

## ASSOCIATES OF COACECSS DENOUNCE IRREGULARITY ALLEGATIONS

Interview with Nicanor Morales (“NM”) and Rudelda Guzmán (“RG”), associates and investors of the Liquidation Commission of the Cooperative of Savings and Loan of the Employees of the Social Security Department (Coacecss), Panama.

[NOTE: INTERVIEW IS A PARAPHRASED TRANSLATION FOR A MORE ACCURATE MEANING IN ENGLISH. IT IS NOT A WORD FOR WORD TRANSCRIPTION.]

Alvaro Alvarado (“AA”): Precisely, Nicanor Morales and Rudelda Guzman. Thank you for being with us. Last week we had with us in Telemetro, our interview with the president of the commission the auditor of the liquidation of COACECSS.

And now, an associate who is going to tell us a little about what is happening in COACECSS in its day when it was ranked the 15th most important cooperative in the country.

Welcome. Ok, go.

NM: We are grateful for the opportunity to appear on your prestigious program. Good day to the investors and associates of COACECSS.

This morning we want to present our side of the story, as you have already stated very well, concerning last week’s interview with the president of the liquidation commission.

We’re going to present our side of the story, to go through this long drawn-out process from day one that ‘intervention’ in the cooperative entered into the picture, along with the perspective of Miss Guzman.

RG: Very well. Thank you, Mr. Alvarado, for the opportunity to present our side of the story from the viewpoint of the general public.

We have, as you said, been five years in this position that Mr. Roderick [has put us in] and this merry-go-round of press conferences. All because of this request for an audit hearing, if this is really true. Mr. Roderick Gutierrez [himself] did not request an audit hearing.

My name is Rudelda Guzman and I am an associate of the cooperative COACECSS and I’m very worried about this sticky situation that they have put us in, [with sarcasm] in this “liquidation process” and “the bad management of the funds” that Mr. Gutierrez is in charge of [finding out], concerning the liquidation---if it’s actually true it’s in liquidation as he says---and that the cooperative is functioning under some sort of an audit stay.

The only thing I see missing here is that [Mr. Gutierrez] is giving out loans to his associates.

He says very clearly that he is doing the liquidation and that he cannot violate the law. But he has been violating the law from day one.

AA: Why? What kind of violations?

RG: Why?! Because he [has only] implemented a plan of liquidation and the liquidation plan he hasn't even carried out.

AA: But why do you say he is violating the law?

RG: Because if he is actually implementing his "plan of liquidation" the cooperative would be already shut down and liquidated. But the cooperative still exists.

And why does it exist? [With much sarcasm.] Because "unanimously" with the true director of IMPACOP, the engineer, Medina, who is the president and "representative of the month," reached an agreement with us at a meeting with Mr. Roderick to approve this so-called audit and an approve an extension of the liquidation. That it was we, the associates, who voted for the opportunity to revive our cooperative.

If that's really true, [giving him the approval] then he [doesn't have any right] to revive the cooperative.

And what's more than that, as well, that the [original] audit---that we are presenting and struggling from day one---that our cooperative was fraudulently intervened, because everybody knows that [FINANCIPACIFIC ? ] had its hands in our cooperative.

AA: Is that to say the previous government?

RG: Of the government before, of Ricardo Martinelli. [Continuing... Roderick saying that] but from the beginning, this wasn't in good faith to rescue the cooperative. That we don't know if there are any external factors that are saying that there existed any irregularities in the intervention. [Roderick saying...] As if he has the law behind him to stop the intervention, without the approval of the body of investors and associates.

AA: In the press conference that he recently organized, you may have heard, we posed that exact question to Mr. Roderick about the legal authorization of the intervention.

He said it is a necessary intervention because of the disaster that was present within COACECSS, obviously.

[We asked] That if this had been done correctly from the beginning, wouldn't have been necessary to totally liquidate?

[He responded] That when he arrived on the scene, the decision was already before him and that he no option to change [present] course. What had been done was already done. (Interruption by NM.) Excuse me, that's not what I'm saying, that's what he said.

That if people who have loans, which are many, make their payments, in this way, the cooperative can payout 100% of their money to the shareholders and associates affected by this situation.

That is what he told me, practically word for word.

NM: That's right. We are in agreement with him from day one.

AA: And that's why there are two accusations now.

NM: That's right.

AA: The first circumstance of intervention with COACECSS and the other, during the audit...

NM: Ok, I'm going to address the second point. Because this is very relevant.

The interview that you did with Erick ["Roderick"] is very timely, indeed, because there are so many repercussions and conclusions coming from it.

Ok, so let's accept what he's saying at face value: 'the intervention *wasn't* necessary because there were some irregularities of the previous administration and it wasn't the liquidation process itself. But from the beginning it was the irregular going-on's they *did* during that liquidation process. And that now a new audit is called for.'

Mr. Roderick also said during his interview that he wanted to inform shareholders. But if that is correct, if that is actually true, he didn't do that. All we want to know as investors is what 'comes in' and what 'goes out.' Nothing more, nothing less. The information that he's required by law to give is a monthly account to the shareholders, and he's not doing that.

After two years he's called a shareholder's meeting---and there are a lot of complaints about that---But actually there's a lot of information that he *hasn't* given the shareholders. For two whole months the telephones have been blocked, the website is shut down, and nobody seems to know nothing.

His second point is this: that the first administration did an illegal liquidation process. The law says that that at least it should take one year. It's taken 30 months. So when he came in, like 9 months ago of managing the liquidation, he began by requesting an additional 18 months more. That's 48 months in total if we calculate since August. What we haven't seen from him is any intention to liquidate whatsoever---as he said he was going to liquidate a cooperative which was already in the process of liquidation.

Listen to all the things he said he was going to do: recoup the money of the cooperative and return it to the investors. Uh-huh! They have returned very little to the investors to this date.

He also says---as my colleague has already stated here---he is fixing the operation problems of the business, to make it a business that functions in a normal way as any business should.

That is true [he is doing that].

But in a 'liquidation' you can't do that. You simply close it down, liquidate the assets, and pay those assets out [to the investors].

You can't just continuing with some sort of normal business operation of a 'savings and loan,' continuing returns of its investments, or enforcing obligation of payments of its loans. That's not the nature or function of a liquidation agent.

AA: But is there any money to do this?

NM: Always there was, always there was.

(Discussion.)

RG: Always there was!

And imagine, all of this for them to do a little “analyzing.” As if when the cooperative was in liquidation there wasn’t \$37 million in liquid assets stashed away in a state bank in savings.

We have been five years already in this process of intervention and liquidation.

And imagine how much more there going to be, in the final balance of the cooperative, if the default of loans are paid off. That would add on top of that, \$800 million. Imagine that, now. The cooperative has always had solvency.

It’s sort of ‘smoke and mirrors’ to placate the public that the cooperative doesn’t have the money available to simply liquidate itself.

Ok, so maybe the law doesn’t permit it, but that’s the reason he’s saying it’s costing us around \$1 million for this so-called audit of our cooperative. It’s like...like some sort of controversy.

AA: But was it necessary or not?

RG: (Sarcastically.) You bet you’re right. Because it was us [supposedly it was us who asked for it], not him. It was us, as we were saying all along, this morning, with the audit, in front of the director of IMPACOP, that we needed proof that it was necessary to do an audit, and suspend the liquidation that if in fact that there were any irregularities in the process of the liquidation.

And they’re yelling, “But there’s fraud!” “There are irregularities!” How is it that they think we’re so stupid, that we don’t understand.

He’s saying that we should be “grateful” that he presented a case before IPACOOOP. That we should be “grateful” for this grand favor that he’s doing for us. He should be ashamed of himself to say this, because we never, ever demanded that a case of intervention to be presented before the supreme court.

AA: (To NM) OK. So if you could wrap up with your answer, please.

NM: And what he’s saying is right, ‘We *are* continuing with something very normal.’ ‘They *can’t* continue with the liquidation at this time.’ ‘But you have to admit that the cooperative needs to have an audit done and we need an extension of 18 months more.’

But it appears--as Miss Rudelda has stated--that this need to find out exactly what happened during the initial liquidation, that this need to analyze what happened, does seem very cozy for the people who are doing the liquidation, that they’re perhaps drawing this process out to earn a little more money. The

three of them together are earning \$12 million. Each 3/4 of that money. It appears to me very nice, very nice indeed, a very juicy salary. All at the expense of the hundreds of people who saved their money [in that cooperative] and now have nothing, only to make fools of them.

'At this time we can prove that the law says for certain that we cannot continue with the liquidation as stated in Article 38 and also stated in Article 52 of administrative reversal.' And they're saying that it's on the part of the current administration and IPACOP'---and whatever else.

It's not that at all, they just don't want to do it. It's lacking something of goodwill, something of good faith, on the part of the government and part of IPACOP.

I just want to say as investors, it's costing us. And if you ask him, he says that 'he's our friend'---for whoever wants to believe it.

Let me ask you this, which cronies of his are making out big time financially with this situation?

Why, as investors, do we need some sort of audit or need to know that it was mishandled in the past? What are we expected to make of this? That it was on behalf of IMPACOP?? It's obvious that the executive director of IPACOP is guilty of the irregularities of the liquidation commission.

The head of the liquidation commission is the one who nominated the head of IMPACOP. So together they are going to take to take the previous heads of IMPACOP to justice??

I think these are the kind of questions you should be asking him.

RG: If in this country there exists the word 'justice,' we want---that is, the investors, the shareholders, the ones who invested their savings ---- we are looking for the best possible support from our cooperative. We request that they give us justice and fire Mr. Roderick Gutierrez for spending so much money that is absolutely unnecessary.

This meeting he called together took place in a luxury hotel that only God knows what cost our cooperative. The cooperative has quadrupled its employees on its payroll [under his watch]. So then, please, hire a person that can return our cooperative to us.

We are already in this for five years, Mr. President, if in your government exists the word 'justice.' Just because a person is waiting some sort of verdict.

Maybe there *should* be some sort of sanction, but not any lengthy court case.

Look. As we speak, this present [cooperative] administration is lacking the ability to solve this problem too, prolonging it out further, waiting a judicial verdict.

And I think that this [the removal of Roderick Gutierrez], right here and now, would improve the justice in this country of Panama.

END