



Northern Ireland  
Assembly

Committee for Finance and Personnel

# OFFICIAL REPORT (Hansard)

Sale of National Asset Management Agency  
assets in Northern Ireland:  
Mr Paddy Kearney

4 November 2015

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Mr Daithí McKay (Chairperson)  
Mr Dominic Bradley (Deputy Chairperson)  
Ms Michaela Boyle  
Mr Leslie Cree  
Mr Gordon Lyons  
Mr John McCallister  
Mr Ian McCrea  
Mr Máirtín Ó Muilleoir  
Mr Jim Wells

**Witnesses:**

Mr Paddy Kearney  
Mr Alan Mains

**The Chairperson (Mr McKay):** Members, we have received a message that Mr Kearney wants Mr Alan Mains to accompany him to the table as his adviser and associate. We were not notified about that, but, if members are agreed, we can do that.

*Members indicated assent.*

**The Chairperson (Mr McKay):** Good morning. You are both very welcome. Mr Kearney, do you wish to make an opening statement?

**Mr Paddy Kearney:** I do, yes.

**The Chairperson (Mr McKay):** After that, we will open the meeting up to questions from members.

**Mr Kearney:** Chairman and members of the Committee, I am here today following your invitation, which resulted from recent testimony to the Committee about me. I welcome the opportunity to address the Committee and to refute the unfounded and unsubstantiated allegations and press reports and the unwarranted personal attacks made on my character over the past months.

By way of background, which I believe is important, the business that I run was founded in 1962 by my father. I took over the family business when I was 17, when my parents were forced to retire due to ill health brought about by severe stress caused by trying to run a business and raise a family in west Belfast during the period that has become known as the Troubles. I am a private individual with a

reputation for keeping my own counsel who minds his own business and whose ethos is to live and let live. I was brought up by industrious, working-class parents, who taught me to work hard and have respect for my neighbours and fellow human beings and to treat people as I would like to be treated myself.

I built the business up over a 40-year period, through three recessions, in what were very difficult times for all the people in Northern Ireland, with a determination and resolve that was born out of hard work and a refusal to quit, despite many pressures and problems in our society. I believe that I have positively contributed to the Northern Ireland economy by way of investment and employment during that time. During those 40 years, I built a business that supported not only my family but the families of hundreds of employees and suppliers who depended on it for a livelihood. Unfortunately, as we are all too aware, the world economy was unexpectedly turned on its head in 2008. Northern Ireland's economy was no exception. Businesses here suffered from what can only be described as financial Armageddon. I do not believe that there is anyone or any business in Northern Ireland that was not affected in some way or other. The property industry was particularly vulnerable, and the company that I had spent a lifetime building, like many others in Northern Ireland, found itself in serious difficulties overnight.

Past testimony that I referred to alleged that I was in some way involved with others in manipulating, in a criminal and corrupt manner, the sale and purchase of the Northern Ireland National Asset Management Agency (NAMA) loan book, resulting in what has been termed a "sweetheart deal" for me and my company from Cerberus. Those allegations are totally unfounded and unsubstantiated. I can categorically state that I did not receive any preferential treatment from Cerberus or NAMA in any shape or form in the course of negotiations or, indeed, in the execution of the transaction.

I point out that I am only one of multiple borrowers whose loans were purchased by Cerberus, which, to date, I understand, has completed deals with the large majority of its clients. That being the case, I am at a loss to understand why I have been singled out as having received special treatment from Cerberus, as, as I said, it has completed multiple deals with NI borrowers. I have been criticised and challenged for not responding to the accusations or taking legal action against the person making them. Quite simply, I approach all things from a commercial stance, and, although the accusations are a total fiction and, I have no doubt, would be thrown out of court, such action would involve major personal cost with no tangible return. Simply put, it is a no-win scenario for me. If I respond, it will appear as though I am giving credibility to the unfounded allegations and the person making them. If I do not, I appear to have something to hide. In reality, I have much more important things to do with my time and resources. To be clear, my overriding priority is to save, run and secure the future of my business for the benefit of my family and the hundreds of families who depend directly and indirectly on my company for their livelihood.

Over the past months, I have been on the sidelines, monitoring the proceedings of the Committee and its witnesses. I am at a loss to understand why those ridiculous, unfounded allegations have been made against me. The person responsible for the ludicrous allegations has never met me and does not know me. Having read the content of his blogs and so on, I view him to be a commercially naive individual who is allowing himself to be manipulated by faceless individuals who wish to remain anonymous and are feeding him with misinformation relating to some factual events that are already in the public domain. Those people have agendas driven by envy, mal intent, resentment and a sick need for revenge. Given their so-called professional status, those people should know better. Their agendas are personal and ill-advised and do not, I believe, involve any concern for the welfare of any taxpayer or member of the public, North or South.

I was brought up to treat people as I would like to be treated myself. I have done my best throughout my life to abide by that ethos in both my personal and commercial life. People who know me and who have dealt with me over the past 40 years will attest to that. I am not so sure that that is the case for the people accusing me of wrongdoing. For instance, it has been stated that evidence exists that proves that wrongdoing. However, it is interesting and very telling that no such evidence has managed to find its way into the public domain. The reason for that is simple: there is not any, because the allegations are not true.

My understanding is that the Committee was formed to investigate whether there is any such evidence of wrongdoing by any persons or parties perceived to be involved in Project Eagle. I find it incredible that the Committee has allowed itself to be used to provide a medium for all that misinformation, without first insisting on seeing some hard evidence. I believe that, by doing so, you have provided misplaced credibility for the person responsible for publishing what amounts to nothing more than

personal opinion and views, while undoubtedly undermining and prejudicing the proper authorities and the official investigation process.

I have reviewed the testimony that I referred to, and it appears that there are members of the Committee who really should know better, as they have already improperly decided the outcome of an ongoing investigation before the National Crime Agency (NCA) even completes its task. Strong words such as "fixed", "fraud", "crooked", "dirty" and "corrupt deal" are not the language that public representatives should use without knowing all the facts or the outcome of the official investigation that is under way. Those persons are, of course, entitled to their opinion. However, given their public profile, and the influence that that position affords them, they should keep their opinions to themselves and leave announcing the conclusions, whatever those may be, to the relevant authorities appointed to do the job. To use the forum of the Committee as a political boxing ring is wrong; that is not its purpose.

I will now deal with a number of points in past testimony that referred to me. First, I decided to retire in 2006, and I sold the business that I ran 24/7 for 35 years in June 2006. Furthermore, I had obtained full HMRC clearance for that transaction. The downturn meant that my deal never completed as was contracted, and I had to abandon a planned retirement strategy in an attempt to salvage the business that I had spent a lifetime building. Secondly, to be very clear, I am not desperate, as has been alleged, to prevent anyone from presenting or giving proper evidence to the Committee. In fact, the opposite is the case. I welcome proper evidence, properly presented to the proper authorities. However, what I have heard over the past months could not, in any circumstances, be described as evidence. It is hearsay, opinion, innuendo and conjecture, with no substance in reality and originating from malicious sources with their own agenda. Thirdly, I was one of many borrowers who did a deal with Cerberus. I cannot speak for the other developers and how they were treated by Cerberus, but I can categorically confirm that I did not receive any preferential treatment from it. In fact, it is one of the most robust commercial organisations that I have ever dealt with. Cerberus does not do sweetheart deals for anyone. Fourthly, I was not and have not been at any time involved in fixing or in dirty or corrupt, crooked activity, as has been alleged. That is utter nonsense and totally unsubstantiated. Fifthly, it is no secret that I tendered for the build-out contract for the Millmount site in 2008. That is the business that I am in. There was nothing sinister or secret about my involvement in Millmount at that time. The bank had its distressed loan. I have no doubt that an independent expert will verify that the standard procedure of all banks in such a situation is to review their existing client base to ascertain whether there is any existing customer or customers who would be best placed to assist the bank in dealing with the distressed loan before proceeding down the cumbersome enforcement route. I happen to be considered a capable developer by the bank. However, my tender was, unfortunately, unsuccessful. That is the commercial reality of what happened at that time.

On Millmount, there was no confidential planning information relating to the site leaked. Planning files are a matter of public record. To imply that there was anything improper in my interaction with the architect or bank personnel during the tender process at the time is utter nonsense and shows a lack of knowledge of how the planning system works. Regarding the current situation at Millmount, I buy sites to develop and sell houses for profit. That is what I do, and I make no apology for that. However, the testimony given about my intentions for Millmount is incorrect in both timing and quantum. Although I am currently contracted to buy the site, the deal is still in legals and has not yet completed.

Sixthly, testimony given to the Committee also discussed losses incurred by my company and stated that it was hopelessly insolvent. I point out that there was a global financial meltdown that made most of the property companies in Northern Ireland and, indeed, the world insolvent. In fact, all the banks in Ireland were on that list. There is nothing illegal about that. As any chartered insolvency practitioner will confirm, it is perfectly legal to continue trading in those circumstances, provided that such trading improves the chances of rescuing the business and securing jobs and that you have the support of your secured lender — in my case, NAMA, and, in the bank's case, the Government. My company fulfilled the criteria to allow it to continue to trade, as did countless other companies in Northern Ireland and around the world. That is the commercial reality, and it is perfectly normal and legal.

Seventhly, other testimony and submissions mentioned my involvement in what has become known as the Maple 10 transaction. That transaction is totally outside the Committee's terms of reference and has no relevance whatever to the investigation. It was mentioned to you as just another malevolent attempt to discredit me by someone who is abusing the facts already in the public domain to fit a story that he and his cohorts want to tell. It has been mentioned, however, so I point the Committee to what Judge Nolan, a prominent member of the Dublin judiciary, said after he had heard all the facts in the case in a criminal court:

*"The Maple 10 were remarkable men. I'm impressed by these 10. They were going to borrow quite an amount of money, with 25% recourse. They stood to lose money if things went wrong, but they were prepared to do it because they were asked by the bank. This was done for the bank and the entire country."*

The events of the years since 2008 are history and are well documented. The banks here are largely Republic of Ireland-based. They did not bathe themselves in glory in their handling of the crisis, which had its origin in far-off shores, where none of us had any control or visibility. For the avoidance of doubt, neither I nor my company borrowed any money from the Irish taxpayer. Any money borrowed was from commercial profit-making institutions at commercial interest rates, with the associated commercial fees and, at times, agreed profit-share participation. For the record, I have a 40-year unblemished record with all the banks and financial institutions that I dealt with. Importantly, on retiring in 2006, I repaid every penny of personal and company debt that I had ever incurred.

When the financial crisis hit and the extent of the approaching tsunami was realised, those institutions moved the goalposts, reneged on their agreements and bled from their customers as much as they could by way of cash and emergency debt reduction. They then sold the remaining loans to NAMA without any notification to, or regard for, the customers whom they abandoned in an attempt to save themselves from a sinking ship. They offered NAMA to the customers whom they left behind as the answer to all our prayers. We were told that NAMA would provide the much-needed capital to revitalise and rebuild our property industry, which would, in turn, allow the construction industry, which is a large part of the Northern Ireland economy, to get moving again. The banks received a bailout from Government, whilst ordinary customers were left to fend for themselves, as NAMA was not the force for good that it was sold to us as.

I experienced NAMA and its tactics first hand in 2013 when it attempted to take control of my company. It did its best to intimidate and frighten me into destroying my business, without any regard for the 100-plus jobs or families who depended on that business for their livelihood. It tried to bribe me with promises of debt forgiveness, provided that I complied with its demands to transfer total control of my company to it — all of which I refused to do. I made it clear on numerous occasions throughout the process that I did not want what it termed "debt forgiveness". "Forgiveness" implied that I had done something wrong: I had not.

All I wanted to do was to run my company to the best of my ability, to repay any indebtedness and to deliver the business plan that was provided to NAMA when it acquired my company loans, which showed clearly NAMA being fully repaid. That opportunity was denied to me by NAMA, with no credible explanation. Neither NAMA, nor the Irish taxpayer gave a brass nickel for me or my family or the people employed by me. Indeed, to the contrary, NAMA did its best to suck the commercial life and energy from my company, which it had recognised and acknowledged as a triple-A business. It was nothing more than a blatantly selfish attempt to recover whatever it could from wherever it could from whomever it could, using whatever means at its disposal.

In the three years that my company was in NAMA, it was classed internally as a triple-A connection. We paid it in excess of £30 million over the three years under its control, all of which went to the Irish exchequer, with no regard for the effect on the Northern Ireland economy. In all that time, despite numerous requests, I never received receipts for moneys paid or statements for balances owed. Despite all that and my exemplary cooperation, it threatened to place the company into administration on numerous occasions if I did not comply with its demand to hand over control of the company to it. During 2013, when I was locked in the battle of my life with NAMA, I attempted to purchase my company loans. NAMA declined two fully-funded offers from me that were well in excess of the actual value of the assets at the time and well in excess of the figure that it eventually accepted from Cerberus.

As you can maybe gather, I am not NAMA's biggest fan. From personal experience, I found it difficult to deal with. Hence, I welcomed the arrival of any commercial institution that would take a more pragmatic view of the situation in Northern Ireland. The arrival of Cerberus, as far as I am concerned, was a big positive for Northern Ireland. Cerberus offered a commercial solution, a mechanism to save my company and hundreds of jobs, and an opportunity for me to rescue and rebuild the business that I had spent a lifetime constructing. Cerberus was commercial, but NAMA was not.

I want now to put to bed once and for all this myth about political influence used on my behalf to secure a so-called sweetheart deal from Cerberus. As I have already said, I was one of 150 borrowers who ended up with Cerberus as their lender. Cerberus certainly did not do the deal, as is suggested, in order to ensure that I got preferential treatment. I believe that the political leaders of

Northern Ireland did the right thing by lobbying investors to buy the Northern Ireland portfolio from NAMA. In fact, I would go a stage further: I believe that the Northern Ireland Executive should have bought the portfolio on behalf of the people of Northern Ireland. Such a deal would have ensured that all the profit made was retained in our economy, and it would have gone a long way to paying for the planned reduction in corporation tax and any shortfall in the welfare reform bill. One thing I am sure of is that, had NAMA continued to be in control of Northern Ireland assets, the future would have been grim. Given the stranglehold that NAMA had on the market, it would have amounted to death by a thousand cuts for the Northern Ireland economy. In my view, given the destruction of value and progress in the property market, NAMA did in three years, without firing a shot, what the terrorists could not do in 50 years.

There has been an unfounded accusation of improper behaviour and influence exerted on my behalf by First Minister Peter Robinson. The relationship with the First Minister has been falsely projected in testimony to the Committee as a cosy friendship with favours arrangement, and it blatantly states that I was involved in some form of corrupt behaviour. I take great exception to those unsubstantiated and untrue statements that reflect on my character and integrity. I have met Peter Robinson on a number of occasions in his capacity as First Minister of Northern Ireland. To describe the relationship as friendship is, at best, a gross exaggeration of the truth. I suggest that the person making the allegation should research the dictionary for the definition of friendship.

I was advised to seek political help for the situation that I found myself in by a long-standing family friend and associate, Alan Mains, whom I confided in following a meeting in Dublin with NAMA on 3 May 2013. I had been requested by my NAMA handlers to attend that meeting in Dublin to discuss the future of my company. I was led to believe that the meeting was to be a routine one to discuss NAMA plans for my company, and that I would not require anyone to attend with me. The meeting was not what I expected. NAMA threatened to appoint administrators if I did not cooperate fully with its terms and conditions. Following that meeting with NAMA, a request by me to meet the senior decision-makers in NAMA was refused. I wanted an explanation for the change in its strategy with regard to my company as, up till then, it had made it clear that I was part of its plans for the future of the business. For me, it was a life-or-death situation: I was effectively fighting for my family's and employees' welfare and future.

I first approached First Minister Peter Robinson to seek any assistance that he could give me in dealing with NAMA when it became clear that NAMA's intentions were to collapse my company. I found him to be a helpful, compassionate and understanding person who wrote to NAMA on my behalf, requesting that it meet me in person to discuss its reasons for wanting to enforce on the loans, given, by its own admission, the exemplary performance of my company. I believe that Peter Robinson's letter to NAMA is in the public domain, and I assume that you have read it. You would not disagree that it is a perfectly normal letter for a senior politician to write on behalf of a major local business. I make no apology for requesting Peter Robinson's assistance. There was nothing improper or sinister regarding my contact with him, as has been alleged. All that he did for me was to write, at my request and on my behalf, to the CEO of NAMA requesting a face-to-face meeting for me with senior personnel in NAMA. He did not do anything for me that could be deemed improper or inappropriate, and it is a grossly unfair and twisted misrepresentation of the truth to say otherwise. I understand that a number of politicians have attended meetings with Cerberus on behalf of their clients who are constituents. In my view, Peter Robinson has been unfairly criticised for doing what, I believe, was his job.

Thankfully, my company was not put into administration and survived after nine months of very difficult negotiations, which allowed me the opportunity to subsequently get into another set of negotiations with Cerberus after it purchased the NAMA Northern Ireland loan book. In order to exit from Cerberus, I had to refinance my portfolio, which I did with another American Company, Jefferies LoanCore (JLC), a highly respected global financial institution. Just prior to the closing of my refinancing with Jefferies LoanCore, I invited the First Minister to attend a dinner that I was hosting to thank JLC, which had invested in my company and was interested in doing more potential business in Northern Ireland. By investing in my company, JLC has essentially invested in the Northern Ireland economy, leading to new construction and hundreds of new job opportunities. Surely no one in the Committee or in Government is seriously suggesting that it was inappropriate for the First Minister to welcome that at an event held by way of appreciation for the people who made that investment. It was not, as was suggested, a secret dinner. It was a social occasion to welcome and thank a substantial investor in Northern Ireland. It was attended by at least 20 people and was witnessed by numerous staff who were on duty that night. I am sure that there are many examples of such events attended by politicians from all sides of the political divide in Northern Ireland.

Here are some facts. First, Peter Robinson, the First Minister, wrote a letter on my behalf to the chief executive of NAMA asking him to meet me in person to discuss my company loans. He subsequently attended a social event held to acknowledge the substantial investment in my company and in Northern Ireland by JLC, my funders — nothing more. Secondly, Alan Mains is a retired senior police officer, highly regarded and respected at all levels in the Northern Irish business and political community. Alan is a long-standing family friend of many years who supported me and attended meetings with me during my negotiations with NAMA. Thirdly, regarding Millmount, my company was asked to tender for the buildout of Millmount by Anglo Irish Bank in 2008. The bid was unsuccessful at the time. I had no other involvement regarding Millmount until my company recently agreed to purchase it from the administrator, Ernst and Young, subject to contract. The fact is that NAMA sold the Northern Ireland loan book because it decided to cash it in for whatever it could get rather than invest in a long-term solution, which would have returned more money, but would have meant investing more money in a country and economy that it had absolutely no interest in supporting.

Cerberus, a US-based investment fund, is one of many such funds working all over the world on behalf of shareholders and investors, buying and selling distressed debt and assets. Let us not blame it for the decision of NAMA, or the Irish taxpayer, to offload the Northern Ireland loan book because they did not want to invest in the recovery of the Northern Ireland economy. Cerberus took a commercial decision to invest in an opportunity to make a return for shareholders and investors, made up of pension funds, institutions, high-net-worth individuals and ordinary folk with savings, who willingly invest their money with Cerberus and seek as big a return as they can get. That is the commercial reality.

I can assure you that Cerberus do not do sweetheart deals. Cerberus is a professional company whose sole purpose is to make a commercial return for its shareholders. For my part, I can confirm that the so-called sweetheart deal that I am supposed to have received required me to pay substantially more than the assets were worth on the day. I obtained funding for the purchase from JLC, an American-based funder, which invested in my company to assist with the refinancing and restructuring. JLC also operates on behalf of shareholders and investors for a substantial rate of return, far in excess of normal bank finance rates. This type of finance is just not available in Northern Ireland at present. In short, Cerberus and my US funder gave me the opportunity to buy back control of my company at a price, thereby saving hundreds of Northern Irish jobs and allowing me to get back to earning a living in the process. In short, they gave me a viable choice to rescue and regenerate my business — a choice NAMA denied me.

Since the initial refinancing deal, my company has acquired other assets with further investment and support from JLC. Currently we have applications with Belfast City Council for various sites in Belfast, which are now in the pipeline as a result of the JLC investment in my company. All of this will create hundreds of jobs in the construction industry and provide the platform for thousands of other jobs when the end users arrive to occupy the space created through this investment in the Northern Ireland economy by outside investors who have chosen to invest here for a profit. That simply would not have been possible under NAMA.

The reality is that, instead of sticking the boot into these investors, we should be encouraging them at all levels of our political and commercial communities to invest more. They are not to blame if the powers that be in Ireland were stupid enough to sell the debt at a huge discount to investors from other countries, rather than to the indigenous commercial population, which they could then immediately sell back to the indigenous commercial population for a huge profit. It beggars belief. I spent 35 years of my life, until 2006, working 24/7 building a business in Northern Ireland through very difficult and challenging times. I almost lost it due to the downturn and the behaviour of NAMA. Thankfully, I have managed, through my stubborn refusal to quit and be bullied, to obtain external investment to avail myself of an opportunity to rebuild my business and life. I am grateful for that opportunity, and I refuse to apologise for taking it.

I have attended today voluntarily to address the Committee because I have nothing to hide or be ashamed of. I object to being the subject of false and malicious accusations. However, unlike those faceless and protected sources who are not prepared to go public and use others to convey their malicious lies, I will not hide away. I have come here to tell the truth and to clarify the actual situation on my normal commercial business dealings with Cerberus and JLC. I make no apologies to anyone for rescuing a business that was established over 50 years ago and that has provided a livelihood for hundreds of families since its inception, and will hopefully continue to do so well into the future.

To close, I appreciate the opportunity to set the record straight on what, in my opinion, has become a public farce. I will not be responding or engaging further with anyone on this matter, as to do so only

affords the persons responsible unwarranted credibility. In my view, we as a country and as a community have severely damaged our international credibility by interfering with a process that should be dealt with by the appropriate, already-appointed public body, the NCA, and by allowing what is akin to graffiti on a gable wall to be aired in a public forum. I challenge those faceless people, who are using a puppet to publish this garbage on social media so as to twist the truth and suit their own agenda, to assist this Committee and, more importantly, the NCA with evidence of any wrongdoing in relation to Project Eagle. It is time to put up or shut up. Actions speak louder than words.

Chairman and members of the Committee, I hope this statement clarifies my position on the matter. I thank you for your time and attention and the opportunity to set the record straight.

**The Chairperson (Mr McKay):** Thank you, Mr Kearney, for coming forward to make that statement. We have had difficulty getting a number of witnesses before us. That is quite useful for the Committee's ongoing inquiry.

I have a number of questions. You referred to the First Minister, and, of course, we met him a couple of weeks ago. For me, some things do not add up in the First Minister's testimony, because, as you rightly say, he wrote on your behalf to NAMA, but he did not disclose that to the Committee when he was before us a couple of weeks ago and was asked about you and your relationship with him. In terms of that issue and the First Minister's letter to NAMA, how did you contact the First Minister? Was it through the Office of the First Minister and deputy First Minister?

**Mr Kearney:** No, I did it through Alan Mains. He was the contact for me.

**The Chairperson (Mr McKay):** Did you contact Alan?

**Mr Alan Mains:** Do you want me to participate here, Mr Chairman?

**The Chairperson (Mr McKay):** Yes, absolutely.

**Mr Mains:** That is fine. Yes, I made contact through his office.

**The Chairperson (Mr McKay):** And it was an official First Minister meeting with you.

**Mr Mains:** No, the First Minister is also my MLA. I live in his constituency, so I contacted his office to see if I could speak to him about a matter pertaining to a friend.

**The Chairperson (Mr McKay):** So it was not in his capacity as First Minister.

**Mr Mains:** I am not really into that sort of thing. Obviously, I went to see the First Minister/MLA — whatever way you want to cut it.

**The Chairperson (Mr McKay):** The unusual thing for me — it in no way reflects on you — is that Mr Robinson was contacted as an MLA but then wrote as First Minister to NAMA. In terms of procedure, it would have been more appropriate for him to meet in his First Minister capacity. So, in essence, it was a constituency meeting in his constituency office.

**Mr Mains:** As Mr Kearney has just explained, we need to reflect back to that period, when this gentleman, along with others, had potentially lost their company and were threatened, basically, with their company being taken off them by receivership and another country, I suppose, in Southern Ireland — by another entity. I do not think anybody knew how to deal with it.

**Mr Kearney:** Excuse me, Chairman. First of all, I asked Mr Mains to make contact with the First Minister. I went to see the First Minister. As far as I was concerned, I was going to see him as the First Minister, because, given the level we were at, it needed to be dealt with properly at the right level. As far as the relationship between me and the First Minister is concerned, there is no relationship or friendship. I asked him to go because I was in danger of my company being taken from me. I was being threatened, and I asked him if he could organise a meeting with the senior people in NAMA that I could not get through my normal relationship managers. They would not speak to me. Anybody who knows me will know that I talk to the organ grinder, not the monkey.



I wanted to go and look at the guys who were making the decision to put my lights out to see why, because, for three years while we were with NAMA, our business was rated as one of the best-performing businesses that NAMA dealt with. That was all that Peter Robinson did for me. There is nothing sinister or secret about it. As far as protocol is concerned, I do not know what the protocol is. I was not really interested in the protocol; I just wanted in to see those people. If there is any issue about that then you need to speak to Peter Robinson about the protocol of what was done or what was not done. All I know is that I asked him if he could organise a meeting with NAMA, and he did that. I am grateful for that.

**Mr Ó Muilleoir:** I do not know if Mr Mains and Mr Kearney understand that the protocol is important for us. I know that there are different standards and different ways of working in business and politics, and you may be confused or frustrated to hear us talk so much about protocol, but, actually, it goes to the fundamental heart of government in relation to a Minister representing government or representing a constituent and acting as an MLA. It might be useful as we go on — because we will talk about the Nolan principles of public life — if Mr Kearney and Mr Mains could see that, because I am very reluctant. Mr Kearney uses the term "higher standard", but there is a different standard in politics. For example, if I was a Minister, it would go against the principles of public life to meet someone and pretend that I was meeting them as Minister when I was not. I can understand you not realising that important difference, but you will forgive us if we come back to it, because it is important to this entire investigation. Sorry; I have to make that clarification.

**Mr Mains:** You are OK. Mr Chairman, it is our understanding that the First Minister/MLA wrote the letter in an open forum. I suppose, with discovery or whatever, it clearly illustrates that the First Minister had nothing to hide, I would have thought, by writing the letter.

**The Chairperson (Mr McKay):** It is not an issue for you on this point; it is an issue for the First Minister, because he did not disclose to the Committee that he wrote the letter. The question, as you rightly say, Mr Kearney, is for Mr Robinson.

**Mr Kearney:** But again, that is a matter for Mr Robinson and the Committee. It does not really involve or concern me. I do not see how it does.

**Mr I McCrea:** Chair, what is this all about? When did the Committee agree that it would hand this out or ask for it to be handed out? I do not care who gets it, but what is this all about? Why are witnesses being included in the handout?

**Mr Ó Muilleoir:** I am happy for you to return it, if you wish.

**Mr I McCrea:** I have no difficulty with returning it, but the Committee decides when something is handed out, not one member of it.

**Mr Ó Muilleoir:** I am going to ask questions about the Nolan principles for public life, because they affect the NI representative on the NAMA advisory committee and how he, in particular — Mr Cushnahan — did his business. I hear Mr Kearney say that how people behave has nothing to do with him but, in fact, if it is part of an enterprise which is illegal — that is one allegation — or part of one that goes against the principles of public life, it affects us. I want to ask questions relating to the conduct of Mr Cushnahan and Mr Kearney's relationship with him. In that regard, a breach of the Nolan principles in public life would be important. However, I give this out as a courtesy; if Mr McCrea does not want it, he can give it back.

**Mr I McCrea:** With the greatest respect, Chair, I go back to my original question: when did the Committee decide that we would give a handout? It is not for one member to decide that, just because he is taking a certain line of questioning, he has the right to hand out anything or instruct or ask that a handout be handed to anybody, never mind to the witnesses.

**The Chairperson (Mr McKay):** Máirtín, you distributed it.

**Mr I McCrea:** The Committee staff distributed it to me, to be fair.

**Mr Ó Muilleoir:** It would be unfair to focus on the staff. I will later ask questions related to the Nolan principles of public life. As a matter of courtesy, members may have this if they wish to receive it. I leave it here, and I take Mr McCrea's point.

**The Chairperson (Mr McKay):** Obviously, Máirtín has distributed this and asked the staff to distribute it. I understand your point as well, Ian.

**Mr I McCrea:** I have no issue with receiving it, but the Committee decides that, with respect.

**Mr Ó Muilleoir:** That is fair enough.

**The Chairperson (Mr McKay):** We can look at that in terms of protocol, henceforth. It has not happened before. Are Members happy to move on?

*Members indicated assent.*

**The Chairperson (Mr McKay):** Mr Kearney, the other issue around Mr Robinson is that of the dinner in Carrickfergus. Who invited Mr Robinson? I just want to clear up these points because they are out there.

**Mr Kearney:** I thought that I had dealt with most of them in the body of my statement. I invited Mr Robinson to the dinner. When the dinner was supposed to happen, there would have been 150 or possibly 200 people at it that night. What happened was that the deal did not close on time because, as usual, lawyers screwed it up. The First Minister's diary had already been assigned for the night, as had that of Chris Wilson from LoanCore. So I took the decision to go ahead with a private dinner, so that I could introduce Chris Wilson to the First Minister and ask him to thank JLC, on behalf of Northern Ireland, for the substantial investment that his company had just made, or was about to make, in my company and in Northern Ireland. There was a presentation of a small memento; I asked the First Minister to present it to Chris Wilson to take back to New York. There was nothing secret or sinister about it. It was a social occasion. My team, and some other people with whom I do business, were at that dinner.

**The Chairperson (Mr McKay):** And you personally invited phoned —

**Mr Kearney:** I personally invited First Minister Robinson.

**The Chairperson (Mr McKay):** Did you speak to him over the phone or invite him by letter? It is just that, in terms of protocol, we need to establish whether it came through —

**Mr Kearney:** I cannot recall how I did it, honestly. It was probably an invitation through my PA, but I personally invited the First Minister. In fact, I think I did it when I went to fill him in on what was happening. I invited him then, just to tell him that we had been sorted out, and, in fact, we were making progress.

**The Chairperson (Mr McKay):** You said that you met the First minister Peter Robinson on a number of occasions. Did he regularly act on your behalf?

**Mr Kearney:** No. I met him on three or possibly four occasions. The first time was when I asked him to do the letter. The second time he asked me for an update, and I went to tell him how we were getting on. On the third occasion, I went to thank him for his help and to say, "We don't need you any more. NAMA has, thankfully, gone".

**The Chairperson (Mr McKay):** So the meeting in May 2013 was the first time that you met Mr Robinson.

**Mr Kearney:** That was the first time I met the First Minister.

**The Chairperson (Mr McKay):** OK. What debt did your companies have in the first place when the loans were transferred over to NAMA?

**Mr Kearney:** I do not see how that is relevant.

**The Chairperson (Mr McKay):** Some of the points that have been made refer to your company getting preferential treatment, that is why.

**Mr Kearney:** I do not see how the numbers are relevant. That is corporate information. I am not here to discuss those numbers.

**The Chairperson (Mr McKay):** Would you be interested in discussing with the Committee the interest bill when your loans were transferred to NAMA?

**Mr Kearney:** Sorry, what was that?

**The Chairperson (Mr McKay):** When your loans transferred to NAMA, what was your annual interest bill to service those debts?

**Mr Kearney:** I do not see what the relevance is of that. I do not see what that has to do with it.

**The Chairperson (Mr McKay):** According to the information that the Committee has received, your companies paid a lot less interest whilst in NAMA than before they transferred in.

**Mr Kearney:** That is nonsense.

**The Chairperson (Mr McKay):** That is what I am trying to establish, and that is what the Committee is —

**Mr Kearney:** I understand the relevance now; I did not know where you were going with it. As far as the interest is concerned, NAMA swept all the cash that was left after our overheads were paid. When we paid wages for the staff and the property expenses for running the assets, NAMA sucked the account every month. It did not tell us what interest rate we were paying, as I made reference to in my statement, despite numerous requests for receipts and statements and what it was allocating to capital and interest. Those were totally ignored. We never had any paperwork from NAMA saying what we paid, what had been attributed to interest and what had been attributed to capital. It swept the account — cleared it out once a month. Whatever was in it, NAMA took it.

**The Chairperson (Mr McKay):** When Cerberus took over, did the interest increase significantly?

**Mr Kearney:** It did exactly the same. It swept what was left after property expenses and wages were paid.

**The Chairperson (Mr McKay):** OK. With respect to some of the other parties, Frank Cushnahan was a member of the advisory committee for NAMA and is within the remit of the Committee's inquiry: did you have any interaction with him over the past number of years?

**Mr Kearney:** I met Frank Cushnahan on two occasions in my life. One time was back in 2002 or 2003 when he contacted me through an associate. When Sean Graham senior died, he was brought in to manage the estate, and he did a tour with me around some of their shops looking for advice on some of the shops that they were going to potentially sell. I went with him on the basis that I was going to buy some of the sites to develop them. That was in 2003 or 2004. I spent a couple of days with him going around those properties, and the deal never went ahead.

I did not see him again until January 2014. I was in Spain and got a call from Ian Coulter to ask if I would come home to meet him and Frank Cushnahan. Ian Coulter was the managing partner of Tughans, who are our lawyers. They wanted some information on my portfolio. They were acting for one of the bidders for the Northern Ireland portfolio and asked me if I would come home to give them some information because the people that they were acting for wanted to be in a position to make a proper bid. They needed some private information on the portfolio that was not public. It was private company information. I agreed to go home to meet him. On the morning that I was due to meet, a letter arrived in the office from NAMA. It was yet another letter threatening to put the company into administration. That letter arrived after the announcement that the loans were being sold. Supposedly, there was to be a standstill agreement between NAMA and the borrowers until such times as whatever was going to happen to the deal was completed. I showed the letter to Frank Cushnahan at the meeting, and the meeting did not take place, because there was nothing that we could discuss until this matter was sorted out. Those were the only two times that I met Frank Cushnahan: back in 2002 or 2003 — I cannot remember exactly when — and in January 2014. Other than that, I had no communication with Frank Cushnahan and no relationship with Frank Cushnahan — ever. Anyone who insinuates that there was or is a relationship is talking nonsense.

**The Chairperson (Mr McKay):** I appreciate your honesty about that. Did the phone call from Ian Coulter come out of the blue?

**Mr Kearney:** Yes, it came out of the blue. I also work in Spain, and I was there at work when I got the call. You must remember that Ian Coulter was the managing partner of the lawyers who act for my company. The call was out of the blue, but it would not have been the first time that he would have rung me about some deal that was going on or something that he needed clarification on in relation to the business or some deal that we were acting on.

**The Chairperson (Mr McKay):** Was what they were doing to try to get information from you all above board and straightforward?

**Mr Kearney:** Absolutely. It made sense to me. If these people were going to buy the portfolio, they would want to try to get a handle on what the assets were worth. No information was passed. I could not give any information, because, when I produced the letter, it was another bullet from NAMA to shoot the whole thing down. At that stage, I did not know whether I was punched or countersunk. The meeting did not happen. It lasted 15 minutes.

**The Chairperson (Mr McKay):** Where did the meeting take place?

**Mr Kearney:** In the boardroom of Tughans' office.

**The Chairperson (Mr McKay):** OK. Interesting.

**Mr D Bradley:** Good morning. You mentioned the Millmount site: will you summarise briefly your involvement in that?

**Mr Kearney:** I will go back to 2008, when we first got involved in it; I think that the Taggarts owned it at the time. The balloon had gone up, and the Anglo Irish Bank had what it termed a "distress loan". I was contacted by senior executives at the bank to see whether we would be interested in assisting people to come over and to build the site out. Given the process, it said that it would have to put it out to tender to two or three different operations, and, unfortunately, we did not get it. That was it. That was what happened in 2008. Recently, it came back on, and I had the opportunity to bid for it. I have done so, and it has been agreed for sale to our company. It is currently in legal, as I said in my statement. There is nothing sinister about it; it is a commercial transaction.

**Mr D Bradley:** Did you lobby any politicians on it, either recently or in 2008?

**Mr Kearney:** No, never.

**Mr D Bradley:** You mentioned one of the witnesses who has attended here — not by name, but I think that we know whom you are referring to. You talked about the faceless people whom you believe are behind what he said in Committee and what he published on his blog. You said that you believe that these people are motivated by — I think that I quote you correctly — "revenge and envy".

**Mr Kearney:** That is right.

**Mr D Bradley:** What do you know about these people?

**Mr Kearney:** I am not prepared to discuss it. I will not lower myself to the level that these people lower themselves to.

**Mr D Bradley:** You seem to know who they are.

**Mr Kearney:** I know who they are, and, more importantly, they know who they are.

**Mr D Bradley:** Right. What do you believe might motivate their envy or revenge?

**Mr Kearney:** What would motivate them? I cannot really say. It is personal. The people involved have some personal grudge against me. One in particular —

**Mr D Bradley:** Just against you?

**Mr Kearney:** Yes, just against me — absolutely — because of history and things like that.

**Mr D Bradley:** So you believe that all of this witness's outpourings arise from the attitude of these other faceless people towards you and you alone.

**Mr Kearney:** Right — absolutely.

**Mr Mains:** The word "witness" is used very loosely here. They have not witnessed anything. They have not come forward to witness anything, so, at this point, we are referring to them as faceless people.

**Mr D Bradley:** I was referring to the witness who appeared before the Committee.

**Mr Mains:** Who refers to them as "informers".

**Mr D Bradley:** I made no reference to that word, but, in any case —

**Mr Mains:** That is what he refers to. We are talking about him, so we may as well quote him. He refers to them as his "informers" — well-placed sources.

**Mr D Bradley:** That is not really relevant to what I am saying. Do you believe that this person's outpourings originate from people whose main motivation is against you?

**Mr Kearney:** Yes. They are just out to cause trouble and problems.

**Mr D Bradley:** Right. What possible grounds might they have for that?

**Mr Kearney:** That is not something that I can or want to discuss. I am not going to lower myself to that level.

**Mr D Bradley:** You said that you were not one of NAMA's greatest fans.

**Mr Kearney:** Absolutely not.

**Mr D Bradley:** I think that we gathered that from what you said. Were you satisfied that your loans were eligible to be transferred to NAMA?

**Mr Kearney:** Yes, under the legislation, they were definitely eligible to be transferred.

**Mr D Bradley:** Did you or any of your business partners have to give personal guarantees on those loans.

**Mr Kearney:** Not to NAMA. Part of the security package would have been personal guarantees within the structure of the facilities that we had with the bank. They would have transferred to NAMA with the security package. Whether they were valid or not, given how they were transferred and all the technicalities around that, NAMA never challenged the guarantees. I had personal guarantees in there, because I always believed when I started doing business that, if I am going to ask a bank to back me 100%, I cannot but put my shirt in there. I always sign personal guarantees. I have that reputation, against advice, by the way, from my legal people not to sign personal guarantees.

**Mr D Bradley:** Can you give us an example of what some of those were?

**Mr Kearney:** I signed guarantees for all my loans throughout my career, on the basis that I could not ask the bank to back me 100% without my giving 100%. I did that on the basis that, whatever happened — come hail, rain or shine — we would be there and go through it together. What happened in this situation is that the bank decided that things had gone belly-up, and it bailed out. My simple analogy to senior counsel when we debated whether personal guarantees could be enforced was that I am a time-served joiner. For example, you give me a contract to hang a door. We sign the

contract, but I go out to my van, and the tools are not there. You sue me for breach of contract, but it turns out that you are the guy who stole my tools, so I could not hang the door. In my world, the bank was wrong in trying to enforce personal guarantees against me because it moved the goalposts; I did not. I felt very strongly about the whole personal guarantees issue. As it turned out, it never became an issue because NAMA never tried to enforce them.

**Mr D Bradley:** Did it not?

**Mr Kearney:** No, never. I think that it knew internally that it would have trouble proving the legality of it, not just for me but for anyone with personal guarantees. We would have had a major case against the bank had it tried to enforce them.

**Mr D Bradley:** Judging by what you said, there seems to have been, to put it mildly, a frosty relationship between NAMA and you.

**Mr Kearney:** Initially, it was not; initially, the relationship was good. We embraced NAMA right from the start. We put our business plan in, because it was sold to us on the basis that these people —

**Mr D Bradley:** What changed it?

**Mr Kearney:** In May 2013, I was asked to come to a meeting to discuss the future of PBM, as it was then known. I asked the guys — I called them my "handlers" — whether I needed to bring somebody with me or whether it was informal. They said, "No problem, Paddy", as they called me. I went down thinking, "We are here now, we are going to talk about the future and how we move on", only to be told, "We want you to go, and, if you don't go, we are going to call in your loans and bust the company". I was shell-shocked.

**Mr D Bradley:** During your evidence, you said that you made quite attractive offers to NAMA that were in excess of —

**Mr Kearney:** In 2013, I made two fully-funded offers to purchase the loan, both of which were refused at significantly higher numbers than I believe they eventually took from Cerberus. Certainly, on the day that we put the bid together, it represented every penny that the assets were worth.

**Mr D Bradley:** Why would they have turned down an offer like that?

**Mr Kearney:** The legislation does not allow them to sell loans to incumbent borrowers.

**Mr D Bradley:** Were you not aware of that before you made the offers?

**Mr Kearney:** I knew that it was in the legislation. They wanted me out of the business, so I approached them and asked them to let me buy the loans —

**Mr D Bradley:** What was the point in making an offer when you knew that they could not accept it?

**Mr Kearney:** It was worth a try. It made commercial sense.

**Mr D Bradley:** OK, but it would have been illegal for them to do it.

**Mr Kearney:** That might be the case, but I was concerned with trying to save my business and 100 jobs. These are the guys who wanted me out. I was happy to work with NAMA. They waved the carrot of debt forgiveness, as they called it, in front of me and said that, if I cooperated, after five years, if I had been a good boy and they deemed that I had been a good boy, they might consider releasing me from my personal guarantees. In my world, those personal guarantees were invalid. I did not want debt forgiveness; I wanted to stay, run my company and pay back as much as I could. I had a lot of my own capital tied up in the company that had gone. The only way that I was ever going to get that back was to put the company back on its feet.

**Mr Mains:** Mr Chairman, the legislation that your colleague referred to does not stop an offer going in. It is up to NAMA to determine whether that offer triggers in the high street — triggers them to go to the market. In other words, if I made, for talk's sake, an offer of £80 million for the company, they would

say whether it did or did not trigger. If it did trigger it, it would have to go to the open market to sell the company. As it happened, none of the offers that were made triggered, in their words, to the public sector.

**Mr D Bradley:** Will you define what "trigger" means in that context?

**Mr Mains:** It means that, for example, if you made an offer for that portfolio, they would not tell you that that offer is not enough. They would say that you cannot and that they cannot discuss what value the company has. In the private sector, you get a valuation and you make an offer for a value that you think is right and correct. They would say that that was not enough. We would ask them to tell us how much they needed for it to be purchased, and they would say that they could not. However, if it was enough and sufficient, it would trigger to the open market. That is what "trigger" means. Those are NAMA's word, not ours.

**Mr D Bradley:** Fair enough. Are you suggesting that you found a more conducive atmosphere when your loans moved into Cerberus?

**Mr Kearney:** I do not know what you term "conducive". It was certainly commercial and wanted to sell the loans. I approached them —

**Mr D Bradley:** Did it threaten to call in your personal guarantees at any time?

**Mr Kearney:** Yes — on three or four occasions.

**Mr D Bradley:** Right. How long did your dealings with Cerberus last?

**Mr Kearney:** They started in June 2014 and concluded about the end of October 2014. The transactions then went into legals; it was at that stage that I had to start to do the legals on the funding process. It eventually completed on 21 January.

**Mr D Bradley:** That was a relatively short period.

**Mr Kearney:** It seemed like a lifetime to me, I can tell you.

**Mr D Bradley:** By what amounts were your loans written down?

**Mr Kearney:** I do not see how that is relevant. They were substantially written down, but what I paid for the assets or the loans was more than the assets were worth on the day.

**Mr D Bradley:** Right. Have you subsequently sold the assets that you refinanced from Cerberus?

**Mr Kearney:** I sold the original PBN assets. There were four large assets in the UK; three have now gone, and one is about to go. I took a conscious decision. I was not responsible for the decision to buy the UK assets at the time; someone else was running the company. I took the decision to sell those UK assets and repatriate the money to Northern Ireland.

**Mr D Bradley:** Did those sales achieve higher prices than your refinance —

**Mr Kearney:** Yes, they did.

**Mr D Bradley:** Who represented you in your dealings with Cerberus?

**Mr Kearney:** I did.

**Mr D Bradley:** Did you have no advisers?

**Mr Kearney:** No.

**Mr D Bradley:** You did it all yourself.

**Mr Kearney:** I did it all myself.

**Mr D Bradley:** You mentioned Frank Cushnahan: did you say that you had two meetings with him?

**Mr Kearney:** I had two points of contact with him. As I said, one was 10 or 12 years ago, and one was in January 2014. I suppose that that is the relevant one.

**Mr D Bradley:** So you never met him during the time that he was on the Northern Ireland advisory committee.

**Mr Kearney:** No, never.

**Mr D Bradley:** Ian Coulter was your lawyer.

**Mr Kearney:** He was the managing partner of Tughans, who were the company's lawyers.

**Mr D Bradley:** Did you not think that it was strange that, while working in Spain, you got a phone call from him that required you to return to Northern Ireland?

**Mr Kearney:** There was nothing strange about it. He could have rung me any time to discuss business. I happened to be away that week when I got the call, and he told me that he wanted me to come home because they had something to talk about and wanted some information on the portfolio. Was it strange? Not really. In the course of the day, it was just —

**Mr D Bradley:** He was your legal adviser; you were not his adviser.

**Mr Kearney:** At that stage, I did not know that he was acting for anybody. As far as I was concerned, they were our lawyers. That will be sorted out when this inquiry is over and when the police have made their judgement about what happened.

**Mr D Bradley:** It just seems a bit strange that a busy person like you, who was working on the Continent, got a call from somebody who works for you to give them advice about another project that you are not necessarily involved in.

**Mr Kearney:** He did not work for me: Tughans acted for me.

**Mr D Bradley:** He acted for you. Right.

**Mr Kearney:** Whether it was funny or not, I did not believe that it was strange. He rang in the course of the day, and I took the call. If it was something that would benefit the process of getting my loans purchased back, that was grand. Off I went. I did not think anything of it. There was nothing strange or sinister about it.

**Mr D Bradley:** Did he explain that to you during the phone call.

**Mr Kearney:** No, he did not.

**Mr D Bradley:** How did you know that that would be the case?

**Mr Kearney:** He asked me to come back and told me that he needed information for one of the parties who were bidding in order for them to formulate a bid. That was it. There was nothing strange about that.

**Mr D Bradley:** How did you know that it would help you to get your loans back?

**Mr Kearney:** I did not. It was in conjunction with loans —

**Mr D Bradley:** You said that you came back because you thought that it might be something that would help you to get your loans back.



**Mr Kearney:** If I said that, it has been taken out of context. Remember, I was in the process of negotiating with NAMA at that stage and had just come out of that whole period with NAMA. There was nothing strange about Ian Coulter ringing me.

As for them acting for PIMCO, Cerberus or whomever they were acting for behind the scenes, I knew nothing about that. I will deal with that point once the outcome of this inquiry is known and the NCA investigation comes to the end. I have issues, as will many others.

**Mr D Bradley:** I am sure that there was nothing strange about his ringing you, but it seems strange that you hotfooted it back from Spain to give him advice.

**Mr Kearney:** I did not go back to give him advice; I went back to give them information that they had asked me to give them. There was nothing secret or sinister about it.

**Mr Mains:** The point about Spain is maybe being taken out of context. He just happened to be there that day. He was not out working and having to draw himself back from Spain. He just happened to be there. This idea of —

**Mr D Bradley:** He said earlier that he was working in Spain.

**Mr Mains:** That is right.

**Mr Kearney:** I have worked in Spain for the last 15 years; I am back and forward on a regular basis.

**Mr D Bradley:** You said that you were there for the week.

**Mr Kearney:** Sometimes, I am there for two days, and, sometimes, I am there for two weeks. It is part of my life.

**Mr D Bradley:** It just seems a bit strange to me, but anyway.

You outlined the number of meetings that you had with the First Minister and the context of the dinner and so on: have you ever made a donation to the DUP?

**Mr Kearney:** Never.

**Mr D Bradley:** OK. Thank you very much.

**Ms Boyle:** Thank you for attending this afternoon. Mr Kearney, PIMCO recently confirmed that it attended a meeting of what it believed was with the Executive here in Stormont Castle in May 2013: are you aware of that meeting?

**Mr Kearney:** No.

**Ms Boyle:** Are you aware of the identities of any other companies that attended similar meetings?

**Mr Kearney:** No.

**Ms Boyle:** Do any shareholdings in your company exist that are publicly recorded?

**Mr Kearney:** I am not sure what you are asking.

**Ms Boyle:** For example, are any shareholdings held by way of side letters or in a trust by others?

**Mr Kearney:** No. I own my companies 100%.

**Ms Boyle:** OK. Have you, as was alluded to in correspondence and evidence in previous meetings, ever met Andrew Creighton, David Watters or Brendan McGinn?

**Mr Kearney:** I know them all, yes. They are in our industry, but I would not have relationships with them. Davy Watters — McClure Watters were the NAMA auditors when we were with NAMA. They audited our accounts twice a month to reconcile everything that was going before NAMA swept the account, as I said earlier. Andrew Creighton is a well-known property developer. I have had lunch with Andrew on a number of occasions over the years.

**Ms Boyle:** In a business capacity?

**Mr Kearney:** In a business capacity, yes. Brendan McGinn currently works for Fortress. He has had various positions over the last number of years. I have met Brendan McGinn two or three times over the years, but, again, I have never, ever done business with him.

**Ms Boyle:** Have you ever met a representative of Brown Rudnick or PIMCO?

**Mr Kearney:** Never, no.

**Ms Boyle:** Was Gareth Robinson present at the Carrick dinner?

**Mr Kearney:** No. I would not know Gareth Robinson if he walked in that door now.

**Ms Boyle:** OK, thanks.

**Mr McCallister:** You have clarified whether you were meeting Peter Robinson as an East Belfast MLA or First Minister. A lot of people doing meetings would not be particularly interested in that. The main bit is whether anything inappropriate happened or was done.

**Mr Kearney:** I can assure you of this: absolutely nothing inappropriate.

**Mr McCallister:** The most interesting thing for me, which relates to evidence we had from Gareth Graham, is that everybody seemed to be broadly agreed about NAMA and the dangers of a fire sale, particularly in 2008, 2009 and 2010; yet, it is into May 2013 before you are told to go and that NAMA wanted you out. At that time, would you not have said that the property market was at least stabilising and possibly even starting to recover?

**Mr Kearney:** Yes, possibly. We gave NAMA a business plan that showed them being repaid in full over a five-year period. All they had to do was hang on and the money would have come back.

**Mr McCallister:** By May 2013, how far would you have been into that? Three, four years?

**Mr Kearney:** We were in NAMA three years at that stage. They arrived in January 2011 officially. We were notified, I think, in October 2010 that the loan was being transferred. They effectively took the reins in January 2011; so about two and a half years, probably.

**Mr McCallister:** You were at least halfway through that period and had made all the payments. The bit that I never quite understood, which came through in Gareth Graham's evidence as well, is why, when you would have said that, in the market, we were past the dangers of a fire sale, they moved them at that point.

**Mr Kearney:** Part of the problem was that NAMA were not interested. For my business plan to work, we needed more capital. NAMA were not interested. All they wanted to do was to sell assets. They did not want to put money back into any sites or properties. We had to fight with them on a regular basis just to do normal maintenance. At the end of the month, overheads and property expenses were deducted, and everything else went to them. So, they were not interested in developing the assets to make money. They just wanted now to get as much money back as they could.

**Mr McCallister:** As there was no record of that and they were giving you no receipts or any documentation, did that cause you any problems with HMRC?

**Mr Kearney:** It caused major problems for the FD because we did not have information. The auditors had to make assumptions. As long as we had the support of our lender, we were totally legal. If you have the support of your lender, your creditor's position is not getting any worse and there is a chance

that you will get better, it is perfectly legal to do that. NAMA played on that because, if it had busted everybody, it would have been gone. NAMA took all the rental income over that two and a half- or three-year period. I think that it was in excess of £100 million. It may be more than that, I think, from reading some of the press. It just wanted cash.

**Mr McCallister:** You did not question the fact that, as you said earlier, you should have been in NAMA. You thought —

**Mr Kearney:** Under the legislation, we did not really have a choice. We were told that we qualified.

**Mr McCallister:** Even though you had a good record with your bank and your lenders at that time.

**Mr Kearney:** Yes, it did not matter.

**Mr McCallister:** You had not defaulted.

**Mr Kearney:** No, we were just taken in. That was it. It was the way the thing was set up. We had no say. We just had to do what NAMA said.

**Mr McCallister:** By the time you got to Cerberus between June 2014 and October 2014, you felt that they were very straight and very robust.

**Mr Kearney:** Absolutely, they were there to do a deal. They make no secret of it. They were there to sell the loans and make money on what they had paid for them. They were not easy to deal with, I can tell you. They were very difficult to deal with. They were as hard as nails. At least what you see is what you get. At least they told the truth. The problem I have with NAMA is that they were dishonest.

**Mr McCallister:** Cerberus was almost a breath of fresh air.

**Mr Kearney:** As I said to them, there was a light at the end of the tunnel when they got there, and at least it was not the train coming the other way. I was dealing with commercial people who were hard to deal with, but I was in an environment that I was comfortable with. Under commercial rules, everybody knows the game that they are playing. We are not dealing with amateurs.

**Mr McCallister:** By that stage, you had the finance in place.

**Mr Kearney:** Yes, I had been working on that since June as well. I talked to three or four financial institutions about funding the purchase, but LoanCore happened to be the one that was successful. I talked to one or two in London as well.

**Mr Mains:** I will help you to understand that. During the 2013 period that you mentioned, in terms of property in the market, I think that people were accepting where the axe had fallen and were starting to accept that it may be getting better. However, there was a period of denial, I think, in the market, and that is what he is talking about, the stability. I always think that the selling of the book back to the Northern Ireland economy and portfolio was still very much to the fore, and, to this day, it is probably still very conscious of a fire sale. It has to be managed properly, and the individuals like Mr Kearney have to take cognisance of that. The market tells them what to do.

The other thing to help you understand, John, is that, when we dealt with NAMA, it was very conscious of two things: transparency to the Irish people and the Irish taxpayer. I heard that more times than I care to mention.

**Mr McCallister:** At that point, was there no loyalty to Northern Ireland and its economy?

**Mr Mains:** It did not seem to be part of their language at that stage.

**Mr Kearney:** None whatever.

**Mr McCallister:** Or the effect that it would have on business or jobs here.

**Mr Kearney:** They did not care. At the meeting that we attended, we went to see the senior people. Brendan McDonagh would not meet me, but we met Ronnie Hanna, who was head of asset recovery, and Michael Moriarty, who was deputy head of asset recovery, and they attempted to explain what they were doing. I was asking the questions. They said that they wanted to take the company apart and sell the assets. I said, "Well, the best person to do that is me". They viewed me as a retired boxer trying to get back into the ring. That is what they said to me. I found that insulting. It was condescending and degrading to say the least.

**Mr Ó Muilleoir:** Mr Kearney and Mr Mains, thanks for coming in. I have a question for Mr Mains first. You were saying that you only met Mr Cushnahan substantially in January 2014: did you have a relationship with Mr Cushnahan before that?

**Mr Mains:** I certainly have talked to Frank over the years. I cannot tell you how many times I did so.

**Mr Ó Muilleoir:** Was he a business associate or a friend or a confidant?

**Mr Mains:** I would not say that. There were people from Southern Ireland who wanted to come into the North on some issues, and he was considered as a person who was at the top of his game professionally. Again, I guess, under this NAMA thing and the way the world had changed, there were people in Southern Ireland who were hit first. They were on the top of the wave, and then it crashed, and they could not get out of the water. They would have spoken to me at times about speaking to somebody about advice. Frank was very good that way; he was very professional, I felt. That is how I knew him.

**Mr Ó Muilleoir:** Did he discuss the NAMA loan book with you while he was serving on the NI advisory committee?

**Mr Mains:** No. One thing you can say about Mr Cushnahan is that he was very coy. I felt that he always kept himself right and would not discuss anything outside the parameters of what was there to be discussed.

**Mr Ó Muilleoir:** Did you have conversations with him when he was on NAMA's NI advisory committee?

**Mr Mains:** I would go back to late 2007, 2008, 2009 or whatever.

**Mr Ó Muilleoir:** We are talking about 2010 to the end of 2013.

**Mr Mains:** Yes. I discussed some clients in Southern Ireland.

**Mr Ó Muilleoir:** Were some of those in NAMA?

**Mr Mains:** No, they were not, actually.

**Mr Ó Muilleoir:** None of them.

**Mr Mains:** No.

**Mr Ó Muilleoir:** Extraordinary, no? None of your colleagues, associates or clients that you discussed with him were in NAMA.

**Mr Mains:** No.

**Mr Ó Muilleoir:** You are sure.

**Mr Mains:** Positive.

**Mr Ó Muilleoir:** So, did you consciously not discuss those clients with him, or was it just coincidence that none of them were in NAMA?

**Mr Mains:** I have to tell you that I did not really know what NAMA stood for at that point, until I met Paddy and he gave me a lesson. I obviously got into that psyche with Paddy. But no.

**Mr Ó Muilleoir:** So, since you did not really understand what you could have discussed —

**Mr Mains:** Oh, no. In the case that I am talking about, it was a straightforward client who —

**Mr Ó Muilleoir:** Sorry, is it only one discussion?

**Mr Mains:** — who went down; sorry, are you asking me here —

**Mr Ó Muilleoir:** Sorry, I thought it was a series of discussions. You only had one discussion —

**Mr Mains:** No, no. As I said, I have spoken to Frank over the years. That was my answer to you.

**Mr Ó Muilleoir:** Yes, but you said that there was one client who was in NAMA in the South —

**Mr Mains:** I did not say that; I said that there was one client from the South. You asked me whether he was in NAMA, and I said no.

**Mr Ó Muilleoir:** So, during the whole period that Frank was on the Northern advisory committee, you spoke to him about different matters.

**Mr Mains:** Yes.

**Mr Ó Muilleoir:** OK. But you never spoke about clients —

**Mr Mains:** Frank would not speak about anything that would compromise him, whether it was NAMA or any other business deal. He was a total professional.

**Mr Ó Muilleoir:** Did he say to you that he could not discuss that issue because that person was in NAMA?

**Mr Mains:** It was not even an issue at that point. You asked me about Frank Cushnahan, and I found him to be a total professional.

**Mr Ó Muilleoir:** OK. When you went to the First Minister, Peter Robinson, the then MLA for East Belfast, to ask him to intervene on Mr Kearney's behalf, did you know that two days beforehand he had met Frank Cushnahan with PIMCO and Ian Coulter to discuss selling the portfolio?

**Mr Mains:** I get where you are going with this, in terms of your integrity and everything else, but I am just looking at them. There are seven of them, and I can say that the First Minister, who was my MLA, probably hit the seven, in that, effectively, he cared about an individual. He got the fact that it was commercial, in the sense that there were many more Paddy Kearneys in Northern Ireland. His concern was for the economy of Northern Ireland, as was mine at that time, and it was to get Northern Ireland back into a way of going, with the cement mixers going and the commerciality of it all. I honestly and genuinely, to this day, think that he was absolutely fantastic in the way that he dealt with it.

**Mr Ó Muilleoir:** Thank you. I was actually thinking about Frank Cushnahan. It is a conflict of interest with Frank.

**Mr Mains:** I get that too, and I have nothing to do with that and nothing to say about that. I just found him to be totally professional. To answer your question, I found Mr Cushnahan to be a total professional. He just does not dabble into anything side on. He has had too many birthdays for that.

**Mr Ó Muilleoir:** So, you understand why it is a conflict of interest.

**Mr Mains:** Absolutely; I am with you.

**Mr Ó Muilleoir:** But you do not see anything wrong with him being involved in a conflict of interest.

**Mr Mains:** That is for you to determine, is it not?

**Mr Ó Muilleoir:** Well, we have determined that. It is a conflict of interest.

**Mr Mains:** I do not know what you have determined. Quite simply, I am saying that if Mr Cushnahan has in any way breached what you class as a breach, that is for him to answer.

**Mr Ó Muilleoir:** I understand that, but I go back to the question: when the First Minister, Mr Robinson, wrote on behalf of Mr Kearney, two days beforehand, he had attended a meeting with PIMCO, Ian Coulter and Frank Cushnahan —

**Mr Mains:** We would not have known any of that at that stage.

**Mr Ó Muilleoir:** I understand that, but you realise that the First Minister knew that when he wrote on behalf of Mr Kearney.

**Mr Mains:** I really cannot say what the First Minister knew or did not know.

**Mr Ó Muilleoir:** I know, but you understand that he had to know if he was at the meeting.

**Mr Mains:** If you are telling me that for sure and it is a matter of record, I have to accept that.

**Mr Ó Muilleoir:** The First Minister did not say to you, "Look, you have come at a really opportune time because we are actually speaking to PIMCO", but you understand that, when he wrote to NAMA asking it to follow a route, procedure or direction of travel, that direction of travel would be a sale of the assets and would be exactly in line with what Mr Cushnahan and Mr Coulter wanted, but he did not share that with you.

**Mr Mains:** To be honest, I think that it is what you and I and everybody round the table would have wanted, because we want people back into work, business back into Northern Ireland, and companies and families benefiting from that. I think that that would be the current that drives everybody forward. It is all very well sitting here now and picking parts. I can honestly say that, in that period, I thought that a dark cloud had parked itself over Northern Ireland in where we were going and there was no light anywhere.

**Mr Ó Muilleoir:** I understand that. You were very appreciative of the letter that the First Minister, Mr Robinson, sent —

**Mr Mains:** Absolutely.

**Mr Ó Muilleoir:** — but I am letting you know that, at the same time, there were two individuals hawking the NI portfolio: Mr Coulter and Mr Cushnahan. They had met the First Minister two days before that. His action in asking NAMA to help sell the assets is exactly in line with what Mr Coulter and Mr Cushnahan wanted and for which they were about to receive a very handsome fee. There is where the conflict of interest comes in with Mr Cushnahan —

**Mr Mains:** Mr Chairman, I would say, to the contrary, that, for example, if the First Minister decides to write a letter to another country — that is what it is — and to another professional entity — that is what it is — and he is prepared to put himself on record on behalf of a person in Northern Ireland who happens to be a businessman, that is open and transparent and it is for him to be held accountable for that.

**Mr Ó Muilleoir:** To have been a bit more open, he should have said, "By the way, these two guys have this strategy. I met them two days ago. They want to sell the" —

**Mr Mains:** But that would not have made —

**Mr Ó Muilleoir:** Let me finish.

**Mr Mains:** No; I get your point.

**Mr Ó Muilleoir:** Let me finish. You can come back —

**Mr Mains:** You have said it twice now.

**Mr Ó Muilleoir:** Let me finish —

**Mr Mains:** Fair enough, but I would say to that —

**Mr Ó Muilleoir:** Very kindly —

**Mr Mains:** I would say —

**The Chairperson (Mr McKay):** OK, Máirtín. Let Máirtín finish his point. Then, you can respond.

**Mr Mains:** OK. Thank you.

**Mr Ó Muilleoir:** You asked to sit at the table, so, if you would answer the questions, that would be appreciated as well.

The issue for us as a Committee is that the actions that the First Minister took benefited two individuals who were set to gain very handsomely — £5 million each — from the sale of the Northern assets of NAMA. One of those individuals, at that time, was representing the interests of the people of this region and jurisdiction and should have been acting, according to these principles — the principles of public life — in the public interest, but, at the same time, he was in line to receive a £5 million payment: that is the conflict of interest. What surprises me is that the First Minister did not say to you, Mr Mains, "Two days ago, I was speaking to Ian Coulter and Mr Cushnahan about selling this portfolio". I understand that business is different from politics, but it amazes me that the First Minister did not say that he was supportive of an initiative to sell the portfolio.

**Mr Mains:** Sorry, I am slightly confused: is that a statement or a question? Where is the question?

**Mr Ó Muilleoir:** The question for you is this: why did the First Minister not mention that to you?

**Mr Mains:** Why would he?

**Mr Ó Muilleoir:** Because it is totally germane to what is happening.

**Mr Mains:** Just to come back a bit now, can I ask you a question? Why would the First Minister even think about taking me or anybody else into his confidence about a strategic decision that would affect the whole of Northern Ireland? We are there simply to get Paddy's business back — end of.

**Mr Ó Muilleoir:** Because according to the principles of public life, he should be open and transparent. He should have —

**Mr Mains:** I think —

**Mr Ó Muilleoir:** Do you want to hear the answer? Are you going to ask questions and answer them?

**Mr Mains:** I think that your definition, which you were very kind —

**Mr Ó Muilleoir:** You want to ask questions —

**Mr Mains:** You have asked the question. If you are going to make another statement, I will sit back and listen.

**Mr Ó Muilleoir:** You have asked a question, so you will get an answer. Why it is relevant and why the First Minister should have said it to you is that it breaches the principles of public life for the First Minister to have been in the meeting involving PIMCO endorsing that deal. It was a breach and an

absolute conflict of professionalism for Frank Cushnahan to be selling the portfolio while he was on the board. That is why the First Minister should have shared that with you. It amazes me that he did not.

**Mr Kearney:** With all due respect, that is between you and the First Minister. Take it up with the First Minister and Frank Cushnahan. I asked him to write a letter on my behalf to get me in to see the people who, as far as I was concerned, were going to put my lights out. That is all that I was concerned about. He did that; nothing more. There was nothing sinister about it. Whatever was going on as far as everything else was concerned, I did not know about it; I was only focused on getting what I needed to get in order to see these people and find out why they wanted to shoot me. If you guys have something to argue about amongst yourselves with Frank Cushnahan or Peter Robinson, I suggest you do that with them.

**Mr Ó Muilleoir:** We are going to do that. I go back to the Maple 10, which you helpfully brought into the discussion. Do you understand that that was a criminal enterprise?

**Mr Kearney:** Excuse me. I made it clear in my statement that the Maple 10 is absolutely outside the terms of reference. I am not going to get involved in discussing it, talking about it or answering questions about it.

**Mr Ó Muilleoir:** Well, you brought it up.

**Mr Kearney:** No, excuse me. It was brought up in testimony by the person, which is how I will refer to him. It was put there to cause mischief. It has nothing to do with this inquiry and nothing to do with the payments that the inquiry is about. I am not, in any circumstances, going to discuss the Maple 10. I have quoted what the judge said about the Maple 10 after a four-month criminal trial, so I am not —

**Mr Ó Muilleoir:** If there are things that you do not want to discuss about the Maple 10, I am happy with that. It was a criminal enterprise, and two criminal bankers were convicted.

**Mr Kearney:** That is not what this is about.

**Mr I McCrea:** Chair, it is still nothing to do with the terms of reference of the Committee.

**The Chairperson (Mr McKay):** Máirtín, just pull it back to the terms of reference.

**Mr Kearney:** That has absolutely nothing to do with the terms of this inquiry. I came here voluntarily to put the record straight, because people are saying things about me that are not true and I take exception to that. There is no point taking this guy to court, because he has nothing. I am not going to waste my time or resources fighting about something that is irrelevant to me. I can assure you that, when today's Committee meeting is over, I will tear that statement up, and I will not read the blog ever again: it is absolute nonsense.

**Mr Mains:** Mr Chairman, I will just finish on the criminal activity. That is a matter of record. Two people were convicted. That does not affect or involve the Maple 10. The statement referred to by Mr Kearney was a quote from Judge Nolan as a result of that criminal trial. The transactions that Mr Kearney did were certainly not criminal.

**Mr Ó Muilleoir:** I was not suggesting that, Chair; I am trying to work out how much money Mr Kearney lost in the Maple 10 deal. He does not want to discuss that.

When you went into administration, what was the quantum of your debt? Was it €300 million?

**Mr Kearney:** First of all, the Maple 10 transaction was personal to me and nothing to do with the company. The numbers concerned are nobody's business. I made it clear at the start that I am not going to discuss the numbers. That is all sensationalism.

**Mr Ó Muilleoir:** Obviously, this debt is left and the taxpayer in the South is paying it. The difference between what —



**Mr Kearney:** No, excuse me; hold on. I borrowed money from commercial institutions at commercial rates; I did not borrow any money from the Irish taxpayer.

**Mr Ó Muilleoir:** I understand that, but they were bailed out.

**Mr Kearney:** I did a commercial deal. The fact that the Irish taxpayer, through NAMA, decided to sell their debt to a company that buys and sells distressed debt is nothing to do with me. Did I benefit from that? Yes, I did. Do I apologise for it? No, I do not, because it gave me an opportunity to put my life and my business back on track. I did nothing wrong. I did not need that forgiveness. I had an opportunity, and I am not going to apologise for taking it and making the most of it. I have done that all my life.

**Mr Ó Muilleoir:** Do you have any sympathy for the taxpayer in the South who is burdened with your debt?

**Mr Kearney:** Yes, of course I have sympathy for the taxpayer in the South, but I did not do anything wrong. I took advantage of an opportunity that was put in front of me to benefit my company, my family and my staff. I do not think that that is wrong. I did not do anything wrong. All that I did was take an opportunity. Throughout my entire career, I have taken opportunities and made the most of them.

**Mr Ó Muilleoir:** Yes, I understand that, but you do realise that there are people paying that debt today?

**Mr Kearney:** I understand that, but there is nothing that I can do about it. No one has ever questioned me when I have lost money throughout my career. I do not come crying when I lose it, and I am certainly not going to apologise when I make it.

**Mr Ó Muilleoir:** I understand that, but we are here because there are a lot of sore people in the country who, as well as their children and their grandchildren, will be paying that debt. I am sure you appreciate that. Mick Wallace is a TD who stood up in the Dáil and made allegations around the NAMA deal: do you think that he was doing a public service?

**Mr Kearney:** I do not know Mr Wallace, other than from what I read. Honestly, I have too much to do in trying to put my business back on track. Since I did this transaction, I have come out of retirement. I have been doing 24/7 for the last 12 or 18 months. I have absolutely no time for what I determine to be just hearsay. There is no direct evidence. I am not really interested. I just want to get on with my work and my life.

**Mr Ó Muilleoir:** OK, but do you understand that we have a broader responsibility? He alleged that there had been a payment from Cerberus. Cerberus, of course, did not know about this payment. It ended up in the Isle of Man. It was allegedly to be divided between a number of people. Do you understand why we are here?

**Mr Kearney:** I understand why you are here. Get Mr Wallace up and ask him those questions. I cannot speak for Mr Wallace, what was in his head and what brought those things to his attention. Honestly, I do not know.

**Mr Ó Muilleoir:** You understand why we are having a public inquiry into these matters?

**Mr Kearney:** I can understand the public inquiry, but what I do not understand is the fact that nonsense is being listened to without hard evidence. Not one shred of evidence has been produced in what has been said to me or about me. There has not been one piece of paper that you cannot get with an Internet connection and a printer. Company accounts and all of that stuff are available to anybody who has the time to waste to sit on the Internet and print them off.

**Mr Ó Muilleoir:** Do you think that we are wasting our time?

**Mr Kearney:** No, I do not think that you are wasting your time; you are here to serve a purpose. I have come along and have been as open and honest as I can be. If I had something to hide, I would not be here to put myself through this.

**Mr Mains:** To answer your question about Mick Wallace and whether it was a public service, if he were to substantiate the information and name the people who are giving it to him, that would probably be of good public service.

**Mr Ó Muilleoir:** Do you think that informing the public that there was an Isle of Man account and there was a payment being made, unknown to Cerberus allegedly —

**Mr Mains:** Is there any criminal offence in having an Isle of Man account? I do not think that there is.

**Mr Ó Muilleoir:** Well, we will let the NCA decide on that.

**Mr Mains:** Exactly. That is the point I am making: let the NCA decide it. If there was a payment made and it was improper, it should be dealt with, 100%.

**Mr Ó Muilleoir:** Do you, as someone with experience of property deals, see anything off with the NAMA deal and the way that it was bought?

**Mr Kearney:** In what way?

**Mr Ó Muilleoir:** Well, I am asking you: do you see anything off with Isle of Man accounts and people serving on the Northern Irish advisory committee of NAMA and trying to hawk the portfolio? Do you see anything off in that at all?

**Mr Kearney:** I do not know anything about that. I spent three years of hell with NAMA trying to keep a business together and all our staff and people together. Thankfully, we managed to do that very successfully, despite NAMA trying its absolute best to shoot me and get me off the page. I was focused on staying on the page and trying to get my business back. When the opportunity came along I took it, because, let me tell you, I had some very low days with NAMA, very low days.

**Mr Ó Muilleoir:** I understand that.

**The Chairperson (Mr McKay):** Members, at this juncture, I will just make the point that we have to be out of here for the OFMDFM Committee, and there are still a number of members to speak.

**Mr Ó Muilleoir:** Just to finish off, when you met Mr Cushnahan, who had been serving on the NAMA advisory committee, and Ian Coulter from Tughans, did they tell you that PIMCO were the people they were dealing with at that time?

**Mr Kearney:** No, they did not say that; they said that they were acting for someone. There were a couple of parties now bidding for the loan book, and they were acting for one of them.

**Mr Ó Muilleoir:** Did you understand that they were both going to get a substantial payment if —

**Mr Kearney:** No, I did not. I was not aware of that at all. As I said, that could be an issue down the road. Once this inquiry has been determined and the NCA has completed its business, there are other things that will have to be sorted out in my world and as far as our company is concerned.

**Mr Ó Muilleoir:** It is one of the things that we are investigating. Do you think that they should have said to you, "Paddy, if this goes through, we are going to get £5 million each"?

**Mr Kearney:** Well, they should have declared that they were acting. They had a conflict of interest with our company, as far as I was concerned.

**Mr Ó Muilleoir:** Do Tughans still represent you?

**Mr Kearney:** At the moment, yes.

**Mr Ó Muilleoir:** Finally, you have bought back and refinanced your own assets. You have also bought some other assets. You have bought John Miskelly's assets.

**Mr Kearney:** I did, yes.

**Mr Ó Muilleoir:** Cerberus has not been as courteous as you have been in coming to talk to us. One of the things that we tried to probe with Cerberus is how it picks and chooses. Is it because somebody intervenes or makes a representation? It did not choose the Grahams; it tried to destroy the Grahams. It did not choose John Miskelly, but you now have his assets. How does that work?

**Mr Kearney:** What do you mean, "How does it work?"?

**Mr Ó Muilleoir:** How does it work?

**Mr Kearney:** John Miskelly's companies were put into administration, and I made a call to see whether we could buy the loan. I made the call to Cerberus to see whether we could buy the loan.

**Mr Ó Muilleoir:** What were those loans against? Was it Ten Square?

**Mr Kearney:** There was a raft of assets.

**Mr Ó Muilleoir:** Why did Cerberus not sell those assets back to John Miskelly?

**Mr Kearney:** I do not know. That was nothing to do with me.

**Mr Ó Muilleoir:** You did not ask John Miskelly. John was in the same position as you. As you say, they were very low days. He had been pushed into NAMA. You ended up owning his assets. You did not ask him whether he would rather buy them back.

**Mr Kearney:** I went to see John Miskelly to see whether I could talk to him and see whether something could be done, because it would have been easier to buy his loan as opposed to the assets. In buying his loan as opposed to the assets, his cooperation would have made that process easier. He was in the middle of a fight with Cerberus, and we decided that we could not do anything together. I went ahead then and bought the assets.

**Mr Ó Muilleoir:** You do not believe for a minute that that is because some politicians were more favourable to you than —

**Mr Kearney:** Absolutely not.

**Mr Ó Muilleoir:** It is the case, of course, that the First Minister wrote on your behalf but not on behalf of John Miskelly.

**Mr Kearney:** Did John Miskelly go and ask him to write? I do not know. As I said, I paddle my own canoe. I have a reputation for keeping my own counsel. I do not do joint ventures; I have been my own man for a long, long time. Everybody out there had the same opportunity as I did, and I am not going to apologise for getting an opportunity and making the most of it.

**Mr Ó Muilleoir:** Would you work with Frank Cushnahan in the future?

**Mr Kearney:** I have never worked with Frank Cushnahan in the past.

**Mr Ó Muilleoir:** You met him in January 2014 when he was trying to sell the portfolio.

**Mr Kearney:** I met him at his request to give him information, and the meeting did not happen.

**Mr Ó Muilleoir:** Will you work with him in the future?

**Mr Kearney:** No, I will not.

**Mr Ó Muilleoir:** Will you work with Ian Coulter in the future?

**Mr Kearney:** No.

**Mr Ó Muilleoir:** I think that we should have Mr Miskelly in next week. I thank Mr Mains and Mr Kearney for doing us the courtesy of coming in. Thank you.

**Mr Cree:** Thank you very much for your presentation, gentlemen. I found it helpful. I had several points on which I wanted to ask you about your relationship with NAMA. You have covered them fairly well, Mr Kearney, so I appreciate that.

**Mr Kearney:** I do not know whether I would call it a relationship.

**Mr Cree:** We will call it that in inverted commas. There is one area that is outstanding: did you have any direct or indirect contact with the Northern Ireland advisory council or any of its members?

**Mr Kearney:** No. None whatever.

**Mr Cree:** That is easy. Thank you.

**Mr I McCrea:** If only we were all like you, Leslie.

**Mr Cree:** That is what you call brevity.

**Mr I McCrea:** Thank you very much for coming along. Unlike some members, I have not come to a conclusion on whether individual politicians or others are guilty of anything. I prefer to wait. As the Committee is carrying out a fact-finding inquiry, we will wait until we get all the facts and then decide.

**Mr Ó Muilleoir:** That is unfair, Chair.

**Mr I McCrea:** It is not unfair.

**Mr Ó Muilleoir:** No one has made any allegation against any politician.

**Mr I McCrea:** With respect —

**Mr Ó Muilleoir:** Chair, Mr McCrea —

**The Chairperson (Mr McKay):** Move on to the questions.

**Mr Ó Muilleoir:** Allegations against bankers, yes; against lawyers, yes; against fixers, yes. There has been no allegation against Mr Robinson or any other politician.

**Mr I McCrea:** Mr Ó Muilleoir referred to Mr Wallace and asked for your thoughts on that. I will go to number five of the seven principles of public life. Mr Mains, you referred to the question of the sources coming forward. If Mr Wallace were to hold the openness principle, do you feel that he should come forward, as you have said, and give the information in an open and transparent manner, as this principle states?

**Mr Mains:** The question for any individual, not just Mr Wallace, is to do with when you want to make allegations of pretty spectacular stuff that has affected a lot of people's lives and led to a lot of spin-offs. We have seen and witnessed at first hand the social media side, which I do not think anybody can control. Mr Kearney referred to it as graffiti on the wall, which, historically, it probably would have been. The only problem with it is that you can remove graffiti and you wear people down. Mr Wallace has made this all-singing, all-dancing statement without any substance, I believe. He could do everybody in this room and, indeed, the people of Southern Ireland the courtesy of putting up what is the backbone of it, if you like. From looking at his statements, openness is not one of Mr Wallace's fortes.

**Mr I McCrea:** Turning to the discussions and the letter that the First Minister wrote on your behalf, given that Mr Ó Muilleoir said that in the past he represented — I cannot remember — Graham's?

**Mr Ó Muilleoir:** Pardon me, who?

**Mr I McCrea:** You said that you had been in touch with NAMA or Cerberus on behalf of Graham's.

It is nothing specific, but given that any Committee member would represent their constituents or, indeed, anyone who came to them, would you have any difficulty in going to a politician to ask for help if you were in a similar position again?

**Mr Kearney:** None whatever, if I thought it was required.

**Mr I McCrea:** Do you find anything wrong with it?

**Mr Mains:** Personally speaking — I know that Paddy and I come from the same web on this one — had we not got satisfaction from Peter Robinson, we could well have gone to Máirtín or anybody else, for that matter, who would have brought some sense to the table.

Mr Chairman, you have to understand how difficult things were at that stage. I am sure that people around the table who have represented other companies would say that those were very dark days. Nobody could foresee the situation in 2014-15 for developers — developers who really made Northern Ireland — who dipped in the 2007-08 recession and are now back. Like it or loathe it, the people who were there before are coming back to make it again, because they are quite a unique bunch of people. They get up; they give their personal guarantees; and they put their money where their mouth is. I could not do it, and I am sure that a lot of people in here could not do it; but that is what required. As Mr Kearney said, he does not talk about the times when he loses money, and nobody around the table is interested either.

We go back to Mr Wallace and why this started. To be fair to the Committee, it is good that you are getting into the detail of this. If you come up with recommendations on how people in public office should deal with things, that is fine. If there is anything else for the NCA to pick up, that is fine. I think that we will be better in Northern Ireland for that. Mr Kearney and I felt that we had to come here today to put the record straight.

**Mr I McCrea:** To help us to get to the facts.

**Mr Mains:** Yes, and more importantly to give the Committee a sense of the commercial reality at the time and how matters were dealt with, so that you then can make an informed decision on what we did. Was it right or wrong? That is up to you to judge. We believe that it was right. You asked the question, and it is a very good question: would we do it again? We would.

**Mr Kearney:** As far as I am concerned, I did not ask for Irish taxpayers' money to be written off. I presented a business plan to NAMA that proposed paying back every penny.

**Mr McCallister:** If you had been allowed to run the five years, would taxpayers have lost any money?

**Mr Kearney:** They certainly would not have lost as much as they did, subject to the market. The business plan is a forecast. It might have taken five years or seven years; but if I had been allowed to run the business the way it needed to be run and had the investment to keep things going, then they would have gotten every penny back over five to seven years.

**Mr Mains:** Or, in the effort to get it all back, that was what we would have done.

**Mr McCallister:** It was not your fault that you were put out of NAMA.

**Mr Kearney:** No. These stories that there was something sleazy, crooked and corrupt and that I had done something wrong are rubbish. What NAMA did was wrong. NAMA treated me badly. I did not ask for debt forgiveness. I wanted to stay and pay back as much as I could, but NAMA was dishonest and lied to me. It waved debt forgiveness in front of me like a carrot. I was not there for debt forgiveness. I was there to pay back as much as I could. I was not given the opportunity. When I got the opportunity, was I lucky — yes, I was, and, thank God, I still have the health to go back over the next five years and hopefully make back some of the money that I personally lost. I retired when I was 55, after 35 years of working my guts out, to spend more time with my wife and family. As a result of what happened, I could not do so. I had to go back to work seven days a week, from six in the morning to 8.30 or nine at night.

**Mr Mains:** To sum up, there is a lot of work to be done over the next five years to make this succeed. It is not this sweetheart business that they are all talking about. This is shirt-off-the-back, nose-to-the-grindstone stuff if the balance sheets are to add up.

**Mr Kearney:** If it was a sweetheart deal, I am glad they had not fallen out with me.

**The Chairperson (Mr McKay):** Just a couple of quick questions to finish up. You referred to the approach that Mr Coulter and Mr Cushnahan made to you, Mr Kearney, and I appreciate that you disclosed that to us. Were you aware of any other business people that they approached?

**Mr Kearney:** No. My main concern here is my family and my staff. I do not get involved with what other people do or what they say. I am not interested; I have always paddled my own canoe. Anyone who knows me — there are one or two people in the room who do — knows that.

**The Chairperson (Mr McKay):** You referred to RSM McClure Watters: what was their role?

**Mr Kearney:** It worked for NAMA as an independent auditor to reconcile our accounts every month. It vouched for the expenses, the overheads and the property expenses that had to be paid before they made the deductions. Whatever was left in the rent account then went to NAMA. RSM McClure Watters signed that off. Before we could issue cheques to any of our creditors, it had to approve them. The purchase order system and invoicing were very rigorous. From memory, there were two accountants in twice a month to audit all that and approve our payments.

**The Chairperson (Mr McKay):** Are you aware to what extent they were doing that work in the Project Eagle portfolio?

**Mr Kearney:** I think that they did it for five or six of the connections. NAMA insisted on it. We had to pay it; it was one of the expenses that came out of the revenue.

**Mr D Bradley:** I will ask one short question, if I may, just to clarify. When you were dealing with Cerberus, you said that your loans were considerably written down and you had no advisers working for you during that time: did you have help from any political lobbyist or politician?

**Mr Kearney:** No. I dealt with Cerberus on my own.

**Mr D Bradley:** That is fine. Thank you.

**The Chairperson (Mr McKay):** Thank you both very much.