

**STATEMENT TO BE MADE BY THE CHIEF MINISTER
ON TUESDAY 10th MARCH 2015**

1. This morning the Council of Ministers has presented a Report (R.26/2015) to the States Assembly concerning P90/2013 – Sunstone Holdings Ltd. and De Lec Ltd. – ex gratia payments to investors. Documents annexed to the Report will allow Members who are not familiar with this matter to be informed of the issues that the Proposition raised.
2. On 4 June 2014 the States Assembly rejected the Proposition P.90/2013 in full. States members agreed with the Council of Ministers that “any decision on whether the taxpayer should compensate the investors should depend upon whether the circumstances can be seen as sufficiently exceptional in terms of the hardship suffered to justify public support.” States members did not consider this condition to have been met.
3. However, the Council of Ministers were aware from the report of David Thomas, an experienced UK Financial Ombudsman, that there is the suggestion that a number of investors might not have invested money or increased an existing investment if issues had come into the public domain in early 2007 which would have had a significant impact on the reputations of those who promoted the investment schemes.
4. Accordingly I undertook to ask David Thomas to further consider whether in the light of this a case could be made for this group of investors to be recompensed in some way and I undertook to report the outcome of further work on this matter back to the States.
5. Mr Thomas received five claims from investors who said they had put in new money after 31 March 2007. The total of these claims was £269,834 of which one claim is for £134,691. Mr Thomas was able to satisfactorily establish the claims with evidence in four out of the five cases. The fifth case (of an investment of £10,143) would have to be established with further evidence if ex gratia payment was to be made. Therefore the total amount in consideration for ex gratia payment would range between £259,691 and £269,834 – depending on whether the fifth claim could be verified.
6. In considering the matter of an ex gratia payment in these cases the Council of Ministers has borne very much in mind their view expressed in P.90/2013 that “any decision on whether the taxpayer should compensate the investors should depend upon whether the circumstances can be seen as sufficiently exceptional in terms of the hardship suffered to justify public support.”
7. While there are five investors who may not have made an investment if they had had earlier information, there is no evidence available to suggest that they have suffered greater hardship than other investors.
8. In the view of the Council of Ministers, when considering the position of all fifty investors involved in the schemes, making a decision to compensate five of those investors based solely on whether they invested before or after a certain date would be unfair on a large group of investors, and in particular those who may have suffered greater hardship.
9. In order to justify the high test for ex gratia compensation from the public purse, the situation must be sufficiently exceptional in terms of the hardship suffered to justify support. The Council of Ministers are of the view that this requirement is not met in this case and

share the view expressed by the previous Council of Ministers that an ex gratia payment to any of the investors cannot be justified.

10. I appreciate that the Report and the Statement made today will be disappointing to a number of investors in these schemes. However the Council of Ministers are firmly of the opinion that ex gratia compensation from the public purse should be reserved for only the most exceptional cases where it would not be deemed unfair or discriminatory.