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Oireachtais  
Houses of the  
Oireachtas

# **Joint Committee of Inquiry into the Banking Crisis**

**Witness Statement of**

**Bernard McNamara**

**Strictly Private & Confidential**

As indicated on its cover page, the document(s) contained within are confidential unless and until the Joint Committee decides otherwise including where the Joint Committee publishes such document(s). For the avoidance of doubt, "documents" include witness statements in this context. Further to section 37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 ("the Act"), while the documents remain confidential, you must not disclose the document(s) or divulge in any way that you have been given the document(s), other than:

- "(a) with the prior consent in writing of the committee,
- (b) to the extent necessary for the purposes of an application to the Court, or in any proceedings of the Part 2 inquiry, or
- (c) to his or her legal practitioner."<sup>1</sup>

Serious sanctions apply for breach of this section. In particular, your attention is drawn to section 41(4) of the Act, which makes breach of section 37(1) a criminal offence.

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<sup>1</sup> See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013

The Committee has asked me to comment on ‘Document 1’ insofar as it applies to me. This ‘Document 1’ is comprised of two parts:

- Part 1: Overview of relationship between [my] company and banks; and
- Part 2: [My] company - its performance and modus operandi.

The entire document appears to be a pro forma template that has been sent to a number of parties. All of the companies I had an interest in have ceased trading, been sold or been dissolved, but having read the Inquiry’s Terms of Reference I find it difficult to understand how Part 2 would come within the Inquiry’s mandate to inquire into the reasons Ireland experienced a systemic banking inquiry by “*investigating relevant matters relating to banking systems and practices, regulatory and supervisory systems and practices, crisis management systems and policy responses and the preventative reforms implemented in the wake of the crisis*”. I do not see where in the Terms of Reference the investigative powers of the Committee have been extended to the internal workings and business affairs of private companies.

In any event, as I have already said any company in which I had an involvement during the relevant period has ceased trading, been sold or been dissolved so I am not in a position to provide the information sought in any detail. Without prejudice to whether the Inquiry’s Terms of Reference extend to Part 2 of Document 1, I will try to clarify each of the points set out in Document 1 subject to the limitations of my personal knowledge at this remove.

### **Part 1**

- (a) Applications were prepared by the Corporate Finance Department of Grattan Property and by experienced chartered accountants, surveyors and engineers.
- (b) Submissions included site details, planning information, architects/engineers drawings and images, detailed sizes of gross and net lettable/sale areas, car parking with valuation reports from reputable estate agents, with professional indemnity insurance. If a site did not have full planning, a planning consultant’s report was included.

Capital sum repayments and interest payments from the sale or rent of buildings were shown on a detailed spreadsheet for each year of the pay down period. Short term two to five year spread sheets showing construction finance

programme and drawdowns, and initial achievement of sale or rentals and details of security offered would be provided.

- (c) Company senior accountants and surveyors met with the banks every six months for reviews and relationship management by way of joint monitoring of projects.
- (d) Governance matters such as tax certificates, pension and revenue assessments, bonding capacity were discussed.
- (e) Management charts with senior staff CV's and qualifications were provided, confirmation of retail banking overdraft, insurance and bonding facilities were also provided.
- (f) Details were not requested in many cases but always readily supplied when a request was made.

## **Part 2**

1. This information is not available to me.
2. Directors were mainly qualified and experienced accountants, engineers and chartered surveyors. As I understand it almost all of them have since been recruited to senior positions by NAMA receivers, banks, venture capital funds and top construction companies.
3. This information is no longer available to me.
4. This information is no longer available to me.
5. Collateral was generally in the form of rented buildings-surplus cash flows, debt free assets. Detailed information is no longer available to me.
6. Standard chartered surveyor reports with professional insurance indemnity cover confirmation were provided.

7. This information is no longer available to me.
8. The banks sometimes commissioned their own valuation reports/consultants. Detailed information is not available to me.
9. Usually 20% plus. Drawdowns were limited to 80%. Cross collateral charges, cash income streams, guarantees were all used. Detailed information is not available to me.
10. Details not available to me.
11. I have no details of senior management records. Personally, I rarely accepted corporate hospitality offers other than the occasional golf outing.
12. To the best of my knowledge some contributions were made. These were registered to comply with statutory requirements but I have no actual records available to me.
13. I did not participate in this either personally or as a representative of any other person, company or organisation.
14. None. NAMA appointed receivers to all of my business interests at the very outset so I had no dealings with them.

Yours sincerely,



Bernard McNamara

2 July 2015