

MR. ROGERS, EXAM. BY MR. MERRICK

1 you've 85 percent of a loan guaranteed with a Federal  
2 bond, you -- the other participants, whether they be  
3 lender or whether they be the investor, are carrying a  
4 less than proportional share of the financial risk. And  
5 that's a statement of fact. I was trying to use that  
6 point to buttress the case for lower financial support as  
7 well as for the restrictions that we had suggested be  
8 placed in any contract. The six conditions.

9 Q. There's reference on the second page to the fact  
10 that you have received and reviewed information provided  
11 to you by Westray's accounting firm. I forget their name  
12 now. Price Waterhouse.

13 A. Price Waterhouse.

14 Q. And that you then referred the matter outside to  
15 Clarkson Gordon?

16 A. Yes.

17 Q. What was that all about?

18 A. Well, this is -- if you can describe anything about  
19 this whole matter as comical, this was at least a matter  
20 of lighter relief. We had done a series of fairly  
21 conventional computations of return on equity, return on  
22 investment. We used discounted cash flow procedures in  
23 doing so, all in the arcane world of financial analysis.

24 And when the firm objected strenuously to the  
25 adequacy of this analysis, we said, "Well, don't take our