

STATES OF JERSEY
Economic Affairs Panel
Depositors Compensation Scheme

MONDAY, 28th SEPTEMBER 2009

Panel:

Deputy M.R. Higgins of St. Helier (Chairman)
Deputy C.F. Labey of Grouville
Deputy G.P. Southern of St. Helier
Deputy D.J.A. Wimberley of St. Mary
Deputy S. Pitman of St. Helier

Witnesses:

Mr. M. Dun
The Maha Chohan

Also in Attendance:

Mr. R. LaBrosse, Advisor

Deputy M.R. Higgins of St. Helier (Chairman):

We will have to go through this tape ritual. I am Mike Higgins, Chairman of the committee.

Deputy C.F. Labey of Grouville:

Carolyn Labey, Deputy of Grouville.

Deputy D.J.A. Wimberley of St. Mary:

Laniel Wimberley, Deputy of St. Mary.

Deputy M.R. Higgins:

If you can identify yourself, please, and if any other members come in we will ask them to identify themselves.

Mr. M. Dun:

I am Mike Dun, member of the public.

Deputy M.R. Higgins:

Mr. Dun, you have asked to speak before the panel on the topic of depositor compensation. Could you please outline to us what it is you want to say? Just for the benefit of the tape, Deputy Shona Pitman has just arrived into the meeting as well.

Deputy S. Pitman of St. Helier:

The lady is not out there.

Deputy M.R. Higgins:

Okay.

Mr. M. Dun:

Yes, I have got quite a few things I would like to say. I will probably not say them all. The most important thing I want to say might appear to be a tangent but it is not a tangent, I assure you. I did pass a note to Deputy Southern while it was proceeding. It was about the Woolworths administration which in many ways is very similar to what was being discussed here today: a U.K. (United Kingdom) organisation which went kaput and the local implications. The procedure there was a U.K. administrator was appointed, Deloitte, and when they came to Jersey they were very ill-prepared for the process which took place in Jersey. In other words, they had to be encouraged by people like myself to make application to the Royal Court to have authority to do their administration in Jersey. I am still not satisfied even though a process has been put in, that they are even now acting within the law because the point about it is Jersey is very strong to present itself to the world as an independent, separate jurisdiction; fortress Jersey. The whole point about that is you can play off ground touch for the reasons of the finance industry. If you are going to have local banks here which are basically the local branch of Woolworths (U.K.), all these same questions about assets and priority creditors arise exactly the same as they do in the Woolworths case. In the Woolworths case, all the assets from all the branches of Woolworths should have been returned to the U.K. What happened here was that there was a local intervention, largely on the basis of the employees' interest in the Woolworths branch locally. That was the emotional thing which was quite properly raised. But the fact of the matter is - the outcome was - that local assets were seized in Jersey. Those local assets properly should all be returned to the U.K. The government here undertook to underwrite things here as far as local employees were concerned but there is, for example, one claim - one Woolworths here and I have never got to the bottom of it, one claim from the U.K. G.M.A.C. which was a bank loan facility of £165 million is one of the things which is being claimed here locally. A tripartite body was set up between the Minister who was here, the Viscount and somebody else - I forget who it was - at Deloitte so that all assets in Jersey shall be seized until all local creditors have been paid. In other words, they have created a totally artificial priority class of creditor over and above those creditors in the United Kingdom. G.M.A.C. with £165 million are an absolute priority creditor in the U.K. They are going to get paid regardless of what happens in the U.K. I do not know whether that money is here. I have not managed to get to the bottom of it. Again, this is one of the issues about the lack of transparency when these sorts of proceedings are put in place because nobody can quiz the Viscount. He cannot be asked questions in the States. Members of the public, whether they are creditors or not, have got very little say about what goes on in the Viscount's office. If you apply this to the banking scenario where you might get a U.K. bank goes kaput and there is a local branch of that bank here, the same sort of process would have to be put in train about what are the assets of that local branch, of that national bank or European bank or whatever it might be if there is a U.K. High Court ruling that the administration shall be in accordance with U.K. laws and there are assets here and deposits here and all the other implications and complications about who has priority about any assets held here. I think listening to these guys this morning, it was so half-baked in what they are proposing and so ignoring what should have been learnt on the Woolworths case and I am sorry to say that within the States, the total ignorance of States Members about what is happening

in the Woolworths case and the implications as far as all this. That is what I think my first point is. You need to take note of that. Do you understand that?

The Deputy of St. Mary:

Can I just ask 2 questions of fact because I want to be clear about what you said? I just want to know who seized the assets. Was it the Viscount or was it Deloitte? What was the relationship between them?

Mr. M. Dun:

The procedure was Deloitte were appointed by the High Court of the U.K. to be administrators for Woolworths plc (U.K.).

The Deputy of St. Mary:

Across the board.

Mr. M. Dun:

Therefore, they get into places like Jersey, Guernsey and the Isle of Man outside the jurisdiction of that court and started to willy nilly administer what was left here. They did not ask anybody's permission. Because some local people like myself said: "What on earth are you doing, how you have got the authority to do this?" they then belatedly went to the court here and were given powers to assist the U.K. High Court in administering what went on locally.

The Deputy of St. Mary:

But who seized the assets? Was it the Viscount or was it ...

Mr. M. Dun:

By fact that they had already done that. They had already gone to Woolworths and started selling off all the stock and the fixtures and fittings. They had already started doing that before anybody woke up to whether they had legal powers to do so. So we asked.

The Deputy of St. Mary:

Okay. My other question is G.M.A.C., can you just explain what that ...

Mr. M. Dun:

G.M.A.C. is a spin off from General Motors in America.

The Deputy of St. Mary:

Right. Is it a bank?

Mr. M. Dun:

It has become a banking wing. An Irish bank and G.M.A.C. loaned to Woolworths over £300 million in January 2008. That money was obviously salted away somewhere; somewhere safe I presume because it is obviously still being wanted back by the banks who loaned it, including G.M.A.C. There is the strange claim, as I say, it was £165 million which is lodged with the Viscount's papers. Quite what it is for nobody will tell me and I cannot find out what exactly it is for. Whether the money is there ...

The Deputy of St. Mary:

That claim is with the Viscount?

Mr. M. Dun:

That claim is all part of the creditors' claims in Jersey. Obviously the money ought to be remitted back to the U.K. and the U.K. administrators - it will be Deloitte - should administer it to those people who are entitled. G.M.A.C. are putting a priority claim on it but they are saying in the U.K., for example - this is where it is getting worrying - that unsecured creditors of Woolworths in the U.K. are going to receive nothing. It is a slight divergence but it is relevant because it is banking. If they can make use of places like Jersey, Guernsey and the Isle of Man for salting away assets, maybe they can keep them out of the way of people who would otherwise be entitled in the United Kingdom. It does not necessarily mean that people who are entitled in Jersey can get their hands on it anyway because that would be going through a U.K. administrator. The other thing in the case of Woolworths, which may or may not be relevant to the case you are looking at or the cases you are likely to be looking at, is that there are things like trademarks - name or trademarks - which owned in Jersey by some mysterious process again which I have not been able to find out. The Woolworths name itself was owned locally, registered locally and sold off separately. The Barclay brothers brought the Ladybird brand and they are using that for their online shopping. Those are assets. Where the money has gone from those assets, whether they are going to be distributed to all creditors in the U.K., presumably they are but which creditors, I have no idea. I cannot find out these things. Nobody here is empowered ... or nobody here is answering the questions. That is the sort of scenario. Let me just say this is what will happen. If you have got branches here of national, foreign, otherwise banks, it is not just a simple matter of administrating local assets. It is not that simple.

Deputy M.R. Higgins:

Thank you for saying that. I might add that as a panel we have been looking at the cross-border issues and the problems of insolvency and the difference in the laws and all the other complications which does give us great concern. What you are highlighting are some of the concerns that we also feel in the event of a bank failure.

Mr. M. Dun:

They need to be expressed. The strange thing is in Guernsey and the Isle of Man, as far as I can find out, nobody asked these questions. Deloitte went into Guernsey and administrated and nobody asked any questions. They made no application to the Guernsey Court to administrate.

The Deputy of St. Mary:

There was no Mike Dun.

Mr. M. Dun:

There was no Mike Dun. I phoned and I spoke to various Deputies but all I could hear was a snoring noise. [Laughter] So nothing happened there and as far as I make out, apart from paying off employees in the Isle of Man, no employees in Guernsey got anything - nothing at all - and no employees complained. Some of them were out of pocket by thousands of pounds but they did not raise a murmur. In the Isle of Man there was a scheme which had been copied from the aborted Jersey

scheme for paying out redundancies. That scheme was applied and, rather like your bank depositor protection scheme here, they put the money upfront and said we will pay off whatever you are entitled and reclaim it. But this is the irony. They are going to have to reclaim it out of the assets from the general central pot when it goes to the United Kingdom if they follow all the rules. They may get nothing at all. Jersey is in the same situation. They have got a seizure on the assets here thinking that they are legally entitled to do so. My view is it is totally illegal. All those assets, whatever they are, have got to the U.K. to be administered centrally. Jersey has got to join the queue for whatever they want. The same with the gas company, the electricity company, the rates and the income tax. They have got to join the queue. That is my perception. That is the same situation which will arise in any bank failure.

Deputy M.R. Higgins:

Okay. I do not know if there are any points you want make in respect to the deposit thing.

Mr. M. Dun:

A dozen.

Deputy M.R. Higgins:

A dozen. I am just wondering would it be better that you do it in a written submission or do you want us to go though ...

Mr. M. Dun:

It will take me hours to write it. While I have got most of you sitting here I would rather burn your ears now. I was amazed at the idea about multiple accounts. There was a great deal of vagueness in the U.K. when it was discussed. If you had deposits even within the same banking group, you might not know the Lloyds and NatWest rules and whatever it was, and you could have one £50,000 guarantee but you would have to have ... if Santander had bought you out and you were a building society and all the rest of it, if you had more than one deposit within branches of the same group, you end up with one lot of £50,000. That was not brought out at all and that could well happen here. The other thing is ...

Deputy M.R. Higgins:

Sorry, just to mention a point on that. What they are talking about here it is per group whereas the Isle of Man it is per bank and I think Guernsey is per bank. There is a slight difference but your point is valid.

The Deputy of St. Mary:

It would have to be covered by public awareness, would it not?

Deputy M.R. Higgins:

We are being prudent.

The Deputy of Grouville:

We need to make a recommendation that it has got to be per bank.

Deputy M.R. Higgins:

Yes, but the danger that you speak of is correct.

The Deputy of St. Mary:

Or that the public awareness is geared so high that as soon as Bank A takes over Bank B, that all the depositors in Bank A are informed by somebody that if you have got deposits in both you are not covered.

The Deputy of Grouville:

But it is too late then.

The Deputy of St. Mary:

No, but then they are given the option of moving their second £50,000 into a different colour bank or whatever they want.

The Deputy of Grouville:

No, then you would get ...

Mr. M. Dun:

It used to be said that if you banked with the NatWest in Jersey, because the NatWest in Jersey were just a branch of the U.K. bank, your savings were always safe.

The Deputy of St. Mary:

Yes.

Mr. M. Dun:

The discussion again seemed to be implying otherwise that you were not ... because the idea was that the U.K. Protection Scheme because it was run like a branch of Woolworths, if it was a branch of the U.K. bank, you were protected under the U.K. banking scheme to whatever limit they had. The discussion was implying to say that that was not the case. The Jersey banking protection scheme is going to override the U.K. scheme. Is that what was being hinted at?

Deputy M.R. Higgins:

Not to override, no. We are on our own essentially because there is no guarantee ...

Mr. M. Dun:

The guarantees that used to be given ... it used to be that if you bank in the clearing banks - the local branches of the clearing banks not peculiar hybrid variations catering obviously your Jersey Limited variation branches - if you banked with a NatWest here that was a branch like Woolworths was a branch of the U.K. plc and that your money was protected under the U.K. scheme.

Deputy M.R. Higgins:

The U.K. Government has made it explicitly clear there is no payout from U.K. schemes to depositors in Jersey. That would also apply to Guernsey and the Isle of Man. That was a result of the Icelandic bank failures because the Isle of Man and Guernsey both made representations to the British Government for assistance and were told you are on your own.

Mr. M. Dun:

Another aspect ...

The Deputy of St. Mary:

Hold on.

Deputy M.R. Higgins:

Have you got another one?

Mr. M. Dun:

Because there is the bank in New Street where I have got my £30 million, basically it is administered in the Isle of Man. I cannot get anybody to give me a straight answer whether my money in that bank is protected under the Isle of Man scheme because I have got it in the Jersey branch of an Isle of Man bank and they have got protection in the Isle of Man. Again is that an issue which has been tested? Are you quite happy?

Deputy M.R. Higgins:

Remember we have looked at these issues. I am not sure what the answer is to your specific questions but we have already received ... I do not believe the cover is there.

Mr. R. LaBrosse:

I do not know how the Isle of Man scheme would operate but in a lot of places they will operate on the basis of where the booking of the deposit is, that is where the scheme would cover it. Like in the case of the U.K. there is agreement among the E.U. (European Union) members that they will cover deposits from residents of other countries. But I do not know what the Isle of Man has in mind, whether or not they would cover any Jersey deposits.

Mr. M. Dun:

But obviously for people who are depositing in what is a branch of a bank in Jersey which is licensed to operate as a branch here and if it is basically allowed, you get into this inter jurisdictional thing. It is not so clear. The U.K. puts out relatively clear guidelines. The bank in the Isle of Man may not and may even be less clear in Guernsey, whatever. So people would need to have clarity if they are putting money in anything that presents itself as a bank in Jersey that these are the terms under which your deposit is protected.

Deputy M.R. Higgins:

This is one of the points we are making about public awareness. We feel very strongly about that. Effectively you just circulate that to everybody.

The Maha Chohan:

Excuse me, may I just say on that? When the offshore business started - by the way there were 2 bank failures. You say B.C.C.I. (Bank of Credit and Commerce International) but there was one Herbert Walford many, many years ago. You are too young to remember.

The Deputy of St. Mary:

I was wondering if your name is ...

Deputy M.R. Higgins:

Sorry, can we ask you for your name first for the sake of the tape?

The Maha Chohan:

Yes, I beg your pardon. I am Maha Chohan. The Maha Chohan. I will spell it, M-A-H-A, one word, C-H-O-H-A-N, underline that. But I am The Maha Chohan not Mrs. Just referring on that point if I may just come in. You know the offshore businesses started just a few decades ago. In relation to the Channel Islands when this was also commenced here, it was made quite, quite clear that the branches here were not covered. It used to be in quite large print and it got smaller and smaller over the years. But it was made very clear at the beginning that monies placed here were not covered under any schemes worldwide. It was made clear. It was made clear. I do not follow these details for years now but ...

The Deputy of St. Mary:

Less clear now.

Deputy M.R. Higgins:

Can we ask ...

The Maha Chohan:

Just a mention.

Deputy M.R. Higgins:

We will let Mike carry on his with point then we will ask you for any additional comments you have got.

The Maha Chohan:

Yes, that is just for that aspect.

Mr. M. Dun:

I was intrigued that they do not even know what the word “deposit” means. I am also fascinated by all this heated discussion about deposits, whether they are going to pay out a maximum protection of £50,000 which I would have thought for local people would be of interest. I was rather surprised that there was this ... but for people depositing money from outside it is such a piddlingly small amount. It is petty cash when you are talking about the international finance world. I am amazed it is of any consequence at all because basically you are talking about post office accounts the way the world is now.

The Deputy of Grouville:

I have raised that point in previous discussions. It is just a confidence thing. It is to tick the box to say that we have got the scheme in place.

Mr. M. Dun:

Right, because the question that followed on from that, which I passed again to Geoff Southern, was that since this discussion has been going on and since Jersey has not got a clearly defined depositor protection scheme, presumably all the lemmings with less than £50,000 will have taken their money out, would they not, if the fear had grounding. I was saying is there any evidence to show that deposits of up to £50,000 have disappeared?

Deputy G.P. Southern:

The only evidence we have had is anecdotal.

Mr. M. Dun:

But these people ought to know the answer because it is part of their argument.

Deputy G.P. Southern:

Mr. De Forest-Brown has said that some bankers have said there is money leaving the Island but that is as far as it has got. I think we have got evidence that when he asked how much and where is it going, it was just anecdotal. It is just anecdotal.

Mr. M. Dun:

But the finance industry that operates here is not based upon people who have got £50,000. It is based upon high net worth people with millions to invest. That is what the business in these Islands is all about. To a large extent, £50,000 is a red herring. It is irrelevant to local people.

The Deputy of Grouville:

No, it is a confidence thing, especially with the government sort of stomping up money. It is a confidence thing to show that the government of the jurisdiction has confidence in its banking industry. That is what it is about.

Deputy M.R. Higgins:

Before we go any further, can I just remind everybody that it is a hearing, we are taking evidence. You should not be giving your opinions across the table. I am guilty as well. We will stop at this point.

Deputy G.P. Southern:

But that does illustrate that the evidence we have just had from De Forest-Brown that it is in order that we can promote/market our deposit taking schemes when in fact it only applies to a tiny amount of people.

Mr. M. Dun:

It is irrelevant.

Deputy G.P. Southern:

It is irrelevant. Completely irrelevant, yes.

Mr. M. Dun:

It is an irrelevance. In the finance industry it is an irrelevance. Those deposits are going into U.K. banks for whatever they can get. At the post office they get far better interest, especially for scenarios where you get that few per cent. It is just ... I mean the irony for a lot of people in the Isle of Man is of course people have put their life savings in which might be a couple of hundred thousand pounds even though their guarantee scheme is not going to compensate them for ... The 7 lay issue, the only point I want to make is obviously if you have got banks failing here, and since they are saying that all the banks here are systemic banks - they are not local, stand-alone banks; they are all part of a chain - this 7 lay stuff is absolute gibberish. There is no way in a million years that they can in 7 lays. It is just the system will not allow for it because it means the U.K. bank, European bank, American bank will have folded.

Like they will be sorting out Lehman's for the next 20 years. This is the reality of it. As you were saying, this is what the reality is. This idea that you can start coughing up in 7 days, bearing in mind it will have to have gone through Deloitte getting application to the U.K. High Court to come here to apply to the court here for the letters of support, it is just baloney the idea that you could have a 7 day payout. Nobody will be authorised to do it. The Viscount's office would not have the staff to do it, never mind anything else.

Deputy G.P. Southern:

I think the answer from the other side would be that what you are referring to is the difficulty of getting the money back. What they are talking about is a person with a form: "I have got £20,000 in this bank. Here is my latest bank statement." Somebody stands at the door checking - Deloitte or whoever it is or the Viscount; I am not quite sure which - and then you get your immediate payout. It may be £5,000.

Mr. M. Dun:

There is going to be no mechanism to do that because the authority will have to start in the U.K. at the High Court. Somebody will be getting letters of administration. That is when the process will start. It will not start here because nobody here will be authorised to do it.

Deputy G.P. Southern:

Okay, we will take the problem.

Mr. M. Dun:

You know, in the past they go on about multiple failures. It was thought banks do not fail more than one at a time. It is ludicrous. They obviously will because if they are going to fail, these sorts of banks - these top 47 banks that they have got here - if those sorts of banks are failing - and you are talking about Lehman Brothers proportions - there will be other banks failing. They will not fail one at a time because it is an inevitable consequence. That is the seriousness of the problem, the idea that their little tin pot funds will be paying out the sorts of monies that could be involved if you have multiple failures which is what you will have. Yes, I was intrigued by this nonsense about triennial regulations and why they are opting not to go down the Privy Council route and make it all nice and safe and secure. I cannot remember what the outcome of triennial regulations was but ...

Deputy M.R. Higgins:

It was to do with the offences and penalties can be imposed not about the regulations themselves.

Mr. M. Dun:

That is right. Without it becomes ineffective because ...

The Deputy of Grouville:

Was I not asking about paying out locals first; local deposits?

Mr. M. Dun:

That is right. That was part of it. But triennial regulations, it used to be under the famous 1771 code which we are all celebrating because it is 28th September today.

We enacted the 1771 code on 28th September. The triennial regulations could not be re-enacted unless they went back to Privy Council. There was a restriction on the number of times you could renew the triennial regulations. I do not know if it once or twice or 3 times. I did not know. But you cannot just renew them willy-nilly. If you bring them back you have got to start getting proper legislation in place. Obviously it sounds like an easy option to go for triennial regulation but to me sounds like they are up to mischief.

Deputy M.R. Higgins:

I think the argument that I have seen in correspondence is essentially they were in a panic at the beginning to get a scheme in - any scheme - and because they needed to have certain powers we were using ... I do not read anything sinister in what they are saying on that. However, I do believe that frankly some bankers were led to believe the scheme would be temporary.

Mr. M. Dun:

The storm will pass.

Deputy M.R. Higgins:

That is my perception from what I have read anyway.

Mr. M. Dun:

My final point because I cannot read any of my writing is the question of fraud. Heaven forbid that a bank should fail through fraud or any other illegal activities, this idea that you get a 7 lay payout and all the rest of it becomes an impossibility. The reality is that banks do fail from fraud. Look at the Bank of Antigua has gone down for about £8 billion, £10 billion, whatever it is.

Deputy M.R. Higgins:

B.C.C.I.

Mr. M. Dun:

Exactly. So it is not just bad luck that brings a bank down. That is all I want to say.

Deputy M.R. Higgins:

Thank you for that. Obviously we will take that on board. If I could ask to again to introduce yourself and then if you want to make any points that you want to make.

The Mahan Chohan:

I am The Maha Chohan. I am very much a local resident although the world is my home. I have just a few points which I hope will help you and this government and all governments to seek clarity, to bring beauty for the people of Jersey and the world and, in particular, this one regarding financial systems, banking systems. I find it rather touching that our sweet ones here were speaking this morning about the arrangement of our financial world in Jersey.

Deputy M.R. Higgins:

Can I just come in for a second and say you are referring to the Minister and his assistants?

The Maha Chohan:

Yes.

The Deputy of St. Mary:

Okay, I wondered.

Deputy M.R. Higgins:

Just for the benefit of the tape.

The Maha Chohan:

How can I say it? I mean I am enfolding all in this light of joy. In the clarity that seemed a lack of having misunderstood that our sweet government has encouraged a new financial system, which I remember starting in the centres, in Jersey, but whereby this morning, because possibly again our government has decided to bring a scheme which would protect people from their actions; that our government has encouraged a financial system in Jersey, but whereby we can tell the world we have billions here, but when it comes down to fact and supporting people the money is not here. It seems, made clear this morning, that there is not a Jersey bank, or you could really call most businesses as registered here, yes, but the fact has been made clearly it seems that there is no money here. What one is speaking of is that the system here that has been encouraged, of course globally we are not speaking just of Jersey, but you know, just a global, I would call it a game, a silly one at the moment, but it is to encourage the money to pass through somewhere, which is what is happening here and everywhere. The reality is that that place on earth takes a cut, a percentage for the people who live there. But the point is, what one is speaking in relation to this scheme and the changing financial situation, is that here there is a huge financial business, which our government has encouraged, not right or wrong, just has, but whereby there is no money here. In this picture of the changing world, and the point I wish to put on record, and I hope to be established on earth, is the point of who is responsible for who? Just that. This is fact now, not hypothetical. Who is responsible for what? Because, with our scheme here, or with the banks, this is being done globally, as you know, on using this funny word "competition". The nature of life in the cosmos is harmony, it is not competition, it is not competition. Thus it is done on earth. Competition causes friction. But the perspective of competition, whereby the taxes of the people are used in a competition with other countries in the world, it is just an activity. Now, what I would ask you, which will help you in making your decisions on any area of life is, should you consider looking at who is responsible for who and who is responsible for what. I will give you an illustration if I may. Sir, Mr. Higgins, may I just ask you this for clarity? Are you responsible for what you do, may I ask you?

Deputy M.R. Higgins:

I think I am, yes.

The Maha Chohan:

Okay, yes. This is very practical, it will show you. So are you responsible with where you put your money, just you? Are you?

Deputy M.R. Higgins:

Yes.

The Maha Chohan:

Okay. It is just so ... it is so simple when you ask the question of anybody. Therefore, would it be true to say that I am responsible for what you do? Just for this picture.

Deputy M.R. Higgins:

Okay, yes. Are you responsible for my actions? No.

The Maha Chohan:

No, of course I am not. So I could just say now: "I", for anyone who puts themselves in the context of a government, the government is a name for the people, they are speaking on behalf of the people, so we are saying: "I" just for this picture, or we could reverse it, so would 'I The People', be responsible for giving you the money of the people if you have used your money wherever or unwisely? Is that so, or not?

Deputy M.R. Higgins:

I see what you are saying ...

The Maha Chohan:

Please, would you answer, could you answer?

Deputy M.R. Higgins:

It is not quite as simple as that.

The Maha Chohan:

Well, I am making it simple because this is what is not being looked at. I am not speaking of any picture of right or wrong whatsoever, by the people, by the government, by the systems on earth, the financial systems, what I am looking at is fact, practicalities to bring something beautiful, and the question not being asked by all countries, and our Jersey, is who is responsible for what? Not in the context of blame, not whatsoever, but just simply so that if I bake a cake I can eat it, it might be good, it might not be, but I am responsible, I have done it. So in the picture of money, for instance, I could say: "If I place money wherever, under the table or in a bank, and the bank does not do ... does something with my money, but certainly cannot give it back to me, would I expect you to pay to pay me, because I had not taken care of my money?" Would you? Would you?

Deputy M.R. Higgins:

Let me put it another way. If we here, as an Island, encourage financial institutions to come here, and attract money from all around the world, and we do not lay down, for example, any stanlards as to information and the systems and the honesty, the whole thing, so in other words the people have an informed knowledge, if they place their money with an institution they are going to get their money, and we make sure that they have the information and also in terms of the people who are running these institutions are not crooks. Then if it does fail then surely we do have a responsibility if we have not done our part of it.

The Maha Chohan:

Well, Sir, may I also, in continuing, instead of just using us, shall we say, individually as a person, am I responsible for what you do with your money or where you put it, we could then say a bank for a business for instance, and it is set up however it is set up, la-la-la-la-la, but the point being is that has money and if It is licensed to take money, and you could also say when is a bank not a bank, but that is another story, but the Point is what the bank does with the money whatever it does with the money, which as you know is a mysterious world, seemingly. But the point is, what I am asking for clarity, we are talking about just clarity here, to be able to take clear decisions that will help the people, for instance, of Jersey, or any country. You have to know who is responsible for what. It is no good avoiding the truth and saying: “He did it”: “She did it”, or “The system is wrong.” You have to know who is responsible. So in the picture of business, a bank, it does not matter where the parent company is or how many branches, the point is, is the bank responsible for taking care of their money? Is it or is it not? Is it or is it not? It would appear so. I want to talk about facts, not hypotheticals.

The Deputy of St. Mary:

The difficulty is that the individual customer, when they put their money in the bank, is not in a position to know, with the way the world is, what the bank will do with it.

The Maha Chohan:

I do not quite agree with you, because it is quite true, and as we understand it many people do not look, many people do not want to know, and I am not talking about why they choose to know or not know, or why banks choose to tell people or not, I am not talking about any of those details. Do you understand what I am saying?

Deputy M.R. Higgins:

I understand what you are doing and what you are talking about, because we come to the point in terms of a scheme ...

The Maha Chohan:

Right, so the point is ... the point is there is the responsibility, the people are responsible, I maintain, but this is only my picture, for me, that I am responsible for me, and that if I put money wherever then that is up to me. Now, the government has chosen to bring forth this scheme to protect me against being foolish with my money, and to protect ... these are just my words, it is only my picture, I am not saying it is anymore, and also to protect the banks against what the banks should do with people’s money, and nothing wrong, it is just the system. What I find rather, I could say, comical, strange, is the fact that, as people have seen that we do not always take care of things, that any government should come up with a scheme to try to protect me against anything I might do, to protect a bank against anything it might do; that is one point, but not to come up with a scheme that say the banks should pay for it. But to come up with an idea that the people’s money, not the States’ money, the States has no money, the government has no money, it is the people’s money; that the people’s money should be used to protect me from being silly, and to protect a bank from being silly. I am not saying it is wrong, but I am just saying, to be clear, put it on record, please, for clarity when you are considering what you do, when you have clarity here, because at some stage passing the buck, which we have all done, and we learn not to do eventually when we care about people and life, we take responsibility for our actions, and that is what ... I just wish to place that on record because it will

help, not just here, but all countries bring forth something beautiful that cares for everything, and that is it.

Deputy M.R. Higgins:

I think you have made the point, thank you. You have registered the point that I think, one, you believe that people are responsible for their own actions and you do not see the need for the scheme ...

The Maha Chohan:

No, I did not say it is not ... no, no, no, I did not say that, I just said that, were it to be acknowledged that people are responsible ... you do not have to, it is up to us to acknowledge, but it will help the people when you are bringing awareness to show them ... people do not like being responsible for their actions, as you know, but it helps in awareness to show them that they are responsible.

The Deputy of St. Mary:

So, could I paraphrase what you are saying by saying that, if we were all truly responsible you would not need the scheme? The scheme is a way of covering the fact that both the banks and the individuals who put their money there are not being fully responsible.

The Maha Chohan:

Yes, but I am not saying do not use the scheme or do not have the scheme, I am just saying of course it would not be necessary anywhere, but what is rather, I find, strange, because it is made clear in the beginning, I used to be in the financial world here, and when the banks were first set up, but the point is, it was made clear that Jersey was not part of any protection scheme. The protection scheme globally and in England was not set up at the beginning, it was only when a few banks went bottom-up, but how, to set up this sort of scheme whereby, should anything, you know, a bank go or a financial setup, whereby ... of course you cannot. It is funny, as a little girl I used to work in the Viscounts Department, only across the passage used to be, but the point is you cannot get your hands on that money. So, first of all, it is the people's money that you are going to use to pay them back. Somewhere over the years you might get some money from the companies concerned. I am not ... again, notice, I am not saying it is wrong, but it is a comical setup. If I cannot run my home or my business responsibility that the people of the Island should pay me. It is an amazing system. Again, I am not saying it is wrong, I am just pointing out some clarity, which will maybe bring a system that will help everybody in this country, and nations, just that.

Deputy M.R. Higgins:

Okay, thank you for that, and we will bring the session to a close with that. So thank you very much.

The Deputy of St. Mary:

A good place to end.

Deputy M.R. Higgins:

So thank you very much, both Mike and also Maha, for putting that sort of argument to us to think about. We are going to adjourn at this point.

