

# Press Release

On Election Campaign Donation  
7<sup>th</sup> July, 2014.

## Introduction

On 14<sup>th</sup> May, 2014, I announced on behalf of the Executive of the One Bermuda Alliance, that there would be an investigation into alleged campaign donations and “Jetgate”. I stated, the goal of the investigation was to see if allegations concerning donations made by a Mr. Nathan Landow to the One Bermuda Alliance contained any validity, and to disclose those findings. The investigation was launched against the fact that no donations from Mr. Landow had been received in OBA accounts.

Unstated, but inherent in the investigation, was the principle that the OBA is engaged in a new and more transparent form of politics than traditional political parties. Traditional political parties would simply stonewall attempts to get information. This was certainly the modus operandi of the previous governments and the OBA was elected, at least in part, because it promised to be different.

The scope of this investigation has been limited in two ways:

1. Per an Executive Resolution; it does not pursue the actions of Cabinet Ministers as these fall under the responsibility of the Premier and the Ministerial Code of Conduct
2. It is only possible to determine if any donations were made in and on withdrawal from the account and not to determine the final destination of said withdrawals.

I have attempted to remain unmoved in spite of pressure to conclude and release some findings as final and have persisted in ensuring that any facts that I find have been verified by at least two sources and have not emanated from one source with multiple mouthpieces, so to appear authentic. One way to distract or destroy a character is to tell many people a rumour and watch it spread, in this manner it appears to be factual, when in fact it is not. Or perhaps to put this another way is this; “facts” that have been repeated remain unproven, and yet persist. This is one of the reasons why this investigation has taken so long; the “facts” had to be that which can be proved, the verification is the process that is time consuming. Another reason; because of statements repeatedly made in the public, persons who would have assisted with the inquiries were reluctant to provide certain documents until I assured them that the purpose of this investigation was to discover the facts and not a witch-hunt or character assassination as some may have wished.

## The Investigation

There were questions to be asked that need answers:

- Was there a donation and who made it?
- Where did it go?
- What was it intended for?
- Did it meet the guidelines laid down by the OBA for donation?
- Is there any evidence that the donations were made in return for any promises, especially in the context of the allegations surrounding “Jetgate”?

Did the OBA receive donations amounting \$350,000 and if so, where did the money come from and what was it used for? Simply, we did not receive these funds into the OBA Operating Account and therefore, had no knowledge of this donation or its source (Mr. Landow) until May 2014. There was an account opened – Bermuda Political Action Club (BPAC) and I have been informed that this account was opened with the purpose of receiving campaign donations to assist the OBA in its election efforts.

- The account was opened with two signatories; Mr. Steven DeCosta and Mr. Derrick Green. When the signatories were attempting to open the account, the Bank of N.T. Butterfield sought confirmation from the Party regarding the opening of the account. Mr. Michael Fahy, the then OBA Campaign Chairman, was telephoned and confirmed the account.
- I have ascertained that for this account to receive funds from U.S. persons, the account had to be opened as a Political Account with the purpose of assisting in a political campaign.
- This account was not authorised by the established protocols of the OBA, which requires all accounts (Campaign, Branch and Region) to be authorised by the Executive and must have a least one member of the Executive (Chairman, Deputy or Treasurer) as an authorised signatory.
- The account received seven deposits of \$50,000 from Mr. Landow and his associates. They were not all deposited at the same time or as one payment of \$350,000 as reported in the media.
- There were withdrawals made from the account in large denominations, I was shown a print out of these withdrawals that were large withdrawals that were reportedly made to pay the grassroots campaign workers who were working for Mr. DeCosta and Mr. Green. All withdrawals required both signatories to sign.
- This grassroots campaign did coordinate with the Campaign Chairman, Mr. Fahy, on certain initiatives. These were, for example, constituency drops, signage and the team on the ground. These were paid persons led by the two paid OBA Political Consultants; Mr. DeCosta and Mr. Green.

- From the evidence provided to me I am unable to ascertain if any funds were paid to other parties, other than what was shown to me – to pay for the grassroots campaign. I am unable to pierce beyond the BPAC account. From the \$350,000, approximately \$348,000 was withdrawn from the account. Tertiary accounts are beyond the purview of this investigation and personal accounts are not available to this form of inquiry.
- It is still not clear as to why a separate account had to be established that the Party was unaware of and why these funds could not be transferred to the OBA's Operating accounts. The reason given by Mr. Green was because of US tax law and rules governing campaign contributions, the account to receive the funds had to be a PAC account.
- In 2012, the Party Executive should have been made aware of the funds and the donations. Full disclosure would have avoided the public relations maelstrom of the last year.
- By opening an account that was not under the usual accounting controls that the OBA has in place, it is the signatories that provide the level of the details as to expenditure and accounting. According to documents shown to me and presented, money was spent on campaign related activities. However, it should be noted these accounts are unaudited and rely on the veracity of Mr. Green and Mr DeCosta.
- Separate accounts should not be repeated in the future, as funds should always be accounted for and donors should have the confidence that their donations are used for the purposes as undertaken.

The other question is why and how did this donation come about?

- Why did Mr. Nathan Landow and some of his Associates want to make a donation to the OBA? What was the genesis of this relationship and were there any expectations fostered?
- Were there any commercial relationships by persons associated with the OBA?

The relationship between the OBA and Mr. Landow commenced prior to the General Election of 2012. Mr. Derrick Green introduced Mr. Landow and Mr. Craig Cannonier in the fall of 2012.

From the Royal Gazette – 22 May, 2014:

*Speaking from his offices in Maryland yesterday, Mr Landow explained that he first met Mr Cannonier in the autumn of 2012, when he was the leader of the One Bermuda Alliance Opposition. The meeting was set up by Maryland-based political campaigner Derrick Green and resulted in a consortium of seven businessmen donating \$300,000 to the OBA's general election war chest "We were solicited by Derrick Green and we made a contribution based on the visit Mr Cannonier paid us in Washington," Mr Landow said.*

*"We were instructed by Derrick Green to make out any payments to the campaign committee. Derrick Green was a representative of the campaign committee and while we didn't question*

*what his role was, clearly it was a very important one. We were told the funds were going to be used for a 'get out the vote' programme to encourage people to go to the polls. We have a similar thing in the US and we know it is very costly. Getting instructions from Derrick Green made sense to us."*

There is evidence that persons connected to the One Bermuda Alliance, did have a commercial relationship with Mr. Landow, post the 2012 General Election.

In a Royal Gazette interview, published on 22<sup>nd</sup> May, 2014 Minister Crockwell stated:

*"If I had known Mr DaCosta had a relationship with Mr Landow, had we been told he had a commercial relationship prior to going on the trip, I would not have gone," said Mr Crockwell.*

*"We don't know how long he was employed and that there was a contractual relationship with Mr Landow prior to the Washington trip we did not know about. How long that went on afterwards, I don't know."*

What was not revealed in that interview is that Mr. Derrick Green also had a commercial relationship with Mr. Landow.

It was Mr. Cannonier who disclosed that he had become aware of these commercial relationships at a meeting with Mr. Landow on the 11<sup>th</sup> March, 2013 at the private jet facility at the L.F. Wade International Airport. Mr. Cannonier stated that he was the one that cancelled these agreements and that upon getting aboard the private plane on 20<sup>th</sup> March, 2013, those contracts were no longer in effect.

However, because of relationships with the then Premier and the OBA Election Campaign, there is an appearance of a beneficial relationship because of professional and personal relationships with the Premier and the Party. That is a perception, but one that by admission is the reason given by Mr. Cannonier as to why he terminated the commercial relationship of both Mr. DeCosta and Mr. Green. The authority of the then Premier to terminate these contracts is under the purview of Ministerial Conduct and requires clarity. It is of concern that Mr. Derrick Green did not make known to the Party Executive that he had the relationship with Mr. Landow and Bermuda, LLC. While that may or may not have had an impact upon his role as the Political Consultant to the OBA, it is of utmost concern that if Mr. Landow was exploring development opportunities in Bermuda and Mr. Green had a commercial relationship with him, was there any conflict of interest between the OBA, the Government and Mr. Green? At the very least, without full disclosure, it gives the party's opponents the opportunity to claim that party political ties were being leveraged for personal benefit. If Mr. Green had made a full disclosure to the Party, actions would have been taken to mitigate and the Party would not be in the situation where I felt it necessary to conduct an investigation.

## Conclusions

It has been confirmed that seven donations were made amounting to \$350,000 to an account that was set up by Messrs. DeCosta and Green.

The Party Executive did not know of the existence of the account or the donation until eighteen months later.

The evidence presented shows a scope of work performed by Messrs. DeCosta, Green and their teams during the months leading up to the election in 2012. There were withdrawals made from the Bank Account authorized by Messrs. DeCosta and Green. Both signatories have represented that these withdrawals were used to pay for the campaign efforts.

Going beyond withdrawals from the account, I am not able to ascertain, based upon the evidence presented to me, that the funds were utilized for anything other than what has been presented.

As already stated in the body of this report, it is neither preferred nor good practice to have an account where the agents are the signatories; it removes the controls that donors rely upon to have the confidence that their donations will be utilized for the purposes stated. This account did not follow the established protocols and while the Party can say it did not receive the funds, the campaign was the beneficiary and therein lays the accountability as to the means and expenditures. The Campaign was managed and run by Mr. Michael Fahy, as Chairman I was not directly involved in the Campaign, by design and it appears now by intent.

Lastly, as there was an established relationship with Mr. Landow as the result of the solicitation for donations, it is disturbing that:

1. Agents would then be in a position to be retained in a commercial relationship;
2. The possibility of a perceived promise made to Mr. Landow and his associates either prior to the donation being made or as a consequence of the donation.

However, if there was any promise, it never came to fruition, as evidenced in his failed bid for an extension on the Club Med RFP.

Much of the above may be seen as politics as usual. Certainly, it is not very different, and insofar as this investigation has been able to determine, much more innocent, than what we have been led to believe took place between 1998 and 2012.

However, the OBA was formed because its members believed Bermuda deserved and needed a higher quality of governance and integrity in its leadership than it had received. It is in this spirit that the OBA, like Caesar's wife, must be above suspicion.

Evidence as to inappropriate use of donors' contributions, or finding that potential overseas investors were made promises of a preferred status, has been limited and has had to rely upon the veracity of persons that may have an interest in preserving their reputations and only provided limited information.

The investigation has found instances that could lead to allegations of wrongdoing:

- Solicitation of funds and receipt thereof, unknown to the Executive
- Poor controls on expenditures, leading to allegations as to who actually received the money
- Commercial relationships with a donor with an interest in building a development in Bermuda, post the General Election
- Meetings with Mr. Landow and a private trip to discuss development in Bermuda
- Lack of transparency with regard to the purpose of the trip and why

Putting processes in place to avoid this being repeated is important, and will be the task of the party executive.

I discovered in the course of this investigation other matters of equal concern. However, I have been instructed by Resolution to stay within the original statement of 14<sup>th</sup> May, 2014 – the donation and only those persons not under the Ministerial Code of Conduct, so therefore containing and limiting the scope to only that which is in this report.

Thaddeus A. Hollis, JP  
Chairman  
One Bermuda Alliance