

MR. ROGERS, EXAM. BY MR. MERRICK

1 placement by issuing debentures on its assets. Do you  
2 recall that?

3 A. Yes.

4 Q. Can you tell me briefly about that and the concerns  
5 that it raised for your Department?

6 A. Well, it would be in breach of the covenants of  
7 these two documents we just referred to. They couldn't  
8 do that. And, well, they could do that with the  
9 agreement of the bankers and with the agreement of ISTC.

10 [Pause]. I'm reading, if you don't mind, just to  
11 refresh my mind. Now here's an example of ensuring that  
12 we let the deal run between the banker and the client.  
13 Remember, we're there as guarantor.

14 Q. Uh-huh.

15 A. And so to be leaping in, even though it was  
16 technically a breach of the covenants, and in order to  
17 ensure that didn't happen, the Minister, Michael Wilson,  
18 would have to agree. What we recommended was caution,  
19 let the -- let's see what comes from the lenders as to  
20 what it is they assess concerning this proposal. Are  
21 they, as the commercial lenders, willing to see their  
22 security impaired? And the answer is it didn't go  
23 anywhere, and we never heard further on this, that I  
24 recall. And I have to assume that the lender said no.

25 Q. As I read the last paragraph on the first page of