

OPEN LETTER

WRITTEN SUBMISSION on Monday 08th May 2018

Concerning the Conduct and Contempt of Parliament by Sir Howard Davies, Chairman & Mr Ross McEwan, CEO of RBS re GRG. –

Concerning the Conduct & Contempt of Parliament by Mr Andrew Bailey CEO of the FCA & Mr John Griffith-Jones former Chairman of the FCA.

To the Prime Minister, The Rt Hon Theresa May MP

To the Chancellor of the Exchequer, The Rt Hon Philip Hammond MP

To the Chair and all the individual Members of the Treasury Select Committee,

(This is an Open Letter primarily addressed to you, but widely circulated to many other interested parties).

Copies:

Andrew Bailey, CEO, FCA

Declaration of Interest: We the undersigned are affected by RBS – GRG.

Original Author: Mark Banister, RBS Customer & GRG Accuser

Reviewer & Contributor – R Neil W Mitchell, Customer & RBS Campaigner

Please Note that both of us are prepared to appear before the Treasury Select Committee to give ORAL Evidence if called upon.

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Dear Prime Minister, Chancellor, Chair and individual fellow Members of the Treasury Select Committee,

Following on from my original letter dated 20th March 2018 setting out the case of lying and serial dissembling before Parliament by Sir Howard Davies and Mr Ross McEwan respectively, Chairman and CEO of RBS and their Contempt of Parliament, we made it clear that this strong and evidenced offence must be reported to the Speakers office for Parliamentary investigation.

- 1. We respectfully request your timely written confirmation that you and the Committee have followed this procedure, and both men have been reported to the Speakers office for investigation, my thanks in advance for your kind assistance with this important matter.**

I then wrote again to you on 6 April 2018 repeating the same allegations in respect of Sir Howard Davies and Mr Ross McEwan respectively, Chairman and CEO of RBS reaffirming the contents and request of the first paragraph above.

Additionally, in the letter 6 April 2018 we further requested that you and the Committee also report to the Speakers Office for Parliamentary Investigation Mr John Griffith-Jones and Mr Andrew Bailey respectively, Former Chairman and CEO of the FCA for materially misrepresenting the full findings of the S166 report to Parliament in the summaries released and spoken of in detail to the Committee in November 2016 and then again the two summaries and related statements and testimony in 2017.

- 2. Once again, we respectfully request your timely written confirmation that you and the Committee have followed this procedure and confirm both men have been reported to the Speakers office for investigation, my thanks in advance for your kind assistance with this important matter.**

BEST PRACTISE:

In 2018, it is debilitatingly irritating and depressing when we know what “Best Practise” is, and indeed have known for decades, that we still have to suffer time and again in all areas and walks of life, “Official” reports that don’t come close to, or remotely observe the base tenants of Best Practise, which is the case here with the Promontory S166 Report. – For those in doubt the fundamental tenants of Best Practise are incredibly simple, though I acknowledge in application they are somewhat more difficult, but certainly not beyond the wit of human kind.

I have spent quite literally 100’s of hours of what is in effect completely wasted time and effort proving beyond doubt, and more importantly supported by EVIDENCE, exactly why the S166 report is hugely and fatally compromised. The tragedy of this, is that all we have ended with, is a proven “Whitewash”, despite Promontory taking some 2 years and a rumoured £20m on a report that now serves NO ONE. –

My work overtly highlights that the S166 Report is a sham in its findings, and therefore despite the FCA’s and RBS’ s best efforts at deception, the report has ended very justly destroying the last ounce of any credibility these two institutions never deserved, even if they ever possessed any, which is doubtful.

While for the Victims of this atrocity, the S166 report only serves to demonstrate the lengths of duplicitous deception that continues to be wrought unjustly upon them by The FCA; RBS; the Treasury, along with Governments of all political hues, both past and present.... in short the “Establishment.”

At various relevant points through this long submission I will call for the collective “YOU” to take action, and indeed end by demanding a full landscape wide Public Enquiry, into every aspect of Banking, all the support Professions that surround it, the Regulators, indeed the totality of our Financial System. This is

entirely necessary because the problems that pervade it are endemic to every facet of it... In respect of our request and expectations, permit me to make one observation, let it emphasise and re-emphasise in your mind as you read the following.....

The enquiry MUST FOLLOW in full, from inception to include the selection of its Chairperson or persons, the fundamental tenants of “Best Practise”, and be seen to do so... I follow Professor Phil Scraton’s observations who expressed the requirements with accuracy, simplicity and conciseness....

Any enquiry must have.... The full confidence of all those directly affected, its vital, you can’t have any faith in an enquiry or resolution if it doesn’t carry with it the full weight of those that have borne the loss, and all those engaged in it have to be fully independent and observably be seen to be so... and it must be open, completely transparent, and timely at all stages.

To summarise our position.... I have previously indicated our minimum expectations in method, function, and scale which can be further précis to;- Its Best Practise, or its nothing.

I start by apologising for the enormous length of this critique however Promontory in its report took any number of “positions” on important matters of primary principle, often completely failing to support them, that are critical to the Reports findings and position.

In turn it would be all too easy for me to simply take an opposing position, declaring Promontory as biased, partisan, and wrong... From your perspective as an independent reader, you could reasonably assert that my position was no better, and exactly replicated the same problem and proposition of being similarly, biased and partisan, just from the alternate perspective.

I therefore haven’t done that..... The key difference is that I have taken a position, and then supported it to evidence, but that takes many, many, pages for which I therefore beg you tolerance and fortitude, and ask for your perseverance, and trust you will note the difference.... Read on!

In my letter of the 6 April I indicated that I would write further on the subject of the S166 Promontory Report into RBS – GRG.

I have already brought to your attention that senior statisticians of great distinction from the Royal Society of Statistic, possessing unimpeachable reputations, have indicated in the clearest terms that the S166 Promontory Report study design and results are to quote them;

- *“The design and analysis does not appear to be appropriate...”*
- *“...the lack of information available in the public realm detailing the exact methodology used in the design and analysis is also cause for concern.”*
- *“excluding units with inadequate data is not recommended.”*
- *“The standard of reporting is less than would be expected to meet academic standards of openness.”*
- *“The original brief might not have been appropriate.”*

Professor Jane Hutton.

- *“One particular has to be careful in exclusions of data....”*
- *“missing values not at random is a concern here....missing data is a sign in credit scoring of lower scores....implying that those removed may be more likely to be extreme values.”*

Professor Jake Ansell.

The conclusion of which is;... It is beyond doubt that the numerical statistical results of the S166 Promontory Report cannot be relied upon..... because unequivocally in the absence of the detailed information relating to total transparency of methodology and analysis, **no one knows what the results actually pertain to, and therefore what they actually mean cannot be known, and consequently whether they are accurate or not. –**

All of this is before you consider the pivotal concern that the Academics noted; “...the (S166 Promontory Report’s) **design and analysis does not appear to be appropriate...”** itself a totally damning revelation.

1. So what have we discovered now.....

The NEXT (newly uncovered) MAJOR problem with the S166 Promontory Report.

- To my knowledge and belief this has never been mentioned or discussed publicly by anyone...
 - because once again you all read over it,
 - ignoring its fundamental and pivotal importance, or....
 - failed to consider the complete illogicality, irrationality, and the blatant contradiction of the base facts relative to the apparently reasonable words written by Promontory.
 - False Facts, using Fake presentation deliberately supplanted the truth....
 - FAKE FACTS = FALSE NEWS....!!
- As I shall unequivocally show by logic the S166 Report is incredibly and unreasonably biased and partisan in favour of those that commissioned it, the FCA and RBS, to the demonstrable detriment of the victims. --- **Sadly, the Report is an abuse of the truth. – Judge for yourselves....**

What blatant piece of manipulation had been missed in the S166 Promontory Report.....

- Must be a detail little fact, of not much consequence....?
- Can't be significant....?
- **Oh YES it is.....!!**

It affects more THAN HALF of the 5,900 cases that the report seeks to address..... Yes 3,196 customers.....that's over 54.2% of the entire study population.....

- (*source figure 8 – GRG Customer business types pg. 55 Promontory Report)
- while the 5,900 figure is of course only a part of the 16,000+ GRG victims,
- and ignores completely the 8,000 SRM customers,
- and the circa 8,000+ EFG claims. -

By number more than half the total cases were related to Commercial Real Estate lending.

- We are **not** told the aggregate value, or its percentage value of the whole, however it is entirely plausible to propose by monetary value this group would have been an even higher percentage than the 54.2% numerical proportion of total cases.
 - Indeed, if on an average these property development cases were twice the value of other cases (which is a conservative estimate – RBS in other material put their portfolio weighting higher) on a weighted value basis this group was perhaps 70% or more of the total value of all cases.

- In Summary this was the most important sub category by size and number, and by value (potentially 70%) and by absolute number of cases over 54% -- **obviously bigger than all others combined!**

Promontory found a very clever, almost innocuous way of sweeping these cases aside and completely distorting the S166 reports findings as a result..... **Simply astounding.... (....and no one has noticed or remarked on it!)**

The basic position Promontory adopted in the report and in making its judgements in respect of this group was that.... **when a customer owned the asset;**

- *"...it was not reasonable to expect the Bank to continue to finance assets that had little realistic prospect of recovering value within a reasonable period of time." (by whose judgement? – totally contrary to the actual factual outcome see charts later on!)*
- Making the statement: *"It was far from clear that property prices would rise at all, let alone the timescale over which they might do so."*
- *In particular, we made no assumption about the inevitability of the property market improving. Whilst customers often assumed such an improvement was 'simply a matter of time' there was in fact no reliable basis for forecasting when (or indeed if) the property market would recover sufficiently so as to enable capital and any outstanding interest to be repaid. We were therefore more likely to classify what were essentially speculative property developments as being clearly not viable – rather than assume that the property market would recover within a reasonable time period.*

Meanwhile Promontory adopted an entirely opposite juxtaposition.... **when the Bank owned the asset;**

- That it was perfectly reasonable for a bankrupt bailed out Bank -RBS- to make speculative property purchases with little or no equity capital of former customers property assets.... portrayed as some sort of altruistic beneficial support service! *"...to prevent fire / forced sales and in expectation of higher prices at a later date."*
- The first "Mission Statement" for the WR companies dates from January 2008:
- *"By taking a medium/long term view, manage existing and selectively acquire assets with upside potential to avoid forced sales in the current market and hence obtain an orderly realisation of those assets so acquired. **Otherwise, to act as vehicles for the acquisition of profitable property developments/investments on behalf of the Bank.**"*
- In a general Aide Memoire dated August 2009 WR description appears thus; *GRG Property Management Unit should be consulted wherever we need to have recourse to property security, or where the existence of property assets may be useful in a reconstruction. **Our ability to acquire suitable assets into the West Register Companies is not only a reconstruction tool, but also a source of future profits.**"*
- Indeed from March 2011 this was WR's mission statement: *"to acquire property from distressed situations where taking ownership is determined to be the best way to maximise recovery **and to create additional value** through active asset **management with a view to exiting when market conditions are more opportune.**"*
- All of this was tellingly summarised in Promontory's own words in a moment of candour that slipped through the editorial sanitisation net! (5.1.8.) *Thus, for the majority of the Review Period, West Register was pursuing a dual purpose. One purpose was to maximise recovery for the Bank by avoiding forced sales (the 'recovery objective'). **The other was to hold assets and realise them at a later date ("when market conditions are more opportune") when the bank would benefit from any uplift in value (the 'future profit objective').***
- (The **bold highlighting and underlining** above is my emphasis – not Promontory's)

So here we have **the same assets**.... but according to Promontory in the S166 Report a property market recovery and related increase in value, **is entirely dependent on who owns the asset!**

When the customer owns the asset with 30% equity to quote Promontory *“we made no assumption about the inevitability of the property market improving.”* Yet Promontory said it was fine for RBS to buy the former customers assets, assets RBS was entirely responsible for forcing on to the market... *“....in expectation of higher prices at a later date.... (the future profit motive)!”*

Promontory found many reasons why it was not possible to forecast a property market recovery when customers owned their asset, actively classifying their cases in review of harm to reflect this view. In contrast they registered no similar doubts or objective criticism of RBS’s ownership of the same assets...

Not very objective, impartial, unbiased, dispassionate, detached, or balanced let alone neutral by intellectual assessment! Best summarised as....

- **One rule for the Customer, and the opposite rule for RBS,.... over the same assets.**

In short, **“Outrageous...”** I want to meet the economist or other professionally qualified individual who came up with this line of complete and utter **“crap”**, who had the front and temerity to pass this off as a legitimate argument in such an important document as this report.... and Sir Callum McCarthy who also brazenly put his name to this absolute **“Crock of \$hit....”**

2. It’s all about Presentation.... or more pertinently separation. – How to hide an illogical argument in plain sight --- Fake news, False truth. --

Of course it’s all about the presentation, never the substance.... because when separately presented far apart in the document with no common linkage, Promontory were able to make both arguments sound entirely rational and plausible in their isolated context. Indeed, Promontory never placed these arguments side by side, obviously they could not do so, common sense would have destroyed each argument relative to the other in an instant. Therefore to deny the obviously ridiculous, Promontory had to keep each proposition entirely separate from the other, in wide isolation, in fact in different sections of the report; section 4 for the Customer; and section 5 for the Bank, and 76 pages apart....! At no point do the two opposing sides, of what is the same argument come closer, hardly chance!

Furthermore, the enormous attention taken in executing this carefully conceived contemptible deceit, entirely necessary to maintain the credibility of patently conflicting arguments, so that singularly they continued to appear reasonable and legitimate, represents a perverse tribute to the creative duplicity of the report’s authors.

More importantly, it absolutely confirms Promontory’s resolute intent to deceive, and their purposeful collusion to fulfil their paymasters bidding and intent, the FCA and RBS. The presentation had nothing to do with chance, it took careful studious design and execution.

- There was no earthly reason for Promontory to do this by, or for themselves. Not least because they would needlessly lay themselves open to the charge I now make.

Therefore, if anyone wanted a demonstrable and irrefutable example of just how intentionally biased, and heinously partisan this S166 report actually is,....

- Then this is the most blatant and irrefutable example possible.

- The odious attempt to validate the reasonableness of one rule for the Customer and its polar opposite rule for the Bank, a bankrupt bailed out state owned bank, - RBS - is contemptible, and **unquestionably intellectually vacuous.**

So again, as stated above, if you want to know what author bias and facilitation looks like, **look no further, this is it personified and made manifest.**

There are numerous other examples of this behaviour, some of which I will touch on at the end of this document, however the fundamental point is made with this powerful illustration, **that affects more than half the total Customers**, and is a cornerstone argument of the entire report, given this categories obvious dominance by both number of cases, and financial weighting.

To understand just how completely irrational and fundamentally corrupt Promontory's proposition is, beyond the obvious of;-

“One rule for the Customer, and the opposite rule for the Bank.” – And all in the same Report!

We also need to understand a tiny bit about;

- economic theory,
- availability of credit and related willingness / capacity of banks to lend
- price determination (supply and demand)
- And how these factors play to the context of this specific period,
- What Governments policy response and actions were, both known and actioned, to remedy this financial crash circumstance that was let us not forget... created by the Banks, and Bankers greed!!

All of what follows is very well documented, and unequivocally undermines the specious position Promontory so unreasonably adopted in the S166 Report.

Apologies for the economics lesson but clearly whoever at Promontory had the audacity to promote this proposition, and then others who saw fit to “sign off” this complete “drivel” and “claptrap”, clearly need considerable assistance....

That's also you... **Mr Bailey.... & you, Mr Griffith-Jones, along with the remainder of the FCA Board.....**
And for RBS similarly....you **Sir Howard Davis, & you Mr McEwan, along with the remainder of the RBS Board....**

All of you could, and should have shown the necessary judgement and principle and said: This S166 Report is obviously partisan and biased, and incorrectly designed, and as such denies all credibility, and ultimately will only do our reputations harm when we get found out. (as now!) None of you did, because of course all of you arrogantly thought they would not get found out, you would get away with this, indeed you have spent the last 2 years both trying to actively prevent the publication of this ludicrous report, knowing full well that if it ever saw the light of day this would be the possible outcome. Furthermore..... and quite obviously, you have no respect or interest in unbiased TRUTH..... and as such have exercised no dependable judgement much less any required integrity whatsoever.

Objectively this is why none of you can continue in your posts and positions. All of you must and will be removed as a base requirement in the restoration of honesty, probity and dependability of the leaders of our financial system.... We simply cannot continue as now, **because necessary TRUST is so evidently completely compromised, and you ALL had a deliberate and intentionally active hand in breaching that trust.**

Prime Minister; Chancellor; and Governor of the Bank of England, are you listening / hearing me, because very shortly we will be joined by the nations voice, **if you don't act immediately to remove all of these men forthwith**, and they will then call for your heads too...and rightly so. **Act now! Cast All of these men out.....**

A proven rogue regulator (FCA) and a deceitful Bank board (RBS) cannot be conceived of, nor tolerated.

Of course, Promontory, RBS, and the FCA acceptance of this contrived extensive effort to deceive, points to the fact that they all knew full well what they were doing, for why else as already noted would they have done this. The reason is clear ALL pragmatically preferred to sell the RBS GRG victims down the river for the sake of their own positions nad that of their institutions, and in the case of Promontory, Judas' silver. –

- Why did Promontory go along with this.... one suspects a healthy dose of commercial realism and pragmatism played its part in their decision....
 - The Victims were never going to hire Promontory in the future, but there was every prospect RBS and the FCA would do so, especially if they had... “A Good experience this time round.”
 - Congratulations, I hope you consider the further demise of Promontory's reputation was worth it, clearly Standard Chartered and the related \$15m fine wasn't the one off unfortunate circumstance claimed.....!
 - Promontory has form, as of course does the FCA and RBS!

3. ECONOMIC BACKGROUND:

- When the crash happened there was a widespread loss of confidence, which led to a severe economic and fiscal contraction. Two principal elements were responsible.
 - The sudden and catastrophic reduction in the availability of credit, and the seizing up of related credit markets that all financial institutions relied upon.
 - Sentiment -- The psychology of consumers and economic investment collapsed...the two major drivers of economic growth and related prosperity.
- Both factors exacerbated each other in a classic downward, potentially self-fulfilling spiral, and possible economic deflationary implosion,....
 - Something had to be done to halt it, both quickly, and decisively.
- **It is important to remember that for the most part this was a financial crash,.... not an economic one,.... certainly in its initiation and cause. –**
- **Action had to be taken to prevent the financial crash becoming an economic crash..... So the authorities acted multilaterally.**

The immediate UK Government response was to bail out the Banks, placing the full faith and Guarantee of the Nation behind them to guarantee their credibility, keep the doors open, serve the wider economy, maintaining customer confidence, **with the explicit promise of the continued availability of credit and that banks would operate their business as usual.**

The Government slashed interest rates, implementing an immediate fiscal stimulus by lowering VAT by 250 basis points to 15%, in an effort to maintain consumer demand, while using innumerable other technical supply side and monetary measures to keep credit functioning in the wider economy.

- The Bank of England financed all Banks at the Discount window to meet their overnight and short book financing requirements, effectively providing unlimited immediate finance to keep Banking institutions liquid and operational.
- Interest rates / the base rate credit was reduced to record lows of 0.5% -- itself x10 less than the generally prevailing average pre-crash 5% rate of the prior years.
 - The price of credit however was not the main issue, availability and demand was the issue...
 - credit was incredibly cheap, but very few consumers now had the confidence to borrow and spend.
 - Fewer still could borrow, because banks were now unwilling to lend to all but the most credit worthy, who of course neither needed, nor wanted credit (loans).
 - Further, for the most part banks were actively contracting lending at every available opportunity to meet their own narrow needs of shrinking their bloated, over extended, undercapitalised, balance sheets. Uniformly their balance sheets were far too big relative to their capital, which was now all gone due to huge losses. Meanwhile none of this considered the massive off-balance sheet liabilities, the funding for which was also under huge pressure, with tertiary credit markets dysfunctional due to counter party risk concerns.

The Government and Bank of England had a solution...

They would aggressively expand the money supply into the economy, and by doing so, reflate economic activity. The strategy was to force feed the economy with a huge surplus / surfeit of cheap money, and introduce vitally needed liquidity into all markets. All done in such a way that created the necessity to re-invest the cash the Bank of England would inject, and thereby forcibly pump liquidity back into every facet of the wider economy in the hope that consumers would spend it, and companies would have the confidence to invest it, resulting in the return of rising overall economic activity.

4. The primary weapon to reflate the economy was “QE” – “Quantitative Easing.”

- QE involves the Bank of England (central bank) buying enormous amounts of Bonds and other similarly liquid financial assets from pension funds, and other active investors institutions like Insurance companies. They receive cash for their sold bonds, and then have to re-invest the cash back into other assets in order to guarantee a return for their stakeholders.
- The purchasing of these bonds is expressly intended to drive down yields, and thereby increase the value of all similar assets. (Arbitraging out yield differentials between asset classes would see the effect spread widely to all asset classes).
 - Economic theory indicates there is a relationship between yields (percentage rate of return on money invested) falling and the capital value of assets rising — As yields fall, capital values rise, and vice versa.
 - The financial institutions that formerly owned the bonds sold to The Bank of England received cash, with which they purchased other asset classes, as they sought yields equal to, or preferably higher than, the yields on the bonds they had just sold to the Bank of England.
 - Two things happen as a consequence,
 - asset values increase and...

- it floods the markets with huge amounts of excess liquidity which has to be put to work to earn a return.
- QE is therefore a very blunt tool by its nature, and intention. It doesn't discriminate, it is purposefully inevitable and unavoidable that the value of all asset classes will increase.
- Consequently, it is inescapable that it would positively affect all types of property assets too, **which of course is exactly what happened.**
- Property as a whole is also by far the largest total asset class! – so QE could never avoid affecting Property assets, indeed quite obviously due to size Property as asset class would logically attract the most QE benefits as proportionate to Property's' dominance as an asset class relative to all others, and because it had a proportionately higher yield!
- Summarised; a rising tide of QE – (liquidity) lifts all boats (different asset classes) in the harbour (the broad economy).

The Bank of England were quite explicit when they announced QE:

- From inception the Bank of England stated they would do as much QE as was necessary to restore economic growth consistent with the 2% inflation target.
- Further, the Bank of England would not stop until this was achieved, indeed more than achieved, until it was confident the 2% inflation target had been assured, not just met.

In the end it took far more QE to achieve this than first thought, but the objective and commitment to the outcome never wavered during the period.

These words and actions meant the Government and Bank of England were going to forcefully reflate the economy until they had banished deflation from the economy and asset prices, and restored their long-term Govt mandated 2% annual inflation target. The 2% inflation target was only possible to achieve if you returned to relative economic normalcy and health, because by definition... it implied growth.

- There was a fundamental reason why their actions and commitment was so assertive... Unless The Bank of England and Government restored liquidity, and thus recreated and restored consumer confidence and demand, which is 66% of total GDP(!!!) **there would be no economy, or tax base left to argue about....**

Else, what had started as a financial crisis, would quickly have become a genuine economic and social crisis.–

- That could never be allowed to happen, and wasn't, and EVERYONE in Government knew and understood that, and the steps and actions necessary to prevent it were taken.
 - **It was never a case of "if it worked"**
 - **It had to work.**
 - **The Bank of England and the Federal Reserve in the USA would die trying if necessary.**
 - **Or would have taken such other economic expansionary steps and tactics as were necessary.**
 - **Both the UK and the USA pursued the same strategy to reflate not only their economies, but the global dollar based reserve currency economy too.**
 - **Most raw materials are priced in \$ and the UK as a trading nation means \$ play a huge role in our economic life, even though we don't readily appreciate this on a daily basis.**
 - **In total the USA did 3.75 Trillion (1 trillion =1000 billion) dollars worth of QE!! (circa x750+ more than the UK!)**

- The Bank of England from 2009 – 12, a 4 year period bought £375 bln + (£60bln – Brexit 2016) 435bln of QE which to put it in perspective in terms of how much excess liquidity that really is....
- the annual UK GDP in 2009 was then £1,530 bln.
- The Bank of England pumped in excess liquidity equal to nearly 25% of total annual UK GDP!!! (though we as a trading nation have a huge dollar based part of our economy, (discussed above) so we benefitted even more significantly from the \$ based QE done by the US Federal Reserve).
 - To give you an illustration of why that was important at the time... more than 75% of RBS balance sheet was dollar funded....! Access to dollars in aggregate was far more important to RBS's survival than sterling funding necessary to meet RBS's funding needs / liabilities so that RBS's could finance its balance sheet and therefore survive!
- In total QE terms, the dollar QE may well have at least doubled the sterling QE effects in this Country, or taken us well past 50% QE to GDP in terms of liquidity effect and benefit!
 - In context that's an epic amount of excess money supply into the economy, set against the norms of traditional monetarist theory! (And to date not so much as a sniff of inflation attached to it, which illustrates how strong the deflationary pull actually was!)

Some other approximate numbers may also assist to give context.

- The entire UK commercial real estate sector is only valued today at about £900bln!
- The UK bond market total is about £1,200 bln of which about £700 bln is UK government long dated issued gilts, the remainder being short dated bills ranging from overnight, to 2 years maturity.
- The total value of all stocks listed on the UK stock Exchange is about £2,000 bln,
- The residential property sector in totality is worth about £6,000 bln., but then around £4,500 bln
- While total UK GDP today is about £1,850 bln a year representing about 4.25% of the world economy while by population we represent about 0.75% of global population.
 - Judged by these numbers you can see that the amount of UK QE was in relative terms very large, though completely dwarfed by the USA that did 3.75 trillion dollars of QE or on a currency adjusted basis x750 + more than we did!... **God bless America!!**

So what you will say does this have to do with Promontory, and their very obvious completely contemplable assessment of a future recovery in property values. The answer is simple and the link between the two a certainty.

5. Construction and Property Values - A pivotal driver of Economic recovery.

Relative to total UK GDP, Construction is worth about 6% + directly, and circa half as much again in related supply chain output of goods and service elements that are causal linked to it, and associated demand pull of consumer spending related to what is a very labour intensive area of the economy and the psychological impact it has on wider consumer demand.

Construction is the principal pump priming sector of the economy, getting on in totality therefore for circa 10% of the total UK economy when fully cross related into consumer demand.

- It's simply not possible to have a healthy functioning economy without a reasonably healthy vibrant construction sector, because aside from the direct effect, it also has a huge psychological impact on Consumer spending and investment spending, which are the other two principal drivers of GDP growth.
- Consumer spending represents about 66% of GDP. It is an economic impossibility to successfully stimulate one without the other, or

- Expressed another way, you can't have a huge amount of marginal big ticket Consumer spending (outside of cars and holidays) because much of the marginal spending is related to where we live, and the possessions we buy for our homes etc.

Indeed a huge amount of Consumer spending including cars and holidays is also directly related to our homes too.....

- Almost universally our homes represent our single largest personal asset, and store of wealth. Almost all marginal big ticket item consumer expenditure is again related to the psychological feelings consumers have, relative to our perception of our economic wealth, and financial security, itself linked directly to job security, and therefore economic prospects.
- This is fundamentally tied up with the equity value stored in our homes, it being by far and away most peoples' largest savings asset, that they control.
- If you want confirmation of that from a macro perspective, just look at the total value of all residential property as an asset class. Residential property completely dominates all other forms, or amounts of wealth / asset classes, whether individual or combined.
- The value associated with our homes correlates almost perfectly to our psychological perception / view of our ability to afford things, and even more importantly to our psychological willingness to buy them, or expressed differently, our willingness to spend our money / wealth into the economy.

The restoration of Property prices and asset valuations was therefore a complete economic necessity / imperative, because to achieve broader economic growth, this was a requirement by outcome. Growth could not be restored, let alone sustained, without Property and construction making a meaningful contribution and impact, and for that to happen prices and the value of property had to be restored. This was the fundamental reality by any economic analysis.

Nor could consumers be persuaded to willingly spend in any meaningful way, until from a psychological perspective, they felt secure about their employment prospects, and beyond that, the value of their personal wealth, which as noted is principally their property wealth.

- In short at a minimum, stable / rising property prices were / are a necessary precursor for any, and all meaningful economic recoveries, and future growth.
- Further nobody buys a house if they believe its going to be cheaper tomorrow..... This logic applies to all assets. Again, Government knew it was an imperative that the property market had to be restored to both price stability, and also full value, because otherwise there would be no movement within it, which is also a necessary requirement for the sector to work properly... (People trading up to new homes creating supply at the bottom of the market, and demand higher upwards to allow it to function).

Indeed, these statements of fact were further underlined by overt Government stimulus programmes expressly aimed at kick starting the recovery of the residential housing market utilising;

- stamp duty holidays,
- deposit schemes;
- "help to buy;"
- first time buyer deposit schemes,
- and other stamp duty tax brakes / reforms.

In short, the economy had to be revitalised. --- If you subscribe to that argument at all, which was front and centre of Government macro economic policy.... Record low interest rates, and massive fiscal stimulus via QE –

- it was not only a given that property values would reflate –
- it was an economic imperative and necessity / requirement **that they be made to do so.** –
- Further all the Global Central Banks actions were predicated on achieving this same outcome.
 - And by way of proof.... **guess what actually happened....**
 - TODAY considered as a whole, all types of Property assets, Residential and Commercial, are at record valuation levels. (notwithstanding some regional and sectorial variation which is uniformly always the case, irrespective of broader background market conditions).
 - And that condition applies not only in the UK, but in the USA too, and in most other advanced economies.

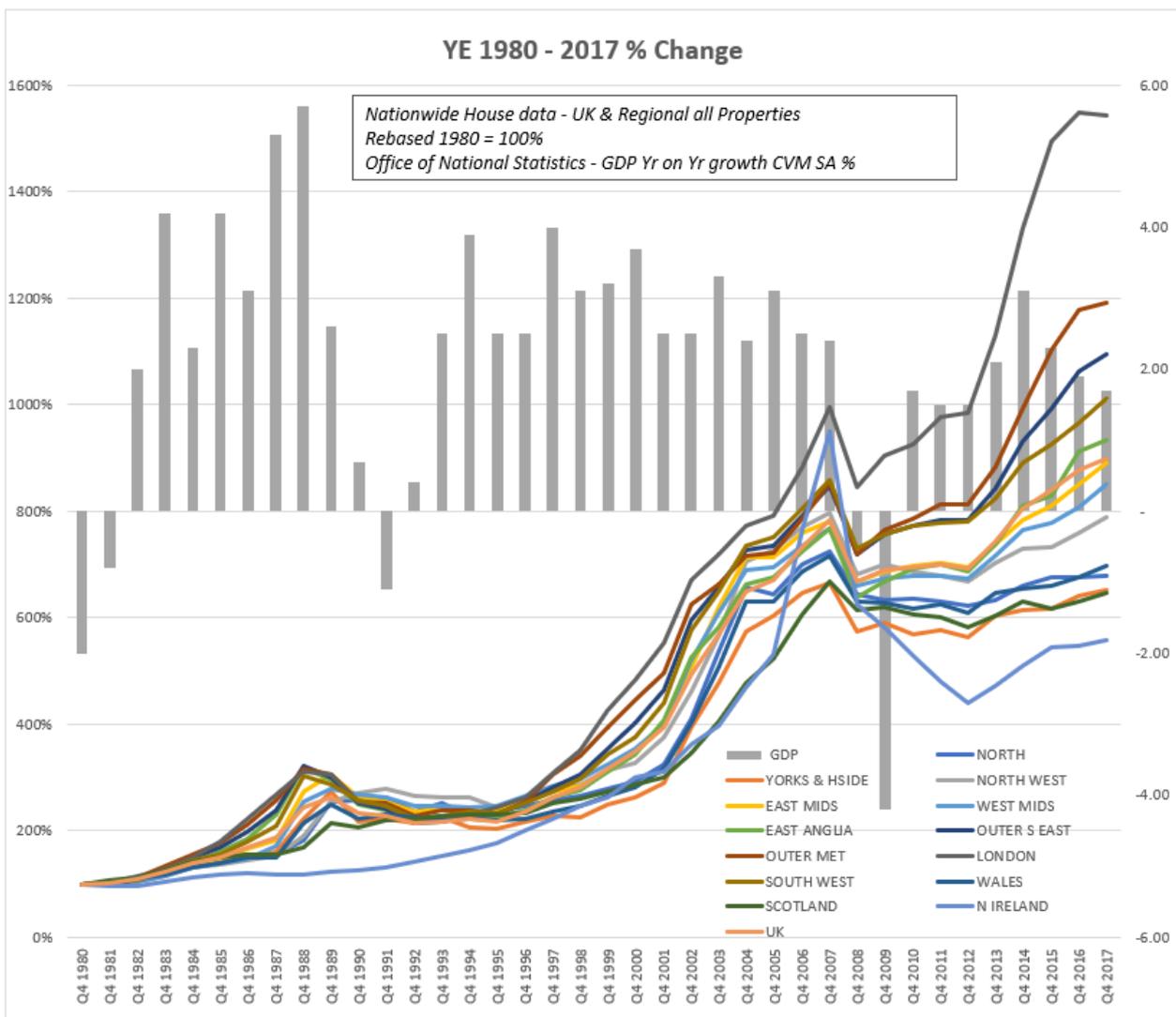
The graph below shows regional house prices % change rebased from 1980 relative to UK GDP Yr. on Yr. % change.

The graph highlights the correlation as described between GDP growth and House Prices... This is hardly new or in anyway revelatory and the same fundamental graph applies to all developed economies.

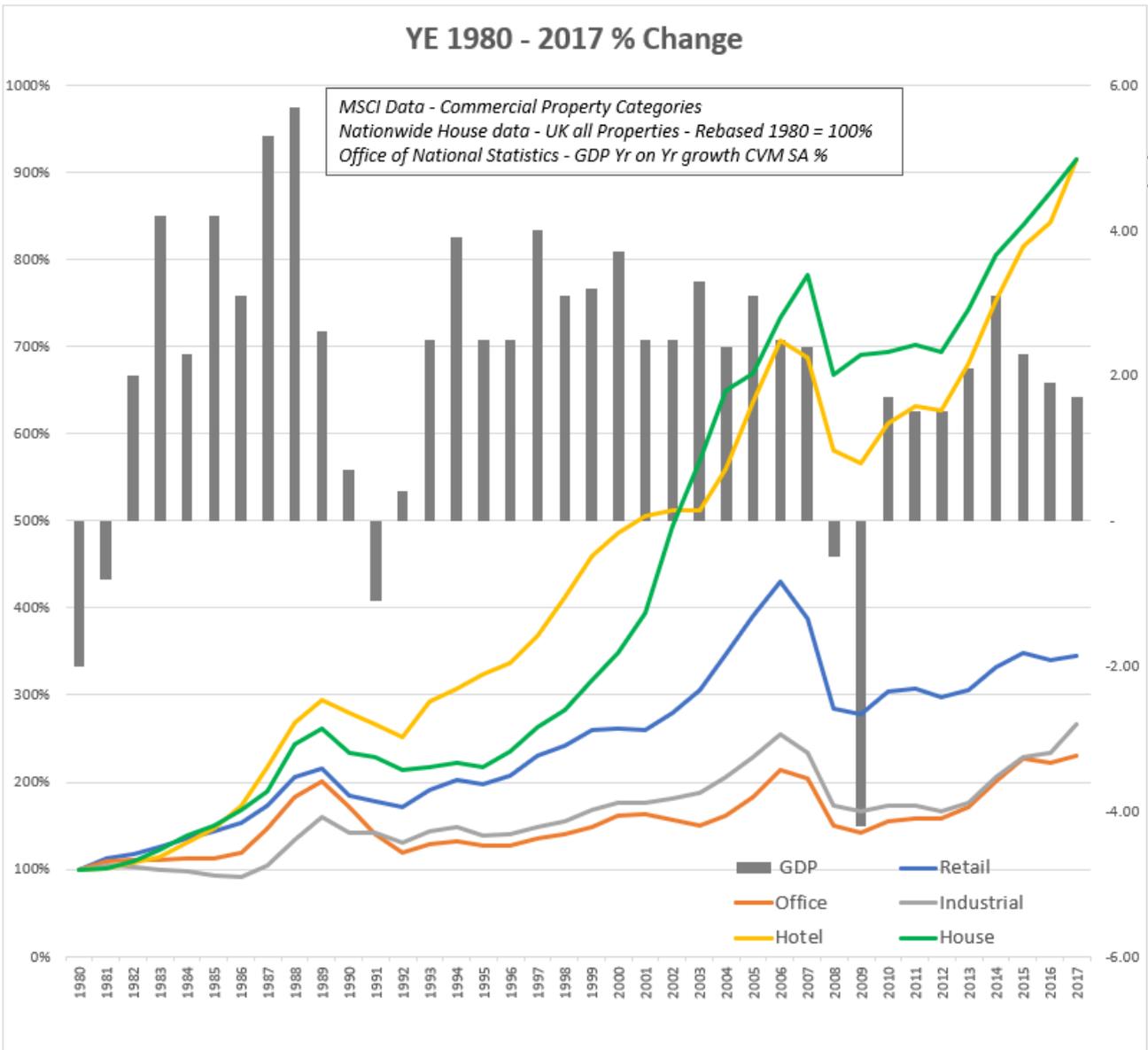
It therefore demonstrates that Promontory’s adopted position made no sense and EVEN less so in an environment where the cost of carry / financing (including roll up and compounding) even after allowing for some margin uplift for RBS, was less than 2% a year or less than 11% over 5 years; or less than 16% for 7 years; by which time even a project that started at the worst point in early 2008 would have recovered to full, or near full value.

The above calculation compares rather favourably relative to RBS’s strategy, and what they actually did, frequently bankrupting their Customer. Indeed even where a project would have ended in a loss it would have been much less.

The reality as shown was that RBS never had any intention of helping their customers who collectively as UK tax payers had bailed RBS and its employees out. RBS real focus was on helping themselves and ironically they weren’t even competent at that.... as we shall see.....

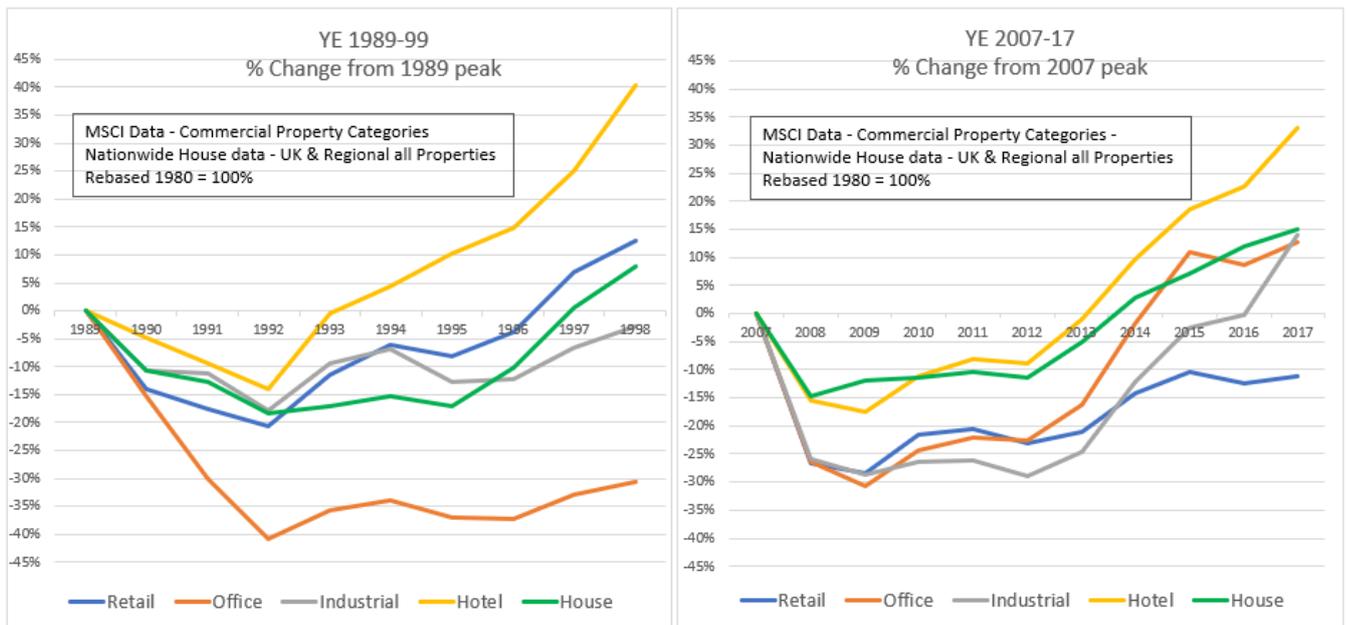


This graph is substantively the same, however in the main it addresses Commercial Property by sector, though I have included All UK house property values as a comparator.



These two graphs are the same only for different date periods illustrating the last two major property price cycles. The right hand graph being the latest. The graph shows the data rebased from the price peak in mid to late 2007 and shows the percentage fall and then the recovery subsequently. All sectors with the exception of retail have long since recovered to and now surpassed pre-crash levels with the exception of Retail where sectorial change is playing a significant impact.

Irrespective the graphs unequivocally illustrate that even with the cost of carry noted previously the strategy I set out and was almost universally adopted elsewhere was by far and away the better one from all stakeholders perspectives.



How the S166 Report FALSE PROPOSITION intentionally deceitfully dismissed over half of all the cases. 54.2%

Judged against this background and the overwhelming evidence, the Promontory proposition can be seen to be, the OUTRAGEOUS load of complete “crap” I first described it as, and palpably totally intellectually corrupt, dishonest, and immoral.....

Furthermore, all of this serves to highlight just how obviously intellectually unreasonable and morally bankrupt the entire Promontory S166 Report is, especially in respect of this category / group, that represents **54.2% of cases**, or more than half the total, (but by monetary value conceivably upwards of 70%) as well as other aspects of the report, where it so blatantly serves its paymasters, the FCA and RBS, and their desires and ambitions, both of whom needed to be absolved of all substantive wrong doing.

What possible other reason can you or anyone else credibly conceive of, by way of plausible explanation for the position Promontory adopted, given how utterly outrageous this argument and proposition was / is relative to both the economic and monetary facts pertaining at the time.

Not to mention their blatant acquiescence and acceptance of ;.....

One rule for the Customer, and an opposite and better rule for the Bank.

There is no reasoned, nor rational explanation that validates Promontory's intellectually vacuous, and morally abhorrent proposition.

Promontory cast aside The S166 Reports intellectual honesty and credibility on this pivotal group of customers that represent **more than half the total cases**, in favour of further deceit and denial of reality.

As previously noted all the fact-based elements of the S166 report demonstrate a determined and active intent to deny reasoned justice for innocent victims, favouring instead; RBS, and the FCA. – **Demonstrably shameful.**

A truly shocking and totally discreditable disreputable circumstance. Furthermore, it must be REMEMBERED that the only people involved in drawing up and deciding what the S166 Review would study and instructing Promontory as to exactly what to do and how it would work, and precisely what it would look at and report on, were RBS and the FCA. –

Promontory sacrificed their own independence, honesty, and morality to the expediency of the pressure that must have been exerted on them by RBS and the FCA..... Again as noted previously, there was no reason for Promontory to reach these obviously ludicrous determinations that don't stand up to scrutiny on their own, there was no upside for them, only downside as they lay themselves wide open to the charge I now accuse them of.... **All the evidence leads you to a single inescapable conclusion.... Promontory had to be acting, and did act, as RBS's and the FCA stooges, no other explanation is credible.**

Irrespective of how this circumstance arose, it doesn't alter the facts, and if you want validation of that comment it lies in the Reports presentation of this issue as noted before.

The two sides of the argument were presented in different sections of the report (4 & 5), more than 76 pages apart, never back to back as would normally be the case, **where the merits or otherwise of the proposition were plain for all to see, judge, and critique.** – As the Academics from the RSS confirmed:

- ***the S166 report falls far short of scientific standards of rigour and transparency.***
- You only go to this much effort to hide an argument if it doesn't bare scrutiny, and quite obviously this proposition doesn't.
- Therefore, once again the demonstrable evidence shows the degree of effort that was applied to making this deceit appear innocuous and viable.
 - because when the true circumstance is now pointed out,
 - it shouts at you, and everyone else, that it was neither innocent, nor viable, --
 - rather a blatant deceit of the observable facts and reality.

It wasn't an accident or unfortunate serendipity either. It was a result of a carefully crafted contrived conceit born of purposeful intent... to deceive.... and worst of all.... it very nearly did!

– And it nearly worked because none of you, despite reading the Report, probably more than once, spotted what you now see with total clarity. An outrageous deliberate intentional odious distortion and deception, perpetrated for the benefit and justification and legitimisation of the FCA and RBS 's actions, to the palpable detriment of their innocent victims. – ENOUGH. -

6. Government – A lack of joined up thinking and conflicting actions.

What is truly staggering is the complete lack of “joined up” thinking by Government and the Treasury and the various branches within it, including the Asset Protection Authority – APA -- (set up to manage and oversee RBS actions in respect of the loan book underwritten and guaranteed by £286bn Government (British Taxpayers) money. This was the toxic “bad bank” element of the balance sheet designated “non-core assets” that was to be run down and eliminated as fast as possible on the instructions of the Treasury.

UKFI – UK Financial Investments was the vehicle set up on behalf of the Government, to own the bailout shares in various banks, and in this specific case those of RBS, it is important to be clear that whilst it was a separate legal entity much like RBS SPV's (We will learn all about them shortly!) this was just a circuit breaker to legally separate it from the Government, while in truth nothing happened without the Treasury's say so and anything that did happen required the Treasury's agreement.... A puppet would be the correct analogy controlled by strings. The same applied to the APA by way of relationship to the Treasury and Government.

Both the APA and UKFI were busy pushing RBS management to take injudicious actions that were entirely contrary to the big economic picture and strategy that Government was working to achieve, actions that were also obviously contrary to the interests of the Banks customers and the survival, prosperity, and wellbeing of their legitimate enterprises. –

With the right hand, the Treasury and Government was busy doing everything it could via the Bank of England to reflate the economy. Meanwhile at the very same time Government and the Treasury with its left hand, via the APA and UKFI which was charged with looking after and instructing RBS and others, was busy telling RBS to pursue policies and actions that ran completely contrary and opposite to what the right hand of Government was attempting to achieve to reflate the economy and protect jobs and living standards, and in so doing, undermined and negated much of the effort and the effectiveness of the right hands stimulus efforts. ---

As fast as the Right hand was pumping money into the economy, the left hand was pulling it back out. This removal of credit and its resultant obvious consequences was a primary cause of further destroying confidence, and prolonging the psychological malaise that was so vitally important to reverse for the success of the stimulus effort. This was completely unnecessary, and had horrendous detrimental effects, that undoubtedly deepened and prolonged the recession.

To describe this as incompetent would be to underplay the associated “rank stupidity”, and gross failure of Government and the Treasury to think through the entirety of its various actions and related positions. Especially the actions of both its left and right hands, and the consequential impact its decisions would have, not only on innocents, but more staggering still, on its own wider economic actions and ambitions, that had to take precedence, namely preventing a banking / financial crisis from becoming an economic one, and returning the Country to growth at the earliest opportunity.

The left-hand undermining and fighting the actions of the right hand, was never clever, nor could it be justified. It was certainly calamitous for innocent SME's. --- And all the protagonists whether within the Treasury, the regulators (B of E; FCA etc) and RBS are guilty of that entirely foreseeable unnecessary cruelty and crime.

But worst of all..... This was a circumstance where Ministers took tax payers money to bail out a bankrupt Bank – RBS - and then in their desperation to validate their action as being in the “national interest,” then battered into insolvency some of the very tax payers who funded the RBS bailout, quite literally in some tragic occasions... to death.... in their irrational and foreseeably imprudent attempt to

repair RBS balance sheet quickly, and thereby prepare it for re-privatisation, and thus validate their actions and political ambitions, and all done in the apparent.... national interest.

Not a single Banker suffered, instead they got paid (and bonuses too) to terrorise and hound in some cases to death.... the very SME entrepreneurs whose taxes had contributed to saving these employees and their jobs..... -- Obscene.—

So what was the Left hand of Government up to, that was so obviously “incompetent”, and justifies my nomenclature of “rank stupidity” and thereafter the use of the word. -- Obscene. –

7. Government / Treasury’s instruction via APA and UKFI to “downsize” RBS’s Balance sheet.... irrespective of the Global financial turmoil, and why this was an utterly ludicrous and negligent action given the economic environment, and foreseeably harmful to all RBS stakeholders;- Customers, Shareholders, and Society....

RBS was a state controlled bailed out bankrupt Bank... On behalf of taxpayers the Government bought 81% rising to 84% ownership when conversion of the Pref shares acquired in lieu of the 2% or £6bln fee owed to the Asset Protection Agency a division of the Treasury that had underwritten £286 bln asset protection / guarantee scheme.

As agents of the Treasury, UKFI and the APA had approved RBS management scheme to dramatically shrink the balance sheet of RBS, indeed if you listen to this audio clip at 3m:30s in to 3m:50s you can hear John Hourican then Head of Global Markets for RBS confirming UKFI – The arm of the Treasury, and under its control, as agreeing and sanctioning the RBS management strategy. If you listen on you can then hear Mr Hourican telling and confirming this to his managers in plain English, and beyond this commentary, explaining in depth RBS actions to restructure its Balance sheet and his glib assessment of what that would mean for customers.....!

Everyone knew what the cost to Customers would foreseeably be....! **- There are no innocents here....!**

<https://www.youtube.com/watch?v=z5IORwT6qY0>

The action to shrink RBS was seen as a necessity to “right size” the balance sheet / bank relative to the limited capital available, so that RBS could begin to think about complying with the then new tougher stress tests, and higher capital ratios that were to be imposed by BIS (Bank of International Settlements in Basel).

Clearly little, or certainly insufficient thought was given to what “right sizing” RBS’s balance Sheet meant in practise by way of effect on customers and the UK economy, indeed given RBS was a global Bank these actions would have similarly severe impacts on many other economies around the world.

The theory of the strategy to downsize RBS’s Balance sheet when considered in isolation in a normal market environment relative to RBS discreet needs, might have been acceptable if carried out over an extended period, **mindful of the impact on customers and the Banks need to honour its commitments, not find devious ways of climbing out of them.** Indeed, with those provisos attached, it could have been considered a pragmatic policy strategy for RBS and its new shareholder the Government to pursue,... if these had been normal times,..... but these were anything but normal times, and this change to RBS could not be considered, nor constructed on the basis of normal times. **Observably these were abnormal times and the notion you could successfully pursue these measures in such an environment demonstrates total naivety and incompetence and as such, was an act of “rank stupidity”.**

- Similarly, RBS was not a one off case where in normal conditions the wider banking market might have been capable of and expected to absorb and mitigate without issue the worst effects of a single isolated banks need to resize itself, and as in RBS's specific case, the need to shrink its balance sheet.
- The reality was that ALL Banks were in the same position, the problem was systemic. Observably everyone in Government knew this, indeed the layperson in the street knew it. **It was the very proposition that was used to justify and validate the necessity of bailing out the Banks the world over with tax payer funds.** The major Banks were too important to fail, for the very fear that the required debt of a modern economy would otherwise be withdrawn.....and economies implode as a consequence. All modern economies without exception are now totally dependent on debt / credit and it was universally accepted and acknowledged that its withdrawal could NEVER be allowed to happen, without devastating economic consequences, which was the very reason the principal Banks of the world had to be bailed out, and RBS was the global biggest!!!
- The UK Government couldn't hold that pivotal understanding and knowledge on an industry wide global basis, and then decide to act in a specific Bank context, suggesting that RBS's situation was different, and the basic argument universally used, now don't apply in its specific case.....**(especially when RBS was at that time the Worlds largest Bank!)**, but that's exactly what the Left hand of Government did with RBS, both directly, and via the APA and UKFI. It decided it could unnaturally shrink RBS's balance sheet by withdrawing credit from customers without consequence, or more correctly they didn't care about the consequences – **UNBELIEVABLE --**

To then cast that proposition and understanding aside in the remediation of RBS's bloated balance sheet problem was to revert back to the text book theory, the preserve of the naïve and inexperienced, which had, and could have nothing to do with real world pragmatism.

Again, this was the very reason the Banks had been bailed out, to ensure credit was kept flowing round modern economies that were, and still are depend on it, the oxygen of commerce. It was unthinkable that Banks demise, the loss of their balance sheets and associated lending could be allowed to devastate the real economy and cast millions across the world into poverty, and civil society into anarchy and chaos.

Again with this in mind, it was equally unthinkable that the worlds largest bank, RBS could then do the exact opposite, and act as an island, without all the consequences on a Micro level that everyone feared on a macro level, that Government in the name of their Taxpayers had thrown such immense amounts of public money to ensure was avoided.

Yet RBS executives in collusion with Treasury officials, and Ministers with demonstrably no understanding, or seeming knowledge, or care as to the realities on the ground, decided that they could do, on a case specific RBS exclusive basis, the very thing they had just forestalled by bailing out the entirety of the Banking Industry and finance system. They believed they could remove lending without having any discernible detrimental impact on customers, or if they knew it would have an impact on customers as already stated they just didn't care. Seemingly believing they could deliver this observably intellectually incontinent policy in the most hostile real-world banking environment since the depression of the 1930's, without having a horrendous and entirely foreseeable, appalling and predictable terminal consequence, that would, and did, unjustly devastate thousands of SME businesses / customers, and their families. An action that was wholly detrimental to the broader economic policies of RBS's majority shareholder, the Government acting as agent of the people, was busy implementing and pursuing, – An obviously completely ridiculous circumstance. The entire proposition leaves one... **UTTERLY INCREDULOUS. ---**

And to be clear, this is not a partisan political observation... All Parties, Labour, the Conservatives and the Liberal Democrats participated in this debacle, certainly none prevented it. – **All should stop shirking their responsibilities, straighten their Backs, and fully compensate all customers properly and assiduously without further delay...**

This circumstance is a STAIN on our Nations core ethical values, and the trust citizens must have in their Government and leaders. I call on Mrs May as the presiding Prime Minister of the Government of the day to correct it forthwith.

Without in anyway diminishing the current Migration Scandal, it is nothing compared to the consequences of this crime perpetrated on hard working SME business people who ARE the life blood of our nation's economic prosperity. SME principals are the risk takers, the employers, collectively accounting for more than 50% of GDP and Employment and yet they have been abused like no other section of our society, when the reality is that they are its KEY vital component.

In this wretched circumstance people have died, and thousands upon thousands of innocent victims have had their lives crushed, ruined and bankrupted.... by all Governments , comprising of all political creeds. Something MUST be done, NOW, because on a proportionate basis, this circumstance is a x1000 times worse, and has harmed infinitely more hard working taxpaying citizens. Citizens that the **Prime Minister, and all in Government are responsible for protecting, not oppressing**, as has unreasonably and outrageously happened for more than a decade now, again. ENOUGH is already too much.

8. How and Why SME's were the only realistic way to "downsize" RBS's Balance sheet.... irrespective of the cost.... And it's devastating impact on SME's...

Once the decision had been made to shrink RBS's balance sheet SME's represented not only a huge opportunity for achieving this, but realistically the only viable one, especially for RBS, who had been the dominant player in this market place for many years previously.

- SME's were the only significant group that were unprotected by legislation,
 - Consumer lending is regulated and provided little scope beyond normal loan run off to shrink the RBS loan book / balance sheet at speed, besides consumers were politically unthinkable and as a result untouchable.
 - Large Corporate lending whilst also unregulated was often securitised away into the tertiary credit markets, besides these customers were part of the Banks future plans, and in addition were well able to defend themselves against Bank abuse, or more simply able to take their attractive business elsewhere. Where despite the prevailing adverse environment other banks would be prepared to take a strategic longer term view to accommodate their needs.
- Therefore, SME's were uniquely vulnerable, small, often relatively unsophisticated, and had been intentionally encouraged by RBS to believe that RBS was their trustworthy partner. A Bank with a different Scottish culture, a reliable bank whom they could depend on for honest reliable assistance, and the provision of unbiased financial advice. – Most did view the Bank in this way to their immeasurable regret and cost. --
 - Naively SME's did not see their Banking relationship as adversarial, but one of mutuality. This is a vitally important principle to understand in respect of what then happened to these SME's.
 - RBS's perpetual refrain was that it only existed as a consequence of its customers, and it could therefore be relied upon not to mistreat them, because if it did, there would be no RBS. How wrong we were, at least this element of the Promontory critique is more accurate....

- This wasn't SME naivety they had been encouraged and nurtured to see RBS's in this way, and context by the normal RBS relationship managers, as a trusted partner in support of their business.
- This explains in no small measure why so many SME's ended up being mis-sold inappropriate and hugely damaging financial hedging instruments. Instruments they didn't understand, or necessarily need, and would have been unequivocally better off without.
- Indeed in many cases these instruments were so biased in RBS's favour that interest rates would have had to reach very significantly higher levels over an extended time period for the SME ever to have derived any benefit at all from this IRHP product RBS sold them. In effect these products were the business equivalent of PPI to consumers, irrespective of what you paid you couldn't derive any money back from them....! Relative to expectation they were at best extraordinarily expensive and at worst economically fraudulent of the customer.
 - Instruments that were hugely profitable to RBS, and because SME's had been encouraged to rely on the reputation and advice of their RBS manager, they did so, unaware of the real motivation or the cultural change building up behind the scenes at head office, relative to the quiescent reliable dependable RBS of long ago..
 - More often still the purchasing of these instruments was frequently a condition of receiving the loan.... Summarised as..... **No IRHP.... no loan.**
 - Ultimately what sent many SME businesses over the edge and into financial difficulty was not the core profitability of their business, despite the undoubted harsh trading conditions prevailing at the time, but the added burden these unnecessary IRHP instruments had, and particularly their devastating impact on cashflow, as these businesses found themselves haemorrhaged cash to fund IRHP they should never have been sold and had frequently objected too, but had to accept as the sole terms RBS was prepared to lend to them on.

But come the moment of any SME's business frailty.....RBS was ready to pounce and cast aside all its past relationships and ethics, that customer was now at the mercy of RBS's own discreet needs and ambitions. All past expediency towards that SME customer was now instantly gone.

- RBS had been perfecting its strategy via GRG for 15 years previously.

N.B. GRG and its antecedents SLS had been in existence since the mid 1990's this is pivotal to understanding that GRG's antics predated this financial crash by more than a decade and their tactics and customer outcomes had often nothing to do with the prevailing environment that has been perpetually played on by RBS but in extremis has little or nothing to do with how they acted... GRG had always acted this way....

- Almost uniquely amongst the big four clearing banks, RBS had all the essential human resource skill sets ready to be instantly and ruthlessly deployed.
- RBS set about with callous efficiency manipulating and exploiting its defenceless SME customers.
- The reality as Mr Alister Jack MP personal experience denotes... **entirely contrary to the S166 report.**
 - **IRRESPECTIVE of whether your business was healthy or not, entirely contrary to RBS claims and the false findings of the Promontory S166 Report.** -- Mr Jack's business, like so many others we know of, was palpably healthy – despite the prevailing difficult business conditions engendered by the Banks)

- The reality was RBS actively sought to manipulate any, and – ALL -- SME business's to its advantage. -- Healthy or otherwise.
 - AND Yes entirely CONTRARY to Promontory's position perfectly healthy businesses were targeted for GRG treatment as Mr Jack MP own experience testifies and it beggars all credible belief to suggest that he was a random chance... Indeed he has testified that one of his fellow Directors separate farming business was targeted by RBS.... The truth is they tried anyone and everyone where they thought there was the slightest chance of credibly getting away with it.
 - Which is exactly what RBS and its employees brutally and callously did..... with numerous tragic foreseeable consequences.
- **These actions were; intentional, foreseeable, Corporate and Governmental “Business-slaughter”**
 - Quite honestly, in my humble opinion, where appropriate, this ought to result in charges of Corporate Manslaughter, and jail time, but without a shadow of doubt at a minimum result in life time bans for all involved. If you couldn't foresee the devastation your actions were going to result in, then at any level above manager, you don't possess the required skills and judgement to hold any position of responsibility in financial services.
- **A private soldier in the British Army knows he isn't allowed to shoot an innocent, much less in the back while pretending to assist him. The soldier knows he is personally responsible for his actions irrespective of a direct order from even the Chief of Staff, or indeed their Political Masters, he can't shoot an innocent and expect to get away with it.**
 - **If this applies to a private soldier, it certainly applies to almost anyone inside RBS.... I repeat again there are NO innocents in this debacle, only the guilty. Why should RBS employees be permitted to exercise lesser standards of care or ethics than a private soldier?**
 - **ALL these people had to have and did have professional Banking qualifications.... they knew their responsibilities full well, and if by chance they were secondees who weren't professionally qualified then RBS's defence against any and every customer so harmed should fall right there.**
 - **– All people who drive cars irrespective of whether they are a Bank clerk in the mail room or the CEO or Chairman in the Board room, have to obey the rules of the road. Further, for absolution when it all goes wrong, they must be able to demonstrate at a minimum that their actions were reasoned, and reasonable, they exercised “due care and attention”, and even then sometimes that's still not enough.... Sometimes you have to pay the price of participating in transgression whether intentional, or by accident.**
 - **Just because you go to work does not permit you to leave your ethics and moral responsibilities outside on the pavement as you walk in through the office door in the morning. Only to pick your ethics and moral responsibilities up again as you walk out of the office and back into Society in the evening. The notion that you're not responsible for your individual participation and related culpable actions, however large or small, senior or humble, when at work, or absolved because someone told you to do something, is a nonsense, and more especially where everyone in that business has to be, and should be, a registered authorised person, completely aware of their obligations. – Again there are no innocents here.**
 - **Demonstrably this position is a nonsense, and as illustrated does not withstand intellectual scrutiny.**
 - RBS and its employees knowingly took out and metaphorically shot every customer they could, as a daily way of earning a living.... Promontory have spoken of GRG's culture, but in reality their commentary, like so much of the S166 Report, is shockingly partisan, anodyne and a sanitised misrepresentation of the terrible truth.

Beyond the tragic, what was so ludicrous from the Government's perspective was these actions by RBS were always going to create an enormous economic hit....

- lost tax revenue,
- damage to the economy,
- further undermining business confidence,
- in turn undermining consumer and business confidence / investment.
- and every other conceivable detrimental impact imaginable.
- And worst of all prolonging the recession, increasing the national debt, creating more and deeper austerity all done to remedy the balance sheet of RBS.

I will address later the relative marginal cost of the additional capital RBS would have needed to completely forestall all of this, but keep in your mind that it's a tiny fraction of the resultant cost, and as such **patently ridiculous and totally irresponsible**.

- In contrast the benefits to the Government were always likely to be narrow and proportionately marginal when counterbalanced by the obvious....
 - reputational and ultimate business costs to RBS and
 - the predictable impact this would have on the value of its RBS shareholding stake,
 - let alone the economic cost to the economy as a whole,
 - the political cost and
 - all this before the consideration of the personal cost borne by SME customers.
- Always remembering that the Taxpayer would end up funding either one or the other side of the outcome.
 - The cost could either be lost tax revenue, which was just as much if not more,
 - than it would have cost to temporarily fund the extra balance sheet capital for RBS for a short number of years,
 - Had Government elected to do this, either openly – politically difficult – or unseen via the Bank of England, to permit the RBS balance sheet to shrink more naturally, expiring over time as loans fell due.
 - for the most part by then, in a more quiescent market environment,
 - A market environment that had been restored to normalcy by the very policy actions the right hand of Government was pursuing, allow normal banking events to take place in a normally functioning market, as is now the case.
- Actions which would have been more effective, and quicker to the benefit of public finances (Total UK debt) and the economy too, because the deleterious impact of aggressively running down RBS's balance sheets, and all the highly detrimental actions associated with doing so, would never have created the undoubted negative drag on the economy that it did, nor on sentiment, nor the immense and tragic waste and personal cost to SME customers. – **Absurd, totally irresponsible, Mad and Bad.**

The entire enterprise was ill-considered by RBS, UKFI and the APA, the Treasury and Government Ministers (of all political parties). It was obviously bound to be a disaster from the beginning. --- A classic case of Collective (absolute) Lunacy and insanity combined with a lack of understanding or wisdom, that there are indeed, and never could be... "no free lunches,"and what you gain on the swing, you pay for on the roundabout.

How could anyone really imagine....

- bankrupting 24,000 (GRG & SRM) SME businesses and 8,000 EFG business's was going to go improve matters.

N.B. The 24k GRG & SRM number is a BBC / BuzzFeed validated number, but it relates only to the 3 year period 2008-11.... It is vital to remember that SLS the forerunner to GRG operated for 15 years prior to 2008, and similarly how many companies entered GRG after 2011? The prospective true number of companies under the GRG / SRM grouping could easily be half or indeed many more again as the number within the confined 3 year period, that the 24K number relates to....

- or go unnoticed,
- or be a viable outcome, whose impact would ultimately be overlooked and ignored.... it is impossible to conceive.
- The whole enterprise was as stated completely immoral, and could easily be seen to predictably ruin and sadly cost lives... which of course it wretchedly has.

Simply put, if you steal a pound from somewhere, that pound has to come from somewhere else, and if you are both sides of the trade as the Government was, it was fairly obvious that all you could possibly achieve was to frustrate your own wider economic ambitions, and at a huge reputational and economic cost, that such actions would inevitably result in on the RBS side of the activity, which of course the Government was now the majority shareholder of and actively and knowingly engaged in cutting its nose off to spit its face! – **Completely Barmy....** and all at Taxpayers expense..... **A total failure of Leadership.**

No one at the Treasury could ever have thought that the wilful and intentional destruction of tens of thousands of SME businesses, and people's lives, their employees jobs, the repossession of their homes, the destruction of their relationships and families, and every other conceivable element of related impact, and psychological harm etc etc..... could ever be justified against the restructuring of a bailed out bankrupt bank RBS's balance sheet.... --- **Total Insanity, stupidity and naivety.** ---

- And in the context we have been discussing the obvious negative impact this would have on Property prices and related economic and consumer sentiment, the provision of services of every kind, to the detriment of every member of society.
- Every forced sale, lowered prices, predictably destroyed and undermined fragile sentiment,
- Every unnecessary bankruptcy endangered or bankrupted other viable businesses due to the knock on effect of non-payment of debts flowing down through the business community.
- Further unnecessarily prolonging the gloom, and malaise.
- Actively preventing recovery so needed for construction growth and psychological sentiment to return.

The complete irony being, that what RBS did could have been achieved entirely naturally, with nowhere near the detrimental impact. Indeed, if left until markets were functioning normally, conceivably little or, no impact at all. All the Treasury had to do was ensure that RBS capital position was funded sufficiently to take no precipitous actions, allowing time to play its part, and work many of these issues out naturally as has happened progressively for the remainder of the loan book.

And for the reasons pointed out Markets and the economy would have recovered sooner too, had the Government and RBS just taken a more measured approach over a longer period of time. – What a travesty, and all done by the TREASURY.....and its affiliates controlled by the Treasury the APA and UKFI.

Treasury Select Committee you may recall that my final material comment to you in our "chat" where you had the cheek to tell me that I didn't understand what I was meddling in (Humph) when you know nothing of my background or experience..... was that all roads lead back to the Treasury.... See I didn't lie....I told

the truth, and observably I do know precisely what I am talking about and in some key areas I would venture rather more than you do... So I repeat as commented on... All roads lead back to the Treasury.... And to be clear at no point in this text have I used any of the reams of privileged internal information from all the various protagonists involved. All I have used is information that is already in the public realm!!!

9. The Govt. authorised intentional Slaughter of innocent SME's -- the irrational and immoral done to prop up a bailed out bankrupt Bank - RBS.

There are no Innocent Perpetrators of this crime. All are Guilty of collusion;- Ministers; Government; The Treasury and its agents the APA and UKFI; The Bank of England; The FCA; RBS; and all its past and present Executives. All sacrificed their ethics to expediency... None are innocent, all are guilty.

In respect of this and my previous letters it was hilarious to see that on Thursday 12 April, 2018. The Times carried an article written by Katherine Griffiths entitled...

“Agency’s role in RBS scandal has still to be revealed.”

The article was clearly “placed” by RBS or other related parties seeking to absolve themselves by indicating they were taking their instructions from a higher power... Presumably the Treasury directly and / or its related instruments of influence the APA and UKFI...

“This is not the full picture. RBS bankers said at the time and subsequently that the agency had pressurised it to pull the plug on problem loans and to turn down applications for debt restructurings or forbearance, in order to protect public money that was at risk – a priority shared at the time by politicians who thought that zombie companies ought to be killed off for the sake of economic recovery.....”

“What was overlooked was that Mr Sach also said the APA was “always pushing us to go for more foreclosure”. That was something Mr Sach “robustly resisted. There is quite a bit of correspondence between me and them of threats and counter-threats and not being prepared to do that.”

“Freedom of Information requests by this newspaper for correspondence between RBS and the APA have been denied previously. The Treasury select committee published an unredacted version of the first full report into GRG, saying that it was in the public interest. It must do the same for the second report — to get a full picture of why RBS took the actions it did.”

Clearly this article and its active placement and timing was very telling, and the final line was a clear hint to the Treasury Select Committee from RBS or former RBS executives that..... they had to do what they did, and that the Treasury Select Committee must press for the release of these further documents / reports that would indicate this.

Amazingly I find myself agreeing with RBS or whoever else placed this article.... We do urgently want to see the FCA phase 2 report, and in a very timely manner. HOWEVER..... I do not hold ANY great expectations of it, and would warn the authors, and those that sign it off,.... that’s YOU -- MR BAILEY.

You had better make sure its;....

- Entirely open and transparent,
- Completely credible and factually fulsome
- And observably intellectually honest and overtly independent and unbiased,
 - And this may be a request to far.... Entirely compatible with “Best Practise” in which case of course representatives from the victims should have been part of the process from inception as is called for to meet this test..... Oh dear never mind another compromised whitewash to go with all the rest from the FCA.

- If not Mr Bailey, you and the FCA will find yourselves in a similar position as Promontory does now, and I think it's fairly clear that while everyone else may have failed to pull the S166 Report apart. We have more than demonstrated our abilities.... **and I still have one more totally devastating "coup de gras" revelation to make....** and not even you can guess what that might be,.... or how totally devastating it is, spectacularly destroying the final ounce of credibility associated with the Promontory S166 Report from within.

Besides Mr Bailey in some small attempt at redemption you might like to ensure that your final work before enforced departure from the financial services area for life is entirely accurate, a legacy of contrition seems appropriate if a little late, because you and everyone else connected needs to be under no illusion, your career ends here. To lose the CEO of the FCA is one thing, but to lose according to the Bookies the odds on favourite as Governor of the Bank of England designate would be an altogether different scale of "own goal" Prime Minister and Chancellor,.... once again heed our warnings!

The reality is of course that given what we have discovered within the S166 Report and referencing the Times article and general noises off we foresee nothing more than a fudge and in respect of the FCA's further in depth investigation.

Why and how could or would a rogue and supplicant regulator now change its spots?

The only probable value in finally seeing the detail investigation, is to understand just how indecent its findings are... which will then underline our primary propositions that the FCA is utterly and completely broken as a credible institution. And not for the first time, must be rebuilt and reconstructed, but not before the hegemony of the major banks, and other related institutions that surround them are broken up and made subservient to the law, ethical decency and culturally changed to understand that they exist to serve society not oppress it..... Which is not the current circumstance as is undeniable by the repeated evidence of gross failure in all the entities mentioned.

Returning to the Times article and the message it was supposed to send. I am sure RBS and its executives, and former executives, along with past and present Treasury mandarins, the boards of the APA, and UKFI and not forgetting Ministers past and present are familiar, or soon will be, with the legal terms of

- "joint enterprise" and are similarly familiar with other legal terms such as;
- "co-defendant",
- "accessory before the fact";
- "accessory after the fact";
- "mens rea";
- "actus reus";
- "common purpose" and
- "conspiracy" etc.

Who knows exactly which of these many legal terms most exactly applies, and to what, and to whom, there is so much immorality and dubious behaviour and impropriety connected to this circumstance that it's hard to know where to begin.

What we do know for sure is, just as I hoped, the evil men in this heinous story, as a result of pressure that we have stimulated and applied, are now.... beginning to turn on each other in their inglorious quests to blame each other, name the alternate as the guilty party, in a vain attempt to absolve themselves, and falsely proclaim their relative innocence!

- Cannibalism has always been part of City life... my commentary is simply... Feast away, gorge on each other!

What is most hilarious of all, is that the only thing they have succeeded in highlighting and confirming, is what we already knew.... **None of you are innocent, all of you are guilty**, and every last one of you must be hounded out of office as soon as possible, and where viable, held to account and punished, never to participate in public or corporate life again, and your names shamed and shunned.

As I have noted before, **no one was forced into doing any of this**. Every individual had an opportunity, indeed a responsibility, a duty to act ethically, and say No! --- This is immoral, ethically wrong, and I won't countenance being a part of it, **but none did, all preferred to grasp their fools gold**..

Well the piper has to be paid, and once you take the "King's shilling" guess what.....however belatedly, or long, and arduous it takes....you all have to serve your time at his pleasure.... and pay a high price for your personal greed and moral and ethical bankruptcy, full in the knowledge that unlike your victims You did have a choice..... you just elected not to use it.

--- **Sympathy for all of you, none. -- For the shame and stain unjustly wrought on your wives and children as a consequence of your selfishness, compassion. ---**

10. Another UTTERLY indecent revelation for you to consider..... One LTV ratio rule for the SME Customer, and an altogether better rule for RBS!

One of the key methods RBS used to capture its victims into GRG, then assault them once inside, was a breach of covenant due to a fall in Property values, and a resultant transgression of their LTV ratio (Loan to Value) covenant. In most cases the covenant was set at a ratio of 70% maximum debt, to 30% retained equity. So, for the loan to remain valid the debt must never exceed 70% of the appraised value which of course implied there was still clear equity of 30% remaining when a loan breached its Covenant terms! In these circumstances the debt was just 2.3 times greater than the remaining equity, but RBS considered that insufficient equity, and enough reason for the Bank to begin asset stripping your business. So consider this....

Remembering to this point the Bank hadn't made a loss on its loan.

- All that had happened was the margin of "comfort" had decreased, and in the vast majority of cases this was against a background of exceptional circumstances that affected everyone equally.
- In the main therefore it was not a specific LTV issue, but a pandemic one, due to the universal fall in Property asset values.
- RBS actions against this backdrop were the equivalent of throwing the baby out with the bath water rather than "keeping clam and carrying on," **as they should have been instructed to do by Government**, consistent with its broader monetary expansion and economic reflationary fiscal stimulus measures.

However what actually happened was this.....

11. West Register "WR" - RBS's property acquisition vehicle. How RBS practised "Alchemy" in financing former assets of SME Customers!

RBS had a property acquisition business called West Register. West Register bought almost all of its properties using "Special Purpose Vehicles" companies that allowed RBS to finance the purchases "off Balance sheet". At the peak, in excess of £3.2bn globally worth of speculative property asset purchases in the UK.

N.B. The £3.2bln figure is only for years 2008-11. It is known that WR assets grew dramatically in 2012 indeed were still growing rapidly as RBS negotiated with the FSA over the capital requirements, so the final peak figure is very possibly a multiple bigger than the £3.2bln again... very conceivably making RBS the biggest property company in the UK!

- Your former assets,
- assets bought from distressed former customers,....
- assets that RBS had been responsible for distressing...
- where all purchases were of course predicated on a rise in property values!
- all speculatively bought by a bailed out bankrupt bank – on the pretext of limiting overall losses!

The advantage of buying and holding these assets inside “SPV’s” meant RBS could “pretend” these assets didn’t directly belong to RBS for Balance sheet purposes, claiming they belonged to the “SPV”, even though all the SPV’s were a 100% owned by RBS, and all their liabilities exclusively accrued to RBS.

The reason for this obvious “ruse” and deceit was that RBS did not have to apply so much capital, (equity in your parlance) as a percentage of the total purchase price, which minimised the balance sheet implications, and meant RBS could use greater amounts of leverage, or larger amounts of debt, as a percentage of the total financing of the asset purchase.

So what amount of capital / equity did RBS consider sufficient when buying the customers former asset when they required the customer retain a minimum of 30%?

The answer was a maximum of 8%..... Yes just 8% equity, **or 3.75 times LESS equity / capital than RBS told the customer wasn’t enough equity, and the Customer had breached RBS’s LTV ratio,** which permitted RBS to begin the processes of stealing the customer asset away from them!!

And don’t forget this was all sanctioned as totally LEGITIMATE by different elements of the same Government that was busy telling RBS to pursue its Customers and thereby shrink its balance sheet..... yet also had target for it to make new loans....!! **What is your answer to that Prime Minister and Chancellor?**

Or expressed another way when the debt was just 2.3 times larger than the still remaining equity, away went your asset. Meanwhile RBS thought it just fine to finance the customers now former asset with 12.5 times more debt than equity and sometime even higher ratios than that.... And remember at the point the customer lost control of the asset he still had 30% equity/ capital in the deal, RBS hadn’t necessarily lost any money on the loan as yet, **indeed it might NEVER lose money on the loan**, all that had actually happened was that RBS’s margin of comfort had diminished....

But it was often more than enough for the innocent Customer to lose everything.....

- Losing not just their business,
- often their house by personal guarantee,
- their marriage,
- access to their children,
- their mental sanity.....
- and in some tragic cases their lives... due to the mental despair and shame unjustly wrought upon them.....

- And despite howls of protest none of you feckless Politicians with real influence have as yet had the moral decency to actually meaningfully address, or demand that the collective leadership of your respective parties resolve this matter properly,
- With honest and full remediation and compensation for victims.
- And the perpetrators very conceivably including some of your own past leaders, Treasury officials, Regulators, Bank Executives and senior employees cast out, banned and shunned forevermore.

But of course this was not the end of the story.... because this was RBS.... a lot of the time they bought the customers former asset with infinite leverage, **or no equity at all!**

RBS had another little trick up their sleeve, 8% was the very maximum capital they would apply against the purchase of the Customers former asset, because one of their favourite games was.... you guessed it.... “re-valuation” of the asset shortly after purchasing it..... This time not downward as RBS did to the customer,... but upward for themselves!

- What did you expect..? the same rules...? Never!
- – It had to be one rule for the customer, and an altogether better, nicer rule for RBS!

This was a way to create capital where none existed.... **Alchemy made real in an RBS GRG office near you...!**

RBS would buy your former asset at a depressed price of say £1m then they would revalue it at £1.08m a short time later. Suddenly it would require no capital at all to finance that asset because the valuation showed excess value over the £1m debt equal to the 8% capital nominally required to hold it.... **Happy days this transaction was now capital neutral....** no capital involved!

But wait... this was not the end of the story, RBS could do even better than this... they were financial alchemists after all...!

Suppose RBS was able to “persuade” a compliant dependent supplicant valuer, whose firm might just bank with RBS, or perhaps he / she was a seconded employee sitting right there in RBS’s own offices, feeling absolutely no pressure whatsoever from his RBS report sat opposite, who was running the case file. Regardless this secondee was bound to be aware that his primary firm normally received a significant percentage of their total instructions and related revenue from RBS, (and the cartel of other Banks), and felt as a consequence a certain obligation to be a “team player” and now sanction a revaluation (and you all know the Banks had any number of “helpful” valuers) of the asset to perhaps £1.25m.... Or very probably the value that had originally applied to the asset before all the asset stripping LTV repossession “malarkey” started!!

After all if it’s worth that much, and these assets usually were, then now RBS had nefariously succeeded in getting hold of it, by fair means or foul who knows, why not value it properly!!!

Under this scenario RBS now had excess capital of £250k against this asset, which meant they could not only finance the original £1m asset without any capital, but could go out and buy additional assets stripped away from other former SME customers with a value of a further £2.1m, and all without the need for any capital whatsoever....!

NOW PAY VERY CLOSE ATTENTION TO THIS NEXT BIT....

This technique “created” capital where none previously existed! Indeed, what made this so attractive to RBS was that this free capital when applied to the balance sheet **could count towards the Banks required capital ratios for its balance sheet....**

- **Hey presto the RBS balance sheet magically began to repair itself!** – Perfect, smiles all round!
- RBS’s total lending fell thus improving its lending to capital ratios Excellent work GRG!
- Best of all WR created capital by revaluation – directly increasing RBS’s capital ...Happy days!
- Little wonder Government and the Treasury looked the other way..... They wanted deniability and to have their cake and eat it!
- No one in Govt, Treasury, B of E, FCA, RBS.... None wanted to unearth this can of worms.
- Hardly surprising that the FCA hobbled the S166 Promontory Report... to conceal this disaster.
- Unsurprising that the FCA sanctioned and actively colluded in setting up the specious RBS compensation scheme that is actually a, Deceit, Denial, and Dismissal scheme by intent and function. – The final intended measure to reclaim decency, point to “just fair redress” and see RBS “Do the right thing.” – Shame the scheme is a total FRAUD... Not surprising though, because none connected with this debacle has by evidence the slightest morality left, nor hope of knowing what; “Do the right thing” or “exact integrity” actually is or means !!

So as shown this technique created enough free capital for RBS to buy another £2.1m of additional assets from their former SME owners.... **and of course RBS could play this game all day long... ad infinitum.... Perpetually in perpetuity...** indeed this and its derivatives is in essence what modern credit based Banking relies upon..... For those that need more assistance it’s all helpfully explained on the Bank of England’s website! (not the RBS manipulation... the credit based banking bit !!!)

Of course, unlike a customer RBS never had to fear a downward revaluation of their now upwardly valued asset, nor any transgression of an LTV ratio - they were the lender accountable to no one, other than themselves, and they weren’t about to asset strip their asset, (formerly yours) now it belonged to them!!

RBS had not a care in the world, no one could touch them or their asset now, there was no need to worry. Time to ring the.... Victory Bell,... Send out the Victory emails.... and celebrate the demise of another ignorant SME customer..... **AND even Promontory agree that’s what happened....**

3.3.94. *We also found material on files that is suggestive of the cavalier approach to which we have referred. For example, the following email sent to 24 staff (and subsequently but belatedly withdrawn) found on a case where the retail customer was placed into liquidation:*
"Subject: Nobody beats [Customer] ... in Administration anyway!!!"

3.3.95. *On another case, involving a foreign national we felt that the wording of some emails was so inappropriate that we made the following observation in our case findings to RBS:*
"We note that some email correspondence relating to this case fell short of the professional standards to which we would expect the Bank to aspire. In particular the mimicry contained in the email of December 2010 was disrespectful of the customer's nationality. And the email exchanges on 'negotiating tactics' in 2013 do not appear consistent with treating customers fairly and with respect and in our view suggest questionable professional standards."

Crooked... corrupt.... immoral.... unethical.... Certainly,... **but also shockingly, --- all 100% legal --- and legitimate.... and their Auditors would sign this off too, and did for years and years, in fact every year.....**

12. The spiders web of City cronyism that perpetually protects the corrupt and dishonest self-interest of the Establishment Elite....

Men and a few women who sit on each others Company Boards. Members of a club that operates beyond the law, never censured by it, no matter how scurrilous or indecent the abuse or crime they are responsible for perpetrating. Where only the innocent pay the price, while the bosses are rewarded for failure, being despatched to another multi-million pound job as an incentive to maintain their silence about the failures, ensuring no scandal or endangerment, the Establishment protected from within by those that hold the leavers of power..... Posts like that of the Chairman of the FCA and The Financial Reporting Council.... etc. Rouge, complicit regulators that routinely deny and defy justice to victims nor ever find blame of themselves or their kind... the Establishment Elite.

And that is exactly what has sustained RBS to this point but very conceivably for not much longer.... and in a related way that's how other Banks like HBOS and the CO-OP ended up going spectacularly bust, when finally enormous holes in the value of their assets were discovered because the available value no longer matched their balance sheets representations, so they spectacularly imploded despite previously everyone being resolutely assured by their Auditors that these bank balance sheets were entirely solid dependably robust ...as a rock.... Northern Rock....?

Every time it's the same problem, the balance sheets and assets aren't as substantive and solid as claimed, in both the HBOS and CO-OP situations (when the post-mortem was carried out) they were shown to have had highly dubious elements for many years!.... and who audited both those banks.... KPMG... and who by chance was the Senior Partner of KPMG.... Oh yes.... Mr John Griffith Jones the subsequently appointed CHAIRMAN of the FCA..... The regulator of the Banks....

- Independence... what independence? --- NONE. ---
- Credibility... what credibility? --- NONE. ---
- Probity... what probity? --- NONE. ---
- Honesty... what honesty? --- NONE. ---
- Integrity.... Don't be daft! --- NONE. ----
- Another discreditable City stitch up that sees the Regulator fail to regulate... An obviously rogue supplicant regulator both by leadership and observable function. The proof lies at your feet, you walk on it everyday... it's the malaise and excrement that you have to step over and is around you everywhere.

Honestly not even "John Le Carre" could invent a plot as bitter and twisted as this in its demonstrable indecency, and this isn't fiction.... **It's the reality**..... but wait, while we are on the subject of perversions let us touch on one more...

13. The Financial Reporting Council... that exonerated KPMG auditors over HBOS the Bank that didn't have a hole in its Balance Sheet nor any Fraudulent activity until 6 people went to jail for 46.5 years....!

The Auditors regulator..... The Financial Reporting Council whose Chairman is of course Sir Winfried Bischoff, that trusted old City grandee who is currently Chairman of JP Morgan Securities plc., but more pertinent to this tale of woe.... is the former Chairman of Lloyds Banking Group from 2009 till 2014. Lloyds Banking Group that took over HBOS, which due to an enormous black hole in its balance sheet nearly took the enlarged group down into bankruptcy. And who were HBOS auditors? KPMG... and who was the Senior partner of KPMG... none other than the aforementioned Mr John Griffith-Jones, who was subsequently appointed Chairman of the FCA...

Now curiously given that HBOS was spectacularly compromised at the time it was taken over, KPMG the former HBOS auditors were found entirely innocent of any connected failings in their auditing work by their own regulatory body, **The Financial Reporting Council** whose chairman we remind ourselves just happened to be the now former Chairman of Lloyds Banking Group, Sir Winfried Bischoff, who had become Chairman of Lloyds following the takeover of HBOS.... Who now as Chairman of **The Financial Reporting Council** didn't want any scandal to attach itself to the Bank he was formerly Chairman of, nor any controversy that might otherwise spoil his illustrious reputation by having to admit to Lloyds shareholders that they were spectacularly duped by their own board who knew at the time that HBOS had big.... VERY big Balance sheet issues and was a spectacular mistake which ruined their investment in Lloyds Bank shares, a purchase Lloyds of HBOS that could best be described as a complete "Pig in a poke."

Oh, and in respect of the HBOS Reading fraud... now part of Lloyds Banking Group, Sir Winfried Bischoff and all other senior Lloyds executives spent years frustrating Police enquiries, denying there was any fraud...because they didn't want to have to admit they had bought HBOS knowing it had an enormous hole in its balance sheet, that rendered it either worthless, or worth much less than they paid, but worse, also had an enormous fraud liability extending to multiple offices across its network. Clearly the thought of having to admit Lloyds Bank's board was rankly incompetent to their shareholders, and worse still by then had spend years covering up and denying a criminal offence, itself a criminal offence,.... was too much to contemplate.... and the associated personal humiliation associated for Sir Winfried Bischoff! No, how much better just to cover it up, deny all knowledge no matter how much damage was further done to innocent victims... Indeed for the longest time that was Lloyds attitude... What victims...?. of what crime...? the fraud, that wasn't a fraud according to Lloyds Bank Group, the fraud that wasn't a fraud that sent 6 people to jail for 46.5 years (!) And where there are further trials pending, and as of last week the National Crime Agency are now conducting a review into wider fraud allegations connected to Lloyds Banking Group itself!!

Hear no evil,... see no evil,... deny all evil,... and in the past it all just went away... because that's what the "Establishment" prefers, keep it nice and tidy, hushed up and quiet, and no harm will come to us. Of course, as noted already HBOS, wasn't an isolated case, The CO-OP Bank was audited, or more correctly, not audited properly, by KPMG who once again were found not at fault by their regulator, The Financial Reporting Council under the chairmanship of Sir Winfried Bischoff. Of course you would imagine given all the scull duggery that went on under his direction as chairman of Lloyds one imagines he must have had a slightly nervous disposition, the fear that one day the Regulator might come knocking asking inconvenient questions.... but of course he didn't because John Griffith-Jones occupied the Chairmanship of the FCA the regulator, and Mr Griffith-Jones was we remind ourselves the former senior partner of KPMG who Sir Winfried Bischoff as Chairman of the auditing regulator had found no fault in respect of the HBOS audit carried out by you remember KPMG.... How very convenient, how very "Establishment".... Bet your all a little less comfy now because....

....change is coming.... A long overdue change is coming.... Change is almost here..... The electorate, ordinary decent ethical people have had... ENOUGH.... Prime Minister..

Indeed, I can't think of a single incidence where a Company or Bank has gone spectacularly bust where the Auditors have been found to be the slightest, tiniest, weeniest, bit at fault by their Regulator.... Which begs two questions.

- What are Audits for, if they can miss such spectacular evidence time and again?
- And what is their Regulator, The Financial Reporting Council purpose, if it routinely absolves all those it is supposed to regulate and repeatedly find them free of any fault?
- Seemingly on every occasion Accountancy firms and their VERY rich Partners are "exconerated", (a deliberate Spelling mistake, that better describes the circumstance).

- There isn't a single "unsharpened pencil" anywhere in their enterprises, and by evidence, they and their firms, report to another entirely supplicant rogue regulator that doesn't regulate.... **The Financial Reporting Council.. but at what cost to society Prime Minister...? Ask the workers of Carillion or BHS or how many others where universally the auditors indicated everything was fine.**

Furthermore, and unsurprisingly a regulator whose board yet again is almost exclusively comprised of former Industry insiders, past members of Audit Accountancy firms, Banks, Legal firms etc. – A web of interconnections where peer pressure assures nothing so unseemly as actual material action is ever even contemplated, much less carried out! **Again, another supplicant rogue Regulator that doesn't regulate.**

So why have I got distracted into the Financial Reporting Council and Lloyds Bank and the HBOS frauds... Aside from being on our to do list as you know.... The substantive reason is simple... to remind you that RBS's auditors sign off the accounts each year as a full and fair representation of RBS financial condition and similarly in a related way this is also confirmed by the Bank of England who undertake stress test analysis on RBS.... So my purpose is to remind you that as stated in our 6th April letter when the true liabilities are correctly ascribed to RBS's balance sheet not only is the common equity entirely worthless but also and more importantly RBS is insolvent... and you Prime Minister and Chancellor and Bank of England Governor need to have a realistic plan in place for the inevitable point at which the Public come to share our perspective derived from the realities of the RBS GRG situation that it is quite clear is not going to go away and must be addressed. Permit me to remind you that the UK GRG liabilities alone could very conceivably top a £100bln..... And as you must know there are lots of other liabilities of similar scale elsewhere connected to RBS's GRG operations outside of the UK.

14. Another missed opportunity by the FSA to question what RBS was doing despite alarm bells ringing.... Seemingly there was no desire to stop the abuse of SME Customers..... Why and under whose instruction....?

So, returning to RBS's financing of assets through these SPV's and why these actions were so materially beneficial to balance sheet constrained, capital deficient RBS.

The ability to create capital readily explains why aside from shrinking its balance sheet by ridding itself of SME loans quickly, not to mention all the fees and other charges that could be generated from SME customers, made the brazen abuse of its SME customers extremely fiscally attractive and rewarding to RBS.

This explains why they utilised every pretext possible to successfully manipulate these SME customers circumstance, by whatever means, fair or foul to serve RBS's own ends, in what is just another illustration, like all the others, of a demonstrably unreasonable, perverted, yet totally "legal" activity....

Just like all the arguments and stratagems RBS and other Banks successfully deploy in the Courts time again.

Laws naïve gullible Politicians have, and continue to let RBS and all the other Banks get away with perverting..... Meanwhile, the Politicians genuinely oppressed constituents, whom they are supposed to represent, whose only crime as hard working SME business people, was to think they could actually trust RBS, or in extremis, similarly believe they could trust the Regulator, the FCA to fairly resolve their issue.... only to find that it's a Regulator that doesn't regulate.

I would draw your attention to Kevin Hollinrake MP recent Westminster Hall debate and the circumstances of two of his constituents if you want a representative example of what happens to an innocent client when it all goes wrong, who naively seeks redress via the rogue Regulator the FCA....

<https://www.parliamentlive.tv/Event/Index/51d2174f-8149-4bb9-af88-9252a3a60617> Starts at 10:59:30

So given there is no resolution to be found from the Regulator.... that just leaves the Courts... where again everyone needs to be demonstrably clear, it's not just a question of access to justice....

- Even if you can afford Court, and 99% can't, there is no fairness when you get there.
- The law has been so weighted in favour of the Banks who have then further perverted them that as the legal precedents get reinforced time and again, you stand no chance.
- Laws you Politicians passed and maintain, despite years, and now decades of endlessly recurring howls of protest and ceaselessly similar repetitive complaints,
- cries of injustice and fundamental unfairness,
- yet nothing is done, the hegemony of the Banks remains inviolate.

15. RBS GRG- Redress scheme. – A scheme of Deceit, denial and dismissal.... And all Sanctioned by the FCA where a retired old High Court Judge who should have known better has foolishly lent this duplicitous scheme his credibility.

Meanwhile as also noted before, the TSC has been deceived into believing that the RBS GRG Redress scheme is in some way legitimate because the FCA sanctioned it.... Not by any ethics, integrity, or morality I, or any common citizen would understand, is it legitimate.... For a start only a tiny fraction of the real number of cases qualify for it and of those only a tiny fraction are deemed to be worthy of its largess, largess itself so pitiful and difficult to qualify for hardly any has been allocated..... Remember follow the money, the money doesn't lie.

Like everything that has gone before the current scheme is an elaborate deception, validated, sanctioned, and maintained by a rogue regulator, the FCA,.... And the proof of that statement quite obviously lies in tangible evidence of the FCA's actions, namely sanctioning a scheme on the back of a duplicitous report that it jointly hobbled with the perpetrator of the crime RBS, from its inception.

- Then sanctioning a Redress scheme of epic deceit, denial, and intentional dismissal operated by the perpetrator of the crime.... RBS
- The permissibility of this ridiculousness is itself an obscenity, a total betrayal of trust, reason, decency and fundamentally the responsibility to safeguard the base tenants upon which the rule of law relies, and democracy depends..... but you have to be a victim to understand that with clarity.

In short this whole episode is a stain on Parliament and Governmental democracy, that "reasonableness," the cornerstone of our laws, and civil society could be permitted to be so demonstrably abused, dismissed and cast aside, with hard working citizens rights cast away to the expediency of a bailed out bankrupt Bank and a few immoral greedy bankers. --- **It defies decency and it has to end.**

There is one last thing we should consider in respect of all of these shenanigans connected to the FCA and its forerunner institution the FSA highlighting their total ineptitude and incompetence in failing to consider the bigger picture. Or perhaps it proves my point about Governmental collusion....certainly the evidence we now have indicates and confirms this.

In mid 2012 following a review of GRG and WR activities the FSA determined that the SPV entities RBS was using to buy assets were indeed “related assets” of the Bank, and as such the capital requirement should be 25% not the 8% RBS allocated to them, or an increase of more than 3 times the amount of capital previously assigned to these assets or £500m (which ironically gives you an idea of the amount of additional monies RBS would have temporarily required to support their Customers in these loans). RBS realised this would have a dramatic impact on RBS’s use of capital, capital RBS didn’t have and couldn’t spare, and from that day forth RBS began to reverse its actions out of necessity.

This action by the FSA heaped irony on irony, illogical thinking on illogical action, because in taking this decision the FSA failed to consider how and why this circumstance had occurred, and what the implications could possibly be for victims, the former owners of these assets. The FSA just shut their eyes to any and all the evidence they were addressing and its wider context, considering nothing beyond the immediate capital issue. This was yet another opportunity to consider the myriad of customer complaints into this circumstance, but was ignored, and seemingly intentionally missed by the FSA.

I offer my acknowledgement and thanks to Buzzfeed and their excellent “Dash for Cash” award winning article, and its associated links to information utilised below:

Here is the article is you haven’t read it previously:

https://www.buzzfeed.com/heidiblake/dash-for-cash?utm_term=.pggBVGJJo#.knAOomoYL

FSA letter:

<https://www.documentcloud.org/documents/3127447-FSA-Review-of-GRG-Credit-Decisions-and.html>

RBS GRG internal minutes doc recognising Capital issues:

<https://www.documentcloud.org/documents/3127449-Minutes-of-the-DRAC-Meeting-Held-on-27-July-2012.html#document/p11/a321208>

16. The true scale of RBS – GRG megalomania and its Property ambitions fulfilled.....

To become one of the biggest property companies in the WORLD..... Oh yes.... Yes ... Yes... RBS – GRG global empire was just that..... an EMPIRE and it was / and still is, much bigger than you know or could possibly conceive of.

This earlier document details the scale and range of the WR operation...

- If RBS – GRG’s West Register (WR) had been a publicly quoted property Company at the time, it would have been in the cluster of companies that occupied **the fifth largest UK quoted property company by assets!** It had £3.2bln of property assets squirreled away in unseen SPV’s
- – This was no Mum and Pop operation...!
- It was HUGE with 6,500 properties....
- but read about the management structure....
- There was none! This was a virtual business in every way.
- No one knew it existed (nor were they supposed to find out)
- It had no real substantive management operation.....!
- It was truly virtual and as such.... a total mess.... In that context the glib words about adding value extended no further than the computer screen they were invented on and certainly lacked all substance... as we know from first hand discussions with people involved who had no the slightest clue what to do with 6,500 diverse properties or every conceivable kind and geographical location.

BUT.....

- Who gave permission for a bailed out bankrupt Bank – RBS -- to decide to become a part time top 5 by size, UK Property company?! --
 - The entire notion is nothing short of ludicrous. ---
 - Just the proposition demonstrates, EVEN after the crash, how completely out of control, and arrogant RBS management and Board were.
 - These executives had the total gaul to think they could manage your former assets better than you....!
 - Only a bankrupt banker could have that much unjustified self-belief
 - Almost overnight with no normal parameters like finance(!) to hold these RBS Executives back, they acquired a totally irrational diverse portfolio of properties, spread across multiple jurisdictions
 - Properties they had no clue or relative experience, nor knowledge of how to manage....
 - And their strategy went against every instinct of a normal property company, related to;
 - Knowledge
 - focus,
 - specialisation,
 - and excellence.
 - RBS – GRG WR were geographically everywhere, and in everything.
- What is really stunning is that I have evidenced that RBS had property assets of £3.2bln which made them the equivalent of the 5th largest quoted property company in the UK.....
- BUT this was not the real number at ALL..... THE REAL AMOUNT was a multiple bigger than this....
- RBS had speculative global property assets that dwarfed the £3.2bln the UK, that the FSA Regulator could see....
- The £3.2bln in the UK was the proverbial tip of the iceberg of their entirely speculatively held property EMPIRE all predicated on a rise in global property asset prices.....
- The very property assets RBS had acquired by asset stripping their former customers.
- In global terms RBS's speculative Property empire was FAR LARGER than the largest UK property company by a country mile....
- It wasn't HUGE, it was HUMUNGOUS.... and all predicated on rising property asset prices, the very sector that they were publicly decreasing their loan book in, while throwing countless customers to the wolves and crows,.....
- Yet unseen using off balance sheet SPV vehicles they were privately speculatively committing many, many billions to.
- TSC with the greatest of respect.... You simply haven't got a clue.... As I have told you before, over other matters, you've been led a merry dance, and been made to look like abject fools and idiots by these RBS Executives who as I have set out before have no compunction in habitually deceiving you, dissembling you and... They didn't just lie to you, they didn't remotely tell you the truth... but as you may slowly be beginning to realise, that's the very least of what should concern you, because.....

- All of this was done on taxpayer funded Bailout money...
 - What would the UK taxpayer think of this speculative nonsense done with their cash?
 - I would imagine that they wouldn't be particularly pleased with RBS... nor with the APA or UKFI which as we know is the Treasury and Government.
 - This was of course all being done with UK tax payers £45 bln equity funding and their £286 bln of guarantee funding all unbeknown to them while they suffered endless rounds of unnecessary further austerity..... Not an easy one to explain me thinks..... and all this from Executives of a Bank that had....
 - RBS had already proved themselves unable to run a Banking business and gone bust.....
 - What hope did they have in the unrelated field of property, with no core knowledge and expertise?
 - And don't tell me that financing property deals gave them the relevant knowledge to run a property business... As they arrogantly and conceitedly suggested in their internal propaganda.
 - It's a bit like asking the mechanic of a Formula One car to drive the thing, and set a qualifying lap time, because nominally he's familiar with the car.... He would crash at the first corner, and apparently so did RBS-GRG... They admit to losing money!!!
 - So what will Taxpayers think about that and the Governments management of RBS and all this ludicrousness that at its heart was not only madness but only came about as a function of a GOVERNMENT backed policy to asset strip SME customers as they publicly down sized RBS Balance sheet, itself a ludicrous action but at the cost of BANKRUPTING all these former owners of these assets and innumerable others besides..... I
 - Its quite simply HEINOUS.....and
 - Again, it's all completely UNBELEIVEBALE..... accept its true.
 - But is this unbelievable really.....???

<https://www.documentcloud.org/documents/3127462-WR-Audit-Report.html#document/p2/a321184>

and here is the document that acknowledges the capital hit to the RBS group balance sheet.

<https://www.documentcloud.org/documents/3127448-FSA-Review-of-West-Register-Property.html>

It was more than another year before the Tomlinson report finally provoked the newly formed FCA into action, and the launch of the enquiry that led to this S166 Promontory Report. --- Itself a totally compromised piece of work, intentionally hobbled in design from inception by the FCA and RBS, that bares no comparison with a proper....

- open transparent "Best Practise" Enquiry,
- Independently carried out by truly autonomous third parties,
- reporting to a completely devolved entity, entirely separate from the compromised Regulator.
- An otherwise complicit rogue regulator,
- and a corrupt immoral bankrupt Bank - RBS.

Indeed, RBS now claim to have made an overall loss on the asset purchases into WR from its former customers, though that claim needs very careful examination, because who knows what costs and other distortions RBS has applied to sustain this assertion.... That point made, it also demonstrates that....

- RBS are not only intrinsically poor bankers (they did go spectacularly bust destroying all the shareholder funds including the £12bln raised by way of a right issue just 7 months before!)

- RBS are clearly even worse businessmen than they are bankers which is not a very high bar by evidence (!) because after buying a former customers asset at a distressed price, they now claim they couldn't even turn a profit on their subsequent sale in a property market that was by now rising!
- Yes, they really are that inept! --

If.... it is true that RBS lost money on these WR assets it conclusively illustrates that the original owners of the assets were better managers and proprietors of them, and should have been assisted to continue to run their businesses just as RBS was itself bailed out by tax payers, because it would have been better overall value for RBS, and its shareholders (the taxpaying public) and obviously better for the customers too!

- And one rather suspects that the Customers would have been infinitely more motivated to minimise losses motivated by the prospect of retaining some of their capital if not all versus being wiped out by RBS and their army of assistants; insolvency experts; valuers; accountants; lawyers; In short the full panoply of avaricious fee earners who gorge on the carcass of a formerly viable business with no care beyond ensuring that they got at least their share and preferably more.

17. The Treasury mandated and authorised RBS to attack the very SME Taxpayers who had contributed to rescuing the Bank!

Two other totally perverse and outrageous actions stem from this affair.

In the context of the GRG victims, the Government underwrote through the APA, utilising the full faith guarantee of Taxpayers funds, £286 bln worth, or 90% of further losses beyond the first 10% which RBS had to meet covering therefore circa £325bln of loans that RBS was concerned about.

The Government, the APA, and UKFI, and who knows which other branches of the Treasury, as noted in the Times Newspaper article (previously sited above), then proceeded to encourage RBS to actively engage in the fiscal assault of its SME customers using its GRG division.

- In effect the Treasury used its powers of influence, to authorise...
- A State sponsored assault of its own Taxpayers, the very same taxpayer who in part were providing the guarantee that RBS relied upon to mitigate it from any losses related to the loans in part associated with these very same customers whose businesses RBS was busy asset stripping...
 - I honestly can't think of a more immoral heinous circular event, its totally perverse and Outrageous in extremis!
- Worse still, taxpayers who had also funded the initial and subsequent bail out of RBS were then assaulted into bankruptcy and destitution, and in some cases oppressed into suicide, by a Bank which incentivised its employees to asset strip their Customers and according to Bank operational manuals were to send out "Victory Emails." All this done to the very people who as taxpayers had help fund these RBS employees to keep their jobs!
- And we are reminded that the best the Chairman and CEO can offer by way of apology even now is the contemptuous purposefully calculated legally nebulous allusion.... *"We did not get this right; We did not treat our customers well; We did not do a good job with these customers,"* each variant being in context a monstrous contempt of decency; each a further assault intentionally perpetrated on the victims; each use a further confirmation of a total lack of sincerity, morality, or ethics, displaying not a single atom of the required "exact integrity."

The customers perspective and general despair was recognised by Promontory in its report..... Promontory while addressing customer perception and concern summed the circumstance up in 5.1.71. *Many of them (customers) were left with the perception that their business was put into liquidation, and that WR acquired a property from the liquidator and would now make a profit on its sale. They regarded this as a profit denied to them, but which would have come their way if the Bank had not decided to terminate its support for them and decided instead to support its own subsidiary in, inherently, the same enterprise.*

Government and the Treasury actively sponsored, encouraged, and promoted through its agents, the APA and UKFI, to actively aid and abet the wilful destruction of countless SME customers – by RBS. While RBS used the very same Taxpayer guarantees to safeguard RBS against loss from these actions against customers. IT simply does not bare thinking about in a modern western democratic state, and then nothing is done because the rule of law has been so compromised that all of this is in fact LEGAL.... God save us.

Guarantees that as noted above, ordinary Taxpayers including the GRG victims of RBS funded... Completely immoral and perverse as noted, and as I noted in my Letter of 20th March when discussing Ordinary Tax Payers reaction to what the Board of RBS did in their name declared none would sanction it, rather it would fill them with revulsion.

- No wonder the FCA and all other institutions of Government have been so active in frustrating the open discussion and resolution of this most appalling Government promoted assault on its very own citizens and tax payers.
- And contrary to the partisan claims of the Promontory report, for the most part these weren't "zombie" enterprises as they have been derogatorily branded referred to and described.
 - The reality was that these were mainly solid SME businesses, but like all others traversing through a Bank induced recession, the most powerful upheaval since the 1930's, 8 decades before.....
- They were struggling, every business was, but for the most part the majority would have survived to tell the tale, however they often had another Bank induced problem....
- The most common issue that so compromised these businesses were swaps and other highly profitable financial products that RBS had insisted SME customers buy as part of the conditions of lending these businesses moneys they required in order to operate or expand.
- In reality many of the financial issues the SME Customers had, that compromised their businesses, related to the injudicious sales practises of ethically compromised, greedy bankers, incentivised by RBS to sell and burden their customers with completely unsuitable products they would have been far better off without.
- It was not the ability or lack thereof of the Customers to successfully run their businesses as is so frequently portrayed, but the actions of RBS both prior to and during their time in GRG.

Indeed, don't take my word for this or commentary, read what Promontory wrote and remember this is from a very Partisan Report as I have amply illustrated,.. nevertheless in points 1.85 – 1.89 (pg 26 & 27)

We identified significant shortcomings in the manner in which GRG treated turnaround issues in practice. Whilst the issues raised were often very specific to the circumstances of the individual case, the main issues we observed can be grouped under five headings:

- *Delays in transfer impacting turnaround options;*
- *Viability studies were absent from most cases;*
- *A focus on pricing and debt reduction not turnaround;*
- *A reluctance to consider customer proposals; and*
- ***A lack of appreciation of the impact of Interest Rate Hedging Product ("IRHP") agreements.***

*Promontory continues in We also found that notwithstanding its stated objectives, GRG placed little emphasis on Turnaround..... There was in practice **little focus on returning customers to financial health and mainstream banking through genuine business restructuring.***

*Overall, we conclude **that SME businesses within GRG were not supported in a manner that was consistent with good turnaround practice** We conclude that this should be considered inappropriate treatment of the customers concerned and that **this inappropriate treatment was widespread throughout the Relevant Period.** That this inappropriate treatment occurred, **and occurred on a widespread basis, is perhaps not surprising given the limited management focus on 'turnaround' across the Relevant Period.** Accordingly, the failings we report we also view as systematic because that inappropriate treatment resulted amongst other things from:*

- ***GRG prioritising its commercial objective at the expense of turnaround objectives; and***
- ***The failure to put in place adequate and appropriate safeguards to ensure that the turnaround objective was given due weight in GRG's day-to-day interactions with its SME customers.***

The stark reality was that there was more money for RBS in most cases from Asset Stripping SME customers and burdening them with enormous and outrageous fees that had everything to do with EXTORTION and nothing to do with assisting a Company to survive, much less a professional approach consistent with making a genuine effort to assist the customer to turn their enterprise around..... And all of this was done as RBS and its current and former executives are so keen for us to formerly discover, was done under the instruction and with the encouragement of the APA & UKFI, and in turn the Treasury and presumably Ministers. -- As already noted asset stripping and the money it generated was RBS's true and primary priority.

Of course what the Treasury should have done, via the APA, when giving RBS a blanket guarantee against losses (beyond the first 10% on these assets), was to demand that RBS devolve the guarantee down to the customer loans, and thus protected this huge installed economically productive slice of the economy, rather than seeing to and actively participating in its wilful annihilation, and the consequential wider destruction caused by the knock on effect into other healthy business's, that got dragged down as a consequence of these SME's being unnecessarily pushed into insolvency, and in turn not paying their creditors.

Of course all will validate their past actions now as necessary and reasoned, and declare this as a "hair brained" nonsense, that could not be done, nor would have been beneficial, or solved the problem at the time.....

My answer to that is of course "poppycock," and the proof is supplied ironically as ever by the Government and Treasury, because that was exactly what it attempted to structurally achieve with the EFG scheme! To encourage and promote small enterprise borrowing, and facilitate access to growth funding by guaranteeing the loans, using the Banks as their conduit and agent!

- Of course the Banks being banks could not resist the temptation to pervert the intended scheme manipulating it to their own benefit and ends. Very quickly, in large measure the excellent and laudable ambitions of the EFG scheme were substantially manipulated to the Banks own advantage, by recycling existing old unprotected loans into new compliant Govt guaranteed ones, within and the now protected EFG scheme! –
- Hardly what the Government really intended but Banks will be Banks... **Especially if you don't REGULATE them.....**
 - Banks need strong fearless regulation with teeth, and the overt intention to bite first and ask question later.

- Only then will the Senior executives see it as in their self-interest to behave ethically.
- Else the profit motive and the lure and temptation to cheat and cut corners in pursuit of the corporate profit motive, and those immense incentive salaries and bonuses means they can't but revert to type...
 - You have to be pro-active if you want Banks to be honest,
 - Re-active as now, is observably, to late and too difficult....
 - Even kids know that spilt milk doesn't go back in a bottle!

How much easier and more productive would it have been to protect existing enterprises (where viable), which had the immense benefit of existing ongoing momentum, order books, customers, infrastructure, facilities, loyal employees, along with proven ability, and trading impetus. Rather than in contrast take all the start up risks of funding new businesses that had none of these valuable traits, where the additional risk profile of creating an entirely new enterprise with no management track record, scale, orders, or trading history. The entire proposition was a complete no brainer, it wasn't even a decision.

The single action of passing down the guarantee where appropriate or simply instructing RBS not to adversely touch these businesses other than where strictly necessary, **would not only have prevented a huge drag on the economy, but safeguarded it, and then in time led to an earlier and faster recovery.**

All these SME businesses would have remained intact, paying their taxes, employing people, and avoiding the further impact that every failed business inevitably had on otherwise healthy businesses, who themselves were frequently put into financial crisis or bankruptcy by the unpaid invoices, debts and cashflow issues stemming from formerly viable companies now liquidated to RBS's narrow selfish benefit.

- --- The entire story is again indescribably tragic, unreasonable and totally perverse.

18. How RBS actions made an already oversupplied Property Market even worse, intentionally forcing down prices and triggering yet more LTV covenants. Creating a further supply of Customer businesses for RBS to asset strip or burden with unreasonable fees that had nothing to do with turn around assistance, but everything to do with excess profits for RBS

The final completely ridiculous and perverse element was that the downward valuations the Bank used to force the LTV covenants were against the backdrop of an already abnormally depressed market, where the Bank foreclosing on customers only served to place more supply into a market already suffering from oversupply and lack of demand.

- Caused principally by the actions and failures of the financial community.
- Remember this was a financial induced crisis, not an economic one.

Obviously actively forcing more property onto a depressed market could only compound the total problem to everyone's detriment and nobodies benefit, ironically in the big picture to the Government and RBS's certain harm and detriment.

- **Every time RBS further depressed the property market they undermined all their existing asset lending in a self-defeating spiral that taken to its logical extreme would have undermined every property loan they held on their books. –**
 - Again when you're an over dominant player in the market you become the market and your actions define it.
 - In that context RBS actions were self-defeating, illogical and fiscally dangerous, and intellectually incontinent.
- Let alone the further unnecessary economic malaise that RBS's actions then burdened Society with as a whole.

Free market pricing and price determination works perfectly according to economic theory when the required pre-conditions for it are present,...

- a reasoned number of interested parties for diversity, and balance between, buyers and sellers,
- a reasoned balance between available supply and demand,
- and the all important, ready availability of credit financing, especially vital in the modern leveraged economy.

However, as any Economist will tell you, if any single one of these required components isn't present, or if it is significantly out of balance then...

- reasonable orderly and efficient price determination..... goes out the window.
- At that point all markets of whatever type are inefficient, and proper price discovery and determination becomes grossly inefficient, and
- incredibly poor at recognising intrinsic value in downside markets,
- markets become irrational and ruled by fear and inhibition, especially if there is a belief in further price declines. Hence the expression – No one wants, "to catch a falling knife." --
- All markets in this circumstance operate at a much more base level, where price is determined by the few remaining speculative participants.
 - Where limited liquidity constraints determine price outcomes,
 - This has nothing to do with efficient price determination, not even intrinsic value ---
 - Price determination is then the preserve of "bottom feeders" and their available cash. –
 - It has nothing whatsoever to do with fair pricing.....
 - At this point, all market pricing is observably inefficient.

It was therefore totally perverse for the Government to allow, much less encouraged RBS to treat its SME customers in this way, because as noted elsewhere, it ran completely contrary to its "right handed" efforts to reflate the economy.

Further it was completely contrary to the rational that had been used to justify the necessity of saving the Banks, and bailing them out with total peak at risk funding of £1,162 bln....! = to nearly 75% of annual UK GDP!

- To prevent the contagion spreading into the real economy.... (I have already set out the irrefutable link between house prices and economic activity, and the critical psychological effect on sentiment).
- Yet here was the Government aiding, abetting and demanding RBS undertake actions that ran completely contrary to this primary position....

- This was an intellectually inept, dangerous policy decision that had only a single possible outcome, negativity for Customers and Society alike.
- **An action that Government had already sanctioned in the context of bailing out the Banks as unimaginable and totally unacceptable, and had therefore at its peak, invested more than £1,162 bln of taxpayers money in different forms trying to avoid this very outcome, that it then instructed RBS to pursue. – Madness --**
- The scale of the economic and social costs if one or more major UK banks had collapsed is difficult to envision. The support provided to the banks was therefore justified,
 - The National Audit Office described it thus; “The scale of the economic and social costs if one or more major banks had collapsed is difficult to envision. The Support provided to the banks was therefore justified...”
- **To be a 110% clear Government bailed out the Banks expressly to Keep the economy supplied with CREDIT –That was the sole reason..... To ensure the *economy had the necessary credit / loans to prevent exactly what happened to RBS GRG Customers being the universal experience....***
- For Government to then sanction and actively encourage RBS, the dominant supplier of credit into the SME sector, with a circa 35 - 40% market share, a sector that was itself more than half the UK economy, is beyond recklessly stupid. It was unconscionable idiocy.
 - --- It was an act of total recklessness, and obviously contrary to all logic. ---

We have already explored in detail Government confounding its own Macro economic ambitions, however allied to that point is the related madness of the Banks in general, and specifically RBS, undermining their own asset base upon which their Balance Sheet depended, was a similarly inept piece of madness. This would have been daft in “good” or “normal market conditions,” but in the worst for a generation was obviously self-defeating unadulterated incompetence and stupidity.

The very actions that unnecessarily and irretrievably decimated the individual GRG customer, also hurt every taxpayer and consumer by making the recession last longer, making it deeper than was ever necessary.

- Worst of all this was a 100% foreseeable, indeed many respected economists screamed at the Government to think and act in a broader less dogmatic narrow focused singular approach.
- The irony being that as markets fall they create their own resistance mechanism because the further they fall the more “value distortion” is created, to an extreme point where they create value buyers.... desirous of taking advantage of extreme or absurd levels of value.
- Effectively it becomes exponentially harder for a market to fall further, and the resistance to further falls becomes greater the lower you go, as long as your already below intrinsic value, to a point that as long as there is available liquidity, markets simply can’t nor won’t go further down.
- Markets self-create their own floor due to the value they now represent.

In context this demonstrates that locking the stable door after the horse had left (markets had fallen) made no beneficial sense...

- other than for RBS’s illegitimate perverse self-interest, the desire to rebuild its balance sheet using mis-appropriated former customer assets to do it with.
- and to shrink its loan book as fast as possible which is the other component of bringing your capital into line, especially when as then, there was no willingness to supply more capital regardless of the absolute logical and obviously intelligent resolution to the problem that this was
- and also was a resolution that apart from being beneficial to all, would have been far cheaper for Government as I have previously set out.

Further quite obviously RBS's actions also prevented the horse (the customer) getting back into its stable (his assets) because they were now gone to the loss and cost of everyone.....

I think at this point after so much theory it might be highly instructional to set this out in an a case study..... just as Promontory did.....

I have chosen the Nurse whom I wrote of in 06 April letter. You can argue that this is not a random case, however I would counter that until she rose and spoke at the meeting on 18 January following the previous H of C debate I had never heard of, nor met her before, and anyone of the attendees that day could have stood up and spoken, so to that extent she is as random as I can possibly conceive of.... and I didn't actually know of the full details of her case until I spoke to her two days ago..... So its not contrived, its fair, but entirely revelatory and illustrative of so many others.....

19. CASE STUDY..... The Nurse.

Case Background:

- She had 9 rental properties 5 of which were pre-existing, but refinanced to RBS in late 2007 on 5 year loans, purchasing 4 more with 15 year loans progressively over a number of years from 2007 onwards to 2012.
- The first 5 properties were financed with 5 year loans (£335k), while the later 4 were financed with 15 year loans (£300k) total £635k.
- In 2012 the total debt outstanding was circa £635k against an appraised RICS valuation for the Bank (so conservative in nature) in total of circa £930k for all 9 properties implying equity at that time of £295k
- She is not aware of any LTV covenant attached to her loan conditions, and this scenario appears to have played no part in unfolding events on this occasion, unlike so many other customers, as she is definitive that LTV issues were never mentioned by RBS as a reason.

Rental Income:

- Dependent on occupancy the Max income (everything occupied) was circa £52k pa – While a very conservative income number was about £35k pa reflecting vacancies and refurbishment gaps etc. The realistic median income therefore probably lay between the two figures at circa £42k pa. Her income was relatively more secure as most of the properties were relatively cheap rents let to local authority tenants, where the Local authority was responsible for payment as some tenants were not able to manage their affairs, while others did, but in all cases were L.A. funded bar one.
- This Nurse reflecting her altruistic and caring morality had intentionally specialised in renting her properties to the dispossessed in society, where many others wouldn't, often formerly homeless people, or others suffering from the full range of difficulties and issues that the Local Authority had responsibility to house, and struggled to find high quality accommodation for.
 - And don't think these houses were "dives" - they weren't. They met the Local Authority monitored standards for accommodation – far higher than private tenancy – so much so, that one of the Local Authority homeless unit's member of staff, was a private tenant out of choice!

Interest Coverage:

- The loans were interest only with an annual servicing cost at that time of a little over £14k per year. – At the lowest income level of £35k she was about 2x interest covered and at the likely median income of £42k x3 interest covered.

Bank notice of Loan termination:

- She freely admits that RBS did give her nearly 12 months notice when the first 5 year loan was falling due, notifying her that RBS did not wish to continue to fund her loans, and that RBS would be seeking full repayment of the 5 year loans when they fell due, totalling £335k. For whatever reason she did not react believing that this was just a negotiating tactic, as indicated by the local manager, and what RBS really wanted was a higher interest margin on her loans, which within reasonable levels she was prepared to pay, and said so.

Repossession:

- In any event in March 2013 having failed to repay the Bank all the properties were repossessed, with the Bank utilising its cross-collateralisation clause to take control of the 4 more recently purchased properties on 15 year loans as well.
- All 9 properties were put into receivership with debts of circa £635k (being the original total loan amounts). Of course, professional fees would have considerably added to the £635k amount.

Attempt to reach a settlement with the Bank:

- Sometime later toward the end of 2013 / early 2014 having finally found a competent Solicitor to represent her (most are conflicted out) the Solicitor managed to negotiate a deal with the Bank, that if the Nurse could find new external financing from another Bank, then she could take back the entire portfolio of properties for a total sum of £503k.
- This would have implied a loss to the Bank of £132k + professional costs to that date, which by then were estimated to have cost circa £50k. Or a total loss to the Bank at that point of circa £180k +/-.
- Unfortunately, with the properties in receivership, and very few lenders in the market place even in early 2014, she was unable to find a lender willing to proceed even with considerable professional mortgage broker assistance.
- The principal issue related to the portfolio being in receivership. This had a negative stain on events as no other bank wanted to take on what were otherwise considered / perceived to be the original banks "problem loans" even though in reality they weren't. Even though the Nurse's credit scoring was not an issue, as she had never missed a single mortgage payment, having an exemplary record, but now as a consequence of RBS actions she had of course to disclose to would be lenders that the properties were currently in receivership and this ended all discussions. (A common problem in today's automated world where no one wants to listen to the story and reality that sits behind the stark facts).

So what happened next:

- Progressively over the ensuing period the Receivers gradually liquidated the portfolio with the first sales in mid 2015 and the last two properties awaiting final sale even now, in mid 2018, though with reasonably assured likely sales receipts now allocated and expected as set out in docs submitted to the Court supplied by the Receiver.
- The outcome figures suggest gross receipts of £673k including some small run off rental receipts versus original loans of £635k.
- However, RBS have incurred charges for: Legal fees connected to the property sales; Disbursements; Receivership fees; Management fees; Agents fees; Vat; and Insurance, totalling to date £159k (and will increase modestly further in final conclusion).

Profit / Loss Account on Sale of Properties:

- So on a net level relative to the original loans of £635k RBS - GRG have lost £121k or around 19% of the original loans.
- But of course its far worse than that, because RBS have incurred carry costs. If we say the average receipts from sale were achieved in mid 2016 then RBS has incurred carry costs for 3.25 years of circa £14k per year for a blended average cost of £46k.
- Other costs related to the initial receivership etc could easily be another £20k while it has been suggested to her that RBS final cost in closure could easily be another £20k, but as yet RBS has not formerly provided any indication, despite being requested to do so for submission to the Court, which would make a total loss of circa £207k, or imply that in the final analysis RBS have lost around 33% of the original loaned amount of £635k.....

•

N.B. I can't be 100% accurate about these figures as RBS and the Receivers won't supply any absolute numbers, but from what they have supplied for submissions to the Court connected with her bankruptcy case for non-payment of the related Council Tax on these properties, we know these numbers are in the ballpark. As noted it's the final figure RBS refuse to indicate at the current time, so again we can only utilise a conservative estimate, recognising it could be much higher.... its unknown currently.

OUTCOME:

- In resolution RBS has lost circa £207k or 33% on what were "good" loans totalling £635k where to the point of repossession, no interest payments had been late or missed by the Nurse.
 - Of course, the fully funded loss to include RBS's own costs will be far higher than this, certainly another 10%, but I have no way of knowing what that is, or how RBS account for it. – I have only used numbers I know, or can be reasonably certain of, however the reality is certainly a far greater total loss, and related impairment charge to RBS's P+L, RBS's capital, Shareholders funds – Taxpayer monies.
- We should not forget that only the 5 year loans had expired, not the 15 year loans, but the use of the cross collateralisation clause **allowed RBS to call all the loans.**
- Of course, this was RBS's intention and strategy as it "legally" allowed them to get **all** the money they had loaned her back, even though at that time £300k of it still had a blended average maturity of another 12.3 years! – Sharp practise or what? --- **But of course all 100% legal.....**
 - Do you begin to understand just how indecent RBS are in behaviour? Further this illustrates precisely how the LAW has been so completely subverted by the banks to their own ends, **and as a consequence the law is now totally perverted, to such an extent that it oppresses the innocent, rather than protecting them as this circumstance shows.**

This is yet another illustration of why any effective redress scheme can NEVER work on the basis of what is "legal." It has to work on what was "REASONABLE" as previously stated, but this example shows why that is absolutely vital, and entirely necessary. The law is no longer reasonable and as such its utility to balance and achieve justice is entirely compromised. – Another vital matter for you to address. --

- As a final comment it also highlights why there are so few successful claimants under the existing RBS redress scheme more aptly characterised by me as the Deceit, Denial and Dismissal scheme -
- --- Again this HAS TO CHANGE.--- The RBS- GRG redress scheme must be closed, as its simply a fraud, and not fit for purpose, a stain on all involved with it, but most especially the old retired High Court Judge who should be mindful that it is predicated on the S166 Report, whose credibility is now destroyed.

- All this on Loans that were fully Up-To-Date, where no payments had been missed, EVER.
- Had the Bank simply extended the loans as originally promised as conceived when taken out, **then today RBS shareholders would have no loss**, and in contrast would have made a normal banking profit on their interest margin.
 - Still having a solid loan / asset on RBS's balance sheet, and a happy customer doing further business with RBS.
- Indeed, as the Nurse has repeatedly told me, and RBS at the time, she was fully prepared to accept a reasonable increase in the interest margin to make the loan more attractive to RBS.
- As the figures have shown, she could have afforded to pay considerably higher interest because her free cash flow net of costs was conservatively more than x3 her income and at least x2 her then interest costs on a worst case scenario.
- The reality was that this might not have been the best loan on RBS's books, but it was perfectly viable and acceptable loan, and there was no need... **"to fix what wasn't broken"**, especially where there was a willingness to accept a reasoned increase in RBS's interest margin to make the loan more attractive to RBS.

FINAL ANALYSIS:

- Because of an idiotic decision taken in Whitehall by the Treasury, delivered via its affiliates the APA and UKFI and implemented by RBS management to ludicrously shrink RBS's balance sheet, an action 100% contrary to the Government espoused reason for bailing out the Banks on which taxpayers incurred peak liabilities of £1,162bln. An action of immense cost all done to expressly ensure the availability of credit to the economy.
- Despite this RBS-GRG blindly and needlessly withdrew access to credit that this customer required, foreclosing on her loans, creating a loss of at least £207k on loans of £635k or 33% where there need have been NO LOSS at all accruing to RBS shareholders as now.
- Obviously, this was done to the palpable detriment of RBS's balance sheet, and its shareholder value beyond. Worse still it foreseeably persecuted an innocent Taxpayer in the process, to suicidal despair at times, in her desperation, shame, frustration, and anger at the total futility of being so needlessly ruined and humiliated by RBS, everyone knew of her circumstance.
- All of this done by a bank that had courted her business in the good times, and had now flung her to the wolves and crows in the bank's bad times.
- A bank and its employees she had contributed to re-capitalising, like all taxpayers, for the greater good of society, to ensure just these actions didn't happen, that credit remained available to the economy, and ensuring that these RBS employees remained in their jobs, paying their bills, looking after their families,.... **in a way she no longer could.**
- Only to have these RBS employees now ruin her financially, and if that was not sufficient, insult heaped on insult...
- To now ultimately be made bankrupt by her Local Authority for non-payment of Council Tax on properties she no longer owned or controlled, because RBS and their Receivers had cynically and intentionally failed to take the properties out of her name, because they didn't want to incur the Council tax payments, preferring to see her held responsible for them!! –
- Its just business... don't take it personally....
- Needless unjustified Bankruptcy is personal....VERY PERSONAL.
- But there is one more sting in this tale of despicable and disgraceful behaviour.... Not only did the RBS ruin this entirely upstanding decent member of society, who was the last person a decent law abiding Society should harm, much less actively and knowingly attack...
- But RBS's actions ended up evicting all her tenants, formerly homeless people, former inmates recently released from jail, and every other kind of person suffering from social deprivation who was trying to get their own lives back on track with the aid and assistance of this Nurse, only to find

themselves back on the streets, or placed into inappropriate temporary B&B short term accommodation. –

- Shame heaped on shame RBS.

Prime Minister, Rt. Hon. Theresa May MP, - Chancellor, Rt. Hon. Philip Hammond MP, Chairwoman of the Treasury Select Committee Nicky Morgan MP, and all the other individual members of the Treasury Select Committee, and indeed all other Members of Parliament of whatever political persuasion.

Addressing each of you now as an individual, a fellow mortal human being, of no greater or lesser merit than the next, or in this case the nurse and her like, who without doubt you or someone you hold dear, will one day depend on to assure and protect your most prized possession.... your health:

Assuming you retain an ounce of morality, ethics, and integrity in your politically cynical bodies, everyone of you must recognise that this is a completely intolerable circumstance that makes no logical sense, is fundamentally immoral, **and as such completely toxic**. Consequently, I respectfully suggest that you must act and secure an independent enquiry with immediate provision for full independent compensation and restitution to include generous and full consequential losses, as part of this process as I set out in my requested commitments and expectations at the end of the letter addressed to you all, and sent on 6 April 2018.

If not, it is for you and your consciences to question your own “Exact Integrity,” because yet again to quote Edmond Burke:

“The only thing necessary for the triumph of evil, is for good men to do nothing.

Those who don't know history are destined to repeat it.

Nobody made a greater mistake than he who did nothing, because he could do only a little.”

RBS harmed itself, and its shareholders value, (the taxpayers) losing circa 33% of the loan value in a totally futile action that wiped out by independent RICS valuation dated between April 2007 and August 2008, more than £295k of equity, now in 2018 a higher number still, ruined and devastated the life of this customer, a nurse, and now as explained in a final insult, is seeing her made bankrupt.

Let me be concise and clear.... **This is unacceptable, on any, and every level that is humane, decent, or reasonable.**

- There is no justification nor explanation that could ever validate these actions in a civil society.
- Much less by a bailed out bankrupt bank, - RBS, a bank that is majority owned by the taxpaying public, who have poured money into it on the Political promise that it was necessary to maintain lending and credit within the economy.
- **This circumstance was, and is both vindictive and unjustifiable.**

It illustrates and proves the other contentions I have made elsewhere in this, and my other letters beyond a shadow of doubt.

HOWEVER PRIME MINISTER.....

You have a problem..... A direct, and timely problem.... And it is this. This lady is going to be made bankrupt unless you do as we have most reasonably requested in full, launch a Best Practise compliant Public Enquiry, and ask the Courts for a cessation of all ongoing Legal cases until such time as the Public Enquiry has independently addressed and brought forth resolutions that address these matters.

Furthermore, in a brief moment the media are going to turn this Nurse into a viral sensation the like of which you have never seen before.... because you now know, that she is about to be made bankrupt for what are the most discreditable reasons imaginable, and as previously noted her story, our story.... the RBS – GRG story can no longer be denied, and nor will it be.

You know exactly what we want, we have set it out with great clarity, and now is the time for you to decide that its in your best interests to act on absolutely EVERYTHING.... And to be clear you can't attempt to divide and rule, this nurse is a better woman than you will ever be, or could be, and she knows that as we are, she is fighting for all her fellow victims as an equal, not just her circumstance as an individual.

So Prime Minister you now think you know all about this horrendous circumstance, the irrationality of everything that has been done and the reasons why, however I have a confession to make, its not as bad as you think.... its actually worse, because the truth that I have left out until now, is that RBS have no intention of losing money...

The harsh reality is that RBS are quite “legally,” one of this Nurses creditors, and so now they want her last significant asset, the value contained in the house she and her husband jointly own, the family home, and because her husband is a retired fire fighter living on a pension, he is unable to afford to buy his wife out of her share of the house, so the family home will in all probability have to be sold to pay the debts that RBS believe she “legally” owes them, debts that all the rest of us looking at this situation dispassionately would say RBS ought by any justice that is “reasonable” to be compensating her for.....

However all of this is a 100% legal and is before the Courts as we speak..... So my question to you once again is what are you going to do about this? And the thousands of others whose cases, which whilst different in detail, follow this exact same theme of rank abuse by RBS...and total moral injustice whilst... being 100% legal at the same time.....

You should all as politicians feel the greatest possible shame that you have all permitted this situation to get so indecently out of control. It's a stain on all of you, and to quote Edmund Burke... what you haven't done.

The British people have a conscience, they know what is right, and what is wrong, what is fair, and what is not, and I rather think they won't be inclined to be led by a Prime Minister who stands idly by and continues to do nothing.

There comes a point where you can only push your luck and credibility so far, and in this circumstance I suspect your media advisors will affirm this circumstance is now well beyond the tolerance of the average decent British citizen.

(I would further advise that until I spoke to this Nurse over the last couple of days I had no idea of the media potential of her situation, and so you should understand that this is just another incident of serendipity and has nothing to do with anything that I have previously implied in my other letters).

- As regards the RBS redress scheme....
- The Nurse doesn't even qualify for the RBS redress scheme.....

- bet you didn't see that coming members of the TSC....
 - Because you have managed to delude yourselves into thinking its fair.... While we keep telling you it isn't.... and similarly I have repeatedly stated hardly anyone qualifies for it,
 - Well here is an example chosen at random!
 - While the terms of reference if you do qualify, are so narrow that hardly anyone gets compensated as proved by the numbers.
- However let us explore the reality that common decency would suggest should prevail, but of course doesn't, because we are dealing with "legality" and the "Law"(!) not "reasonableness" as we need to if this matter is ever going to be settled, and trust restored.

So finally a spot of current "day dreaming" relative to the current "legal position"

Redress / Compensation;

- I would argue that at an absolute minimum this Nurse must be returned to the condition she was in before RBS repossessed her properties.
 - I also think that a substantial payment of compensation related to impact is required, because for many victims this has been immense, and must be recognised and fairly compensated, to also reflect the enormous impact this has also had on their families. From personal knowledge it's not overly dramatic to say, it rips your soul and self confidence in life and what is right and wrong cleanout of you.

This example will inform you of the prospective cost, but also illustrate how significant the compensation bill is.... It will also unequivocally inform you why I have correctly branded the existing RBS redress scheme as a scheme of Deceit, Denial, and Dismissal.... A sham intended as a false sop to a tiny fraction of customers, so that RBS and the FCA could once again falsely claim and hoodwink you into believing that they had addressed the issue fully and fairly.

The Property market in Grimsby has not dramatically increased as it has in London and the South East so fortuitously for RBS this will somewhat decrease their liability in this case compered to others. For instance were this to have been a London case, then the prospective cost would be significantly higher reflecting the increases in property prices from trough to current.

- It is estimated that to buy the same income stream and yield on similar properties would now cost around £1m perhaps £1.1m and given that she owed £635k originally this would suggest a capital loss to the Bank of circa £365k. or as high as £465k
- Stamp duty and other legal fees prospectively payable and related advise and valuations etc would cost conservatively 5% of the total purchase price so another £50k
- Over the 5 year period, notwithstanding an increase in borrowing costs that achieving a new loan might reasonably have cost, it is fair to think that the Nurse would otherwise have still have been left with annual free cashflow of circa 15k per year which with an annual 8% return (being the standard FOS rate) would suggest a further loss of cashflow payment of £95k.
- Reimbursement of her various professional fees and other costs she has incurred over the period would add a further £40k conservatively.
- So in direct costs to return the Nurse to the position she would otherwise have been in will cost prospectively between £550k and £650k
- The combined losses RBS has already sustained of £187k which itself makes no allowance for RBS own internal costs as yet unattributed, combined with the estimated redress cost would suggests a prospective total loss for RBS shareholders of £737k to £837k which compares rather badly with the size of the original loan of £635k, and means that at a bare bones minimum, this ridiculous, idiotic, breach of decency, trust and reasoned principle, would cost RBS shareholders (UK

taxpayers) more than 116% of the total original loan that RBS could otherwise have made a normal return on capital, and expected to have been either profitably refinanced or repaid in full when the properties were re-banked elsewhere as they certainly could be now normal market conditions prevail.

- Of course, none of this allows for any form of payment for distress and trauma and mitigation which given what happened one could only imagine, out of all decency, would itself be considerable, being entirely commensurate with the pain and trauma suffered.
- Added to this would of course be some reasoned opportunity cost payment as well.... When combined altogether it is highly plausible to imagine that this compensation payment would easily top a million pound, or in total very likely conservatively equal in excess of 150% of the original loan that other than RBS's desire to withdraw from it, **including elements of it that had a further 12 years to run, and where if the blended average duration had been applied to the whole the loans would only be falling due now, or slightly later than now, puts my final observation in stark context.**

To describe this circumstance as futile is to underplay its absolute unreasonableness. I can only suggest that had you personally been through this experience, and lived with the absolute sense of waste, despair, misery and anguish, you would share this thoroughly decent Nurse's sense of complete and utter devastation, and disarray, at how she ever ended up in this position, and that at all the junctures where just an ounce of reason and reasonableness would have seen an entirely different and better outcome, even that humanity was denied her by RBS.

In conclusion it is quite clear that this Nurse has been let down in the first instance by RBS, but thereafter by the actions of the Regulator, that is entirely rogue and doesn't regulate, by the law, that actually suggests that all of this affront to decency is actually legal, and last but not least, by all you politicians who have so much power and influence, but have done nothing in resolution of this long known problem.

Stop protecting RBS and start protecting this NURSE and the thousands like her, or face the wrath of a nation that believes in fairness and "reasonableness", and rightfully expects its leaders to espouse these virtues and beliefs, and act to make them real.

Act Prime Minister, respectfully please be in the Chamber personally on this coming Thursday morning at the debate, and speak to this Nurse directly, or face the shame of not caring about her, and her like, who have suffered so unreasonably, for shame it will be if you don't.

1) **The S166 Promontory Report regrettably is extremely partisan.**

- Nowhere does The S166 Report come close to hinting of circumstances like the example above.
- Anecdotally I will tell you **they abound everywhere... But don't take my word for this, simply ask your fellow MP's about their constituency cases....** but not a hint of them appears in the partisan, biased, anodyne S166 report.....
- **One is forced to ponder whether Promontory came under pressure to cynically make the following statement, before then declaring in obvious contradiction that the numbers didn't support the statement.**
- Irrespective this is what Promontory wrote about Property cases 6.2.55. (Pg; 279); "... *We reached the conclusion that property cases were less likely to experience material financial distress than other cases. However, we also noted that nearly a half of the property cases (48.6%) we assessed as clearly not viable (Group One)....*"

- In short who knows what the truth is because as noted by other observations this S166 report doesn't by intent, and can't by design tell us, due to its manipulation from inception by the FCA and RBS. The fact that the narrative doesn't match even the factual numerical results, we know to be false, because the Royal Statistical Society Professors told us so: *"The design and analysis does not appear to be appropriate or as good as I would expect for a major value case."*
- I have also declared that Promontory have been outrageously servile in their assessment and allegations and therefore the reports numerical findings cannot be relied upon, nor trusted and sadly, but unsurprisingly much of the reports commentary is similarly biased and partisan towards those that commissioned it, but as stated you be the judge.... I have pointed to the evidence.

2) In the final submission letter (I hope) I will PROVE beyond doubt that the S166 Report is fundamentally and completely statistically compromised, in a manner that is unequivocal, although I think what I have already evidenced should undermine your confidence in the substantive findings of the S166 Promontory Report, if not a 100 percent then very nearly so.

- I have made it extremely clear, I don't blame Promontory for this, they were told what to do.
 - That said, as I have also made clear, they haven't helped their reputations in this affair either, already commented on extensively.
 - A lot of their fundamental propositions don't withstand scrutiny or intensive examination, when stressed by factual analysis its quite clear, they fall apart.
- This is fundamentally important in two critical arguments as addressed.
 - The reliability and predictability of a property market price recovery.
 - Artificially shrinking the RBS Balance sheet would have entirely predictable heinous consequences for customers, and beyond was highly detrimental to society at large deepening and prolonging the economic malaise, where in contrast a few relative small interventions could have made this outcome entirely avoidable.

But the final and most important question is still outstanding. I will now conclude by addressing is.....

20. Did RBS in common with other banks have an obligation to sustain customers and their access to credit?

Promontory to quote them in the forward xiv (page 6) decided that: *"Doubtless some customers will be disappointed that we do not find the Bank at fault for deciding it no longer wished to lend to many categories of SME customer — particularly in the property related sectors —"*

Promontory repeated this proposition elsewhere;

1.91. (Pg; 27); *We do not criticise the Bank for changing its risk appetite and willingness to lend. In particular it was not unreasonable for the Bank to determine that it no longer wished to lend to certain categories of customer.*

4.3.52, (Pg; 163) *We do not criticise the Bank for changing its risk appetite and readiness to lend. In particular, it was not unreasonable for the Bank to determine that it no longer wished to lend to categories of customer — including those in the non-core division. However, we consider that the Bank, having made that assessment and being mindful of good turnaround practice and its TCF objectives, would need to consider carefully how to execute that objective in a manner that was appropriate and minimised, as far as was practicable, the adverse impacts of its decision on the customer.*

Unsurprisingly, I find the last quote and observation the most interesting, and objective because it is the only one of the three, that shows the slightest hint of balance and equality, suggesting as it does that along with "Rights" come "Responsibilities" and "obligations" in their wake..... that banking is a serious business not a free for all game for knaves and thieves as the first two assessments born of bias and no practical

understanding of customer realities nor banking responsibilities imply..... *However, we consider that the Bank, having made that assessment and being mindful of good turnaround practice and its TCF objectives, would need to consider carefully how to execute that objective in a manner that was appropriate and minimised, as far as was practicable, the adverse impacts of its decision on the customer.....* Promontory stated that RBS had to be “mindful of good turnaround practise”, and its obligations to “Treat Customers Fairly”, and all done in a manner that was “appropriate”, and “minimised adverse impacts on the customer.”

I have already set out elsewhere that it is my contention that when the Government spent £45 bln of Taxpayers funds it made an explicit contract with the British people that this action was ultimately in their best interests.... in order to protect the economy, with the express further stated **reason to ensure the supply of credit to the economy**. That not only did this statement, but its wider commentary implied a general commitment that was entirely reasonable for customers to expect to be honoured. A macro commitment in reality is nothing more than the collective of many micro commitments, aside from which even if that isn't so, and I don't agree that it isn't, when the commitment was stated no qualifiers were added to it.

I have further shown that making both the investment and indeed specifically honouring the supply of **credit to the economy was both a pragmatic action, but also one that over time would have been beneficial to RBS and to the value of shareholders, the British Tax payers alike**, and Society too as set out. Indeed all stakeholders benefitted in this scenario, Shareholder; Bank; and Customer alike. More than that, no one lost, which is an equally valid consideration, especially as Promontory's commentary mentions the requirement to minimise as far as practical the adverse impacts of the banks decision.

In conclusion it is therefore clear that it was never acceptable for RBS to consider that it could just terminate a loan and walk away, because it had changed its mind about who, and what asset classes it wished to loan too. That action and attitude wasn't remotely compatible with the reasoning and commitment that the British Taxpayer had accepted the Governments decision on, nor the explanation offered, or therefore the purpose and condition on which RBS received its state assistance.

More often than not loans are underlyingly attached to long term commitments of the Customer, and just as a Banker would recognise the merits of the old adage of borrow long, and lend shorter, as sound advise, and an excellent way to run a Bank. So in turn Banks need to be mindful that in obvious conflict, the same adage applied equally well to the customer too, and both parties could not occupy the same position simultaneously, and therefore accommodation and pragmatism was required, which again is spoken of in Promontory's last commentary. The customers need for finance wasn't going to change just because of the whim of the Bank had changed.

This was never more true than during this period where normal banking markets, and wide choice in lending, and lenders, ended overnight, and where the availability of credit ceased to exist for many customers, leaving them to all intents and purposes with a choice of one, their existing Bank.

As already explored for a bailed out bank their had to be an obligation irrespective of preference to continue lending to companies if there were no alternatives available to those companies, else why had the Bank been bailed out? They were bailed out to ensure just this facilitation and obligation was met, **the availability of credit, and it is patently both ridiculous and duplicitous to suggest otherwise**, because else in the absence of legitimate alternative banking opportunities as was the case, then a perfectly viable enterprise would perish because of a lack of credit funding, which was of course the banks own circumstance..... Banks might have been bailed out due to pragmatism, but that cuts both ways as a concept.

Accommodation was particularly important in the abnormal market environment pertaining during the period of the reports assessment. These were not normal times or markets. If there was duality of obligation as is the reality of all loans, then I would similarly argue with credibility that there is duality of responsibility too, not just that of the customer to the bank, but the bank to the customer, and most especially in a market environment like the one existing at that time. In short if a Bank no longer wanted to finance the customer they had an equal and opposite obligation to find that customer alternate sources of finance on reasonable competitive comparative terms so that the customer didn't collapse, for if not, what did Good turnaround practise mean by way of substance, and similarly what reality did, treating a customer fairly represent?

To put these abstract comments in some context, if by withdrawal of banking to a customer TCF and Good Turnaround practise only equated to offering a condemned company won last wish before sending them to the gallows, neither TCF nor Good turnaround practise which actually is seemingly a description of something altogether better than a last cigarette, implying a future, then neither amounted to much....And I hardly think that reasoned or acceptable.

Alternatively a different illustration might be that of pensioners no longer attractive as a productive worker, should be conveniently euthanised as a pragmatic way of cutting cost on inconvenient, unwanted, and expensive assets thought no longer core or desirable. Quite obviously due to the social and moral contract that exists such a notion would rightly be considered inconceivable, whilst not forgetting the ethical implications. I similarly struggle to think there is any significant difference in banking, especially when the environment precluded alternative options. In short Banks had an obligation to pragmatically support their customers and as my case study illustrated only to clearly both the costs to all of not doing so, and similarly the benefits to all of a more positive and pragmatic approach. I rest my case.... since I believe it made.

So I finally return to the issue of Best Practise where this submission began... It works, it is beneficial to all, so lets just get on with it please, being pragmatic and optimistic is so much better than the denial and deceit that has pervaded this issue to date. Exact integrity is a most rewarding circumstance too, and I commend it to all.... for there is much to do that requires it.

Finally, Whilst I have written this letter, my voice is of no significance or importance, I have simply vicariously given expression to the views, wishes, and sentiments of the many victims who have suffered so much, indeed some irreversibly whose memories we must honour by achieving vindication, justice and "appropriate" full redress for all.

My grateful thanks in advance for your time and perseverance.

Now please, "Action this day...!" (W.S.C.)

Yours Sincerely,

Mark Banister.
RBS Customer & GRG Accuser

R Neil W Mitchell
RBS Customer & RBS Campaigner