

**From:** [Martin W Whelan](#)  
**To:** [David Linehan](#)  
**Cc:** [NAMA Communications Team](#); [Declan Reid](#)  
**Subject:** FW: PQ 27681/15, for answer 07/07/2015, Written from - Brendan Smith  
**Date:** 07 July 2015 10:22:21

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David,

See our suggested amendments below. Please note that in your opening paragraph, when you reference the Minister's meeting with Mr Wilson on 13<sup>th</sup> June, there is reference to a letter from Brown Rudnick. When Mr Wilson wrote to the Minister on 24<sup>th</sup> June he enclosed a letter from Brown Rudnick also dated 24<sup>th</sup> June. This would lead me to assume that there is a second letter, an earlier letter to Mr Wilson from Brown Rudnick and I wanted you to be aware of this.

Regards,

Martin

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**From:** [David.Linehan@finance.gov.ie](mailto:David.Linehan@finance.gov.ie) [<mailto:David.Linehan@finance.gov.ie>]  
**Sent:** 07 July 2015 09:38  
**To:** Martin W Whelan; NAMA Communications Team; [David.Linehan@finance.gov.ie](mailto:David.Linehan@finance.gov.ie)  
**Subject:** PQ 27681/15, for answer 07/07/2015, Written from - Brendan Smith

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Martin,

As discussed. Grateful for your double check for accuracy. Also the date in 2013 where I have put a blank would be helpful.

Deadline for us is 10:30 to Minister's Office.

Thnaks

Dave

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## Dail Question No:

To ask the Minister for Finance if his Department was kept informed by the National Asset Management Agency of the process involved in selling off its loan book in Northern Ireland; the contact there has been between his Department and the Northern Ireland Executive regarding the disposal of such property; and if he will make a statement on the matter.

- Brendan Smith.

\* For Written answer on 07/07/2015  
Ref No: 27681/15

## Reply

### Minister for Finance (Michael Noonan):

Following a meeting on crossover banking issues on 13th June 2013, Sammy Wilson MP, referred a letter from Brown Rudnick, a US law firm, regarding potential interest from investors in the Northern Ireland loan portfolio. In my response to Mr Wilson, I advised that I alerted NAMA to potential interest in the loan portfolio and that any party with an interest in purchasing should contact the Agency directly in order to discuss further. I also advised, in my response, that NAMA's policy is to openly market loan sales, irregardless of an preemptive approach from an interested third party. Clearly, however, I was not involved in the sales process itself but, as Minister for

Finance, I was kept informed by the NAMA Chairman on overall progress in relation to the sale of the NAMA Northern Ireland loan book. As the Deputy will appreciate, decisions on sales transactions are a matter for the NAMA Board in the context of its statutory independent commercial mandate.

The Minister for Finance and Personnel, Sammy Wilson, wrote to me in a letter dated 24<sup>th</sup> June 2013 and he enclosed a letter he had received from Brown Rudnick also dated 24<sup>th</sup> June 2013. I am advised by NAMA that Brown Rudnick followed up in October 2013 by making an unsolicited approach to the Agency, indicating that a US investment group, PIMCO, was interested in purchasing the portfolio of loans held by Northern Ireland debtors. Following this expression of interest NAMA, in line with the aforementioned general policy on asset and loan sales, instigated a competitive market sales process. NAMA appointed Lazard, a major international investment bank, in January 2014 to advise on and oversee the sales process for Project Eagle. Based on its assessment of the market, Lazard invited eight other major global investment groups, alongside PIMCO, to participate in the process.

On 10 March 2014, PIMCO informed NAMA that its Compliance staff had discovered that PIMCO's proposed fee arrangement with Brown Rudnick included also the payment of fees to Tughans, the legal firm who acted as a subcontractor for Brown Rudnick, and to a former external member of NAMA's Northern Ireland Advisory Committee (NIAC). NAMA viewed this disclosure as a very serious development and the NAMA Board met on 11 March 2014 to consider the most appropriate course of action. The Board decided that if PIMCO did not withdraw, NAMA could not permit them to remain in the sales process. On 12 March 2014, NAMA indicated its serious concerns to PIMCO about the proposed fee arrangement and, in particular, the proposed fee payment to the former member of the NIAC. On 13 March 2014, PIMCO informed NAMA that it would withdraw from the Project Eagle process. For the avoidance of doubt, no fee payment was made by NAMA to any of the parties involved.

Following PIMCO no longer being involved in the market process, Lazard continued to engage with remainder bidders and I am informed that Cerberus emerged as the highest bidder for the loan portfolio. The proposed sale to Cerberus was announced in April 2014 and completed on 20 June 2014. In light of the matter disclosed to it by PIMCO in March 2014, before confirming Cerberus as its preferred bidder, I am advised that NAMA, ~~in line with its standard practise but all the more pertinent in this instance~~, sought and received confirmation from Cerberus that no fee was payable to any person connected with NAMA in relation to any aspect of Project Eagle. In this regard, NAMA has also recently made statements regarding the Northern Ireland sales process which outline that NAMA takes all measures it considers appropriate to safeguard the integrity of all of its sales processes. The statement also reiterates that confirmation was sought from Cerberus, in advance of the award, that no fee was payable to any person connected with NAMA. The Deputy will also note that Cerberus has stated publicly that in providing that confirmation to NAMA it sought and received the same confirmation from its legal advisor Brown Rudnik and, through Brown Rudnik, from the Northern Ireland law firm Tughans. Attempts therefore to conflate NAMA's process with what appear to be internal matters at a particular law firm are wrong.

Therefore, I am fully satisfied that the best return to the taxpayer was achieved and that the Agency acted conscientiously in exercising its commercial discretion.

The above notwithstanding, I understand that the very serious allegations made recently in the Dáil refer to the actions of a former partner Tughans among whose client was a bidder in the sale of NAMA's Northern Ireland Loan Book. Tughans, in their released statement, confirmed "that a

former partner diverted to an account of which he was the sole beneficiary, professional fees due to the firm without the knowledge of the partners". Tughans also confirmed that the individual in question no longer works for the firm and that they have "reported the circumstances of the departure of the former partner to the Law Society". Therefore questions regarding the specific allegations are a matter for Tughans, the NI Law Society, and potentially law enforcement authorities in Northern Ireland. Cerberus, in their statement, have emphasised that they are "deeply troubled by Mr Wallace's allegations and . . . no improper or illegal fees were paid by [Cerberus] or on [Cerberus'] behalf and [they] take any allegation to the contrary extremely seriously." I wish to stress that the recent allegations, made by Deputy Wallace, in the Dáil are not in any way applicable to NAMA, myself as Minister for Finance, or my Department, considering the thorough and open market procedure, overseen by Lazard, outlined here. Furthermore, the swift remedial action taken by NAMA when an issue of concern arose with one of the bidders, verifies the agency's commitment to safeguarding the integrity of its sales processes.

As regards contact with the Northern Ireland Executive on the sale of Northern Ireland's loan book, I can confirm the following meetings between myself, my officials, and members of the Executive where the NAMA Northern Ireland Portfolio was discussed:

13/06/2013 - Meeting in Dublin with (then) Minister of Finance and Personnel, Sammy Wilson MP  
04/09/2013 - Meeting in Dublin with (then) Minister of Finance and Personnel, Simon Hamilton MP.  
27/09/13 - Meeting in Stormont with First Minister Peter Robinson & Simon Hamilton MP.  
14/01/14 - Phone call with First Minister Peter Robinson & Deputy First Minister Martin McGuinness.  
27/03/14 - Phone call with First Minister Peter Robinson.

I also attend the bi-annual North-South Ministerial Council, when Department of Finance matters are on the agenda, between members of the Irish Government and the Northern Ireland Executive. I often provide a brief for attendees on NAMA's progress and it would not be unusual to have discussed high-level matters relating to NAMA's Northern Ireland Portfolio at these council meetings.

Please contact the PQ Office if you require more information.

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