

# Member Update

*For the Green Retirement and Fixed Income Pension Plans*



## INTRODUCTION

It has taken us considerably longer to issue this second Member Update than we originally anticipated. This has been due to the length of time it has taken to receive information and data relating to the Scheme. This has proven to be a protracted experience, to say the least.

### ***Recap on the Background***

This Member Update is about the 'Green Pension Schemes'. By this, we mean the 'Green Retirement Pension Plan', the 'Green Retirement Plan' Series 2 & 3, and also the Fixed Income 2012 Retirement Plan.

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

Any arrangements with the previous trustee Mr Mark Harris and his company - AC Management & Administration Ltd ('ACMAL') - were formally terminated at this point. In our view these had in practice ceased to function some months, if not years, earlier.

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It is important to understand that in taking over the trusteeship and administration of these schemes in January of this year, we have no connection to Mr Harris, ACMAL or to the original investment of members' pension pots.

Our role is to secure the Schemes' assets and records, bring the Schemes back into compliance with pensions law, and to set the basis for the Schemes to be wound-up in due course and monies returned to members via transfers to bona fide insurance company and workplace pension schemes.

### ***Summary***

The purpose of this update is to explain to members the progress that has been made since our first Update, to outline our ongoing work and to explain the next steps in member communication.

In summary, despite the absence of proper scheme records from the previous Trustee and Administrator, we are now making progress.

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## Update on Scheme Records

When we produced our previous Member Update at the beginning on March, we were hoping to make much more rapid progress than we have done subsequently.

We anticipated that we would have the bulk of the scheme records in our possession by the end of that month and would then be able to prepare financial statements for the schemes shortly thereafter. We also hoped to be in a position to begin issuing individual statements. This was all intended to be complete for the end of April.

Unfortunately, this did not happen. The former Trustee & Administrators simply failed to produce the bulk of the scheme records. In particular, they did not deliver any coherent, let alone complete, financial records.

We did however continue to pursue various sources and receive a trickle of information from these. Many (but not all) of the original correspondence files relating to members' pension transfers into the Schemes were recovered with the assistance of South Wales Police. Small amounts of additional information continue to reach us from different sources.

We are also pleased to report two recent breakthroughs in this regard.

Firstly, we served a number of Statutory Demands on ACMAL. These required them to account for where monies were invested or spent by providing receipts, bank records, contractual paperwork etc, or to simply repay the Schemes the money in question. Suffice to say, this has begun to elicit responses.

Secondly, a third party has in recent weeks provided us with a *significant* volume of information and documents that they had gathered as part of an investigation. This information is likely to take some time to process (it is all in hard copy). We believe however that this should now solve many of the problems as to absence of records.

## Scheme Investments

The Schemes hold a number of assets of different quality. The bulk of the Schemes' assets are in the form of investments, rather than cash.

### **Corporate Bond Investments**

Across the four schemes, we have custody of £5,230,750 of securities in the form of bonds or debentures. The bulk of these are due to mature towards the end of 2017. A small number of bonds have already matured.

We continue to monitor these investments to be confident of receiving their proceeds upon maturity.

### **Cash**

We have been holding £924,860 as cash in various accounts. £325,000 represents the proceeds of a bond issue previously held by the Fixed Income 2012 Scheme that matured at the end of last year.

In addition, in the last few weeks we have received payment via Bankers Draft of £151,019 from ACMAL following our recovery actions and a further £5,987 of interest from the 'Green Asset Solutions' investments (see below) that has now been redirected to our accounts.

### **Investments via Green Asset Solutions**

Our last Update referred to a number of additional investments made by Mr Harris with or via Green Asset Solutions Ltd. These were referred to as 'Further Minor Investments'.

These payments were reinvestment of the earlier interest monies received from the corporate bond investments.

The investments appear to take the form of a series of loan agreements providing lease finance to certain small local authorities in Wales for the provision of solar panels and other 'clean energy' assets.

### ***Investments via Green Asset Solutions (Cont)***

The loan agreements are for a term of seven (7) years from 2013-14 and represent a possible issue for members.

It appears that most scheme members whose pension pots were invested in corporate bonds will have had some of their interest payments reinvested in this way. We understand that neither Mr Harris nor ACMAL generally informed members of these investments.

These investments appear on member statements under the following site-names: -

- Civic Centre MTBC
- Cyfarthfa MTBC
- Gurnos MTBC
- Heolgerrig MTBC
- Treharris MTBC
- Twynroddyn MTBC

It is worth stressing that these are the sorts of assets that a pension scheme pooling investments *across members* might indeed legitimately invest a small proportion of its assets in. They provide 'diversification'. These investments also continue to pay the Schemes interest.

The issue for us is that our Schemes were established on the basis of 'earmarked' investments. In other words, each member whose Bond interest has been reinvested in this way has part of their pension pot tied-up for seven (7) years.

These investments are therefore likely to be *legitimate* but *unsuitable* for the Schemes and the members.

Clearly, it is going to be necessary for us to take action to exit these investments prior to their maturity in order for these Schemes to be wound up in 2017. Members should be aware that these investments may not therefore be realised for full value.

### ***Para Sky Plantation via GFI Consultants Ltd***

Our principal concern in respect of the Schemes' investments continues to be the eighty-one (81) members who have had some or all of their monies purportedly invested in plots in the Para Sky Plantation with Global Forestry International ("GFI Consultants Ltd").

We are concerned that the Schemes, and consequently the eighty-one (81) members, are likely to have been subject to fraud in respect of these GFI investments.

It appears that neither GFI nor its associates held valid title to the plantation. In any event, the realisable value of these investments is negligible.

We continue to investigate matters and will be contacting affected members shortly. Members will be able to tell if they are affected from any Statement or other ledger record that we will be providing (see below).

We have identified a range of options and actions that may rectify this matter. Some of these are actions that we are ourselves taking at 'scheme level'. It is likely to be sensible however for members to take certain actions.

We will be writing with further details of these options and actions very shortly.

## **Taking Matters Forward**

Our focus at this stage remains on the Schemes as a whole and it remains impossible to 'rush' matters for individual Members.

### ***Scheme Records***

A key area of focus remains the reconstruction of scheme records. This is key to bringing the running of the schemes back into compliance with pensions law and regulation.

We continue to liaise with various investment counter parties, and also with assorted governmental or legal agencies, and this approach continues to yield results.

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.

We are however now optimistic that the volumes of documents recently made available to us will, subject to a major 're-keying' exercise, now meet the bulk of our needs.

The plan is to proceed from the scheme records to drawing up accounts, having these properly audited and preparing formal trustee reports.

Thereafter, the intention is to wind-up the four pension Schemes and to pay 'transfer values' in respect of each member to Life Assurance company-run pension schemes or to members' workplace pension schemes. The target is to complete this exercise for December 2017, or the end of 2016 for the Fixed Income Scheme.

### ***Member Updates***

It has hitherto been impossible to determine with certainty the financial position of the Schemes. This has similarly made it impossible to tell members with any certainty the value of their respective pension pots.

With the long trickle of information, we recently reached the point where we hold sufficient information to tell *with a reasonable degree of accuracy* the value of about eighty percent (80%) of individual members' pension pots.

We did consider trying to finalise this based on the information recently received. We concluded however that we should not delay statement issue any further. We have therefore begun the process of issuing individual updates to each scheme member: -

- Approximately two hundred (200) scheme members will receive a provisional statement.
- A further fifty (50) members will receive

an explanation as to the value of the pension pot, where it is invested and what information is currently outstanding together with historic ledger records (that we have recovered via a third party).

We will then aim to deliver definitive statements and projections to members by the year-end.

## **Other Matters**

### ***Pension Freedoms & Transfers Out***

It is unlikely that we will be able to pay either individual transfer values or indeed scheme benefits to a member ahead of the wind-up process of their individual scheme.

### ***Administration Charges***

In previous years, ACMAL took an administration charge of £250 + VAT.

It is likely however that we will need to levy a charge this year to meet the cost of legal and audit work.

We have requested ACMAL repays administration charges levied in respect of previous years given their failure to administer the Schemes correctly. If this were to yield results, it might alleviate the need to levy a charge this year and possibly facilitate a refund to members' pension pots.

We are not currently optimistic about a positive response in the absence of legal action. Any member who wishes to assist us in this matter is urged to make contact.

### ***Assistance & Advice***

We appreciate pensions can be confusing. There are a number of sources of help available to members.

If you have access to an *authorised* independent financial adviser, this is usually the best source. Alternatives include expertise available via Trade Union officials or via Citizens Advice.