

institutions they are responsible for. He added: 'Directors of gaming companies would not be allowed to become members of the Gaming Commission, nor directors of telecoms companies members of the Telecommunications Commission.'

Mr Edmonds suggested that Treasury Minister Allan Bell should urge members of both the FSC and IPA to either give up their directorships of any business they license and regulate, or to resign their position as members of the regulators.

'Only by such swift action can we limit the

scheme should be paid out without undue delay. The scheme is funded by levies from the banks but the former FSC official said if the scheme manager borrowed taxpayers' money it would ensure those who had lost savings would not have to wait years to get their compensation.

And he added: 'In terms of limiting the damage to the Island's reputation it is imperative that the government takes action immediately. Would it not be better that we are seen to take these decisive and necessary actions now, of our own volition, rather than wait for either the UK

THIS MONTH.

At this week's sitting, Bill Henderson (Douglas North) queried the presence and cost of the legal representatives who were sitting with the two FSC officers as Tynwald debated proposals to upgrade the depositors' compensation scheme.

Mr Bell said the bill for the lawyers for a four-hour period would be in the region of £1,000.

Mr Henderson said: 'Why on earth would two senior officers of the FSC, sitting in the visitors' gallery, require £1,000 worth of legal counsel?'

Mr Bell replied: 'That I'm unclear of.'

Lawyer calls for FSC board to quit over the Kaupthing crisis

By ADRIAN DARBYSHIRE

A LEADING lawyer has called for the board of the Financial Supervision Commission to resign over the Kaupthing crisis.

The call by Jonathan Smalley came after it was revealed that the FSC instructed Kaupthing Singer & Friedlander (IoM) to transfer millions of pounds of assets from Reykjavik to London when problems with the Icelandic banking system emerged.

These funds were subsequently frozen when the UK Government put KSF's London bank into administration, precipitating the collapse of Kaupthing's Isle of Man subsidiary.

The money, estimated to total £555 million, is now at the centre of the political, diplomatic and legal wrangle between the Manx, UK and Icelandic governments — with thousands of depositors fearing they could lose their



life savings.

Mr Smalley, a partner in Stuart Smalley and Co, said: 'They are now the failed Financial Supervision Commission. It is now time for the members of the FSC and the chief executive to go. They have to go.'

'We have a huge disaster here. They

need to go immediately, today. We need new people to take control of this situation which at the moment is not being properly managed.

'They concluded the Kaupthing bank was dodgy and they decided something should be done. But instead of placing the deposits outside the group in other banks in the Isle of Man where they would be safe, they just left it in Kaupthing's subsidiary in the UK, still in the same dodgy group and essentially with the same risk.'

'They had an opportunity to save deposits in the Isle of Man. They took aim at the target and missed.'

FSC chairman John Aspden said: 'I have no comment to make on this.'

It is understood that the decision to issue a direction for funds to be moved from Reykjavik to London was made by the FSC board.

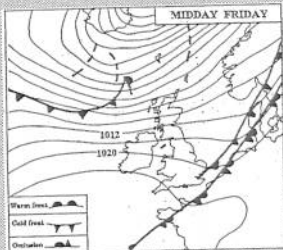
Mr Aspden has previously told the *Manx Independent* that the FSC took 'defensive measures' earlier this year after monitoring and reviewing the problems with the Icelandic banking system.

He said deposits were placed in London and not Reykjavik to ensure the KSF bank locally didn't have any 'direct exposure' to Iceland.



JONATHAN SMALLEY: 'We have a huge disaster here. They [the FSC board] need to go immediately, today. We need new people to take control of this situation which at the moment is not being properly managed'

ON THE WEATHER FRONT



Deep low to the north of Iceland

FRIDAY



Windy — mainly dry

SATURDAY



Gales — rain later

SUNDAY



Windy — showers

MONDAY



Mainly fair

TUESDAY



Isolated showers

Today: Sunrise: 8.04am, Sunset 6.00pm • Tides — LW: 2.52am & 3.04pm • HW: 8.47am & 9.17pm

WHO TO CONTACT:

Recorded forecast updated five times daily: 0900 624 3300

Shipping forecast updated four times daily: 0900 624 3322

Weathermann, direct to the forecaster (24 hours) 0900 624 3200

(NOTE: All calls cost 40p per minute including VAT)

Service provided by Ronaldsway Meteorological Office