

Mr Michael Noonan TD
Minister for Finance
Government Buildings
Upper Merrion Street
Dublin 2

9 March 2016

Dear Minister,

We have written to Mr Frank Daly and Mr Brendan McDonagh to press upon them the need to suspend any future sale of National Asset Management Agency (NAMA) assets and portfolios with a potential book-value of over €1 million until such time as adequate anti-corruption procedures have been put in place by NAMA in respect of NAMA representatives and buyers of bank assets.

We are also calling on NAMA to impose a complete prohibition on agent or representative contracts with buyers where the means of compensation to the agent or representative includes success fees of more than 100% of those fees that have been contractually agreed with the buyer; fees outside those fees contractually agreed with the buyer; and any agent/representative fees that have not been fully disclosed to NAMA.

In the absence of action by NAMA we would ask you to direct it under sections 2(b)(iv) and 14(1) of the National Asset Management Agency Act 2009 to suspend all non-contracted transactions with a current book-value of over €1 million, in order to protect the interests of Irish taxpayers.

In addition, we are also concerned that anti-corruption controls at NAMA are unlikely to meet international standards and believe that an independent review of anti-corruption measures at NAMA should be commissioned by a competent State authority, with its findings presented to the Dáil Committee of Public Accounts and its recommendations implemented by NAMA at the earliest opportunity.

Please let me know if you should like further information. In the meantime, please find enclosed a copy of our correspondence with Mr Daly and Mr McDonagh.

Yours sincerely,

John Devitt
Chief Executive

Mr Frank Daly and Mr Brendan McDonagh
National Asset Management Agency
Treasury Building
Grand Canal Street
Dublin 2

9 March 2016

Dear Mr Daly and Mr McDonagh,

I write on behalf of Transparency International Ireland to urge the National Asset Management Agency (NAMA) to suspend any future sale of NAMA assets or portfolios with a book-value of over €1 million until such time as enhanced anti-corruption controls have been implemented by NAMA.

In particular, and in light of recent disclosures, criminal investigations and allegations of impropriety involving representatives of and buyers of NAMA assets, we are concerned that transactions using intermediaries (including agents and brokers on behalf of both NAMA and buyers of NAMA assets) may not be subject to adequate inspection or oversight.

We would therefore advise that NAMA to immediately suspend non-contracted sales of assets with a book-value of over €1 million and impose a contractual requirement on future institutional buyers of NAMA assets to implement adequate anti-corruption controls. Contractual requirements should also impose a complete prohibition on agent or representative contracts with buyers where the means of compensation to the agent or representative includes success fees of more than 100% of those fees that have been contractually agreed with the buyer; fees outside those fees contractually agreed with the buyer; and any agent/representative fees that have not been fully disclosed to NAMA.

We would also suggest that all pre-contractual due-diligence with potential buyers and acceptance procedures are conducted in a manner consistent with international standards such as the *Good Practice Guidelines on Conducting Third-Party Due Diligence* published by the World Economic Forum's Partnership Against Corruption and the *Business Principles for Countering Bribery* by Transparency International.

Given that NAMA assets with an estimated net book value of €12 billion have yet to be sold and the acute corruption risks potentially attached to the sale and management of these assets, there is a clear public interest in preventing wrongdoing. We also believe that it is not satisfactory or reasonable to place sole responsibility on agents and buyers to safeguard the integrity of the sales process. Instead, we believe that NAMA has the authority and responsibility to satisfy the Irish public that NAMA representatives, institutional buyers and their agents have adequate anti-corruption controls in place.

Separately, we will also ask that an independent review of anti-corruption controls at NAMA be commissioned by a competent State authority, that its findings are presented to the Dáil Committee of Public Accounts and its recommendations implemented by NAMA at the earliest opportunity.

We would be available to meet with you or your representatives at your convenience to discuss the feasibility and implementation of these and other anti-corruption principles and guidelines. Please let me know if you should like further information in the meantime.

Yours sincerely,

John Devitt
Chief Executive

Cc: Mr Michael Noonan TD, Minister for Finance