



Global Restructuring Group (GRG) & the Asset Protection Scheme (APS).



High Street Banking Or Highway Robbery?



Global Restructuring Group
High Level Controls Document

What did GRG Control

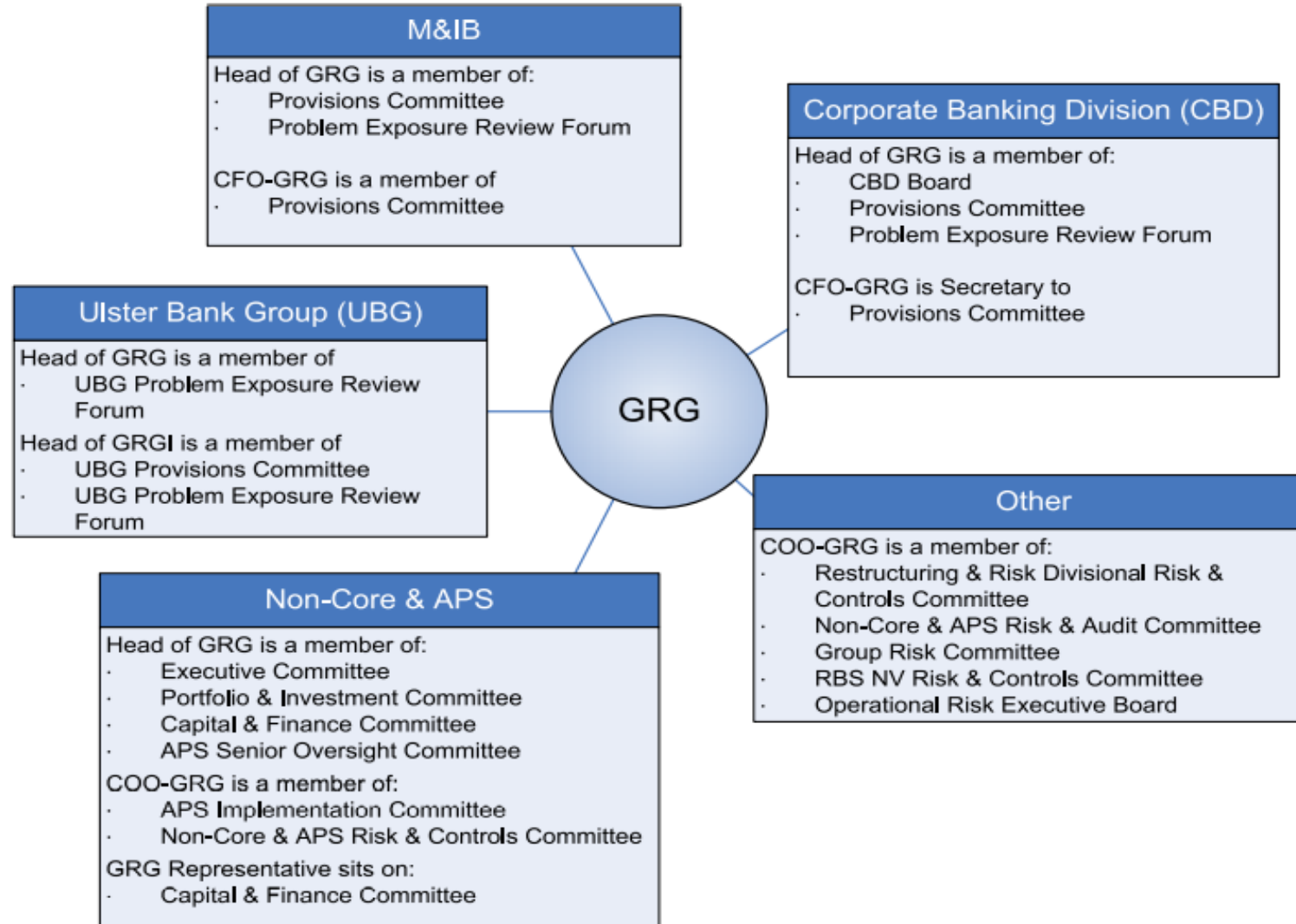
- ▶ GRG's aim is to be the recognised leading edge of a wider rescue culture and a major contributor to the Groups bottom line.
- ▶ GRG actively manages problem lending portfolio.
- ▶ GRG undertakes the management of customer relationships and the credit function.

GRG OPERATES THROUGH:

- ▶ CORPORATE RESTRUCTURING UNIT - £20M plus & Plc's
- ▶ BUSINESS RESTRUCTURING GROUP - £1M plus
- ▶ RECOVERIES
- ▶ REAL ESTATE RESTRUCTURING - Property & Developers
- ▶ STRATEGIC INVESTMENT GROUP - Equity Investments
- ▶ WEST REGISTER - Property acquisition firms

**16,000 ACCOUNTS WERE STATED
TO BE CONTROLLED BY GRG!**

GRG's Real Span of Control



The Asset Protections Scheme (APS)

Insurance Scheme or Insurance Scam?

HM Treasury with substantial input of investment Banker James Leigh Pemberton (Later Chair of UKFI), FSA Special Adviser Jeremy Bennett (seconded to HMT), Slaughter & May's Charles Randell (now FCA Chair) and the BoE's Andrew Bailey (ex FCA CEO now BoE Governor) amongst others, set up a loan insurance scheme (Credit Default Swap)

- ▶ **RBS IDENTIFIED £340B LOAN PORTFOLIO AS NON CORE AND SUITABLE FOR APS**
- ▶ **THIS INCLUDED OVER £200B COMMERCIAL LENDING & ASSOCIATED HEDGES (Swaps)**
- ▶ RBS agreed to take first £60B of losses, a 20% HAIRCUT on debt value
- ▶ HM Treasury would take 90% of next loss (later negotiated up to 94%)
- ▶ RBS would pay £700M PA for first 3 years insurance
- ▶ In fact this enabled:
 - RAPID DISPOSAL OF 'NON CORE LENDING'
 - AGGRESSIVE ACQUISITION OF CUSTOMER'S ASSETS
 - BASIC STOP LOSS FOR RBS CUSTOMER CULLING

Who controlled the APS & GRG?

NON CORE & APS Managed by N Bostock & R Cullinan

Daily Mail - The most senior executive looking after GRG was **Nathan Bostock**

Vince Cable - Management knew or should have known that this [was] an intended, co-ordinated strategy, the mistreatment of business customers was a result of that, and that the head of GRG responsible for that policy, **Mr Nathan Bostock**

Clive Lewis - The cost of this is immeasurable, but we believe it to be in the tens of billions. So let's be clear here... If it is this big, it may be the largest theft anywhere, ever.

Giving evidence to the TSC **Chris Sullivan** and GRG boss **Derek Sach** working under Bostock insisted the unit was not run as a profit centre for RBS, denying the claim 27 times... A few weeks later Sach was forced to admit the statement wasn't true.

GRG Culture - Staff were told; 'Sometimes you need to let customers hang themselves'!

Rory Cullinan, RBS's head of equity finance under Fred Goodwin between 2001 and 2005, re-joined the bank to oversee the dismantlement of RBS's non-core division in 2009

HuffPost - **Rory Cullinan** runs the world's worst bank from a fifth-floor office overlooking Liverpool Street station...Cullinan is savouring a new feeling in his life as a toxic-asset disposal specialist

The Express - **BANKER paid millions to decide whether to cut 14,000 jobs sent selfies to his daughter describing how BORING his job is.**



Rory Cullinan
Head of Non-Core Division

27 years in the industry



Nathan Bostock
Head of Restructuring & Risk

28 years in the industry

GRG or APS, what were the Risks?

GRG

- ▶ Controlled by Bostock under RBS Restructuring
- ▶ Restrictions on selling assets without approval
- ▶ Bank controlled restructuring
- ▶ Reductions on available business credit facilities
- ▶ Additional finance not normally available
- ▶ Pressure to get RBS equity stake or control by West Register
- ▶ Fees charged for 'Management' of business

= SHADOW DIRECTING

Asset Protection Scheme

- ▶ Controlled by Bostock under RBS Restructuring & APS Rules
- ▶ Scheme participant could NOT sell or transfer any assets that were part of the scheme.
- ▶ No participant could sell or transfer their rights to coverage. There was a negative pledge.
- ▶ Refinancing of debt required HMT approval.
- ▶ Restructuring proposal that involved rolling over existing debt into a new facility required the additional step of obtaining HMT approval.
- ▶ Borrowers not made aware if their debt was part of the scheme, it was accepted that some may discover this when they attempted to restructure their debt.

= SHADOW DIRECTING

GRG OR APS =

1. LOSS OF BUSINESS CONTROL 2. ASSET STRIPPING RISK 3. ADMINISTRATION RISK

HOW MANY RBS CUSTOMERS WERE AFFECTED?

- 2.9 MILLION INDIVIDUAL BORROWERS (not 16,000)
- 586 CORPORATE GROUPS

WERE YOU AFFECTED?

Parliamentary Questions Martin Whitfield MP - 21 February 2019 (224359)

Treasury

To ask the Chancellor of the Exchequer, if he will publish the

- focused assets covered under the Asset Protection Agency and
- focused assets underwritten by the Asset Protection Agency that were transferred to West Register between 2009 and 2012.

Answered by: John Glen MP

The detail of these assets is **commercially sensitive...**

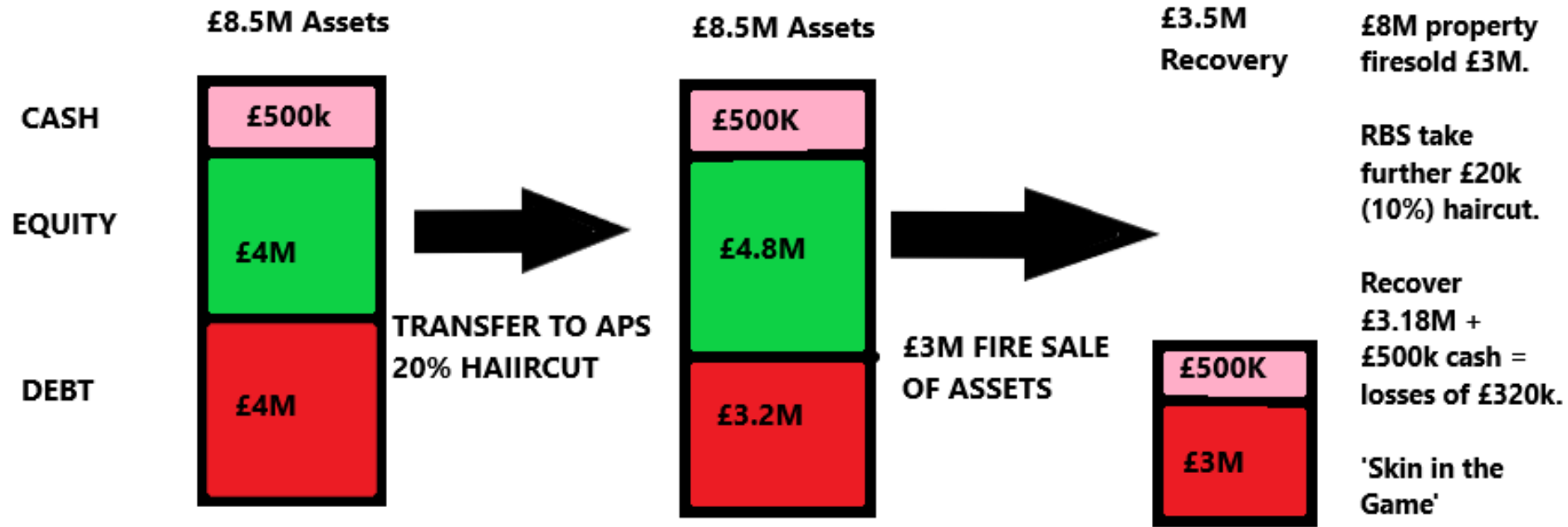
Further detail on the assets underwritten by the APA, including the assets that were transferred to West Register, an RBS subsidiary, between 2009 and 2012, is **commercially sensitive information in relation to RBS' customers.**

All NON CORE and GRG assets were in the APS, virtually all Development, Building, Leisure, Property, Real Estate etc. related companies, were transferred into the APS.

However, the loss of control of your assets and Company was and remains sensitive information the Government will not provide to you.

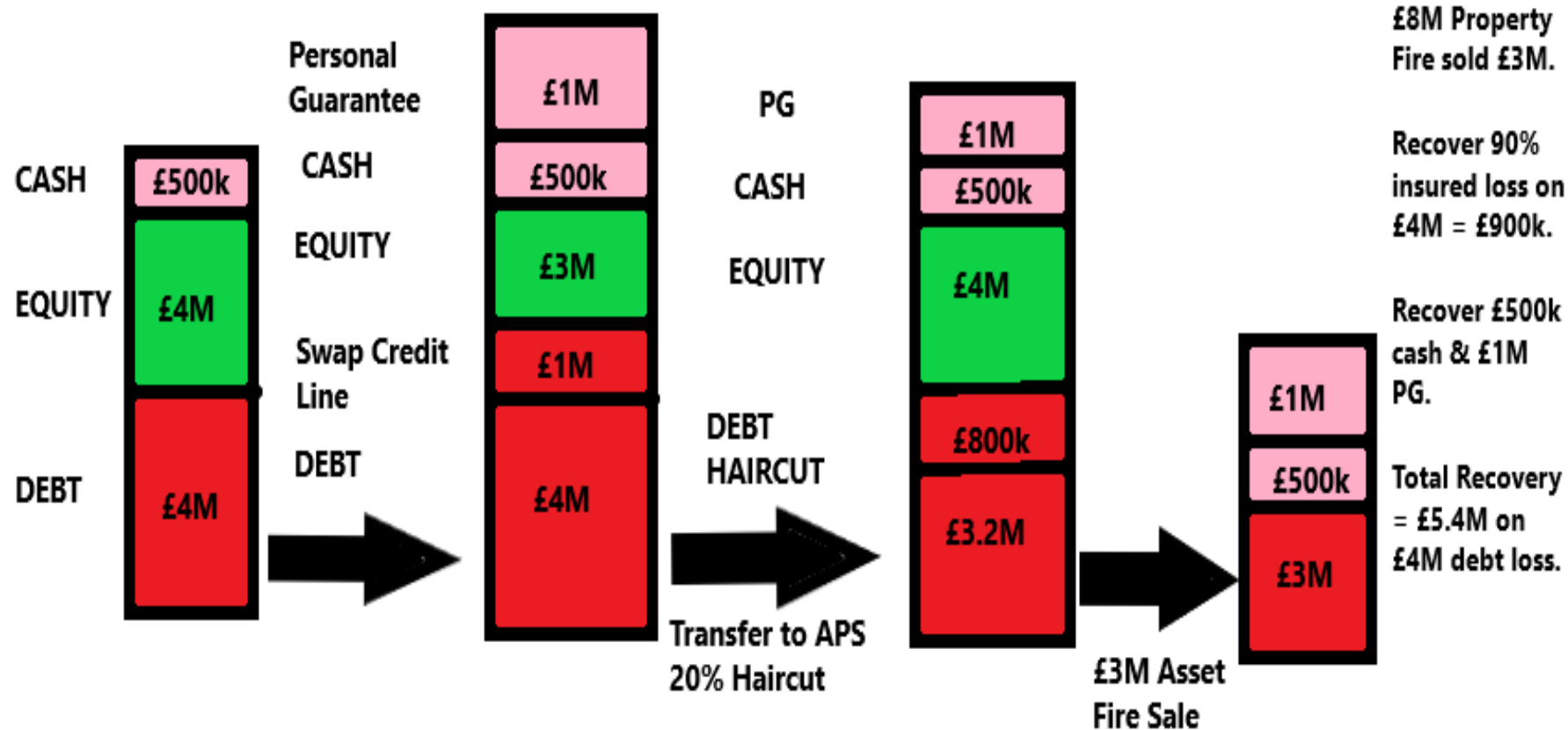
WHAT ARE THEY HIDING?

RBS & HMT Version of Losses



RBS CUSTOMER £8M ASSETS, £500K CASH PRIOR TO APS/GRG TRANSFER

RBS 'losses' with £4M Swap and £1M Personal Guarantee



RBS CUSTOMER £8M ASSETS, £500 CASH & £4M DEBT SOLD A £4M SWAP WITH A £1M PERSONAL GUARANTEE BEFORE APS TRANSFER

The tax payers bailed out RBS - why didn't they get a 'haircut offer'?

SME's in GRG or APS, were in a state sponsored Meat Grinder, worth more dead than alive!



What RBS & HM Treasury could have done!

- ▶ Offer 20% Haircut to SME's to refinance
- ▶ Offer up to 30% to avoid APS costs & charges
- ▶ Provided debt forgiveness to distressed SME's

Was the APS a Valid and Legal Process?

▶ **RBS Group 2009 Accounts**

In order to fulfil its disclosure obligations under the APS the Group may incur the risk of Civil Suits, criminal liability, or regulatory actions...

▶ **Senior Civil Servant Sir Nicholas McPherson stated:**

“Some assets on which the APS [asset protection scheme] will pay out may well not fulfil the standard requirements for commitment and payment of public funds,”...“These include acting within the law, not tolerating fraud, illegality or corruption and operating controls to ensure these things.”

▶ **Vince Cable Stated:**

“The asset protection scheme is simply a massive fraud on the taxpayer - providing insurance for "bad" loans but with a huge, open-ended risk.”

▶ **The National Audit Office stated:**

It would not approve the Treasury's books in full because insurance granted to Lloyds and Royal Bank of Scotland was not approved by Parliament... It is only **the second time in the Treasury's 350-year history** that auditors have queried the department's accounts.

▶ **Ian Fraser stated:**

“It's long been known that the government's Asset Protection Agency, which was the body set up by [then chancellor] Alistair Darling in 2009 to oversee the gargantuan asset protection scheme which initially insured £325bn of RBS toxic assets... was basically guiding the GRG, which plundered and asset stripped tens of thousands of British and foreign companies.”