



HM GOVERNMENT OF GIBRALTAR
PRESS OFFICE
No.6 Convent Place
Gibraltar
Tel:20070071; Fax: 20043057

PRESS RELEASE

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**PRINCIPAL AUDITOR CONFIRMS GSD GOVT PAYMENTS
TO GSD MINISTER'S FAMILY**

- Confirmed that £221,250 paid for an expired licence to SP Butchers Ltd
- Confirmed that arrears of rent written off without proper authority on instructions from former Chief Minister

The Government has now received the report of the Principal Auditor into the payment by the GSD Government of almost half a million pounds (four hundred and eighty thousand pounds) to the family of Edwin Reyes in February 2008.

Mr Reyes is now a GSD Opposition member and was then a GSD Minister.

The Principal Auditor has been able to confirm that the payment of the sum of £221,250 (two hundred and twenty one thousand two hundred and fifty pounds) relates to an expired licence on the eastside.

This is remarkable and demonstrates that the payments made are not – without any reasonable explanation – justifiable in any way. There is also no credible evidence of the valuation which was carried out by the Government to determine what amount it should pay for the expired licence, something which would usually not require any payment at all; especially given that no works had been carried out by Mr Reyes' family.

The report from the Principal Auditor confirms that the licence in question had been granted in June 1995 for 18 months and that it had expired 11 years before the payment for its surrender was made.

The Principal Auditor has also confirmed that amounts due in respect of arrears of rent relating to a property owned by Mr Reyes' family at the Public Market were partly waived or written off without the authority of the Financial Secretary as is required by Section 66 of the Public Finance (Control & Audit) Act. The arrears amount to over £73,000.

In the circumstances, the Government will be seeking a further investigation of some aspects of this matter and is taking legal advice on the very serious issues which arise. It is now confirmed that the GSD Government paid the family of a member of their executive and then a serving minister a huge amount for something apparently worth nothing or very little as well as writing off liabilities without complying with the requirements of the law.

The Government will publish the report by tabling it in the House at the next session.

The Government will also be publishing the results of the further investigation and legal advice when it receives them.