

# **An Inquiry pursuant to Part IIIC of the Central Bank Act 1942 (as amended) concerning Mr Liam McCaffrey and Mr Kevin Lunney (the “Inquiry”)**

**Tuesday 28 May 2019**

## **Opening Statement of Mr Justice Iarfhlaith O’Neill, Inquiry Chairman**

Good morning,

My name is Iarfhlaith O’Neill and I am the Chairman of this Inquiry which is an Inquiry pursuant to Part IIIC of the Central Bank Act 1942 (as amended) (the “**Central Bank Act**”) concerning Mr Liam McCaffrey and Mr Kevin Lunney. Mr McCaffrey and Mr Lunney are persons who were concerned in the management of Quinn Insurance Limited (Under Administration) (“**QIL**”) during the period of 6 October 2005 to 9 July 2008 (the “**Relevant Period**”).

My fellow Inquiry Members are Ita Mangan and John Cashin.

For the benefit of members of the public or the press seeking further information regarding the investigation and inquiry process under Part IIIC of the Central Bank Act, I would refer them to the Outline of the Administrative Sanctions Procedure and the Inquiry Guidelines which have been produced by the Central Bank and which I understand are available on the Central Bank’s website.

The origin of this Inquiry is as follows.

Between 2010 and 2015, the Financial Regulator initially, and subsequently the Central Bank, carried out an investigation which focused on the circumstances surrounding the giving by subsidiaries of QIL of certain financial guarantees in respect of finance facilities which were extended to Quinn Group Limited (“**QGL**”) (along with other subsidiaries of QGL).

In February 2013, during the course of this investigation, QIL entered into a settlement agreement with the Central Bank, pursuant to Section 33AV of the Central Bank Act. Consequently, QIL is not a participant in the Inquiry.

Following this investigation, the Enforcement Investigations Division of the Central Bank (“**ENFI**”) produced an Investigation Report. In that Investigation Report, ENFI identified its suspicion that the Persons Concerned had participated in the commission of a prescribed contravention by QIL of Regulation 10(3) of the European Communities (Non-Life Insurance) Framework Regulations 1994 (S.I. 359/1994) (the “**1994 Regulations**”) during the Relevant Period (the “**SPC**”).

Regulation 10(3) of the 1994 Regulations provides that: *“Every insurance undertaking shall have administrative and accounting procedures and internal control mechanisms which in the opinion of the Bank are sound and adequate.”*

ENFI also set out in that Report the grounds and evidence upon which this suspicion was based.

In May 2015 ENFI referred this matter to the Regulatory Decisions Unit of the Central Bank (the **“RDU”**) to conduct an Inquiry.

Ms Mangan, Mr Cashin and myself were appointed as Inquiry Members in July 2015.

In November 2015, Notices of Inquiry which, *inter alia*, identified the SPC in which it was suspected that the Persons Concerned had participated were issued to Mr McCaffrey and Mr Lunney.

Since its initiation the Inquiry has been primarily engaged in dealing with procedural, documentary and other matters preliminary to the Inquiry hearing. To this end, eight Inquiry Management Meetings (**“IMMs”**) of the type contemplated in the Inquiry Guidelines have been held.

This is the first day of the Inquiry hearing itself.

All of the IMMs which were previously held have been held in private. However, following the most recent IMM, held on 30 April 2019, a decision was made by the Inquiry Members that the Inquiry hearing would be conducted in public. I would note that it may be that circumstances arise during the hearing that would require the Inquiry to go into private hearing to address certain matters. However, insofar as it is possible the Inquiry Hearing will be heard in public provided that it is appropriate to do so.

I will now ask Mr McCullough of the Legal Practitioner Team which is assisting the Inquiry to address the Inquiry.