

A History of Social Security's \$3.34 million

Part I: Fonseca runs BEB

Toward the end of the first UDP administration, the then Belize Electricity Board (BEB) entered into an agreement with a Chinese engineering company to build a 15 megawatt hydro-electric generating station for some \$20 million that was to be financed entirely by BEB and would be BEB's property.

In September 1989 the PUP became the Government, the unelected Ralph Fonseca was made a Senator, Minister of State for Finance, and Chairman of the Belize Electricity Board. The BEB hydro agreement was scrapped.

Also in September, Vernon Harrison Courtenay was made Chairman of the Belize Social Security Board.

Enter one Brooke Banbury claiming to be President of a company called "International Energy Equities Inc." (IEEI). V.H. Courtenay appeared as agent for IEEI/Banbury. This was a "paper" company which the fast-talking Banbury used to hustle other people to finance his schemes. It later

guarantee of tax free operation plus an undertaking that Belizean taxpayers would pay any moneys owed to the hydro that BEB failed to pay.

Another part of the agreements was that Dominion and IEEI would set up a company in Belize to represent them.

24th April 1991: The company called the Belize Electric Company Ltd. commonly called "BECOL" was registered under the Companies Act of Belize. W.H. Courtenay & Co. acted as the lawyers registering the new company. The papers registered by Courtenay show that at that time the Company BECOL had a share capital of \$10,000 made up of 10,000 shares at \$1.00 each.

Since IEEI was a penniless "paper" company, Mr. Banbury (and his agent Mr. V.H. Courtenay) set out to convince other people to put up money. Mr. Courtenay, IEEI's agent and lawyer for BECOL, director of BECOL, secretary of BECOL, first

entitled to the shares or stock therein specified...". At the time, the Articles of BECOL did not provide for the issuance of share warrants. The warrant sent to Fonseca did not bear the seal of the company, and does not bear a signature of a second director as the law also requires. This "Share War-

an escrow account in the name of the Government for \$2 million for the purchase of 300,000 shares in BECOL. The money was to be held by the bank for a maximum of 90 days until BECOL had complied with certain conditions set by the Financial Secretary.

1st April, 1992: the day after those orders to the Accountant General, she receives new orders to take

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The penalty for illegally issuing a share warrant in Belize is imprisonment for life.

4. Since this "Share Warrant" was enclosed in the letter, clearly Fonseca and Courtenay had already secretly agreed that Government would invest \$2 million in the project.

31st March, 1992: the then Financial Secretary, Mr. David Gibson, acting on Fonseca's instructions, wrote to Courtenay to inform him that on this day he had caused to be deposited \$2 million of Government's money in W.H. Courtenay & Co. account at the Belize Bank for the purchase of 300,000 shares in BECOL.

On the same date the Accountant General was ordered to establish

the \$2 million out of the Government's name and to put it into the W.H. Courtenay & Co. account. The Public Officers were obviously trying to protect taxpayers money, but were overruled.

The conditions set by the Financial Secretary were not met, and soon Messrs. Fonseca and Courtenay shifted their attention from Government to the Belize Social Security Board.

In Part II, Mr. Courtenay puts on his Social Security hat on top of his many other hats: Lawyer and agent for IEEI, lawyer and agent for Dominion Energy, agent for Banbury, lawyer, secretary, member of the board of BECOL, and lawyer for three of the entities under the IEEI "umbrella".

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became the "umbrella" name in various agreements signed with Fonseca giving it a 50 percent stake in what was to become the Mollejon hydro project. We say "umbrella" because in fact when it came to putting up money, the money actually came from six other entities plus the Belize Social Security Board, all of whom were lumped together as the "principals" of IEEI.

Acting for the PUP Government, Fonseca "invited tenders" to build the Mollejon hydro plant. A legitimate power company, Dominion Energy Inc. of Virginia goes 50/50 with IEEI and they jointly are awarded the tender. This tender has never been seen.

19th April 1991: Three agreements were signed with Dominion and IEEI by the Government (signed by the Minister of Finance George Price) and BEB (signed by Minister of State Fonseca, Chairman of BEB). The engineers and the Board of Directors of BEB were not consulted nor informed. It is not known if Cabinet was consulted. These agreements gave Dominion and IEEI a "franchise" to build, own, and operate the plant. Secondly, they bound BEB to buy a minimum amount of electricity from the plant, whether the plant produced that electricity or not, and whether BEB could use that electricity or not. This is the so called "take or pay" clause that was to be a millstone around the necks of BEB and its consumers, since it has been shown that Mollejon can never produce that minimum amount of electricity. Thirdly, they offered Dominion and IEEI a Government

approached Mr. Fonseca, Minister of State and Chairman of BEB and fellow officer of the PUP:

27th March, 1992: V.H. Courtenay wrote to Fonseca offering to sell the Government of Belize 300,000 shares (not rights, shares) for \$2 million. Enclosed in the letter was a "Share Warrant" signed by Courtenay as BECOL's secretary, certifying that the Government was entitled to 300,000 fully paid up shares in BECOL.

Everything was wrong about this letter and "Share Warrant".

1. On this date, no one had yet been appointed secretary to BECOL;

2. On this date, recall that the share capital of BECOL was \$10,000, made up of 10,000 shares of \$1.00 each. BECOL was not legally able to sell anyone 300,000 shares. Even if it could, the legal value was \$1.00 per share. \$2 million for 300,000 shares works out to \$6.67 per share. Already Courtenay was offering to sell \$1.00 shares to Government for \$6.67 as a consequence of Government having freely given BECOL the exclusive right to build the hydro plant. BECOL without this contract was valueless.

3. The laws of Belize are very detailed about who can legally issue a "Share Warrant" Mr. Courtenay is presumably familiar with Company Law. The law states: "A company limited by shares, if so authorized by its articles, may, with respect to any fully paid up shares, or to stock, issue under its common seal a warrant stating that the bearer of the warrant is

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DATED the 5th day of May, 2000.

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