

Member Update

For the Green Retirement and Fixed Income Pension Plans



INTRODUCTION

**Member Update No.1
02 March 2016**

This update is for the Members of the 'Green Pension Schemes'. By this, we mean: -

- The Green Retirement Pension Plan
- The Green Retirement Plan Series 2
- The Green Retirement Plan Series 3
- The Fixed Income 2012 Retirement Plan

These were originally set up in 2012. We became trustee of the schemes from 04 January 2016.

At this point, we formally terminated the schemes' arrangements with AC Management and Administration Limited ('ACMAL'). We believe in fact that the work of ACMAL in running the schemes appears to have broken down some months ago.

We have however been experiencing considerable difficulty in recovering the full scheme records. These were supposed to be provided by the former trustee (Mr Mark Harris) or scheme administrators, ACMAL.

To date, we have received *some* of these. The bulk however remain outstanding and we are still attempting recovery of them.

We are also in correspondence with a variety of other parties connected to the schemes – like the banks and stockbrokers who are able to provide some of the historic transaction details. We are also grateful to those Members who have sent us their documents.

This is allowing us to slowly put together a picture.

**Green Pension
Trustees Ltd**

**Milwood House
Albion Place
Maidstone
ME14 5DZ**

**01622 804185
info@greentrustees.com**

How The Green Schemes Work

The Green schemes were set up in a particular way. There are two real elements to each scheme: the scheme itself, and then the investments.

You as a Member will have paid contributions or transferred other benefits to one of the schemes. This money was received directly by the scheme administrators, ACMAL. They were then supposed to pass this money to the companies you chose to provide your investments, or to a stockbroker who would buy your chosen investments for you.

Unlike most occupational schemes, your money was not invested in regular Unit Trusts or pooled together with the contributions of others and invested by the Trustees or a fund manager. Instead, you each invested in corporate bonds or in direct pieces of forestry.

To be clear, nearly all Members invested in this way. There appear to be a handful of Members who never got around to having their pension pot invested at all. This remains in cash. The rest of the Members however invested in corporate bonds and forestry.

We are aware that some previous statements issued by ACMAL may have given the *impression* that each pension pot was held like a bank account. For nearly all Members, this is not the case.

The value of each pension pot relies on the value of its investments. This includes any money earned from your investments.

How the Green Schemes Have Been Run

There is a broad range of regulations that have been implemented over the years to ensure that occupational pension schemes are properly run.

We are yet to see or receive evidence that many of these regulations have been adhered to.

We have not been provided with copies of scheme accounts. There is no evidence that such accounts have been independently audited. Trustee Reports do not appear to have been provided to Members, not even as summaries.

We have not had sight of the requisite professional advice received by the Trustee prior to some of the investments being allowed or made. The Statements of Investment Principles for the schemes do not appear to have been reviewed.

In more recent times, Members have not received annual statements. Where such statements were provided in the past, these have not always correctly identified the investments held. HMRC and the Pensions Regulator tell us that there are outstanding returns that have not been filed.

There are also indications that a small number of transfer values may have been paid to ACMAL for the purpose of one of the schemes, but these were never invested nor indeed paid over to the schemes' own bank accounts.

The Green Schemes' Investments: the Good News

It is important to remember the two different components to each scheme. Whilst the schemes themselves do not appear to have been run correctly, there is mixed news on the investments.

The news for the majority of Members is good.

The bulk of the schemes' initial investments – approximately 75% - were made into corporate bonds. For any Member investing his pension pot into these, the scheme opened a stockbroking account.

These corporate bonds are fixed term investments. Most are not due to mature until December 2017. These Bonds are quoted on an HMRC recognised stock exchange. In practice though it may be difficult to sell these early.

The good news however is that they continue to pay interest of around 5.5% per annum, though a small number are paying 7.5% per annum.

This means that for 65% of Members, we are able to locate the vast bulk of their pension pots as being held by a Financial Conduct Authority ('FCA') authorised stockbroker, invested into these corporate bonds and receiving the benefit of the interest payments.

The shareholders behind one of the companies whose Bonds are held have recently injected additional assets. This is Eco Quest Plc. This has been deemed necessary because one investment made by that Company had given them serious concerns and they had commenced legal proceedings to recover their monies.

This concerned the Para Sky Plantation in Brazil via GFI Consultants Limited ('Global Forestry International') that we refer to below. This additional injection by the Eco Quest shareholders has been done to ensure that the Company has sufficient assets to redeem its Bonds when they become due for maturity.

The Green Schemes' Investments: Other News

We believe that eighty-one (81) Members of the Green Schemes may have had some or all of their monies purportedly invested in plots in the Para Sky Plantation with Global Forestry International.

We believe currently that twenty (20) of these Members had less than half of their pension pots invested in this. Sixty-one (61) Members however appear to have invested the bulk of their pension pots in this way.

This particular investment is providing cause for concern. As mentioned above, there are serious legal issues around it. It appears that Global Forestry International (or its associated companies) did not hold good title to the plots that they purported to sell.

We have seen statements issued by ACMAL to Members who had invested in Para Sky plots showing that an investment return (described as 'interest') was being received. To date however, we have seen no evidence that such returns have in fact been received.

Matters are compounded because it appears to us that the purported title to these investments was never registered in the name of the Trustees of the respective pension scheme, but instead in the name of ACMAL.

Given the lack of co-operation from the previous trustee (Mr Harris) and his administration company (ACMAL), our ability to identify if not recover these monies and assets is currently being obstructed.

Further Minor Investment

We have also received information from a third party suggesting that the previous trustee may have made additional investments with circa £300,000 of scheme monies. We have little specific information about the terms of this investment, or the Members on behalf of whom it was made. We do have the name of the alleged counter party but have been asked to keep confidential until the facts can be established.

Our Approach to Resolving these Schemes

Our focus at this stage must be on the schemes as a whole. This is because the interests of the schemes represent the interests of the Members. It will not be possible to 'rush' matters for individual Members.

Our approach can be described as cautious. We are keen to protect scheme Members from unnecessary administration costs and from the risks that might be run engaging in 'gung-ho' litigation.

By its nature our approach is going to take some time to resolve matters.

Scheme Records

Our priority is in rebuilding the scheme records.

We continue to pursue the previous trustee (Mr Harris) and his administration company (ACMAL) for records. This may yet produce important material and we are considering legal proceedings to procure recovery. As mentioned above, we are also in the process of gathering detailed transaction information from Banks and Stockbrokers involved.

If you have not already done so, **please send us copies of any and every document that you have ever received about your scheme membership**, your original transfer into the scheme, and the investments that you made.

Rebuilding scheme records is essential for matters with the schemes to move forward. This will allow us to bring the schemes back into proper compliance with various regulations. It will allow us to draw up accounts and have these properly audited.

In more practical terms, this approach will give us all a full, detailed and reliable picture of the

schemes and enable us to calculate individual entitlements with accuracy.

Future Structure of Schemes

We may consider restructuring the schemes themselves; Having four separate schemes in our view serves no practical purpose but unnecessarily complicates scheme administration.

For Members invested into corporate bonds, we intend to keep a watching brief on these investments. We will see that the interest payments continue to be received and banked.

Once these reach maturity (mainly in 2017), we will collect in the proceeds and arrange for a partial wind up of the schemes with Members' entitlements being transferred to reputable Life Assurance Companies or, at your choice, to other FCA authorised pension providers. If you are over the age of fifty five (55) at the time, it will be possible for you to take your benefits should you so wish.

Recovery of Scheme Assets & Monies

For Members currently exposed to other investments, we will be aiming to establish a clear picture of the state of these investments and will be seeking recoveries of these monies. We must make it clear that there is no guarantee that all such monies will be recovered.

Where we uncover any evidence of offences having been committed, we will pass that information to the proper authorities.

In these circumstances, we will also examine the possibility of applying at scheme level to the statutory compensation arrangements. It is important to understand however that these are limited in their scope for 'Defined Contribution' arrangements such as the Green schemes.

Other Matters

Member Statements

We are aiming to be able to issue Statements by the end of April. This however is dependent on our recovery of scheme records going to plan. We will update concerned members if we are likely to experience further delay.

Pension Freedoms

Members may be aware of changes in pensions tax legislation allowing benefits to be taken entirely as cash lump sums (albeit subject to income tax).

Please understand that this option is currently unavailable with the Green schemes and is likely to remain unavailable to most Members until 2017. This is because in most cases, it is not practical to sell early the investments in your pension pot.

Transfers Out

Members in theory can take the 'cash equivalent' of their pension pots and transfer these to another pension.

In practice this is likely to be unfeasible for most members.

This is because their investments cannot be easily converted into cash – at least not without the investments being sold considerably below what was paid for them. For investments in the Para Sky Plantation plots for example, these are unlikely to have any immediate realisable value.

As described above, it is our intention to realise monies in the next two years and then organise an orderly winding up and transfer out of members.

Administration Charges

In previous years, ACMAL took an administration charge of £250 + VAT. No charge has been set for the coming year.

It is likely however that we will need to levy a charge in order to meet the costs of auditors and potentially legal support or action where these may not otherwise be recoverable.

We would not expect this charge to be as great as in previous years. Members will be informed once any charge is set and prior to it being levied.

Further Updates

We appreciate that Members are concerned about their pension pots. This is only natural. Please be assured that we are working to resolve matters, as detailed above.

It is important to understand that we are not in a position to operate any form of helpline and that individual enquiries are currently difficult to answer in the absence of the detailed overall picture of the schemes that we are still attempting to build.

We will however aim to issue a further update towards the end of April, at which point we are also aiming to issue individual Statements.

Green Pension Trustees Ltd

Milwood House

Albion Place

Maidstone

ME14 5DZ

01622 804185

info@greentrustees.com

www.greentrustees.com