ten days in the Dáil, during Leader's Questions.

- At the PAC meeting on 9 July 2015, NAMA CEO, Mr. Brendan McDonagh, argued that the sale of the Project Eagle portfolio represented the best commercial option for NAMA as, according to him, there had been little or no investor interest in acquiring either Northern Ireland assets or the associated loans. The NAMA Northern Ireland advisory committee's minutes of the meeting of 7 October 2013 state that representatives of CBRE gave a summary of the Northern Ireland real estate market and said that, positively, rent and yield forecasts across the commercial property sector were predominantly stabilising or strengthening and added that US investment funds were showing interest. Can you explain this contradiction?
- Given that Cerberus is under criminal investigation in two countries for Project Eagle, why has that company not been disqualified from Project Arrow?
- At the Northern Ireland advisory committee meeting on 7 October 2013, Project Eagle was discussed in detail. This included external member feedback. If the external members, who included Frank Cushnahan and Mr. Rowntree, were given feedback, how is this consistent with the proposition that they had no confidential information?
- Following PIMCO's allegations regarding kickbacks for fixers, why did NAMA allow the deal to proceed with the same players, Brown Rudnick and Tughans, involved?
- Did NAMA report the PIMCO allegations to the relevant law enforcement or the Government, and if it did, when?
- The reserve price for Project Eagle was €1.3 billion. This was adjusted to €1.24 billion in April 2014 to reflect 'asset disposals' which took place in the intervening period between the launch of the loan sale and its closing. What are the details of these disposals, and, what disposals were involved in this €60 million?
- What role did Ronnie Hanna play, if any, in the sale or purchase of Project Eagle?

Looking forward to hearing from you,

Mick Wallace

Mick Wallace.

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Mr. Mick Wallace TD
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8 October 2015

Dear Deputy Wallace

Thank you for your letter dated 5 October 2015 which I received this morning. The letter raises a number of points in relation to Project Eagle and I will address each of the points in turn.

1. You refer to the fact that, at a meeting of the NI Advisory Committee (NIAC) on 7 October 2013, CBRE representatives, in their presentation on the NI property market, outlined their view that commercial rents and yields were predominantly stabilising or strengthening and that US investment funds were showing interest in NI. You suggest that this contradicts an assertion made by Mr. Brendan McDonagh's at the PAC meeting of 9 July 2015. Mr. McDonagh had asserted "that, from 2010 to 2013, there had been relatively few sales of properties in our NI portfolio and there had been little/no investor interest in acquiring either NI assets or the associated loans". That was indeed the position.

In their presentation, CBRE made positive comments about the NI office sector, particularly prime assets in Belfast. They were not, however, positive in their views on other NI property sectors, including retail, industrial and development land.

However, the key point to bear in mind, as was pointed out by Mr McDonagh on 9 July, is that the Eagle portfolio was very granular and had few major prime assets which might have been of interest to purchasers if we had decided to sell them on an asset-by-asset basis. Only

15% of the Eagle portfolio comprised assets in the office sector; by contrast, 48% were retail and another 18% were in the land and development sector. In addition to NI assets, there was also a heavy concentration of lending secured by assets in regional British locations which did not benefit from the strong recovery which was experienced in London after 2009.

Overall, therefore, I am satisfied that the positive outlook expressed by CBRE towards the prime NI office sector did not apply to the vast majority of the assets which secured the Project Eagle loan portfolio. The Board, as the decision maker, would have taken this and indeed many other considerations into account, given its more detailed knowledge of the Eagle portfolio.

The most independent reliable data that we have been able to obtain suggests that, after we disposed of Project Eagle in April 2014, there was no major change in prices. Over the 2014 calendar year, NI commercial property prices increased by 2.3% but it should be borne in mind that this increase was by reference to an investment portfolio of prime retail, office and industrial income-producing assets and did not reflect the composition of the Eagle portfolio.

2. You state that Cerberus is under criminal investigation in two jurisdictions and you ask why, in that context, it has not been disqualified from Project Arrow.

I am not aware that Cerberus is under criminal investigation in any jurisdiction and no relevant authority, including the NCA, has advised NAMA of that to be the case. Accordingly the question of disqualification from the Project Arrow sales process does not arise at present.

3. You refer to the discussion regarding Eagle which took place at the NIAC meeting on 7 October 2013. You suggest that there is an inconsistency between the fact that feedback was provided by two external members and the proposition that the members concerned had no confidential information.

I wish to reiterate that no confidential information was provided by NAMA to the two external members of the NIAC, either at that meeting or at any other meeting. As Chairman, I advised the NIAC that an unsolicited approach had been made by PIMCO to purchase the portfolio and I invited feedback from members as to their strategic view on a possible

portfolio sale. It would have been surprising, given the role and terms of reference of the NIAC, if I had not done so. There was no reason why the external members should have needed access to confidential information in order to provide their strategic view on a possible sale. The unredacted minutes of the NIAC meeting of 7 October clearly demonstrate this position (the relevant extract is appended).

4. You refer to "PIMCO's allegations regarding kickbacks for fixers" and ask why NAMA allowed the transaction to proceed in the knowledge that Brown Rudnick and Tughans were involved.

Your proposition is that the proposed fee arrangement with Brown Rudnick, Tughans and Mr. Cushnahan was illegal. Our advice is that such fee payments are not illegal. As I stated to the PAC, PIMCO informed NAMA on 10 March 2014 that its Compliance staff had discovered that PIMCO's proposed fee arrangement with Brown Rudnick included also the payment of fees to Tughans and to Mr Cushnahan. At a special meeting of the NAMA Board on 11 March 2014, the Board took the view that the proposed fee arrangement to Mr Cushnahan could undermine the integrity of the sales process. It was a reputational issue for NAMA. On 12 March 2014, NAMA indicated its serious concerns to PIMCO about the proposed fee arrangement to Mr Cushnahan and, on the following day, PIMCO informed NAMA that it would withdraw from the Project Eagle process.

The fact that PIMCO and later Cerberus proposed to make fee payments to Brown Rudnick and to Tughans was not a cause of concern to us given that the two firms were well-established and reputable law firms in their respective jurisdictions. We were not a party to whatever commercial arrangements were agreed between PIMCO or Cerberus and the firms which provided services to them. Unless the current investigations prove otherwise, we cannot, at this stage, assume that there were any irregularities in those arrangements. We sought and received written confirmation from Cerberus that no payment was being made to anyone associated with NAMA and this was disclosed in my opening statement to the PAC on 9 July.

5. You ask why NAMA did not report the PIMCO allegations to the relevant law enforcement authorities or to the Government.

As indicated above, there was no reason to believe at the time that any wrongdoing had taken place and accordingly the question of referral to the Gardaí or the PSNI did not arise.

As I stated to the PAC, I informed the Minister for Finance, after the Board meeting on 11 March 2014, of PIMCO's disclosure about Mr Cushnahan's involvement and the Minister agreed with the Board's view that PIMCO could not remain within the sales process.

6. You raise a query about the difference between the Eagle reserve price (£1.3 billion) and the proceeds ultimately achieved for the portfolio following adjustment for disposals.

Before the Eagle portfolio was offered for sale, a number of debtor assets which were ultimately included in the portfolio were offered for sale on the open market in a number of separate sale transactions. During the course of the Eagle sales process, these assets were sold separately for a price of £90m. The remaining assets securing these debtors' loans were sold as part of Project Eagle. Taking the Eagle proceeds (£1,241m) and the proceeds from the separate asset sales (£90m) gives total proceeds of £1,331m which was above the Board's agreed minimum reserve price of £1,300m.

7. You query the role played by Ronnie Hanna in the sale of Project Eagle.

It is a matter of public record that Ronnie Hanna, as Head of the Asset Recovery division in NAMA, had a role in the Project Eagle sale. As the Asset Recovery division deals with debtor management, the head of the division would, of course, have had a role in the execution of the sale of any asset or loan portfolio. However, as with all other major asset or loan portfolio sales, all key decisions in relation to the sale of Project Eagle were made by the NAMA Board and not by Mr. Hanna or any other executive.

In addition to the points that I have outlined above, I note that you are reported in today's *Irish Times* as stating that you had submitted *four* separate pieces of correspondence to NAMA but had not received a reply. Other than the letter that I received from you this morning, our records indicate that there have been only two items of correspondence, both of which were FOI requests.

In the first request, you sought records relating to sales agents' reports on three properties. These records fall outside the scope of FOI as they are confidential debtor information and we replied accordingly on 16 July 2015. In the second request, you sought information regarding a full list and details of any loan portfolios that were originally or at any one time, part of Project Eagle, and which were subsequently removed from Project Eagle. There were no such excluded portfolios and we replied to you accordingly on 14 September 2015.

It is not accurate, therefore, to state, as you are reported as stating, that NAMA did not reply to your correspondence.

I would reiterate that we are open to engaging with you at any time in relation to concerns you may have regarding NAMA's work. We are always happy to engage with any member of the Oireachtas through oir@nama.ie or otherwise. We try to deal promptly with any concerns that Oireachtas members may raise and to provide them with as much information as is permitted by legislation. If for some reason you are unable to engage with NAMA, I would ask you to refer any allegations, and any proof you may have, to the Gardaí so that they can be properly assessed by a competent authority.

Yours sincerely



Frank Daly
Chairman



Mr. Frank Daly
Chairman
National Asset Management Agency
Treasury Building
Grand Canal Street
Dublin 2

Mick Wallace

23/10/15

Dear Mr Daly,

In response to your reply last week, I would like to ask a few more questions.

1. How can you say that you are "not aware that Cerberus is under criminal investigation in any jurisdiction" ? Aside from the investigation by the National Crime Agency in the United Kingdom, in the United States, the Department of Justice is investigating the role of American companies in the Project Eagle transaction. The investigation involves the Attorney General's office in New York, the New York office of the FBI and the US Securities and Exchange Commission.
2. When I queried how you could have allowed the Project Eagle transaction to proceed, knowing that Brown Rudnick & Tughans were involved, given that the same players were involved in the PIMCO deal in which the fixer's fee of £5 million had been sought for Mr. Frank Cushnahan -you replied – "Our advice is that such fee payments are not illegal."

Could you tell me who you received this advice from?

3. Did that advice cover the laws of the United States and the United Kingdom, including Northern Ireland?
4. If NAMA was so sure that this was not illegal, why did the Board decide that if PIMCO, one of the largest investment funds in the world, did not withdraw from the process, NAMA would force it out?
5. How could NAMA treat a powerful investment fund, PIMCO, like this, if everything was legal?

I Hope to hear from you soon,

Yours Truly,

Mick Wallace

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Mr. Frank Daly
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Mick Wallace.



28/10/15

Dear Mr Daly,

I would be grateful if you could answer the following questions.

1. Have NAMA carried out any internal investigations, concerning Frank Cushnahan's or David Watters's interactions with NAMA?
2. Could you tell me how many meetings took place, that involved Frank Cushnahan, Ronnie Hanna, and yourself?
3. And when?
4. Did Ronnie Hanna have a working relationship with David Watters?
5. And if so, how many meetings took place between them?
6. And when?
7. Did Ronnie Hanna, along with Frank Cushnahan or David Watters, ever meet with any US Investment Fund personnel?
8. And if yes, when?

I look forward to hearing from you soon,

Yours Truly,

Mick Wallace

Mick Wallace.



From: [NAMA OIR](#)
To: ["mick.wallace@oir.ie"](mailto:mick.wallace@oir.ie)
Cc: [NAMA OIR](#)
Subject: NAMA correspondence
Date: 03 November 2015 11:35:01

Dear Deputy Wallace,

Your recent correspondence to the NAMA Chairman refers.

Please see NAMA's responses to your various questions.

Do not hesitate to contact me on this or any other matter should the need arise.

Yours sincerely,

Martin Whelan

Correspondence 1 - dated 23.10.15

1. How can you say that you are "not aware that Cerberus is under criminal investigation in any jurisdiction"? Aside from the investigation by the National Crime Agency in the United Kingdom, in the United States, the Department of Justice is investigating the role of American companies in the Project Eagle transaction. The investigation involves the Attorney General's office in New York, the New York office of the FBI and the US Securities and Exchange Commission.

I reiterate that NAMA is not aware of any criminal investigation into Cerberus. The UK National Crime Agency is carrying out an investigation into the various allegations which have been made - presumably including yours. That does not amount to a criminal investigation of Cerberus. US agencies are also reportedly carrying out investigations into allegations, which again do not amount to a criminal investigation into Cerberus.

2. When I queried how you could have allowed the Project Eagle transaction to proceed, knowing that Brown Rudnick & Tughans were involved, given that the same players were involved in the PIMCO deal in which the fixer's fee of £5 million had been sought for Mr. Frank Cushnahan - you replied - "Our advice is that such fee payments are not illegal."

Could you tell me who you received this advice from?

Cerberus, as a bidder in a NAMA Loan sale, was free to choose its own professional advisers and to agree fee payments for that advice. There is no suggestion that Brown Rudnick and Tughans acted illegally in providing services to Cerberus and receiving fees for those services. NAMA sought and received assurances from Cerberus that it had acted within all applicable laws in the various jurisdictions.

3. Did that advice cover the laws of the United States and the United Kingdom, including Northern Ireland?

See 2 above

4. If NAMA was so sure that this was not illegal, why did the Board decide that if PIMCO, one of the largest investment funds in the world, did not withdraw from the process, NAMA would force it out?

As has repeatedly been made clear, NAMA initiated a sales process for Project Eagle and a number of bidders signed Non-Disclosure Agreements (NDAs) and gained access to the data room. Each bidder retained legal and other advisers. NAMA as a potential seller has no right to veto the choice of legal and other advisers that are retained by potential bidders.

Once PIMCO made its disclosure to NAMA about a potential fee payable to Frank Cushnahan, a former member of the NAMA Northern Ireland Advisory Committee (NIAC), the NAMA Chairman convened a Board meeting and the Board agreed that the possibility of a fee payable to a former member of the NIAC was not acceptable. PIMCO was advised of that concern and withdrew from the process later that week in March 2014. There was no suggestion that the proposed fee payment to Mr Cushnahan was illegal; however, the NAMA Board considered it to be highly inappropriate given Mr Cushnahan's former membership of the NIAC.

5. How could NAMA treat a powerful investment fund, PIMCO, like this, if everything was legal?

Please see 4 above. PIMCO themselves decided to withdraw.

Correspondence 2 – dated 28.10.15

1. Have NAMA carried out any internal investigations, concerning Frank Cushnahan's or David Watters's interactions with NAMA?

Frank Cushnahan was an external member of NIAC. That was Mr Cushnahan's

“interaction” with NAMA. Mr Cushnahan has never been an employee of NAMA or a member of the NAMA Board.

David Watters is a partner in RSM McClure Watters. RSM McClure Watters is a member of the NAMA panel of enforcement and insolvency practitioners which was established in 2013, following an open tender competition. The panel members are listed on www.name.ie. NAMA has from time to time engaged RSM McClure Watters pursuant to the terms and conditions governing this NAMA panel. All NAMA interactions with Mr Watters and with RSM McClure Watters have been in the context of and pursuant to the terms and conditions governing this NAMA panel. RSM McClure Watters was paid fees totalling approximately €60,000 over a period of 5 years arising from the provision of services across a number of appointments from that panel.

2. Could you tell me how many meetings took place, that involved Frank Cushnahan, Ronnie Hanna, and yourself?

If your question is whether these three individuals met together without others present then the answer is that no such meetings took place. Ronnie Hanna was Head of Asset Recovery at NAMA and a member of the NIAC. As a member of NIAC, Mr Hanna attended meetings of the NIAC at which Frank Cushnahan, the NAMA Chairman, Mr Frank Daly and others also attended.

NAMA has published a list of all NIAC external engagements in Northern Ireland on www.nama.ie. These three individuals would also have attended some of these external meetings with others. This information was submitted to both the Dáil Public Accounts Committee (PAC) and the Northern Ireland Assembly Finance and Personnel Committee on 3rd September 2015. That list and other details relating to the sale of NAMA’s Northern Ireland debtor loan portfolio are available at <https://www.nama.ie/about-us/news/news-detailed-view/news/nama-correspondence-to-the-northern-ireland-finance-and-personnel-committee/>.

3. And when?

See 2 above

4. Did Ronnie Hanna have a working relationship with David Watters?

As set out above, NAMA, in February 2013, established a panel of enforcement and insolvency practitioners, following an open tender competition. The

successful panel members can be found on the NAMA website which includes RSM McClure Watters. All NAMA engagements with RSM McClure Watters have been in the context of and pursuant to the terms and conditions governing this NAMA panel. Mr. Hanna was a senior executive who joined NAMA in 2010 who acted professionally and diligently during his time at NAMA.

5. And if so, how many meetings took place between them?

See 4 above

6. And when?

See 4 above

7. Did Ronnie Hanna, along with Frank Cushnahan or David Watters, ever meet with any US Investment Fund personnel?

No, Mr. Hanna had no such meetings with these individuals.

8. And if yes, when?

See 7 above

Martin Whelan

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