



Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

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MEDIA RELEASE

OCG Expands Ambit of Investigation into UDC's Attempted Divestment of 35 West Parade – Another Tenant Alleges that it made Offers to Purchase Property

Kingston; November 2, 2011 – The Office of the Contractor General (OCG) has formally expanded the ambit of its Investigation into the circumstances which led to the Urban Development Corporation's (UDC's) attempted sale of 35 West Parade, Kingston, to Bashco Trading Co. Ltd.

The OCG's decision was taken after it received correspondence yesterday from Henlin, Gibson Henlin (HGH), Attorneys-at-Law, who act on behalf of Fifth Avenue Traders Ltd.

HGH has asserted that its Client, Fifth Avenue Traders Ltd., has been a tenant in possession of the premises at 35 West Parade, or a part thereof, for over thirty (30) years, and has made several futile offers and proposals, going back to the mid-1980s, to either purchase the property, or to secure a long term lease over same.

HGH has also represented that Fifth Avenue's most recent proposals to the UDC were made in January 2010, July 2011, and on August 9, 2011, when "it submitted a further offer of J\$32,000,000. In making this offer, our client took into account the fact that it was dealing with a public property that should be subject to transparency and a public competitive bidding process. As it turns out, our client's offer was more than the one allegedly accepted even before the contract was *signed*".

In a letter that was dated August 2, 2011, that was written in response to Fifth Avenue's proposal of July 28, 2011, the then General Manager of the UDC, Ms. Joy Douglas, advised Fifth Avenue that the property was "already committed for a transfer of ownership" and that "should the current agreement fail to proceed and your offer is still open, it would be considered".

On October 14, 2011, the OCG had announced that it had commenced a Special Investigation into the circumstances surrounding the UDC's admitted execution of a sale agreement, dated August 11, 2011, in respect of the property, in the sum of JA\$31.4 million, in response to what it says was "an unsolicited proposal that was received from Bashco Trading Company Limited vide its principal Mr. Gazzan Azan".



The OCG's decision then, to conduct a probe in the matter, followed allegations that were made by Attorneys-at-Law, Hart Muirhead Fatta (HMF), who contended that its client, M. Mahfood & Sons Ltd., who had occupied the premises for some thirty years, had, on several occasions, offered to purchase or to take a long term lease of the property, but the UDC had consistently rejected those offers on the basis that the property was required for road-widening.

HMF had also contended that its "client has gathered that the property is being sold to Bashco Trading Company for \$30 million, whereas our client is prepared to pay substantially more to acquire the property, having regard to perceived market value and our client's being prepared to pay a premium to continue business there".

Despite being asked from September 30, 2011 to provide the OCG with an Executive Summary regarding the matter, the UDC has, to date, failed, in its Executive Summary, or in its several other pieces of correspondence to the OCG, to disclose the fact that there was at least one other tenant in the premises who had made recent offers or proposals to purchase same.

The UDC's conduct in the referenced matter is one which the UDC itself has, among other things, conceded was executed in contravention of the Government Privatization Policy and Procedures, which require that the subject asset should have been publicly advertised.

The OCG's decision to expand its Investigation to address the representations that have been made by HGH was today formally communicated to the Hon. Prime Minister, Mr. Andrew Holness and to the Permanent Secretary in the Office of the Prime Minister (OPM), Ms. Onika Miller. The OPM is the portfolio Ministry for the UDC.

Copies of the OCG's letter have also been directed to Mr. Desmond Young, the Acting General Director of the UDC, Mr. Ransford Braham, the Attorney General, Mr. Douglas Leys, the Solicitor General, Mr. Wayne Chen, the UDC's Chairman, and Mr. Milverton Reynolds, the Managing Director of the Development Bank of Jamaica.

In addition to referring the matter to the OCG, HGH has also advised that it intends to initiate legal proceedings to secure the rights of its Client, Fifth Avenue Traders Ltd.

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