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<b>PRESS RELEASE</b>
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**GSD FAILS TO UNDERSTAND THE SERIOUSNESS OF SOME OF  
THE PAYMENTS MADE TO MR REYES FAMILY**

- Auditor has confirmed exactly what Govt said
- Legal advice being sought on propriety of payments
- New evidence has come to light

The Government notes that Mr Feetham has today sought clarification from the Principal Auditor of some aspects of the Report into the payments made to a company of Mr Edwin Reyes' family.

None of what Mr Feetham alleges that the Principal Auditor has told him changes the findings of the Report which will be tabled in Parliament at the next sitting **but which is being published in full today.**

It is now established that Mr Reyes' family received payments for a licence and that the Principal Auditor has been told clearly that "LPS (the Government's land agents) is of the view that GoG could have reached an agreement with SP Butchers whereby GoG would only have paid the company the value of the WSM Fridge (NAAFI) Waterport refrigerated store provided the company released the plot of land at Catalan Bay Road."

This demonstrates that the handling by the GSD Government left a lot to be desired and to the enrichment of a very close relative, namely the wife, of Mr Reyes through her company SP Butchers Limited at a time when he was a member of the GSD executive, although paid after he actually became a minister.

It is also clear that part of the arrears of rent due from SP Butchers Limited were waived or struck off in a manner that was illegal.

New evidence has also come to light since the receipt of the report by the Government which the Auditor has not yet seen. This new evidence is already being pursued by the Government.

It is in those circumstances – and in light of the new evidence in question - that the Government has been confirmed in its view that it should seek further investigation of some aspects of this matter and take legal advice on the very serious issues which arise about the use of public funds to buy assets from the company of a very close relative to a member of the executive of the GSD who then became a minister before payments were made.

The Government therefore stands by exactly everything it said yesterday in its press release.

Indeed, what Mr Feetham and Mr Reyes cannot get away from is:

- that it is now confirmed by the Principal Auditor that the GSD Government paid the company of a family of a member of their executive, who then became a Minister before the payments were made, a huge amount for something apparently worth nothing or very little; and
- that liabilities of the same party were written off without complying with the requirements of the law (The Public Finance (Control & Audit) Act).

Whether that amounts to corruption or not, is not and has never been a matter which the Principal Auditor can properly determine, but will be the subject of legal advice which the Government is seeking.

The Government will table the report in the House at the next session but is also in any event publishing it today.

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