

## **The Cierco Brothers Intend to Take All Necessary and Appropriate Action Against JC Flowers & Co. and the Andorran Government to Block the Expropriation of Banca Privada d'Andorra**

**JC Flowers has shown disregard for transparency and credibility in the financial community, and their selection is the final proof of the rigged and illegal process managed by the Andorran Government**

ANDORRA April 25, 2016 - Ramon and Higinio Cierco, the majority shareholders of Banca Privada d'Andorra ("BPA") will take all necessary and appropriate actions against JC Flowers & Co. and the Andorran Government to block the illegal expropriation of BPA.

JC Flowers & Co.'s bid for BPA is another dispiriting chapter in a process shrouded in secrecy and devoid of accountability, due process, and the rule of law. The Ciercos cannot understand why a U.S private equity fund with i) a questionable investment track record, ii) a history of rejection by the Spanish government in its attempts to acquire a financial institution in Spain and iii) in poor financial condition is the chosen solution to a problem of Andorra's own making.<sup>1</sup> J. Christopher Flowers, the CEO of the company, once described their business model as "lowlife grave dancers."<sup>2</sup> JC Flowers & Co. currently face their own financial restructuring problems, legal claims, and reputational harm as its investors learn that their funds are "exposed to several faltered deals, including MF Global".<sup>3</sup> JC Flowers & Co. is not a serious or responsible option to resolve this debacle that has been mismanaged by the Andorran Government from the beginning until today.

With regards to the selection of JC Flowers, the Chairman of BPA's Andorran administrator stated, "The selected offer achieves every single objective pursued by the Resolution Plan for Banca Privada d'Andorra (BPA)." This is a ludicrous continuation of Andorra's attempt to avoid accountability for the mismanagement of this process and the squandering of value and loss of Andorran jobs. There can be little doubt that JC Flowers & Co. is acquiring BPA assets at a bargain basement price and is likely to terminate employees, strip assets, reduce customer service and contribute nothing to the Andorran economy or financial sector. It is the Ciercos who have continually attempted to pursue a constructive dialogue that preserves value, jobs, and customer service while maximizing the future prospects of the Andorran financial sector. All of the Ciercos' attempts at constructive dialogue for the benefit of all stakeholders have been

---

<sup>1</sup> JC Flowers Said to Mull Restructuring Fund to Gain Time, Bloomberg News, 8/5/15, <http://www.bloomberg.com/news/articles/2015-08-05/jc-flowers-said-to-mull-restructuring-fund-to-gain-time-cash>

<sup>2</sup> As Investors Circle Ailing Banks, Fed Sets Limits, 5/5/09, [http://www.nytimes.com/2009/05/06/business/06equity.html?\\_r=0](http://www.nytimes.com/2009/05/06/business/06equity.html?_r=0)

<sup>3</sup> JC Flowers Said to Hold Fund Recapitalization Talks With Coller, Bloomberg News, 2/10/16, <http://www.bloomberg.com/news/articles/2016-02-10/jc-flowers-said-to-hold-fund-recapitalization-talks-with-coller>

thwarted by the Andorran authorities. Although the fine print of the deal has not been made public, it appears that JC Flowers will only put up a tiny amount, 7.5 million euros at closing, and any future payments are highly contingent. Why would Andorra shut down a bank worth in excess of 500 million euros and then sell it at a knock down price without any assurances that this deal will be good for the Andorran financial sector, Andorran jobs or the reputation of Andorra? This is simply a continuation of the cover-up by the Andorran authorities of their own incompetence.

In March 2015, the United States Department of the Treasury designated BPA an “institution of primary money laundering concern” citing at its basis information that had been disclosed properly to authorities by the bank more than a year before. The Andorran government immediately fell into line with the United States and put BPA into administration and launched a massive internal audit of BPA, from which no findings have been made public. In May 2015, a US Embassy official admitted in public that the action against BPA was in fact rooted in the US government’s dissatisfaction with Andorran financial regulators and the Andorran financial system as a whole.

It is remarkable that in this day and age, two contemporary governments, that of the United States and that of a European state, Andorra, can first have a fight about bank regulation, the United States then “uses the hammer” against a single bank, BPA, in order to teach a recalcitrant government a lesson, and then these two governments can make up by Andorra appeasing its more powerful partner, creating a non-transparent structure to expropriate the original shareholders, prevent either government from being held accountable, and transferring the supposed “new bank” consisting of the expropriated assets to some new purchaser through a secret process. Since the outset of this, all the Ciercos have wanted the best for BPA clients, its employees and Andorra. They have simply asked for an open dialogue, a transparent process, and an understanding of why their bank was stolen from them. Instead, they have been faced with stonewalling and threats that one would expect from a totalitarian state.

After fourteen months, the Government of Andorra has neither charged the Ciercos with any wrongdoing nor disclosed any specific information to support their ousting of the Ciercos from BPA's Board of Directors. The Andorran regulator has never disclosed why it endorsed the expropriation of a highly solvent and successful the financial institution over a more reasonable, restructuring option to assess and eventually correct any weakness in Anti Money Laundering controls. It is now well known that, in their multi-million Euro audit of BPA, PwC has not applied the current Andorran standards applied to all the other banks. Consequently the Andorran government has breached the civil rights of BPA and, its owners, and moreover, has never allowed PwC to make public the audit with detailed information on the actual status of BPA's accounts.

The Ciercos are committed to fighting for their civil and human rights, in both the courts of the United States and Europe. What has happened here is a threat to the rule of law and the rights of all participants in the international financial system. This lawless action cannot be permitted to stand.